D-Link

One Connection
Infinite Possibilities

# 2021 Corporate Sustainability Report

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# About the Report

This report is the D-Link 2021 Sustainability Report (hereinafter referred to as “the Report”).

**Reporting Period**

The Report discloses D-Link's sustainability and ESG-related information in 2021 (January 1, 2021–December 31, 2021), including management policies, material topics, implementation plans, performance, and other information. The Report is the 9th Sustainability Report. D-Link publishes one version every year. The previous version of the report was published in June 2021, and the next version is scheduled to be published in June 2023.

**Disclosure Scope**

The financial data of the Report covers the overall operating performance of the parent company and subsidiaries. The non-financial performance indicators mainly cover five business units, which include the Corporate Finance and Operation Center, Supply Chain Management Center, Brand Strategy Center, Sales Center, and Product Center. Compared with the financial report, the non-financial performance focuses on the main production and operating locations - Taiwan region as the main basis of information disclosure, and partially covers the information of the overseas branches (such as the number of employees, consolidated revenue, etc.).

**Data Description**

The source of the financial performance data in the Report is the operating performance of the parent company and subsidiaries disclosed in the 2021 corporate annual report. The consolidated revenue data covers the overall operating income of D-Link Group. For disclosures in the environmental and social categories, the Taipei Headquarters is the disclosure boundary.

**Report Writing Basis**

The Report was prepared in accordance with the GRI Standards 2016 issued by the Global Reporting Initiative (GRI), and it follows the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies” while responding to the 17 Sustainable Development Goals (SDGs) of the United Nations. The content discussion and definition process of the Report follows the GRI standard core options and meets the requirements of AA1000 ASv3.

**Report Management and Review**

- Internal: The data and information disclosed in the Report were provided by various competent authorities and responsible departments to the ESG Office for compilation. The compilation is reviewed and confirmed by each competent authority and responsible department, checked by the Corporate Auditor’s Office, and submitted to the ESG Committee for review and approval prior to public disclosure.
- 
- External: The Report has been verified by SGS Taiwan Ltd. in accordance with the GRI Standards core option criteria, with reference to SASB and in compliance with AA1000 ASv3 Type 1 Moderate Assurance Level. For relevant assurance/verification methods and results, please refer to the Assurance Statement attached to the Report.

**Issuance Information**

Current published version: Published in June 2022.
Disclosure period: January 1, 2021 to December 31, 2021
Next published version: To be published in June 2023
Previous published version: June 2021
Chinese and English versions of the report are issued every year, and the previous reports are published in the corporate sustainable development section of D-Link's website.

**Contact Information**

If you have any questions or suggestions regarding the 2021 Sustainability Report or any other sustainability issues, you are welcome to contact us. Our contact details are:

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# Message from the Chairman

D-Link aims to establish sustainable management to create a safe and secure working environment for its employees. Especially during the COVID-19 pandemic, D-Link prioritized the protection of employees' right to work. In addition to not implementing unpaid leave and maintaining the original salary compensation, we used alternating onsite and remote working schedules to minimize the impact on employees' lives.

I hope that every employee can work with me to create a more trustworthy and sustainable D-Link brand that keeps up with the times. In the post-pandemic era, we will use our innovation and robust development plans to stay ahead of the trends to introduce innovative products and services. We will continue to be a leader in the global networking equipment industry as we move forward into the future.

In 2021, much of the world remained in chaos. The global economy was affected by the COVID-19 pandemic and the US-China trade war, which were followed by inflation, rising interest rates, and key component shortages. Corporate capital expenditures became more conservative, and product supply chains are currently facing serious challenges. At the same time, the networking equipment industry encounters the popularization of 5G applications, the metaverse, and the rise of NFTs, accelerating decentralization. In addition, the pandemic has affected daily life and created a new peak in the demand for networking equipment. In a sluggish economy and under the fast-evolving wheels of technology, we sensed the dangers but also saw the opportunities.

As the world changes at a rapid pace, I tell my colleagues that now is the time to pause for a moment and evaluate ourselves. In 2021, we repositioned our brand and steadily focused on product intelligence, performance enhancement (MIT), and production sustainability. In terms of software application services, we have extended our scope from smart homes and smart businesses to the various aspects of smart industries. D-Link has transformed from a simple global intelligent networking equipment company into the global leader in intelligent network equipment and comprehensive network solutions.

### Restructuring and Creating a New Brand Taking Steps Toward Sustainability

In order to better align our global locations with the headquarters, we fully implemented organizational transformations in 2021 and established the Product Center, Supply Chain Management Center, Corporate Finance and Occupational Safety Center, Brand Strategy Center, and Sales Center. Doing so allows the global headquarters located in Taiwan to implement comprehensive decision-making to manage company operations under the most efficient budget and personnel configurations. We work with OBU by using the strategies and guidelines formulated by the headquarters. We share our experiences of success with each location and build cross-cultural and cross-regional consensus through close communication. Furthermore, through the launch of the EAGLE PRO AI sub-brand, the integration of cloud platform services, and the implementation of the new subscription payment model, we will expand the breadth of our products and services horizontally and cultivate the market vertically to create alternative business opportunities.

On the other hand, we have seen that when the pandemic strikes like a flood and industries are hit by unprecedented impact, only well-prepared companies can survive the crisis and even seize the opportunity to create new business. Diverse sustainable development has become the top priority for companies. In response to recent trends, D-Link has established the ESG Committee, which is composed of independent directors. The committee is responsible for planning the strategies related to sustainability. We have also established the ESG Office to execute various ESG programs. By establishing the Information Security Management Committee and Risk Management Taskforce, we are actively managing emerging sustainability issues and risks. I deeply believe that this is not only the first step towards sustainable development, but also a critical step for the future.

### Leading the Industry in Green Designs Helping to Save Energy and Reduce Carbon Emissions

In recent years, environmental sustainability has received much attention. The international community, governments, and society have realized the existential crisis brought about by climate change and have formulated response plans. D-Link is the first company in Taiwan to completely promote a networking brand for green technology products. Back in 2007, D-Link launched "D-Link Green" and established the 3 Rs (Recycle, Reuse, and Reduce) as the basis for product design, product function, product materials, and product packaging to reduce our environmental impact through innovation and design. The general public thinks of green products in terms of materials, processes, and packaging to save energy or reduce waste. But at D-Link, our green products start from the product design stage to help users save energy and reduce carbon emissions.

In addition, D-Link has adopted numerous international standards. In 2006, we passed the ISO 14001 environmental management system certification and the ISO 14064-1 greenhouse gas inventory in 2010. Furthermore, we were the first company in Taiwan to pass the new ISO 9001/ISO 14001 dual certification in 2015. In the past, we have been dedicated to improving our ISO 14064-1 Scope 1 and Scope 2 direct carbon emissions. This year, in addition to plans to incorporate ISO 14064-1 Scope 3 value chain indirect carbon emissions to allow the management scope to be extended to product planning and supplier management, we have also implemented the TCFD climate change framework. Through the introduction of the latest international standard management guidelines, we expect to keep abreast of the international trend and enhance the momentum behind sustainable development.

### Actively Participating in Diversified Community Programs Starlight Classroom Assistance for the Disadvantaged

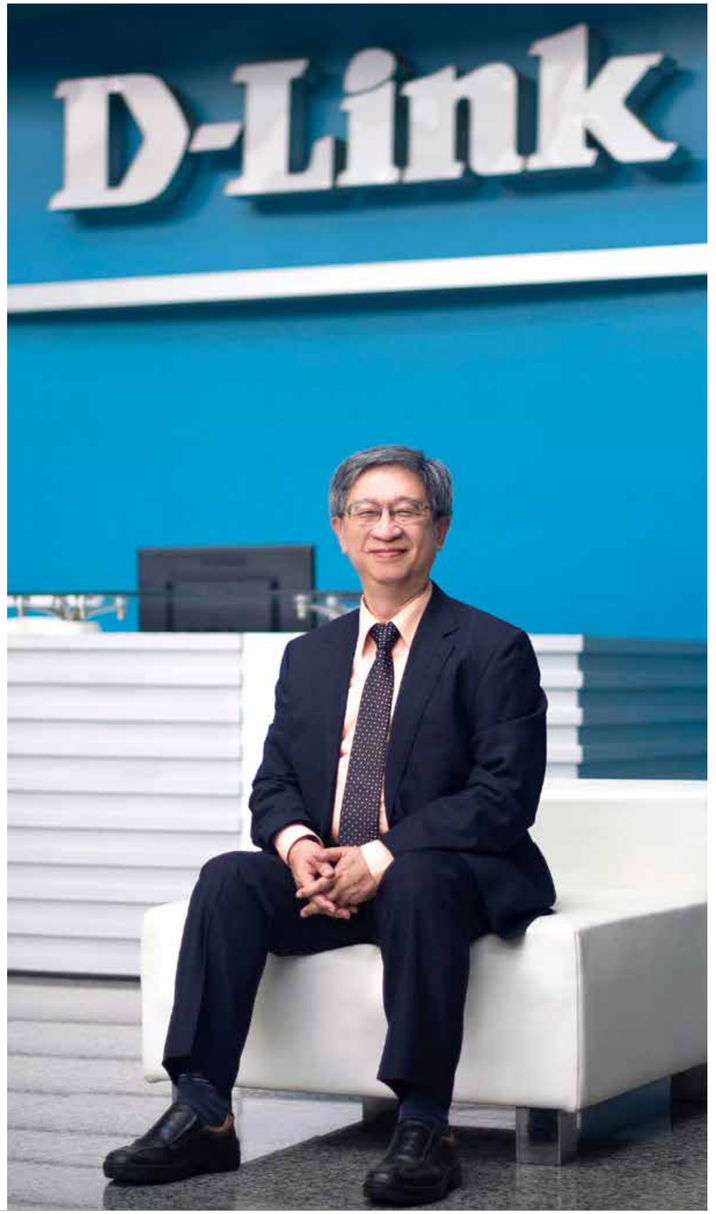
With respect to social engagement, D-Link aims to establish sustainable management to create a safe and secure working environment for its employees. Especially during the COVID-19 pandemic, D-Link prioritized the protection of employees' right to work. In addition to not implementing unpaid leave and maintaining the original salary compensation, we used alternating onsite and remote working schedules to minimize the impact on employees' lives. D-Link also purchased additional epidemic prevention health insurance for its employees, so that employees can work with peace of mind in a safe and healthy workplace.

Furthermore, with the trend of smartification sweeping the world, the strategic deployment of innovation has become paramount. IT talent has become an essential resource fought over by different industries. Therefore, we are actively working with schools to organize recruitment activities and internships, while managing industry-academia cooperation through research projects and technology sharing, in order to attract outstanding talent. In 2021, 100% of all students who participated in the technical testing internship program became full-time employees, generating new blood for D-Link.

In the spirit of giving back to the community, D-Link actively organizes and responds to various social care activities through its charity foundation and volunteers. Among the many social engagement projects, the most impressive is the D-Link Starlight Classroom, which provides local care for rural areas. For the past 9 years, we have continuously provided meals and extracurricular activities through after-school tutoring and art classes, benefitting over 360,000 children in rural areas. In the future, I hope that we can continue to bring the goodwill of the community and social needs into a more tight-knit network of love through our caring hands.

There is a saying in the I-Ching (the Book of Changes) - "As heaven maintains vigor through movements, a gentleman should constantly strive for self-improvement." In this chaotic world, this saying is even more true. We cannot predict the challenges that will be created by this sudden pandemic, but I hope that every employee can work with me to create a more trustworthy and sustainable D-Link brand that keeps up with the times. In the post-pandemic era, we will use our innovation and robust development plans to stay ahead of the trends to introduce innovative products and services. We will continue to be a leader in the global networking equipment industry as we move forward into the future.

Chairman
Victor Kuo



# 2021 Key Performance

D-Link is a leading brand in the global networking equipment industry. In 2020, after joining the Taiwan Steel Group, we started to focus on the development of intelligence, MIT, and sustainability as the global leader in intelligent network equipment and comprehensive network solutions, showing the software and hardware capabilities of comprehensive AIoT and realizing the vision of “One Connection, Infinite Possibilities!”

## 2021 Key Economic and Governance Performance

- Revenue increased by 2.3% compared with 2020, and net operating profit increased by about 1.1 times.
- Released the subsidiary brand "EAGLE PRO AI" series products and "cloud platform" services to help customers build smart home, smart business, and smart industry.
- In response to the pandemic, customer service has introduced a cloud-based call system to provide customers with more convenient and considerate services.
- The “ESG Committee” was established and all members are independent directors. Formulated "Risk Management Policies and Procedures" and established a " The Risk Management Taskforce" to actively manage emerging issues.
- Passed the "Information Security Management Policy" and established the " Information Security Management Committee".
- Established the “Product Information Security Management Platform”.
- Passed the ISO/IEC 27001:2013 Information Security Management System.
- Passed the BS 10012:2017 Personal Information Management System.
- Scored 88.38 points in the corporate governance evaluation in 2021, improving the evaluation result by 4 levels compared to 2020.
- In 2021, we participated in the S&P Global ESG evaluation for the first time, scoring 33 points, ranking 79%. The Sustainalytics ESG evaluation score increased for three consecutive years.
- All suppliers are required to sign the " Integrity and Anti-corruption Pledge ".

## 2021 Key Environmental Performance

- Introduced the TCFD climate change framework to move towards the goal of sustainable development.
- We have started to plan ways to incorporate ISO 14064-1 Scope 3 value chain indirect emissions into management, allowing the management scope to be extended to product planning and supplier management.
- In 2021, energy conservation reached 2.5% with 2016 as the base year.
- The lighting of the headquarters building is gradually being replaced with energy-saving LED lights. As of 2021, 820 lights have been replaced, resulting in an energy reduction of 3.17% and energy savings of 100,000 kWh per year in the future.
- Green products accounted for 53% of total product revenue.
- The supply chain assessment is incorporated into the RBA guidelines, and suppliers must sign a "Conflict Minerals Declaration".

## 2021 Key Social Performance

- The supplier contract contains a human rights protection policy, and the signing rate is 100%.
- 100% of participants in the testing technology internship program became full-time employees.
- The proportion of female employees has increased from 38% in 2020 to 41%.
- 0 work accidents.
- Employees are encouraged to actively participate in the clubs and number of people needed to establish new clubs has been expanded. In 2021, a total of 733 people joined the clubs, and 55 events were held.
- Implemented 8 social engagement projects/activities and invested around NT$330,000 in resources, benefiting children in rural areas, social enterprises, poor households, the elderly, etc. in 2021.
- The "Sustainable Impact Lecture" was held to provide SDGs-related training courses for NPOs to bridge the gap in knowledge and skills required for sustainable development. A 72-hour sustainability course was held, and a total of 94 people benefited.
- Continued to organize the "D-Link Starlight Classroom", with 500 people benefiting in 2021.

# Actively Participate in International Exhibitions and Strive for International Visibility

D-Link actively participates in important international exhibitions.
In addition to expanding opportunities for project and business cooperation,
it allows Taiwanese brands to shine on the international stage and
conduct national diplomacy through high-quality brands.

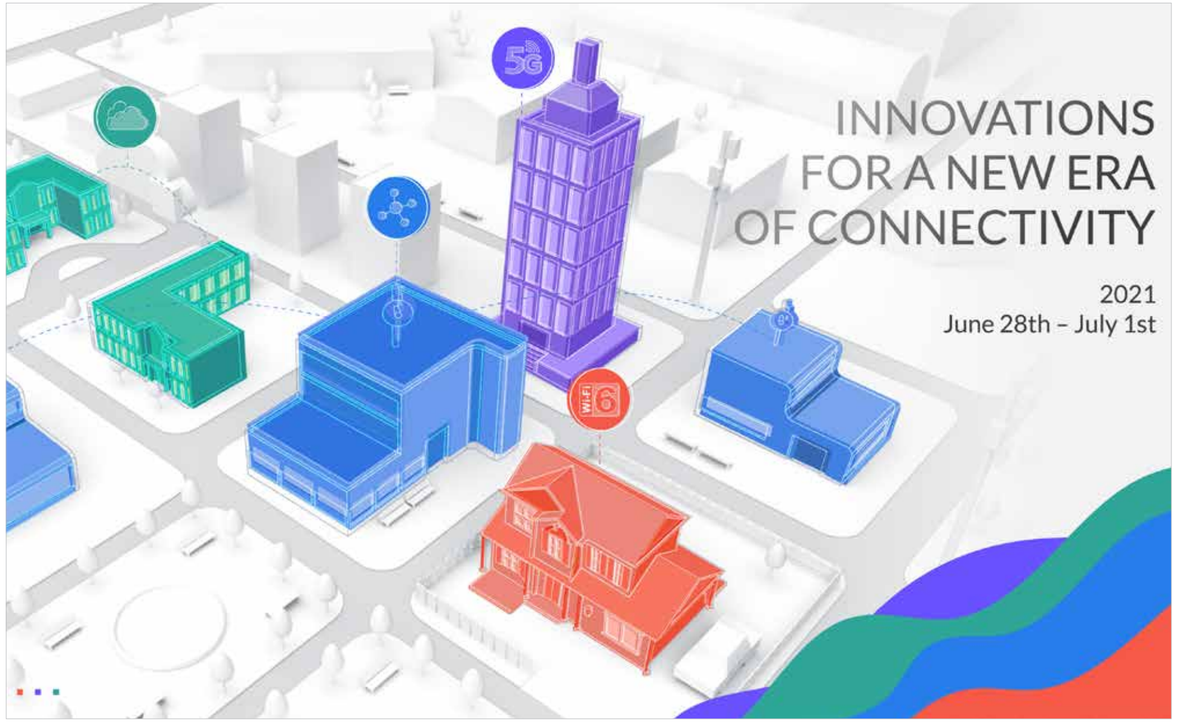
## CES 2021 Consumer Technology Association

2021.1.11

https://bit.ly/35iLsnu https://reurl.cc/GdklDG https://fb.watch/blE7bttiYn/ https://youtu.be/eMBJPPn_hvE

## MWC 2021 Barcelona Mobile World Congress

2021.6.28




https://bit.ly/35iLsnu https://reurl.cc/GdklDG https://fb.watch/blE7bttiYn/ https://youtu.be/eMBJPPn_hvE

# Award and Recognition

D-Link continues to develop and launch new networking-related products and solutions to create a new digital silk road and lead a global smart lifestyle. With continuous innovation and - challenging ourselves, we have won many important awards at home and abroad.

