

2022 Senao Networks Sustainability Report



神準科技股份有限公司
Senao Networks, Inc.

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About This Report

Senao Networks Inc. (referred to as "SNI" hereafter) has been proactively disclosing its corporate social responsibility efforts since 2017 with the issuance of its first CSR (Corporate Social Responsibility) report. The current release, the "Senao Networks Inc. 2022 Sustainability Report," marks SNI's sixth edition of the report available in both Chinese and English languages. This report, previously known as the CSR report, is accessible on SNI's official website (<https://www.Senaonetworks.com/>) for stakeholders and information users to review.

Through the bilingual content in this release, SNI aims to transparently disclose its endeavors and achievements in the journey towards sustainability and make it more convenient for various stakeholders and information users who care about SNI to access information and gain a deeper understanding of SNI. SNI also welcomes constructive feedback from all sectors, hoping that such input will guide SNI to continuously improve on sustainable development, fostering growth and strength with society and all its team members.

Reporting Scope and Boundary

The complete reporting period for this report is from January 1st, 2022, to December 31st, 2022. Some performance data will include information from 2020 and 2021, presenting a three-year overview, or extending to the most recent information in 2023.

The scope of the "Senao Networks Inc. 2022 Sustainability Report" primarily encompasses the ESG (Environmental, Social, and Governance) performance of SNI's operational sites in Taiwan, including the Hwaya Headquarters (also referred to as "Hwaya Plant"), Nangang Research Center, and Taoyuan Plant. This scope excludes related entities in consolidated financial reporting (for related entities, please refer to section 1.1 About SNI). Environmental information disclosure mainly focuses on the Hwaya Headquarters, with adjustments to organizational boundaries to cover both the Hwaya Headquarters and the Zhongyi Warehouse following the version transfer of ISO 14064-1:2018 greenhouse gas inventory standards. Additionally, certain areas within the operational building of the Hwaya Headquarters are used by SNI International Corporation. If information about Senao International is disclosed, it will be noted in relevant sections. Data measurement and ecological benefit calculations in "Operational Environmental Footprint" are based on the latest GRI Standards and Taiwan Stock Exchange requirements, with revisions for the past two years. Any modifications related to the reporting scope or data restatements will be explained in the report content.

Report Writing Principles

The edit of sustainability topics, related strategies, goals, and measures in the "Senao Networks Inc. 2022 Sustainability Report" is based on the following principles:

- Primarily following the latest version of the Global Reporting Initiative (GRI) Standards (2021).
- Adhering to the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of the Taiwan Stock Exchange Corporate.
- Adhering to the Responsible Business Alliance (RBA 7.0) Code of Conduct (referred to as "RBA Code of Conduct").

Report Quality and Assurance

Internal Review and Assurance

The content and related data of this report are compiled, reviewed, and revised by members of the "Sustainability Report Editing Team." After being reviewed by the respective department heads, the report's content is finalized. Subsequently, the report undergoes internal review by the Sustainable Development Committee and external verification by an impartial third-party organization. After verification, the report is approved by the Chairman for publication.

The financial data is calculated in New Taiwanese Dollars after PwC Taiwan has verified the publicly released consolidated financial report information in accordance with the International Financial Reporting Standards (IFRS). In addition, SNI's various management systems are certified by ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational safety and health management system, ISO 14064-1 greenhouse gas inventory standard, and ISO 27001 information security management system, etc., and conducted annually internal audits (and cooperate with external verification) to ensure data and the accuracy of the information.

External Verification and Statement

In order to improve the transparency and reliability of the information, this report entrusted a third-party impartial verification agency (SGS Taiwan Ltd.) to adopt the AA1000AS v3 Type 1 medium assurance level for the information disclosed in the report. Inclusivity, materiality, responsiveness, and impact are ensured. The verification report and index are attached to the appendix of this report.

Report Publication Cycle

SNI will constantly publish the sustainability report annually, the publication date:

Previous version: December 2022

Current version: December 2023

Next version: Planned for September 2024

Report Contact Information

If you have any suggestions or questions for us, please feel free to contact us:

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Chairman's Message



Senao Networks Inc.
Chairman Tommy Tsai

As responsible global citizens, SNI has consistently been dedicated to addressing the United Nations Sustainable Development Goals (SDGs). We continuously enhance our efforts in corporate governance, economics, environment, and society, all with the foundation of strengthening ESG (Environmental, Social, and Governance) information disclosure, aiming to realize a sustainable life on Earth.

First and foremost, in terms of corporate governance, we place great emphasis on sustainable business operations. We continuously drive the establishment of robust corporate governance and risk management mechanisms to safeguard the rights of shareholders and stakeholders, as well as to ensure the sustainability of our company's operations.

Secondly, our commitment to talent cultivation and mutual growth remains unwavering. We actively attract talents from diverse fields to join our team and provide comprehensive training and development systems to enhance employees' professional knowledge and skills. Together, we achieve mutual growth for individuals and the company. To promote the physical and mental well-being of our employees, we not only conduct regular health check-ups and offer on-site medical consultation services but also encourage childbirth and provide a range of diverse welfare measures, cultivating a healthy and friendly workplace environment.

Regarding global warming and environmental issues such as climate change, we are acutely aware of the finite nature of Earth's resources. Thus, we are dedicated to reducing the company's carbon footprint. Since 2015, we have implemented concrete actions annually, resulting in an annual average electricity-saving rate of over 1%. We will continue to drive carbon reduction initiatives and adopt Taiwan's 2050 Net Zero goal as a long-term guide for our development, contributing our part to Earth's sustainable progress.

Beyond addressing internal environmental concerns, SNI actively participates in social welfare activities, responding to societal needs through

tangible actions. We have engaged in numerous donations, including supplying goods to the Honghua Children's Home and AAEON Foundation, supporting Taiwanese Green Ponkan Farmers, and promoting environmental ecological education for the Taoyuan Guan-Xin Algal Reefs Ecosystem Wildlife Refuge. We will uphold the ESG spirit and collaboratively create a virtuous positive cycle.

Looking towards the future, SNI will continue to grow and innovate, leveraging our corporate influence. We will drive actions related to ESG through our internal ESG Committee, striving to achieve the sustainable goal of "Consumer Joy, Earth Peace, Business Trust." Hand in hand with all stakeholders, we will work collectively to create a brighter future for Earth's sustainable development.

In this journey, we firmly believe that only through the power of inclusiveness, cooperation, and innovation can we confront the challenges of sustainable development and leave a better world for the generations to come.

Chairman

A handwritten signature in black ink, appearing to read 'Tommy Tsai'.

Sustainable Development Management

SNI Green Infinity Plan

The "SNI Green Infinity Plan" was officially launched in 2017 and has been continually driven each year by various subcommittees of the Sustainability Development Committee according to their functional responsibilities. It all began with "Green-collar Cultivation" and has since unfolded a series of sustainable cycles, including eight major aspects: "Green Supply Chain," "Green Purchasing," "Green Accounting," "Green Manufacturing Process," "Green Products," "Green Packaging," and "Green Care." The "SNI Green Infinite Plan" continues to revolve, aligning with the United Nations' 17 Sustainable Development Goals (SDGs).



In September 2015, the United Nations adopted the 2030 Agenda for Sustainable Development during the "United Nations Sustainable Development Summit." This agenda integrates three dimensions: social, economic, and environmental, covering 17 Sustainable Development Goals (SDGs). It officially came into effect on January 1, 2016.

The United Nations transitioned from the Millennium Era Development Goals to the Sustainable Development Goals (SDGs), marking the advent of a new era in sustainable development. The blueprint for sustainable development must take into account the well-being of the Earth's environment and future generations. While the SDGs are national-level objectives, SNI as conscientious corporate citizens in Taiwan, has consistently and actively supported and responded to sustainability-related initiatives in Taiwan. Since 2018, we have aligned our "SNI Green Infinity Plan" with the SDGs, continually proposing action plans related to "Poverty Eradication," "Quality Education," "Employment and Economic

Growth," "Sustainable Industry and Infrastructure," "Inequality Reduction," "Sustainable Urban and Rural Development," "Responsible Consumption and Production," "Climate Action," and "Institutional Justice and Peace."

In 2023, SNI is planning to launch an advanced version of the SDGs-aligned initiative called the "2030 SNI Smart Inclusion Plan". This plan will be driven in conjunction with SDGs and will be overseen by the ESG Committee, which convenes quarterly to address six dimensions: "Green Economic Innovation," "Clean Production," "Social Integration," "Sustainable Operations," "Risk Management," and "Responsible Manufacturing." These dimensions will be aligned with SNI's operational strategies, aiming to achieve the sustainable goal of "Consumer Joy, Earth Peace, Business Trust."

The Following Action Plans Promoted by the Four Functional Subcommittees under the ESG Committee:

Eight Major Aspects		Achievements of Various Action Plans Implemented in 2022
1	 Green-collar Cultivation Enhancing environmental education, establishing green workplaces, and nurturing green-collar professionals. 	A. Employee Care and Social Engagement Committee a. Subscribed to local Taiwanese agricultural products during the Mid-Autumn Festival to support local pomelo farmers. b. Donated to the "AAEON FOUNDATION", which displays artworks in the company's art corridor, cultivating employees' creativity in art and aesthetics. c. Introduced a Training and Performance Management System since September 2022 to enhance educational training mechanisms and training effectiveness. B. Corporate Governance Committee The board of directors' training hours exceeded the standard requirements.
2	 Green Supply Chain Guiding and assisting the supply chain to reduce operational resource consumption, lower product carbon footprint, and decrease water footprint.  	External Communication Committee Local Supplier Procurement (calculated as a percentage of total procurement amount from local purchases): In 2022, the percentage of local (domestic) supplier procurement was 76.8%.
3	 Green Purchasing Procure materials and products with environmental certifications, gradually establishing a green procurement mechanism. 	External Communication Committee a. Green Procurement Mechanism: The green procurement amount was NT\$85,208,449 in 2022. b. RoHS Compliance in Supply Chain Materials: All materials were compliant with RoHS requirements in 2022.
4	 Green Accounting Effectively track the costs and expenditures related to the company's green initiatives, analyze the outcomes of these investments, and enhance investment benefits. 	Environmental Protection and Energy Conservation Committee a. Successfully completed and transitioned to the updated version of ISO 14064-1:2018 for greenhouse gas inventory in 2022. b. Environmental expenditures and investments for the year 2022 amounted to approximately NT\$10,024,927. c. No environmental-related fines or penalties were incurred during the reporting period.

The Following Action Plans Promoted by the Four Functional Subcommittees under the ESG Committee:

Eight Major Aspects	Achievements of Various Action Plans Implemented in 2022
5  Green Manufacturing Process Promote clean production mechanisms to conserve water and energy, and reduce the wastes, ultimately reducing production costs.  	A. External Communication Committee In 2022, we achieved a reduction in the frequency of goods transportation by consolidating shipments: The number of trips decreased from 3,729 to 3,432, effectively reducing the number of transport trips by 297, representing a reduction of approximately 7.96%. B. Environmental Protection and Energy Conservation Committee a. In 2022, the replacement of energy-saving LED fixtures was undertaken. A total of 317 fixtures were replaced at a cost of approximately NT\$123,770. This initiative is expected to result in annual electricity savings of around 57,307 kWh and a reduction of approximately 29.169 metric tons of CO₂e emissions per year. b. In 2022, the amount of water recycled within the facility accounted for approximately 7% of the total water intake.
6  Green Products Implement green product design concepts, collaborate with stakeholders across the industry, and work together to create a shared vision of sustainability. 	Environmental Protection and Energy Conservation Committee a. Establishment of Waste Plastic Material Resource Recovery Identification: A total of 29 projects were completed in 2022. b. Renewal and Testing of Various Certifications: In 2022, there were no instances of non-compliance with legal and regulatory requirements for certifications.
7  Green Packaging Reduce the weight of packaging materials, develop eco-friendly packaging materials, and enhance the recyclability and reuse of packaging materials. 	A. Environmental Protection and Energy Conservation Committee In 2022, a total of 19 projects were completed involving the use of recycled pulp as material for paper pulp-molded packaging products. B. External Communication Committee In 2022, the recycling of isolation frame trays and outer boxes resulted in approximately 216,311.5 kilograms of plastic and around 21,634 kilograms of paper being recycled.
8  Green Care Show concern for company employees and their families, vulnerable groups, and the community, while promoting the advocacy of green concepts.    	Employee Care and Social Engagement Committee a. An overseas colleagues' Christmas party was held on December 24, 2022. b. Donated supplies to " Honghua Children's Home " in Taoyuan's Dayuan on August 12, 2022. c. Organized an educational event focused on the observation of Taoyuan Guan-Xin Algal Reefs Ecosystem Wildlife Refuge, aiming to learn about the conservation of precious environmental resources.

Awards and Recognition

Key Events of 2022

Ranked 6% to 20% among over-the-counter companies in the 9th Corporate Governance Assessment.

Establishment of EnGenius Networks Inc.

Establishment of EnGenius Networks Japan 株式會社.

Subsidiary - EnRack Technology Inc. Taoyuan Factory inaugurated.

April

October

November

December

2022 Awards and Recognitions

Received the 2022 Gold Award for Happy Enterprise presented by 1111 Job Bank.



Awarded the 2022 CHR Health Enterprise Citizen Commitment Enterprise Emblem by Health Magazine.

Won the Special Jury Award at the 2022 Mobileheroes Communication Competition organized by the Industrial Development Bureau of the Ministry of Economic Affairs.



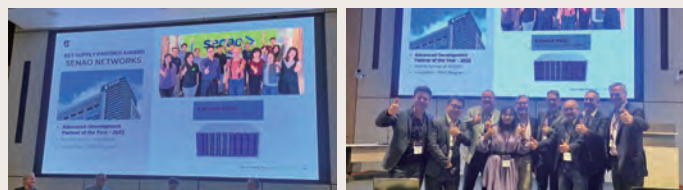
Recognized as an outstanding green procurement enterprise for the year 2022 by the Environmental Protection Bureau of Taoyuan City.



Received the Excellent Performance Award for Private Enterprises and Groups in Green Procurement for the 110th Fiscal Year, presented by the Environmental Protection Administration.



Senao Networks received the Advanced Development Partner of the Year – 2022 award from the customer, Extreme Networks.



ESG Committee

SNI adheres to the Responsible Business Alliance (RBA) Code of Conduct and upholds a people-centered approach. Within the group, we ensure human rights, nurture employee skills, and enhance well-being. Externally, we actively establish an environment of coexistence and mutual growth with society, promoting economic prosperity. Together with our supply chain partners, we strive to provide favorable working conditions and produce products that contribute to human convenience and comfort. Throughout our operations, we aim to comply with laws, conduct ethical business practices, and stay attuned to international, societal, and local dynamics. We implement various operational systems for transparent management, enhancing our corporate image and dedicating ourselves to creating a sustainable and vibrant enterprise.

ESG Sustainability Policy

Under the firm commitment of precision, we work diligently to achieve various aspects of Corporate Social Responsibility, driving towards "Business Sustainability":



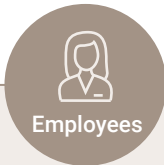
Economic

Conducting transparent internal management, ensuring continuous profitable and sustainable development, and safeguarding the rights and interests of stakeholders through honest business practices.



Environmental

Adhering to legal requirements, minimizing resource consumption, and developing environment-friendly products.



Employees

Providing employees with comprehensive benefits and training, establishing a healthy and joyful working environment, and enhancing employee engagement and well-being.



Supply Chain

Local sourcing, reducing packaging, minimizing transportation emissions, refraining from using conflict minerals, and promoting a green and sustainable value chain.



Society

Engaging employees in community care, enhancing societal well-being, establishing a positive corporate image, and promoting ongoing business sustainability.



Ethics

Operating under fair trade principles, upholding integrity across all employees, refraining from soliciting or accepting gifts or benefits from parties with vested interests, strictly adhering to business ethics, and respecting intellectual property and privacy rights.

SNI's ESG Committee

In its pursuit of sustainable business practices, SNI has championed corporate social responsibility and called on all employees to engage in this commitment. Since its official establishment in July 2016, the Corporate Social Responsibility Committee, led by the General Manager, has overseen its operations. In 2017, the company began independently releasing its first Corporate Social Responsibility Report. In December 2022, the Corporate Social Responsibility Committee was renamed the "ESG Committee" during a meeting, with an official name change at the Board of Directors expected in 2023.

In November 2020, SNI further incorporated the "RBA Responsible Business Alliance Code of Conduct." The Chairman issued the "Corporate Social Responsibility Policy" to reinforce the culture of corporate social responsibility. This ensures a safe working environment, comprehensive evaluation and prevention of operational risks, protection and respect of employee rights, pollution prevention in processes and products, and fulfillment of corporate social responsibility.

In 2021, SNI completed an external audit based on the RBA's framework and continues to operate accordingly. For any identified deficiencies, responsible units develop improvement plans to effectively control and reduce related risks. Another external audit under the RBA framework is anticipated in 2023.

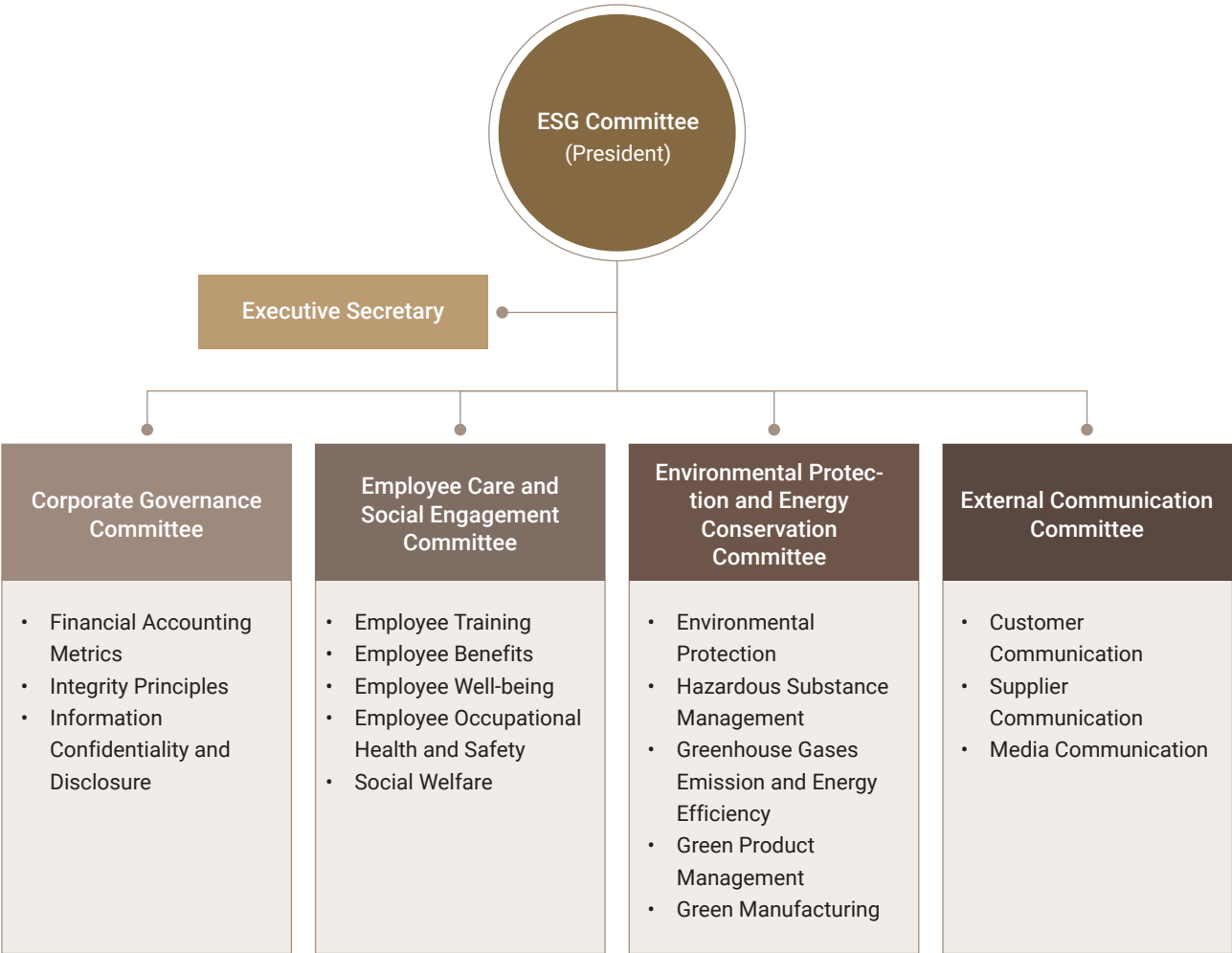
Guided by the Corporate Social Responsibility Code, GRI Guidelines, and RBA Code of Conduct, the ESG Committee actively promotes ESG-related matters. The committee is divided into four sub-committees: "Corporate Governance Committee," "Employee Care and Community Engagement Committee," "Environmental Protection and Energy Saving Committee," and "External Communication Committee." These sub-committees collaborate to track progress and effectiveness across departments, meeting quarterly and reporting one time to the Board of Directors annually.

Sub-committee chairpersons are assigned to business officials, integrating ESG principles into the company's daily operations. They align with annual major themes, environmental, social, and corporate governance ESG issues, and jointly formulate sustainable strategic goals and corresponding measures. These include initiatives such as public welfare activities, energy conservation, environmental education, development of environmentally friendly green products, and green procurement. They transmit SNI's sustainable development philosophy to relevant stakeholders.

In 2022, the ESG Committee reported on sustainability-related matters to the Board of Directors twice, including the Greenhouse Gas Inventory and Verification Schedule Plan report, as well as the progress of corporate social responsibility (including stakeholder engagement) operations. The sustainability report, verified by an independent and impartial third party, is approved by the Chairman before publication.

May, 2022	Greenhouse Gas Inventory and Verification Schedule Plan Report
November, 2022	Promotion of Corporate Social Responsibility (Include Stakeholders) Operation Report

Organizational Structure and Functions of SNI ESG Committee



Analysis and Management of Material Topics

Significant Analysis

In 2022, SNI followed the latest version of the GRI Standards, "GRI 3: Material Topics 2021," for disclosure principles. The four-step guidance for identifying material topics was revised to adopt the principle of "the actual or potential impacts of SNI's operational economic activities on the external economy, environment, and people (human rights)." This serves as the external impact evaluation principle. Additionally, the company incorporated the dual significance principles proposed by the European Union, evaluating the internal impact based on "the degree of impact on the company's operational development, performance, positioning, and corporate values." These adjustments form the method to assess the significance of sustainability issues, serving as a reference basis for information disclosure in the reporting and informing the development of the company's long-term sustainability goals and strategic policies.

The process for assessing material topics is as follows:

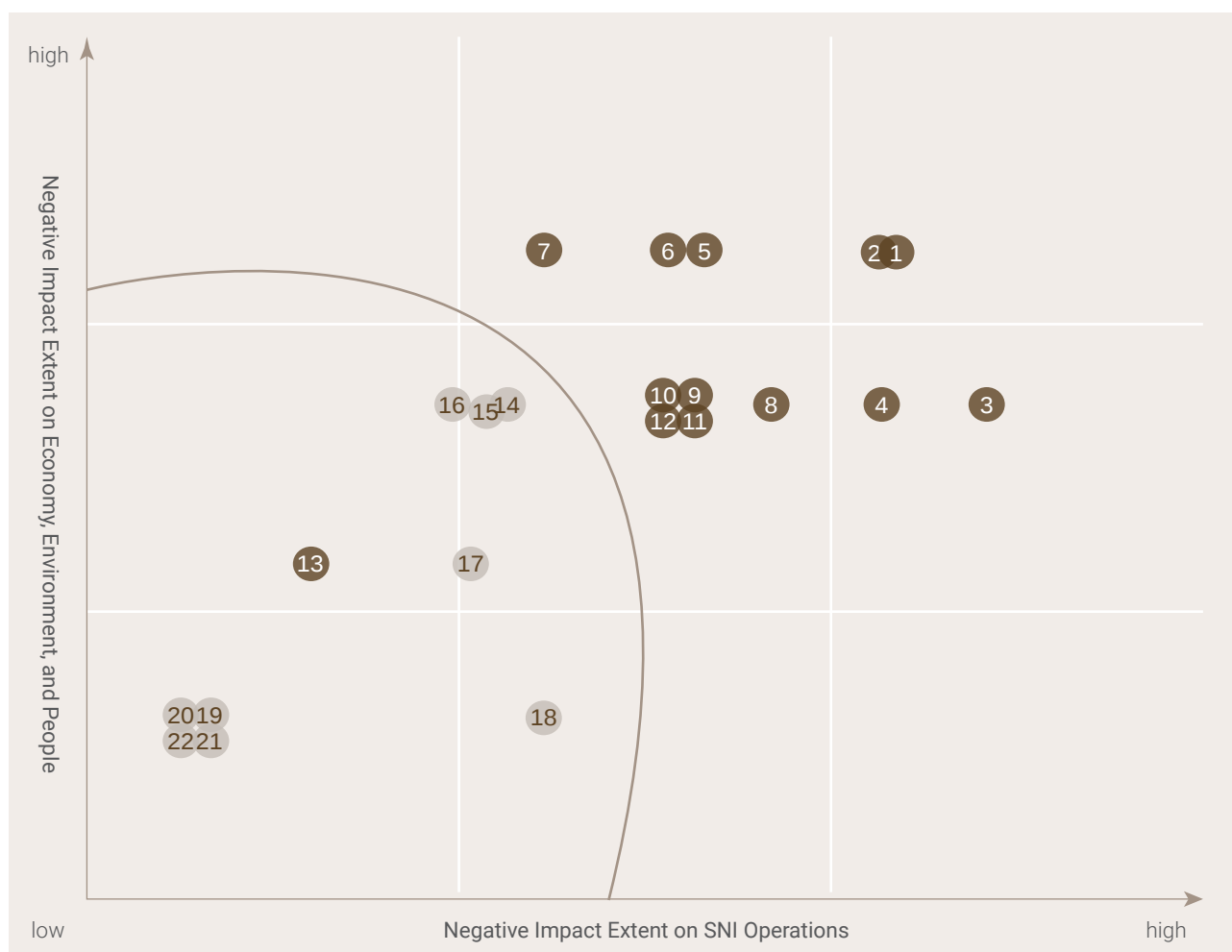
Understanding Organizational Context	1	Sustainability Issue Collection The collection of sustainability topics primarily references sustainability standards and frameworks (GRI, TCFD, SASB), United Nations Sustainable Development Goals (SDGs), ESG rating agencies (DJSI, MSCI), and regulations related to the preparation and disclosure of sustainability reports by listed companies on stock exchanges. These sources are used to gather sustainability topics. In addition, input is obtained through ongoing alignment discussions with various departments, stakeholder engagement, external consultant opinions, and consideration of characteristics and regulations within the communication industry. This continuous process allows for the collection of sustainability issues that are either directly or potentially relevant to the company's operations. After aggregation and consolidation, these topics are distilled into a set of 22 sustainability issues.
Identifying Actual and Potential Impacts	2	
Assessing the Significance of Sustainability Issue Impacts	3	Significant Assessment A significant assessment of the 22 sustainability issues is conducted through a meeting involving 2 General Managers, 3 Deputy General Managers, members of the ESG Committee, and sustainability consultants. Following the guidelines of the GRI Standards, this assessment evaluates the internal and external impacts of SNI's business activities on each sustainability issue to determine their level of significance. This includes: - Evaluating the "actual," "potential," "positive," and "negative" impacts of each issue caused by company activities on the external economy, environment, and people (human rights). - Assessing the "positive" and "negative" impacts of each issue on the company's internal operations. Impact Score Calculation - Negative Impact Significance Score: External Negative Impact (Severity * Likelihood) * Internal Negative Impact - Positive Impact Significance Score: External Positive Impact (Scale and Scope * Likelihood) * Internal Positive Impact - If sustainability issues involve human rights impacts, the calculation weight for increased scores is applied. This process results in the calculation of positive and negative impact scores for each issue. Affected Stakeholders As part of the significance assessment process, each sustainability issue's significance is evaluated, and simultaneously, individuals or groups whose interests have been or could be affected by the company's operational activities are identified.
Setting Prioritized Reporting Order for Most Significant Impacts	4	Based on the impact scores of the 22 sustainability issues, they were sorted into "negative" and "positive" impacts. Among these, 13 sustainability issues with negative scores exceeding 10 points and encompassing significant positive implications were identified. Subsequently, considering the domestic and international trends in sustainability issues, discussions and confirmations were held involving two Presidents, three Vice Presidents, members of the ESG Committee, and external advisors. Following these deliberations, a final selection of 12 significant themes was made for prioritized disclosure in the year 2022.
Response and Management of Material Topics	5	The significant themes selected were supported by relevant departments within the company, who provided corresponding data. After compiling and organizing the content, a thorough review was conducted to assess the disparities between the current state and management objectives with SNI. Management strategies were then readjusted accordingly. The complete information is disclosed in this report, serving as the basis for precise and continuous improvement efforts to drive sustainability initiatives.

Assessment Results of Material Topics

In 2022, there were significant adjustments in the methodology used for analyzing and assessing major themes, and this year's collection of sustainability topics underwent consolidation and convergence. As a result, when comparing the identification of major issues with the previous year, the main differences include the addition of 'Customer Service and Satisfaction,' 'Green Innovation and Lifecycle Management,' 'Human Rights,' 'Supply Chain Sustainability Management,' and 'Corporate Governance' as major themes for the current year. The others remained largely unchanged, with differences primarily in the nomenclature and presentation of the topics.

In the current year, 12 major themes have been identified as the company's top priorities for management and response. This is aimed at increasing transparency regarding the company's impacts, enhancing accountability, ensuring the sustainability of company values, and enabling stakeholders and information users to make informed assessments and decisions about the company's contributions and impacts on sustainable development.

The prioritization of material topics is primarily based on negative impact scores. The SNI Material Topics Matrix is depicted below:



- | | | |
|---|--|-----------------------------|
| ① Diversity and Inclusion | ⑨ Customer Service and Satisfaction | ⑰ Water Resources |
| ② Privacy and Information Security | ⑩ Labor Rights | ⑱ Climate Change Management |
| ③ Labor Relations | ⑪ Sustainable Management of Supply Chain | ⑲ Taxation |
| ④ Talent Development and Training | ⑫ Economic Performance | ⑳ Ecological Conservation |
| ⑤ Talent Recruitment and Retention | ⑬ Corporate Governance | ㉑ Social Engagement |
| ⑥ Occupational Health and Safety | ⑭ Local Communities | ㉒ Air Pollution Emissions |
| ⑦ Green Innovation and Lifecycle Management | ⑮ Integrity in Business | |
| ⑧ Regulatory Compliance | ⑯ Waste Management | |

Note: "Labor Relations" has been incorporated into the response for "Diversity and Inclusion."

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Economic Performance*	SNI's commitment to its operations is expected to drive economic growth, safeguard the rights and interests of shareholders and relevant stakeholders, and allocate operational profits appropriately towards sustainable development measures. With the global spread of the COVID-19 pandemic, businesses worldwide have been affected, impacting the global economy and human lives. This situation has led to challenges such as supply shortages, labor shortages, and inflation. In 2020, the company's earnings were negatively impacted due to the pandemic, affecting various stakeholders. As the pandemic situation gradually improves, opportunities in the online communication industry have emerged. The global supply chain situation has also improved, thanks to the completion of new factories increasing production capacity, a focus on enhancing research and development technology, and proactive market expansion efforts. The company's revenue and profits have reached new heights, with a growth rate in 2022 twice that of 2021. This growth has also propelled the increase in the company's stock price, leading to higher shareholder returns.	●	●	●	●	●	●	[GRI] Economic Performance: 201-1, 201-4	1.1 About Senao Networks Inc. (SNI)

Note:

- The table above is ordered according to the sections in the report.
- ① Customers, ② Suppliers, ③ Employees and other workers, ④ Government agencies, ⑤ Shareholders and other investors, ⑥ Financial institutions.
- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Privacy and Information Security	Adhering to its policy of "Prioritizing Information Security and Essential Risk Assessment," SNI introduced ISO 27001 in 2021, established a range of cybersecurity standards, implemented educational training initiatives, advocated for the prevention of trade secret leaks, and ensured the protection of stakeholders' privacy and data security. SNI has successfully avoided any negative impacts on privacy and data security. In the event of internal cybersecurity concerns, the company recognizes that this could significantly disrupt its operations and reputation. Potential consequences include operational interruptions, reduced order volumes, and leakage of business secrets and personal data, all of which could affect the interests of customers, suppliers, employees, and shareholders.	●	●	●		●		Customer and Employee Privacy Management, Information Security Management [GRI] Customer Privacy: 418	1.3 Information Security Management

Note:

- The table above is ordered according to the sections in the report.
- ① Customers, ② Suppliers, ③ Employees and other workers, ④ Government agencies, ⑤ Shareholders and other investors, ⑥ Financial institutions.
- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Customer Service and Satisfaction*	"Meeting customer expectations and regulatory requirements is our fundamental commitment," fostering long-term partnerships built upon high-quality products and the utmost professionalism, along with swift customer service. SNI conducts an annual customer satisfaction survey, continually refining survey elements to enhance service quality. The goal is not only to care for company operations but also to prioritize safeguarding the interests of customers and business partners. In 2022, customer satisfaction stood at 73.38%, a decline from 2021. This was attributed to delays in delivery due to shortages in raw materials, leading to decreased customer satisfaction. SNI remains dedicated to improving supplier inventory situations and proactively adapting to market changes to prevent such instances. The new expansion of the SNI facility will be completed in 2023, increasing production capacity. Throughout 2022, a total of 100 customer complaints were received, all of which have been fully addressed, achieving a 100% improvement rate. These improvements are guided by valuable suggestions and feedback, as SNI continues its commitment to progress. Throughout the product lifecycle, from sourcing raw materials, manufacturing, distribution, and customer usage, to disposal, SNI engages in the development of eco-friendly products. This involves adhering to green environmental standards at every stage and proactively innovating to create products that minimize environmental impact. Collaborating with business partners and customers, SNI actively addresses environmental protection concerns to mitigate the operational and product-related impact on both people and the environment. (continued on next page)	●				●		Customer Complaint Handling, Customer Relationships, and Satisfaction	1.4 Customer Relationship Management

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Customer Service and Satisfaction *	SNI has not encountered any negative repercussions concerning compliance with green environmental standards. Should concerns about SNI's products meeting green environmental standards arise, it could potentially impact the company's reputation and customer product safety, exacerbating environmental degradation.	●				●		Customer Complaint Handling, Customer Relationships, and Satisfaction	1.4 Customer Relationship Management
Green Innovation and Lifecycle Management	Throughout the product lifecycle, from sourcing raw materials, manufacturing, distribution, and customer usage, to disposal, SNI engages in the development of eco-friendly products. This involves adhering to green environmental standards at every stage and proactively innovating to create products that minimize environmental impact. Collaborating with business partners and customers, SNI actively addresses environmental protection concerns to mitigate the operational and product-related impact on both people and the environment. SNI has not encountered any negative repercussions concerning compliance with green environmental standards. Should concerns about SNI's products meeting green environmental standards arise, it could potentially impact the company's reputation and customer product safety, exacerbating environmental degradation.	●	●	●	●	●		SNI's Green Products, Sustainable Procurement, Innovative Technology Research and Development, Recycling and Regeneration	2.3 Green Innovation and Lifecycle Management

Note:

- The table above is ordered according to the sections in the report.
- ① Customers, ② Suppliers, ③ Employees and other workers, ④ Government agencies, ⑤ Shareholders and other investors, ⑥ Financial institutions.
- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Sustainable Supply Chain Management	SNI extends the principles of the RBA Code of Conduct and the standards of AEO Quality Enterprises to its suppliers. The company requires its primary suppliers to sign the "Supplier Corporate Social Responsibility Policy Statement" and "Business Partner Supply Chain Security Certificate," as well as complete a self-assessment form regarding supplier corporate social responsibility. This collaborative effort with suppliers aims to ensure a safe working environment, protect employee rights, implement environmental conservation practices, adhere to ethical standards, and safeguard the interests of all stakeholders. No instances of major suppliers violating the RBA have been detected by SNI. In the event of concerns regarding RBA violations by key suppliers, the supplier's stakeholders and environment would be adversely affected. This could also have implications for SNI, including disruptions in operations and reputation, potential production interruptions, shipment delays, and an impact on customer interests.	●	●	●	●	●		[GRI] Procurement Practices: 204 [GRI] Supplier Environmental Assessment: 308 [GRI] Supplier Social Assessment: 414	2.4 Promoting a Green Sustainable Value Chain

Note:

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- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Human Rights*	SNI has established a Human Rights Policy to ensure a secure and respectful working environment, where employee rights are safeguarded. The company is particularly committed to upholding the rights of foreign workers, offering bonus systems, diverse benefits, and employee support programs to create a high-quality and welcoming workplace atmosphere. In 2022, there was 1 case of violation of labor standards and 1 case of a complaint from a migrant worker. SNI promptly addressed both instances, reaching agreements with the employees involved, and without causing any operational disruptions.	●	●	●	●	●	●	[GRI] Employee Diversity and Equal Opportunity: 405 [GRI] Non-discrimination: 406 [GRI] Forced and Compulsory Labor: 409 [GRI] Security Practices: 410	2.4 Promoting a Green Sustainable Value Chain 3.1 Human Rights Management 3.2 Human Resources Overview 3.3 Employee Compensation and Benefits
Diversity and Inclusion*				●	●	●			
Talent Recruitment and Retention	SNI's recruitment is guided by the enacted "Personnel Employment Management Regulations," ensuring principles of fairness. The company is committed to diverse recruitment channels and actively engages in industry-academic partnerships, attracting a wide range of talented young individuals. This commitment extends to campuses and active participation in government initiatives aimed at nurturing talent. For retention, SNI has developed the "Compensation and Benefits Management Regulations," providing salaries and incentives exceeding legal requirements, as well as a comprehensive array of benefits to safeguard employee rights and collaboratively create value. In 2022, there were no major labor disputes. In the event of labor disputes or recruitment and retention challenges, SNI could face labor shortages or strikes, potentially impacting operations and reputation, causing production interruptions, shipment delays, and affecting customer interests.			●	●	●		[GRI] Defined Benefit Obligations and Other Retirement Plans: 201-3 [GRI] Market Position: 202 [GRI] Employment Relationships: 401	3.2 Human Resources Overview 3.3 Employee Compensation and Benefits

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Talent Development and Cultivation	Talent development stands as one of the most vital aspects of cultivating human capital within a company. SNI has devised an "Annual Training Plan" to ensure that each colleague can benefit from the company's comprehensive training system, thereby enhancing both their soft and hard skills. This equips them to effectively apply what they learn in their daily lives and work. In 2022, there were no negative impacts stemming from insufficient professional talent. However, if SNI were to encounter a shortage of specialized professionals, it could potentially lead to a decline in research and development capabilities, impacting operations. This could result in reduced orders or products losing competitiveness, ultimately affecting both employee rights and shareholder interests.			●		●		[GRI] Training and Education: 404	3.4 Talent Development and Cultivation
Occupational Health and Safety *	SNI has implemented and maintains an operational Occupational Health and Safety Management System, ISO 45001. Through a PDCA (Plan-Do-Check-Act) approach, the company has established a continuously improving management framework, ensuring workplace safety and safeguarding employee health. Through policies that consistently provide employees with comprehensive health care and foster a secure work environment, there were no cases of occupational diseases in 2022. Additionally, there was only one reported incident of workplace injury.	●	●	●	●	●		[GRI] Occupational Health and Safety: 403 [GRI] Local Communities: 413-2 [Stock Exchange] Sustainability Disclosure Indicator - Telecommunications Industry - Number Four	3.5 Occupational Health and Safety

Note:

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- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

List of Material Topics Impact Explanations

Significant Themes	Explanation of Impact Significance Assessment	Potentially Affected Stakeholders						Indicator Disclosure and Relevant Responses	Corresponding Sections
		①	②	③	④	⑤	⑥		
Corporate Governance	SNI has established several corporate governance policies and regulations to enhance the efficiency of the board of directors and operations. These measures ensure the company's compliance with regulations across all aspects and safeguard the rights of relevant stakeholders. In 2022, the company did not experience any significant violations of regulations.							[GRI] Anti-Corruption: 205-2, 205-3	4.2 Integrity Management
Regulatory Compliance *	However, if SNI were to encounter negative impacts stemming from violations of corporate governance or regulations, it could affect the company's operations and reputation. In serious cases, there might be orders to halt operations, resulting in a significant impact on the rights of various stakeholders.	●	●	●	●	●	●	[GRI] Anti-competitive Behavior: 206 [GRI] Customer Health and Safety: 416-2 [GRI] Marketing and Labeling: 417-2	1.2 Products and Services 4.2 Integrity Management

Note:

- The table above is ordered according to the sections in the report.
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- Corresponding to sustainability initiatives or regulations: DJSI - Computers and Peripherals and Office Electronics Products, DJSI - Communication Equipment, MSCI - Hardware Technology, Storage and Peripherals Industry, SASB - Hardware, Stock Exchange Sustainability Disclosure Indicator - Telecommunications Industry.
- "*" indicates incidents with actual negative impacts in recent years. Complaint channels are covered in section 4.2 Integrity in Business Operations, and remedial measures will be explained in respective chapters.