In 2021, D-Link won four major international design awards in one fell swoop, which include the German iF Design Award, American CES Innovation Award, German Red Dot Design Award, and Japanese Good Design Award, and won a total of 12 awards such as the TAIWAN Excellence Award. The awards symbolize that D-Link's products and services have reached international standards in design, innovation, and functionality.

| Germany | United States | Germany | Japan | Taiwan |
|---|---|---|---|---|
| iF Design Award | CES Innovation Award | Red Dot | Good Design | TAIWAN Excellence Award 2022 |

DCS-8635LH
2K QHD Pan & Zoom Outdoor Wi-Fi Camera
(TV and camera category product award)

DCH-S1621KT
Whole Home Smart Wi-Fi Water Leak Sensor Kit

DCS-8526LH
mydlink Full HD Pan & Tilt Pro Wi-Fi Camera

DCS-8635LH
2K QHD Pan & Zoom Outdoor Wi-Fi Camera
(TV and camera category product award)

DCH-S1621KT
Whole Home Smart Wi-Fi Water Leak Sensor Kit

DCS-8302LH
mydlink Full HD Outdoor Wi-Fi Camera
(TV and camera category product award)

DUB-E250
USB-C to 2.5G Ethernet Adapter

DCS-8635LH
2K QHD Pan & Zoom Outdoor Wi-Fi Camera
(TV and camera category product award)

DMS-106XT
6-Port Multi-Gigabit Unmanaged Switcha

DCS-8350LH
2K QHD Indoor Wi-Fi Camera

DUB-E250
USB-C to 2.5G Ethernet Adapter

DCH-S1621KT
Whole Home Smart Wi-Fi Water Leak Sensor Kit

To introduce the annual award-winning products, please refer to Chapter 2.5 " Innovation and R&D " (page 58).

# About D-Link

D-Link was established in 1987, and its own “D-Link” brand products are sold worldwide. It was established as a joint stock limited company by the Company Law of the Republic of China and was listed on TWSE in October 1994 with the stock code 2332. D-Link’s paid-in capital is NT$6 billion, and the consolidated revenue in 2021 was NT$15.52 billion.

| Item | 2019 | 2020 | 2021 |
|---|---|---|---|
| Number of Operating Locations | 122 | 116 | 112 |
| Total Number of Employees | 2,268 | 2,130 | 1,833 |
| Headquarters (Taipei) | 751 | 717 | 555 |
| America | 177 | 159 | 124 |
| Europe | 199 | 189 | 182 |
| Emerging Markets and Others | 1,141 | 1,065 | 972 |
| | | | |
| Capital | 6,519,961 | 6,519,961 | 5,998,365 |
| Total Assets (NT$ Thousand) | 15,711,010 | 15,950,230 | 14,503,864 |
| Net Sales (NT$ Million) | 16,996 | 15,179 | 15,525 |
| America | 2,222 | 2,214 | 1,599 |
| Europe | 5,226 | 4,747 | 5,036 |
| Asia Pacific Region and Others | 9,548 | 8,218 | 8,890 |

Note: The regional classification of financial-related data is based on the 2021 financial annual report specification.

For more financial information, please refer to 2021 D-Link Annual Report.

## Switches

Consumer Switches, Smart Switches, Management Switches, Industrial Switches, Data Center Switches

## Wireless LAN Products

Wireless Access Point, Wireless Extender, Wireless Router, Wireless Adapter

## Broadband Products

Transceiver Equipment for High-speed Wide Area Networks (WAN), LTE/5G Router, LTE/5G MiFi

## Digital Home Appliances

IPCAM, IoT Peripherals: various sensors, smart sockets, smart home gateways, related home automation, and home security products

## Cloud Product Solutions

mydlink, nuclias, D-ECS

## Other Networking Products

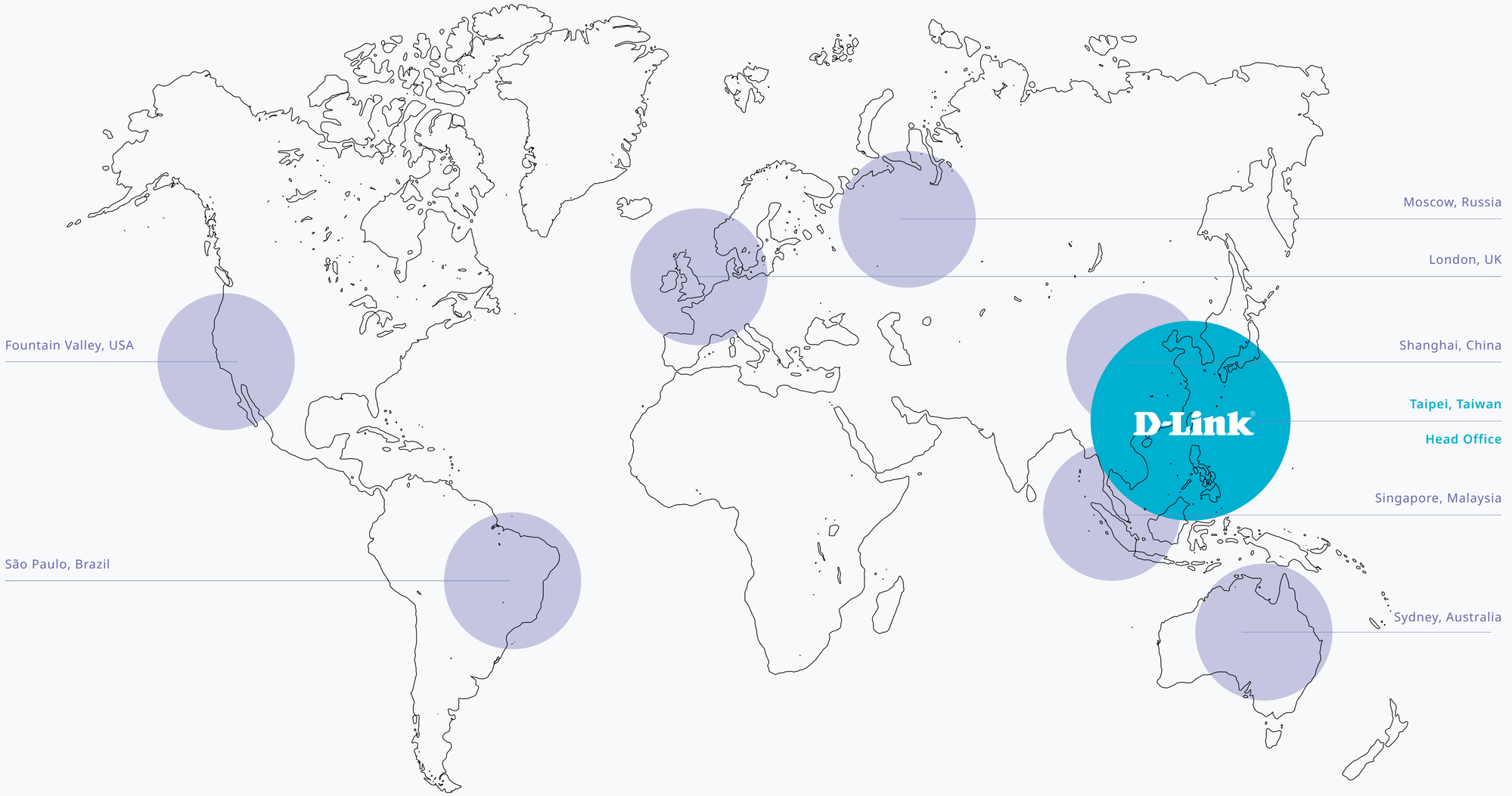
Firewalls, Virtual Private Network Routers, Internet Cables, USB Hubs, USB Network Cards, Power Cable Network Bridge

In the early stages of development, D-Link focused on designing and developing computer networking equipment. In the era when PCs were large and cumbersome due to the size of components, D-Link broke through the technical bottleneck and innovatively developed network interface cards that were half the size of previous cards. The compact and economical design not only significantly improved the practicality and efficiency of computers, but also drove revolutionary changes in the global PC market.

D-Link's main products are switches, wireless LAN products, broadband products, digital home appliances, cloud application product solutions, and other networking products, etc., playing a pivotal role in the global small and medium-sized enterprises and home network market. The service targets are general consumers, enterprise users, and operators. Since its establishment, D-Link has been internationalized, localized, and globalized, and its performance has grown steadily. It has been deeply involved in various markets for many years. It focuses on research, design, development, and marketing networking communication equipment products and related services. D-Link is devoted to providing high-quality networking solutions to consumers and businesses around the world.

* D-Link discloses the revenue ratio of each product line to the public every quarter. For details, please refer to the quarterly financial statement.

D-Link has gradually progressed from **internationalization, localization, and globalization,** and its performance has grown steadily. It has been deeply involved in various markets for many years. It focuses on research, design, development, and marketing networking communication equipment products and related services. Provide high-quality network solutions to consumers and enterprises of all sizes.




**57** / Countries **120** / Locations **1,833** / Employees

In recent years, D-Link focused on product intelligence, performance enhancement (MIT), and production sustainability as a leader in global networking equipment and comprehensive networking solutions, showing the software and hardware capabilities of comprehensive AIoT and helping customers build a smart home, smart business, and smart industry through the EAGLE PRO AI series products and cloud platform services.

D-Link's operational headquarters is in Neihu District, Taipei City, and it has 120 operating and sales locations in 57 countries around the world. Our business covers Taiwan, the United States, Canada, Europe, Australia, India, Singapore, Japan, the Middle East (Dubai), Latin America, Brazil, China, etc. The total number of global employees is 1,833; we are a world-renowned professional network company. The scope of this disclosure is roughly the same as that in 2020, but in 2021, to improve the return on equity and adjust the capital structure, the capital reduction through cashes NT$ 521,597 thousand return to shareholders, representing a capital reduction of 8%.

D-Link Global Distribution Map

# 2021 Milestones

**01**

- Released the latest series of products at CES 2021, including mydlink home wireless network cameras, Wi-Fi 6 wireless products, 5G wireless mobile products, and 2.5 GbE solutions, to facilitate the digital transformation for smart homes and satisfy users' needs in the post-pandemic era.
- DUB-E250 USB-C 2.5G network interface card and DCH-S1621KT full Wi-Fi coverage smart home water leak detector set won the CES 2021 Innovation Award.
- Passed the IEC 62443-4-1 Secure Product Development Lifecycle Requirements certification and followed the strictest safety standards from product design, development, and testing to the introduction in the product life cycle.
- Launch of the new Wi-Fi 6 AX1800 dual-band mesh wireless router, COVR-X1870.

**02**

- D-Link has officially become the agent for the international information security brand, Cyberbit, in Taiwan and launched the Cyberbit Range information security solution to provide the world's leading information security defense technology, thereby cultivating excellent and professional talents against hacking and establishing a strong and resilient information security environment.

**04**

- DCS-8526LH Full HD rotary wireless network camera and DMS-106XT multi-Gigabit switch won the German Red Dot Design Award.
- DCS-8635LH 2K QHD rotary outdoor wireless network camera won the German Red Dot Design Award and the German iF Product Design Award.
- DCS-8302LH Full HD ultra-wide angle wireless IP camera won the German iF Product Design Award.

reddot winner 2021

**06**

- Launched the latest networking technologies at the Mobile World Congress in Barcelona, Spain, including D-Link's latest 5G corporate, private network, Nuclias Cloud, Nuclias Connect, and smart home solutions.

**07**

- Launched AI wireless network products designed and manufactured in Taiwan at D-Link's global online product launch event, including three new models of EAGLE PRO AI series wireless routers, namely R15 AX1500 Wi-Fi 6 dual-band wireless router, M15 AX1500 Wi-Fi 6 dual-band wireless router, and E15 AX1500 Wi-Fi 6 wireless extender.

**10**

- Released a new industrial-grade wireless base station dual-band AC1200 Wave 2, a wide-temperature band, and Nuclias Connect to accelerate digital transformation in the industrial X.0 era.
- DCS-8635LH 2K QHD 4-megapixel rotary outdoor wireless network camera, DMS-106XT multi-Gigabit multi-speed switch, and DCH-S1621KT full Wi-Fi coverage smart home water leak detector set won the 2021 Good Design Award in Japan.

**11**

- Launched the world's first DWA-X1850 Wi-Fi 6 USB wireless network interface card.
- DCS-8350LH 2K QHD wireless network camera and DCH-S1621KT full Wi-Fi coverage smart home water leak detector set won the 30th Taiwan Excellence Awards.

台灣精品 2022

## CH. 1

# Sustainable Development

- Established the “ESG Committee”.
- 100% of the members of the ESG Committee are independent directors.
- Set up five centers for all-round development.

1.1

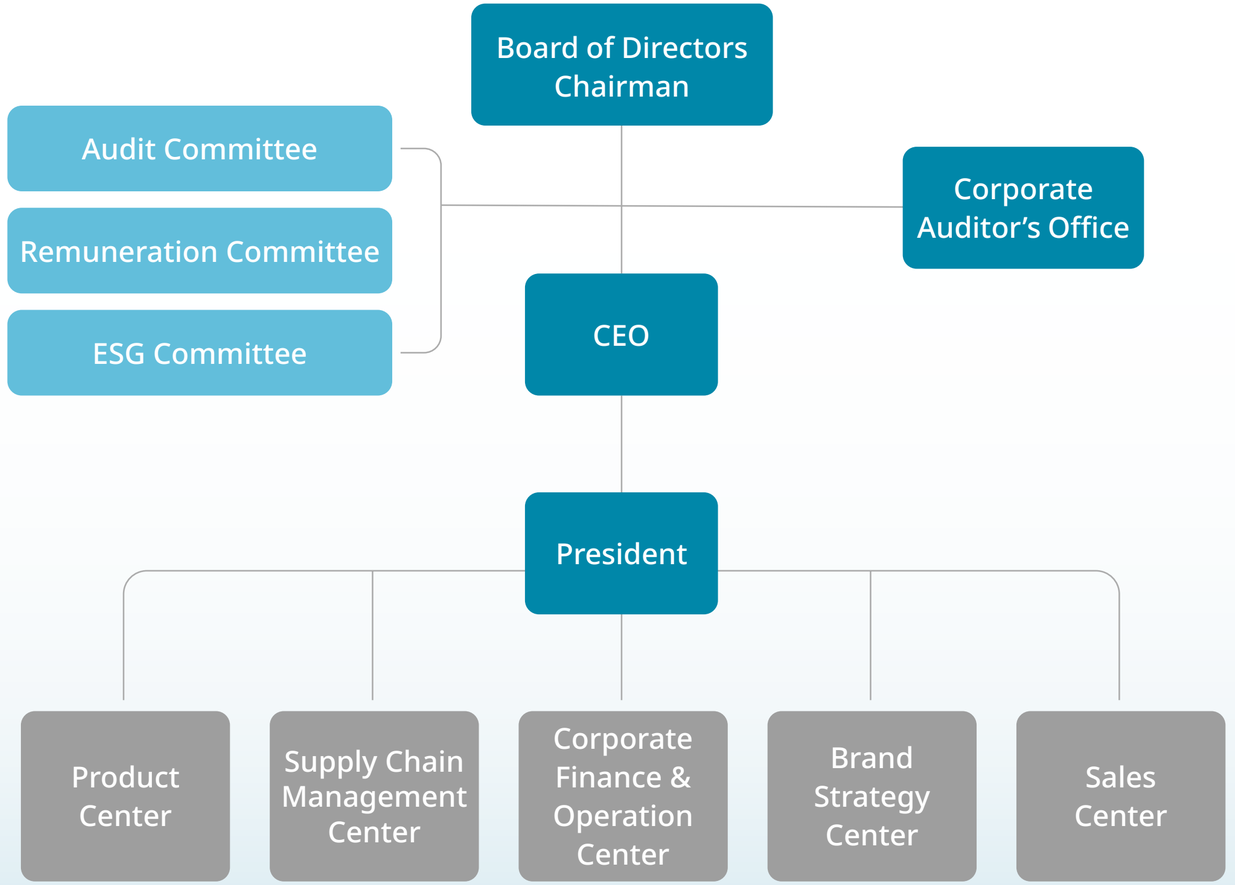
# Sustainable Management

D-Link has launched a comprehensive organizational transformation, made decisions and managing company operations with five major centers. It has built a cross-cultural and cross-regional consensus with its global operating bases through close communication. Establishing the “ESG Committee” is a crucial step in sustainable development.


1.1 Sustainable Management
1.2 Stakeholders and Material Issues

### 1.1.1 Organization Structure

In order to maintain the leading brand position in the Networking Equipment industry, D-Link has set up five centers to manage its operations comprehensively.



## Product Center

- Planning and formulating the overall research and development (R&D) strategies for products and technologies.
- Research, planning, design, and specification setting for full range of products.
- Development and design of the service platform as well as planning and management of software project schedules.
- Software specification setting and testing for products; automatic test development and test case setting.
- Product software application systems, development and testing of functions.
- Product software and hardware functions and compatibility verification; providing quick and effective technical support services.
- Integrating the needs across different units and product lines and completing communication and introduction through PLM.
- Managing the hardware and software operations and planning for global information related systems; establishing and implementing information standardization systems in conjunction with the IT/MIS integrated systems.
- Handling of information security issues.

## Corporate Finance & Operation Center

- Formulating D-Link's wealth management and investment strategies, making effective use of funds, controlling financial risks, to achieve the reasonable return on its overall investments.
- Analyzing the operating performance of each operating units.
- Facilitating the communication between D-Link and investors to enhance the transparency of financial information.
- Financial related business, including cash management, financing management, hedging, credit risk management, investment management, and stock affairs.
- Conducting relevant accounting operations of the Head Office and the Taiwan Branch; Coordinating and compiling relevant accounting operations of the branches and subsidiaries around the world.
- Providing various financial and management reports for decision-making.
- Executing human resources-related affairs, including education and training, recruitment and appointment, and salary management.
- Management of corporate legal affairs, business contracts, personal information protection, litigation, intellectual property rights and other legal matters.
- Logistics support for general affairs, property and equipment management, and occupational safety and health management.