Stakeholder Identification and Communication

In the previous year, SNI identified its primary stakeholders through the various committees of the Sustainability Development Committee. These stakeholders, including customers, suppliers, investors, employees, government agencies, and communities, were identified based on stakeholder alignment criteria and questionnaire surveys, to facilitate effective and ongoing communication and engagement with SNI.

In 2022, in order to align stakeholder identification with the latest GRI Standards 2021 principles, the definition of stakeholders was redefined as "individuals or groups whose interests have been or may be impacted by the organization's activities." During the stage of "assessing the significance of sustainability impacts," an evaluation was conducted to assess the potential impact of each significant issue on individuals or groups, ranked according to the level of impact. Taking into account the fact that SNI is located in the Hwaya Technology Park with no significant pollution affecting the community, and considering the addition of financial institutions with closer ties to Precision, the main stakeholders identified for the current year are as follows: customers, suppliers, employees and other workers, government agencies, shareholders and other investors, and financial institutions.

Material Stakeholder Engagement

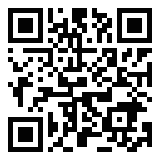
Meaning to SNI	Attention to Issues	Communication Channels	Communi- cation Frequency	Actual Communication Results in 2022
Stakeholders - Customers				
Obtaining customer support and recognition will be a key factor for future sustained profitability. SNI is dedicated to accurately listening to our customers' opinions and requests, serving as the direction for our company's sustainability plan.	• Employee Rights • RBA Code of Conduct • Environmental Management • Conflict Minerals • Green Products	Customer Service System	Intermittent	• Regular Customer Visits Scheduled Annually. • Total of 100 Customer Complaints in 2022, 100% Improvement Completion. • Customer Satisfaction Rate of 73.38% in 2022.
		Customer Visits		
		Customer Audit		
		Customer Satisfaction Survey	Annual	
Stakeholders - Suppliers				
Suppliers who provide high-quality, low-pollution components and services are an integral part of our company's operations.	• Employee Rights • RBA Code of Conduct • Environmental Management • Conflict Minerals • Green Products	Supplier Meeting	Intermittent	• In 2022, a total of 479 supplier on-time delivery quality assessments were conducted. • 2 new suppliers were evaluated, with a 100% qualification rate.
		Supplier Audit		
Stakeholders - Shareholders and Other Investors				
Enhancing the company's operational performance, safeguarding the rights of shareholders and other investors, and preventing their losses are paramount.	• Company Profitability • Risk Management	Annual General Meeting	At Least Annual Meetings Required	• Hold one shareholder meeting. • Conduct one Annual Meetings .
		Stockholders' Meeting		
		Corporate Website Investment Zone	Real-Time	
Stakeholders - Employees and Other Workers				
Employees are a critical asset to the company. Elevating their awareness and capabilities and fostering mutual prosperi-ty and coexistence with the company are our primary objectives.	• Salary and Compensation • Employee Benefits • Working Environment	Labor-Management Meeting	Quarterly	• 4 times Labor-Management Meetings • 4 times Safety and Health Committee meetings • 13 e-mails sent to Employee Inboxes • 4 times Roundtable Discussions
		Safety and Health Committee	Intermittent	
		Employee Inbox		
		Roundtable Discussion		

Material Stakeholder Engagement

Meaning to SNI	Attention to Issues	Communication Channels	Communi- cation Frequency	Actual Communication Results in 2022
Stakeholders - Government Agencies				
We diligently understand government regulations and compliance, adhering to all regulatory requirements to avoid any negative societal impacts.	• Regulatory Compliance • Social Impact • Environmental Impact • Corporate Governance	Government Audit	Intermittent	• 14 Correspondences from the Counter Purchase Center
		Seminar		
		Event Participation		
		Counter Purchase Center		
Stakeholders - Financial Institutions				
Establishing strong trust-based relationships is crucial for maintaining the smooth flow of funds for the company's regular operations.	• Company Operations	Office Visit	Intermittent	• 8 Interview Meetings

Stakeholder Contact Zone Establishment

To understand the reasonable expectations and needs of stakeholders, the SNI Official Website has established a Stakeholder Zone and provided contact information as follows:

Investor Services   TEL:+886-3-3289289 EXT:5807  e-mail:invest@senao.com	Supplier Services   TEL:+886-3-3289289 EXT:5202  e-mail:purchaser@senao.com
Customer Services   TEL:+886-3-3289289 EXT:2371  e-mail:sales@senao.com	Human Resources Recruitment Services   TEL:+886-3-3289289 EXT:5831  e-mail:hr@senao.com
Anti-Corruption   TEL:+886-3-3289289 EXT:5820  e-mail:illegal@senao.com	Note: For the Stakeholder Contact Point, please refer to this link to SNI's company website: https://www.senaonetworks.com/en/ 

External Organizational Involvement

Participation in public associations allows access to the latest professional information, benefiting the company's business development and offering opportunities to cultivate new working relationships. In 2022, SNI actively participated in a total of nine external organizational public associations, as listed below:

Wi-Fi Alliance Wi-Fi Certification and Trademark Authorization Business Alliance Membership Since joining in 2007, SNI has obtained Wi-Fi certification and trademark authorization for its products.	Dun & Bradstreet Corporate Certification Corporate Certification In 2012, SNI achieved Dun & Bradstreet corporate certification, with a D-U-N-S® number of 65-868-2930.	Bluetooth SIG (Special Interest Group) Membership Since joining in 2014, SNI has had access to the latest Bluetooth technology information.
Taiwan Information and Communication Technology Industry Standardization Association Membership Since joining in 2015, SNI has received updates on national and international information technology standards, industry news, and event information, as well as links to international and regional standardization organizations.	Taipei Computer Association Membership Since joining in 2009, SNI has enjoyed services such as electronic document distribution, free publication of communication messages, access to industry information, assistance with legal matters, and free consultations with a professional legal team.	Taoyuan Industrial Association Membership Since joining in 2006, SNI has received updates on government commercial regulations, certification services for the origin of corporate products, and consultations on corporate talent development.
Taoyuan Asia Silicon Valley HwaCom Technology Park Business Promotion Association Membership Since joining in 2018, SNI has been able to participate in seminars organized by the National Development Council's Asia Silicon Valley Promotion Center, access industry and event information, and receive legal consultation services.	New Taipei City Import and Export Business Association Membership Since joining in July 2007, SNI has accessed with information including updates on government regulations, domestic and international trade and economic information, and trade seminar information.	Internal Auditing Association of the Republic of China (Taiwan) Membership Since joining in 2006, SNI has had access to professional services and information, including participation in regular meetings and experience exchange seminars, attendance at industry-specific seminars, access to new developments from internal and external auditing associations, and notifications of the latest legal interpretations from regulatory authorities.

1

Sustainable Operations

Material Topics

Economic Performance, Privacy and Data Security, Customer Service and Satisfaction

Action Plan

1 /

SNI Lab 5% of Annual Revenue Allocated to Product Development in 2022

2 /

Information Security Management System ISO 27001 Internal and External Audits

3 /

Customer Complaints Service

Strategy / Objectives

Short-term (1-3 years)

- To respond to the completion of the new factory, we are actively executing our expansion plan to increase production capacity.
- We conduct an annual customer satisfaction survey with a target of achieving an 80% satisfaction rate.
- We aim to achieve a 100% improvement in the number of customer complaint resolutions each year.
- Following the ISO 27001 international standard, we adhere to the PDCA management cycle, regularly review operational risks, make improvements, and conduct internal and external audits to maintain the effectiveness of our information security management system.
- We organize annual information security awareness training to enhance employee awareness of cybersecurity.
- We have implemented an MDR (Managed Detection and Response) solution for our core systems to continuously strengthen information security.
- We are implementing a penetration testing (PT) program to optimize and enhance our information security systems.
- We have introduced the TL 9000 Telecommunications Quality Management System for the electronics industry.

Medium to long term (3-5 years)

- Implement capacity expansion and cost control plans.
- Establish overseas production facilities and offer customers a diversified supply chain.
- Focus on core technology, actively develop new customers and explore new markets.
- Continuously optimize and enhance customer service quality in response to external changes, aiming to achieve 100% customer satisfaction.
- Continuously improve and optimize internal operations to reduce the number of customer complaints.
- Collaborate with the IT and legal departments to implement trade secret regulations, continually strengthen information security, ensure the non-illegal leakage of core operational data, and prevent financial losses.

Sustainability Contributions in 2022

Performance Results

77.8%

In 2022, the consolidated revenue amounted to NT\$16,322,282 thousand, representing a growth of 77.8% compared to 2021.

NT\$12.54

The earnings per share (EPS) for the fiscal year 2022 reached NT\$21.7, an increase of NT\$12.54 compared to NT\$9.16 in 2021.

6-20%

In the ninth edition of the corporate governance evaluation, the company was ranked among the top 6-20% of over-the-counter listed companies.

NT\$753,806

Research and development expenditures for the year 2022 amounted to NT\$753,806 thousand.

100%

In 2022, there were a total of 100 customer complaints, all of which have been addressed and resolved, achieving a 100% completion rate.

73.38%

The customer satisfaction rate for 2022 was 73.38%.

100%

A training course on ISO 9001 internal audits was conducted on January 12, 2023.

167 attendance

On August 10, 2022, an information security education and training session titled "ISMS System, Cybersecurity Concepts, and Trending Technologies Advocacy" was held.

In 2022, the company successfully completed both internal and external audits for ISO 9001, thereby maintaining the effectiveness of the quality management system (certificate validity: October 28, 2022, to December 3, 2023).

The information security management system continued to operate smoothly, encompassing activities such as asset inventory, risk assessment, operational impact analysis, continuous operation management, internal audits, management reviews, and external audits.

In 2022, the company also completed both internal and external audits for ISO 27001, ensuring the effectiveness of the information security management system (certificate validity: November 1, 2021, to October 31, 2024).

1.1 About Senao Networks Inc. (SNI)

SNI was founded on October 1st, 2006, as a spin-off from the Wireless Communications Business Group of Senao International Co., Ltd. The company was officially registered on October 12, 2006, following approval from the Ministry of Economic Affairs. SNI is dedicated to providing reliable and secure network communication and network security equipment research and manufacturing to global partners.

SNI adheres to the business philosophy of 'Innovation, Quality, Teamwork, and Customer Satisfaction,' continually developing new technologies and solutions. The company consists of three main business divisions: the Intelligent Communications Business Unit (ICBU), the Computing Networks Business Unit (CNBU), and the Enterprise Business Unit (ENTBU). These divisions focus on product development and customer service. SNI's proficient research and development teams focus on creating advanced and highly reliable products, serving as a leading open hardware platform designer for enterprise-level wireless networks and high-speed access networks. The company maintains long-term and close collaboration with global partners. In recent years, SNI has expanded its network communication product reach into the realm of smart homes. This includes integrated solutions involving wireless gateways, network cameras, and mobile apps, under its proprietary brand 'EnGenius.' The company is committed to innovation and research, leveraging key technologies to engage in vertically integrated production design and manufacturing, encompassing RF antenna design and metal framework manufacturing. This ensures the provision of products and services with optimal efficiency to customers. Additionally, SNI remains dedicated to 100% Taiwan manufacturing, ensuring consistently high manufacturing quality and garnering trust from customers worldwide.

Senao Networks Inc. Profile

Company Name	Senao Networks Inc.
Company Abbreviation	SNI
Stock Ticker Symbol	3558
Industry Sector	Telecommunications Industry
Primary Business Operations	• Design, development, manufacturing, and sales of wireless network products and services (Wi-Fi). • Design and development of wired network system products, industrial computers, and L2/L3 managed network switches (Ethernet Switch & Controller), manufacturing and sales of high-speed network switches (100GbE) for cloud computing centers. • Design and development of cloud network management system solutions, and sale of subscription-based services. • Design, development, manufacturing, and sales of enterprise wireless communication system products.
Date of Establishment	2006/10/12
Over-the-Counter (OTC) Date	2013/12/30
Paid-in capital	NT\$ 490,608,810 (Data Compiled Until December 31, 2022)
Number of Employees	1,532 (As of December 31, 2022)
Chairman	Tommy Tsai
President	Bou Lin
Spokesperson	Kim Yu
Headquarters' Address	No. 500, Fuxing 3rd Road, Guishan District, Taoyuan City
Headquarters' Contact Number	03-3289289
Headquarters' Website	https://www.senaonetworks.com/en/

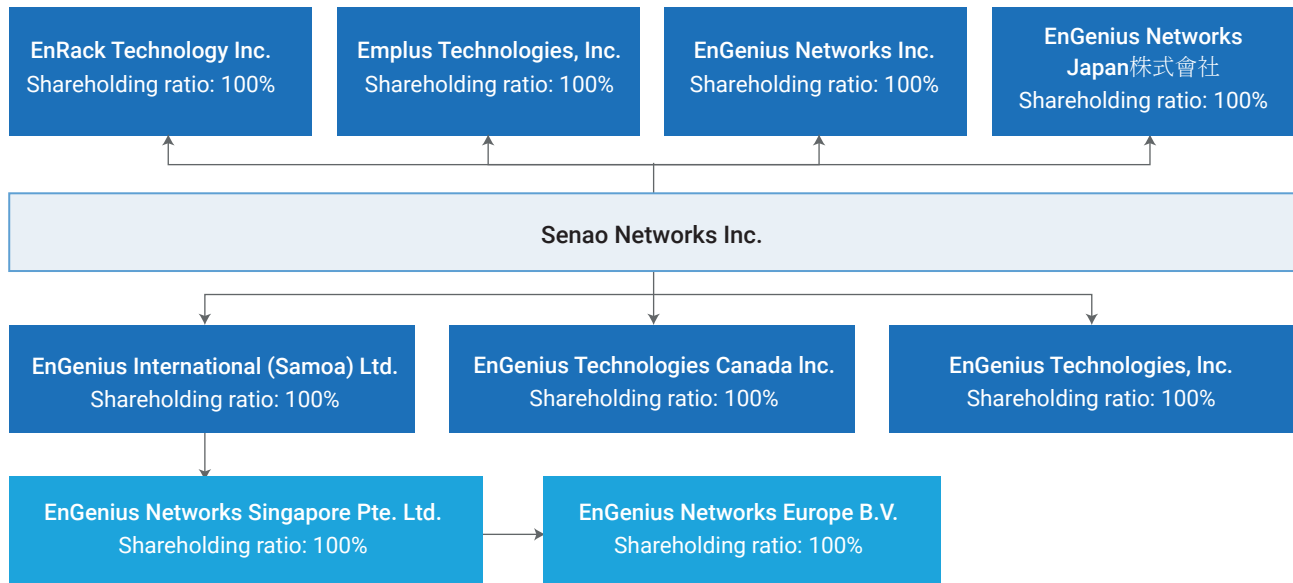
Note1: For company basic information, please refer to URL on MOPS:

https://mops.twse.com.tw/mops/web/t57sb01_q5

Note 2: For shareholder structure, please refer to page 52 of "SNI's Annual Report in 2022".



Subsidiary Organizational Chart of Senao Networks Inc.



Note: For basic information of affiliated enterprises, please refer to page 84 of "SNI's Annual Report in 2022".

Essential Information about Subsidiary Companies of Senao Networks Inc.

Data Date: December 31, 2022 / Unit: \$NTD 1000

Subsidiary Companies	Date of Company Establishment	Located Country	Paid-in capital	Primary Business or Production Activities
EnGenius Technologies, Inc.	1999/02	USA	USD 2,000	Trading Business of Communication Products
EnGenius International (Samoa) Ltd.	2002/12	Samoa	USD 5,990	Investment in Related Ventures
EnGenius Networks Singapore Pte. Ltd.	2003/05	Singapore	USD 5,950	Trading Business of Communication Products
EnGenius Networks Europe B.V.	2011/03	Dutch	EUR 210	Trading Business of Communication Products
EnRack Technology Inc.	2016/07	Taiwan	NTD 50,000	Trading Business of Communication Products and Stamping Component Manufacturing and Trading Business
Emplus Technologies, Inc.	2012/10	Taiwan	NTD 127,288	Research, Manufacturing, and Trading Business of Communication Products
EnGenius Technologies Canada Inc.	2018/01 (Note 1)	Canada	CAD 0.01	Trading Business of Communication Products
EnGenius Networks Inc.	2022/10	Taiwan	NTD 500	Trading Business of Communication Products
EnGenius Networks Japan 株式會社	2022/11	Japan	JPY 30,000	Trading Business of Communication Products

Note 1: Refers to the date of inclusion of subsidiaries in the company.

Note 2: For information on subsidiaries, please refer to page 84 of "SNI's Annual Report in 2022".

Corporate Business Operation Philosophy



Customer Satisfaction

Fully understanding customer needs and providing the fastest and most accurate service. We aim to understand our customers better than they do, even understanding their customers.



Team Service

We are establishing constructive communication and coordination and achieving common goals. The company does not encourage individual heroism; integrating the team's strengths is essential for achieving the highest performance.



Innovation

Mastering market and technological trends while continuously enhancing core capabilities. Innovation isn't limited to technological advancements; it also involves innovative management thinking and being open to new ideas.



Quality

All employees participate in zero-defect management. Quality is not solely the responsibility of manufacturing or quality control units; it is designed and managed. They are establishing a quality consciousness among all employees.

Corporate Vision and Logo

Utilizing cloud computing in conjunction with telecommunications technology and artificial intelligence to ensure network security, creating a better and more humane smart life, meeting customer demands, safeguarding employee welfare, seeking shareholder benefits, enhancing the well-being of the general public, and pursuing corporate sustainability and growth.



The dove is a symbol of communication and its three overlapping images represent the company's service philosophy, which stands for morality, order, responsibility, omnipresence, ubiquity, and meticulousness.

The blue corporate color embodies the SNI spirit, which signifies composure, calmness, and professionalism. The yellow ring symbolizes transmission and reception of wireless signals (global network communication products). Omnipresence: SNI communication products are omnipresent, eliminating all obstacles to communication. Ubiquity: SNI strives to set up businesses in various locations and regions. Meticulousness: SNI provides customers with careful and reliable service.

Financial Performance

As the pandemic gradually subsides and people return to normal life, the changes in lifestyle and work patterns brought about by the pandemic have deepened the reliance on high-speed broadband environments. Consequently, as countries progressively lift lockdown measures and global supply chain shortages improve, there is a surge in demand from corporate clients to upgrade their bandwidth equipment. Benefiting from this opportunity, our company's consolidated operating revenue in 2022 grew significantly by 77.8% compared to 2021. Although the gross profit margin was positively impacted by the depreciation of the New Taiwan Dollar, the high cost of electronic components and increased personnel expenses due to labor shortages resulted in a slight decrease of 1%. Despite this, the post-tax profit attributable to the owners of the parent company grew by over 100% (111.3%) compared to 2021, achieving record-breaking highs in both revenue and profit. Earnings per share (EPS) exceeded the \$NTD20 mark, demonstrating exceptional performance.

SNI's core objective in its business operations is to achieve sustainable profitability. We comply with local government taxation regulations, honestly declare and pay income taxes, and support various measures aimed at promoting major public infrastructure projects, encouraging industry innovation, and investing in research and development. We also lawfully apply for relevant tax incentives. The SNI Group's annual revenue for the year amounted to \$NTD16,322,282 million, an increase of \$NTD7,142,491 million compared to the previous year's \$NTD9,179,791 million. The pre-tax net profit for the year reached \$NTD1,473,275 million, representing an increase of \$NTD866,543 million compared to the \$NTD606,732 million of the previous year. Earnings per share reached \$NTD21.7, an increase of \$NTD12.54 compared to the \$NTD9.16 of the previous year. SNI will continue to strive towards an annual profit per share goal.

In addition, following Article 10 of the "Industrial Innovation Act," the company is eligible to deduct up to fifteen percent of the research and development expenditure from the corporate income tax payable for the current year, with a maximum limit of thirty percent of the corporate income tax payable for that year. SNI's parent company has applied for tax subsidies and deductions in the past three years, with amounts totaling \$NTD20,851,304 in 2020, \$NTD30,387,942 in 2021, and \$NTD58,511,000 in 2022.

Consolidated Financial Overview

Unit: \$NTD 1,000

Categories	Item \ Year	2020	2021	2022
Generated Direct Economic Value	Operating Revenue	7,766,451	9,179,791	16,322,282
	Non-operating Revenue	27,566	82,115	119,276
Distributed Economic Value	Operating Costs	6,093,042	7,460,829	13,309,818
	Employee Salaries and Benefits	1,523,479	1,747,596	2,651,893
	Payments to Shareholders	255,115	196,244	147,182
	Tax Payments to the Government	53,653	67,396	119,875
	Community Investments	62	20	456
Retained Economic Value	Retained Economic Value	186,404	210,159	212,790

Note: Retained Economic Value = Generated Direct Economic Value - Distributed Economic Value.

1.2 Products and Services

Global Layout

Faced with ongoing technological innovations from global competitors, strategic branding and positioning, and price competition, Taiwanese brands, and manufacturers find it increasingly challenging to expand sales and secure consistent and stable profits. With the continuous trend of technological innovation, neglecting research and development and failing to expand suitable sales channels can lead to vulnerability to new entrants or long-established competitors, or even elimination. Therefore, if Taiwanese network communication companies wish to establish a strong foothold in the global telecommunications landscape, they should employ strategic thinking, complemented by extensive data collection and statistical analysis through big data. They should formulate effective execution methods and tactics, and innovate novel solutions, products, technologies, and services. Compared to other competitors, SNI grasped critical technologies early on and oriented towards advanced wireless and wired network communication products and cloud network management systems. The company focuses on enhancing core technologies and precise differentiation according to market demands. By developing diverse application services, SNI adds new value to network communication products, aiming to create and capture opportunities for the next generation.

SNI has a long-standing focus on enterprise-level network communication equipment. Our product range includes Cloud Management Platforms, On-Premises Management Platforms, Wireless Management Switches, enterprise-level outdoor and indoor wireless access points (APs), Customer Premises Equipment (CPE), network security servers, Industrial Personal Computers (IPCs), enterprise-grade Ethernet switches, IP cameras, long-range wireless telephones, mesh network wireless routers/access points (Mesh Router/AP), and intelligent power management systems.

With a comprehensive product line spanning imaging, voice, data transmission, and energy-saving solutions, coupled with mature network management systems, we offer an integrated, complete, and secure solution for data communication, voice, and security monitoring network applications.

SNI Distribution Map of Global Operating Locations

The headquarters is located in the Hwaya Technology Park, Taoyuan, Taiwan, and there is also a R&D center set up in Nangang, Taipei City. As of 2022, the company has a total global workforce of 1,989 employees, with research and development personnel accounting for 25.4% of indirect employees. SNI allocates an annual R&D budget equivalent to 5% of the group's total operating revenue. Additionally, the company has established overseas sales and service points in locations such as the United States, Europe, Singapore, Dubai, Canada, and Japan, providing comprehensive solutions and local support.

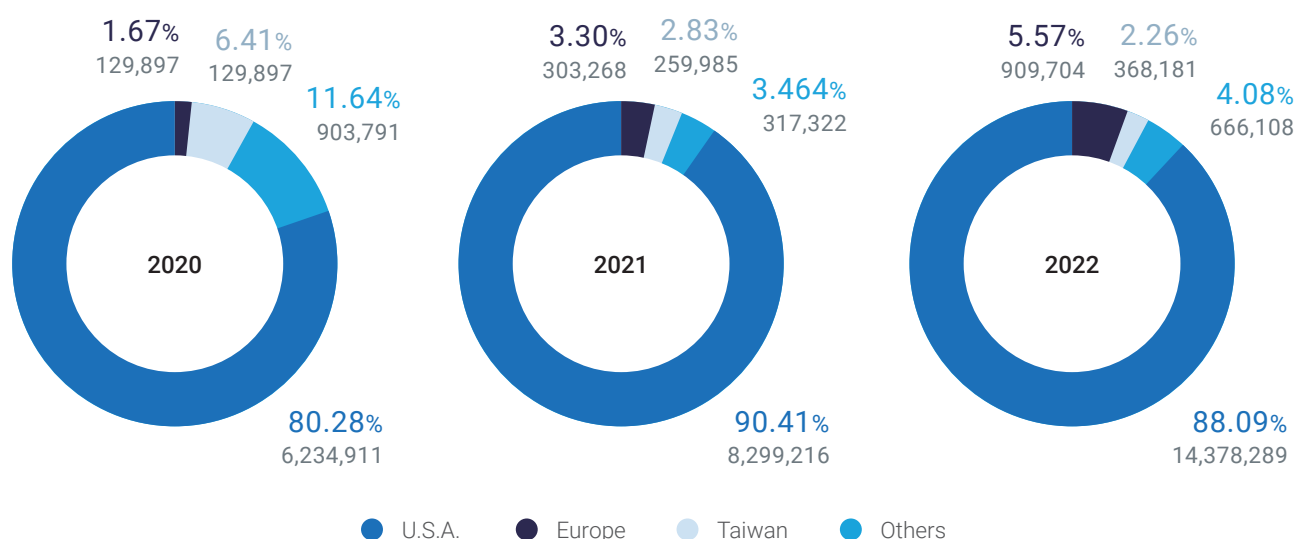


Revenue by Operating Geographic Region Statistics

Unit: \$NTD 1,000

Year / Region	2020		2021		2022	
	Operating Revenue	Percentage	Operating Revenue	Percentage	Operating Revenue	Percentage
U.S.A.	6,234,911	80.28%	8,299,216	90.41%	14,378,289	88.09%
Europe	129,897	1.67%	303,268	3.30%	909,704	5.57%
Taiwan	497,852	6.41%	259,985	2.83%	368,181	2.26%
Others	903,791	11.64%	317,322	3.46%	666,108	4.08%
Total	7,766,451	100.00%	9,179,791	100.00%	16,322,282	100.00%

Revenue (\$NTD 1,000) based on the Sales Region Statistics Chart



Product Introduction

SNI has three major business groups: the Computing Network Business Unit (CNBU), the Intelligent Communication Business Unit (ICBU), and the Enterprise Business Unit (ENTBU). Each focus on product development and serving customers. The table below shows the products of each business unit.

With the rise of cloud networks, companies are increasingly placing critical data in the cloud, which has led to a growing emphasis on information security. Additionally, the recent trend of WFH (Work from Home) has further increased the demand for network security equipment by enterprises. SNI has actively developed its brand in the market for network security servers with a strong emphasis on software management capabilities. They provide cloud-based enterprise network system equipment (Visualize Your Networks with AI-driven Cloud Deployment) through the EnGenius Cloud could management platform, which is based on big data and uses cloud computing technology. EnGenius Cloud could management offer enterprises or operators a visual management interface and real-time data analysis, helping businesses work smarter and more efficiently. It centralizes the management of EnGenius network devices, including network security (gateways, wireless access points, switches) and licensing management services (advanced licensing and value-added services). It provides reliable network performance monitoring, predictive problem analysis, and real-time data insights, ensuring security and meeting the management needs of enterprises of different scales.

In addition, expertise in the IoT/Camera product line, establishing technical expertise in areas such as optics, acoustics, air detection, and access security management. Combined with the developed edge computing products, they expect to develop a more diverse range of products in the Artificial Intelligence of Things (AIoT) market.

Business Unit	Category	Item	Product Content
Intelligent Communications Business Unit (ICBU)	Smart Connectivity	Internet of Things (IoT)	Environmental Sensor
			Camera
			Access Control
		Wireless Connectivity	Indoor/Outdoor Enterprise Wireless Access Point
			Network Security Management Access Point
		Ethernet Switch & Gateway	High Speed and Density Enterprise Network Multi-Gigabit
			Security Gateway
Computational Networking Business Unit (CNBU)	Computing Network		Programmable Switching Fabric 100G, 400G
Enterprise Business Unit (ENTBU)	Network Management Platform		Cloud Management Platform
			On-Premises Management Platform
			Mobile Apps

Note: For main commodity (service) items, please refer to pages 55-56 of "SNI's Annual Report in 2022".



Wi-Fi 7 (11be)
Tri-Band Base Station



5G/LET
Edge Computing Gateway



Enterprise Network Switch

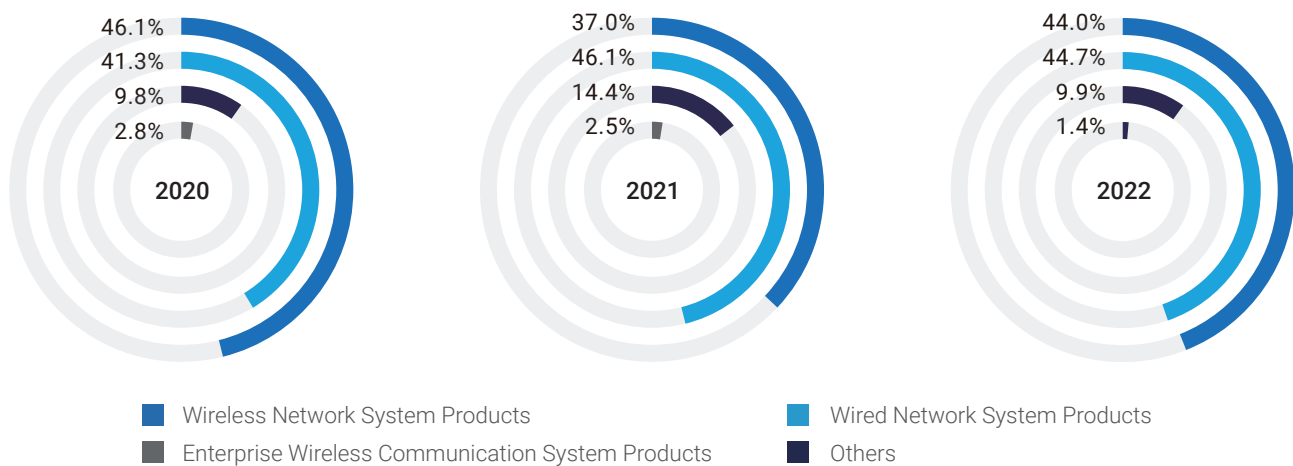


Intelligent Cloud Network
Management Platform

Most Recent Three-Years Product Revenue Composition Statistics Chart

Categories	Item \ Year	2020	2021	2022
Wireless Network System Products	Local Wireless Data Transmission System	46.1%	37.0%	44.0%
Wired Network System Products	Local Wireless Data Transmission System with Enterprise Network Information Security Protection	41.3%	46.1%	44.7%
Enterprise Wireless Communication System Products	Providing Long-Distance Voice and Data Communication Capabilities for Internal Employees	2.8%	2.5%	1.4%
Others	Network Security Monitoring System Products, Accessories, and Maintenance	9.8%	14.4%	9.9%
Total		100.0%	100.0%	100.0%

Statistical chart of turnover proportion of various products in the past three years



Design, Research and Development

SNI is committed to innovating and developing high-efficiency, high-reliability networking products. We continually explore new technological solutions, dedicating over 5% of SNI's annual revenue to research and development. Our R&D efforts involve more than 300 engineers working on forward-looking projects. In 2022, we invested a total of \$NTD753,806,000 in research and development, resulting in the successful development of the following products and related services:

- 1 Successfully developed a wireless base station capable of operating simultaneously on three frequency bands, utilizing the 5GHz and 6GHz spectra. This solution provides low latency and high-density coverage and is available for global distribution.
- 2 Successfully created a 48-port Multi-Gigabit PoE switch with a single port capable of delivering 90 watts of power. This innovation is used in network surveillance cameras and wireless base stations, resulting in cost savings for businesses in terms of installation and network wiring.
- 3 Successfully developed a versatile IIoT (Industrial Internet of Things) environmental sensor that integrates multiple embedded sensors for monitoring environmental changes. It can simultaneously track environmental light, temperature, humidity, pressure, and noise while detecting harmful elements like formaldehyde and airborne particles that may affect human health. This technology optimizes the living and working conditions for enterprises and building occupants, ensuring their safety.
- 4 Successfully introduced a 16-door intelligent access control system integrated with IoT air sensors and IP cameras. This system is managed through cloud-based software, providing comprehensive security monitoring.
- 5 Utilized programmable switch chips to develop a 32-port (QSFP-DD) data center switch supporting a 400Gbps transmission rate. It boasts a maximum total throughput of 12.8Tbps, supports industry-standard ONL/ONLP and SONiC, and applies to high-speed data centers and 5G core networks.
- 6 Successfully created a range of desktop and rack-mounted SD-WAN firewall gateways featuring Auto-VPN capabilities and cloud-based management support.
- 7 Developed outdoor directional and wall-mounted embedded cloud APs with Wi-Fi 6 capabilities. These devices enable point-to-point wireless communication and flexible business deployments.

8 Successfully devised a cloud-based real-time visualization system for analyzing switch status. This system complements enterprise-grade switches by offering remote real-time status and traffic monitoring.

9 Introduced the next generation of the AirGuard system, offering wireless intrusion detection and prevention capabilities. It can detect intrusion events like Evil Twin and Deauth Attacks, taking immediate countermeasures to prevent hacker wireless intrusions.

10 Successfully designed a 12-port 10G aggregation fiber network switch with Layer 3 RIP2/OSPF routing protocols.

Note: For an overview of research and development, please refer to pages 1-2 of "SNI's Annual Report in 2022".

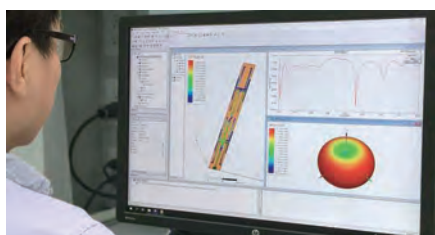
SNI research and development expenses in the past three years

Item \ Year	2020	2021	2022
Research and Development Expenses (\$NTD 1,000)	555,816	606,517	753,806
R&D Expenses as a Percentage of Turnover	7%	6%	5%

SNI Laboratory

SNI's Nangang Research and Development Center has established advanced research laboratories, dedicated to the study of new technologies and the development of product designs. With the assistance of various hardware and software resources, these laboratories facilitate engineers in all stages of product development, from initial research and assessment to final testing and verification. This capability enables engineers to expedite the product development timeline, ensuring that customer requirements for product functionality and quality are met.

RF and Antenna Laboratory



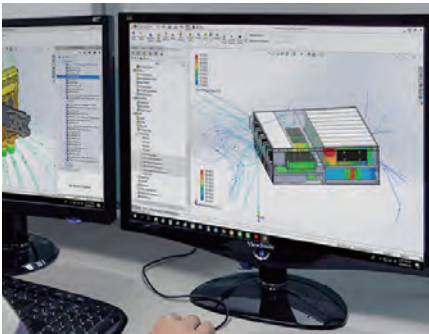
We have a fully equipped measurement instrument setup that includes a network analyzer, spectrum analyzer, Wi-Fi comprehensive test set, power meter, OTA isolation chamber, and 2D/3D anechoic chambers. These are complemented by professional research and design software (ANSYS HFSS 3D EM Simulation) that enables us to simulate high-frequency electronic products. This assists engineers in simulating real-world environments, thereby reducing product development timelines.

High-Speed Signal Laboratory

We are primarily responsible for signal integrity testing, ensuring the complete transmission of signals through the circuits without interference from external factors. SNI utilizes Tektronix oscilloscopes to measure various signals, ranging from lower-speed USB2 (480Mbps) to high-speed USB3.2 Gen2 (10Gbps) / PCI-E 4.0 (16GT/s), and even high-speed Ethernet at 100G or 400G. We have relevant testing solutions for all of these scenarios. We employ Cadence Allegro Sigrity for signal simulation and, in conjunction with high-speed oscilloscopes, assist engineers in performing jitter measurements and timing analysis to complete signal verification.



Institutional Structure and System Heat Dissipation Simulation Laboratory



With the improvement in network speeds, the overall energy consumption of networking products has been increasing year by year, posing greater challenges in thermal management. Through the use of thermal simulation software, we assist engineers in employing thermal simulation analysis techniques to simulate various environmental conditions (e.g., high ambient temperatures, high altitudes, exposure to sunlight, etc.) in order to predict temperature and flow field distribution in the early stages of product development. This enables us to provide the most professional and cost-effective thermal solutions, effectively reducing the product development cycle. Additionally, we utilize structural analysis software and

advanced 3D printing equipment to help engineers perform structural analysis simulations at the initial stages of product development. This accelerates the development of early-stage appearance and structural design, reduces system design verification time, and simultaneously lowers costs while enhancing design efficiency.

Advanced Power Supply Design Laboratory

We are primarily responsible for the research and development of backup power supplies, open-frame power supplies, and network power supplies, among other high-end power designs. We utilize the Chroma 8000 for power supply performance testing, coupled with programmable temperature and humidity testing equipment for high and low-temperature testing. This assists engineers in conducting power supply performance analysis, timing analysis, power component temperature analysis, and high and low-temperature tolerance testing, ultimately achieving quality verification for power supply design.



Application Software Development

In addition to investments in product development, testing and validation equipment, and research and development teams, SNI is actively involved in developing related application software. This includes network management software, wireless network control software, high-performance monitoring and management software, and cloud management platforms to meet the diverse needs of our customers. We have built a cloud computing technology-based network management platform with a foundation in big data infrastructure and advanced artificial intelligence engines. This platform offers visualized central management modules for enterprises and operators, integrating various network devices such as wired, wireless, and security gateways.



Product Quality and Certification

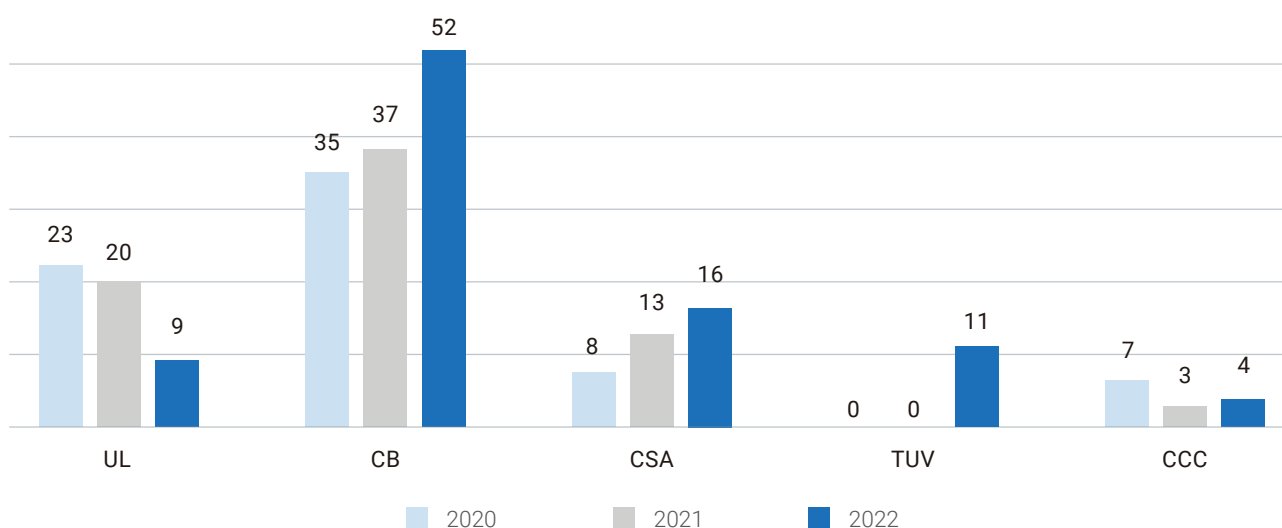
SNI is committed to innovative research and development of high-efficiency, highly reliable network communication products. The quality, safety, and performance of our products are non-negotiable. We have implemented the ISO 9001 Quality Management System using a process-oriented approach with a customer-centric focus. This approach identifies and defines various processes within the quality management system to ensure compliance with regulatory requirements and meet customer expectations. Monthly data analysis through reports helps us monitor the achievement of quality objectives and improvements in quality processes. Annual management review meetings are conducted to review and enhance the quality management system and quality performance. This follows the "Plan-Do-Check-Act (PDCA)" management cycle, ensuring continuous improvement in the company's quality management system and quality performance. In February 2023, we will implement the TL 9000 Telecommunications Quality Management System, with completion expected by July 2023.