## Supply Chain Management Center

- Management of procurement, price negotiation, delivery, and distribution logistics of products outsourced.
- Supplier management, product supply and demand management, as well as import and export operations.
- Integrating estimates for global procurement needs for products and components, strategic procurement management.
- Establishing a comprehensive product development quality control system, setting mid- and long-term quality objectives and plans, and improving product quality and D-Link's brand image.
- Performing regular audits of suppliers' product quality, development, and production capabilities.
- Improving the service quality and accurately understanding the status of product quality through the operation of the global RMA system and the establishment of the global customer service center for Customer Relationship Management (CRM).

## Brand Strategy Center

- Coordinating and planning public relations and corporate communication strategies for D-Link's brand and product images; executing various marketing events.
- Formulating global marketing plans, as well as planning and developing marketing materials for global products and solutions in line with product and operational strategies, to ensure the consistency of D-Link's brand image across the world.
- Coordinating and planning global digital marketing strategies and establishing and managing digital marketing media.
- Development and design of user interface.
- Coordinating the functions of product packaging appearance, mechanical design, and visual image.

## Sales Center

- Implementing the guiding principles and operating policies stipulated by the Headquarters for OBU to formulate business strategies, business plans, and risk management policies respectively.
- Implementing the regulations stipulated by the Headquarters on the relevant business practices of each OBU.
- Bring Responsible for each OBU's performance of various operating indicators.
- Producing technical documents for global products, making it easier for users to understand product features and installation methods to realize a better user experience.
- Reporting the local market demands and situations of each OBU in time and coordinating internal resources of D-Link HQ for enhancing the performance efficiency of the overall Company.

### 1.1.2 ESG Committee

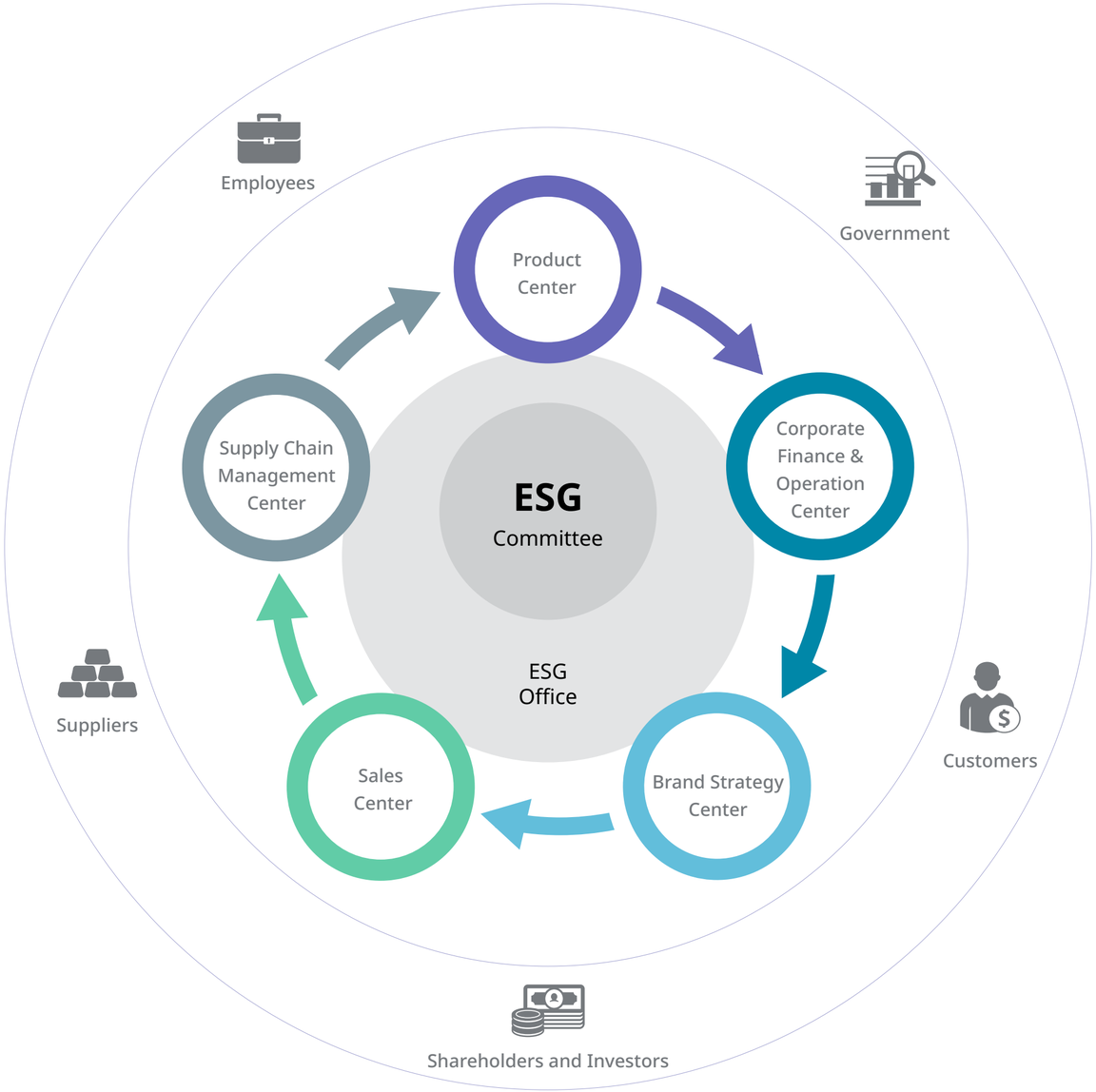
To fulfill its corporate social responsibility and actively respond to stakeholders, D-Link's board of directors passed a resolution in February 2021 to establish an ESG Committee, whose members are all independent directors.

| Title | Member |
|---|---|
| Convenor | independent director **Richard Chen** |
| Committee | independent director **Richard Lee** |
| Committee | independent director **Chun-Hsiung Chu** |

To implement the resolutions of the ESG Committee, D-Link will also set up a ESG Office in 2021, with the chairman as the convener. Through this functional working group, it will review and discuss D-Link's core operating capabilities with the senior managers of various departments and also set the direction of ESG development and improvement. The ESG Office is the most important pillar of D-Link's sustainable development. Internally, D-Link continuously deepens its internal sustainable development concept and horizontally links the cooperation of various departments, enhance Stakeholder engagement, allowing us to keep moving forward on the road to sustainability.

Through the operation of the ESG Office in 2021, D-Link has officially integrated with the latest version of the international greenhouse gas inventory standard ISO 14064-1:2018 and will officially complete the conversion of the inventory version in 2022. In addition, to ensure the quality of ESG reports, D-Link has submitted the sustainability report to a third-party impartial inspection unit for verification for the first time to ensure the credibility of the Report.

At present, ESG-related meetings are held once a month. The heads of various departments and the staff of the ESG Office put forward projects that can improve or enhance ESG and major issues that need to be responded to and then submit decisions or projects on the issues to each department for detailed discussions and implementation across departments. To ensure the implementation of ESG meeting decisions, D-Link uses the ESG Office as an inter-departmental communication platform to continuously track the annual implementation strategies, goals, and implementation results of sustainability issues or projects. The implementation results are submitted to the ESG Committee, and regular reports are submitted to the Board of Directors.



1.2

# Stakeholders and Material Issues


1.1 Sustainable Management
1.2 Stakeholders and Material Issues


D-Link continues to communicate with 5 types of stakeholders through different channels to generate diversified social value. Issues of concern to various stakeholders are also communicated through the corresponding chapters of the Report.

## 1.2.1 Stakeholders

D-Link attaches great importance to the voices of internal and external stakeholders in the practice of corporate sustainability. D-Link's stakeholders are extensive and diverse. To present a representative stakeholder, D-Link is based on the international standard AA 1000 Stakeholder Engagement Standard (AA 1000 SES) and adopts five evaluation methods. Strength, tension, multiple viewpoints, and dependencies were identified, and 17 department heads filled out the relationship degree questionnaire to confirm the types of stakeholders and evaluate the relationship degree of stakeholders. Finally, 5 types of stakeholders were identified according to their importance and degree of influence Stakeholders, such as customers, shareholders/investors, employees, government and competent authorities, suppliers, etc., are ranked in order. Based on this, we will develop a materiality analysis framework, identify major ESG sustainability issues, and use it as a planning tool for sustainability strategies and a reference basis for compiling sustainability reports. In addition, it is planned to establish an online questionnaire on the official website in 2022 to review the responses to the stakeholder questionnaire, and the communication results will be reported to the board of directors by the ESG Office.

D-Link engages with stakeholders of all parties through various communication channels in its daily operation. The communication method and frequency are as follows. The ESG Committee reports to the board of directors twice a year; the annual communication results were published in Report to the Board of Directors on November 5, 2021.

| Stakeholder | Significance for D-Link | Unit in Charge | Channels/Frequency of Communication | Main Issues of Concern | Communication Results in 2021 | Corresponding Chapter |
|---|---|---|---|---|---|---|
| Customers | Customer trust is the key to evaluating whether D-Link has genuinely grasped technological trends, the driving force behind our quality, technological improvements, and our sustainable developments. | Sales Center | • International exhibitions and product conferences: At least once a year<br>• Customer satisfaction survey: Once a year<br>• Meetings related to specific issues: Aperiodically<br>• Customer visits: Aperiodically<br>• Repair center and after-sales services: Aperiodically<br>• Company website: Respond to customer questions in the visitor comment section immediately | · Risk Management<br>· Information Security<br>· Ethical management<br>· Research, Development & Invocation<br>· Intellectual Property Rights | • Customer service satisfaction surveys will conduct after the phone calls end. In 2021, the average customer satisfaction score was 84 points.<br>• As the pandemic eased in December, D-Link organized the "EAGLE PRO AI Smart Wireless Router Player Experience". Through face-to-face communication, we aim to build more convenient, high-performance network experiences based on user needs. | 2021 Key Performance<br>2.3 Product Quality and Safety |
| Shareholders and Investors | Investors are a significant financial resource of D-Link. Sustainable management can be achieved through capital investments and corporate governance supervision. | Corporate Finance & Operation Center | • Shareholders' Meeting: Once a year<br>• Investor Conference: Twice a year<br>• Announcement on the Market Observation Post System: As needed<br>• Investor Section of D-Link website: Disclosed at any time<br>• Investor mailbox and hotline: Handled at any time<br>• Corporate governance evaluation: Once a year | · Corporate governance<br>· Ethical management<br>· Risk Management<br>· Economic Performance<br>· Product Quality<br>Research, Development & Innovation | • Organized 1 Annual Shareholders' Meeting in 2021 (7/5).<br>• Organized 2 Investor Conferences in 2021 (8/11, 11/24).<br>• Released 55 material information in Chinese on the Market Observation Post System in 2021 and released material information in English simultaneously since September of the same year.<br>• Established the investor mailbox and the investor relations unit is responsible for responding to the questions from shareholders/investors/customers/evaluation institutions.<br>• The investor mailbox and hotline received a total of 139 opinions and feedbacks in 2021, all of which have been responded.<br>• Implemented the 2021 corporate governance indicator evaluation improvement plan. The evaluation results were improved to the 21-35% level. | 2021 Key Performance<br>2.1 Sustainable Governance |
| Employees | Employees are invaluable assets for sustainable corporate development. D-Link respects, cares for, and looks after our employees, attracts outstanding talents to join us, and encourages them to fulfill their potential to create future developments together with us. | Corporate Finance & Operation Center<br><br>Employee Welfare Committee | • Labor Pension Supervisory Committee: Once a quarter<br>• Labor-management conference: Once a quarter<br>• Employee Welfare Committee: Once a month<br>• Education and training (outside of work training, in-work training, and self-development): Held according to the plans<br>• Employee satisfaction survey: Once a year<br>• Hotline and email: Handled at any time<br>• Club activities: Aperiodically | · Corporate Governance<br>· Ethical Management<br>· Risk Management<br>· Economic Performance<br>· Product Quality | • Called 4 Labor Pension Supervision Committee meetings (4/7, 6/25, 10/4, 12/30).<br>• Called 4 Labor-management conferences (3/12, 6/23, 9/28, 12/22).<br>• Called 12 Employee Welfare Committee meetings (2/4, 2/17, 3/18, 4/20, 5/18, 6/7, 7/15, 8/5, 9/2, 10/8, 11/4, 12/2).<br>• Established a complaint channel: Established a dedicated channel for complaints from employees or related to workplace sexual harassment. In 2021, 1 complaint was received.<br>• The 2021 employee satisfaction survey was completed at the beginning of 2022.<br>• Currently, there are 17 clubs of various sedentary or dynamic activities. In 2021, there were a total of 733 participants joining the clubs, and 55 events being held. | 4.2 Friendly Workplace<br>4.3 Employee Health and Care |
| Government | Government manages the network industry through policies. D-Link has earned the government' s trust, support, and cooperation through transparent two-way communication. | Corporate Finance & Operation Center<br><br>Brand Strategy Center | • Communication through official documents and letters: As needed<br>• Questionnaire surveys: As needed<br>• Conferences/ seminars/ symposiums: As needed<br>• Competent authority audits: As needed<br>• Regular updates to D-Link website and Market Observation Post System: Monthly/quarterly/ annually | · Corporate governance<br>· Ethical management<br>· Risk Management<br>· Economic Performance<br>· Product Quality | Cooperate with government to handle communication-related matters to assist in the promotion of policies and regulations and complete legal audits regularly. | |
| Suppliers | Suppliers are the driving force behind D-Link' s competitiveness. Long-term and stable cooperation can reduce operational risks and costs. We are able to continuously provide customers with reliable and high-quality products and services to realize sustainable supply chain management. | Supply Chain Management Center | • Delivery system: Daily<br>• Supplier audits: Once a year<br>• Abnormal quality tracking and review meetings: Once a week<br>• Production and sales meetings (manufacturer communication and review meetings): Weekly/monthly<br>• Supplier questionnaire (integrity management/conflict minerals): Aperiodically | · Corporate governance<br>· Ethical management<br>· Risk Management<br>· Economic Performance<br>· Product Quality | • In 2021, audits were planned for significant suppliers (13 in total). The audit completion rate was 100%.<br>• In 2021, 13 new procurement contracts were signed. The suppliers were required to sign the Integrity and Anti-corruption Pledge letter, and the signing rate was 100%. | 2021 Key Performance<br>2.1 Sustainable Governance<br>2.7 Supply Chain Management<br>4.2 Friendly Workplace |

## 1.2.2 Material Sustainability Issues

The Report follows the Sustainability Reporting Standards (GRI Standards 2016, GRI Standards) issued by the Global Reporting Initiative (GRI). It analyzes major issues according to the steps of identification, sorting, confirmation, and inspection, to confirm the scope of disclosure of the Report, as well as the major sustainable development challenges faced by D-Link both internally and externally. We aim to review the effectiveness of sustainable management comprehensively. The ESG Committee will continue to review the annual material issues and content related to stakeholders every year and adjust accordingly.

### Identification

22 sustainable development-related issues have been categorized according to the following methods. The issues are used as the scope for material topic identification in the report:

- The employees of each department listed the sustainability issues of concern to different stakeholders during stakeholder identification according to their daily duties and work experience.
- Reference the material issues, international sustainable trends, and developments of domestic and foreign benchmark peers.

### Order

- Assessments are conducted according to the two significant aspects of “level of impact on the economy, environment, and society” and “impact on the assessments and decisions by stakeholders” for the various sustainability issues.
- In 2021, 69 internal and external questionnaires were collected. Through the corporate sustainable development meeting, the opinions of essential stakeholders were understood, making the evaluation results more representative.
- The influence of issues and degree of impact are identified through statistical and quantitative analysis to generate the initial material topic matrix.

### Confirmation

- To comply with GRI integrity, stakeholder inclusion, and strengthen the connection between material issues and core competencies, preliminary material issue identification has been completed. The 9 selected issues have been listed as “major concern”. After being reviewed by the ESG Office, the two issues of “GHG management” and “energy management” have been listed as “minor concerns” according to the international benchmark analysis, sustainability trends, and business development strategies. After the issues are identified, they are submitted to the ESG meeting for discussion and approval. The meeting results are reported to the Chairman of the Board and the President for approval. Regular reports are submitted to the ESG Committee.
- From the 22 issues related to sustainable development, 11 sustainability issues of “major concern” and “minor concern” were identified as the scope of material issue disclosures. GRI Standards corresponding to the content of material issues were used to formulate the responses in the report.