To meet customer requirements, our products comply with industry certifications and reliability test specifications. Product markings conform to relevant laws and regulations in various countries. This includes international protection rating certifications (dust and waterproof ratings) such as IP65/66/67, EU ATEX and North American C1D2 explosion-proof certifications, FIPS 140-2 certification, seismic testing (GR-63 Core Issue 4), wind tunnel testing, ISTA packaging and transportation testing, EN 50155 railway transport certification, environmental conditions and testing of ISO 16750-3 in-vehicle electronic devices. We also obtain safety certifications for export regions (countries), including NRTL certifications (UL/CSA/TUV/MET), IECCE CB (International Electrotechnical Commission Electrical Product Qualification Testing), CE (European Union certification mark), and CCC (China National Quality Supervision, Inspection, and Quarantine) certification.

In 2022, there were no violations of health and safety regulations or information and labeling regulations for SNI's products.

Number of safety certifications in 2022

Unit: pieces



All power supply products are designed to comply with international safety standards and international environmental regulations such as RoHS, UL, CB, CE, FCC, CCC, TUV, and other requirements. Additionally, we are committed to meeting the requirements of Taiwan's Environmental Label. During the research and development design phase, all power supply products use components that comply with RoHS, and suppliers are required to provide a certificate of compliance with RoHS components before approval is granted.



NRTL certification

EU certification mark

The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China

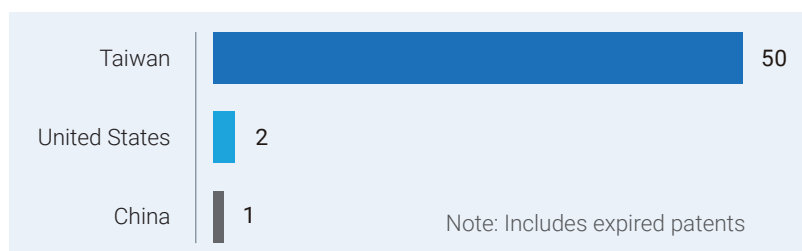
Intellectual Property Management

SNI is dedicated to enhancing its research and development capabilities by encouraging its R&D teams to innovate. It places a high priority on intellectual property rights and fair-trade practices. SNI acts responsibly in exercising its intellectual property rights to uphold fair competition within the industry. SNI respects intellectual property rights and incentivizes innovation. To facilitate this, a dedicated legal department has been established. This department is responsible for formulating rigorous review and incentive mechanisms to safeguard the intellectual assets created by the company's R&D and production departments. It also encourages all departments within the company to propose innovative ideas and methods related to its products or technologies, fostering a workplace culture of proactive innovation.

SNI has proactively expanded its global patent portfolio. As of December 31, 2022, SNI holds a total of 53 patents (including expired ones) in various countries, including 50 patents in Taiwan, 2 patents in the United States, and 1 patent in mainland China. In the fiscal year 2022, one patent application was submitted to the authorities, resulting in the issuance of three patents.

The company regularly accesses government and legal websites to collect information and promptly conducts compliance assessments in response to applicable regulations and stakeholder requirements. SNI is committed to compliance with global laws and strives to prevent legal violations. The legal department continuously educates employees on concepts related to intellectual property rights and fair-trade practices. Particular emphasis is placed on areas such as copyright and trade secrets. Legal knowledge training courses are consistently offered to assist employees in clarifying legal ambiguities and to supervise and control internal company operations. In May 2022, an educational training session titled "Patent Power-Up" was organized, featuring Attorney Ershun Liu from "Faith Intellectual Assets Corporation" as the speaker. This training aimed to educate employees about patent law and provide an overview of patent applications, enhancing the R&D staff's understanding and sensitivity to patents and thereby improving the quality and quantity of the company's patents. A total of 83 employees participated in this training.

In 2022, there were no incidents involving the infringement of others' intellectual property rights.



SNI Global Patent Certification

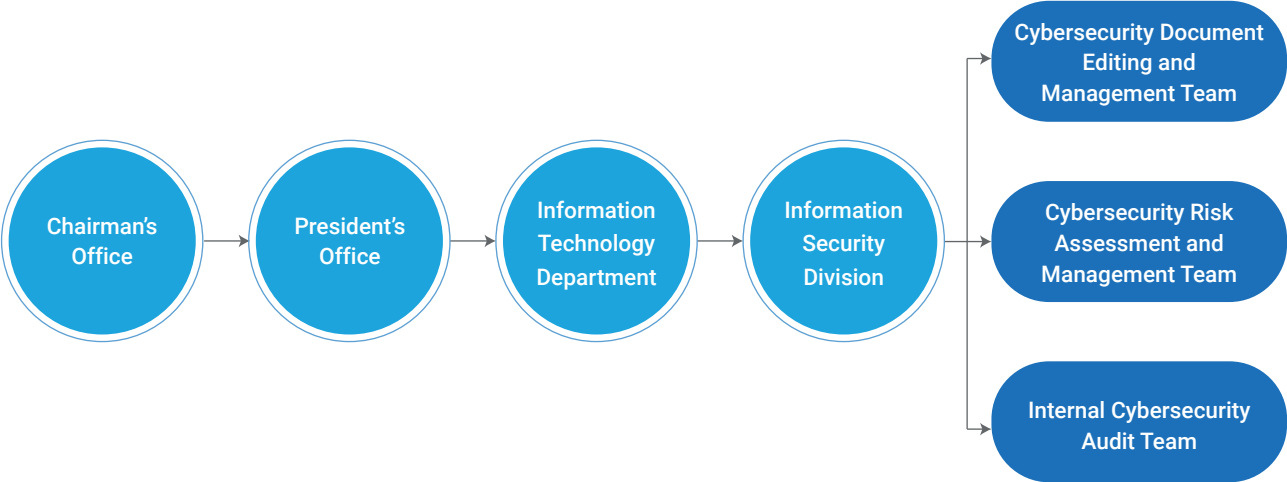


Patent Power-Up

1.3 Information Security Management

Information Security Organization

SNI places high importance on personal data management and understanding the criticality of safeguarding customer-related information. To this end, an Information Security Department has been established, with one Information Official overseeing the Information Security Teams and several professional IT personnel. This department is responsible for crafting internal information security policies, planning and executing information security operations, as well as promoting and implementing information security policies. The Audit Office executes an annual audit plan, with a particular focus on information security, and reports the results to the board of directors. To further enhance information security controls, an Information Security Department was established in April 2023.



Information Security Policy

SNI adheres to the information security policy of "Doing Information Security Well, Risk Assessment Is Essential." In 2021, it implemented the ISO 27001 Information Security Management System. The Information Security Policy, approved by the General Manager, serves as the top management reference. It has formulated the "Information Security Incident Management Regulations" and the "Information Security Management Manual" to conduct risk assessments and operational impact analyses. Step by step, SNI completes the establishment of information security management-related regulations and frameworks, ensuring the confidentiality, integrity, and availability of information systems and data meet the standards. This is of paramount importance in maintaining the company's competitive advantage.

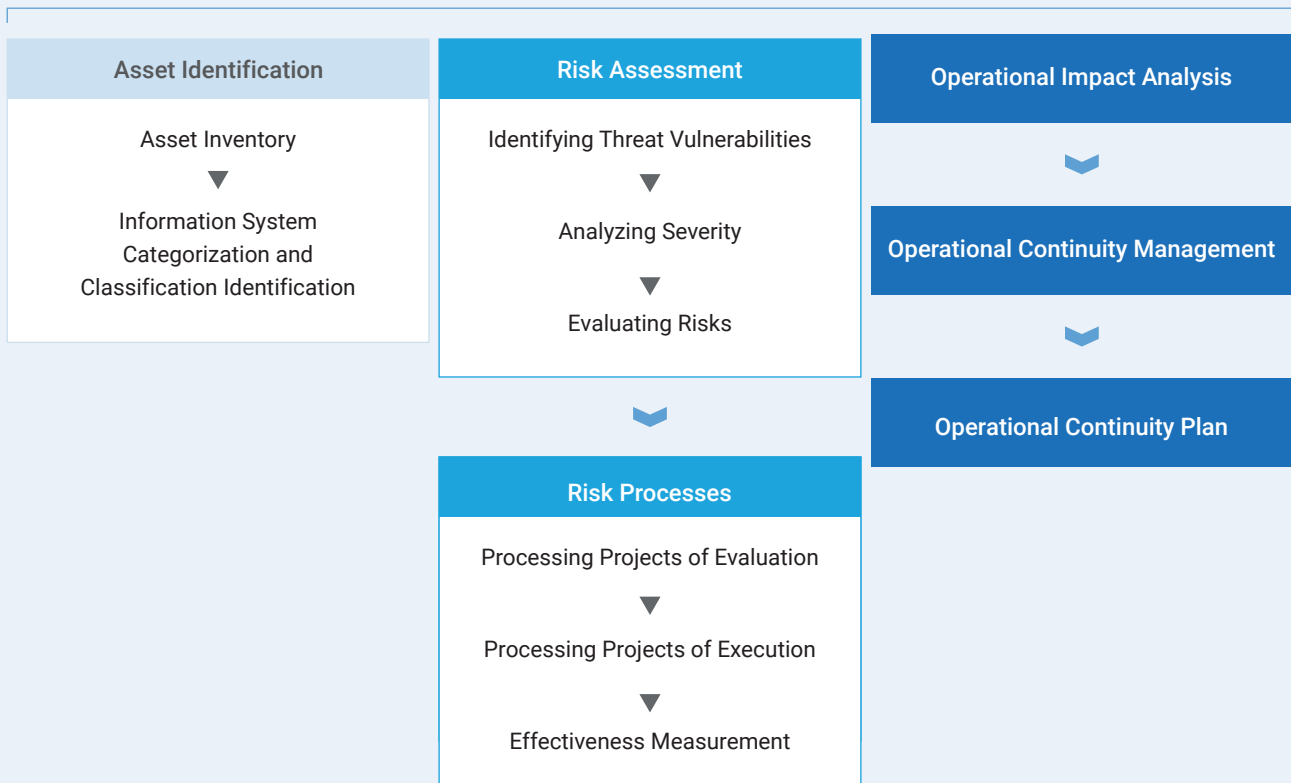
SNI defines the following information security incidents and implements various risk prevention and management measures. Based on the identification of business processes, it defines risk levels and procedures for handling and improvement.

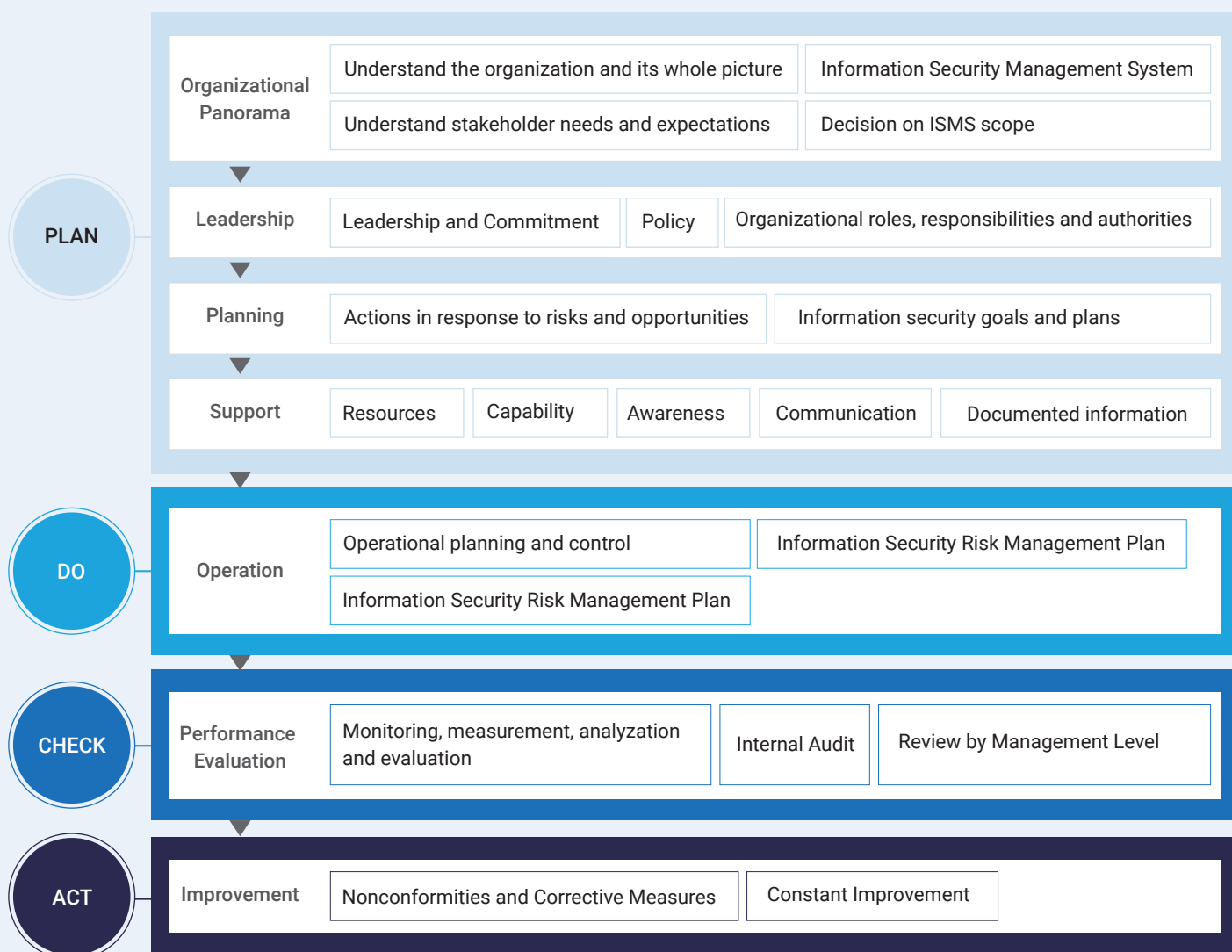
- **Internal Security Incidents:** Events such as the discovery (or suspicion) of malicious damage or destruction of systems or equipment, operational mishaps, equipment failures, etc.
- **Internal Intrusion Incidents:** Events such as virus infections, worm infections, malicious software incidents, or unauthorized intrusions (hacker attacks).
- **Natural Disasters or Major Unexpected Events:** Events such as typhoons, floods, earthquakes, fires, explosions, or terrorist attacks.



ISO 27001: 2013 Information Security Management System Certificate Valid Until 2024/10/31

Identification of Key Business Processes





Cybersecurity Management Conducts

- Establishment of network firewalls, cloud-managed switches, wireless access points, enterprise network access control, email antivirus, spam filtering, installation of antivirus software, employee VPN authentication, and SSL encryption.
- Regular vulnerability scanning and patching of systems and devices, source code analysis, and the establishment of local and offsite redundancy mechanisms for critical systems or services.
- Deployment of an information security monitoring system to monitor the health status of hardware and software providing various services, as well as reviewing hardware and software logs to promptly address any anomalies.
- Conducting annual information security awareness training and periodically issuing announcements and awareness campaigns on various information security topics to enhance employee cybersecurity awareness.
- Following ISO 27001 international standards, adhering to the PDCA management cycle, regularly reviewing operational risks, implementing improvements, and conducting internal and external audits.

SNI references the "Personal Data Protection Act," the "Ministry of Economic Affairs gathers users' data by the Personal Data Protection Act of the Republic of China," and the "General Data Protection Regulation (GDPR) of the European Union" to revise the "Personal Data Protection Management Regulations." Various relevant departments, to safeguard customer privacy, assess confidential documents based on practical needs and formulate confidentiality strategies and policies that align with the requirements of each department. For upstream and downstream vendors, regular meetings and reporting systems have been established. Internally, measures such as internal audits, external audits, and project-specific management have been promoted. Emergency response and SOP have also been established for handling contingencies in the event of confidential documents or technology leaks.

SNI understands the utmost importance of protecting customer-related data, such as customer information, order requirements, pricing, product specifications, and shipping methods. They have established a customer data management system that strictly adheres to confidentiality commitments and controls confidential information. Through this management system, customer privacy and product-related databases have been established, effectively consolidating data classification, saving storage space, and ensuring secure storage. Dedicated personnel are responsible for maintaining and managing the system, with user permissions configured using appropriate security and authentication mechanisms to ensure the security of customer data, prevent unauthorized access, leaks, loss, and tampering, and safeguard customer privacy and product information. This fosters a relationship of mutual trust between the parties. Under the strict control of the customer data management system regarding customer privacy and product information, there were no cases of violations resulting in penalties in 2022.

In August 2022, a cybersecurity education and training event titled "ISMS System, Cybersecurity Concepts, and Trend Technologies Promotion" was conducted, with a total of 167 participants. The content included an introduction to the ISMS (Information Security Management) system, risk management to reduce risks, recent cybersecurity incidents, and improvement methods. It also included three cybersecurity drills covering areas such as network security, ERP security, and SFCS security. The main participants were information department managers and system administration staff. There were three disaster recovery drills, and the results met the standards.

In 2022, there were no information security incidents that resulted in any losses. There was only one instance where the company's email system experienced abnormally slow performance, causing delays in staff receiving emails. This issue was investigated and found to be due to a large backlog of emails that couldn't be processed promptly. It was resolved by urgently closing email archiving and optimizing system performance, after which normal operations were restored.



Classified Business Operational and Practical Cases Sharing

In addition, the Legal Department also organized a "Trade Secrets and Practical Case Sharing" event, which delved into information security issues from a legal perspective. They invited Deputy Director Daoming Wei from the Zhongshan Investigation Station of the Taipei City Investigation Division, Investigation Bureau, Ministry of Justice to discuss legal aspects related to trade secrets and share several practical cases. This aimed to enhance the awareness of information security defense among colleagues, with a total of 153 participants.

1.4 Customer Relationship Management

"Customer Satisfaction Quality" is the cornerstone of SNI's quality policy, guided by the principle that "meeting customer expectations and regulatory requirements is our fundamental requirement" to achieve a service ethos of "customer satisfaction." SNI, through the establishment of long-term partnerships, aims to provide customers with the most competitive, high-quality products and the most professional and efficient services, thereby gaining customer support and recognition.

Gaining customer support and recognition will be a key factor in sustaining future profitability. SNI is committed to listening to customer opinions and requirements, orienting itself toward customer needs, and adjusting and adapting its services promptly to strengthen customer relationships. Customers are seen as long-term partners, and maintaining good relationships is paramount in earning their trust and satisfaction.

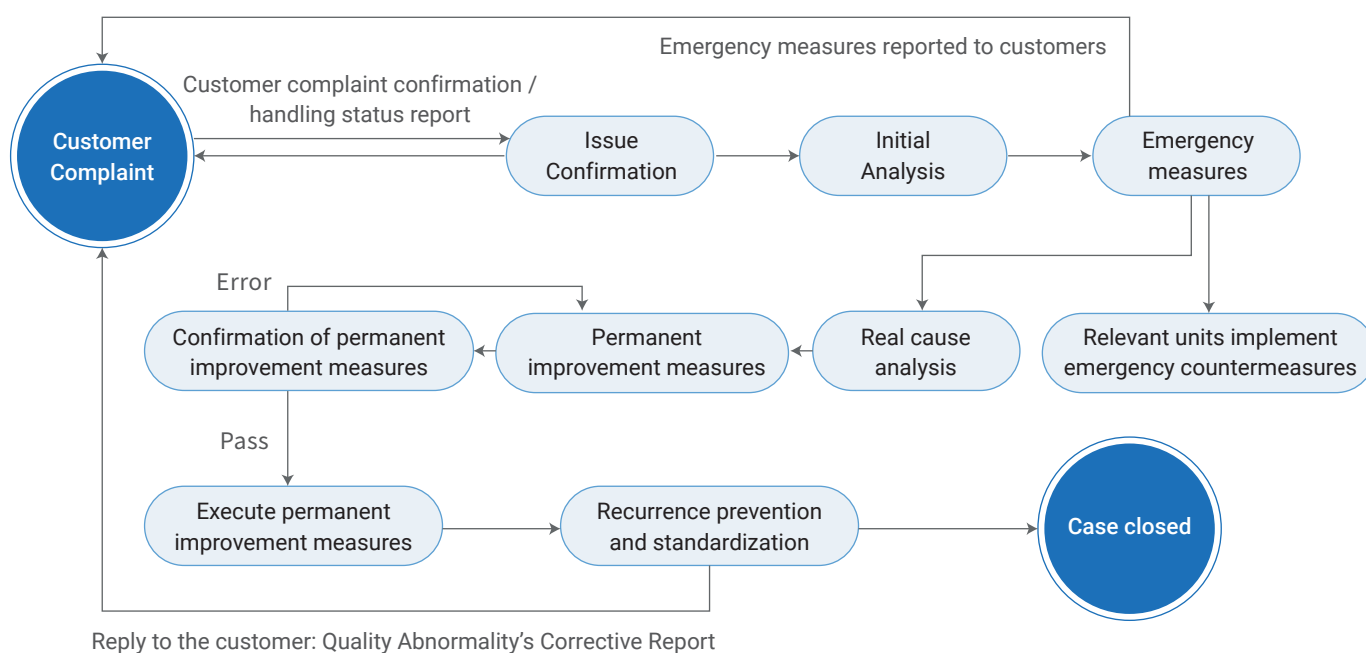
From everyday product marketing to maintenance services, each interaction is an opportunity to listen to the customer's voice. Through intensive communication, customer issues are addressed promptly and efficiently to gain customer support and recognition. Therefore, regular customer satisfaction surveys are an essential part of customer relationship management, and it is hoped that these efforts will make customers believe that SNI is a trustworthy partner.

Customer Complaint Services

In response to the diverse needs of customers worldwide, SNI has established maintenance and customer service centers to provide immediate and efficient post-sales support. SNI has implemented "Customer Complaint Handling Guidelines" to ensure quick issue resolution and enhance customer satisfaction.

When we receive feedback and service requests from customers, our professional customer service representatives conduct initial product analysis and provide guidance. Through our internal product issue management platform, customer-reported product problems are promptly verified and analyzed by our specialized analysis team. Our quality engineering teams implement containment plans and suggest preventive measures.

Customer Complaint Service Process



Finally, our Customer Complaints Department reviews the root cause analysis and validates the effectiveness of countermeasures, ensuring they align with customer needs. We always provide feedback to customers on the results of improvement measures, aiming to resolve issues and achieve customer satisfaction.

In 2022, we received a total of 100 customer complaints, and we successfully completed improvements for all cases, maintaining a 100% improvement rate. SNI remains committed to enhancing production and process capabilities to offer customers highly competitive, high-quality products, and exceptional post-sales services, earning their support and appreciation.

Customer Relations and Satisfaction

SNI proactively understands customer needs and issues. Annually, we conduct a satisfaction survey, targeting customers whose transaction amounts from the previous July to the current June constitute at least 80% of our total sales. In 2021, to align more closely with customer requirements, we refined our scoring method. While the previous weighted scoring approach achieved a score of 98, it offered limited room for improvement. Therefore, we transitioned to an average scoring method and set a target score of 80%. The survey encompasses key evaluation indicators such as product quality, delivery time, price, and service, which have always been crucial.

Furthermore, we introduced various sustainability indicators such as environmental safety management, information security management, risk control, corporate social responsibility, conflict mineral management, and hazardous substances (REACH/RoHS) management. These sustainability metrics reflect our commitment to sustainable operations. We also collect customer feedback and suggestions through an open comments section. Simultaneously, we monitor internal statistics related to customer feedback performance indicators, including instances of customer disconnection, damage to customer reputation, and notifications not aligning with sustainability requirements.

Combining all these metrics, we compile the results of satisfaction analysis, which are reviewed during our business management review meetings. This analysis serves as reference material for the company's short- and long-term sustainability plans. In 2022, our customer satisfaction rate was 73.38%, showing a slight decrease from 2021. This decline can be attributed to the alleviation of raw material shortages. However, challenges related to manpower and production capacity resulted in delayed deliveries, affecting customer satisfaction. SNI remains committed to improving supplier inventory conditions, expanding production capacity, and proactively adapting to market changes.

SNI Customer Satisfaction Statistics Over the Past Three Years

	Customer Evaluation Scores (%)	Surveyed Customers (Number)
2020	81.00%	13
2021	82.55%	11
2022	73.38%	13
(Year)	Target: 80%	

2 Sustainable Future

Material Topics

Green Innovation and Lifecycle Management, Sustainable Supply Chain Management

Action Plan

1 /

Verification of Greenhouse Gas
Inventory Standard Revision ISO
14064-1:2018

2 /

Green Product Management
Systems (GMPs)

3 /

Green Product Development

Strategy / Objectives

Short-term (1-3 years)

- The Brand Division is continuously implementing electronic versions of product installation guides, with the goal of reaching a 50% adoption rate by 2023.
- The Brand Division is also actively reducing the use of plastic packaging bags, with a phased plan to achieve a 20% adoption rate for mass-produced models by 2023.
- In 2023, a comprehensive audit of the materials used in production-related consumables will be completed, aiming for a 100% assessment of materials used in production-related consumables (recyclable and non-recyclable).
- An annual greenhouse gas inventory and external verification will be conducted for the Hwaya Headquarters (parent company).
- We are strengthening supplier management requirements, with plans to conduct actual audits at the locations of two supplier factories by 2023.
- Continued efforts will be made to implement energy-saving measures within the facility, with a yearly target of achieving an annual energy savings rate of 1% or more.
- The annual goal for the overall factory water resource recycling and reuse rate is set at 8% or higher.
- In 2023, the installation of electric vehicle charging stations will be completed in the new facility.
- We are committed to not using conflict minerals and will continue to require suppliers to complete non-conflict smelter and due diligence assessments.
- Continuous optimization of the Green Product Management System (GPMs) will be pursued.

Medium to long term (3-5 years)

- Starting from 2025, there is a plan to introduce greenhouse gas inventory and external verification for our Taiwan subsidiary.
- In 2028, the Hwaya headquarters (parent company) will complete the carbon inventory verification.
- In 2029, the subsidiary's carbon inventory verification will be completed.
- By implementing a smart manufacturing system, we aim to reduce manpower and time costs.
- We will measure operational data of manufacturing equipment, aiming for efficiency values below 85%, and propose a plan for replacement with newer equipment.

Sustainability Contributions in 2022

Performance Results

4,346.77mtCO₂e

In 2022, the total emissions for Scope 1 + Scope 2 amounted to 4,346.77 metric tons CO₂e, with an emissions intensity of 3.22 x 10⁻⁴ metric tons CO₂e per thousand dollars of revenue.

7.0%

In 2022, the water resource recycling and reuse rate reached 7.0%.

1%

In 2022, the replacement of energy-efficient LED lighting fixtures inside the facility resulted in energy savings of over 1%.

94%

In 2022, the SNI power supply achieved an impressive efficiency of 94%, meeting the 80PLUS Platinum certification for power supply efficiency.

25%

Electronic versions of product installation guides are provided, with the introduction of 10 new products (accounting for approximately 25% of the total), all featuring reduced paper packaging materials.

76.8%

In 2022, the localization target for material procurement reached 76.8%.

210suppliers

In 2022, a total of 210 suppliers underwent non-conflict smelting and due diligence investigations, and none of them were found to be in violation of conflict mineral management requirements.

In 2022, Hwaya Headquarters completed the verification for the revision version of ISO 14064-1:2018.

Plastic packaging materials have been eliminated from product packaging. This change has been implemented in 7 new products, with recyclable paper packaging materials replacing plastic.

SNI has established a cross-departmental platform, the Sustainable Development Committee, since 2016, to promote energy conservation and carbon reduction among all employees. This marked the beginning of integrating green policies into the company's operations. In 2017, SNI initiated the 'SNI Green Infinite Plan.' Subsequently, SNI will connect this plan with Sustainable Development Goals (SDGs) and promote the '2030 SNI Intelligent Integration Plan.'

Under this program, SNI aims to develop action plans related to green and sustainable development in various aspects, including Green Economic Innovation, Clean Production, Social Inclusion, Sustainable Operations, Risk Management, and Responsible Manufacturing. The goal is to implement sustainable development practices and green strategies, demonstrating a commitment to sustainability. SNI continually incorporates green and sustainable thinking into its operational strategies, translating these ideas into action.

SNI's objective is to harmoniously coexist with the Earth's environment, striving for the sustainable use of Earth's resources. This commitment is aimed at mitigating the risks associated with global climate change and resource depletion. By staying attuned to global trends in green and sustainable development, SNI seeks to create new business opportunities. The ultimate goal is to achieve 'Consumers Delighted, Earth Thriving, Businesses Confident,' ensuring green sustainability for all.

2.1 Climate Change Management

In recent years, global warming has intensified climate change, resulting in adverse effects such as localized heavy rainfall leading to flooding, typhoons, earthquakes, droughts causing water shortages, and high concentrations of fine particulate matter (PM 2.5) occurring more frequently in Taiwan. These environmental challenges have begun to seriously impact human quality of life, health, and safety. Additionally, they have increased the likelihood of damage to the company's facilities and structures, significantly elevating the risk of environmental, health, and safety incidents. Consequently, this leads to potential financial losses and increased operational costs. Therefore, addressing the impacts of climate change on an organization's health, finances, and safety requires careful consideration and proactive measures.

Corporate Governance

After assessing and analyzing climate change risks and opportunities, SNI's Sustainable Development Committee gradually establishes strategies to address anticipated risks and challenges. The committee also studies mechanisms for managing carbon-related issues and, subsequently, sets greenhouse gas reduction targets and plans.

In response to climate change risks, SNI completed climate-related financial disclosure training based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework in October 2020. Subsequently, the company will refer to the TCFD framework to progressively disclose climate change-related risks and opportunities. It assesses potential impacts and financial implications on the company, taking relevant measures to strengthen its climate change adaptation capabilities. This proactive approach aligns with the goal of continuously improving environmental performance, managing carbon risks, seizing green business opportunities, and building a comprehensive green supply chain system with upstream suppliers. These efforts contribute to mitigating the impacts of climate change.

In 2022, SNI proposed one climate change-related resolution to the board and regularly reports on progress to the board following in accordance with the Financial Supervisory Commission's 'Sustainable Development Roadmap.



Board Meeting Dates: May, 2022

Agenda Details: Company Greenhouse Gas Inventory and Verification Schedule Planning Report.

Risk Management and Strategy

The assessment and analysis of climate change risks and opportunities will bring about transition and physical risks for SNI, as well as related opportunities:

Climate Change Risks

Type	Aspect	Risk Considerations	Potential Financial Impacts
Transition Risks	Policy and Regulation	- The government requires reporting and verifying greenhouse gas emissions, in line with total quantity control for reduction. - New construction of facilities must adhere to green building certification requirements. - The government also mandates green procurement.	The use of renewable energy and the imposition of carbon fees increase compliance costs and additional labor and work hours investment by relevant personnel result in higher operational expenses.
	Technology	Compliance with green procurement requirements for products is essential. We actively research environmentally friendly technologies and develop energy-efficient, low-carbon products.	Adjustments in the supply chain's raw materials increase research and development expenditures, while process and equipment optimizations lead to changes that raise operational costs.
	Marketing	Climate change has led to energy resource shortages, rising prices, or scarcity of related raw materials, impacting product delivery times and operations. This may also influence investors' willingness to invest, leading to customer attrition or order cancellations.	Increased procurement costs for raw materials, along with reduced investor willingness to invest and shifting customer demands, result in decreased demand for existing products and services.
	Reputation	Consumers and customers have become increasingly environmentally conscious or are actively advocating for environmental causes, making it challenging to respond immediately to their expectations and demands.	To meet the demand for green or low-carbon products and services, process modifications or raw material replacements are necessary to align with societal expectations, which, in turn, lead to increased production costs, marketing, and public relations expenses.

Type	Aspect	Risk Considerations	Potential Financial Impacts
Physical Risks	Acute	Extreme weather events such as typhoons, droughts, floods, tsunamis, and the spread of infectious diseases can disrupt supply chains, lead to labor shortages, and damage production facilities, resulting in reduced or interrupted production capacity.	Major disasters disrupt operations, causing increased operational costs and reduced revenue.
	Chronic	Global warming, rising sea levels, and unpredictable rainfall patterns alter ecological balances, leading to increased energy consumption, water resource shortages, food crises, and changes in supply chain dynamics.	Shortages in energy resources and supply-demand imbalances contribute to increased operational costs in production operations, raw material prices, and supply chain transportation, among others.

Climate Change Opportunities

Type	Opportunity Considerations	Potential Financial Impacts
Resource Efficiency	Implement measures to enhance the manufacturing processes in the improvement of energy efficiency, promotion of energy conservation and management, increase of waste recycling rates, and promotion of the reuse of wastewater.	Promote eco-friendly energy-saving and carbon reduction measures to enhance the efficiency of energy resource utilization, leading to reduced operational costs.
Energy Source	Introduce lean production and AI (Artificial Intelligence) manufacturing, use high-efficiency and low-pollution equipment, comply with green building standards, and establish eco-friendly factories.	Utilize innovative processes and cutting-edge technologies to improve product yield and production efficiency, resulting in decreased operational costs.
Products and Services	Move towards the development of environmentally friendly product or service applications, incorporate green design to strengthen product advantages, expand innovative product or application markets, and explore future development opportunities.	Green or low-carbon products and services that align with consumer and customer demands can increase market share and boost revenue.

Type	Opportunity Considerations	Potential Financial Impacts
Marketing	Achieve domestic and international green product evaluation awards and environmental certifications, comply with eco-friendly and energy-saving requirements, and reduce the environmental impact of products.	Seek government subsidies and incentives for green products to reduce research and development costs. Achieving relevant awards and certifications can establish a green reputation, attracting most of the investors' interest and reducing the cost of capital acquisition.
Resilience	Establish a business continuity plan, strengthen energy and raw material substitution, enhance disaster preparedness and response, and improve post-disaster recovery capabilities to enhance the company's resilience in response to climate change.	Mitigate the impacts of climate change to enhance long-term operational resilience, and gain higher customer trust, which, in turn, increases demand for products and services, leading to increased revenue.

SNI considers various aspects related to transitional and physical risks to identify the risks posed by climate change to the company and develop corresponding contingency plans to mitigate the impacts of climate-related risks.

Aspect	Risk Considerations	Corresponding Contingency Plans	Implementation Results in 2022
Risk Types - Transition Risks			
Policy & Regulation	Greenhouse Gas Inventory	Promotion of Greenhouse Gas Inventory	2022 Greenhouse Gas Inventory: We have obtained the ISO 14064-1:2018 external verification statement in May 2023 (Verified by TUV Nord).
Policy & Regulation	Green Building Label for new factory buildings	The newly built factory aims to obtain a silver-level or above Green Building Label.	The new factory has obtained the occupancy permit in early 2023.
Policy & Regulation	Governmental Green Procurement requirements	Promotion of the purchase of environmentally friendly label products	We have been awarded the Green Procurement Excellence recognition by the Environmental Protection Agency consecutively from 2019 to 2022.
Technology	Customer RoHS green product requirements	Promotion of the Green Product Management Systems and establishment of the Green Supply Chain	In 2018, we successfully implemented GPMs to ensure that our products use green materials in line with customer requirements. In 2023, we continue to enhance the GPM system with additional features to further improve system management.

Aspect	Risk Considerations	Corresponding Contingency Plans	Implementation Results in 2022
Risk Types - Physical Risks			
Acute	High temperatures lead to rising electricity prices, increasing electricity costs	Promotion of the use of energy-saving products and improvement of the factory system efficiency	In 2022, we replaced fluorescent lights with LED lights, resulting in an annual electricity cost savings of approximately NT\$ 188,500 / year.
Acute	High temperatures lead to rising electricity prices, increasing electricity costs	Promotion of the use of energy-saving products and improvement of the factory system efficiency	We are installing electric vehicle charging stations in the new factory, and we anticipate completing the installation in 2023.
Acute	Winds, floods, and droughts lead to reduced or interrupted production capacity	Establishment of the Business Continuity Plan (BCP) to Enhance Disaster Preparedness and Response Capability.	In May 2023, we updated our Business Continuity Plan (BCP) and will periodically review its alignment with our current situation in the future.

Targets and Metrics

Due to the expansion of our facilities and a significant increase in production capacity, SNI will be revising its baseline and energy resource efficiency targets. It is expected that based on the company's inventory information that will complete the consolidated financial report in 2027, after the completion of the greenhouse gas inventory in 2027, expert consultants will be hired to discuss the SNI energy resource indicator targets with each unit.

In pursuit of our 2050 Net Zero transformation goal, SNI has developed short-, medium-, and long-term carbon reduction objectives and plans. The short-term goal aims to reduce greenhouse gas emission intensity by 10% compared to 2025 levels by 2030. This plan will emphasize a shift towards the circular economy, focusing on green material procurement and enhancing waste recycling and resource adjustments.

The medium-term goal is to achieve a 50% reduction in greenhouse gas emission intensity by 2040 compared to 2025 levels. During this phase, SNI will concentrate on process improvements, utilizing methods such as equipment upgrades, phasing out fluorinated gas equipment, and introducing smart energy-saving equipment and technologies.

The long-term goal centers on energy transition, with SNI planning to adopt alternative energy sources such as green electricity and hydrogen to achieve Net-Zero transformation goal by 2050.

These objectives and plans underscore SNI's commitment to reducing carbon emissions and addressing climate change. Through measures like the circular economy, process enhancements, and energy transition, SNI is dedicated to achieving sustainable development while safeguarding the environment and maintaining the ecological balance of our planet.

2.2 Environmental Footprint of Business Operations

SNI places great importance on minimizing environmental impacts throughout its operations. We nurture professional talent to operate the ISO14001 Environmental Management System, working in a Plan-Do-Check-Act Cycle (PDCA) to effectively manage the environmental system. This includes identifying environmental impacts and potential risks, controlling and monitoring them, and striving for continuous improvement.

In terms of resource management, SNI not only complies with domestic environmental regulations but also establishes comprehensive internal and external communication processes to meet the environmental requirements of various international stakeholders. Additionally, SNI is committed to enhancing resource utilization efficiency by choosing environmentally friendly materials with low environmental impact, and promoting resource recycling and reuse, all with the aim of achieving sustainable utilization of Earth's resources.

Greenhouse Gas Inventory and Disclosure

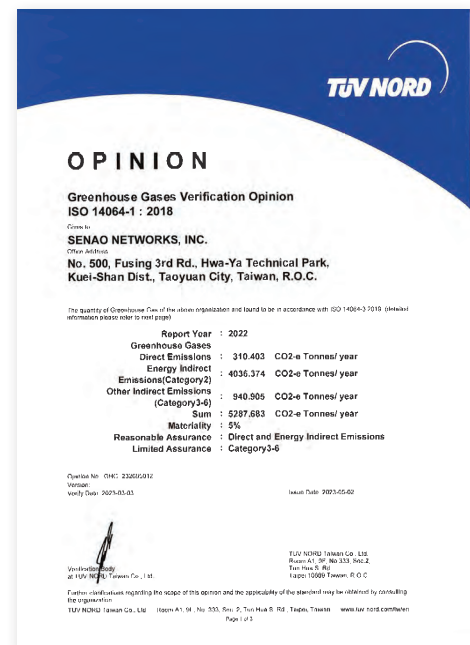
In the ongoing discussion of global warming, climate change has a significant impact on businesses. This impact includes rising operational costs, compliance with national regulations, greenhouse gas reduction requirements from customers, and production risks due to extreme weather conditions. As a result, carbon management has become an international green mainstream trend and is also a reflection of a company's operational performance. SNI has constructed a carbon management blueprint with a sustainability mindset. Through the Sustainability Development Committee, we implement carbon reduction action plans and review their progress annually, contributing our efforts to the sustainability of the planet.

Since 2016, SNI has voluntarily conducted organizational greenhouse gas inventories based on ISO 14064-1, covering the Hwaya Plant's area. Each year, we obtain a statement verified by a third-party verification body to ensure data integrity and accuracy. Starting in 2017, we began disclosing the domestic travel emissions of our employees in Taiwan and have been continuously working on Scope 3-related items.

In 2022, in response to the revision of ISO 14064-1:2006 to ISO 14064-1:2018, SNI revised its internal process, the 'Greenhouse Gas Information Management Regulations.' We changed the organizational boundary to include the Hwaya Plant's area and Chung-Yi Warehouse, added inventory categories, and incorporated Scope 3 categories [Category 3 (Transportation), Category 4 (Use of Organizational Products), Category 5 (Use of Products from the Organization), and Category 6 (Other Sources)]. This was done due to changes in the organizational boundary and the re-identification of emission sources.

The types of greenhouse gas inventory are based on the seven greenhouse gases defined in ISO 14064-1:2018. These include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

In 2022, the total emissions for Scope 1 and Scope 2 amounted to 4,346.77 metric tons of CO₂ equivalent (CO₂e), with an emission intensity of 3.22 x 10⁻⁴ metric tons CO₂e / \$NTD 1,000. This represents a decrease of 41.87% compared to 2021. It is evident from the production values of both last year and this year that there has been an increase in revenue and unit price in 2022. Therefore, despite the full-time operation of the factory consuming energy, the emission intensity has relatively decreased.