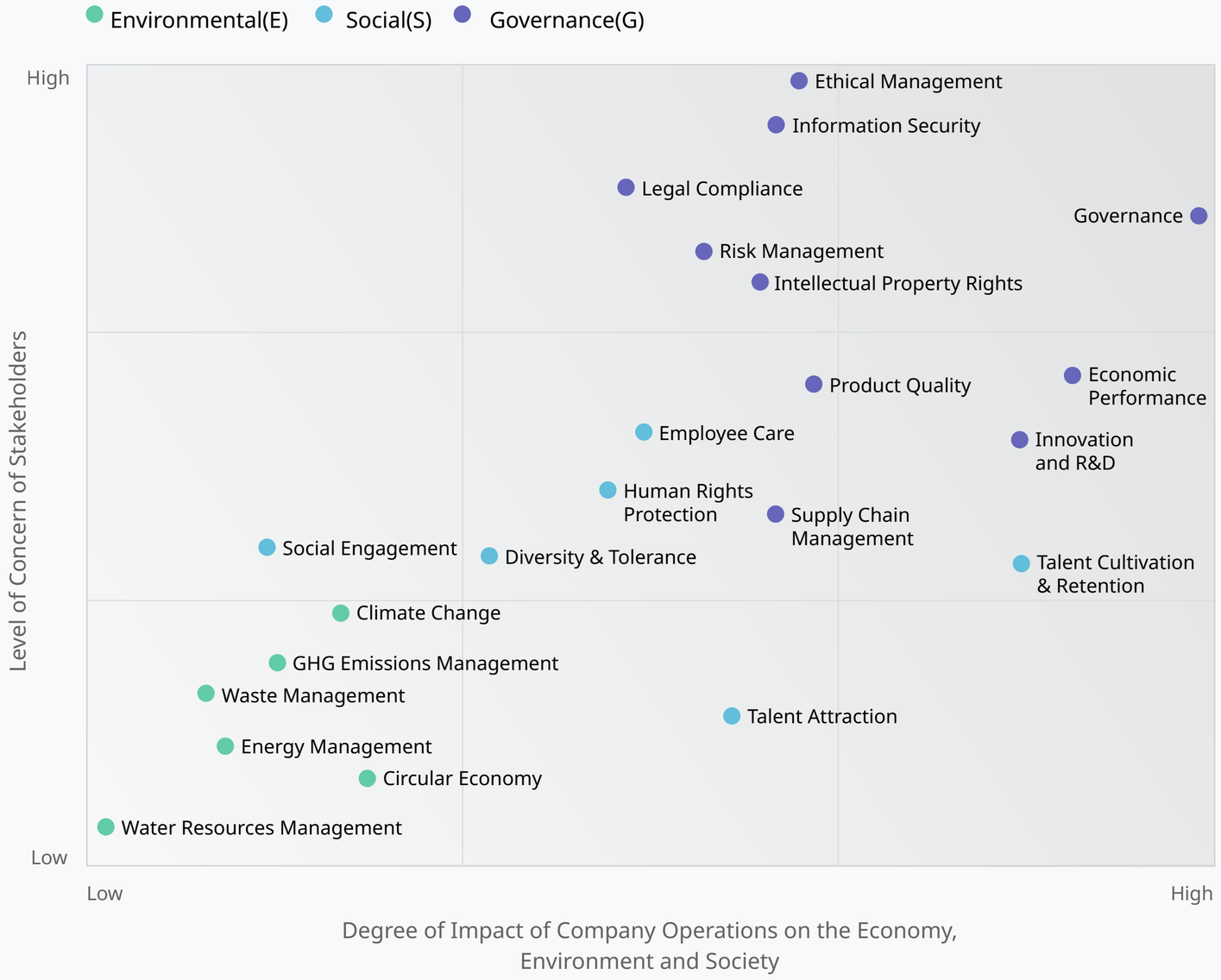
### Review

- Continue to review the material topics matrix before preparing the next report and strengthen further communications with stakeholders to confirm the reasonability of the material topics matrix for the coming year and adjust.

## Material Issues Analysis Results in 2021

By analyzing the 8 questionnaires on impact issues and 61 questionnaires on topics of concern, select the 9 issues in the red area in the top right corner of the materiality matrix. The domestic and foreign concern on carbon management issues is considered, and “greenhouse gas management” and “energy management” have been included in the material issues, totaling 11 issues.

| No. | Material Sustainability Issues | Dimension |
|---|---|---|
| 1 | Governance | G |
| 2 | Ethical Management | G |
| 3 | Information Security | G |
| 4 | Economic Performance | G |
| 5 | Innovation and R&D | G |
| 6 | Intellectual Property Rights | G |
| 7 | Legal Compliance | G |
| 8 | Risk Management | G |
| 9 | Talent Cultivation and Retention | S |
| 10 | Product Quality | G |
| 11 | Supply Chain Management | G |
| 12 | Employee Care | S |
| 13 | Human Rights Protection | S |
| 14 | Talent Attraction | S |
| 15 | Diversity & Tolerance | S |
| 16 | Social Engagement | S |
| 17 | Climate Change | E |
| 18 | GHG Emissions Management | E |
| 19 | Circular Economy | E |
| 20 | Waste Management | E |
| 21 | Energy Management | E |
| 22 | Water Resources Management | E |



# 2021 Management Approach for Material Issues

■ Direct impact □ Indirect impact

| Major Issues | Significance for D-Link | Scope of Impact | D-Link's Policies and Measures to Respond to and Manage Major Issues | Quantitative/Qualitative Goals in 2021 and Current Goal Attainment | Short/Mid/Long-Term Goals and Current Goal Attainment | D-Link's Resources Input for Major Issues | Grievance Channels and Other Actions |
|---|---|---|---|---|---|---|---|
| Governance | To implementing the requirements of the competent authorities, we are also staying ahead of trends to continuously gain investors' trust and domestic and foreign evaluations for D-Link. | ■ D-Link<br>□ Supply chain<br>□ Customer | 1. Regularly convene the Board of Directors and shareholders' meetings, re-elect directors every three years, and ensure the professionalism and diversity of directors.<br><br>2. Set up corporate governance managers to handle affairs related to corporate governance.<br><br>3. Voluntarily participate in evaluating international corporate governance, and incorporate the indicator requirements into the corporate governance improvement plan. | 1. The 2021 Corporate Governance Evaluation Improvement Plan was implemented in 2021. D-Link scored 88.38 points in the corporate governance evaluation, ranking in the 3rd level (21% to 35%). The evaluation result improved by 4 levels compared to 2020.<br>2. The "ESG Committee" was established in February 2021, and all members are independent directors.<br>3. In May 2021, the Board of Directors established corporate governance manager to handle affairs related to corporate governance.<br>4. The Information Technology and Security Departments is D-Link's dedicated information security unit coordinating the formulation, implementation, risk management, and compliance inspection of information security and protection-related policies.<br>5. The 2021 Board of Directors and Functional Committee Performance Evaluation was completed.<br>6. Voluntarily participate in international corporate governance evaluations, such as S&P Global, and incorporate the Sustainalytics ESG Evaluation and FTSE Russell ESG Evaluation indicator requirements into the corporate governance improvement plan.<br>7. From September 2021, major information in English will be released simultaneously to facilitate foreign institutions to obtain English information and improve the transparency of company information. | **Short-term goals: (within one year)**<br>• Develop a succession plan for board members and key management to maintain the professionalism and experience of board members and key management.<br>• Regularly arrange diversified courses for directors and senior managers to learn to implement the director's diversity policy, improve decision-making quality and strengthen functions.<br>• External self-evaluations will be conducted for the Board of Directors' performance evaluation.<br>**Mid-term goals: (2-5 years)**<br>• Female directors account for 10% of board members and implement our country's gender equality policy.<br>• Set up a "Nomination Committee" to assist the board of directors in developing and managing a fair and transparent process to formulate human resource strategies for directors, supervisors, and senior managers.<br>**Long-term goals: (after 5 years)**<br>• Continue to enhance corporate governance evaluations and elevate the evaluation results to the top 5% of rankings, forming the corporate governance culture.<br>• Increase the proportion of female directors to over 1/3 of the Board of Directors.<br>• Implement a natural person director system to better consider D-Link's and shareholders' interests. | Enlisted a corporate governance officer in charge of corporate governance affairs, ensuring full compliance with laws and regulations, and enhancing information transparency and disclosure. | 1. Spokespersons and acting spokespersons have been appointed, as well as the investor relations contact window to handle issues such as shareholder proposals or disputes, and regularly reports to the board of directors on stakeholder communications.<br><br>2. Arrange quarterly meetings between the internal audit supervisor and independent directors, report internal audit status to the board of directors, and get approval for the following annual audit plan at the end of each year. |
| Ethical Management | All employees abiding by D-Link's articles of association and performing their duties with integrity are the key factors for the continuous and stable growth of D-Link. | ■ D-Link<br>□ Supply chain<br>□ Customer | There are internal rules and regulations such as the "Code of Conduct", "Ethical Corporate Management Best Practice Principles" and "Implementation Measures for the Whistleblowing System" to abide by and continue to promote a high-standard business ethics culture. | **Goals in 2021:**<br>No related cases involving violations of ethical management.<br><br>Attainment in 2021:<br>1. All company directors (9 persons in total) and top executives (7 persons in total) have signed the "Statement for the Compliance with Ethical Management Policy".<br>2. All new employees in 2021 have signed and agreed to abide by the Code of Conduct.<br>3. All suppliers are required to sign the "Integrity and Anti-corruption Pledge".<br>4. There are no related cases involving violations of ethical management. | **Short-term goal:**<br>There are no related cases involving ethical management violations, which will continue to be maintained.<br><br>**Mid-term goal:**<br>Provide complete education and training on the "Ethical Corporate Management Best Practice Principles" for all employees. The overall training completion rate is to be over 95% and to continue to improve.<br><br>**Long-term goal:**<br>Internalizing ethical management into the philosophy of all employees and D-Link's DNA so that the "Ethical Corporate Management Best Practice Principles" will be recognized and become the highest standard. | 1. Provide education and training for new personnel and internal and external training for in-service personnel. In 2021, we held lectures on "the Ethical Management and Insider Trading" and "the Education of the Rule of Law and Integrity", and new personnel education and training, with nearly 400 training hours.<br>2. The Legal Department is responsible for improving various ethical management operations and reports the implementation to the board of directors annually.<br><br>The audit office regularly inspects the audit items of various departments and reviews and improves the items in question. | D-Link has set up a reporting mailbox and a reporting hotline on the official website, and the whistleblower's identity is kept confidential and protected. All relevant complaints and investigation procedures are specified in the "Implementation Measures for the Whistleblowing System". |

■ Direct impact □ Indirect impact

| Major Issues | Significance for D-Link | Scope of Impact | D-Link's Policies and Measures to Respond to and Manage Major Issues | Quantitative/Qualitative Goals in 2021 and Current Goal Attainment | Short/Mid/Long-Term Goals and Current Goal Attainment | D-Link's Resources Input for Major Issues | Grievance Channels and Other Actions |
|---|---|---|---|---|---|---|---|
| Information Security | Sound information security management is an important foundation for D-Link as a networking equipment brand operator. Strict information security regulations can protect stakeholders and companies and maintain brand reputation. | ■ D-Link<br>□ Supply chain<br>■ Customer | Formulated the "Information Security Management Policy" and established the "Information Security Management Committee" to understand information and communication security according to international standards. | 1. Passed 3 information security-related international certifications, including ISO/IEC 27001:2013 Information Security Management System certification, IEC 62443-4-1:2018 Secure Product Development Lifecycle Requirements certification, and BS 10012:2017 Personal Information Management System.<br>2. Establish the "Information Security Management Committee" in 2021, with the general manager as the convener, hold regular information security meetings, and supervise D-Link's information security policies.<br>3. It concerns ISO/IEC 27001 information security management system and establishing internal control system handling criteria for public companies. Regularly check and report to the board of directors the performance of the information security management organization's relevant management operations and systems.<br>4. In 2021, there will be no major deficiencies and no major information security violations. | **Short-term goal:**<br>• Established the information security management system<br>• The Board of Directors passed the "Information Security Management Policy" on 2/22/2022. The confidentiality, integrity, availability, and legality of information assets are reviewed regularly every year.<br>• Promote the "Product Information Security Management Platform", which is expected to be consolidated in 2022.<br>**Mid-term goal:**<br>Establish effective anti-hacking and anti-weak measures on external services or websites to implement customer privacy protection. Regularly entrust third-party external experts to simulate hacking attacks, conduct penetration tests or red team drills, and continuously check system flaws or weaknesses.<br>**Long-term goal:**<br>Gradually build the group information security joint defense system, review and supervise the appropriateness of the relevant planning operations of each subsidiary's information, network system, information security maintenance, etc.; and purchase information security insurance according to business needs to show the importance of customer rights and interests. | 1. Implemented information security standards and certifications including ISO/IEC 27001:2013 Information Security Management System (ISMS), IEC 62443-4-1:2018 Secure Product Development Lifecycle Requirements certification, BS 10012:2017 Personal Information Protection Management System, and International Organization for Standardization (ISO) certification.<br>2. Joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC), and routinely collect external threat intelligence to conduct risk assessments. Our information security personnel verify and monitor the results of the information processed to strengthen protection against external information security threats.<br>3. Held more than 20 meetings related to information security.<br>4. Implemented quarterly information security education for all personnel on internal website. Enlisted one information security officer and 7 network administrators with each member receiving a minimum of 24 hours annually for professional cybersecurity training. | 1. Carry out internal self-evaluation of product information security development process annually, arrange for a third-party external information security company to conduct audits biennially, and routinely conduct information security audits on vendors and manufacturers.<br>2. Suppliers can discuss issues and make appeals at scheduled quality assurance and review meetings.<br>3. Information security meetings are held periodically in accordance with the regulations of the Information Security Management Committee for internal discussion.<br>4. Customers can utilize the customer service mailbox or the service hotline 0800-002-615 or visit the official website: https://www.dlinktw.com.tw/about/contactus and select "Other Questions" to file their complaint. |
| Economic Performance | The steady growth of operations is the foundation of D-Link, and the business continues to grow with a good brand image. | ■ D-Link<br>□ Supply chain<br>□ Customer | 1. Expand production capacity, create product and service features, and build diversified product capabilities.<br>2. Regularly hold business review meetings, track business performance, fully grasp the operating status, and monitor the progress.<br>3. Hold the board of directors quarterly to ensure a forward-looking and feasible business strategy. | **Goals in 2021:**<br>Innovation and growth drive profits.<br><br>In 2021, D-Link's consolidated revenue was NT$15.525 billion, up 2.3% compared to 2020. The operating expenses in 2021 totaled NT$4.019 billion, representing a decrease of NT$680 million compared to 2020. Operating profits in 2021 totaled NT$170 million, representing an increase of NT$90 million in profits compared to the net profit of NT$80 million in 2020. | **Short-term development strategy:**<br>• Work with high-quality ODMs to build a controllable supply chain system with close relationships.<br>• Reshape D-Link's brand image and enhance brand value from three aspects, specifications and prices, functional performance, and corporate identity (CI).<br>**Mid-term development strategy:**<br>• Achieve management and provisioning minification of networking products with cloud computing as the main pillar.<br>• Create stable and advanced networking products with excellent radio frequency and high-speed signal technology<br>• Propose all-in-one solutions for enterprises based on the needs form SOHOs and SMBs. | Established a mailbox for investor relations, with a dedicated person to respond to questions from shareholders/investors/customers/evaluation agencies. | Investor Relations Contact Window<br>Tel: 886-2-6600-0123 ext. 6437<br>Email: ir@dlinkcorp.com |
| Innovation and R&D | Continuous innovation and enhancement of product and service functions bring high convenience and value to D-Link customers. | ■ D-Link<br>□ Supply chain<br>□ Customer | Committed to the pursuit of new technologies, it is expected to provide customers with high-quality and convenient products and services, and to strengthen the new AI functions of products as the current innovation direction. | **Goals in 2021:**<br>To encourage and create a culture of innovation.<br>1. Develop EAGLE PRO AI wireless router and dual-band wireless router with Mesh function, with the AI assistant function constructed by the innovative team, in addition to the general network connection service, it provides more secure and convenient network settings and recommendations. Network usage status allows users to clearly grasp the quality and usage of the network.<br>2. Encourage patent applications and rewards, which can bring more convenient innovative ideas in the previous period of brand management and shorten the distance between users and users.<br>3. In 2021, the new product series will be launched simultaneously in the global distribution channels. | **Short-term goals:**<br>Launch the EAGLE PRO AI series products and build a new generation of brand and product series with the product AI function as the appeal.<br><br>**Mid- to long-term goals:**<br>In the application of networking products, it leads the trend of providing network integration solutions. It proposes corresponding solutions in various applications such as smart home, enterprise network, cloud management, multi-machine integration, etc., to meet the market of network applications. | Established a department to conduct research on product function design, with a team of 5-7 people in each product line. | 1. Collected market feedback via product and sales centers to further optimize the design of new features.<br><br>2. Regular technical meetings are held between the product center and ODM R&D personnel to discuss the feasibility of revisions or new features. |

■ Direct impact □ Indirect impact

| Major Issues | Significance for D-Link | Scope of Impact | D-Link's Policies and Measures to Respond to and Manage Major Issues | Quantitative/Qualitative Goals in 2021 and Current Goal Attainment | Short/Mid/Long-Term Goals and Current Goal Attainment | D-Link's Resources Input for Major Issues | Grievance Channels and Other Actions |
|---|---|---|---|---|---|---|---|
| Intellectual Property Rights | Protect D-Link's research and development results and brand so that rights and operations are not undermined. | ■ D-Link<br>□ Supply chain<br>□ Customer | Formulate an "Intellectual Property Management Plan in combination with operational goals and protect the R&D innovation results with patents to defend the rights and interests of D-Link and customers. | **Goals in 2021:**<br>According to the needs of D-Link's strategic development, continue to apply for and maintain patents, and according to the needs of D-Link's global deployment, continue to apply for and maintain trademarks.<br><br>Goal attainment in 2021:<br>1. As of 2021, a total of 729 patents have been applied worldwide, and a total of 560 patents have been granted.<br>2. As of 2021, the D-Link brand has become registered trademarks in more than 120 countries/regions worldwide. | **Short-term goal:**<br>According to the needs of D-Link's strategic development, the continuous output and maintenance.<br>**Mid-term goal:**<br>Fully introduce the "Taiwan Intellectual Property Management System (TIPS)", pass the certification, and continue to maintain.<br>**Long-term goal:**<br>Deepen and implement the "Intellectual Property Management Plan" in combination with the operational goals, and achieve substantial growth in operations through implementing the plan. | 1. Develop an intellectual property management plan.<br>2. Provide patent-related education and training for the R&D team.<br>3. Following the Implementation Measures for Patent Application Rewards, the inventors to be given rewards for proposed or granted patents.<br>4. Establish a professional legal and intellectual property team to support the R&D team.<br>5. Report IP-related matters to the board of directors annually. | D-Link planned to introduce the Taiwan Intellectual Property Management System (TIPS) and confirmed its introduction in 2022. |
| Legal Compliance | Provide fundamental rules for D-Link's daily operations. | ■ D-Link<br>□ Supply chain<br>□ Customer | Follow relevant laws and regulations of various countries related to network and communication, track, identify, and implement all regulations daily, and adjust D-Link's operating policies in a timely manner. Announce relevant laws and regulations on the internal employee website and organize legal courses from time to time. | **Goals in 2021:**<br>No cases of punishment resulting from the violation of laws and regulations.<br><br>Goal attainment in 2021:<br>1. No cases of punishment resulting from the violation of laws and regulations.<br>2. Education and training courses related to regulations were held, totaling 172.5 training hours in 2021. | **Short-term goal:**<br>No cases of punishment resulting from the violation of laws and regulations, and the status continue to be maintained.<br>**Mid-term goal:**<br>Each department establishes a compliance system for proactive identification, complete inspection, response to changes, and regular reporting of compliance for the business it is responsible for.<br>**Long-term goal:**<br>The compliance awareness is internalized into the philosophy of all employees and D-Link's DNA and is implemented in all aspects of its operations. | 1. The audit office regularly inspects the audit items of various departments and continuously reviews and improves the items in question.<br>2. Provide education and training related to compliance with laws and regulations.<br><br>Established a mailbox for investor relations, with a dedicated person to respond to questions from shareholders/investors/customers/evaluation agencies. | 1. Inside the company: Communicate to all employees and enhance their compliance awareness through regular meetings, education and training, electronic bulletin board, complaint mailbox, relevant regulatory notices, etc.<br>2. Customers: May use the customer service mailbox, the service hotline 0800-002-615, or the official website: https://www.dlinktw.com.tw/about/contactus and select "Other Questions". |
| Risk Management | Properly manage potential impacts in the future to protect the rights of D-Link and investors. | ■ D-Link<br>□ Supply chain<br>□ Customer | A risk management team is established under the ESG Office, responsible for identifying risks affecting D-Link's sustainable development and formulating countermeasures. After regularly reporting to the ESG Office, it is reported to the ESG Committee. | **Goals in 2021:**<br>Complete the risk management system.<br><br>The work organization and the work content of the risk management team are formulated, and the "risk management policy" will be adopted by the board of directors in May 2021. | **Short-term goal:** Regularly manage all existing risks through the risk management team. **Environment**<br>• Set the goal of reducing greenhouse gas emissions by 10% by 2026.<br>• Consider negative environmental impacts during product lifecycles when developing new products.<br>**Governance**<br>• Actively communicate with suppliers to reduce the unstable supply of raw materials.<br>• Strengthen stakeholder communication and reduce the occurrence of business reputation risks.<br>**Society**<br>• Resume existing social participation activities that have been reduced in frequency/number due to the epidemic.<br>• Continue to implement rolling adjustments to the talent development plan.<br>**Mid- to long-term goals:**<br>**Environment**<br>• Continue to purchase green electricity to reduce greenhouse gas emissions and achieve carbon neutrality goals.<br>• Continue to collect public opinion, analyze various risks, and respond to the future transition risks brought by net zero.<br>**Governance**<br>• Strengthen the governance of diverse directors.<br>• Complete extreme climate-related response policies.<br>**Society**<br>• Continue to increase suppliers' attention to human rights issues. | 1. Established the Corporate Sustainability Office - Risk Management Team.<br><br>2. Hired external consultants to help identify extreme climate risks, and arranged training on TCFD-related content. | Stakeholders can express their opinion through the CSR mailbox (csr@dlinkcorp.com). |