ISO 14064-1: 2018 Greenhouse Gas
Inventory Verification Statement

Greenhouse Gas Emission Inventory and Ecological Benefits

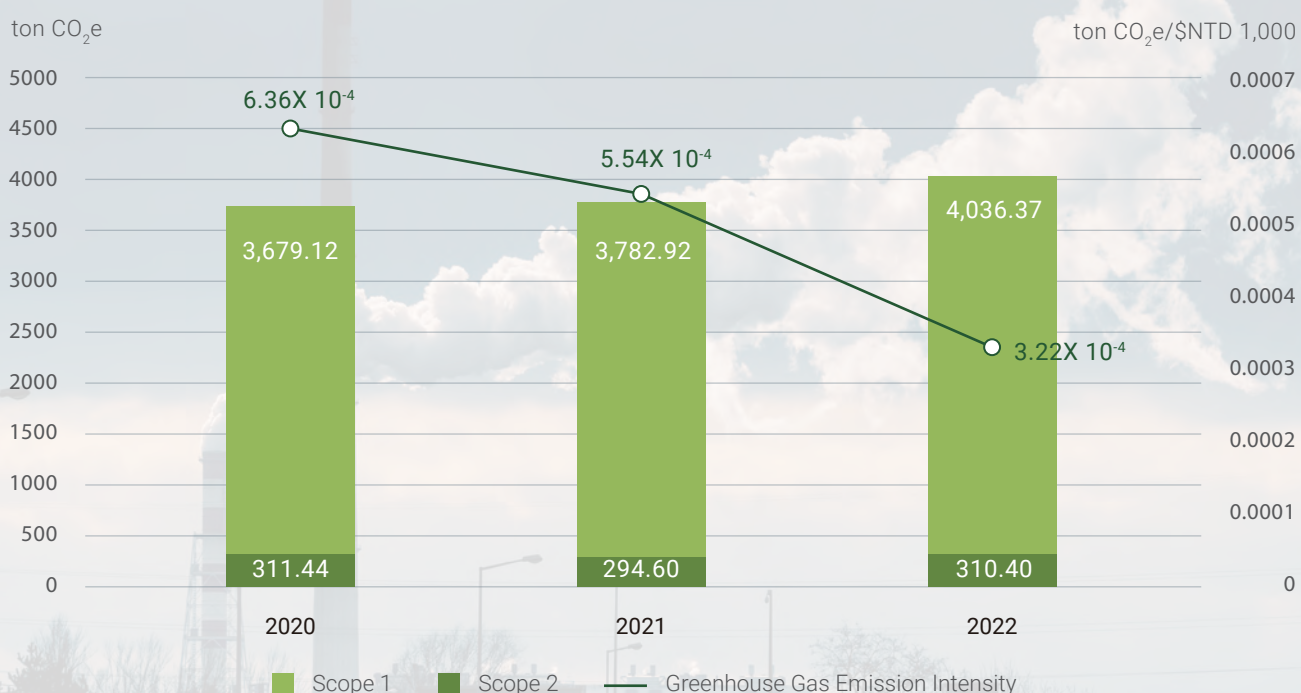
Unit: ton CO₂e

Item / Year	2020	2021	2022
Scope 1	311.44	294.60	310.40
Scope 2	3,679.12	3,782.92	4,036.37
Scope 3	—	—	940.90
Total emission	3,990.56	4,077.52	5,287.68
SNI Total Individual Business Revenue (\$NTD 1,000)	6,270,995	7,357,530	13,493,307
Greenhouse Gas Emission Intensity (ton CO ₂ e/\$NTD 1,000)	6.36X 10 ⁻⁴	5.54X 10 ⁻⁴	3.22X 10 ⁻⁴

Note:

1. The data source is SNI's 2022 Greenhouse Gas Inventory Report.
2. The inventory is conducted using an operational control approach, and Global Warming Potentials (GWPs) are referenced from the IPCC Sixth Assessment Report.
3. For the Hwaya Plant, electricity usage data is based on the electricity bills issued by Taiwan Power Company. SNI shares the same building with Senao International Co., and the electricity consumption is divided based on the equipment load sharing, reviewed quarterly.
4. The electricity emissions factor is 0.509 kg CO₂e/kWh, as announced by the Energy Bureau of the Ministry of Economic Affairs in 2021.
5. Greenhouse gas emission intensity is calculated with "Total Individual Business Revenue" as the denominator to align with climate-related disclosure requirements on the Taiwan Stock Exchange Corporate. Information for 2020 and 2021 has been modified accordingly.
6. Greenhouse Gas Emission Intensity = (Scope 1 + Scope 2) / SNI's Total Individual Business Revenue.

SNI Recent Three Years Greenhouse Gas Emission and Ecological Benefits



Energy Use and Management

Due to the limited and uneven distribution of Earth's energy resources and the increasing impact of climate change, which has led to various natural disasters, Earth's resources have become scarcer, and environmental impacts are worsening. Therefore, more efficient energy use and the adoption of renewable energy sources are fundamental elements in combating climate change and reducing the overall environmental footprint of a company. In 2022, regulations required energy users with a capacity of more than 800 kW, including chiller groups (with a capacity of over 1,000 refrigeration tons) and air compressors (with a total power of over 500 horsepower), to install necessary devices for measurement and report energy efficiency annually, starting from 2023. Energy conservation has become a critical issue, and SNI has set an annual energy-saving target of over 1%, actively implementing various measures. In December 2022, air conditioning chillers and air compressors were installed with 38 sets of individual electricity meters and flow meters.

SNI's Hwaya Plant mainly uses externally purchased electricity and gasoline, with most electricity purchased from Taiwan Power Company, and gasoline used for company vehicles. In 2022, the electricity consumption was 7,805,894 kWh, and gasoline consumption was 14,707 liters, resulting in a total energy consumption of 28,581.29 GJ. The energy intensity was 2.12×10^{-3} GJ/\$NTD 1,000 of Revenue, which was a 44.99% decrease from 2021. This significant reduction in energy intensity is attributed to SNI not being a highly energy-intensive manufacturing industry. Despite a substantial increase in production capacity and revenue in recent years, energy consumption only saw a slight increase, leading to a substantial decrease in energy intensity.

In response to changes in its product business, SNI began the construction of the new Hwaya Factory in Taoyuan in July 2019, which was completed in 2023. The new factory was designed to achieve Green Building Silver Certification, surpassing the requirements of urban planning (Copper Level) to reduce its environmental impact. SNI continues to promote energy-saving measures and improve energy efficiency of equipment within the factory, including turning off unnecessary lights and equipment, regular equipment maintenance, changing to energy-efficient lighting, using virtualized servers and online meeting rooms, and implementing Lean Production for process optimization to improve production efficiency and reduce waste. These energy-saving measures not only comply with government regulations but also reduce unnecessary resource wastage, lower energy consumption, decrease carbon emissions, and mitigate the risks of global warming, all while reducing operational costs for the company.

Hwaya Plant's Energy Usage and Ecological Benefits in the Most Recent Three Years

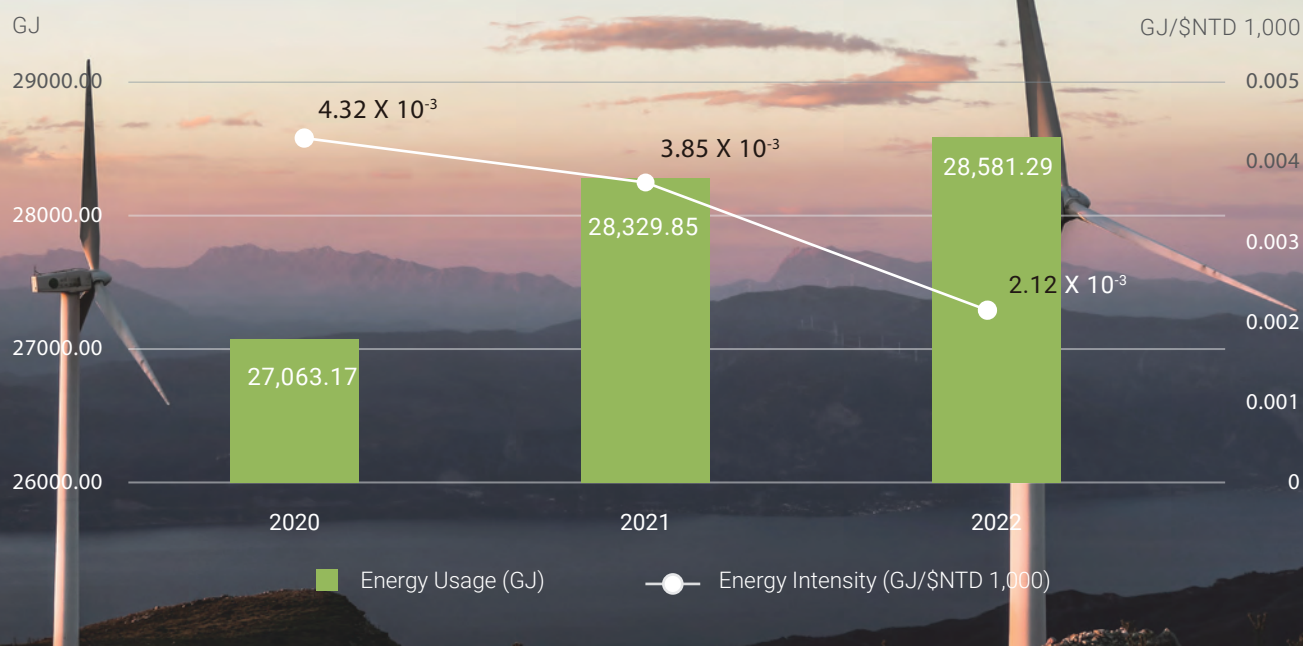
Unit: GJ

Item / Year	2020	2021	2022
Electricity	25,735.96	27,267.57	28,101.22
Gasoline	1325.63	1061.75	478.66
Diesel	1.58	0.53	1.41
Total (GJ)	27,063.17	28,329.85	28,581.29
SNI Total Individual Business Revenue (\$NTD 1,000)	6,270,995	7,357,530	13,493,307
Energy Intensity (GJ/\$NTD 1,000)	4.32×10^{-3}	3.85×10^{-3}	2.12×10^{-3}

Note:

- 1 gigajoule (GJ) = 1,000,000 kilojoules (kJ) = 1,000,000,000 joules (J).
- Energy conversion values: Electricity = 3,600 kJ/kWh, Gasoline = 32,635.2 kJ/L, Diesel = 35,145.6 kJ/L.
- No use of renewable energy in 2022.
- The calculation of energy intensity is now based on "Total Individual Business Revenue" as the denominator to align with the Taiwan Stock Exchange's disclosure of climate-related information. Simultaneously, adjustments have been made to the information for 2020 and 2021.

Hwaya Plant's Energy Usage and Ecological Benefits in the Most Recent Three Years

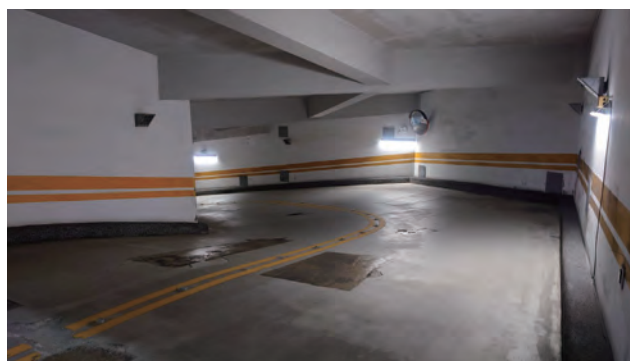


SNI Energy Conservation Measures and Performance in 2022

Hwaya Plant Facility				
Energy Conservation Measures	Reduced Electricity Costs(\$NTD/Year)	Estimated Energy Savings (kWh/Year)	Converted Energy Efficiency (GJ/Year)	Estimated Greenhouse Gas Reductions (ton CO ₂ e /Year)
Replace 317 energy-efficient LED fixtures.	188,539	57,307	206	29.169

Note:

1. Self-estimated electricity savings.
2. Average electricity price of 3.29 \$NTD /kWh, calculated from 2022 - basic fee, variable electricity fee, and excess contract penalty, averaging the top three estimated unit prices per kWh.
3. Converted greenhouse gas reduction emissions (metric tons CO₂e/year) = Saved electricity (kWh/year) X 0.509 kgCO₂e/kWh X 1/1,000.
4. Power energy conversion factor = 3,600 KJ/kWh.



Water Resources Management

In the face of climate change impacts, water resources are becoming a significant concern for humanity globally. Frequent occurrences of natural disasters have led to the destruction of ecosystems, particularly in regions like Taiwan, which experiences both droughts and heavy rainfall. Effective water resource management is crucial. While the manufacturing process of communication products has a relatively low demand for water, the daily water consumption of employees can still be affected by water scarcity. Therefore, SNI is committed to protecting water resources through innovative and sustainable approaches, reducing employee water consumption, and promoting water resource recycling to mitigate the risks associated with water scarcity.

SNI sources its water from Taoyuan City tap water (Shimen Reservoir) and does not use groundwater. According to the World Resources Institute's Water Risk Atlas, the water stress level in the SNI's location is classified as "Low - Medium risk (1-2)." SNI is situated in the Hwaya Technology Park, and water extraction has not significantly impacted local water sources.

In 2022, the water intake at the Hwaya plant was 37.45 million liters, primarily for the ice water machine (used for air conditioning and cooling water). SNI recycles the discharged water from RO drinking water equipment and air conditioning cooling water. In 2022, recycled water accounted for approximately 7.0% of the total water intake, equivalent to around 2.62 million liters. This recycled water is used for the heat exchange water in cooling towers and irrigation, reducing the consumption of water resources.

The water intake intensity in 2022 was 2.78×10^{-6} million liters/\$NTD 1,000 dollars, a decrease of 37.43% from 2021. This reduction is attributed to the fact that SNI's processes do not require water, and despite a slight increase in water intake for daily and ice water machine use, the water intake intensity has significantly decreased due to the substantial increase in production capacity and revenue in recent years.

SNI continues to promote water-saving measures, improve the efficiency of water equipment, and enhance water resource recycling within the plant. Initiatives include promoting water-saving slogans, adopting water-saving equipment and facilities, and regular maintenance of drinking water facilities. Through these water-saving measures, SNI aims to increase the efficiency of water usage, reduce unnecessary water wastage, and further pursue Water Efficiency Label certification for equipment to minimize water consumption. Additionally, SNI plans to introduce rainwater harvesting facilities to enhance water resource recycling, thereby reducing overall water consumption and operational costs.



In 2022, the air conditioning cooling water underwent physical property maintenance, resulting in an increase in water conductivity to 1800 $\mu\text{S}/\text{cm}$ (at 25°C). The concentration factor reached 7.8 times, leading to a reduction in discharged water volume by approximately 613 tons.

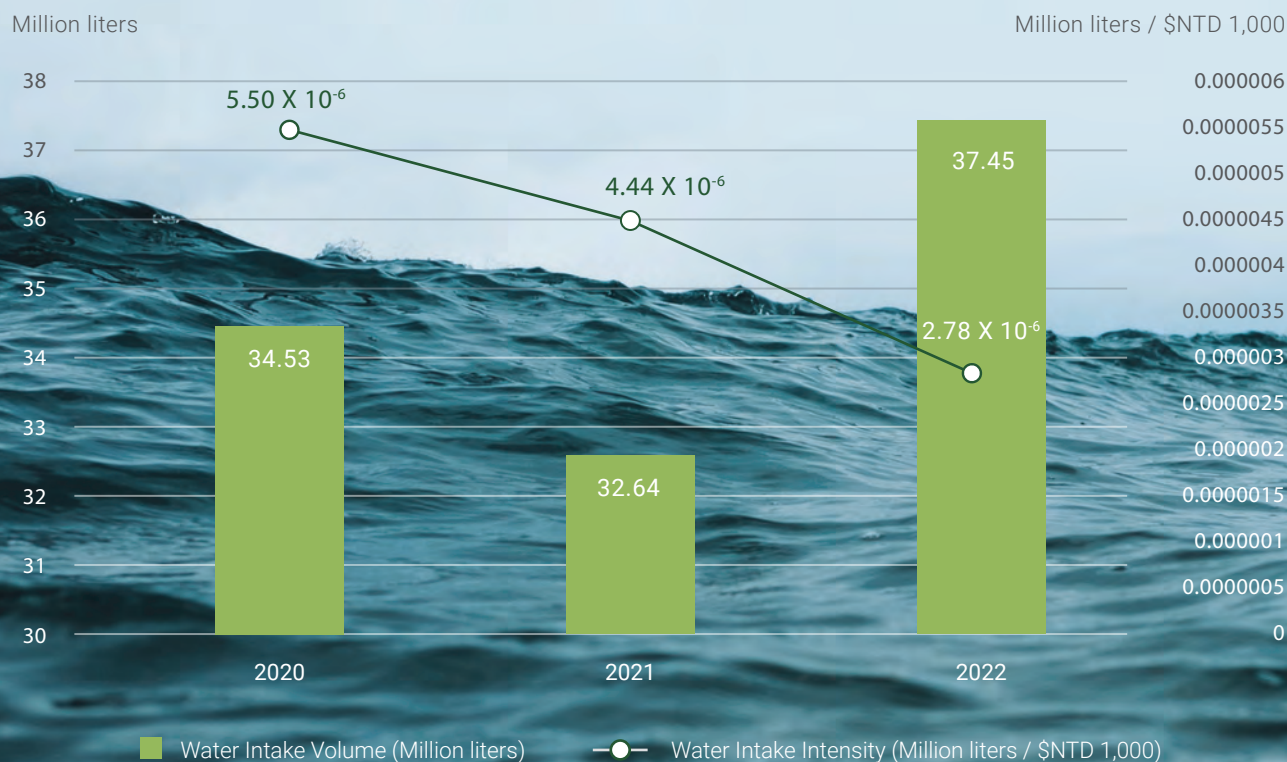
Hwaya Plant's Resource Usage and Ecological Benefits

Unit: Million liters

Item / Year	2020	2021	2022
Water Intake Volume (Million liters)	34.53	32.64	37.45
Wastewater Discharge Volume (Million liters)	20.59	18.76	21.77
Water Consumption (Million liters)	13.94	13.88	15.68
SNI Total Individual Business Revenue (\$NTD 1,000)	6,270,995	7,357,530	13,493,307
Water Intake Intensity (Million liters / \$NTD 1,000)	5.50×10^{-6}	4.44×10^{-6}	2.78×10^{-6}

Note: Water Consumption = Water Intake Volume – Wastewater Discharge Volume

Hwaya Plant's Water Intake Volume and Ecological Benefits in the Most Recent Three Years



Wastewater Treatment

SNI does not generate process wastewater. Domestic sewage is managed according to the "Sewer Use Management Regulations" and the "Regulations for the Management and Control of Industrial Wastewater" of the Hwaya Technology Park, and it is discharged to the centralized wastewater treatment plant at the Hwaya Park Management Center. After treatment, it is discharged into the Nankan Creek. The Environmental Engineering Division of the Park Management Center regularly samples water quantity, pH, COD, and SS to ensure compliance with the wastewater treatment plant's discharge standards. The Hwaya Plant conducts daily meter readings and records statistics to monitor the dynamics of wastewater, ensuring that it conforms to the discharge standards of the Hwaya Park Management Center's wastewater treatment plant.

In 2022, the wastewater generated in the Hwaya Plant met the standards for discharged water. There were no instances of exceeding discharge standards during the reporting period of 2022, and the wastewater discharge did not have a significant negative impact on the environment.

Water Quality Management of Wastewater Discharge at Hwaya Plant in 2022

Water Quality Test Items	pH	COD (mg/L)	SS (mg/L)
Compliance Standards	6~9	350	200
Average Test Values	7.4	221	61

2.3 Green Innovation and Lifecycle Management

SNI Green Product Policy

1

Conform to Regulatory and Customer Requirements

- Compliance with requirements set forth in RoHS and WEEE directives. SNI ensures that our products do not contain (or are restricted use of) environmentally hazardous substances and meets customer requirements for recycle of waste electrical and electronic products. The company makes all efforts to avoid excessive end products turned into electrical and electronic waste from entering the landfill and raise the percentage resource reuse to reduce the impact on the environment.
- Comply with the ErP spirit, including eco-design, conformity assessment, and declaration of conformity and disclose relevant data appropriately to consumers.

2

Provide Hazardous Substance-Free Products

- Aggressively and voluntarily apprehend the information of environmental restricted substances and identify international green specifications and the requirements of environmental NGOs in higher priorities.
- Continuously optimize the green supply chain and promote systematized control to provide customers with products containing hazardous substance-free.

3

Commitment to Green Design and Development

- Equip with the product life-cycle concept and assessment ability in the Annex I Eco-Design Requirements under the ErP.
- Equip with product life-cycle concept and assessment ability.
- Implement the product life-cycle concept to assess data and identify the key of eco-design toward eco-design development.

Developing Green Products - Complying with EU, CN, and Other National RoHS-Related Regulations

As technology advances, greenhouse gas emissions contribute to climate change, and industrial production emits exhaust gases, wastewater, and waste, causing environmental pollution. Extensive extraction of petrochemical fuels depletes Earth's finite resources. Recognizing these issues, governments worldwide have established relevant international regulations (such as the EU RoHS directive, REACH-SVHC, Montreal Protocol, Greenpeace, WEEE standards, and China RoHS directive). SNI's customers also have requirements for green products and quality. Therefore, SNI engages in green product research and development throughout the product lifecycle (from raw materials, manufacturing, and distribution to customer use and disposal). Each stage must comply with green environmental regulations to develop environmentally friendly products that minimize environmental harm.

To align with the world and contribute to environmental protection, SNI is committed to producing green products. Without compromising product performance and reliability, SNI reduces the use of raw materials, procures materials that meet green environmental standards, and actively controls hazardous substances to comply with environmental regulations worldwide. SNI also responds to government green procurement by purchasing general consumer materials and goods. SNI endeavors to minimize the impact of climate change caused by greenhouse gas effects, considering energy-saving benefits during the initial stages of product design, adopting components with low energy consumption, and maximizing the efficiency of energy and resource use in products. Each plant promotes energy conservation and enhances equipment performance internally to reduce carbon emissions and pollutant emissions throughout the product lifecycle, reducing environmental impact. In addition to providing safety protection for products, packaging materials are selected and designed based on green concepts, including reducing, recycling, and reusing materials to minimize resource use and prioritize green logistics concepts, ultimately striving to produce environmentally friendly products that comply with various environmental standards.

Green Procurement

SNI continues to implement material procurement management. Material suppliers must sign a "Supplier Compliance with Material Quality and Delivery Specification Agreement," covering "Environmental Product Hazardous Substance Management Operating Regulations," "Environmental Management Material Non-Use Commitment," "REACH Investigation Declaration," and other related green environmental legal requirements. Through the Green Product Management System (GPMs), SNI manages the restriction of hazardous substances and schedules annual supplier audit plans, including on-site factory audits or document reviews, to ensure the quality of supplier deliveries and requires cooperation in implementing SNI's green product policy.

In addition, since 2016, SNI has responded to government initiatives promoting green procurement and green consumption by advocating for the procurement of environmentally certified materials and goods to enhance procurement colleagues' green procurement concepts and establish a green procurement mechanism for general consumer materials and goods.

In 2022, SNI's major materials all comply with the requirements for restricting the use of substances. In the future, SNI will continue to promote the procurement of green raw materials that meet the requirements for restricting the use of substances and will also promote the green procurement of general consumer materials and goods that comply with relevant environmental certification, low pollution, or energy-saving specifications. SNI hopes to gradually extend this activity to the supply chain, jointly responding to the government's promotion of green procurement of general consumer materials and goods.

Green Product Management System (GPMs)

To strengthen the management of restricted hazardous substances in the production of green products, SNI introduced the Green Product Management System (GPMs) in 2018, integrating the ISO 9001 quality management system implemented by the company. The system aligns with international environmental regulations, integrating component approval and green investigation during prototype or production according to customer requirements. Suppliers are required to provide compliance declarations for RoHS and REACH regulations, as well as test reports for RoHS regulation-restricted substances. The system also discloses product components (FMD-Full Material Declaration) and smelter information for conflict minerals, confirming material specifications and fulfilling green product investigation responsibilities to produce green products that meet customer demands. In 2019, SNI completed the optimization of FMD full material management, VDM supplier document management, and online E-learning system.

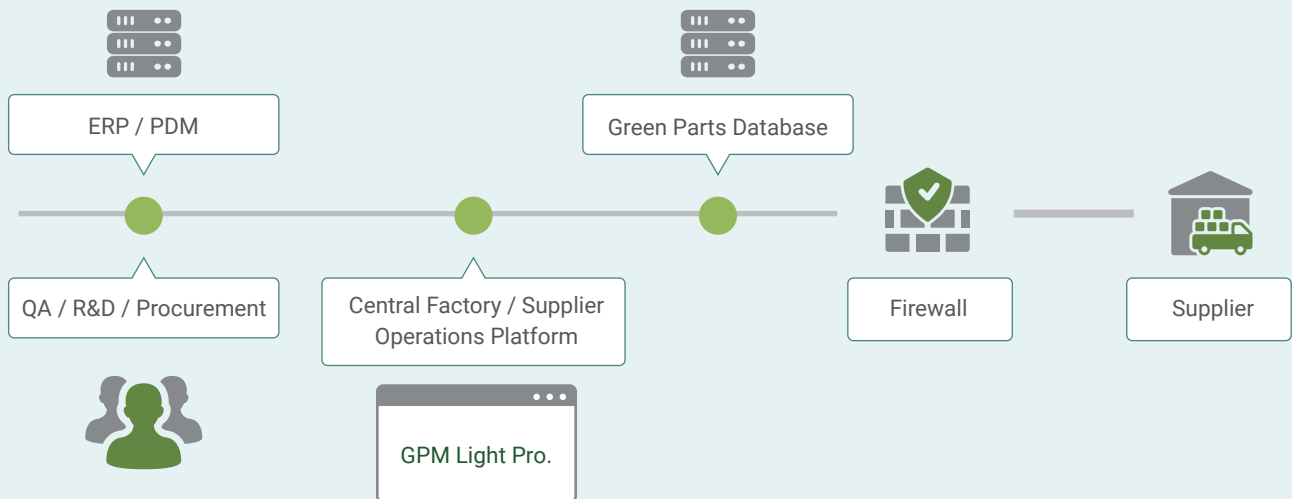
In 2023, SNI will continue to optimize the Green Product Management System (GPMs). The main optimization directions include online expansion of system regulatory functions, which can set multiple international regulations, customer specifications, built-in regional clauses, and exclusion clauses. The platform allows suppliers to respond to green-related documents and data quickly and easily, fully collecting green component-related information, and quickly and flexibly generating declaration reports required by various customers. It also provides a green component database to further understand the environmental friendliness differences of similar components.

In addition to meeting customer and international regulatory requirements, SNI actively manages product components, emphasizing the environmental friendliness of products and the potential health hazards of contained substances to consumers. In the face of increasingly strict and evolving environmental regulations, GPMs can immediately compare with the component database when new controlled substances are announced, determining whether the substance was previously present. For high-risk components that may contain the substance, confirmation and investigation are conducted, ensuring that SNI products consistently maintain compliance and are environmentally and consumer-health friendly.

In 2022, REACH included the 26th and 27th batches of substances of very high concern (SVHC) candidate lists. By first confirming through FMD full material management whether existing components contain listed substances, SNI can then request suppliers to restart investigations and declarations for the new version of the list. On the issue of conflict minerals, after collecting conflict mineral information for components, SNI can export in the form of the latest official CMRT (6.22) and EMRT (1.11).

SNI will continuously enhance the Green Product Management System (GPMs), aligning with newly revised standards related to green products for optimization updates. This will facilitate consensus-building between suppliers and the company in advancing green product initiatives. We aspire to further refine green product management, preventing the inclusion of prohibited substances in product materials or equipment, planning for the elimination of such substances, and reducing material usage. This aims to prevent product contamination, comply with regulations, meet customer requirements, safeguard the Earth's environment, and mitigate impacts on ecosystems.

GPMs Green Parts Database



Green Procurement Results for General Consumer Materials and Products

SNI continues to promote green procurement, purchasing materials and products that meet environmental certification standards. We are gradually establishing a mechanism for green procurement, continuously tracking green procurement projects and amounts. SNI's performance in green procurement has received the Environmental Protection Bureau's Green Procurement Excellence Unit and Enterprise Awards for six consecutive years since 2016.

The total amount of green procurement in 2022 amounted to NT\$ 85,208,449. The company will continue to promote the expansion of related environmental certification materials and product categories, maintaining our status as a "Green Procurement Excellence Enterprise."

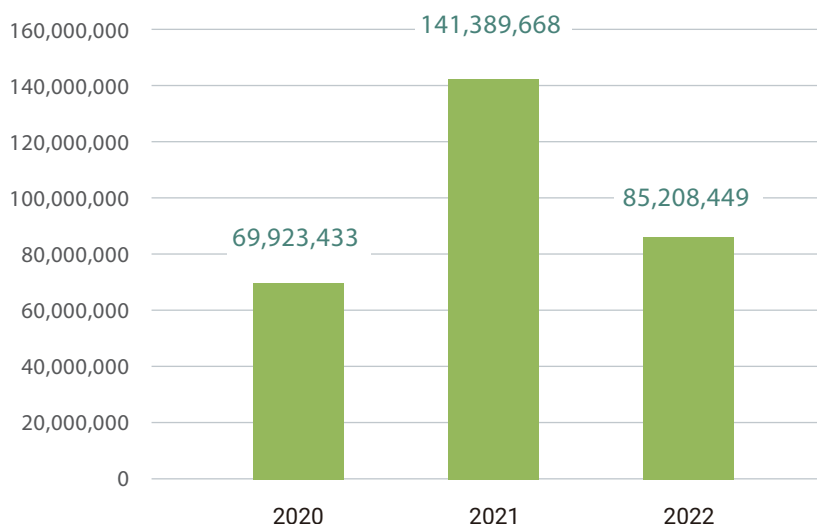


2022 Green Procurement of General Consumer Materials and Products

Unit: NT\$

Computer	Eco-friendly Tissues	Corrugated Cardboard Boxes	Eco-friendly Toner	Cement	Cement Paint	Total
8,461,000	77,340	56,678,359	1,200	12,194,350	7,796,250	85,208,449

SNI's Green Procurement Amount in the Past Three Years



Received the 2021 Green Procurement Excellence Enterprise Award from the Taoyuan City Environmental Protection Bureau in 2022

Innovation Technology R&D

In response to the impact of climate change caused by greenhouse gas emissions, industries are actively engaged in the research and design of energy-saving products. Incorporating energy efficiency into product design is one of SNI's R&D objectives. The choice of component materials in electronic products affects energy consumption and indirectly influences greenhouse gas emissions, impacting the ecological environment. Therefore, R&D efforts to reduce energy demand and improve energy usage efficiency are crucial in mitigating environmental impacts and slowing down climate change.

SNI's products not only adopt components compliant with the latest energy regulations for power supplies to ensure energy efficiency standards but also prioritize the selection of low-power components. We optimize usage scenarios through software functionality to further reduce energy consumption. Additionally, we will continue to promote products equipped with energy-saving or green energy modes. Both wired and wireless products support power-saving mode (GREEN MODE) to meet the latest energy-saving certification standards.

In 2022, SNI's power supply efficiency reached as high as 94%, achieving the 80PLUS Platinum certification (certification for power supply conversion efficiency).



Green Product Innovation Case

In 2021, SNI designed the ECS5512 series of 10G network switches (8x10G copper + 4x10G fiber), including models for both Power over Ethernet (PoE) and non-PoE, specifically designed for small and medium-sized enterprise applications and WiFi 6 (11ax) wireless environments.

In 2022, we introduced the ECS5512F (12x10G fiber), a 10G network switch. It updated from traditional connection points (copper) + optical signal conversion interfaces (SFP points) to products with optical signal conversion interfaces (SFP) only. This not only saved the use of related components for the "optical signal conversion interface" back to "traditional connection points," but also reduced the equipment's energy consumption from 29w to 18.2w (as shown in the table below). Calculated based on 365 days of operation per year, running 24 hours a day, ECS5512F is estimated to save 94.497 kWh/year, equivalent to 340,182.20 kJ/year.

ECS5512 Energy Consumption Comparison Table (Unit: Units)

Product Name / specification	ECS5512	ECS5512F
Voltage (V)	12	12
Startup Current (A)	1.15	0.807
Startup Power (W)	14	9.55
Full Load Current (A)	2.38	1.54
Full Load Power (W)	29	18.22

Note:

1. Estimated annual energy saving calculation: $(29 - 18.22) \times 24 \text{ (hours)} \times 365.25 \text{ (days)} = 94.497 \text{ kWh/year}$.
2. According to the conversion table of the Energy Bureau of the Ministry of Economic Affairs, 1 kWh is equivalent to 3.6 kJ.

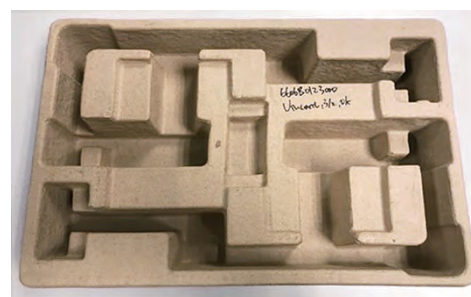


Recycling and Regeneration

Reduced Resource Usage and Easily Recyclable Product Design

SNI adheres to green design principles such as "reduction, circulation, recycling, and regeneration" in product design. This not only provides customers with safety protection in products but also enhances product image, reduces user expenses, and achieves the goals of environmental protection, carbon reduction, and efficient resource utilization. Additionally, reducing product packaging materials makes the shipping volume lighter and easier to handle, saving costs in product warehousing and transportation, contributing to the management of green logistics, and creating more profit. Hopefully, through its product packaging reduction efforts, SNI is able to create a triple win outcome for its customers, the environment, and the company.

In 2022, the total weight of packaging materials was approximately 1,983.70 metric tons, of which approximately 420.93 metric tons were made from "recycled materials," accounting for 21.22% of the total.



In 2022, for molded pulp-packaged products, approximately 188 metric tons of recycled pulp were used in 19 projects.

Product Material Recycling

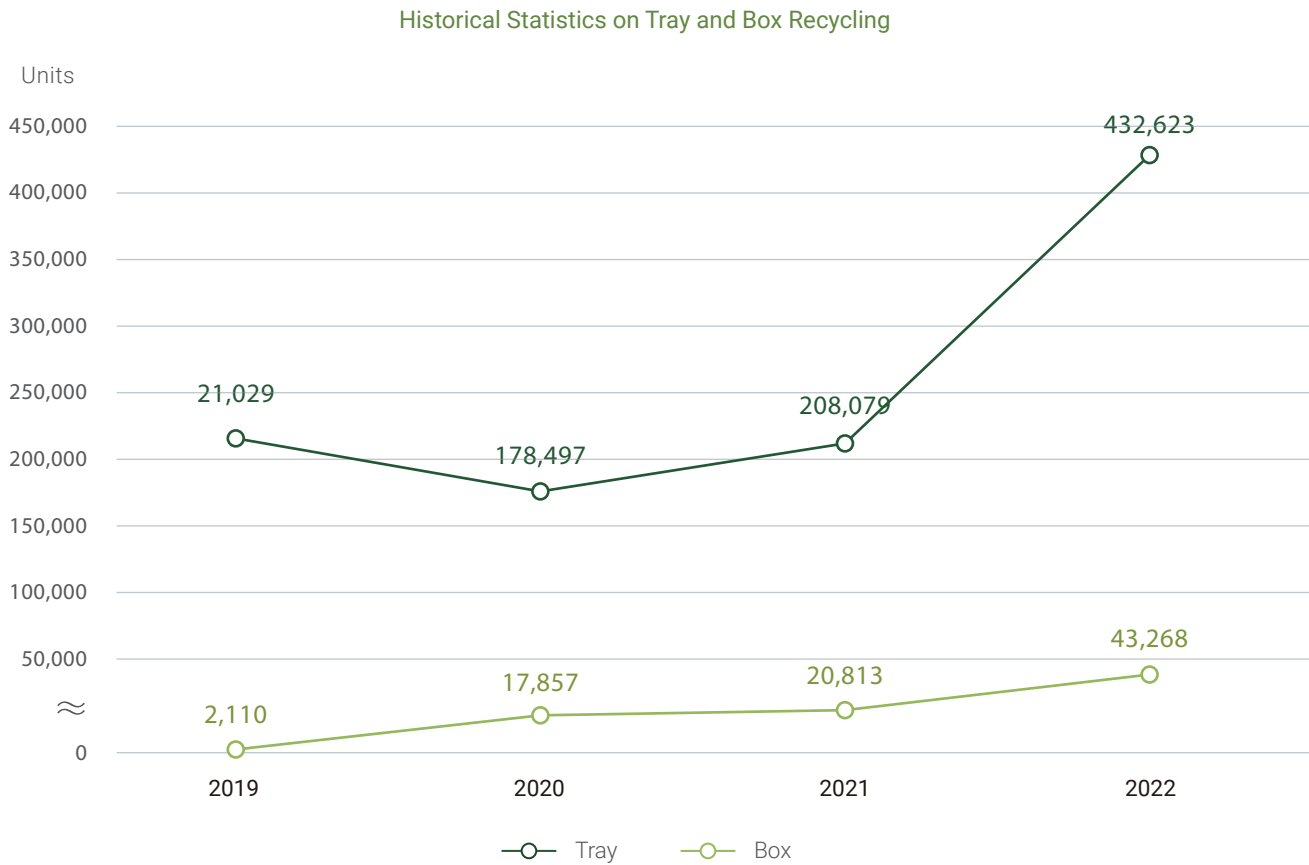
In 2022, 29 projects were completed for the recycling identification symbol of discarded plastic materials. Material recycling symbols (Recycling symbols) were printed on plastic components weighing over 25g or with a surface area exceeding 200mm². In 2022, approximately 590 metric tons of plastic materials were printed with recycling identification symbols to facilitate the recycling and reuse of end products.



Supplier Isolation Tray and Box Recycling

SNI collaborates with suppliers to recycle incoming isolation trays and boxes, jointly creating a green supply chain.

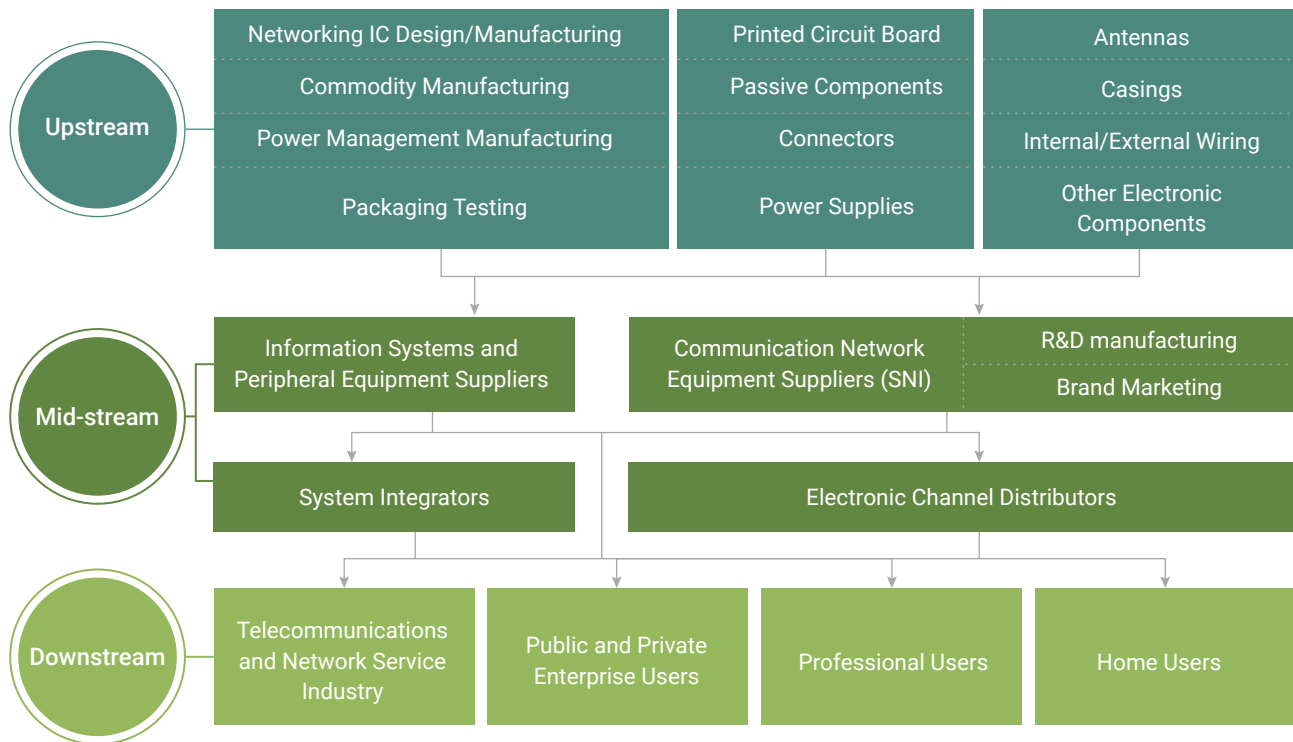
In 2022, a total of 432,623 trays and 43,268 boxes were collected. This amounted to approximately 237,945.5 kg of recycled materials, including about 216,351.5 kg of paper and around 216,311.5 kg of plastic. This initiative saved material costs totaling approximately NT\$5,191,388.