■ Direct impact □ Indirect impact

| Major Issues | Significance for D-Link | Scope of Impact | D-Link's Policies and Measures to Respond to and Manage Major Issues | Quantitative/Qualitative Goals in 2021 and Current Goal Attainment | Short/Mid/Long-Term Goals and Current Goal Attainment | D-Link's Resources Input for Major Issues | Grievance Channels and Other Actions |
|---|---|---|---|---|---|---|---|
| Talent Cultivation and Retention | The key to D-Link's innovation and growth is to recruit talents to join the operation team. | ■ D-Link<br>□ Supply chain<br>□ Customer | Create a healthy and safe working environment and plan fair, reasonable, competitive systems, benefits, and incentives to attract and retain key talents. | **Goals in 2021:**<br>Create an environment that attracts talent.<br>1. In 2021, the number of teaching hours for employee education and training will be 4,940 hours, with an average of 9 hours of training per person.<br>2. Partnered with 8 colleges and universities for campus recruitment or internship activities<br>3. Continue academia-industry cooperation and establish internship programs. A total of 3 interns will be hired in 2020, and all of them will be turned into full-time employees in 2021. | **Short-term goal:**<br>• Continue to promote gender equality.<br>• Increase internship opportunities and improve the degree of employment of interns upon graduation.<br>• Increase the long-term reward system for equity employees.<br>**Mid-term goal:**<br>• Increase the proportion of mid-level female supervisors and achieve the goal of equal numbers of female employees.<br>• Reduce the voluntary resignation rate to the industry level.<br>• Adjust and redesign the individual performance bonus system.<br>**Long-term goal:**<br>• D-Link's personnel turnover rate (including replacement rate and voluntary turnover rate) is maintained at a reasonable level.<br>• Maintain the long-term industry-university reciprocal cooperation model and continue to expand.<br>• In response to the local aging population, increase the proportion of middle-aged (>45 years old) employees. | 1. In 2021, D-Link invested approximately 4,940 hours for employee education and training.<br>2. In 2021, D-Link invested approximately $11 million (NTD) for employee welfare. | Complaint hotline:<br>886-2-6600-0123 ext. 1850<br>Complaint mailbox:<br>(114) No. 289, Xinhu 3rd Road, Neihu District, Taipei City / Recipient:D-Link850 Employee Complaint Mailbox<br>Email Complaint address:<br>dlink850@dlinkcorp.com |
| Greenhouse Gas (GHG) Management | D-Link attaches great importance to the issue of climate change, and greenhouse gas management is the core of D-Link's future sustainable strategy. | ■ D-Link<br>■ Supply chain<br>□ Customer | 1. Count the carbon emissions in D-Link's operation every year, check the carbon reduction performance year by year, and give employees environmental education regularly.<br>2. Stipulate related policies according to the ISO 14064 Greenhouse Gas Inventory system. | **Goals in 2021:**<br>Complete the energy management system.<br>1. The goal of reducing carbon emissions by 2.5% by 2021, with 2016 as the base year was achieved.<br>2. The ISO14064 Greenhouse Gas Inventory entrusted to SGS in 2021 has been completed. | **Short-term goal:**<br>From 2022, ISO 14064-1 Scope 3 indirect emissions will be included in the management.<br>**Mid-term goal:**<br>The goal of reducing carbon emissions by 10% by 2026 is set using 2016 as the base year.<br>**Long-term goal:**<br>The carbon neutral goal by 2050 is set using 2016 as the base year. | Adopted ISO 14064-1 international standards for environmental management. | https://www.dlinktw.com.tw/about/contactus<br>Category Selection: Other Questions<br>This information will be updated on the new official website. |
| Energy Management | Good energy management can achieve multiple benefits for D-Link, such as reducing greenhouse gas emissions, saving precious energy resources and reducing operating costs. | ■ D-Link<br>□ Supply chain<br>□ Customer | 1. Inventory the various energy consumption and energy intensity in D-Link's operation every year, as well as the effectiveness of promoting relevant energy-saving measures.<br>2. Follow the ISO 14001 environmental management system, set an annual environmental management plan, and commit to and implement five major environmental policies. | **Goals in 2021:**<br>Complete the energy management system.<br>1. Obtained ISO 14001:2015 Environmental Management System Verification in October 2021.<br>2. In the past three years, energy-saving measures such as installing energy-saving circulating fans, replacing energy-saving lamps, and adjusting the switching time of the main air conditioner have been implemented successively. Replaced the lighting in the offices, conference rooms, and manager offices on the 5th and 6th floors of the headquarters building with energy-saving LED panel lights in 2021. As of 2021, 820 lights have been replaced, resulting in an energy reduction of 3.17% and energy savings of 100,000 kWh per year in the future. | **Short-term goal:**<br>The 2022 environmental management plan is set as energy saving and carbon reduction, and the lamps on other floors of the headquarters' building will be replaced with LED energy-saving lamps. The target annual electricity consumption will be reduced by 1.5%.<br>**Mid-term goal:**<br>The goal of reducing power consumption by 4.5% and water consumption by 2.5% by 2026 is set using 2021 as the base year.<br>**Long-term goal:**<br>The goal of reducing power consumption by 30% by 2030 is set using 2021 as the base year. | 1. Adopted ISO 14001 international standards for environmental management.<br>2. Invested $810,000 (NTD) to replace lighting fixtures in office building(s) to reduce energy consumption. | https://www.dlinktw.com.tw/about/contactus<br>Category Selection: Other Questions<br>This information will be updated on the new official website. |

## CH. 2

# Governance

- Revenue increased by 2.3%, and net operating profit increased by about 1.1 times.
- Scored 88.38 points in the corporate governance evaluation, improving the evaluation result by 4 levels.
- Released the subsidiary brand “EAGLE PRO AI” series products and “cloud platform” services.
- Established “Cloud Platform Product Division” to enhance R&D energy.
- Established a “Risk Management Taskforce” to actively manage emerging issues.
- Established the “Information Security Management Committee” and the “Product Information Security Management Platform”.
- The supply chain assessment is incorporated into the RBA guidelines.

2.1

# Sustainable Governance

D-Link believes that strengthening corporate governance is the cornerstone of an enterprise's pursuit of sustainable growth. Adhering to the core spirit of integrity and honesty, D-Link operates transparently, attaches importance to stakeholders, and achieves the goal of creating shareholder profits and being responsible to stakeholders through corporate governance. At the same time, follow the belief of sustainability and integrate with the environment and society to maintain the long-term competitive advantage of the enterprise.


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management

## 2.1.1 Financial Performance

D-Link's consolidated operating revenue in 2021 was NT$15.525 billion. Despite the impact of market factors such as the appreciation of the Taiwan dollar, the COVID-19 epidemic, shortages of key components, and price increases, D-Link managed to cope with the fact that its revenue still increased by 2.3% over the previous year; in addition, under the prudent management of operating expenses, the A decrease of 14.4% increased operating net profit from NT$80 million in the previous year to NT$170 million, an increase of approximately 1.1 times. In addition, the non-business income was NT$220 million, mainly from the interests of related companies recognized using the equity method and interest income. In terms of overall profit performance, the current net profit attributable to the owners of the parent company in 2021 is NT$240 million, and the EPS is NT$0.38.

In 2021, D-Link headquarters and global branches received around NT$21.33 million in subsidies, including government tax relief and deduction of about NT$4.34 million, COVID-19 and other related subsidies of NT$15.87 million and incentives and subsidies of NT$1.12 million.

## 2.1.2 Corporate Governance Performance

D-Link will launch a corporate governance indicator evaluation and improvement plan in 2021. In 2021, D-Link scored 88.38 points in the corporate governance evaluation, ranking in the 3rd level (21% to 35%). The evaluation result improved by 4 levels compared to 2020. The score was nearly 5% higher than the average scores of listed companies in the same level and was only 5.72 points higher than the average score of the previous level.

Furthermore, D-Link voluntarily participates in international corporate governance evaluations, such as S&P Global, and incorporates the Sustainalytics ESG Evaluation and FTSE Russell ESG Evaluation indicator requirements into the corporate governance improvement plan. In 2021, we participated in the S&P Global ESG evaluation for the first time, scoring 33 points, ranking 79%. The Sustainalytics ESG evaluation score increased for three consecutive years.

| Item | 2019 | 2020 | 2021 |
|---|---|---|---|
| Operating Revenue | 16,996 | 15,179 | 15,525 |
| Gross Profit | 4,740 | 4,775 | 4,189 |
| Operating Expenses | 5,124 | 4,695 | 4,019 |
| Operating Profit (Loss) | (385) | 80 | 170 |
| Non-Operating Income and Expenditure | 95 | 1,417 | 225 |
| Net Profit (Loss) before Tax | (290) | 1,497 | 395 |
| Net Profit (Loss) after Tax | (442) | 1,311 | 318 |

Amount (NT$ Million)

**Sustainalytics ESG Risk Score in the Past 3 Years: (100 ~ 0, 0 is the best)**

| Item | 2020.04 | 2021.07 | 2022.01 |
|---|---|---|---|
| Risk Assessment Score | 24.9 | 23.8 | 16.4* |

*From Medium Risk to Low Risk

## 2.1.3 Sustainable Governance Actions

D-Link has set up a Corporate Governance Officer responsible for corporate governance-related matters, including assisting in compliance of law and improving the corporate information transparency, as well as the operation of the ESG Committee. To comply with the development direction of corporate governance and strengthen the operational functions of the board of directors, on February 2, 2021, the board of directors approved the establishment of the "ESG Committee" to assist in promoting corporate social responsibility and corporate governance to practice the purpose of sustainable management.

On May 4, 2021, the Board of Directors formulated "Risk Management Policies and Procedures" to establish early identification, measurement, control, and monitoring of potential risks in various businesses to protect the interests of employees, shareholders, partners, and customers. On November 5, 2021, a dedicated unit in the board of directors will report the current status of the implementation of integrity management to ensure the implementation of D-Link's "Corporate Governance Best Practice Principles"; and pass the "Information Security Management Policy" and establish an "Information Security Management Committee", which is chaired by the president. Convenor, supervise the information security policy of the whole company; refer to ISO/IEC 27001:2013 information security management system, and grasp information and communication security according to international standards.

The performance evaluation of the board of directors in 2021 was reported to the board of directors on February 22, 2022, and earlier than the decree, it proactively conducted an internal performance evaluation of functional committees and reported its implementation and evaluation results to the board of directors.

## 2.1.4 Board of Directors

The board of directors is D-Link's highest governance unit and is responsible for selecting and nominating senior managers. Its operation is carried out in accordance with the "Regulations Governing Procedure for Board of Directors Meetings". In addition, to effectively exercise the functions of the board of directors, the Audit Committee, the Remuneration Committee, and the ESG Committee are set up under the board of directors according to their authorities and functions, to make the actual operation division more perfect.

| Title | Name | Gender | Age | Main (Academic) Experience | Professional qualifications and experience |
|---|---|---|---|---|---|
| Chairman and CSO | **Victor Kuo**<br>Young Syun Investment Co., Ltd.<br>Representative | Male | 56 | **Education**<br>Graduate Institute of Electrical Engineering, National Taiwan University<br>**Experience**<br>• CEO and President of Amigo Technology Inc.<br>• President of AXUS Microsystems, Inc. | • Founded Amit Wireless Inc. in 1998 to develop wireless IoT products.<br>• Served as the CEO and President of Amigo Technology Inc. listed on TPEx and has been in the network communication industry for many years. |
| Institutional Director Representative | **Joseph Wang**<br>Young Syun Investment Co., Ltd.<br>Representative | Male | 56 | **Education**<br>• Department of Law, National Chung Hsing University<br>• Experience: Director of Kuei Meng International Inc.<br>• Independent Directorof Aeon Motor Co., Ltd. | • Practiced as an attorney for more than 30 years with profound legal expertise, helping the Company's Board of Directors make an evaluation before each major decision, thereby reducing operational risks. |
| Institutional Director Representative | **David Tai**<br>Pu Ju Investment Co., Ltd.<br>Representative | Male | 54 | **Education**<br>Sloan School of Management, Massachusetts Institute of Technology<br>**Experience**<br>• Partner and Vice President of Maxima Capital Management<br>• President of Hep Tech Co., Ltd.<br>• Project Manager of Manufacturing Department of Taiwan Semiconductor Manufacturing Co., Ltd.<br>• Business Manager of Digital Equipment Corporation<br>• Manager of Investment Department of Walden International Taiwan Co., Ltd. | • After graduation, he has worked at major technology companies, including TSMC and DEC, with management and practical experience.<br>• After 1999, he turned to venture capital and invested in start-up companies in areas across the Taiwan Strait and the U.S. He has practical experiences in various fields and multi-faceted insight into the technology industry. |
| Institutional Director Representative | **Alan Yu**<br>Pu Ju Investment Co., Ltd.<br>Representative | Male | 63 | **Education**<br>Graduate Institute of Science Computer Engineering, Santa Clara University California<br>**Experience**<br>• CEO of Asia Cybermart International Holding Co., Ltd.<br>• CTO of Asia Pacific Japan, Hewlett-Packard Company<br>• President of Orinda Networks Nanjing Company.<br>• General Manager of Cisco Systems (China) Networking Technology Co., Ltd.Executive Director of Beijing ZZNode Technologies Co., Ltd. | • Worked at Group SEB and successfully designed a one-stop chain platform, incorporating electronic product display, experience, and professional guidance and is specialized in research and development with professionalism in cloud data. |
| Director | **John Lee*** | Male | 67 | **Education**<br>Graduate Institute of Electrical Engineering, National Taiwan University<br>**Experience**<br>• Chairman and CEO of D-Link Corporation<br>• Chairman and CEO of Alpha Networks Inc. | • Co-founded D-Link, a Taiwan networking brand, with Mr. Ken Gao.<br>• With more than 30 years of experience in the Networking industry, he is touted as the "Master of Networking ". |

| Title | Name | Gender | Age | Main (Academic) Experience | Professional qualifications and experience |
|---|---|---|---|---|---|
| Director | **Howard Kao** | Male | 45 | **Education**<br>San Jose State University, USA<br><br>**Experience**<br>• Special Assistantof CEO Office of D-Link Corporation | • After graduation, he worked at D-Link for many years. He was once the product manager of the Information Security Product Innovation and R&D department and the special assistant to the CEO's office. He is currently the senior director of the Pan-Asian Business Department. |
| Independent Director | **Richard Chen** | Male | 58 | **Education**<br>Bachelor in Accounting, Chinese Culture University<br><br>**Experience**<br>• Accounting Manager of DBTel Incorporated<br>• Financel Manager of Tze Hsin Transportation and Terminal Co., Ltd.<br>• Partner Accountant of Cheng He CPAs Firm<br>• Accountant of Te-Ming CPAs Firm<br>• Accountant of Jung-Tsung CPAs Firm<br>• Supervisor of Huang Long Department Co., Ltd. | • In addition to passing the Senior Professional and Technical Examination for Certified Public Accountants , he has obtained the Certified Securities Investment Analyst license and land administration agent license. His accounting expertise helps the Audit Committee to function effectively. |
| Independent Director | **Richard Lee** | Male | 60 | **Education**<br>Graduate Institute of Mainland China Studies, National Sun Yat-Sen University<br><br>**Experience**<br>• Presiding Judge of Taiwan Taitung District Court<br>• Presiding Judge of Taiwan Kaohsiung District Court<br>• Director of Bank of Kaohsiung Co., Ltd. | • Served as the chief judge and presiding judge at a district court. With extensive experience in court proceedings and legal professionalism, helping the Company's Board of Directors make an evaluation before each major decision, thereby reducing operational risks. |
| Independent Director | **Chun-Hsiung Chu** | Male | 58 | **Education**<br>Graduate Institute of Law, National Chung Hsing University<br><br>**Experience**<br>• Independent Director of S-Tech Corp. | • Practiced as an attorney for more than 30 years with profound legal expertise.He is currently a reviewer of the Good Neighbor Fund Committee of the various headquarters of the Ministry of National Defense. He has long encouraged and reviewed the promotion of environmental sanitation, sustainable development, and local creation in the village for a long time. He also serves as an advisory member of the Teacher Appeal and Review Committee at the National Defense University to protect teachers' right to work. He also serves as a D-Link ESG Committee member, providing professional advice on its sustainable development with his diverse experience and perspectives. |

*Mr. John Lee resigned as chairman and CEO on August 6, 2021, and Mr. Victor Kuo was elected as chairman by the board of directors.

**Composition of the Board of Directors**

According to Article 17 of the "Articles of Incorporation", D-Link has stipulated that the Board of Directors shall be composed of 7 to 9 directors, who shall serve for 3 years per term. The directors shall be nominated and elected, and the Shareholders' Meeting shall appoint competent persons as directors. The 12th board of directors consists of 9 directors (including 3 independent directors), and the term of office is from June 15, 2020 to June 14, 2023. The Board of Directors shall be convened once every quarter. In 2021, a total of 8 Board of Directors meetings were held, and the average attendance rate of directors was 91.3%.

In addition, in response to the policy on diversity of board members stipulated in Article 20 of the " Corporate Governance Best Practice Principles", D-Link currently has 9 directors, of which 22% directors are also employees, and 33% are independent directors. All directors of the company have rich experience in operation management and leadership decision-making, as well as industry experts, and have professional backgrounds and expertise in accounting, financial analysis, and law, and can give professional advice to D-Link from different perspectives. D-Link has reached the specific management goal that directors who also serve as company managers should not exceed 1/3 of the number of directors.

**Continuing Education for Directors**

To enhance the functions of board members, according to the "D-Link Corporate Governance Best Practice Principles", various external courses are arranged every year to help enhance professional capabilities. In 2021, the total number of training hours for D-Link directors is 82 hours, and the average training hours are 9.1 hours, which is higher than the 6 hours recommended by regulations; 100% of the training hours for all directors are in line with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", detailed for further study information, please refer to D-Link's 2021 Annual Report.

**Age/Gender of Board Members**

| 2021 | Age 30 and below | 31 - 50 | 51 and above | Subtotal | Percentage |
|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 0% |
| Male | 0 | 1 | 8 | 9 | 100% |
| Subtotal | 0 | 1 | 8 | 9 | - |
| Percentage | 0% | 11% | 89% | 100% | - |

## Audit Committee

| Convener | Committee member | |
|---|---|---|
| Richard Chen | Richard Lee | Independent Director |
| | Chun-Hsiung Chu | Independent Director |

All are independent directors responsible for assisting the board of directors in reviewing D-Link's financial statements, internal control systems, auditing business, accounting policies, and procedures, and other related matters to ensure that D-Link's operations comply with relevant government laws and practices.

**6 meetings were convened in 2021 with 100% attendance.**

## Remuneration Committee

| Convener | Committee member | |
|---|---|---|
| Richard Lee | Richard Chen | Independent Director |
| | Chun-Hsiung Chu | Independent Director |
| | Chien Yang | Committee Member |
| | Shu-Fen Wang | Committee Member |

It consists of 3 independent directors and 2 external committee members. Responsible for stipulating and regularly reviewing the remuneration policies, systems, standards and structures, and performance of directors and managers.

**3 meetings were convened in 2021 with 93.3% attendance.**

## ESG Committee

| Convener | Committee member | |
|---|---|---|
| Richard Chen | Richard Lee | Independent Director |
| | Chun-Hsiung Chu | Independent Director |

The Committee is completely composed of independent directors. It is responsible for helping the Board of Directors continue promoting corporate social responsibilities and improving corporate governance to implement sustainable management.

**1 meeting was convened in 2021 with 100% attendance.**

## 2.1.6 Board of Directors and Functional Committee Performance Evaluation

To implement corporate governance and enhance the functions of the board of directors, D-Link formulated the " Rules for Performance Evaluation of Board of Directors " on October 19, 2020 and disclosed it on D-Link's website and annual report.

The evaluation results of the board of directors and functional committees in 2021 were submitted to the board of directors on February 22, 2022. The overall average score of the self-assessment of the board of directors is 4.71 points (out of 5 points), and the overall average score of the individual board members' performance self-evaluation is 4.72 points. (Out of 5), indicating that the board is functioning well. In addition, the performance assessment of the Audit Committee, the Remuneration Committee, and the ESG Committee has been completed, and the evaluation results have all reached 4.30 points (out of 5 points), indicating that the functions and operational efficiency of each functional committee are good.

### Board and Functional Committee's Performance Evaluation

| Item | Assessment |
|---|---|
| Board Performance Evaluation Items | • Involvement in the Company's operations<br>• Improvement of the quality of decision-making by the board<br>• Composition and structure of the Board of Directors<br>• Directors' election and continuing education<br>• Internal controls |
| Board Member's Performance Evaluation Items | • Understanding of the Company goals and tasks<br>• Awareness of directors' responsibilities<br>• Involvement in the Company's operations<br>• Internal relationship management and communication<br>• Directors' professionalism and continuing education<br>• Internal controls |
| Functional Committee's Performance Evaluation Items | • Involvement in the Company's operations<br>• Awareness of functional committee members' responsibilities<br>• Improvement to the quality of decision-making by functional committees<br>• Composition of functional committees and selection of members<br>• Internal controls (Audit Committee only) |

## 2.1.7 Ethical Management and Anti-corruption

D-Link adheres to the spirit of entrepreneurship, responsibility, integrity, and teamwork and continues to innovate to create a safe, convenient, and friendly network, allowing users to surf the boundless Internet world freely and connecting the whole world with zero boundaries.

To ensure the implementation of ethical management and compliance with laws and regulations, D-Link regularly promotes the core value of ethical management and has established internal rules and regulations such as the "Code of Conduct", " Ethical Corporate Management Best Practice Principles" and "Implementation Measures for the Whistleblowing System", which clearly demonstrated D-Link's ethical management policy, requiring D-Link itself and its subsidiaries to follow relevant laws and regulations for the overall operating activities, abide by the high standard of professional ethics, avoid engaging in any act of unfair competition, oppose to any form of bribery, establish appropriate management system, and hold internal training courses, such as intellectual property rights information management, business secret infringement prevention, etc., to enhance employees' awareness of ethical management and further strengthen corporate governance. The education and training related to D-Link's ethical management are divided into the 3 following items, and a total of nearly 400 training hours were implemented in 2021:

**New Employee Orientation**

D-Link has included ethical management in the content of its orientations for new employees. Every new employee in the orientation has been made known to adhere to D-Link's "Ethical Corporate Management Best Practice Principles" and "Code of Conduct". In 2021, each of the 95 new employees has completed 2 hours of ethical management training, totaling 190 training hours.

**External Training**

In 2021, a total of 8 employees applied for external training related to accounting and internal control systems. Each completed an average of 10.5 hours of education and training, totaling 84 training hours.

**Internal Training**

D-Link held a lecture on "the Education of the Rule of Law and Integrity" on January 7th, 2021, and the attendance included the chairman, the president and supervisors. There was an aggregate of 45 attendees for the lecture, totaling 67.5 training hours. The lecture had an attendance rate of 90%, and a satisfaction score of 85.41. D-Link also held a lecture on "the Ethical Management and Insider Trading" on November 22nd, 2021, and the attendance included the chairman, the president and supervisors. There was an aggregate of 22 attendees for the lecture, totaling 55 training hours. The lecture had an attendance rate of 84.5%, and a satisfaction score of 85. The courses were recorded and made available online, and further scheduled to be listed as mandatory within D-Link's training system for current employees in 2022.

On September 30, 2021, D-Link set up a reporting mailbox and a reporting hotline on its official website, keeping confidential and protecting the whistleblower's identity. The relevant complaints and investigation procedures are specified in the "Implementation Measures for the Whistleblowing System". D-Link adopts a zero-tolerance policy against corruption and bribery, unfair competition, infringement due to disclosure of confidential information, and insider trading. If any employee is found to have violated the Code of Conduct or internal regulations through the reporting mechanism or the internal audit, he or she will be recorded, investigated and punished according to relevant regulations to uphold the reputation of fairness and integrity. Regarding anti-corruption assessment, D-Link uses the latest report of an international corruption index, the "Corruption Perceptions Index" to evaluate whether each operating location is situated in an area perceived as more corrupt (with a score less than 50), and if so, it is necessary to strengthen relevant anti-corruption education and training. The boundary of the Report is limited to Taiwan, and Taiwan is ranked 25th out of 136 in the latest report of the Corruption Perceptions Index, making it a low-risk area.

The communication and training of anti-corruption policies and procedures are carried out through the signing of statements (directors), new employee orientations (employees), and the signing of procurement contracts with relevant articles (suppliers). In 2021, no issue related to employee corruption violations or internal complaints were reported, and no significant corruption-related risk was found after assessment.

### The Analysis of D-Link Operating Locations that Underwent Anti-corruption Risk Assessment

| Item | Corruption Related Risk Assessment |
|---|---|
| Number of Operating Locations that Have Conducted Assessments | 5 |
| Number of Operating Locations | 5 |
| Percentage | 100% |

According to the reporting boundary of the Report, the operating locations are defined as the headquarters and the locations of the branches in Taiwan (Hsinchu Office, Taichung Office, Kaohsiung Office, and Tainan Warehouse).

### Statistics Related to Communication and Training about Anti-Corruption Policies and Procedures

| | Number of People/Branches | Number of People/Branches Who Have Undergone Communication/Promotion | Number of People/Branches Who Have Undergone Education and Training | Percentage of Communication/ Promotion Conducted | Percentage of Education or Training Conducted |
|---|---|---|---|---|---|
| Governance Organization/ Board of Directors | 9 | 9 | 9 | 100% | 100% |
| Employees | 555 | 555 | 130 | 100% | 23% |
| Suppliers | 54 | 54 | 54 | 100% | 100% |

Anti-corruption education and training have been carried out for new employees in 2021; the number of existing employees has not been counted, but all supplementary training will be completed in 2022 for existing employees.

## 2.1.8 Participate in External Organizations

By responding to various initiatives and participating in external organizations, D-Link communicates with domestic and foreign industries, officials, and academia, to fully grasp the trends of the Networking Equipment industry and international norms and trends. Although D-Link has not formally signed an external initiative, we are still actively responding to the core spirit of external initiatives such as TCFD and RBA with practical actions. The current memberships of D-Link in external organizations are as follows:

- Member of Broadband Forum
- Member of Global Certification Forum
- Member of HDMI Licensing Administrator
- Member of Open Network Video Interface Forum
- Member of Voluntary Control Council (VCCI)
- Member of Wi-Fi Alliance
- Member of Zigbee Alliance
- Member of the Taiwan Electrical and Electronic Manufacturers' Association

D-Link **incorporates integrity management into the education and training** of new employees to ensure that every new employee understands that they should abide by its principles of integrity and ethical behavior. In 2021, there was a total of 95 new employees, each of whom has completed 2 hours of integrity education and training, totaling 190 training hours.

2.2

# Risk Response and Management

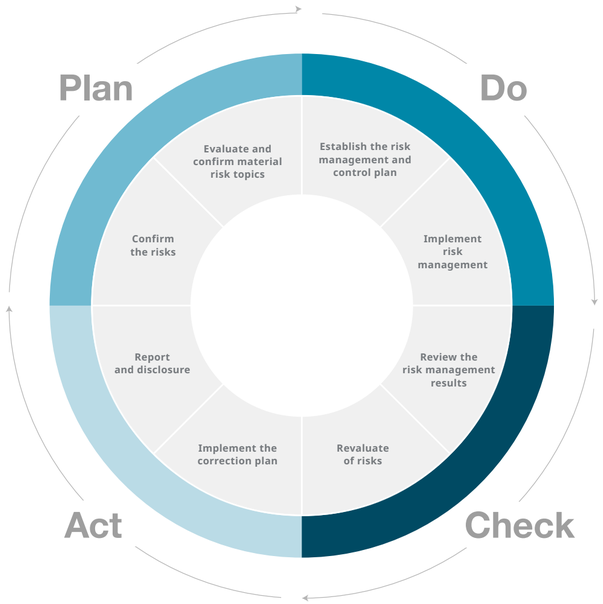
In response to the rapid changes in global trends, D-Link keeps pace with the times. Through internal and external analysis, we can understand trends and environments, identify risks and opportunities, assess the impacts on overall operations, and analyze possible opportunities and threats, formulating strategic policies and response plans.


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management

## 2.2.1 Risk Management

With the effects of globalization, economies and trade worldwide have become closely connected. In recent years, severe impacts have been inflicted on company operations due to the risks and changes brought on by climate change, the COVID-19 pandemic, and geopolitical factors. In addition to identifying risks from the aspects of the environment, society, economy, and governance, D-Link also regards “technological innovation” as a unique risk for independent discussion. We are also focused on potential long-term emerging risks. We aim to develop response measures through active management to ensure the prevention and timely handling of threats created by various risks. We will discover sustainable developments for the company and opportunities for transformation and innovation.

### D-Link’s Risk Management Procedure




*If the risk persists or risk self-retention, the risk management procedure will be implemented again for re-assessment.

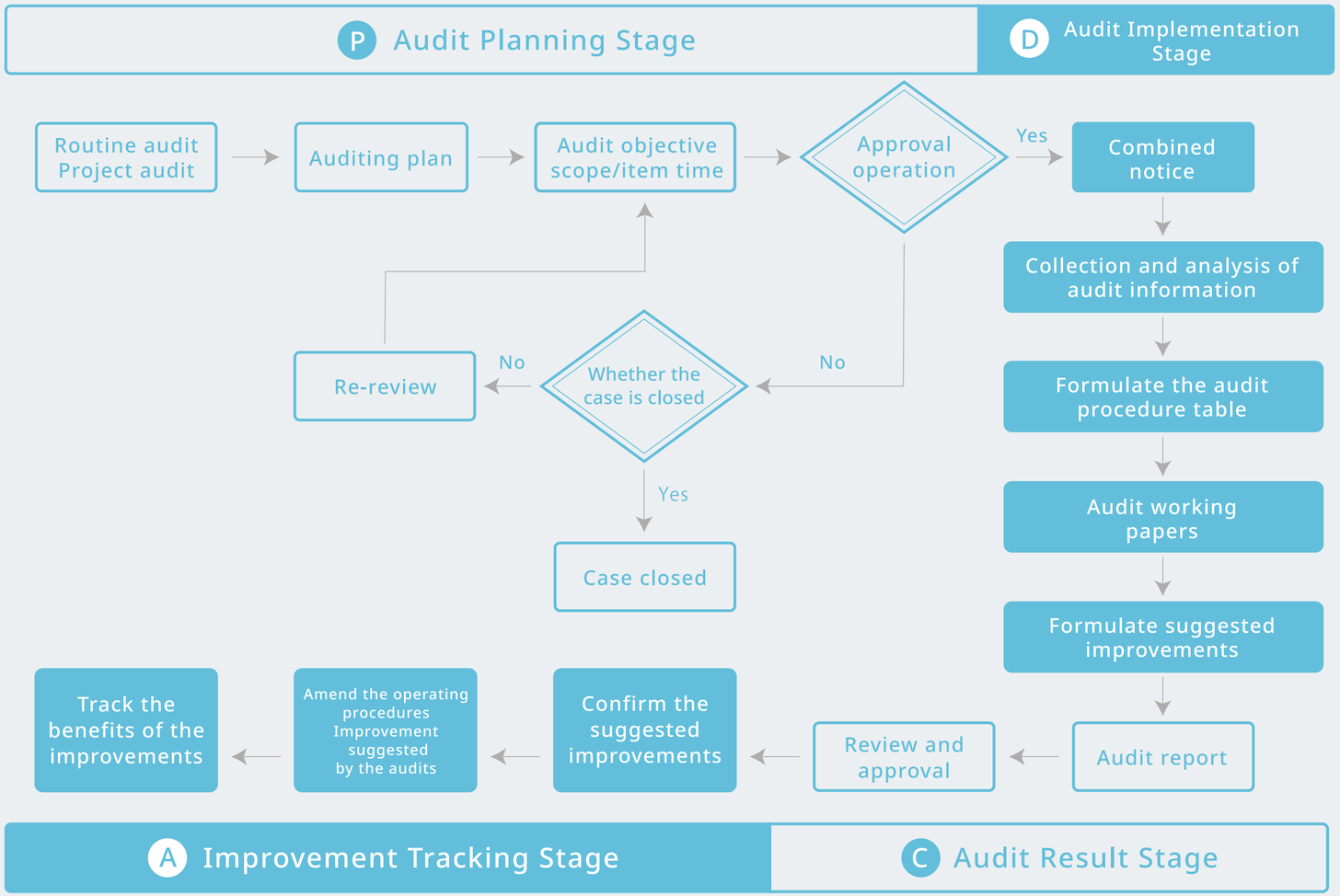
The D-Link Board of Directors passed the risk management policy on May 4, 2021. On September 28, 2021, the ESG Committee was convened. The annual risk management operating status was reported to the ESG Committee and the Board of Directors on November 5, 2021.