2.4 Promoting a Green Sustainable Value Chain

Supply Chain Overview

The SNI supply chain consists primarily of materials such as PCBs, connectors, plastic parts, electronic components, power supplies, die-castings, and iron parts, as applicable in the current supplier management process. In 2022, there were a total of 299 major material suppliers, mainly located in Taiwan.



Note: For a supply chain overview, please refer to page 61 of "SNI's Annual Report in 2022".

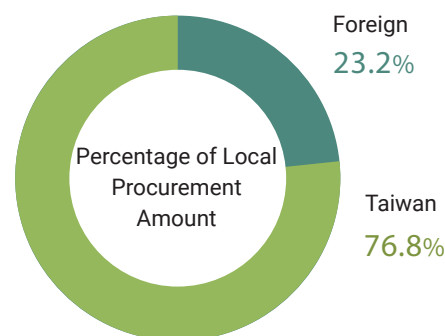
The detailed quantity of major material suppliers in 2022 is as follows:

Unit: Company

Primary Material Categories PCB	PCB	Connector	Plastic Parts	Electronic components	Power Supplies	Die-castings	Iron Parts	Total	Percentage of Number(%)
Number of Taiwanese Suppliers	6	44	17	143	9	9	15	243	81
Number of Foreign Suppliers	10	6	0	36	3	1	0	56	19
total	16	50	17	179	12	10	15	299	100

Materials Localization

SNI understands the significance of valuing energy resources and the convenience and advantages of local supply. This is done to meet product functionality, comply with customer and legal requirements, and seek out and develop local suppliers. Following the new material approval process, local samples are developed and tested, and procurement plans are initiated. This is to reduce energy resource consumption and minimize environmental impact. In material selection, local manufacturers are given priority, in addition to considerations of price competitiveness and customer specifications. SNI continues to work towards material localization, reducing unnecessary costs and energy waste from air or sea transportation. In 2022, the proportion of local procurement in the total procurement amount for major procurement needs was 76.8%.



Supplier Due Management

Supplier Corporate Social Responsibility Promotion

SNI emphasizes human rights, environmental, safety, health, and ethical management requirements. Since 2020, it has implemented the Responsible Business Alliance (RBA) Code of Conduct and extended it to suppliers. Since 2020, suppliers have been required to sign the "Supplier Corporate Social Responsibility Policy Statement" and fill out the "Supplier Corporate Social Responsibility Self-Assessment Form." The RBA Code of Conduct requirements are also added to procurement contracts and order notes, requiring all suppliers to comply. This promotes the RBA supply chain system, demonstrating a commitment to sustainable development.

No major suppliers were found to use child labor, forced labor, or violate freedom of association in 2022.

SNI continues to promote corporate social responsibility towards sustainable operations. Through supplier meetings, a platform for direct advocacy, consultation, and communication with suppliers is established. This platform disseminates information on SNI's updated Hazardous Substance Management Measures, future environmental policies, quality requirements, and labor ethics management. It also addresses issues related to resource depletion and climate change. Through this platform, SNI aims to share green expertise and energy-saving experiences with suppliers, creating a consensus on green supply chain concepts and jointly building a complete green supply chain system. This effort is to manufacture environmentally friendly products and promote a high-quality life, striving for a win-win goal of coexistence and prosperity.

Green Product Requirements

SNI places great importance on its green sustainable operations and recognizes that to produce green products, the raw materials used must also meet green specifications. Therefore, SNI actively assists supply chain manufacturers in transforming into green enterprises. Material suppliers are required to sign the "Supplier Compliance with Material Quality and Delivery Specifications Agreement," covering requirements for environmental product toxic substance management, environmental management substance non-use commitment, REACH survey declaration, and other related green environmental protection legal requirements. SNI continues to collect and assess restrictions on substances from various countries and customer requirements, staying abreast of global environmental trends and actively meeting the requirements of green products on the product level. In addition to implementing the Green Product Management System (GPMs), SNI employs a "SNI Material Testing Report Management Mechanism for Suppliers" to oversee green product compliance and reduce the use of hazardous substances in products. Precision XRF incoming inspection instruments are used in-house, and samples are sent to external laboratories for accurate and rigorous measurement and monitoring of restricted and prohibited substances that have environmental impacts. This integrates internal control and identification of hazardous substances to comply with SNI's Green Product Policy: compliance with regulations and customer requirements, providing processes and products with reduced hazardous substances, and committing to green design development. This promotes the continuous advancement of the green sustainable value chain.

Supplier Evaluation and Introduction

SNI has established the "Supplier Management and Development Operating Procedures," which clearly outlines the process for qualifying and selecting new material suppliers. This process begins with the selection, certification, and management of incoming materials, equipment scale, supply capacity, quality assurance system, and relevant inspection equipment. This ensures that the supplier's delivery quality, lead time, and compliance with restricted substances requirements are evaluated and assessed. This is to ensure smooth production operations and to obtain materials at a reasonable price, actively creating profits for the company.

Furthermore, the procurement department assesses relevant supplier delivery quality, lead time, purchasing cooperation, reputation (negative impact on environmental, labor conditions, human rights, and society), as well as energy-saving and carbon reduction management before the introduction of major new material suppliers. Additionally, since 2016, as an Authorized Economic Operator (AEO) certified quality enterprise, SNI has continuously promoted AEO management and, by the "Business Partner Supply Chain Security Assessment Management Procedures," requires suppliers to sign the "Business Partner Supply Chain Security Declaration" and submit the "Business Partner Security Self-Assessment Form" to determine the risk level and whether they can become a "Qualified Supplier." In 2022, excluding agents, a total of 2 new suppliers were added, all of which passed the following audits.

Import of the Audit information from New Suppliers

Supplier Development Evaluation Application Form	- Supplier Development Evaluation Report - RBA (Responsible Business Alliance) Survey Form	Supplier Corporate Social Responsibility Self-Assessment Form
Material selection, certification, incoming material management, equipment scale, supply capacity, quality assurance system, and relevant inspection equipment.	Negative impacts on the environment, labor conditions, human rights, and society.	Legally registered certificate, ISO14001 quality system, simplified process flowchart, greenhouse gas inventory, energy label, carbon footprint, energy management, etc.
Assessment is conducted by units such as procurement, R&D, technology, quality control, etc. Qualified: Achieve a score of 85 or above.	Assessment is conducted by procurement through on-site scoring. Qualified: Achieve a score of 80 or above.	Self-assessment by suppliers, with supporting documentation attached. Grade A qualified supplier: 14 points or above. Grade B reserved supplier: 8-13 points. On-site audits are conducted every two years, and progress reports are submitted. Grade C disqualified supplier: Below 7 points.
Basic Analysis Form of Business Partner Supply Chain Security	Business Partner Security Self-Assessment Form	Basic Analysis Form of Business Partner Supply Chain Security
Audit of the supplier's accounts and financial status.	Supplier's self-assessment of compliance with the "Regulations Governing the Certification and Management of Excellent Enterprises" of the Ministry of Finance.	Based on the comprehensive score above, determine the risk level and confirm whether the supplier is qualified.

Supplier Audit Management

SNI conducts monthly evaluations of supplier delivery quality, lead time, procurement cooperation, etc., categorizing results as Excellent, Qualified, Temporary Qualified, or Unqualified. For suppliers who do not meet the requirements, they will be notified to make improvements and provided with guidance. In 2022, all 479 suppliers underwent quality score assessments and all passed the evaluations.

Additionally, in compliance with AEO (Authorized Economic Operator) standards, two suppliers were selected for on-site audits each year. These audits check whether the supplier adheres to the AEO processes and procedures. Audit results are categorized as follows: "80 points or above" (qualification extended), "60-79 points" (supplier required to propose improvement measures), and "below 60 points" (will be reported and, upon approval, the registration will be revoked).

In 2022, due to the pandemic, on-site audits were conducted for two suppliers, both of which scored 80 points or above and were deemed qualified.

In future planning, the audit content will be aligned with RBA requirements, human rights, energy-saving, and carbon reduction assessments, based on supplier risk levels.

Conflict Mineral Management

Conflict Mineral Policy

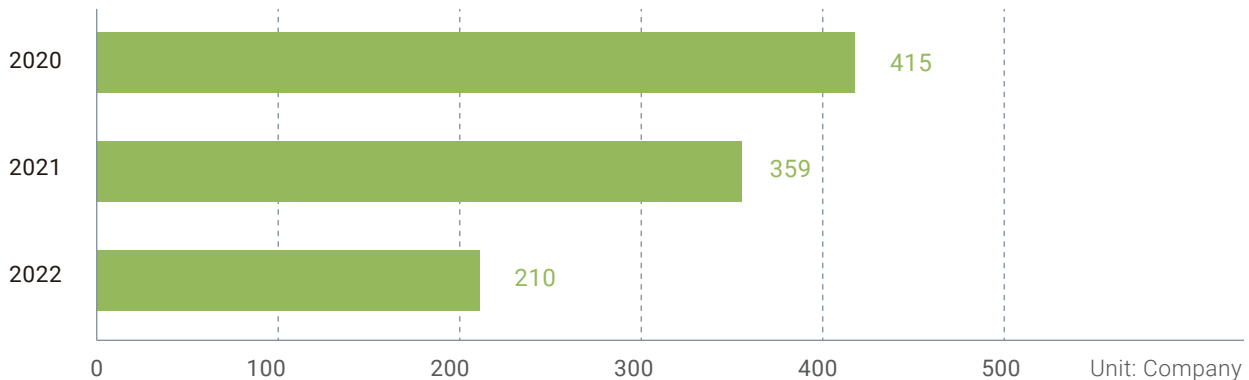
As a responsible corporate citizen, the company must fulfill its social responsibilities, respect human rights, and continuously address the issue of conflict minerals. The company is committed to requiring its supply chain to adhere to the following policies:

- 1 / Do not purchase conflict minerals from conflict-affected areas.
- 2 / Require suppliers to refuse the use of conflict minerals from conflict-affected areas and sign a commitment containing a conflict-free minerals pledge.
- 3 / Require our suppliers to manage their upstream and downstream suppliers to comply with the requirements for conflict-free minerals.
- 4 / Make our best efforts to refrain from using conflict minerals from conflict-affected areas in the sourcing of materials.

To deter improper activities arising from the production and trade of conflict minerals from conflict-affected areas in African countries, the United States passed legislation on July 21, 2011. In the future, products sold in the United States will be subject to the disclosure of the source of metal as required by the U.S. Securities and Exchange Commission to track the origin of minerals and avoid the importation of products containing conflict minerals. In response to this regulation, customers requested SNI to conduct investigations of suppliers in the metal smelting supply chain. The Quality Assurance Department of SNI completed the investigation in December 2014 based on surveys conducted with non-conflict smelters and responsible inquiry forms. The investigation results did not find that the metals used by suppliers originated from conflict minerals, allowing customers to confidently purchase SNI products. SNI respects international human rights and practices the concept of global citizenship. SNI issued a "Conflict-Free Minerals Declaration" to provide to customers, hereby declaring that all products provided to customers are products free from conflict minerals.

The commitment is not to use conflict minerals and to continuously require suppliers to conduct investigations using the "Non-Conflict Smelter and Responsible Inquiry Form," and to diligently disclose metal source reports to trace the origin of minerals, avoiding the importation of products containing conflict minerals "Gold (Au), Tantalum (Ta), Tungsten (W), Cobalt (Co), Tin (Sn)." In 2022, none of SNI's suppliers violated conflict mineral management requirements.

Annual Non-Conflict Smelter and Responsible Inquiry Form Investigation Quantity Statistics



Note: Surveys are conducted for both primary and secondary suppliers.

Green Transport Logistics Management

The global rise of the green consumption movement has led consumers to not only care about their safety and health but also be concerned about the improvement of the Earth's environment. They reject products, services, and corresponding consumption methods that are detrimental to environmental protection, thereby promoting the development of green logistics.

In 2022, SNI continued its efforts to plan and implement logistics activities such as personnel and goods transportation, warehousing, loading, and unloading, and packaging to reduce environmental pollution and resource consumption.

In the personnel transportation section, SNI continuously optimizes the routes and schedules of shuttle buses, increases the occupancy rate, and shortens travel distances. Additionally, the company requires maintenance of shuttle buses to optimize fuel efficiency and reduce energy consumption and carbon emissions.

In the goods transportation section, by coordinating across departments, SNI plans to consolidate loose cargo for transport to reduce the number of trips. Trip statistics are recorded for efficient vehicle dispatching. This maximizes the warehouse capacity utilization of each transport vehicle and consolidates goods from the same route as much as possible to reduce vehicle trips, lower expenses, increase transport efficiency, effectively eliminate overlapping transport, and alleviate traffic congestion.

In 2022, a total of 3,729 trips were completed. After consolidation, it amounted to 3,432 trips, saving 297 trips or approximately 7.96%. This saved about 3.94 metric tons of CO₂ emissions and NT\$267,300 in transportation costs.

In 2023, efforts will continue to concentrate goods to reduce the number of trips, and trip statistics will be completed. The goal is to save 4 metric tons of CO₂ emissions.

2.5 Pollution Control

Waste Resource Management - Complies with Basel Convention and related waste regulations

SNI adheres to the Basel Convention and environmental regulations. No waste regulated by the Basel Convention is generated. SNI's waste treatment prioritizes source reduction, sorting, reuse, and resource recycling. Incineration is chosen only if none of these methods can be applied. All waste is recycled and treated by the law, and online reporting is done as required by the Environmental Protection Agency.

Internal Resource Reduction and Reuse

SNI not only reduces energy and resource consumption from the source through green design but also places great emphasis on non-process consumption within the factory. It constantly monitors internal operational resources, promotes various resource reduction and reuse activities, and responds to the global trend of sustainable development and resource recycling. Examples include: "Using an electronic form system (including invoicing operations, sales accounting operations, inventory operations, auditor verification operations, and accounting operations)", "Digitizing product catalogs", "Implementing digital marketing", "Using a meal card system instead of paper meal vouchers", "Saving paper resources and reducing the time and cost of the paper-based organization", "Using smart material racks to increase the efficiency of material warehouse space utilization", and "Eliminating the problem of waste due to manual errors in inventory materials", etc. in response to the global trend of sustainable development and resource recycling.

Management of Discarded Electronic Products

SNI Technology, as a telecommunications equipment industry, may produce substandard products in terms of functionality or effectiveness during the production process. To prevent these substandard products from being resold by unscrupulous manufacturers after being discarded, which may affect the customer's reputation, we have established standard procedures related to discarding. This includes specific requirements for the handling of returned and discarded products by customers. This includes painting and destroying metal parts, drilling, and destroying recyclable plastic parts, and painting and destroying non-recyclable plastic parts.

In addition, we require the scrap supplier to create a complete scrap report. The report includes the waste disposal process, photo evidence, and a guarantee that ensures destruction and prohibits leakage and sale.

SNI Waste Description

In 2022, SNI generated waste primarily consisting of general household waste, pallets (wood), waste electronic foot materials, waste electronic components, plastic barrels, waste plastics used for packaging, cleaning and machine maintenance chemicals, and packaging paper materials. In total, approximately 1,340.393 metric tons of waste were produced, all of which were disposed of off-site. Hazardous waste accounted for 4.5% of the total, comprising waste electronic foot materials and waste electronic components. The total amount of waste resources recycled was approximately 997.637 metric tons, with a recycling and reuse ratio of 74.43%.

Types of Waste	Production Processes
General household waste	General household waste generated by employees during breaks
Pallets	Pallets used for placing components when delivering to the factory
Waste electronic foot materials	Edge materials generated during PCB board folding and cutting, or defective scrap that cannot be repaired after PCB board edging
Waste electronic components	Defective scrap after assembly and inspection
Plastic barrel	Empty barrels used to contain alcohol, soldering flux, and machine maintenance cleaning solution.
Waste liquid	Used or discarded soldering flux or machine maintenance cleaning solution within the factory.
Waste paper	Refers to the paper packaging material used for dismantling components sent by suppliers within the factory.
Waste plastics	Refers to the packaging bags used for dismantling components sent by suppliers within the factory.
Mixed waste metals	Refers to the discarded outer shells of products and non-manufacturing related metal waste.

Hwaya Plant's Waste Output Situation in 2022

Unit: Metric Tons

Waste Categories	Processing Method		
	Type of Processing	Category of Processing	Weight
General Business Waste	Direct Disposal	Incineration	153.93
Waste Plastics		Incineration	184.26
Waste Fabric		Incineration	2.206
Waste Liquid		Incineration	2.36
Subtotal			342.756
Waste Electronic Foot Materials (Hazardous Waste)	Disposal Transfer	Recycling	60.37
Waste Electronic Components (Hazardous Waste)			0.19
Recyclable Wastepaper			584.399
Recyclable Waste Plastic Mixtures			177.092
Mixed Waste Metals			20.106
Recyclable Wood			142.87
Recyclable Activated Carbon			1.00
Plastic Barrels			3.37
Water Fertilizer		Other Recycling Operations	8.24
Subtotal			997.637
Total			1340.393
Recycling and Reuse Ratio (%)			74.43%

Air Pollution Prevention and Control - Compliance of Related Laws

SNI's air quality management strategy is to maintain environmental air quality and ensure proper handling of pollutants. SNI's exhaust gases are primarily generated from SMT and DIP soldering processes. In pollution control, not only reducing the use of raw materials in the process from the source but also the measures and control of pollutant treatment are crucial for effectively maintaining environmental air quality.

Even though SNI does not belong to the industries announced by the Environmental Protection Agency for air pollution control, Hwaya Headquarters has set up activated carbon adsorption towers to process the volatile organic compounds (VOCs) generated during the SMT and DIP processes. Through the local exhaust system of the machine equipment, the emissions are completely collected and discharged after treatment in the activated carbon adsorption tower. To ensure its treatment efficiency, the activated carbon filter material is replaced regularly every year, and functional checks and maintenance of the local exhaust system and activated carbon adsorption tower are performed to reduce the impact on the environmental air quality.

The company also places great importance on the health and safety of our internal personnel. For the operators of tin furnaces, we provide activated carbon masks and N95 masks. These masks can effectively filter pollutants and VOCs in the air, providing good respiratory protection and keeping personnel safe from potential chemical and hazardous effects.

Currently, SNI uses a small amount of mixed refrigerant R-408a in some constant temperature and humidity chambers. These are initial configurations of the machines, and in the future, they will be replaced with environmentally friendly refrigerants. Other air conditioning refrigerants, automotive refrigerants, fire extinguishers, and processes do not use fluor chlorocarbons and hydrochlorofluorocarbons regulated by the Montreal Protocol.

Environmental Expenditure

To effectively reduce the environmental impact of business operations, SNI has dedicated maintenance units for various pollution treatment measures and equipment. It has established equipment maintenance plans and budgets for maintenance to maintain the effectiveness of various pollution treatment measures and equipment. A monitoring system is also set up to monitor the operation of each treatment equipment in real-time, adjusting the system promptly to prevent equipment abnormalities and minimize the impact of pollutant emissions on the surrounding environment.

SNI has a dedicated unit to collect relevant environmental regulations and review whether various pollution treatment measures and equipment comply with regulatory standards and requirements. Adjustments or additions to relevant treatment measures and equipment are made promptly to comply with environmental regulations. In 2022, the environmental expenditure amounted to NT\$10,024,927.

Environmental Expenditure and Investment Statistics Table in 2022

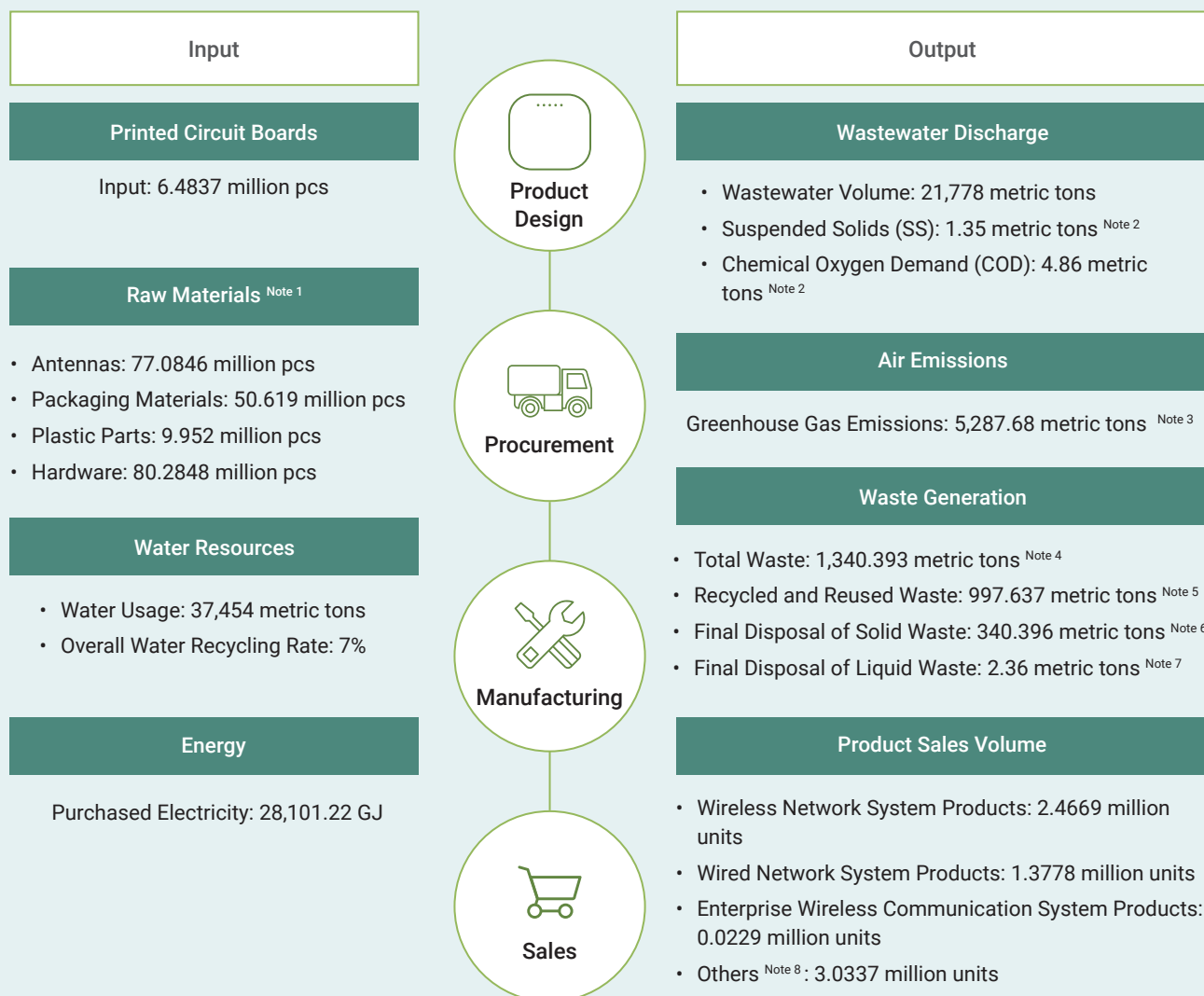
Unit: NT\$

No.	Environmental Cost Category	Cost (NT\$)
1	Sanitary Facility Maintenance Fee	3,077,865
2	Environmental Disinfection Fee	55,300
3	Domestic Wastewater Treatment Fee	359,757
4	Air Pollution Control Equipment Maintenance Fee	87,750
5	Wastewater Treatment Equipment Maintenance Fee	9,620
6	Outsourced Waste Treatment Fee (including general household and hazardous industrial waste collection and treatment)	4,372,583
7	Environmental Monitoring Fee (including air and water testing fees)	143,010
8	Environmental Permit Review and Certificate Fee (various regulatory fees and miscellaneous expenses)	214,500
9	Environmental Penalty Fee	0
10	Energy Saving Retrofit Investment Cost	123,770
11	Others	1,580,772
Total		10,024,927

Material and Energy Resource Flow Chart

SNI focuses on efforts and goals such as "recyclability, low pollution, harmlessness, resource conservation, energy efficiency, and durability" in its material and energy consumption. SNI completed data statistics for Hwaya Headquarters in 2022 and created a "Material and Energy Resource Flow Chart" to provide a basis for subsequent statistics on material and energy consumption. This will enhance the environmental information management system and serve as an important reference for SNI's future transition towards green processes.

Material and Energy Resource Flow Chart



Note:

Note 1: Raw materials refer to the quantity used as production inputs.

Note 2: SS and COD calculations are based on periodic test report measurement data multiplied by wastewater discharge volume.

Note 3: Greenhouse gas emissions represent the total for scopes one through three in 2022.

Note 4: Total waste includes general (including recycled) waste and hazardous waste.

Note 5: Recycled and reused waste encompasses resource waste and recyclable process waste, etc.

Note 6: Final disposal of solid waste indicates the total volume not reused for other purposes.

Note 7: Final disposal of liquid waste pertains to non-hazardous liquid waste generated from reflow soldering.

Note 8: This includes revenue from network security monitoring system products, accessories, and maintenance.



3 Inclusive Growth

Material Topics

Human Rights , Talent Recruitment and Retention , Diversity and Inclusion , Talent Development and Cultivation , Occupational Health and Safety

Action Plan

1 /

Establishment of Migrant Worker Care Group

2 /

Talent Attraction Program for Industry, Government, and Academia

3 /

Increasing Average Employee Training Hours

4 /

Minor Injury (Less than One Day Lost Work Hours) Investigation System

Strategy / Objectives

Short-term (1-3 years)

- 100% completion of automatic checks on workplace safety equipment within the factory.
- Internal and external audits for ISO 45001.
- Strict prohibition of workplace sexual harassment, workplace bullying, physical intimidation, and verbal abuse, as well as any forms of discrimination: Conduct one "Prevention of Sexual Harassment" and one "Anti-Corruption and Human Rights Training" seminar annually.
- Adherence to the RBA (Responsible Business Alliance) concept, covering the expenses incurred by foreign workers due to job requirements, and implementing a refund program.
- Achieve an average of 8 hours of education and training per employee annually.
- Establishment of a system and process for investigating and analyzing minor injuries.

Medium to long term (3-5 years)

- Diverse Recruitment Strategy: Develop a diverse recruitment plan, including actively promoting job vacancies, expanding recruitment channels to attract a wide range of talents, and incorporating diversity into the recruitment process.
- Strengthen Internal Talent Development: Establish comprehensive training and professional development programs, including ongoing education, professional courses, and cross-departmental training, to enhance the skills and career growth opportunities of existing employees.
- Establish Leadership Development Programs: Design and implement leadership development programs that offer leadership skills training, mentorship programs, and leadership development activities to identify and nurture outstanding internal leadership talents.
- Create Global Recruitment and Cross-Cultural Training Programs: Develop a global recruitment strategy by engaging in international recruitment activities and implementing cross-cultural training programs to recruit and nurture talent with international perspectives and cross-cultural capabilities.
- Enhance Training Evaluation and Tracking: Establish effective training evaluation mechanisms such as testing, surveys, and performance assessments to track training outcomes and continuously improve training content and methods.
- Improve Employee Engagement and Retention: Establish employee engagement and communication mechanisms, such as conducting employee surveys, implementing employee care programs, and providing career development opportunities to ensure employee engagement and loyalty.

Sustainability Contributions in 2022

Performance Results

19.39%

In 2022, foreign employees accounted for 19.39% of the total workforce.

1.11%

In 2022, the percentage of employees with disabilities hired was 1.11% of the overall workforce.

5 hours

In 2022, the average training hours for all employees reached 5 hours.

17.7%

In 2022, employees with a master's degree or higher constituted approximately 17.7% of the total workforce.

88%

In 2022, the execution rate for the health checkup budget was 88%.

100%

100% completion of automated inspections for occupational safety equipment within the factory.

100%

In 2022, a total of 35 deficiencies were identified during the execution of production line audits, and all of them were addressed with 100% improvement.

100%

In 2022, there were 15 minor injury investigations, and the execution rate for accident analysis and improvement was 100%.

In 2022, there were 13 submissions to the employee feedback inbox, all of which were processed accordingly.

In 2022, no incidents of discrimination, violations of assembly and association freedoms, sexual harassment, child labor usage, or infringement of indigenous rights occurred.

In 2022, expenses incurred by foreigners for work-related requirements before July 2021 (such as scheduled medical examinations, residence permit extensions, passport renewals, intermediary services, etc.) were subject to a refund program, and a fee survey was initiated to achieve this.

"Talent" has always been the most valued asset for SNI and is fundamental in helping the company grow continuously. Therefore, we actively recruit talent from various fields and create a fair, healthy, caring, learning, and innovative work environment to retain them. We allow employees to play to their strengths and be passionate and energetic. Additionally, SNI provides competitive compensation and benefits, comprehensive education and training, and a well-structured talent development strategy to enhance employees' professional capabilities and self-growth. SNI also provides job opportunities for vulnerable groups and encourages employees to participate in various charitable activities to contribute to society. For SNI, having healthy and vibrant employees is not only the highest goal of a happy workplace but also our top responsibility.

3.1 Human Rights Management

Human Rights Policy

The company adheres to the basic principles of the United Nations Declaration of Human Rights and the International Labor Organization, such as prohibiting forced labor, child labor, and discrimination. We are committed to establishing a diverse and inclusive work environment, promoting equal opportunities, encouraging diversity and inclusivity, which includes the following key points:

- 1 ✓ Protecting employee rights, including basic regulatory requirements, employment freedom, and humane treatment.
- 2 ✓ Prohibiting improper discrimination and harassment, and any inhumane or degrading treatment and punishment.
- 3 ✓ No engaging or supporting of corporal punishment, mental or physical coercion, or verbal abuse.
- 4 ✓ No unfair discrimination based on gender, age, ethnicity, marital status, pregnancy and childbirth, political stance, religion and belief, or any other unreasonable grounds.

As modern society advances, the focus on "human rights" is increasing. In 2020, SNI promoted compliance with the "Responsible Business Alliance (RBA) Code of Conduct," and referred to and complied with international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business, and Human Rights, the United Nations Global Compact, and the International Labor Organization. This was done to prevent human rights violations during company operations. Training on human rights protection was provided to all employees, and channels for communication and complaints were established to ensure a safe working environment and to protect and respect employees' rights.

In internal documents and regulations such as "Work Rules," "Code of Ethical Conduct," "Rewards and Violation Management Regulations," "Measures for the Prevention and Handling of Sexual Harassment," "Human Rights Management Regulations," and "Personnel Appointment Management Regulations," SNI explicitly states the protection of employee rights, including basic regulatory requirements, employment freedom, humane treatment, prohibition of child labor, prohibition of improper discrimination and harassment, and prohibition of any inhumane or degrading treatment and punishment. SNI follows a voluntary principle when hiring labor, and employees have the right to resign freely under compliance with labor laws. In the recruitment process, the company will not request applicants to submit identification documents such as ID cards or passports and various "deposits" as employment conditions.

In 2022, there were no incidents of discrimination, violations of the freedom of assembly and association, sexual harassment, the use of child labor, or violations of indigenous rights. However, there was one case of violation of the Labor Standards Act, which SNI promptly improved and strengthened relevant personnel education and training. In the future, SNI will continue to comply with the RBA Code of Conduct and expand the principles of the RBA Code of Conduct to suppliers, demonstrating our commitment to sustainable development.

Date of Sanction	Content	Preventive Measures
2022/10/18	Violation of Article 30, Paragraph 6 of the Labor Standards Act. The main reason is the failure to accurately record the attendance time of the employees. Although the employees were informed of the delay in leaving work due to personal reasons and did not provide services, the company did not fulfill its management responsibility and accurately record the actual attendance and departure of the employees to the minute.	1. Supervisors are reminded to supervise diligently. 2. Remind employees to leave the company promptly if they are not providing services. 3. Promptly submit supporting evidence to accurately record the employees' attendance records for arrival and departure.

Employee Human Rights Education and Security Practice Assessment

To enhance employee awareness of human rights, since 2018, the company has optimized the content of mandatory courses for new employees, integrating issues related to the RBA Code of Conduct, such as human rights, corruption, discrimination, and sexual harassment. In 2022, the percentage of newly trained personnel was 100%. In November and December 2022, SNI was honored to invite Attorney Ma Chu from "H&W Law Firm" to serve as a lecturer, holding a one-hour human rights education training course on "Preventing Illegal Infringements in the Workplace: Stalking Law." The course introduced the newly promulgated "Stalking Prevention Act," explained stalking behavior and penalties, introduced practical cases, and discussed hypothetical situations, accumulating a total training time of 32 hours.

Regarding "Labor Rights," SNI also strengthened education and training in the Human Resources Department. In response to the latest amendments to labor-related laws and regulations, it was conducted by the legal department. The latest regulations on working hours, scheduling, and overtime were conveyed and calculated on the spot to ensure that SNI adheres to various labor conditions. The total training time was 14 hours. In addition, an e-newsletter is issued quarterly to enhance employee awareness of human rights. Every year, relevant human rights courses are continuously held to create an equal, respectful, and inclusive friendly workplace environment.

Security personnel stationed in the company's facilities are all subjected to "Basic and Professional Education and Training." The course content includes human rights, occupational health and safety, personal data protection law, prevention of illegal infringements in the workplace, emergency response, prevention of stalking and sexual harassment, etc. In 2022, 100% of SNI security personnel completed education and training.



Human Rights Complaint/Whistleblower System

In response to various human rights issues and to safeguard the rights of employees and promote labor-management harmony, SNI has established the "Regulations for Complaints, Whistleblowing, and Suggestions," which delineates internal and external channels for complaints, the complaint handling mechanism, confidentiality of complaints, retaliation prevention, and extends to non-national labor. The Human Resources Department is responsible for receiving and handling human rights-related complaints. When necessary, a special investigation team will be formed, and protective measures for the complainant will be initiated, strictly prohibiting any retaliatory behavior.

Channels for Human Rights Complaints, Whistleblowing, and Suggestions

Internal • Tel: 03-3289289#5801 • Email: grievance@senao.com • Employee Suggestion Box at B1 Restaurant Entrance, Hwaya Plant's • Employee Suggestion Box at 8F Pantry, Nangang Office	External • Ministry of Labor Complaint Hotline: 1955 • National Women and Children Protection Hotline: 113
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Handling Mechanism for Human Rights Complaints

- Complaints and reports can be submitted anonymously or with the complainant's name. Upon receiving a complaint, the complainant should be informed immediately (if feasible) and a record should be created for tracking purposes.
- The investigation of complaints is conducted on the principle of confidentiality. However, in necessary cases, the complainant, the responsible unit head, and relevant parties may be informed.
- In cases involving sexual harassment, assault, etc., the responsible unit must not refuse acceptance. If the reported or complained case falls under the category of unlawful infringement, it should be handled by the "Regulations on Preventing Unlawful Infringement in the Performance of Duties." If the reported or complained case falls under the category of sexual harassment, it should be handled by the "Regulations on Preventing Sexual Harassment and Disciplinary Measures."
- The Human Resources Department will track, evaluate, and supervise to ensure that disciplinary or corrective measures are effectively implemented and to prevent the recurrence of similar incidents. In cases of minor retaliation, the Human Resources Department should impose disciplinary actions. In cases of serious retaliation, it should be referred for legal action.
- If the complainant disputes the handling result by the Human Resources Department or if their complaint is not accepted multiple times, they may present their views to the higher-level supervisor, and the higher-level supervisor should respond to the complainant within 30 days regarding the handling situation.

Complainant Protection Mechanism

- The responsible unit for complaints must fulfill the duty of confidentiality and consider the safety of the complainant as the top priority, strictly guarding against any retaliation against the complainant.
- Anyone is strictly prohibited from directly or indirectly disclosing the complainant's name, unit, address, or any related information and the content of the complaint to the reported party and the reported unit.
- The unit responsible for complaints and other handling personnel must strictly adhere to the confidentiality regulations.
- If the complainant receives improper admonition or other unfair treatment due to the complaint, the responsible unit for complaints should correct it according to their authority, or investigate the improper decision-making unit and its superior authorities. When the personal safety of the complainant is threatened, the responsible unit for complaints should take immediate protective measures or seek assistance from the police..

3.2 Human Resources Overview

SNI regularly conducts a human resource structure analysis to grasp data changes, understand the distribution of the company's human resources structure (age, gender, educational background, etc.), and make timely adjustments according to the company's development needs. This includes recruiting more talents in professional fields such as business, research and development, and design, to jointly reach the next milestone. SNI will continue to conduct regular human resource structure analysis, turnover rate, and compilation of reasons for leaving, and make timely adjustments as needed according to the company's strategic needs, maximizing the utilization of human capital, and striving to achieve the strategic goal of sustainable corporate development.

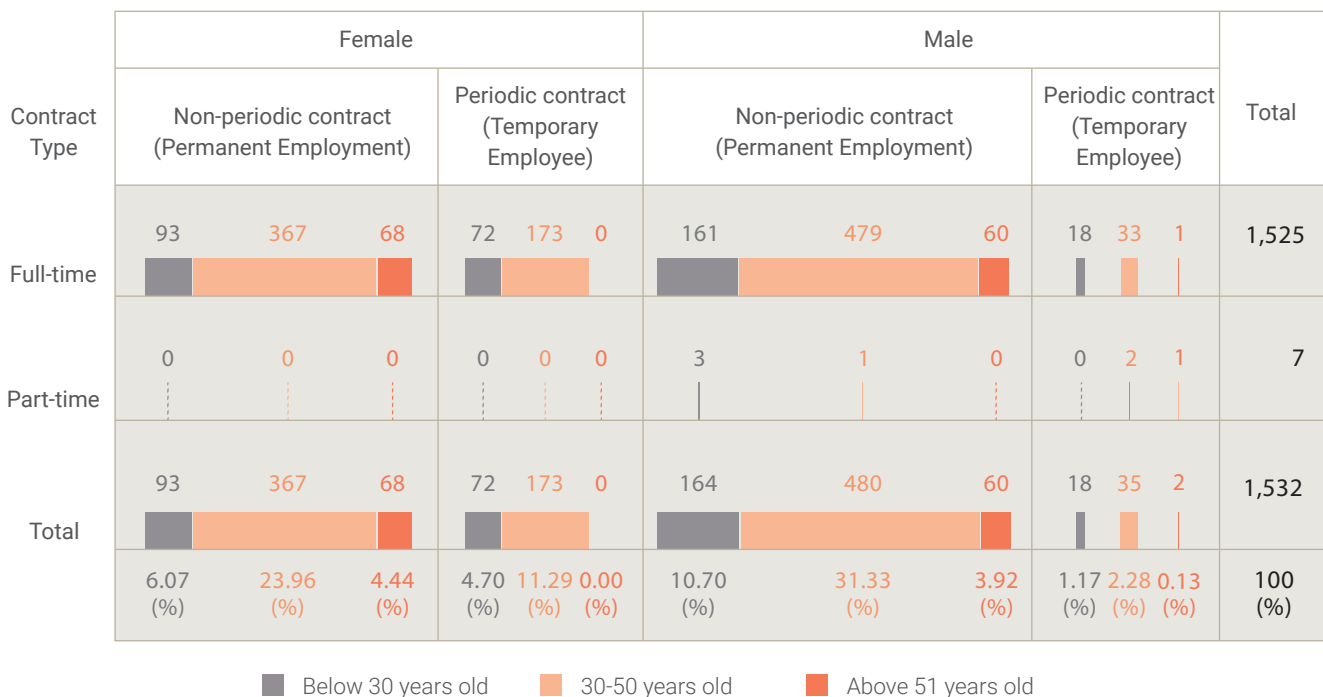
Human Resource Structure

SNI attaches importance to employee compensation and benefits, as well as talent development, continuously attracting young graduates to join our ranks, making SNI a dynamic and innovative enterprise. As of the end of 2022, the average age of all SNI employees is approximately 37.44 years old (male: 37.48 years old, female: 37.41 years old). Employees below the age of 30 account for about 22.65% (males: 11.88%, females: 10.77%), which has remained stable compared to previous years.