| Item | Dimension | Risk | Risk Mitigation Management Approach |
|---|---|---|---|
| 1 | Environment | GHG Management | Continue to achieve carbon reduction goals and set a target of 10% reduction of greenhouse gas emissions by 2026 with 2021 as the base year. |
| | | Waste Disposal Management | With 2021 as the base year, the target is to achieve a 2.5% reduction in waste by 2026. |
| | | Green Products | • Continue considering adverse environmental impacts when developing new products in the product life cycles, and reduce disposable packaging waste generation.<br>• For key raw materials, continue using low-energy consumption chips and follow related international energy consumption specifications. |
| | | Extreme Climate Risks | • Continue to achieve energy conservation, water conservation, and waste reduction goals to prevent extreme climate risks from the source.<br>• Regularly update D-Link’s climate-related financial disclosure (TCFD) evaluations. |
| 2 | Society | Human Resources Management | Formulate talent cultivation and development plans. |
| | | Human Rights Issues | Formulate and amend human rights policies and management plans in response to future trends. |
| | | Work Model Changes Caused by the COVID-19 Pandemic | Review the operational response mechanisms implemented during the pandemic and include them in future human resources management policies. |
| 3 | Economy and Governance | Operational Risk | • Regularly review and manage the comparison between sales results and inventories through strategic meetings.<br>• Formulate response strategies for fluctuating chip prices and unstable supply to ensure delivery and inventory optimization.<br>• Implemented AB shifts in response to the operational risks caused by the domestic COVID-19 epidemic to reduce crowd densities in public spaces and prevent the spread of the epidemic from affecting operations.<br>• In response to the COVID-19 pandemic, review whether t D-Link’s software and hardware services and facilities can meet the work-from-home needs of each department, and track whether all employees are working from home impact operations. |
| | | Market Risk | Interest rate risks<br>1. Regularly focus on interest trends and changes and maintain good relationships with financial institutions to lower financing costs.<br>2. Effectively the deploy the Group’s capital and strengthen its operational capital management, reduce its dependence on bank borrowings and spread its risks to changes in interest rates.<br>Exchange rate risks<br>Set up strict control procedures to control the foreign exchange exposure position, carry out prudent hedging operation and continuously track the movement of profit and loss to avoid exchange rate risk. |
| | | Reputation Risks | Identify the risks and formulate communication strategies for internal and external stakeholders to protect D-Link’s reputation. |
| | | Regulatory Risks | Regularly assess legal compliance risks. |
| | | Geopolitical Risks | • In response to the China-U.S. trade sanctions, D-Link has shifted to Group-oriented manufacturing and towards MIT as the primary production direction.<br>• Strengthen cooperation with Taiwanese platform manufacturers to avoid political factors affecting D-Link ‘s product development and sales.<br>• Collect reports or market surveys to understand and respond to market conditions in advance. |
| 4 | Technological Innovation | Speed of Changes in Technology | • Continue to join the emerging technology alliance in the ICT industry and become a member of the technology alliance. Through domestic and foreign industry-academic cooperation, we participate in the development of emerging ICT-related technologies.<br>• Closely follow low-orbit satellite applications to enhance future commercial opportunities to work with telecom operators. |
| 5 | Others (Long-term Emerging Risks) | Information Security Risks | Through the specialized unit for information security management, we continue to manage information security risks that may occur in the future and conduct investigations and drills on information arrangements from time to time. |
| | | Intellectual Property Rights | • Adopt active assessment, control, and response measures for intellectual property rights disputes and formulate dispute resolution strategies according to the dispute resolution mechanism.<br>• Formulate the intellectual property management plan and introduce the Taiwan Intellectual Property System (TIPS). |

## 2.2.2 Internal Audit Organization and Operations

To strengthen the operations and management of the company, D-Link has established the independent audit office under the Board of Directors. The appointment of the audit supervisor must be approved by the Board of Directors and a dedicated audit personnel has been additionally established. The audit office is responsible for establishing risk management strategies and various risk management systems, as well as formulating the annual audit plan. The office shall propose improvement suggestions according to the audit results and track subsequent improvement results. It shall report the audit results to the Board of Directors every quarter and report to the Chairman and Audit Committee when necessary.

D-Link stipulates and implements internal controls for internal audit and review operating procedures through the “Internal Audit Implementation Guidelines”. The scope of review covers all units, operations, and subsidiaries of D-Link. The audit office combines the Guidelines with the identified risks to formulate the annual audit plan. After the plan is reported to and approved by the Board of Directors, the compliance of various systems is regularly audited. Project audits or reviews are conducted when necessary to help the Board of Directors and management to check and review the effectiveness of internal controls and provide a channel for management to understand existing or potential internal control deficiencies. The internal audit shall present a written audit report and follow up report after the audit plan is executed. The reports shall be regularly delivered to the Audit Committee and shall act as the basis of the internal control statements submitted by the Board of Directors and Chairperson. In 2021, except for the routine items implemented according to the annual audit plan, there were no project audits.



## 2.2.3 Risk Warning Mechanism

D-Link uses up-to-date financial and economic news, industry changes, policies and regulations, situations encountered by peers, and the possible risk information and suggestions of different departments as the early warning mechanisms for risks. The Risk Management Taskforce irregularly convenes meetings related to potential risks to discuss and formulate related decisions. The related decisions are submitted to the ESG Office for compilation. Each department will conduct risk management and control according to the decisions and implement rolling adjustments to the management policies according to risk changes.

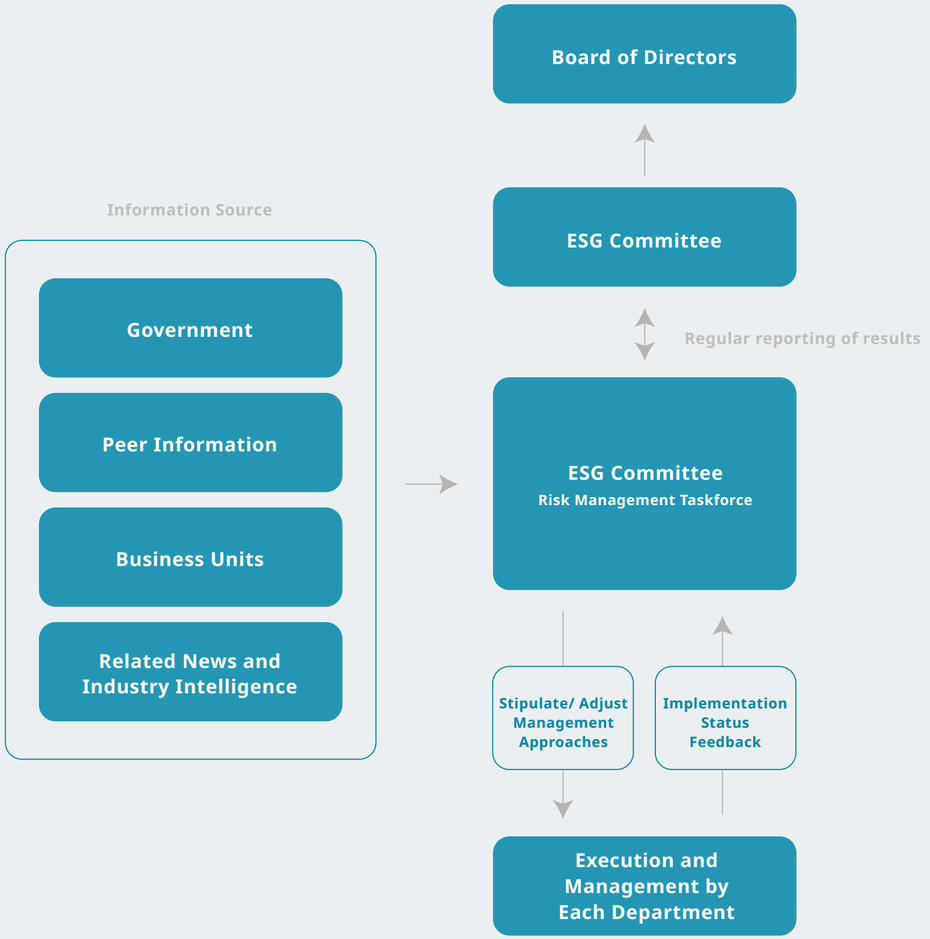
## 2.2.4 Legal Compliance

D-Link enhances employees' compliance awareness through meetings, training for new employees, electronic bulletin boards, complaint mailboxes, and relevant regulatory notices. In terms of laws and regulations, D-Link ensures that labor policies meet the requirements of human rights conventions and local government regulations; in terms of labor-management relations, regular labor-management conferences are held to communicate and reach a consensus on issues related to the implementation of human rights policies, labor environment conditions and policies, remuneration, benefits, etc., to ensure transparency and smooth communication between labor and management. There were no penalties for violating labor-related regulations in 2021.

D-Link's operating and sales locations can be found all over the world, and the company has always followed the relevant laws and regulations of various countries related to network and communication, competition law, anti-bribery law, economic sanctions law, personal information laws, and has tracked, identified and implemented all regulations on a daily basis to timely adjust corporate operating policies. D-Link conducts education and training on compliance with laws and regulations for the supervisors and employees. On March 19, 2021, the education and training courses related to contracts and regulations were held, with a total of 55 participants totaling 82.5 training hours; on March 11, 2022, education and training courses related to personal data protection law were held, with a total of 51 participants and 76.5 training hours.

In addition, D-Link's products and services also comply with regulations related to information and labeling, health and safety. Its marketing and promotion activities also comply with regulations related to marketing communications, and its compliance further extend to environmental, social and economic fields. There was no violation of the above-mentioned relevant regulations in 2021, and no penalty was imposed.

### D-Link Risk Data Collection and Early Warning Diagram



2.3

# Product Quality and Safety


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management


D-Link abides by the business purpose and is based on satisfying customer requirements and maintaining the effectiveness of the quality management system. The general manager serves as the management representative of the ISO management system. The quality policy direction is reviewed in the annual management review meeting, and the quality policy is followed every year. Formulate customer satisfaction surveys, supplier management surveys, and product manufacturing quality assessment quality goals. Then, submit annual quality goals to the management review meeting to implement the resolutions for effective management and continuous improvement.

In addition, D-Link's products are marked with relevant product information by local regulations. The company's trademark, product model, part number, UPC, quantity, serial number, certification warning/certification label, origin mark, Search Text, hard disk version, firmware version, MAC, power supply information, and the number of boxes are marked on the product packaging. We also specify video signal output, lithium battery warnings, important labels, etc., according to product type and export requirements. In 2021, we had 100% compliance and no violation of relevant regulations.

## 2.3.1 Quality Management

**Quality Policy**

- Quality first
- Continuous improvement
- Customer satisfaction

D-Link products comply with the requirements of quality regulations in various countries, and formulate relevant specifications. In the development and design stage, suppliers are required to comply with them. In the development and verification stage, relevant specifications are verified and confirmed one by one, and complete relevant reports are obtained to follow and manage quality regulations continuously; There will be no breaches in 2021. At the same time, D-Link implements internal management activities following ISO 9001 quality management system specifications and establishes various policy indicators, regular internal audits, management review reviews, and resolutions, which are completed and certified by external units.

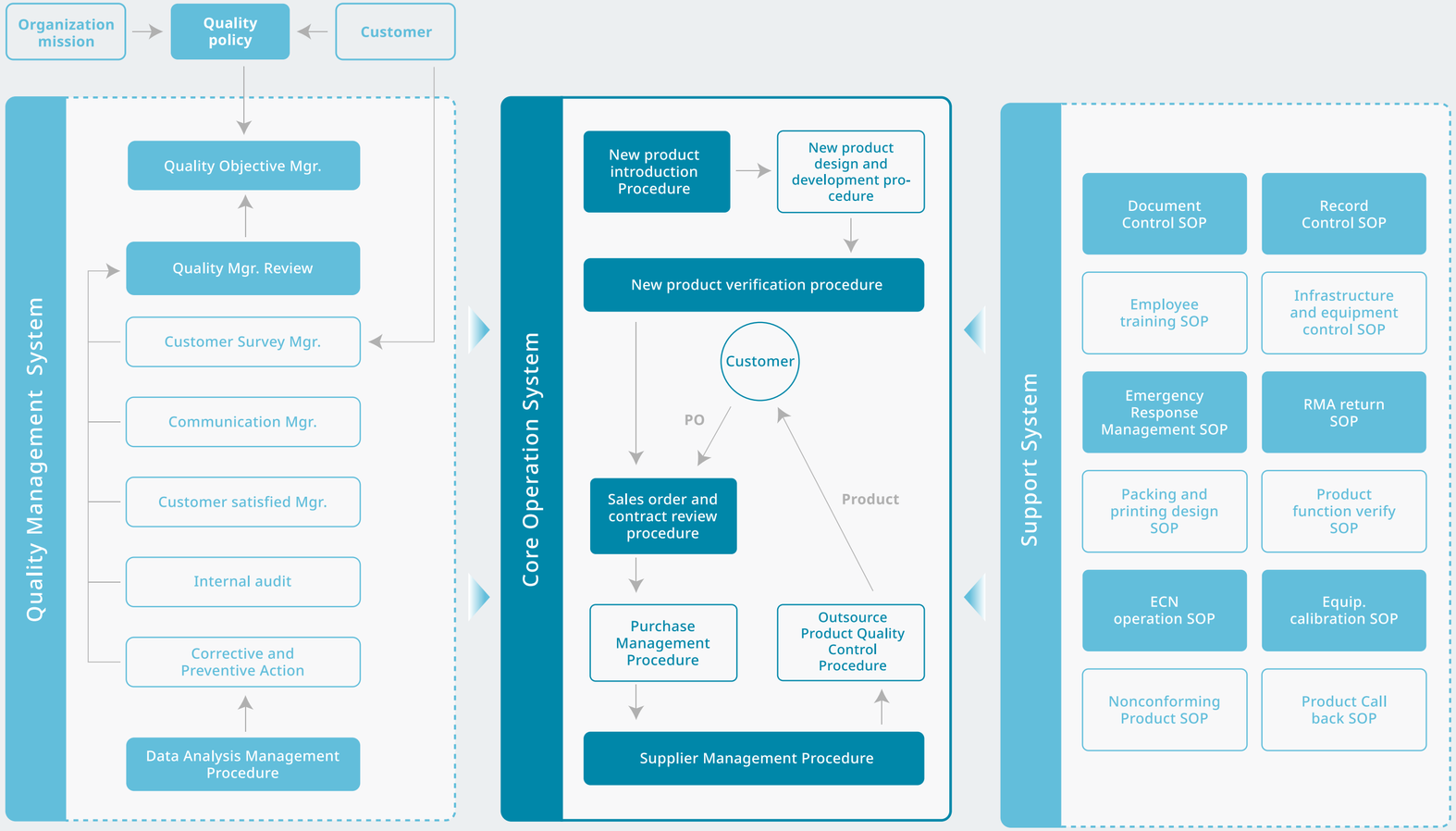
Quality first

Continuous improvement

Customer satisfaction

ISO 9001 Quality Management System certification

### D-Link's Quality Management System Procedures :



## 2.3.2 Product Security

All D-Link products are required to pass product security-related tests to ensure that there are no known risks before production. To maintain the level of product security, an internal audit is conducted once a year, an audit and review by an independent third-party product security verification unit are conducted every 2 years, and a product security audit is carried out on the cooperative manufacturers regularly to control the product security strictly.

D-Link Technology Product Security Development History

- **2012:** Started to cooperate with the product security consultant verification unit (such as the information industry planning association of consortium legal person, etc.) every year to detect the security risk of new products.
- **2016:** Imported the building security software development framework (Building Security in Maturity Model, BSIMM), implemented code review, and stipulated that the source code security scan report must be checked before the product is shipped.
- **2017:** Taiwan's first networking product company to pass the BSIMM verification, and the product development process conforms to the BSIMM V7 specification.
- **2018:** Adopt the latest industrial product security standard IEC 62443 Industrial Automation and Control System Security.
- **2020:** Obtained the IEC 62443 Industrial Automation and Control System Safety Part 4-1 product safety development system certification verified by German TÜV Nord.

To identify the risks of product security and manage them effectively, D-Link adopts the following measures:

- In addition to cooperating with external security companies to review all products, automated testing tools are regularly used to cooperate with manual testing to improve efficiency, expand the scope and scale of testing, and effectively grasp the security status of products.
- Integrate historical data and security events of all product security testing report to speed up an inquiry and effectively track.
- Automatically compare the product software package data with the latest external security incidents and automatically notify and follow up if there is a match.
- Regularly generate product security vulnerability statistics reports for each product line. To check the status of product security, adjust resource arrangements at any time, help query information security functions during product planning. We can also focus on strengthening product-related functions.
- Through regular training, we will strengthen internal product testing and the professional capabilities of developers in product security, assist in obtaining relevant licenses and qualifications, and make D-Link more competitive in the future regarding system procurement and other related businesses.

In addition, since general product security systems usually operate independently, such as follow-up management of vulnerability reports of test products, tracking of vulnerability security events, product version history records, used suite software databases, etc., there is little correlation with each other, resulting in cross-border Platform inquiries are time-consuming and complex. In the event of a security incident, recourse and inquiries are time-consuming and labor-intensive. It is impossible to learn the previous processing procedures of the application. Therefore, D-Link has started to establish a product security management platform in 2020, consolidating the following important product security functions into a single platform for effective control.

- Product vulnerability management
- Security Issue management
- Product version database
- Vulnerability scan and penetration test
- External vulnerability and media news database
- Product secure development documentation
- Source code security scan
- Free and open-source software security management

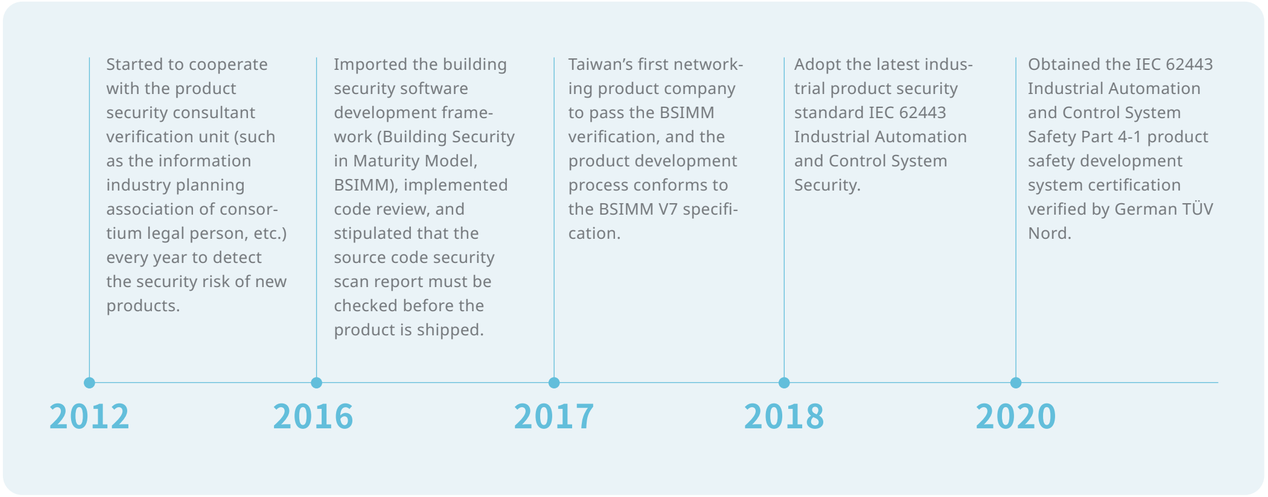
The platform is expected to be consolidated in 2022. After completion, all product development and management personnel can complete all related product security management and inquiries, software versions and security events, test reports, etc., on a single platform. All functions can interact with each other.