As of the end of 2022, the total number of SNI employees is 1,532. Among them, female employees account for 773, or 50.46%, while male employees account for 759, or 49.54%. Additionally, there are 881 dispatched workers on the production line (male: 492, female: 389) and 20 outsourced personnel (male: 6, female: 14). The total number of non-employee workers is 901, with 498 males and 403 females.

Employee Statistics in 2022

Unit: persons

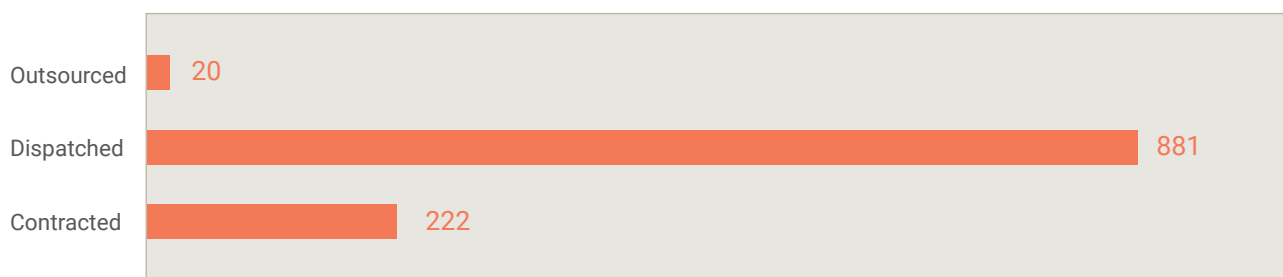


Note:

1. The above data is based on the employee roster as of December 31, 2022, sourced from the 104 e-HRMS.
2. The company does not employ staff without guaranteed hours.
3. Periodic contract staff are foreign workers on the production line. Part-time staff: Among those under 30, 3 are maintenance workers; Among those aged 30-50, 2 are massage therapists, and 1 is a part-time maintenance worker; Among those aged 51 and above, 1 is a consultant.
4. The above table does not include directors serving in the company.

Non-Employee Worker Statistics in 2022

Unit: persons

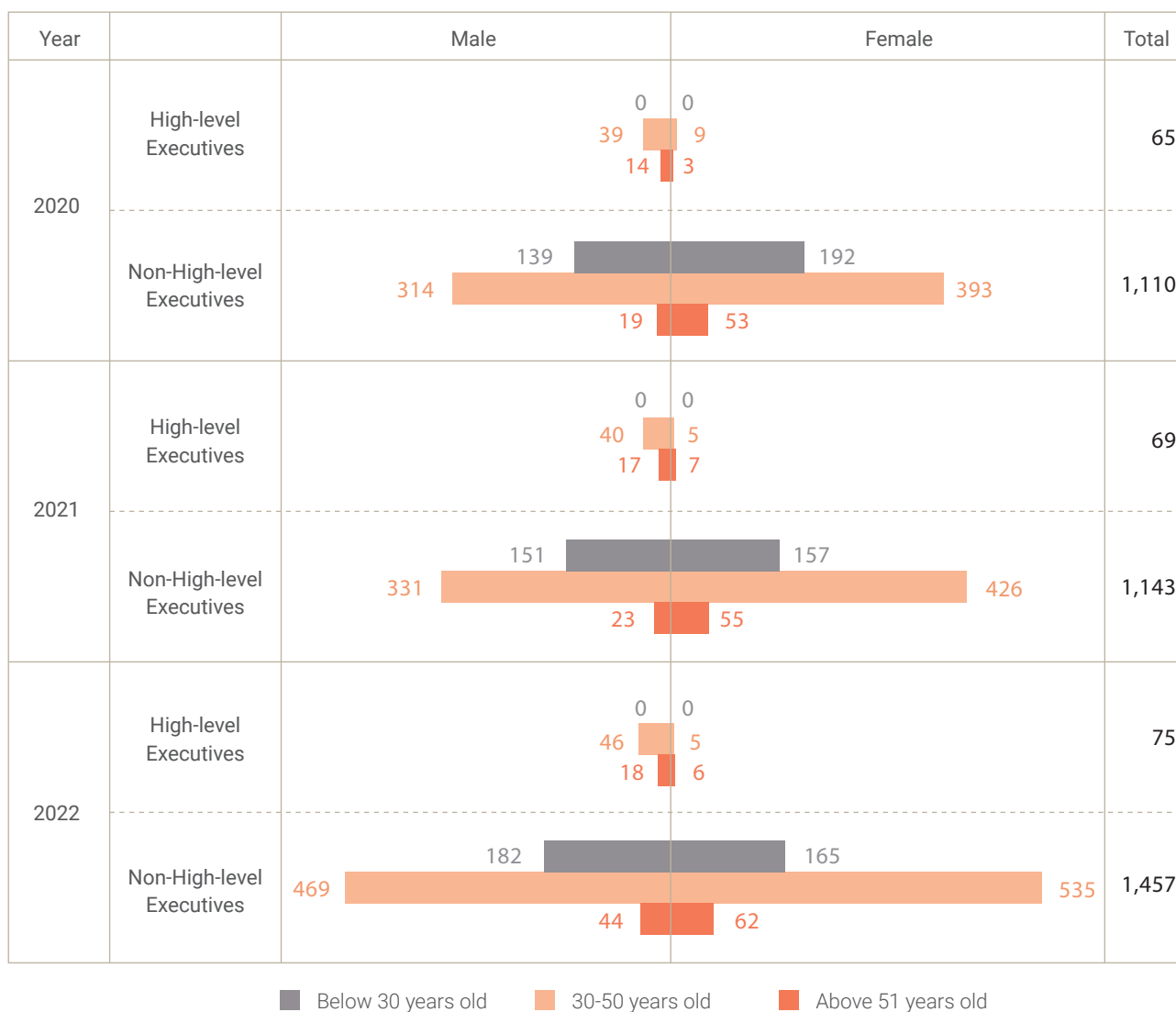


Note:

1. Outsourced: 4 security personnel, 10 cleaning staff, and 6 cafeteria workers.
2. Dispatched: Production line dispatched operators.
3. Contracted: Construction, maintenance, and repair of plant facilities and production line equipment.

Employee Job Category Distribution

Unit: persons



Note: Note: High-level executives refer to managers and above, excluding project positions.

Recruitment and Retention

SNI follows relevant labor regulations and establishes the "Personnel Appointment Management Regulations." Discrimination based on race, class, language, ideology, religion, political affiliation, native place, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, disabilities, zodiac sign, blood type, or past union membership is strictly prohibited when recruiting for any position. Selection of talents is based on professional skills and experience, work attitude, teamwork ability, and alignment with the company's culture of integrity and pragmatism.

SNI conducts recruitment activities for various positions according to actual manpower needs. In addition to recruiting through company websites, recruiting websites, and local employment service stations, efforts are made to engage in exchanges with academia and industry to attract diverse and outstanding talents. This includes campus recruitment, military recruitment, the local youth bureau's "Youth Workplace Experience," the Ministry of Education's talent development platform, etc. SNI aims to cultivate potential talents in the network communication industry from different perspectives, such as semester internships, research and development substitutes, technical consultant collaborations, special lectures, and more.

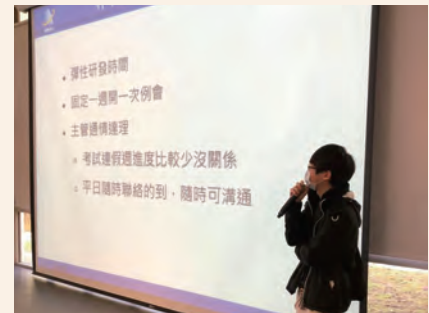
Below is the talent attraction plan for 2022 by SNI



National Taiwan University of Science and Technology: How to Create an Attractive Resume



National Central University: Spring Recruitment Event



National Tsing Hua University (Industry-Academia Cooperation Student Sharing)



National Taipei University of Technology



Hujiang High School: Resume Writing (High School Student Career Counseling)



Yuan Ze University



Future Commerce Adam's Talk



One-on-One Matchmaking for Overseas Compatriots in Taiwan: ContactTAIWAN at NTUH International Convention Center



SNI Service Center (104 Career Clinic): Counseling for Resumes and Career Exploration



Taoyuan Youth Workplace Cradle Plan



Shan Industrial and Commercial School, Asia University of Science and Technology, Ministry of Education Talent Development Platform, Industry Office Exchange



Chung Shan Industrial and Commercial School



Military Veterans and Youth & Veterans Joint Recruitment



Youth Workplace Experience



Taoyuan City Youth Workplace Experience Plan

Diversity and Inclusion

When recruiting, SNI gives priority to employing local nationals by relevant laws and regulations. Efforts are also made to create an international working environment by recruiting talents of different nationalities. It is hoped that teamwork in a diverse culture will ignite different creative sparks. In 2022, non-native employees accounted for 19.39% of the total workforce.

For promotions at the management level, priority is given to outstanding internal personnel. Relevant personnel appointments or promotions are carried out according to job requirements. The competency of management levels is reviewed according to the system, and relevant management skills training is provided. In 2022, native employees accounted for 42.86% of high-level executives.

SNI places great emphasis on equal and diverse talent recruitment. In addition to employing non-native employees, disabled employees are also hired by the law to ensure employment opportunities for vulnerable groups. In 2022, a total of 11 disabled employees were hired (including 6 severely disabled), accounting for 1.11% of the overall workforce. This exceeds the standard of 1% under Article 38 of the "Act for the Protection of the Rights and Interests of Persons with Disabilities." SNI will provide suitable positions for people with disabilities to increase the proportion of disabled employees.

Employee Diversity Distribution

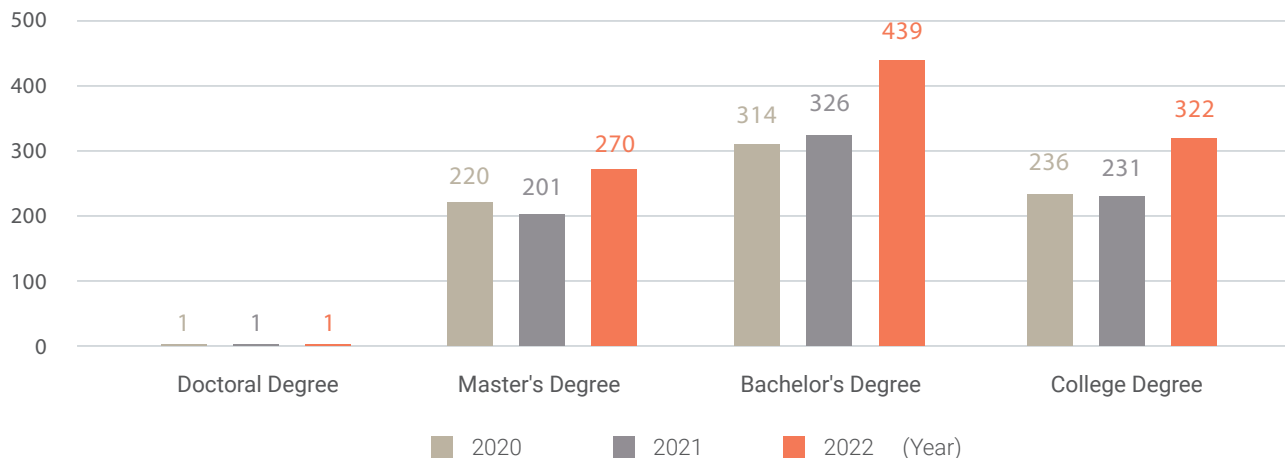
Unit: persons



In the era of knowledge-based economic competition, SNI recognizes that talent is a crucial key to the company's sustainable operation. Therefore, it continuously recruits knowledge-based talents to enhance the quality of its workforce. As of the end of 2022, employees with a master's degree or above account for approximately 17.7% of the total workforce (male: 13.52%, female: 4.18%), showing a slight increase compared to 2021. Those with a college degree or above make up about 67.36% of the total workforce (male: 38.45%, female: 28.92%).

Distribution of Academic Credentials

persons



New Hire Rate and Attrition Rate

In 2022, SNI hired 578 new employees, including 325 males and 253 females. This significant increase in the total new hire rate, which stands at 37.73%, was mainly influenced by the expansion of the company's overall operations and increased production capacity, leading to higher manpower demand. The number of departures was 516, with 288 males and 228 females. The higher overall personnel attrition rate of 33.68% was mainly due to the impact of the epidemic, which resulted in a higher turnover rate for production line workers who could not work from home. The company will continue to address the issue of turnover and provide employees with a more stable work environment through the following approaches:

1. **Establishing a Positive Work Environment and Culture:** Creating a supportive and respectful work environment that encourages teamwork, open communication, and job satisfaction. This may include providing appropriate work resources, balanced workloads, recognition, and reward systems.
2. **Effective Training and Development Programs:** Providing employees with opportunities for continuous learning and growth to ensure they can continually upgrade their skills and develop their careers. This may include training courses, professional development plans, mentorship programs, and career advancement opportunities.
3. **Fair Compensation and Benefits:** Ensuring that compensation and benefits systems are fair and competitive in the market. Strive to provide competitive salary and benefit packages and consider offering flexible benefit options to meet the needs of different employees.
4. **Employee Engagement and Feedback:** Encouraging employee participation in organizational decision-making and process improvement. Providing channels for employees to express their opinions, provide feedback, and participate in important projects, making them feel heard and valued.
5. **Focus on Work-Life Balance:** Supporting employees in achieving a balance between work and personal life. Providing flexible work hours, remote work options, holiday policies, and welfare measures to help employees better balance their work and personal life needs.
6. **Career Development Planning and Internal Promotion Opportunities:** Assisting employees in setting career development goals and providing opportunities for internal advancement. Offering career planning guidance, internal job recruitment, cross-departmental opportunities, and project leadership opportunities to give employees a sense of opportunity for development and growth within the organization.
7. **Maintain Open Communication and Transparency:** Ensuring that the organization maintains open communication channels and provides transparency about organizational goals, strategies, and changes. This helps build trust and understanding and allows employees to feel connected to and valued by the organization.

No. and Ratio of New Employees

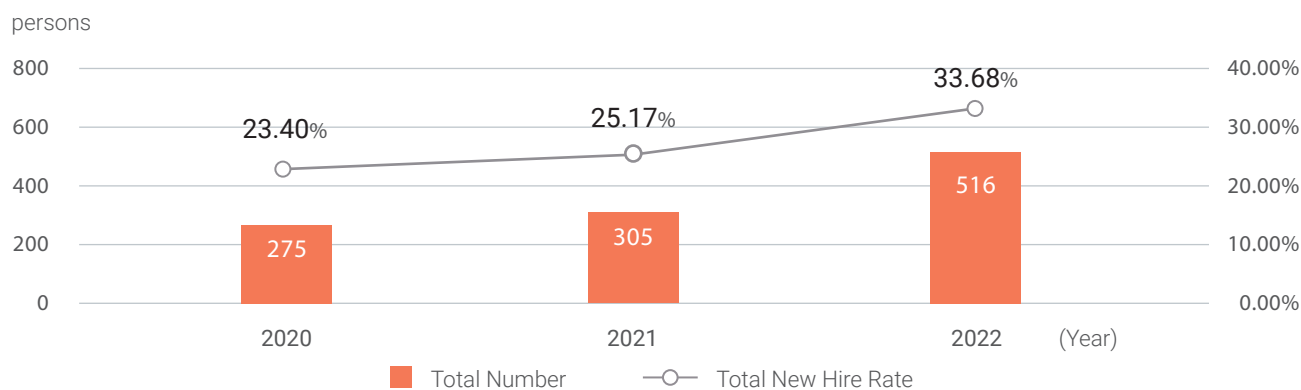
Unit: persons

Item / Year	2020				2021				2022			
Age / Gender	Male	Male New Hire Rate (%)	Female	Female New Hire Rate (%)	Male	Male New Hire Rate (%)	Female	Female New Hire Rate (%)	Male	Male New Hire Rate (%)	Female	Female New Hire Rate (%)
Below 30 years old	76	54.68%	78	40.63%	77	50.99%	28	17.83%	96	52.75%	80	48.48%
30-50 years old	41	11.61%	79	19.65%	58	15.63%	46	10.67%	213	41.36%	167	30.93%
Above 51 years old	4	12.12%	3	5.36%	3	7.50%	5	8.06%	16	25.81%	6	8.82%
Total New Hires	281				217				578			
Total Employees	1,175				1,212				1,532			
Total New Hire Rate	23.91%				17.90%				37.73%			

Note:

1. New Hire Rate (%) = Number of New Hires in the Category for the Year / Total Number of Employees in the Category at the End of the Year.
2. The number of new employees excludes mid-term departures.
3. "New Hires" refers to those who reported for duty in the current year and remained employed at the end of the year.

No. and Ratio of Resigned Employees



No. and Ratio of Resigned Employees

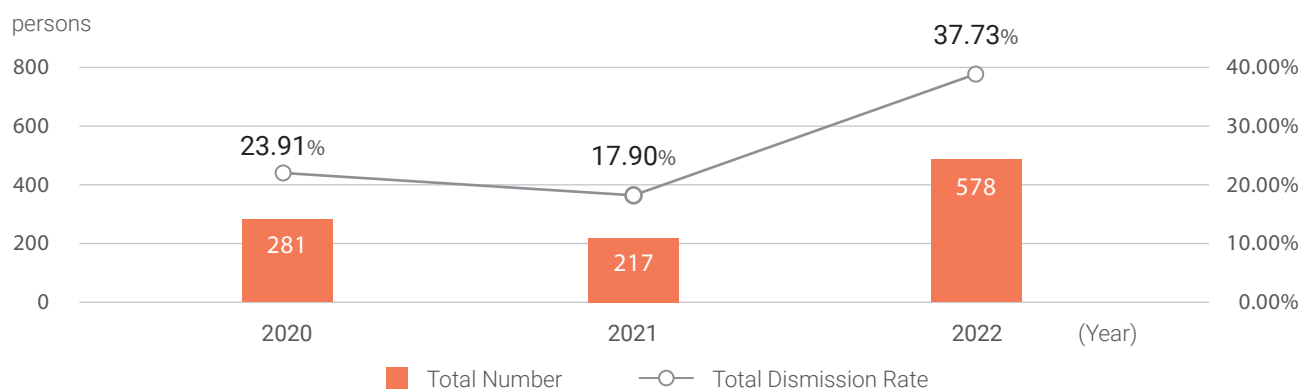
Unit: persons

Item / Year	2020				2021				2022			
Age / Gender	Male	Male Dismission Rate (%)	Female	Female Dismission Rate (%)	Male	Male Dismission Rate (%)	Female	Female Dismission Rate (%)	Male	Male Dismission Rate (%)	Female	Female Dismission Rate (%)
Below 30 years old	62	44.60%	37	19.27%	91	60.26%	51	32.48%	116	63.74%	78	47.27%
30-50 years old	71	20.11%	91	22.64%	82	22.10%	68	15.78%	158	30.68%	143	26.48%
Above 51 years old	8	24.24%	6	10.71%	7	17.50%	6	9.68%	14	22.58%	7	10.29%
Total dismission	275				305				516			
Total Employees	1,175				1,212				1,532			
Total Dismission Rate	23.40%				25.17%				33.68%			

Note:

1. Dismission Rate (%): The dismission rate for a given category is calculated as the number of employees who left during the year in that category divided by the total number of employees in that category at the end of the year.
2. The number of employees who left includes those who left voluntarily, were terminated, or retired.
3. Dismissed Employees: Employees who have completed the departure procedures and left on the last day of the year are considered to have left in that year (including those who left before completing the probationary period).

No. and Ratio of Resigned Employees

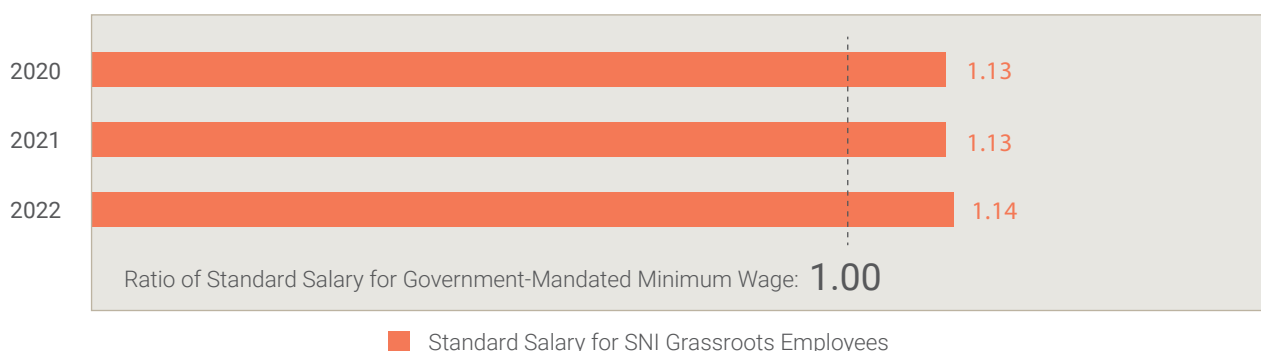


3.3 Employee Compensation and Benefits

Employee Compensation

To attract and retain more outstanding talents, SNI has established a system that offers salaries and incentive bonuses exceeding legal requirements. The "Compensation and Benefits Management Regulations" are specially formulated to comply with the Labor Standards Act and the Gender Equality in Employment Act. Salaries are not differentiated by gender, race, religion, political stance, marital status, etc. Each year, performance assessment serves as a reference basis for compensation and promotion. It also takes into account the company's annual operational performance and individual job performance, providing year-end bonuses, performance bonuses, and salary adjustments. Article 28 of the company's articles of association stipulates that no less than 3% of profits for the year shall be allocated as employee remuneration. In addition, the company regularly reviews the range of salary and benefit measures in the market, making rolling adjustments and corrections, so that more outstanding talents are willing to work together with the company to create sustainable value.

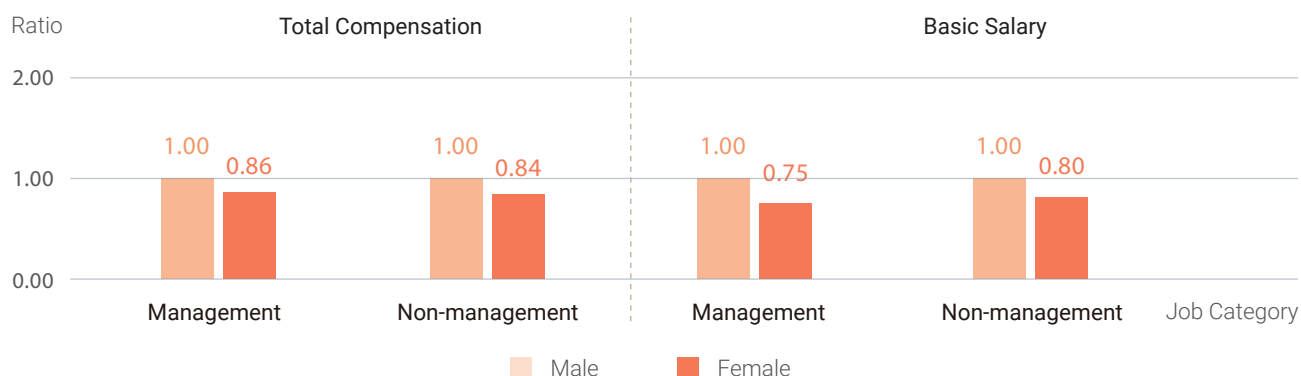
Ratio of Standard Salary for SNI Grassroots Employees to Government-Mandated Minimum Wage



Note:

1. Ratio = Standard Salary for SNI Grassroots Employees / Government-Mandated Minimum Wage.
2. Grassroots employees refer to direct personnel, i.e., production line workers.
3. Standard wages for SNI workers (outsourced and dispatched) all comply with the Labor Standards Act.

Average Basic Salary and Compensation Ratios of Female and Male Employees by Job Grade in 2022



Note:

1. Management refers to supervisors at or above the team leader level (excluding projects), while non-management refers to employees other than management.
2. The difference in the female-to-male basic salary ratio is due to the higher proportion of males in management positions, and the higher proportion of females among on-site operators.
3. Calculation Method: Basic salary is every month; total compensation includes monthly salary, employee remuneration, year-end bonuses, and performance bonuses.

Ratio of Highest Compensation to Employee Annual Total Compensation in 2022

	Taiwan
Annual Total Compensation Ratio	7.44
Salary Growth Ratio	1.21

Note:

1. The calculation of employee annual total compensation does not include employees who have not worked for the full year.
2. The highest-paid individual at SNI is the General Manager.
3. Annual Total Compensation Ratio = Annual Total Compensation of the Highest-Paid Individual / Median Increase in Annual Total Compensation for All Employees (excluding the highest-paid individual).
4. Salary Growth Ratio = Increase in Annual Total Compensation for the Highest-Paid Individual / Median Increase in Annual Total Compensation for All Employees (excluding the highest-paid individual).

Diverse Benefits

In addition to valuing human capital, SNI also places a strong emphasis on employees' physical and mental well-being. It provides a comprehensive and diverse benefits system and creates a high-quality and friendly workplace environment, allowing colleagues to maintain a balance between work and life. Moreover, SNI organizes a variety of activities and courses to enrich colleagues' lives and cultivate their interests, allowing them to showcase the unique qualities and talents of SNI personnel.

SNI conducts regular self-assessments to identify gaps in benefits, ensuring that colleagues can work in an environment without worries. Our specific measures for employee benefits include:

List of SNI Employee Benefits

Items	Contents
 Salary and Bonus System	Sound salary structure (monthly salary and year-end bonuses), performance bonuses, employee bonuses, patent bonuses, and work competition bonuses.
 Considerate Welfare System	Group product discount purchases, birthday/festival vouchers and gifts, marriage/birth/illness/hospitalization/emergency/funeral allowance, annual travel allowance, maternity childcare allowance, engagement leave, paid typhoon leave, flexible working hours system, meal allowance, shuttle bus, snack area, pre-accumulated special leave system, free on-site blind masseur services, employee cafeteria.
 Group Insurance	Employees are insured with group insurance (medical, accident, cancer, and life insurance) from their start date to their departure date. Employees can also opt to insure immediate family members and spouses at their own expense.
 Diverse Activities	Annual lively gathering with high-quality celebrity performances and festival events, club activities, health lectures, etc.

Activity Highlights



Snack Area



2022 Prosperous Year-End Banquet



Taoyuan Guanxin Seaweed Reef Ecological Education and Guided Tour Activity



Moon Festival Distribution of Pomelo Gift Boxes to Support Pomelo Farmers



Christmas Party



Outstanding Team Mini-Competition: Apple Tree Rating Competition Award Ceremony



SNI Confession Balloon



SNI Badminton Club



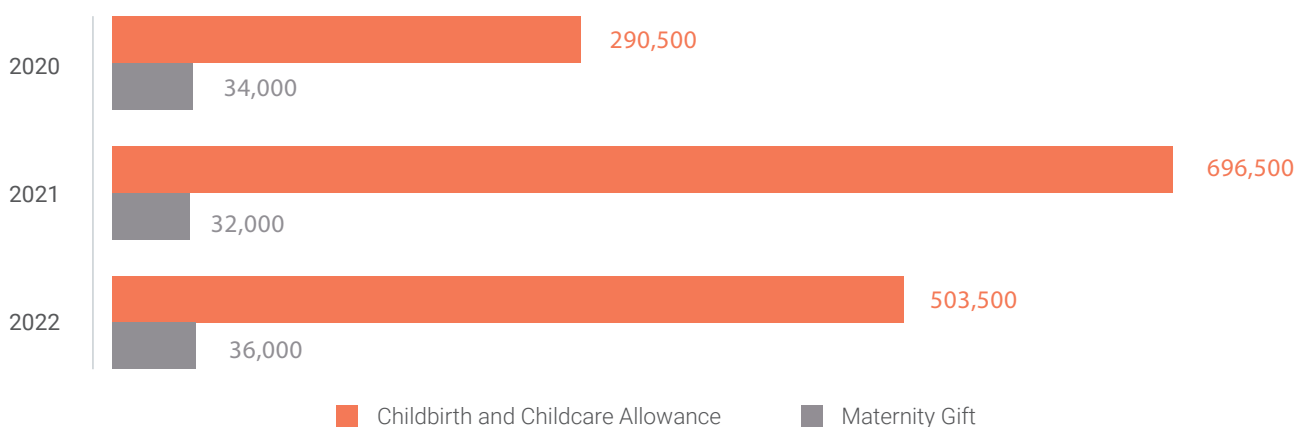
SNI Board Game Club

Encouragement of Birth and Parental Leave

To encourage employees' willingness to have children and to provide them with stable income after childbirth, thus reducing the economic burden of raising children, SNI has established the "Maternity and Childcare Allowance Subsidy Operation Regulations." This provides maternity benefits and subsidies for childbirth and childcare. Full-time employees who have been employed for at least 6 months can submit proof of childbirth within two months after the birth of their child. They are eligible to receive a monthly subsidy of NT\$3,000 until the child reaches three years old. If it is necessary to entrust the child to a government-registered childcare institution, and it is an institution approved by the competent authority of a municipality or county (city), such as a childcare center, kindergarten, workplace mutual assistance educational service center, or community public childcare home, an additional monthly subsidy of NT\$5,000 can be received until the child reaches three years old. When both spouses are employees of the company, they can apply simultaneously.

Subsidy Amounts for Encouraging Birth in the Past Three Years

Unit: NT\$



SNI adheres to the Labor Standards Act and Gender Equality regulations, ensuring gender equality and protecting the working rights of employees with childcare responsibilities. It actively fosters a high-quality environment that balances work and family life for its employees, enabling them to excel in the workplace and cultivate fulfilling family lives. It explicitly outlines the reinstatement rights of colleagues on parental leave. In addition to providing aesthetically pleasing and discreet lactation rooms, dedicated parking spaces for pregnant employees are also available.



Lactation Room

Parental Leave Statistics in the Past Three Years

Unit: persons

Item / Year	2020			2021			2022		
Gender / Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Eligible Applicants for Parental Leave A	75	32	107	64	36	100	59	40	99
Number of Actual Parental Leave Applications in the Year B	1	7	8	0	6	6	4	9	13
Number of Employees Expected to Return to Work after Parental Leave in the Year C	1	7	8	1	4	8	1	9	10
Number of Employees Returning to Work after Parental Leave in the Year D	0	3	3	1	3	4	1	5	6
Number of Employees Returning to Work after Parental Leave in the Previous Year E	0	3	3	0	3	3	1	3	4
Number of Employees Continuing to Work for One Year after Returning from Parental Leave in the Previous Year F	0	2	2	0	0	0	1	3	4
Parental Leave Return Rate in the Year %(D/C)	0.00%	42.86%	37.50%	100.00%	75.00%	80.00%	100.00%	55.56%	60.00%
Parental Leave Retention Rate in the Year %(F/E)	NA	66.67%	66.67%	NA	0.00%	0.00%	100.00%	100.00%	100.00%

Note: Eligibility for parental leave is defined as employees who applied for maternity or paternity leave in the past three years.

Diverse Communication

SNI has established a diverse internal communication platform and channels, such as the Employee Welfare Committee, labor-management meetings, and various seminars, to immediately understand employees' suggestions and improvement directions for the company. In addition to strengthening internal communication, the company also timely conveys its operational status and development direction, ensuring that company information is conveyed, accurately, and promptly, and advocating for employees' rights that exceed legal norms.

The company regularly holds discussions at various levels, aiming to facilitate transparent two-way communication. This helps us understand employees' suggestions and improvement directions for the company. We promptly provide feedback and address any questions to enhance overall operational efficiency. Each year, we assess the company's operational status and direction, making adjustments to the communication mode with internal staff. This ensures that company information is conveyed consistently, openly, swiftly, and accurately.

Item	Target	Method	Frequency
Dimensions: Corporate Policy Aspect (Mainly for Promoting Company Policies and Business Objectives)			
High-Level Executive Management Meetings	Department-Level and Above Executives	Department-Level and Above Executives Discuss and Communicate Strategy Directions	Weekly
Departmental Meetings	Employees within the Department	Policies and Objectives to Departmental Colleagues and Review Goal Attainment Status	Monthly
Labor-Management Meetings	Labor and Management Representatives	Discuss Labor and Management, Related Matters	Quarterly
Environmental Safety and Health Meetings	Environmental Safety and Health Committee Members in Each Department	Discuss Environmental Safety and Health Related Matters	Quarterly
Foreign Employees Symposium	Foreign Employees	HR/General Affairs Units Communicate Directly with All Foreign Employees, Promote Company Policies, and Address Issues Raised by Foreign Employees	Monthly
Industry-Education Collaboration Student Symposium	Industry-Education Collaboration Students	HR Communicates Directly with All Industry-Education Collaboration Students, Promotes Company Policies, and Addresses Issues Raised by Students	Monthly
Dimensions: Welfare Matters Aspect (Mainly for Announcing Company Welfare Policies and Relevant Internal HR Messages)			
EIP Webpage	All Employees	EIP	Ad hoc
HR Newsletter SNI Bulletin	All Employees	e-mail	Quarterly
SNI Welfare Website	All Employees	e-mail	Ad hoc
Employee Welfare Committee	Members of the Welfare Committee in each department	Welfare Matters Discussions	Ad hoc
HR PORTAL	All Employees	Online Suggestion Box	Ad hoc
Physical Suggestion Box	All Employees	Physical Suggestion Box	As needed

Employee Exclusive Feedback Mailbox

SNI provides all employees with an accessible communication channel. It has set up an employee-exclusive feedback and complaint mailbox to provide colleagues with an unimpeded channel for suggestions. This enables a quick and comprehensive understanding of employee needs and suggestions, thereby adopting and aligning with employee sentiments. It also assists colleagues in addressing and resolving issues. In 2022, the Employee Feedback Mailbox was used 13 times, and all related matters were processed.



The SNI Feedback Mailbox provides a mechanism for timely feedback.



Christmas Party

Foreign Employee Care Group

SNI, recognizing the challenges faced by foreign employees who are far from home and have different cultural backgrounds, not only holds a monthly meeting for foreign employees but also arranges for interpreters to announce company policies and address issues raised by foreign employees. SNI takes a proactive approach by forming a Foreign Employee Care Group and provides a dedicated mailbox for foreign colleagues (migrant@senao.com) for them to directly voice work and life-related issues, ensuring that employee concerns are addressed promptly.

Clearly defined notice period for labor changes

To safeguard the employment rights of all employees, SNI complies with government regulations. It adheres to Article 16, Paragraph 1 of the Labor Standards Act, which stipulates advance notice of contract termination. This is explicitly promised in the company's work rules. In cases where significant changes in company operations may affect labor rights, employees who have served for over three months but less than one year are given notice 10 days in advance; those who have served for over one year but less than three years are given notice 20 days in advance; and those who have served for three years or more are given notice 30 days in advance. Additionally, by Article 16, Paragraph 3 of the Labor Standards Act, if the employer terminates the contract without giving the legally required notice period, the wages for the notice period will be provided.

Employee and Labor-Management Agreements

SNI currently does not have a collective bargaining agreement in place, but to safeguard employees' rights to freedom of association and collective bargaining, it provides a transparent channel for communication and ensures that employee opinions or issues can be addressed promptly. A labor-management meeting is held quarterly with representatives from both sides. Human resources department heads also attend relevant meetings to exchange opinions on various issues, ensuring open communication to promote harmonious labor relations. In 2022, a total of four meetings were held for the 5th term of the labor-management meeting, with five representatives from each side. Special discussions and explanations were conducted on labor-related issues such as occupational safety, education and training, compensation for work-related injuries or illnesses, and welfare matters, to ensure the protection of employees' relevant rights.

Complete Retirement System

Employee Retirement Pension

An appropriate retirement system not only provides employees with a basis for life planning and basic post-retirement financial security but also enhances their dedication to service while employed. Taking into account factors such as years of service and age, appropriate retirement conditions are planned. Employees can apply based on their circumstances and pre-plan their retirement time. SNI has established comprehensive employee retirement management regulations by the Labor Standards Act. Furthermore, a committee for supervising employee retirement preparations has been established in compliance with government regulations. Retirement funds are allocated monthly and stored in an account under the name of the Employee Retirement Preparations Supervision Committee at the Central Trust of Taiwan, ensuring the retirement life of each colleague is taken care of.

Since the implementation of the "Labor Pension Act" by the government on July 1, 2005, SNI provides a 6% monthly salary contribution to the personal retirement pension accounts of employees who choose to apply under this act. Under the old system, a retirement fund was contributed at a rate of 2% of the total monthly salary, which was stored in a special account in the name of the Labor Pension Supervisory Committee at a Taiwan bank. This is sufficient to meet the retirement needs of employees under the old system.

New and Old System Retirement Pension Statistics

Unit: \$NTD1,000

Item / Year	2020	2021	2022
New System Retirement Pension (Recognized Retirement Fund Cost)	35,556	38,514	43,195
Old System Retirement Pension (Allocated Determined Benefit Obligation Present Value)	49,852	44,004	41,421

Retirement Planning

Through the improvement of the retirement system, the company can implement a plan for bringing in new blood and cultivating successors. It can also proactively plan to provide lectures suitable for colleagues who meet retirement conditions, such as financial planning and retirement life. This allows colleagues to increase their retirement wealth and have a healthy lifestyle in retirement, enjoying life after retirement. They can travel around, enjoy their twilight years, and savor retirement.

Every year, the list of colleagues eligible for retirement is reviewed. Reminders are sent to colleagues approaching retirement to facilitate early retirement preparation. Human resources planning and succession planning are carried out in advance. Seminars on financial planning, retirement life, and travel planning are held irregularly to enhance colleagues' retirement wealth management capabilities, allowing them to enjoy life after retirement.

3.4 Talent Development and Cultivation

SNI believes that talent cultivation is one of the most important aspects of building human capital for a company. We not only value employee education and training but also emphasize the future development of talents. Various seminars and training sessions are continuously held to enhance employees' professional abilities, strengthen the leadership and management capabilities of the management team, and improve operational performance.

To enhance the effectiveness of education and training, a Training and Performance Management System was introduced in September 2022. A project team was formed to conduct system testing and process integration. It is expected to officially launch the electronic system in 2023. Through this system, the company can more effectively conduct talent training and development, incorporating performance evaluation methods such as OGSM, OKR, KPI, and more.

The introduction of this system can reduce labor-intensive tasks such as performance aggregation and customer audits, making related work easier and more efficient. Secondly, with the assistance of the system, the company can create a "cycle of talent training and high-agility performance development," effectively combining talent development planning and performance management. This not only provides a more convenient and intuitive tool for employees to participate in and benefit from training and development activities but also enhances the company's competitiveness.

Through clear goal-setting and assessment mechanisms, employees will have a better understanding of their development direction and will be able to apply what they have learned in their work. This will help to stimulate employees' work motivation and creativity and promote the overall growth and development of the organization. SNI actively introduces the Training and Performance Management System, providing a better tool and process for education and training, facilitating the effective integration of talent training and high-performance development, and jointly creating a more successful future for the company and employees.

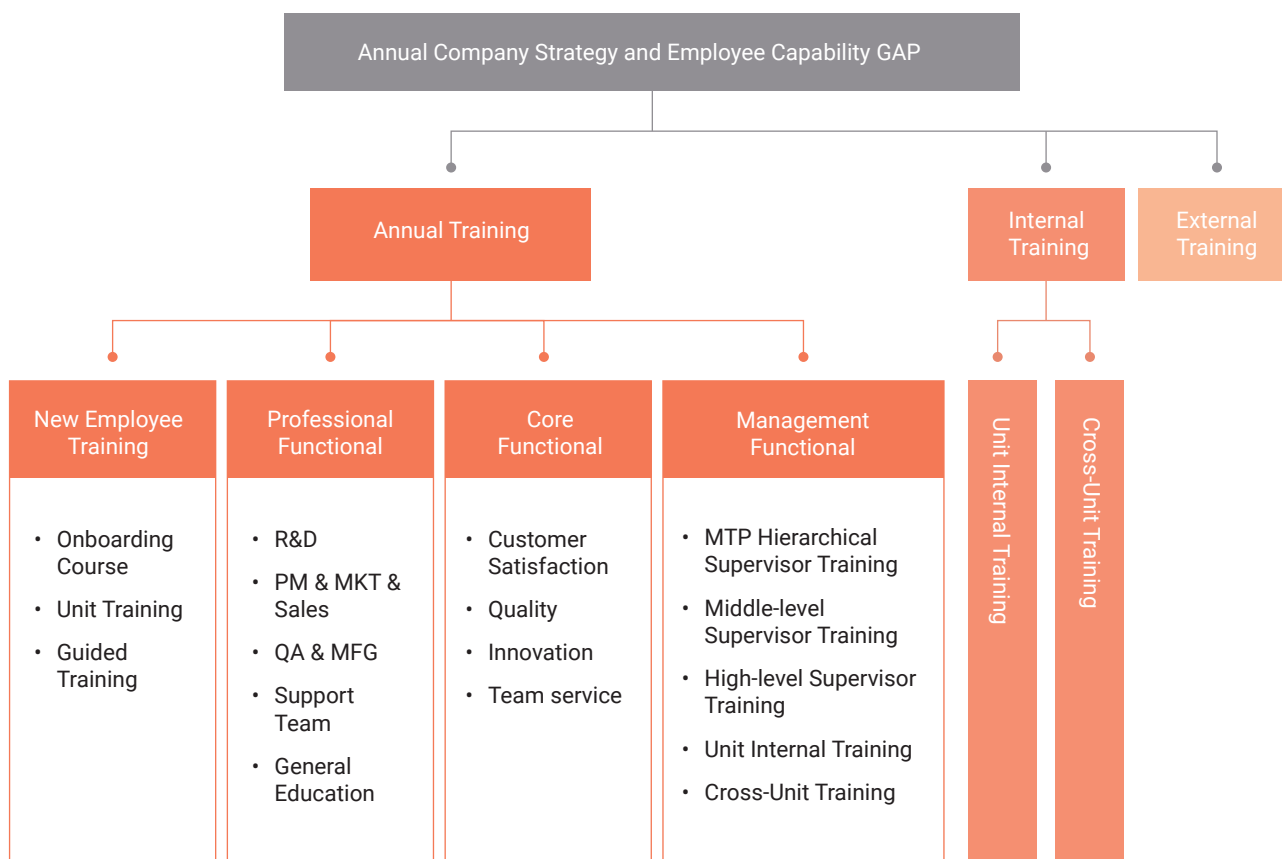
Comprehensive Education and Training

SNI places great importance on talent cultivation. By establishing a company training system, education, and training are provided to employees at all levels and positions to continuously strengthen their professional abilities. Various seminars and training sessions are held to enhance employees' professional skills and knowledge, thereby improving operational performance. To enhance the quality of training and evaluate the effectiveness of training, the education and training plan for this year is formulated based on the indicators of the Taiwan Train Quality System (TTQS) - PDDRO step development. This includes planning, design, execution, and outcome evaluation of training, monitoring, auditing, and feedback throughout the process.

We believe that by establishing a more complete talent development system and strengthening the connection between planning and results, the company's education and training system will be more comprehensive, building stronger human capital for the company.

According to the company's annual strategy and the competency gap among colleagues, the training system is divided into new employee training, professional functional training, core functional training, and management functional training. Professional functional training is further divided into R&D, PM & MKT & Sales, QA & MFG, Support Team, and general education training. The training units will design relevant courses for each academy's professional field to provide employees with further education. This helps avoid redundant unit training and enables program planning and a transparent training learning stack, among many other benefits.

1. **New Employee Training:** Facilitates new employees' familiarity and adaptation to the company and enhances their professional knowledge and skills.
2. **Professional Functional Training:**
 - Assists employees in developing work expertise and compliance with regulatory requirements. It solidifies employees' professionalism. Through annual training plans and Lessons Learned, professional knowledge is passed down in various departments, achieving knowledge management.
 - Assists employees in developing language proficiency and second specialty through self-improvement, including language courses and self-study in the computer Office. Emphasis is placed on personal growth, learning, and various seminars on work management.
3. **Core Functional and General Education Courses:** Establishes correct attitudes and team consensus among employees in their work. Core functional training unifies employee goals. Through general education courses, employees construct a professional cooperative team, achieving efficient support and rapid response to achieve goals.
4. **Management Functional Training:** Assists supervisors at all levels in enhancing their management and leadership capabilities. This includes training for grassroots supervisors (MTP) and seminars for high-level executives, establishing a common management language.



SNI, based on annual goals, human resources strategies, and actual needs of various units, formulates the company's "Annual Training Plan." Since 2017, efforts have been made to increase the average training hours for various types of employees. Since 2019, all types of employees are required to receive training for at least 3 hours per year (regardless of gender), which is included in performance evaluations. In 2022, the average training hours for full-time employees were: 5.30 hours for males and 3.40 hours for females. The lower hours for females are because many R&D personnel are male, resulting in more education and training hours for males.

In terms of employee training, we will continue to review and improve and are committed to creating a comprehensive and high-quality training system. Through the company's efforts to create a comprehensive training system and provide employees with diverse learning channels, we aim to strengthen their soft and hard skills. This enables them to apply these skills fully in daily life and work, continuously creating a high-quality talent team and enhancing the company's overall core competitiveness.

Furthermore, we pay special attention to enhancing the professional capabilities of operators and dispatch personnel. Therefore, we have planned relevant training courses and raised the target for average training hours to 8 hours. We firmly believe that by increasing training time, colleagues will be able to develop stronger professional skills and techniques and apply them to their work to achieve outstanding performance. This increase in targets reflects SNI's commitment to human resources and also demonstrates the company's care and support for all employees. We firmly believe that through continuous improvement and enhancement of the training system, every colleague will be able to grow and progress and demonstrate excellent abilities and performance in their work.

SNI holds annual strategic planning meetings to generate company strategies. Subsequently, units with corresponding responsibilities develop annual plans for their departments, and then formulate annual learning and development strategies based on unit needs to assist in achieving the company's strategic goals. Due to the impact of the pandemic in 2022, SNI replaced some physical courses with online formats to ensure uninterrupted learning despite the pandemic. In 2022, a total of 80 physical and online courses were offered, covering a wide range of topics including R&D, management, processes, environment and safety, computer skills, quality, legal affairs, and others. The total number of participants was 2,601, with a total training time of 7,397 hours, and approximately NT\$ 338,000 were invested in training.

Average Training Hours per Employee

Unit: Hours/Persons

Year/ Category/ Gender		2020			2021			2022		
		Total Employees	Total Training Hours	Average Training Hours	Total Employees	Total Training Hours	Average Training Hours	Total Employees	Total Training Hours	Average Training Hours
Management Level	Male	112.00	1,483.00	13.24	118.00	1,214.70	10.29	138.00	991.50	7.18
	Female	33.00	401.00	12.15	34.00	255.50	7.51	37.00	285.00	7.70
General Employees	Male	308.00	2,293.00	7.44	291.00	2,505.40	8.61	411.00	2,608.50	6.35
	Female	193.00	1,752.00	9.08	203.00	2,004.60	9.87	263.00	1,398.00	5.32

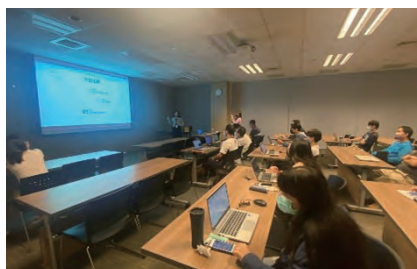
Average Training Hours per Employee

Unit: Hours/Persons

Year/ Category/ Gender		2020			2021			2022		
		Total Employees	Total Training Hours	Average Training Hours	Total Employees	Total Training Hours	Average Training Hours	Total Employees	Total Training Hours	Average Training Hours
Operators	Male	105.00	210.00	2.00	153.00	306.00	2.00	210.00	420.00	2.00
	Female	424.00	848.00	2.00	413.00	826.00	2.00	473.00	946.00	2.00
Dispatched Personnel	Male	129.00	258.00	2.00	25.00	50.00	2.00	492.00	984.00	2.00
	Female	76.00	152.00	2.00	13.00	26.00	2.00	389.00	778.00	2.00

Note:

1. Management level refers to supervisors at or above the team leader level (excluding project positions), and general employees refer to employees excluding both management and operators.
2. The average training hours for each category and gender in the current year = Total training hours for each category and gender in the current year / Total number of employees in each category and gender in the current year.



Google Forms Application Course



Master Class: SNI Elite Academy Course



Master Class: Factory Management Practice

Employee Performance Evaluation

All SNI employees undergo regular competency development assessments. Each year, all employees undergo performance assessments twice. Supervisors evaluate employees based on their goal achievement, project execution, four aspects of job behavior management and contribution, and job behavior development plans. Additionally, for those with unsatisfactory assessments in the performance improvement tracking process, immediate supervisors conduct "performance feedback interviews" and guide improvement. The HR department handles this according to the "Performance Appraisal Management Regulations".

To ensure the efficiency of the performance appraisal process and reduce resource wastage, SNI has digitized the performance appraisal process, conducting operations through an online performance appraisal system. In terms of promotion, standardized assessments encourage employees' job performance, ensuring that all employees have equal development opportunities. In 2022, 100% of SNI employees received regular performance assessments.

3.5 Occupational Health and Safety

SNI deeply recognizes that corporate operations are not only about profit but also about preventing occupational hazards and providing a safe and high-quality work environment for employees. Safety and health management is a crucial foundation for sustainable business operations. We consistently implement the existing environmental health and safety management systems ISO 14001/ISO 45001 in the plant, encouraging employees to propose improvements.

SNI hopes that all employees can work with peace of mind and return home safely, aiming for zero accidents in the plant. SNI also continuously refers to the ISO 31000 risk assessment model, conducting annual assessments of high-risk and significant environmental considerations. This is done to define the environmental and occupational safety and health objectives for the following year, formulating prevention and mitigation measures for such risks based on their respective risk assessments.

In 2022, the "Hazard Identification and Environmental Consideration Risk Assessment Guidelines" were revised to conduct risk re-identification assessments throughout the plant according to five dimensions: human, machine, material, method, and environment.

Environmental Safety and Health Policy

1. Comply with domestic environmental safety and health regulations to ensure that internal and external communication.
2. Saving the earth's resources and reduce the environmental impact of products to teach the goal of non-hazardous substances.
3. Continue to promote recycling and reuse, reduce the environmental load.
4. Implement the training of environmental safety and health, and disseminate the policy, strengthen management of suppliers, contractors.
5. Automatically checks to eliminate unsafe acts and the environment to prevent accidents.
6. Creating safety and healthy environment, and achieving full participation.

Policy Communication

SNI's environmental safety and health policy is effectively communicated to stakeholders through the following channels:

- Posting at the entrance and exit of the plant.
- Unit environmental safety and health committee members assist in implementation.
- Implementation and promotion through environmental safety and health education and activities.
- Explanation, advocacy, communication, and coordination through contractor agreement meetings.
- Internal and external website promotion.

Environmental Safety and Health Management System

SNI's Hwaya Plant has passed the ISO 14001/ISO 45001 system certification and undergoes annual re-verification by third-party verification organizations to continuously improve and enhance environmental safety and health performance, ensuring that employees have a safe working environment.

SNI cultivates personnel responsible for the operation and management of the ISO 14001/ISO 45001 system. Through regular internal audits of the environmental safety and health management system, areas for improvement are identified to enhance the efficiency of the system. The goal is for SNI to achieve environmental protection and disaster prevention.

To comply with government legal requirements and fulfill the commitment to occupational safety and health, SNI voluntarily underwent external verification of the OHSAS 18001 Occupational Health and Safety Management System in 2011. In 2020, it completed the transition to ISO 45001:2018 and passed third-party verification to ensure its effectiveness.

The scope of ISO 45001:2018 certification covers SNI's Hwaya Plant, excluding the Nangang (R&D Center) and Taoyuan Plant (small-scale production lines with fewer than 50 employees). The employees of Hwaya Plant account for approximately 77.02% of SNI's global workforce (1,532 employees out of 1,989 worldwide). These employees, including both staff and non-staff workers, fall under the coverage of the Occupational Health and Safety Management System.



ISO 14001:2015
Environmental Management
System Certificate
Valid until: 2025/05/02



ISO 45001:2018 Occupational
Health and Safety
Management System
Certificate
Valid until: 2026/07/24

Environmental Safety and Health Committee

SNI's Hwaya Plant has an Environmental Safety and Health Committee. The General Manager serves as the Chief Commissioner, and the committee is composed of unit managers, environmental safety and health personnel, and labor representatives. Labor representatives are elected by employees and account for more than one-third of the total committee members. This committee serves as a communication platform for environmental, safety, and health issues between labor and management.

The Environmental Safety and Health Committee is designed to review, coordinate, recommend, and supervise all matters related to environmental, safety, health, etc., across the entire company. The committee convenes at least once every quarter, holding a total of four meetings in 2022. In addition to tracking ESH performance, these meetings serve as a platform for discussing the implementation of newly revised SOPs (e.g., hazard identification and environmental risk assessment guidelines), contract management, various external issues, as well as promoting awareness and conducting investigations and improvements for minor injuries within the factory. The committee also addresses ESH policies, objectives, accident investigation analysis, and the effectiveness of improvement measures. Both labor and management can propose relevant ESH suggestions during these meetings to facilitate continuous improvement.

Percentage of Labor Representatives in the Environmental Safety and Health Committee

Item / Year	2020	2021	2022
Total Committee Members (PPL)	18	18	19
Labor Representatives (PPL)	7	7	7
Labor Representative Percentage (%)	39	39	37

Hazard Identification and Risk Assessment

SNI follows the PDCA spirit of the ISO 45001 management system to conduct risk and opportunity assessments, thereby promoting continuous improvement. We have a dedicated unit responsible for operating the ISO 45001 management system and promoting it. Each year, we conduct hazard identification and risk opportunity assessments in collaboration with various departments and labor representatives. Before implementation, a pre-job meeting is convened to communicate risk precautions and assessment methods to various units. Seed personnel then conduct hazard identification and risk opportunity assessments. After completion, the assessments are reviewed a second time by the occupational safety and health personnel to ensure accuracy and effectiveness. This is done to understand the environmental safety and health risks that may exist in operational activities and to control and improve these risks.

In addition to regular assessments, SNI collects potential risks through daily inspections and an unobstructed internal reporting mechanism. When unacceptable risks are identified, measures are prioritized in the following sequence: elimination, substitution, engineering controls, administrative controls, personal protective equipment, etc. This is based on factors such as existing technical capabilities and available resources to implement effective risk control measures and protect employee health and safety.

In the event of an accident, an accident investigation and review are initiated. Corrective and preventive measures are proposed, and the internal risk assessment is corrected based on the frequency and severity of the accident to ensure its accuracy.

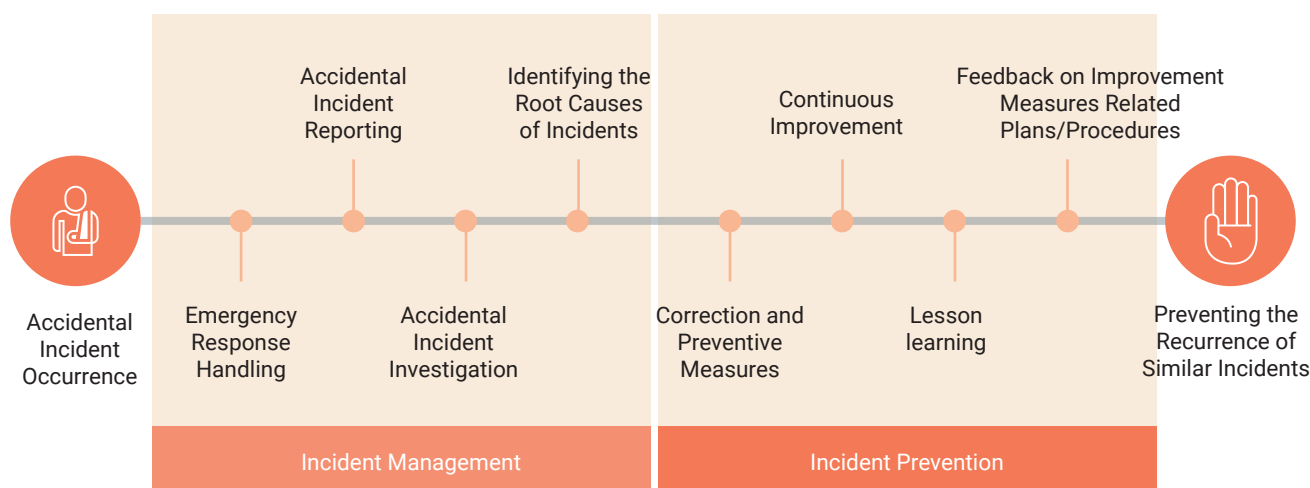
In 2022, the "Hazard Identification and Environmental Consideration Risk Assessment Guidelines" were revised. Representatives of each responsibility unit fill out the "Hazard Identification and Risk Assessment Form" and "Environmental Consideration Form". Based on the assessment results, risk improvement measures are formulated, and necessary risk control measures are implemented. Specific operational procedures are explained in the table below:

Item	Content
Scope	Within SNI's Environmental Safety and Health Management Operations System, all aspects related to areas, activities, services, and operations are included.
Type	• This encompasses operational activities that may cause harm or have an impact on individuals or the environment, requiring hazard identification and risk assessment procedures. • Methods for assessing risks include factors such as human factors, illegal intrusion, abnormal workloads, age, maternity protection, and contracted operations, which may pose risks.
Frequency	These assessments are conducted annually, with immediate assessments triggered by changes in company management procedures, new disasters, or incidents.
Method	• Hazard Identification: Personnel first analyze potential activities and fill out the hazard identification form in the risk assessment and environmental consideration table. This analysis includes activities conducted by the unit, as well as outsourcing or contracted operations, which should also be taken into account and documented. • Risk Assessment and Environmental Consideration: Responsible personnel directly fill out the risk assessment and environmental consideration table after hazard identification. If there are significant environmental considerations, high-risk tables should be completed, and appropriate control measures should be implemented by opportunity risk management regulations.
Results and Measures	In 2022, a total of 333 occupational safety and health-related risks were assessed, consisting of 4 high, 45 medium, and 284 low-risk items. • High-Risk Incidents: High-risk incidents are addressed by formulating relevant plans and objectives through the ISO 45001 management system to improve and control risks. • Moderate and Low-Risk Incidents: Medium and low-risk incidents are managed through continuous monitoring and improvement methods to ensure that risks do not recur.

Accident Investigation and Improvement

SNI strongly advocates the three principles of self-protection, mutual protection, and supervision. It has established the "Occupational Safety and Health Management Regulations," which explicitly state that "when performing duties, if there is an immediate risk of danger, operations may be stopped and workers may withdraw to a safe location, without jeopardizing the safety of other workers. An immediate report must be made to the immediate supervisor." Once the hazard factor is eliminated, operations can resume, and no disciplinary action will be taken.

To reduce injuries and risks after accidents occur, the company has implemented a comprehensive accident investigation and improvement management system. When an accident occurs, the accident unit reports it, and based on the severity of the event, it is categorized for investigation. Corresponding incident investigation teams are formed, and investigations are completed within specified timeframes based on the requirements of different incidents. Following the investigation results, strict control and implementation of corrective and preventive measures are conducted. Before implementation, a risk assessment is completed to ensure that the post-improvement occupational safety and health risks are reduced to acceptable levels, preventing similar accidents from recurring. Through internal communication mechanisms, injuries, illnesses, or accidents that have been processed are communicated to departments and their employees, achieving the goal of accident prevention.



Contractor Safety and Health Management

SNI entrusts certain construction and equipment maintenance operations to contractors, involving collaborative work situations. Therefore, safety and health management is not only implemented for employees but also for contractors. As a result, SNI has established "Contractor Operation Management Regulations," which include the contractor's commitment to environmental protection and safety, construction safety and health requirements, hazard factor notification, operation risk assessment, and compliance with relevant environmental safety and health laws and internal company regulations. This is to ensure the safety of contractor operations, prevent occupational accidents, environmental pollution, and other incidents, and safeguard the safety and health of contractor workers and SNI colleagues, as well as maintain equipment and factory area safety. The management regulations also include a penalty point system for contractors. The occupational safety unit conducts annual evaluations of contractors based on violation records. In 2022, there were no instances of violation points for SNI contractors, and there were no cases of public injuries or accidents involving SNI contractors.

Occupational Safety and Health and Emergency Response Training

To reduce the occurrence of occupational accidents, all new employees and contractors are required to undergo general safety and health education training to understand SNI's occupational safety and health regulations. They are also provided with relevant training for engaging in legally specified special operations. Periodic in-service education and training are conducted by legal requirements. Additionally, emergency response exercises for potential workplace emergencies, such as first aid and fire drills, are conducted.

SNI employees receive specialized education and training based on their different job responsibilities. The training is conducted by professional instructors, and participants are subject to assessment. The company strictly requires individuals participating in education and training to undergo relevant assessments. Those who do not meet the assessment standards are not permitted to perform related tasks. Education and training programs include chemical operations, the operation of legally hazardous machinery and equipment, and operations defined within the company that requires education and training.

Occupational Safety and Health-Related Education and Training

Unit: People-time

Item / Year	2020	2021	2022
General Safety and Hazard Awareness	298	213	425
Occupational Safety and Health Personnel	3	0	6
First Aid Personnel (Initial Training)	0	0	1
First Aid Personnel (Refresher Training)	6	14	0
Ionizing Radiation Safety Protection (Initial Training)	0	5	1
Ionizing Radiation Safety Protection (Refresher Training)	0	0	0
Organic Solvent Operation Supervisor (Initial Training)	0	1	1
Organic Solvent Operation Supervisor (Refresher Training)	5	5	0
Forklift Operator for Loads Over One Ton (Initial Training)	1	0	0
Forklift Operator for Loads Over One Ton (Refresher Training)	0	5	0
Contractor General Safety and Hazard Awareness	224	435	222

Internal EHS Promotion Area

SNI has established an internal EHS exclusive webpage for employees to access environmental safety and health information, the latest activities, databases, and e-system operation instructions in real time. Through a lively design, employees can easily access the information they need. This platform also serves as a platform for exchanging environmental safety and health information among various plant areas.



Internal EHS Exclusive Area Webpage



Internal EIP Exclusive Healthcare Zone Webpage

Emergency Response

To enhance employee safety awareness and emergency response capabilities, SNI conducts two fire drills annually, which include fire drill reporting and plant-wide evacuation drills. Simulating disasters in these exercises significantly increases employee awareness of hazards and their ability to respond to emergencies. SNI has established regulations for emergency response plans and business continuity plans. By establishing response procedures and involving all personnel, the company strengthens personnel training through actual drill exercises to review and improve response procedures, enabling the plant to respond calmly to sudden accidents.

In 2022, there were 41 participants in the fire drill reporting and a total of 1,190 participants in the plant-wide evacuation drill.



Plant-wide evacuation drill



Incident Reporting Team Drill

Emergency Response-Related Training

Unit: persons

Item / Year	2020	2021	2022
Fire Safety Training	159	160	41
Emergency Response Commander	17	17	8
Emergency Response Team	159	160	41
Emergency Response Exercise	159	160	41

Safety and Health Performance

SNI places great importance on the safety and health of the work environment. Through risk assessment techniques, management and improvements are made for high-risk areas and operations. Change management requirements are handled with caution and rigor to implement a safety culture, allowing employees to recognize the importance of safe operations.

In 2022, the recordable occupational injury rate for SNI employees was 0.36, with no deaths or serious occupational injuries. The number of recordable occupational injuries for employees was one, primarily due to an incident where an object fell and injured the right shoulder of an employee. Although the injury was minor, the employee was advised to seek medical attention for a musculoskeletal assessment. The diagnosis was a contusion, and the employee took 3 days off to recover, receiving a full salary for public injury leave. After recovery, the employee returned to the original position, and assistance was provided for insurance claims. Ongoing efforts will continue to strengthen on-site safety operation promotion and management to prevent similar accidents and ensure the safety and health of employees.

In 2022, there were no occupational accidents involving non-employee workers.

Occupational Safety and Health Performance Summary in 2022

Category	Item	Employees	Non-Employee Workers
Total Work Hours	Female Total Experienced Work Hours	1,427,110.00	339,510.00
	Male Total Experienced Work Hours	1,331,699.00	432,392.00
	Total Experienced Work Hours	2,758,809.00	771,902.00
Recordable Occupational Injuries (Including Deaths and serious Occupational Injuries)	Female Total Recorded Occupational Injuries (Occurrences)	1	0
	Male Total Recorded Occupational Injuries (Occurrences)	0	0
	Total Recorded Occupational Injuries (Occurrences)	1	0
Recordable Occupational Injury Rate (Including Deaths, Serious Occupational Injuries)	Female Total Recorded Occupational Injury Rate	0.70	0
	Male Total Recorded Occupational Injury Rate	0	0
	Total Recorded Occupational Injury Rate	0.36	0

Note 1: Data does not include commuting accidents for employees.

Note 2: Recordable Occupational Injury Rate = Number of Recordable Occupational Injuries (Including Deaths, Serious Occupational Injuries) / Work Hours * 1,000,000

Note 3: The total experienced work hours were 3,530,711.00 actual hours.

Incident Date	Accident Cause	Preventive Measures
2022/8/10	- Incident Details: During the operation, a personnel's right shoulder was injured when the ceiling became fragile due to a pipeline leak and subsequently fell. - Root Cause Analysis: The indoor fire exhaust pipe lacked a backflow prevention valve, leading to condensation in the pipeline and causing the ceiling to weaken and eventually fall.	Clean up standing water repair the ceiling, and proceed with the installation of backflow prevention doors for the exhaust pipes to prevent condensation and weakening of the ceiling.

Employee Health Management

Employee health is the most valuable asset of the company. SNI is committed to providing employees with comprehensive health care and safeguarding their physical and mental well-being. We believe that with healthy employees, the company can maintain its competitiveness!

Firstly, we prioritize creating a healthy working environment. We conduct regular observations of the work site to improve the environment and prevent occupational diseases.

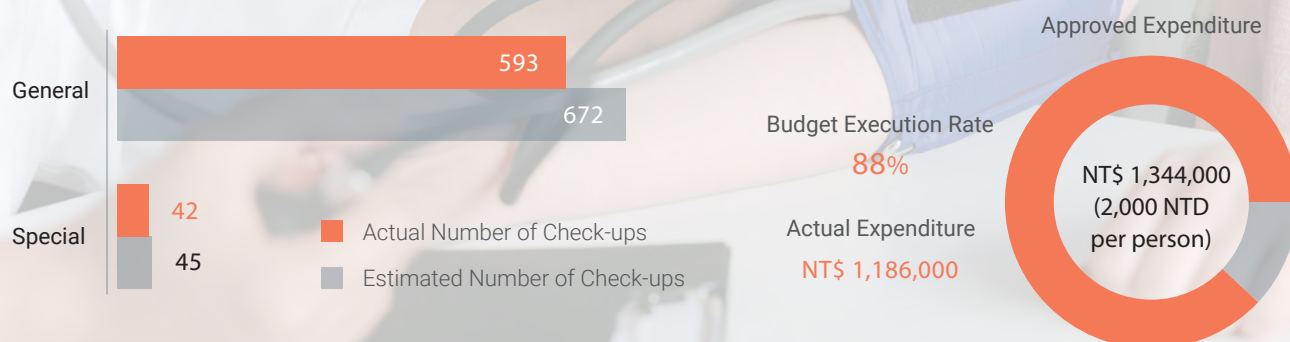
In addition, we place great emphasis on the physical and mental well-being of employees and listen to their voices. SNI has set up an employee clinic to provide professional medical consultations and psychological counseling services. We understand the health status and needs of our employees. In 2022, we collaborated with Country Hospital to provide on-site services. Specialized physicians were hired to provide health consultation services three times a month, offering professional and immediate medical services and consultations, totaling 108 hours in 2022.

Through a well-established employee health management system, we have built a complete database of employee health information to enhance the effectiveness of health management. We also continuously promote the concept of prevention being better than cure. This is actively implemented through posters and health promotion seminars, cultivating correct health concepts among employees and encouraging them to adopt a healthy lifestyle, thereby creating a healthy and happy workplace environment.

By relevant regulations of the Occupational Safety and Health Act and protective measures from the Ministry of Labor, we have formulated the Implementation Regulations for Labor Health Management, Workplace Maternal Health Management Regulations, Human Factor-Induced Hazard Prevention Management Regulations, and Abnormal Workload-Induced Disease Prevention Management Regulations. We monitor employees who belong to high-risk health groups. The company's health monitoring adopts a tiered management system, providing regular health check-up services for employees engaged in special and general operations. In 2022, a total of 593 employees completed general health check-ups. In addition to the statutory items, the following examination items were added to comprehensively care for employee health. A special addition was the "Median Nerve Ultrasonic Examination," which can detect carpal tunnel syndrome early. Currently, all employees are normal. Additionally, 42 employees underwent special health examinations for special work areas involving n-hexane. None were classified as level three or level four health management personnel. All results were either normal or had some abnormalities, which were determined by the doctor to be unrelated to their occupation. In 2022, SNI did not have any cases of occupational diseases.

Health Check in 2022

Eligibility for Subsidy: Full-time employees with one year of service or more



Additional Examination Items:

Pancreatic Cancer CA19-9 / Ovarian Cancer Check CA125 (Female) / Prostate Cancer Check PSA (Male) / Hepatitis C Virus Check Anti-HCV / Bladder Prostate sonar (Male) / Pelvic Sonar G.Y.N (Female) / Lactate Dehydrogenase LDH / Creatine Phosphokinase CPK / Risk Factor / Cardiovascular and Cerebrovascular Elasticity Test / Stress Index Check / C-Reactive Protein Check / Rheumatoid Factor / Helicobacter pylori Serum Antibody / Median Nerve Ultrasonic Examination



Ministry of Health and Welfare, National
Health Insurance Administration - Healthy
Workplace Certification
Certificate Validity Period:
2022/01/01 ~ 2024/12/31

Health Lectures and Activities

In addition to regular health check-ups, SNI invites professionals from various fields to conduct a variety of lectures, allowing colleagues to gain knowledge of preventive medicine. Since 2021, Hwaya Plant's has launched "Light and Healthy Meals" to provide employees with a diverse selection of meals, ensuring they eat with peace of mind and joy, with no health burden.

In 2022, a total of two online health lectures were held.

3.6 Social Inclusion

SNI cares for society, actively gives back to the community and local communities, proactively understands the voices and needs of stakeholders, and actively participates in social welfare and activities in neighboring communities with employees. This integrates with the community's development and harmony. We actively promote environmental education, cultivate green living concepts among employees, advocate for environmental education, and promote conservation and ecological protection of community culture, environment, and natural ecology. We create a healthy, environmentally friendly living environment and cultural heritage in the community, allowing SNI, employees, and the community to grow together and fulfill corporate social responsibilities.

Park Environmental Supervision

SNI's Hwaya Plant is located in the Hwaya Science Park. We regularly participate in meetings of the Park Environmental Quality Supervision Committee to pay attention to environmental audits in the park, including vendor wastewater discharge, autonomous checks, and external audits of park rainwater channels, as well as responses to related environmental protection issues from the surrounding community, such as reports of garbage odor, air pollution, and water quality of drainage. SNI values environmental quality. In addition to self-regulation, we work together with enterprises in the park to jointly maintain environmental quality and protect the neighborhood environment.

In 2022, we participated in a total of four Park Environmental Meetings.



Industry-Academia Collaboration

SNI places great emphasis on the overall cultivation and accumulation of young talents. Through "industry-academia collaboration and cultivation," SNI encourages the seamless transition of young students into the industry, promoting early awareness of industrial trends among students. SNI provides opportunities for corporate visits and technical cooperation, allowing students to understand SNI's core values and cutting-edge product technology.



Visit Panshi High School, Hsinchu, and Datong High School, Taipei to SNI.

In 2022, SNI's switch team, acting as technical consultants, collaborated with the "Sonic Boom" team led by Professor Lai Yu-Kun of Chung Yuan Christian University. The team participated in the Mobileheroes Communication Contest, renowned in the industry as the "Oscars of Communications." Their project, titled "SONiC 3: Combating Malicious Traffic," focused on detecting and analyzing abnormal network traffic. They received the "Special Jury Prize"

Participation in the 2022 Industrial Bureau Mobileheroes Communication Contest - Connectivity Innovation Challenge

Awarded the Special Jury Prize: SONiC 3: Combating Malicious Traffic

Contest Year	2022
Team Name	Sonic Boom
Team Members	Yang Yun-Xin, Chen Yi-Sheng, Wei Qi, You Zhong-Xin, Gu Xiu-Wen
Team Number	C220087



Team Summary

In computer networks, most of the data transmission traffic comes from a small number of "elephant flows." Sonic also refers to the SONiC system and "Speedy Kid." The team name signifies our mission to go beyond the speed of sound to combat elephant flows and malicious traffic. The team consists of graduate students from the Computer Networks and Systems Laboratory of Chung Yuan Christian University, who have been focusing on abnormal network traffic detection and analysis. Participating in the communication contest allowed us to think about how to enhance the commercial value of the project in the field of business. We hope to have the opportunity to collaborate with companies in the future to commercialize this technology, deploy the system in data centers or ISPs, and apply for patents.

Key Highlights

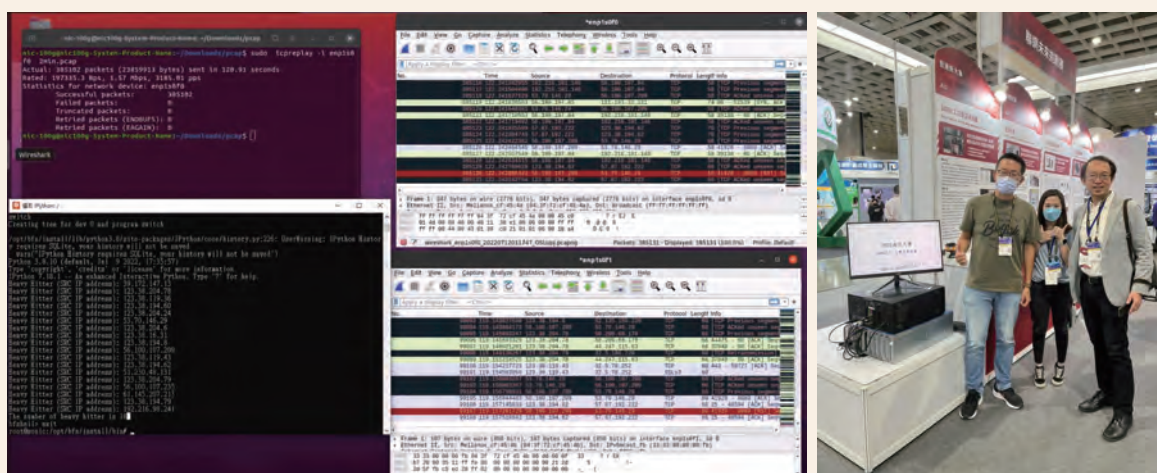
- Utilizing the mainstream open-source SONiC network operating system.
- Maintaining high-speed packet processing performance.
- Real-time detection of large traffic to avoid network congestion.

Description of the Work

In large-scale core networks of telecommunications, traditional CPU-based malicious traffic detection methods have proven insufficient when faced with a large volume of high-speed network traffic. While ASICs can address and resolve a large number of network packets, they face the challenge of rising costs.

This work uses the SONiC open-source network operating system as the Control Plane. This system supports various ASIC chips and various white-label switches, effectively reducing enterprise procurement and maintenance costs. Coupled with the Intel programmable network switch ASIC (Intel Tofino 2 series), it provides network developers with a unique pipeline architecture for high-speed packet processing. It can also use the P4 high-level programming language to write the behavior of its data plane. Therefore, this work implements the sketching algorithm on the Intel Tofino 2 ASIC, using SONiC as the control plane and P4 as the data plane. At a line rate of 100Gb/s, it can monitor traffic faster and more accurately, thereby detecting abnormal large traffic (Heavy Hitters) on the network.

We hope to deploy this work in actual data centers and ISPs for testing, providing real-time detection of abnormal network traffic, and identifying information security services for large-scale DDoS attacks. This will address the threats and damage caused by these attacks.



Source

Industrial Bureau Mobileheroes Official Website 



Public Welfare Care

Neighbors are better than distant relatives. SNI, in line with its civic duty, exerts its utmost effort in carrying out community care work. We encourage SNI personnel to care for those in need around them, fully embodying the spirit of "helping others in need." We implement the concept of "taking from the community, using for the community," and carry out the work of promoting kinship and harmony in the community. SNI combines the deep cultivation of employees in local culture, promotes purification of the spiritual level, advocates environmental education, aids the poor in the community, and offers opportunities for work to vulnerable groups. We actively participate in various charitable and public welfare activities, contributing to the company's effort to care for society.

Promoting Employment Opportunities for Persons with Disabilities

SNI upholds the spirit of sustainable social inclusion of enterprises and responds to the government's "1+1 Disability Employment Assistance Program." We attach importance to job opportunities for vulnerable groups, aiming to provide more job opportunities for people with physical and mental disabilities. Since August 2016, a free "Massage Station" has been established in the headquarters of Wah Yea, SNI's parent company, to relieve employees' daily work fatigue. In 2022, SNI hired two visually impaired massage therapists.

The massage therapists at the headquarters of Hwaya Plant's provided services to 277 people, and those at the Taipei office provided services to 340 people.

Public Welfare Activities



Mid-Yuan Festival donation of supplies to "Hong-Hua Child Care Institution" in Dayuan, Taoyuan. Even while carrying out the Mid-Yuan Festival, SNI does not forget to do public welfare. We hope to let love continue and let supplies have greater value.



Subscribed to nearly 2,000 boxes of Taiwan's local pomelos for the Mid-Autumn Festival, supporting local agricultural products in Taiwan.



Participation in the "Guided Tour Project" by the Taoyuan City Government's Marine Affairs Bureau: Environmental Education Activity on Observing New Algal Reefs (How to Protect the Millennium Algal Reefs, a National Treasure).

On average, it takes 10 years to grow 1 centimeter, and the oldest is estimated to be about 7,500 years old. In addition to nurturing rich natural ecology, rare algal reefs also have carbon fixation functions. The New Algal Reef is designated as a wildlife protection area. SNI specially arranged ecological education experiences during working hours, combined with the government's guided tour project, allowing more colleagues to learn to love and cherish the earth's environmental resources.

4 Sustainable Governance

Material Topics

Corporate Governance 、 Regulatory Compliance

Action Plan

1 /

Establishing an 「Audit Committee」

2 /

100% New Hires Signed the Code of Ethics in 2022

Strategy / Objectives

Short-term (1-3 years)

- External performance evaluation of the Board of Directors and functional committees.
- Ongoing maintenance of "exceeds standards" director training courses.
- 2023 Board of Directors' performance evaluation: Maintained "exceeds standards."
- Conduct three physical and online legal education and training sessions annually to enhance legal awareness for all members.
- Publish a monthly legal column to promote updates on significant domestic regulations, U.S. patent infringement cases, and trends.
- Weekly tracking of major domestic legal amendments through newsletters to stay informed about regulatory developments.

Medium to long term (3-5 years)

- Establishment of a functional committee named the "Sustainable Development Committee".

Sustainability Contributions in 2022

Performance Results

6%-20%

In the 9th Corporate Governance Evaluation, the ranking of over-the-counter (OTC) companies improved from 6% to 20%.

100%

100% of the board members completed director training hours in 2022.

100%

The average attendance rate of all board members (including proxy attendance) at quarterly board meetings in 2022 was 100%.

100%

In 2022, 100% of all new personnel signed the Code of Ethics.

12 newsletters

A total of 12 legal column newsletters were published in 2022.

4 seminars

Four legal-related education and training seminars were held in 2022.

Internal performance assessments of the board of directors and functional committees in 2022 all achieved a "better than standard" rating, indicating overall good operation.

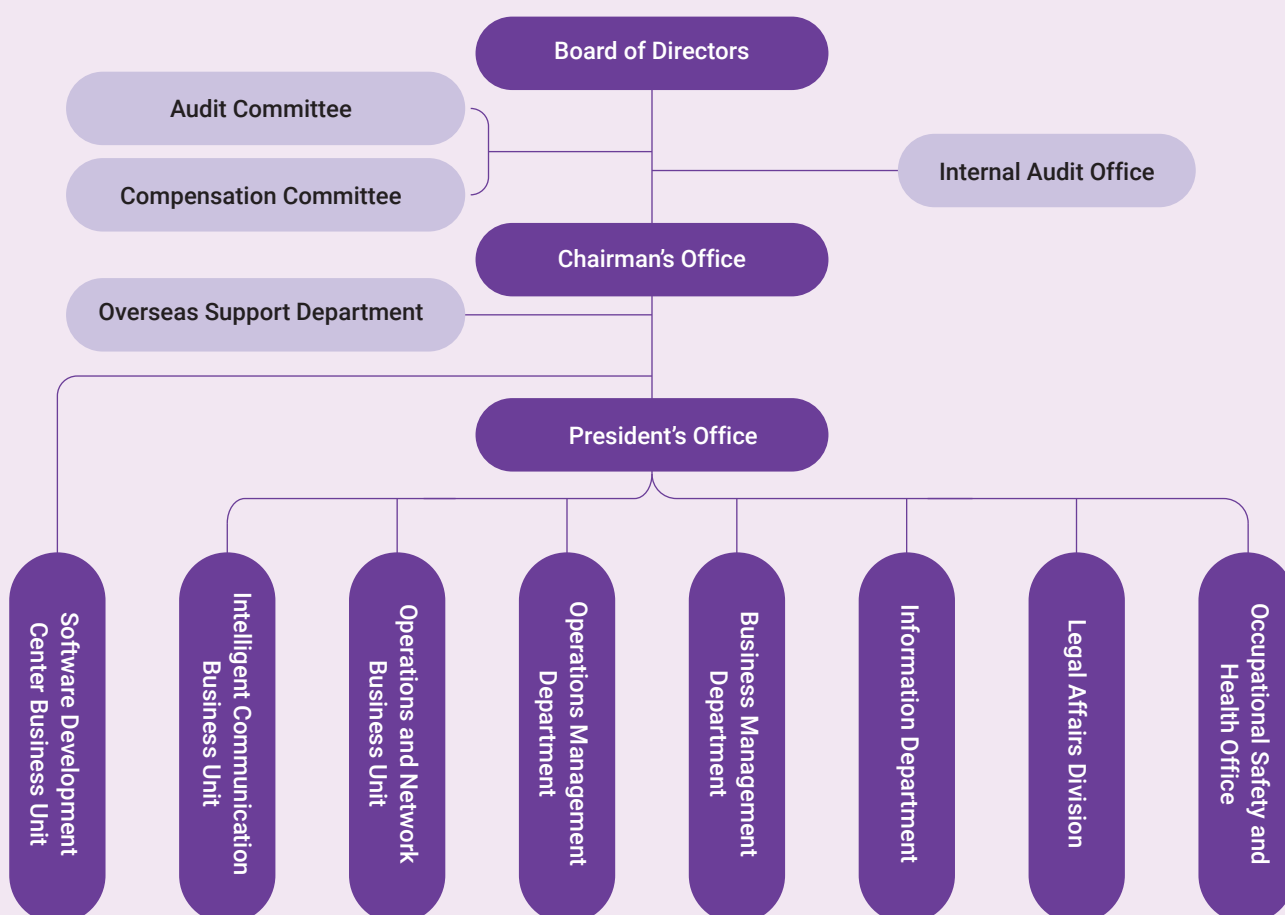
In 2022, there were no significant violations of social or economic regulations, and no fines were imposed.

4.1 Corporate Governance

SNI adheres to the Company Act, Securities and Exchange Act, Commercial Accounting Act, relevant regulations for listing on stock exchanges, and other laws related to commercial activities. It establishes the company's articles of incorporation and organizational structure, with the Board of Directors serving as the highest governance level. The company also maintains a neutral stance on public policies and refrains from making financial and material political contributions, as part of its commitment to conducting business with integrity.

SNI believes that a sound and efficient board of directors is the foundation of good corporate governance. Based on this principle, the Supervisors and Remuneration Committee established under the Board of Directors should assist the Board of Directors in carrying out its supervisory duties respectively, and the Chairman of the Remuneration Committee reports regularly to the Board of Directors on its activities and resolutions. The Board of Directors also plays a supervisory and guiding role in promoting the company's overall strategy for sustainable management. Every year, the Chairman of the ESG Committee reports to the Board of Directors on the current year's performance results and future work plans.

SNI Corporate Organizational Chart



Note: For the main business of each major department of SNI, please refer to page 7 of "SNI's Annual Report in 2022", or refer to URL on MOPS:
https://mops.twse.com.tw/mops/web/t57sb01_q5



Board of Directors

SNI is committed to improving corporate governance. Board members are elected by the shareholders' meeting. According to the "Company Charter," the nomination system for candidates for directors and supervisors is based on the Company Law. Elections are conducted using the cumulative voting system. In June 2022, the directors were nominated by the board of directors. By diversity goals, seven candidates were recommended by the board of directors, and the seventh board of directors was elected by the shareholders' meeting, totaling 7 members, who took office on June 17, 2022, with a term until June 16, 2025. Mr. Wen-Ho Tsai, the chairman, does not concurrently hold the position of the company's general manager.

To ensure good corporate governance of the board of directors, Article 15 of the "Board of Directors Meeting Regulations" establishes a system for directors to avoid conflicts of interest: "Directors who have a conflict of interest with the agenda items, whether for themselves or on behalf of legal persons they represent, shall explain the significant content of their conflict of interest at the current board meeting. If there is a risk of harm to the company's interests, they shall not participate in the discussion and voting and should abstain from discussion and voting. They shall not act as proxies for other directors to exercise their voting rights." In addition, Article 23 of the "Company Bylaws" specifies that the company may purchase liability insurance for its directors, supervisors, and key officers, and has been purchasing liability insurance for directors and supervisors annually since 2007. For situations without the need for conflict-of-interest avoidance in the 2022 board meeting, please refer to pages 24-28 of "SNI's Annual Report in 2022" for other disclosures of conflicts of interest. For disclosures of directors holding positions in other companies and major shareholder ownership, please refer to pages 9-11 of "SNI's Annual Report in 2022".

Board Diversity Policy

SNI adheres to the principle of employing the best talents to implement board diversity. The selection criteria for directors and supervisors are not limited by gender, nationality, or race. They should possess good moral character, industry experience, and professional backgrounds in fields such as knowledge to establish a sound board structure. For details regarding the qualifications, education, professional knowledge, and independence status of the seventh-term directors, please refer to pages 9-13 of "SNI's Annual Report in 2022".

Note: Please refer to URL on MOPS:

https://mops.twse.com.tw/mops/web/t57sb01_q5



In the seventh term, SNI appointed seven directors, four of whom are male and three are independent.

In 2022, the board of directors held a total of six meetings, with an average attendance rate of 98% for directors. The directors actively discussed the agenda items at the board meetings and regularly monitored the passed resolutions. For agenda items that involved conflicts of interest with directors, the directors abstained from the relevant discussions based on high ethical standards.

Director Training Status

In addition to possessing integrity and extensive industry-related experience, the members of SNI's board of directors participate in director and supervisor training courses to continuously enhance their knowledge and capabilities, thereby maintaining their core values and professional advantages.

In 2022, a total of seven individuals participated in courses related to the digital economy era, information security risks, and corporate strategy execution, with a total participation time of 48 hours. In the future, more courses on sustainable issues related to economics, environment, and human rights will be arranged for directors.



Note: Please refer to URL on MOPS:

<https://mops.twse.com.tw/mops/web/t100sb07>

Board Performance Evaluation Mechanism

To implement corporate governance and enhance the effectiveness of the board of directors, SNI has established the "Board of Directors Performance Evaluation Method," which includes an internal performance evaluation conducted annually and an external performance evaluation to be conducted once every three years. These evaluations cover the performance of the board of directors, individual board members, and functional committees.

In 2022, the internal assessment of "Board of Directors Performance" consisted of 37 evaluation indicators across five dimensions, "Board Member Performance" consisted of 23 evaluation indicators across six dimensions, and "Functional Committees" consisted of 20 evaluation indicators across five dimensions. All evaluation results were rated as "exceeds standard," and the report was presented to the board of directors on February 24, 2022. The external performance evaluation is scheduled to be conducted in 2023.

Functional Committees

Audit Committee

The sixth-term directors' term expired on June 17, 2022, and three supervisors also concluded their term on the same day. Under the "Securities Exchange Act" and the "Regulations Governing the Exercise of Powers by Public Companies' Audit Committees," SNI established the "SNI Audit Committee Organizational Rules" in 2022 to oversee the supervision of the company's financial statements, the selection (dismissal) of certified public accountants and their independence and performance, the effective implementation of internal controls, the company's compliance with relevant laws and regulations, and the management of existing or potential risks.

On June 17, 2022, Mr. Shih Guang-hsun, the seventh-term independent director, was appointed as the convener of the company's first Audit Committee, with Mr. Chang Yi-min and Mr. Chen Hui-yu serving as members of the first-term Audit Committee.

The Audit Committee convened a total of two meetings in 2022, and the attendance rate of the members was 100%. For details, please refer to pages 23-24 of "SNI's Annual Report in 2022."

Remuneration Committee

Under Article 14-6 of the Securities Exchange Act, and to implement corporate governance and improve the remuneration system for directors and executives, SNI established the Remuneration Committee on October 13, 2011, and formulated the "SNI Remuneration Committee Organizational Rules." The Remuneration Committee may, by resolution, appoint lawyers, accountants, or other professionals to conduct necessary audits or provide consultations on matters related to its exercise of authority.

On June 17, 2022, Mr. Shih Guang-hsun, the seventh-term independent director, was appointed as the convener of the company's fifth-term Remuneration Committee, with Mr. Chang Yi-min and Mr. Chen Hui-yu serving as members of the fifth-term Remuneration Committee.

The Remuneration Committee convened a total of four meetings in 2022, and the attendance rate of the members was 100%. For details, please refer to pages 30-31 of "SNI's Annual Report in 2022."

To strengthen corporate governance and improve the remuneration system for executives, SNI has established the "Regulations on Organizational Levels and Management Compensation." The compensation of the management team is determined with careful consideration of individual performance, in addition to company operational performance and future risks, reflecting the achievements of individuals and the team, to attract, motivate, and retain talent. Considering sustainable development management, the performance strategy goals of the General Manager also encompass sustainable issues such as professional competence and strategic alliances with academia.

Considering sustainable development management, the performance strategy goals of the General Manager also encompass sustainable issues such as personnel's professional capabilities and strategic alliances with academia. Additionally, to uphold the spirit of corporate governance, SNI approved the seventh-term independent directors to receive fixed compensation on August 4, 2022, and they do not participate in the annual allocation of director remuneration.

Management-Level Compensation

Unit: \$NTD 1,000

Item / Year	2020	2021	2022
Management-Level Compensation	61,506	56,787	78,854

Note: Management level includes directors and personnel at the rank of deputy general manager and above. Compensation includes annual salary, bonuses, special allowances, business execution expenses, and dividends.

SNI's Compensation Policy

In years when the company generates profits, it shall allocate employee remuneration not less than three percent, and director remuneration not more than three percent, with independent directors not participating in the distribution of director remuneration. However, when the company has accumulated losses, an amount for recovery shall be reserved. The recipients of the employee remuneration distribution may include employees of subsidiary companies who meet certain conditions, which shall be determined by the board of directors.

- **Director and Independent Director Remuneration:**

The remuneration is determined by the Remuneration Committee, based on their level of involvement and contributions to the company's operations, taking into consideration industry norms. Regardless of profit or loss, the director's remuneration may also be provided based on industry standards, in addition to reimbursing expenses incurred. Independent directors receive fixed compensation and do not participate in the allocation of annual director and supervisor remuneration.

- **Executive Remuneration:**

The salary compensation for General Managers and Deputy General Managers includes salary, bonuses, employee dividends, other allowances or subsidies, retirement pay, pension, stock options, restricted or treasury stock, etc. The Remuneration Committee conducts regular assessments and reviews of their salary compensation, which is then submitted to the board of directors for discussion. It requires the agreement of more than half of the attending directors in the board of directors meeting.

To promote the human resources concept of "Enterprise-wide Ownership, Business Results for All," attract and retain outstanding talents in technology, management, and marketing, and enhance market competitiveness, SNI has established the "Regulations on Compensation and Benefits Management."

Employee Compensation Principles:

- **Salary Structure Adjustments:** The salary structure for various positions is adjusted based on the following factors after obtaining salary survey data:Executive Remuneration:

- (1) Changes in market salary levels: Comparing the salary of company employees with the target market salary.
- (2) Expected salary adjustment: Comparing the expected salary adjustment of companies competing for talent.
- (3) Taiwan Consumer Price Index.
- (4) Company's compensation strategy and positioning.

- The salary structure is divided into additions and deductions as follows

- (1) Additions mainly include basic allowances, meal allowances, position allowances, attendance bonuses, supervisor responsibility allowances, responsibility allowances, transportation allowances, other allowances, and other additions (overtime pay, salary differentials, recommendation bonuses, patent bonuses, lecturer fees, overtime meal allowances).
- (2) Deductions include income tax, labor insurance premiums, national health insurance premiums, supplementary premiums, attendance deductions, and other deductions (such as temporary loan repayments, default deductions, court-mandated deductions, contractually agreed deductions, etc.).

Note: For compensation policies, please refer to page 21 of "SNI's Annual Report in 2022."

4.2 Integrity Management

SNI has established "Guidelines for the Adoption of Codes of Ethical Conduct" which clearly state that directors, supervisors, managers, and employees must uphold principles such as honesty, conflict of interest prevention, avoidance of personal gain, confidentiality responsibility, fair transactions, proper protection and use of company assets, compliance with laws, and encouragement to report any illegal or unethical behavior. This is to prevent unethical behavior and actions that may harm the interests of the company and shareholders.

SNI has also established the "Ethical Corporate Management Best Practice Principles," which explicitly prohibit bribery and extortion, the provision of illegal political contributions, improper charitable donations or sponsorships, and the offering or acceptance of any unreasonable gifts, hospitality, or other improper benefits. This is to prevent employees from sacrificing the company's interests for personal gain and to establish a corporate culture of integrity, sound development, and ethical business operations.

In addition to the "Guidelines for the Adoption of Codes of Ethical Conduct" and the "Ethical Corporate Management Best Practice Principles," a "Code of Work Ethics" has been formulated. All new employees are required to sign it upon joining to ensure the company's anti-corruption spirit is upheld. There is also an "Insider Trading Prevention Procedure" in place to prevent improper disclosure of significant internal information that may affect stock prices, ensuring that all employees of the company adhere to the relevant regulations.

To ensure that employees fully understand the importance of integrity, training and advocacy sessions based on the company's Ethical Corporate Management Best Practice Principles and Guidelines for the Adoption of Codes of Ethical Conduct are conducted for board members, managers at all levels, and employees. This is to ensure that personnel at all levels understand the company's integrity provisions and principles and to prevent corruption incidents from occurring.

Note: For the Ethical Corporate Management Best Practice Principles, Guidelines for the Adoption of Codes of Ethical Conduct, Code of Work Ethics, and Insider Trading Prevention Operations Regulations, please refer to this link to SNI's company website:

<https://www.senaonetworks.com/investor-service/corporate-governance/>



Fair Trade

SNI deeply understands that compliance with competition laws is a crucial part of business activities. In 2022, no violations occurred. In the future, the company will continue to maintain its integrity by strictly adhering to fair trade regulations and laws in all aspects.

Adhering to the guiding principles of the Fair Trade Commission in establishing the "Antitrust Compliance Management Regulations" within the company.

The legal department subscribes to electronic newsletters related to unfair competition laws to stay updated on the latest trends in global competition laws.

During the review of business-related contracts, the legal department examines and filters clauses that may involve unfair competition.

Internally: Conducting education and training for employees on concepts related to unfair competition through the legal department or external parties.

Externally: Participating in seminars related to fair trade law amendments to adapt to relevant policies ensure compliance with legal requirements and stay informed about the latest trends and knowledge in global competition laws.



Whistleblowing, Complaint Mechanism, and Internal Controls

Since August 2017, a whistleblowing contact mailbox has been established on the company's website. On January 25, 2019, the Board of Directors passed the "Handling Procedures for Reporting Illegal, Unethical, or Non-Integrity Cases," and established a whistleblower protection system to strictly ensure the confidentiality of the whistleblower's identity and prevent retaliation.

SNI has not experienced any corrupt or unlawful incidents to date. The company will continue to make efforts to maintain its integrity, encourage dedicated service, and uphold a clean conscience. SNI continues to promote integrity and anti-corruption to board members, managers at all levels, and employees through channels such as the internal website, newsletters, and educational training.

Note: For details on the whistleblowing contact mailbox, please refer to this link to SNI's company website:

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



In 2021, the "Complaint, Reporting, and Suggestion Management Regulations" were promulgated, consolidating the avenues for employees, suppliers, customers, and stakeholders to lodge complaints, reports, and suggestions. It specifies the internal and external channels for complaints, the responsible units, the complaint handling mechanism, confidentiality, and prevention of retaliation, to maintain business ethics and ensure the implementation of integrity in operations.

SNI Whistleblowing, Reporting, and Suggestion Mechanism

Corporate Governance, Anti-Bribery and Anti-Corruption Reporting (Internal, External)	Labor Conditions, Occupational Safety and Health Precautions, Environmental Regulation Complaints, etc. (Internal)	External Reporting Channels
Tel : 03-3289289#5820 Email : illegal@sena.com No. 500, Fuxing 3rd Road, Guishan District, Taoyuan City - Internal Audit Office	Tel : 03-3289289#5801 Email : grievance@sena.com - Employee Suggestion Box at B1 Restaurant Entrance, Hwaya Plant's - Employee Suggestion Box at 8F Pantry, Nangang Office	- Ministry of Labor Complaint Hotline : 1995 - National Women and Children Protection Hotline : 113 - Anti-Corruption Reporting Hotline : 0800-007-007 - Environmental Pollution Reporting Hotline : 0800-066-666

Responsibility Units



Legal Affairs

Legal Affairs
Division

Human Rights

HR
DepartmentOccupational
Safety and HealthOccupational
Safety and
Health OfficeEnvironmental
ProtectionOccupational
Safety and
Health OfficeCorporate
GovernanceInternal Audit
OfficeOther ESG
IssuesBusiness
Management
Department

Note: For the Code of Conduct, Ethical Behavior Guidelines, Work Ethics Handbook, and Insider Trading Prevention Operations Regulations, please refer to this link to SNI's company website:

<https://www.senaonetworks.com/investor-service/corporate-governance/>



Internal Audit Office

To ensure the effective implementation of integrity in operations, SNI has established an effective accounting system and internal control system following the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "Regulations Governing Establishment of Internal Control Systems by Public Companies." Internal auditors in the Audit Office regularly review compliance with these systems.

The highest governance level at SNI is the Board of Directors, which has established an Audit Office responsible for auditing the company's management system and various operational processes. The Audit Office reports directly to the Board of Directors. The head of internal audit submits audit reports and follow-up reports to the Audit Committee for review every month. In the event of significant anomalies, the Audit Committee must be promptly notified. In addition, the head of audit and independent directors hold regular separate communication meetings each year, covering the progress of the annual audit plan and reports on internal control deficiencies.

In 2022, based on the audit plan approved by the Board of Directors: 40 audit plans were implemented, with 100% completion of improvements. The audit items included sales and receipts, procurement and payments, production, investments, real estate, and plant and equipment cycles, totaling 40 items. The objectives were to achieve operational effectiveness and efficiency, reliable reporting, timeliness, transparency, and compliance with relevant norms and regulations.

In 2022, there were no significant audit deficiencies, and no incidents related to dishonesty or corruption occurred. The declaration of the effectiveness of internal systems was approved by the Board of Directors on February 24, 2023.

2022 Integrity and Anti-Corruption Actions

Categories	Communication Methods	Number, Percentage
Board Members	Familiarization with the Code of Conduct, Ethical Behavior Guidelines, and Insider Trading Prevention Operations.	7 people, 100%
Employees	- New employees must sign the Work Ethics Handbook upon joining. - Internal webpage, electronic newsletter, and department meetings for dissemination.	1,532 people, 100%
Key Material Suppliers	All suppliers must sign the "Supplier Compliance with Material Quality and Delivery Standards Agreement," which includes punitive clauses prohibiting bribery, kickbacks, or providing undue benefits.	299 suppliers, 100%

Categories	Education and Training	Number, Percentage
Board Members	Awareness - "Code of Conduct, Ethical Behavior Guidelines, Insider Trading Prevention Rules": One-hour course attended by all 7 directors.	7 people, 100%
New Employees	New employee education and training (Anti-Corruption following RBA Code of Conduct).	578 people, 100%
Supervisors and Above Managers	Internal and external education and training courses related to integrity and anti-corruption issues, including "Trade Secrets and Practical Case Sharing." In 2022, a total of 152 individuals participated in courses, accumulating 331.5 hours of training.	152 people, 86.8%

Regulatory Compliance

SNI places great importance on compliance with all relevant laws and regulations. The legal department monitors significant domestic legal changes and trends weekly. Periodic online or in-person seminars are conducted to enhance employees' understanding of issues such as trade secrets, patents, corruption, and human rights, facilitating effective discussion and knowledge exchange.

Additionally, the legal department publishes a legal column at the end of each month, providing easily understandable and lively content through text and images to increase employees' interest and impression of legal issues. In 2022, the legal department issued a total of 12 columns, covering current topics, policy advocacy, as well as legal common knowledge in daily life.

In 2022, SNI had only one case of violation of the Labor Standards Act (resulting in a fine of NT\$50,000), which was promptly addressed with improvements and reinforced education and training for relevant personnel. There were no other incidents of non-compliance with social, economic, environmental, product laws/regulations, or integrity in business conduct.

Legal Column Newsletter

今 (2022) 年5月《跟蹤騷擾防制法》即將上路

Submitted by 103034 on 週一, 01/28/2022 - 16:24

👍

今 (2022) 年5月《跟蹤騷擾防制法》即將上路 (文/朱明庭Olivia Chu)

長榮大學為亞西亞科女大主建情報，耳東通訊行女店員報案稱其被騷擾.....，近期跟蹤騷擾案件頻傳，甚至出現死亡慘案。為此，立法院三讀通過《跟蹤騷擾防制法》（下稱：《跟騷法》），將於今 (2022) 年5月正式上路。

一、跟騷的四個要件、八個定義

《跟騷法》所規範的「跟騷行為」之構成要件有四：(1) 反覆或持續，(2) 違反其意願，(3) 與性或性別有關，(4) 使被害人心生恐懼並影響正常生活。

《跟騷法》明列出八項定義中的「跟騷行為」：

監視跟蹤

監視、觀察、跟蹤特定對象行蹤

租屋補助即將於8/31截止！

Submitted by 103641 on 週一, 06/08/2022 - 17:14

👍

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請大家！

七月的這檔專欄要介紹各位優秀青年們必須要知道的事情 - 租屋補助！(●'◡'●)~

租屋補助即將在8月底截止啦！大家都已經申請了嗎？

什麼什麼～居然還沒申請嗎，讓小編來告訴你申請需要具備什麼資格吧！

誰可以申請租屋補助？

- 每人每月平均所得標準
 - 在「台北」租屋：\$56,046以下/每人每月
 - 在「新北」租屋：\$47,400以下/每人每月
 - 在「桃園」租屋：\$45,843以下/每人每月
- 你和家人都沒有自有住宅
- 你和家人都沒有申請其他政府提供的住宅補貼

(還是不确定是否符合資格嗎？傳送門直接GO： [線上檢核補助資格及金額試算](#))

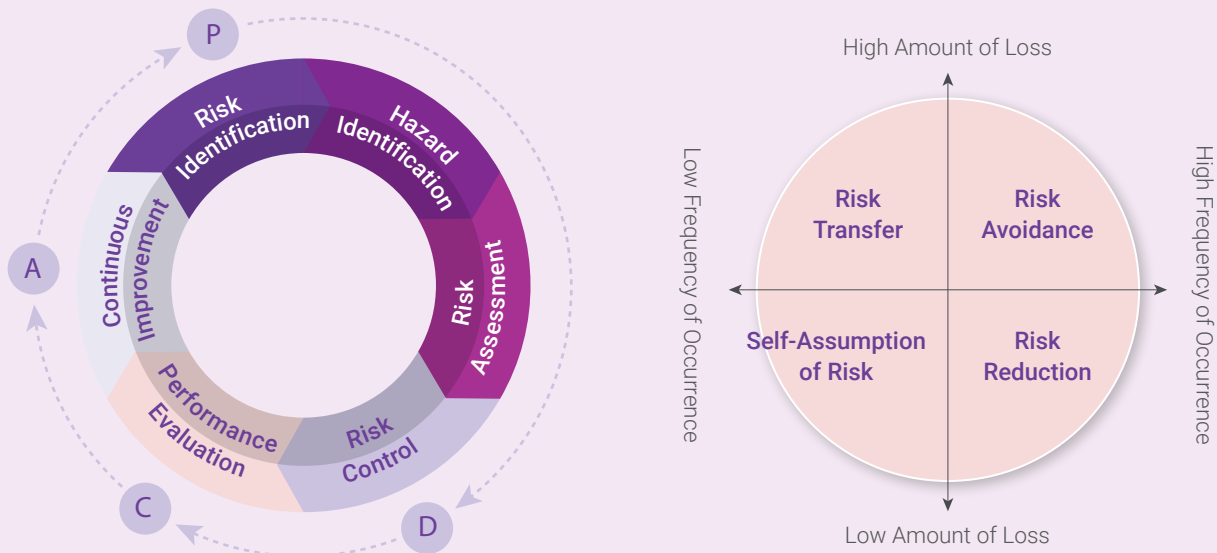
4.3 Risk Management

Because of the continuous occurrence of natural and man-made disasters, causing interruptions in business operations and tangible or intangible asset losses, which in turn affect industry supply chain supply and customer orders, SNI, to ensure continuous business operation, strengthen corporate governance, and ensure the steady operation and sustainable development of the company, serves as the basis for various risk management and execution. In terms of risk management, the "SNI Technology Co., Ltd. Risk Management Measures" was established and implemented in 2020 after being approved by the board of directors. Based on the respective unit's responsibilities, all units jointly participate in related risk control mechanisms to reduce losses or impacts due to risk impacts on the enterprise, and effectively grasp risk control when a crisis occurs. On November 4, 2022, it was reported to the board of directors that all types of risks were within controllable range and did not have a significant impact on SNI.

Risk Management Organizational Structure and Process



SNI Risk Management Process



Risk Identification

SNI completes risk identification according to the risk management process. The types of risks are described as follows.

Risk Types	Content
 Market Risk	Includes factors such as changes in the domestic and international economy, technological changes, and industry shifts that impact the company financially and operationally. Also, financial assets and liabilities (on and off the balance sheet) are subject to market risk factors (interest rates, exchange rates, stock prices, and commodity prices) that may fluctuate, resulting in financial losses.
 Credit Risk	Refers to the risk of loss incurred due to customers, suppliers, or other business counterparts (including correspondent banks) failing to fulfill their obligations due to deteriorating conditions or other factors.
 Liquidity Risk	Refers to the risk of being unable to realize assets or obtain financing for flexible use of funds, which may result in risk.
 Hazard Risk	Safety protection and emergency response pertain to the probability of significant hazard events and the risk of losses.
 Operational Risk	Refers to losses incurred by the company due to internal control failures, research and development quality control, improper or erroneous human resource management, and information system mismanagement.
 Legal Risk	Refers to the risk of being unable to enforce contractual obligations due to failure to comply with relevant laws and regulations, contracts lacking legal effectiveness, acts exceeding authority, non-compliance with norms, clause ambiguities, or other factors, potentially resulting in financial or goodwill losses.
 Other Risks	Refers to risks not covered by the above categories but may lead to significant losses for the company.

Risk Management Case

Operational Risk - Supply Chain Security Management

Originating from the 9/11 terrorist attacks, U.S. anti-terrorism measures. Enterprises that comply with WCO or equivalent supply chain security standards can become Authorized Economic Operators (AEO) certified by customs, enjoying expedited clearance benefits upon certification.

The AEO security certification system aims to establish a partnership between customs and enterprises, expedite safe and convenient cargo clearance, and provide preferential measures for certified partners, including the lowest document review and cargo inspection rates for import and export goods provided by customs in our country. In countries that have mutually recognized AEO with our country, the benefits of preferential import clearance through AEO can also be enjoyed.

SNI began promoting this initiative in May 2014 and was awarded the AEO Security Certification Quality Enterprise Certificate on January 27, 2016. In December 2021, SNI passed the external on-site verification conducted by Keelung Customs, receiving a permanent and valid AEO certificate. SNI will continue to promote AEO management, maintain relevant operational controls of the company, comply with relevant regulations, and meet customer requirements for secure trade in the supply chain, ensuring the safety of trade and cooperative relationships upstream and downstream in the supply chain.

Export and import units are responsible for the periodic implementation of various risk management operation projects to minimize the supply chain security risk and continue to promote AEO management for supply chain security, providing customers with the best service quality.



In 2021, Keelung Customs audited and confirmed SNI's compliance with the 3-year corrective action requirement and awarded SNI the permanent AEO certificate.

優質企業認證合格業者查詢

查詢合格業者 查詢合格名冊

統一編號	公司名稱
28496495	

查詢 清除

Ministry of Finance, Customs Administration-Certified High-Quality Enterprise Qualification Inquiry for SNI (Supreme Network International) [🔗](#)



Appendix

Appendix 1	GRI Content Index
Appendix 2	SASB Index-Technology & Communications/Hardware
Appendix 3	Climate-Related Information
Appendix 4	External Assurance Statement

Appendix 1:

GRI Content Index

GRI 2: General Disclosures: 2021

Statement of Use	SNI has reported the 2022 Sustainability Report in accordance with the GRI Standards (2021 year Edition) for the period from January 1 to December 31, 2022.
Used GRI Standard	GRI 1: Foundation 2021.
Applicable GRI Sector Standard(s)	None

GRI Standard	Disclosure	Corresponding Section	Pages	Omission/Explanation
Organizational Overview and Reporting Practices				
2-1	Organizational Details	1.1About Senao Networks Inc. (SNI)	27-30	
		1.2 Products and Services	31-38	
2-2	Entities Included in the Organization's Sustainability Reporting	About This Report	2-3	
		1.1About Senao Networks Inc. (SNI)	27-30	
2-3	Reporting Period, Frequency and Contact Point	About This Report	2-3	
2-4	Restatements of Information			
2-5	External Assurance			
Activities and Workers				
2-6	Activities, Value Chain, and Other Business Relationships	1.1About Senao Networks Inc. (SNI)	27-30	
		1.2 Products and Services	31-38	
		2.4 Promoting a Green Sustainable Value Chain	64-68	
2-7	Employees	3.2 Human Resources Overview	78-84	
2-8	Workers who are not employees			
Governance				
2-9	Governance Structure and Composition	4.1 Corporate Governance	113-117	
2-10	Nomination and Selection of the Highest Governance Body			
2-11	Chair of the Highest Governance Body			
2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	ESG Committee	9-11	
2-13	Delegation of Responsibility for Managing Impacts			
2-14	Role of the Highest Governance Body in Sustainability Reporting			
2-15	Conflicts of Interest	4.1 Corporate Governance	113-117	
2-16	Communication of Critical Concerns	ESG Committee	9-11	
2-17	Collective Knowledge of the Highest Governance Body	4.1 Corporate Governance	113-117	
2-18	Evaluation of the Performance of the Highest Governance Body			
2-19	Remuneration Policies			
2-20	Process to Determine Remuneration			
2-21	Annual Total Compensation Ratio	3.3 Employee Compensation and Benefits	85-91	

GRI Standard	Disclosure	Corresponding Section	Pages	Omission/Explanation
Strategies Policies and Practices				
2-22	Statement on Sustainable Development Strategy	Chairman's Message	4	
		Sustainable Development Management	5-7	
2-23	Policy Commitments	ESG Committee	9-11	
		3.1 Human Rights Management	75-77	
2-24	Embedding Policy Commitments	Sustainable Development Management	5-7	
		3.1 Human Rights Management	75-77	
2-25	Processes to Remediate Negative Impacts	Analysis and Management of Material Topics	11-21	
		3.1 Human Rights Management	75-77	
		4.2 Integrity Management	118-121	
2-26	Mechanisms for Seeking Advice and Raising Concerns	Stakeholder Identification and Communication	21-23	
		4.2 Integrity Management	118-121	
2-27	Compliance with Laws and Regulations	4.2 Integrity Management	118-121	
2-28	Membership Associations	External Organizational Involvement	24	
Stakeholder Engagement				
2-29	Approach to Stakeholder Engagement	Stakeholder Identification and Communication	21-23	
2-30	Collective Bargaining Agreements	3.3 Employee Compensation and Benefits	85-91	

GRI Standards: Material Topic

Category/Topic		Disclosure Content of GRI Standards	Corresponding Section	Pages	Omission/Explanation
GRI 3: Material Topics 2021	3-1	Process to Determine Material Topics	Analysis and Management of Material Topics	11-21	
	3-2	List of Material Topics			
	3-3	Management of Material Topics			
Economic Performance	3-3	Management of Material Topics	1. Sustainable Operations	25-26	
	201-1	Direct Economic Value Generated and Distributed	1.1 About Senao Networks Inc. (SNI)	27-30	
	201-4	Financial Assistance Received from Government			
Privacy and Information Security	3-3	Management of Material Topics	1. Sustainable Operations	25-26	
	418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	1.3 Information Security Management	39-42	
Customer Service and Satisfaction	3-3	Management of Material Topics	1. Sustainable Operations	25-26	
Green Innovation and Lifecycle Management	3-3	Management of Material Topics	2. Sustainable Future	45-46	

Category/Topic	Disclosure Content of GRI Standards		Corresponding Section	Pages	Omission/Explanation
Sustainable Supply Chain Management	3-3	Management of Material Topics	2. Sustainable Future	45-46	
	204-1	Proportion of Spending on Local Suppliers	2.4 Promoting a Green Sustainable Value Chain	64-68	
	308-1	New Suppliers That Were Screened Using Environmental Criteria			
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken			
	414-1	New Suppliers That Were Screened Using Social Criteria			
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken			
Human Rights and Diversity and Inclusion	3-3	Management of Material Topics	3. Inclusive Growth	73-74	
	405-1	Diversity of Governance Bodies and Employees	3.2 Human Resources Overview	78-84	
	405-2	Ratio of Basic Salary and Remuneration of Women to Men	3.3 Employee Compensation and Benefits	85-91	
	406-1	Incidents of Discrimination and Corrective Actions Taken	3.1 Human Rights Management	75-77	
	409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	2.4 Promoting a Green Sustainable Value Chain	64-68	
			3.1 Human Rights Management	75-77	
	410-1	Security personnel trained in human rights policies or procedures	3.1 Human Rights Management	75-77	
Talent Recruitment and Retention	3-3	Management of Material Topics	3. Inclusion Growth	73-74	
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	3.3 Employee Compensation and Benefits	85-91	
	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage			
	202-2	Proportion of Senior Management Hired from the Local Community	3.2 Human Resources Overview	78-84	
	401-1	New employees and Employee Turnover			
	401-2	Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Parttime Employees	3.3 Employee Compensation and Benefits	85-91	
	401-3	Parental Leave			
Talent Development and Cultivation	3-3	Management of Material Topics	3. Inclusion Growth	73-74	
	404-1	Average Hours of Training Per Year Per Employee	3.4 Talent Development and Cultivation	92-95	
	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs			
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews			

Category/Topic	Disclosure Content of GRI Standards		Corresponding Section	Pages	Omission/Explanation
Occupational Health and Safety	3-3	Management of Material Topics	3. Inclusion and Growth	73-74	
	403-1	Occupational Health and Safety Management System	3.5 Occupational Health and Safety	96-106	
	403-2	Hazard Identification, Risk Assessment, and Incident Investigation			
	403-3	Occupational Health Services			
	403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety			
	403-5	Worker Training on Occupational Health and Safety			
	403-6	Promotion of Worker Health			
	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships			
	403-8	Workers Covered by an Occupational Health and Safety Management System			
	403-9	Work-Related Injuries			
	403-10	Work-Related Ill Health			
Corporate Governance	3-3	Management of Material Topics	4. Sustainable Governance	111-112	
	205-2	Communication and Training About Anti-Corruption Policies and Procedures	4.2 Integrity Management	118-121	
	205-3	Confirmed Incidents of Corruption and Actions Taken			
Regulatory Compliance	3-3	Management of Material Topics	4. Sustainable Governance	111-112	
	206-1	Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices	4.2 Integrity Management	118-121	
	416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	1.2 Products and Services	31-38	
	417-2	Incidents of Non-Compliance Concerning Product and Service Information and Labeling			

GRI Standards: Voluntary Disclosure Indicators

Category/Topic	Disclosure Content of GRI Standards		Corresponding Section	Pages	Omission/Explanation
GRI203: Indirect Economic Impacts 2016	203-1	Infrastructure Investments and Services Supported	3.6 Social Inclusion	107-110	
	203-2	Significant Indirect Economic Impacts			
GRI302: Energy 2016	302-1	Energy Consumption Within the Organization	2.2 Environmental Footprint of Business Operations	52-57	
	302-3	Energy Intensity	2.3 Green Innovation and Lifecycle Management	58-63	
	302-5	Reductions in Energy Requirements of Products and Services			
GRI303: Water and effluents 2018	303-1	Interactions with Water As a Shared Resource	2.2 Environmental Footprint of Business Operations	52-57	
	303-2	Management of Water Discharge-Related Impacts			
	303-3	Water Withdrawal			
	303-4	Water Discharge			
	303-5	Water Consumption			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions	2.2 Operational Environmental Footprint	52-57	
	305-2	Energy Indirect (Scope 2) GHG Emissions			
	305-3	Other Indirect (Scope 3) GHG Emissions			
	305-4	GHG Emissions Intensity			
GRI 306: Waste 2020	306-1	Waste Generation and Significant Waste-Related Impacts	2.5 Pollution Control	69-72	
	306-2	Management of Significant Waste-Related Impacts			
	306-3	Waste Generated			
	306-4	Waste Diverted from Disposal			
	306-5	Waste Directed to Disposal			
GRI 402: Labor/management relations 2016	402-1	Minimum Notice Periods Regarding Operational Changes	3.3 Employee Compensation and Benefits	85-91	
GRI 413 : Local Communities 2016	413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	3.6 Social Inclusion	107-110	
	413-2	Operations with Significant Actual and Potential Negative Impacts on Local communities	3.5 Occupational Health and Safety	96-106	
GRI 415: Public Policy 2016	415-1	Political Contributions	4.1 Corporate Governance	113-117	
GRI 416: Customer health and safety 20	416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	2.3 Green Innovation and Lifecycle Management	58-63	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for Product and Service Information and Labeling	1.2 Products and Services	31-38	

Appendix 2:

SASB Index-Technology&Communications/Hardware

Topic	SASB Code	Metric	Unit	Report Content or Description		
Product Safety	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	None	1.2 Products and Services - Product Introduction		
Workforce Diversity and Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Percent (%)	Statistics by Gender		
				Gender / Category	Male	Female
				Executive (Management)	78.86%	21.14%
				Technical Staff (Engineers and R&D Technicians)	77.67%	22.33%
				All Other Employees	36.00%	64.00%
Note: Management refers to supervisors and above (excluding project-based positions).						
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Percent (%)	The majority of our products are B2B and not end products for consumers, so this indicator is not applicable. SNI's products comply with international regulations such as RoHS, REACH, SVHC, and ELV. The RoHS label is affixed to the shipping cartons. For details, please refer to "1.2 Products and Services - Product Quality and Certification" and "2.3 Green Innovation and Lifecycle Management - Green Product Policy."		
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Percent (%)	SNI's products are B2B, and they do not apply for EPEAT certification or equivalent requirements, so this indicator is not applicable.		
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR criteria	Percent (%)	Most of SNI's products are B2B, so this indicator is not applicable.		
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Metric tons (t) Percent (%)	SNI's products are B2B and not final consumer products. The final product recycling operations are planned by the clients, so this indicator is not applicable.		

Topic	SASB Code	Metric	Unit	Report Content or Description
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Percent (%)	No statistical data is available.
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Ratio	No statistical data is available.
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	None	2.4 Promoting a Green Sustainable Value Chain

Appendix 3:

Climate-Related Information

Item	Execution Status
1. Describe how the board of directors and management oversee and govern climate-related risks and opportunities.	2.1 Climate Change Management
2. Describe how identified climate risks and opportunities affect the company's business, strategies, and finances (short-term, medium-term, long-term).	2.1 Climate Change Management
3. Describe the financial impact of extreme weather events and transition actions.	2.1 Climate Change Management
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	2.1 Climate Change Management
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	-
6. If there is a transformation plan to manage climate-related risks, explain the content of the plan, as well as the indicators and goals used to identify and manage physical and transition risks.	-
7. If internal carbon pricing is used as a planning tool, explain the pricing basis.	-
8. If climate-related targets are set, explain the activities covered, greenhouse gas emission scopes, planning schedules, annual progress, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant targets, explain the source and quantity of the offset emissions or the quantity of RECs.	-
9. Greenhouse gas inventory and verification status.	- The parent company's inventory and verification plan will be completed by 2026 and 2028, respectively, as required by the Financial Supervisory Commission. - The consolidated financial statements for subsidiary companies' inventory and verification will be completed by 2027 and 2029, respectively, as required by the Financial Supervisory Commission.

Appendix 4: External Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SENAO NETWORKS INC.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Senao Networks Inc. (hereinafter referred to as SNI) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the Sustainability Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/07/13–2023/08/18) in SNI headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The information in the SNI's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of SNI. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3: 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)

- ☒ AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- ☒ evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

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

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)**INCLUSIVITY**

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

MATERIALITY

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

RESPONSIVENESS

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

IMPACT

SNI has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SNI's Sustainability Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to SNI's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, as well as the role of the highest governance body in overseeing these processes.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
24 September, 2023
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AA1000
Licensed Report
000-8/V3-4AAX2



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