IEC 62443 certification

**IEC 62443**

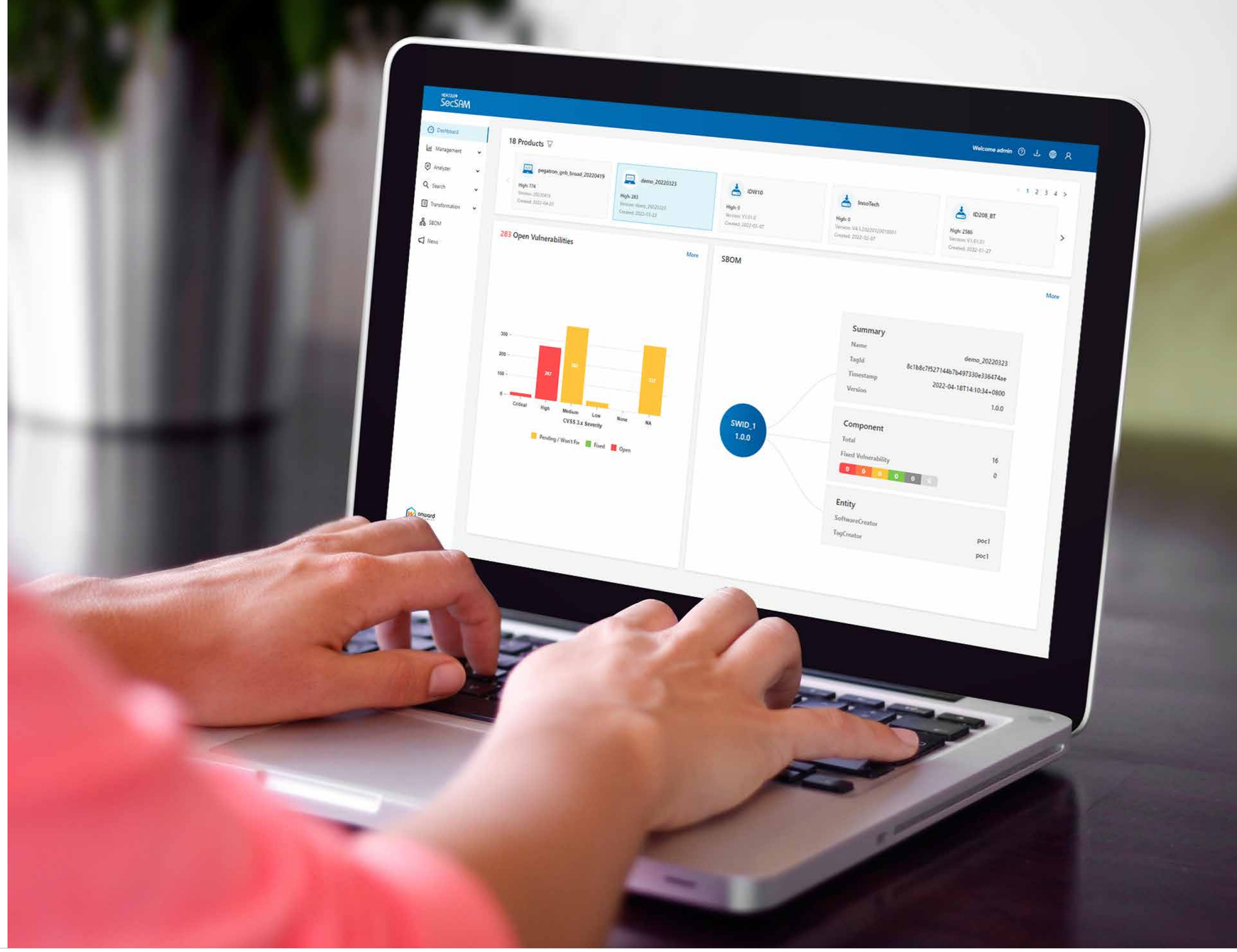
The IEC 62443 is an international series of standards that address cybersecurity for operational technology in automation and control systems launched by the International Standards Association (ISA) and the International Committee of Electrotechnical Organizations (IECEE). It has complete product security specifications from policies, organizations, processes, and systems to components. In addition to developing products by security specifications, each production stage has strict requirements and tests; after product sales, it is also necessary to release updated software as soon as possible in response to subsequent information security risks to maintain product security levels until the product stops supporting the announcement. The entire product life cycle from product design, development, and testing to introduction must follow the guidelines set by the IEC 62443 standard and ensure the quality and level of product security with the highest specifications, so that customer privacy is guaranteed.

**D-Link Technology Product Security Development History**



Platform users can check the history repair data at any time, learn from experience, and at the same time, they can also grasp the latest security information, query the scope of vulnerability impact, notify and require developers to complete the repair within a certain period of time, and release updated software.

D-Link Product Security Management Platform



## 2.3.3 Customer Service

High-quality after-sales service is D-Link's insistence on brand management. D-Link has a total of 15 call centers around the world, providing consumers with various real-time technical support channels such as toll-free phone calls, emails, and online customer service. Through our in-house CRM system (Support CRM), consumer issues are consolidated from all regions, allowing our headquarters and call centers to regularly review customer opinions and suggestions on products and services, thereby improving user experience, enhancing customer service quality, and increasing customer brand loyalty.

Through the 1-3-7 Service Level Agreement (SLA), the technical support units (including the customer support department and technical support division) and RMA department at D-Link headquarters are committed to providing each branch office (OBU) and call center with solutions to ensure effective resolution of consumer issues and require general case processing to be closed within 7 days.

Since February 2022, we have deployed a separate, more rigorous processing procedure for VIP projects and customers. A Field Application Engineer (FAE) will work with the Sales Center to conduct new feature evaluations and/or resolve issues directly with the manufacturer to meet project timelines.

**Customer Complaint Handling Unit**

Issues related to hardware quality: Based on the information provided by the customer, the branch office (OBU) submits an investigation request in the customer complaint system (D-CS) at headquarters. The RMA department will immediately conduct an investigation with the supplier or relevant internal units based on the content to determine the problem and seek improvement measures.

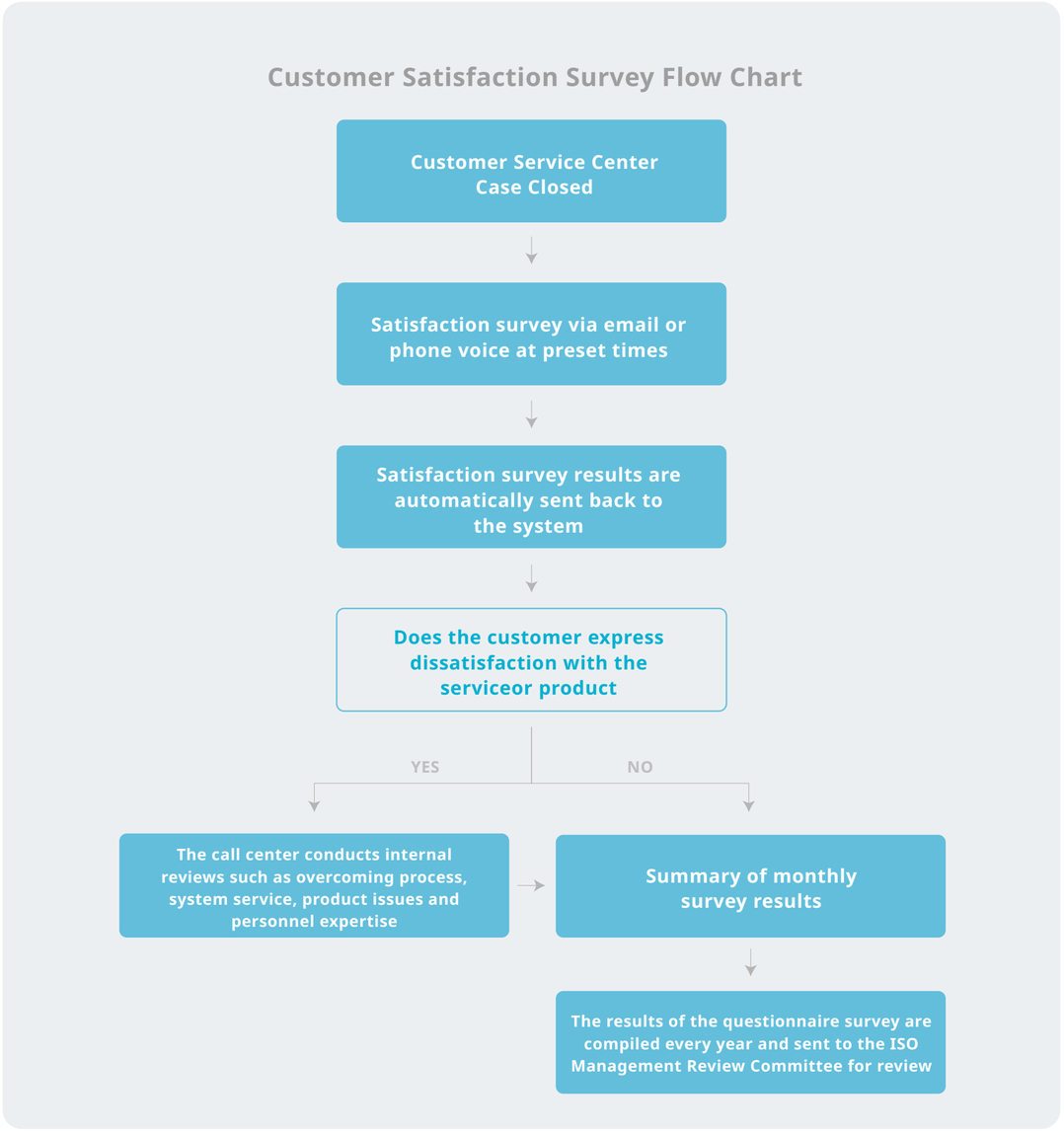
Issues related to software features: The branch office (OBU) submits a request for investigation on the D-Track system at headquarters based on the information provided by the customer. After the product application engineer and the technical support division review the problem, the manufacturer is required to propose a revised version.

To improve service quality, the headquarters conducts monthly reviews of various service management indicators for the call centers, including First Call Resolution (FCR), Average Handle Time (AHT), and Customer Satisfaction (CSAT). In response to recent COVID-19 epidemic prevention measures and regulations, customer service agents were introduced to a remote-work mechanism, which resulted in a higher Call Abandonment Rate (CAR). To solve this problem, the call centers deployed a cloud-based system in April 2021. In the past, limited by the traditional analog systems, customer service agents had to enter the office to answer incoming calls; now, through the cloud-based system, customer calls are redirected to customer service agents who are working from home.

**Customer Satisfaction Survey**

D-Link conducts annual customer satisfaction surveys in accordance with ISO 9000 customer satisfaction management procedures, with a standard score of 80. The survey process is shown below.

In the past three years, customer satisfaction survey scores have been above 80; the customer satisfaction survey score in 2021 increased by 2.44% compared with 2020. The survey results in the first quarter of 2022 also improved to 86 points.



## 2.4

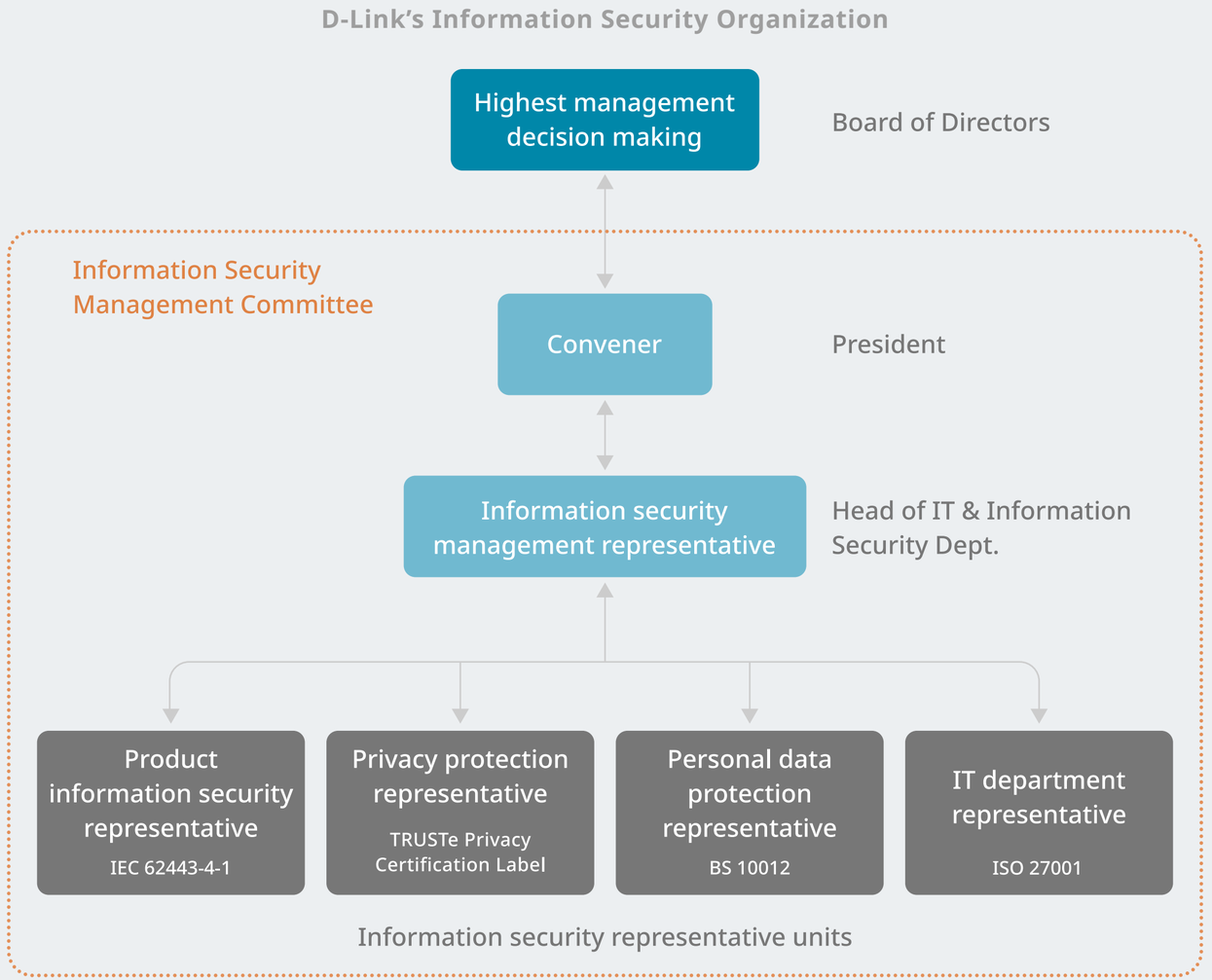
# Information Security Management

Information security is one of the major issues of global concern, and it is a top priority for the Networking Equipment industry. In 2021, D-Link established the “Information Security Management Committee” and passed the “Information Security Management Policy”, ensuring the confidentiality, integrity, availability, and legality of information assets.


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management

## 2.4.1 Information Security Organization and Structure

In order to fully manage information and communication security, D-Link has established the "Information Security Management Committee" in 2021. The President shall act as the convener to supervise the information security policies of the entire company. The Committee references the ISO 27001:2013 information security management system international standards and the public company internal control system establishment guidelines. The IT and Information Security Department serves as the dedicated information security unit and the department head shall act as the information security management representative to coordinate the formulation, execution, risk management, and compliance audit of information security and protection related policies. Each information security related unit (product, personal data, privacy, etc.) shall appoint an information security representative to regularly convene information security meetings. They shall discuss information security policies and other material issues related to information security, as well as supervise the execution of the company's information security operations and the effectiveness of the information security risk management mechanisms. The execution results of the information security management operations and systems of the entire information security management organization shall be reported to the Board of Directors regularly.



## 2.4.2 Information Security Management Strategy

**Information Security for Systems**

D-Link has passed the “ISO/IEC 27001:2013 Information Security Management System (ISMS)” international certification. The effective period of the current certification is from October 16, 2020, to October 15, 2023. Through the introduction of the ISO 27001 Information Security Management System, we have strengthened our response and handling capabilities for information security incidents to protect the security of the company’s and customers’ information assets.

**Information Security for Products**

D-Link has passed the “IEC 62443-4-1:2018 Secure Product Development Lifecycle Requirements” international certification in 2020. The effective period of the current certification is from November 30, 2020, to November 29, 2025. The requirements have been introduced in product lifecycles from product design to development and testing, ensuring compliance with the security standards.

**Personal Data Protection**

D-Link has passed the “BS 10012:2017 Personal Information Management System (PIMS)” international certification in 2021. The effective period of the current certification is from December 1, 2021, to November 30, 2024. All procedures and applicable documents related to the standards comply with the EU General Data Protection Regulation (GDPR) requirements.

**Privacy Protection**

D-Link has obtained “TRUSTe Privacy Certification Label” international certification in March 2022. In order to implement privacy protections and commitments to security, D-Link has been working closely with the globally recognized data privacy management authority, TrustArc Inc., since 2014. TrustArc Inc. provides services such as privacy evaluations, certification, and monitoring tools. The external service website and related domains have passed the company’s audits and certification and have received the TRUSTe Privacy Certification Label.

證書

TÜV AUSTRIA

針對符合 ISO/IEC27001:2013 標準的管理系統

友訊科技股份有限公司
114 台北市內湖區新湖三路 289 號

本公司資訊機房的運作與維護，包含執行本公司相關業務的電腦系統
ERP 應用系統開發與維運、資訊紀錄、實體（包括環境、機器設備、軟硬體）、人員、往來廠商與服務均適用之。

適用性聲明(SoA): SF-P00401-01 Version: I, 25.09.2020

證書登記號: TA20203009784　首次驗證: 2020-10-16　有效期至: 2023-10-15

TÜV AUSTRIA Deutschland GmbH　Filderstadt, 2020-10-30

IEC IECEE

Ref. Certif. No.
DE 7-0461

IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (IECEE)

Certificate of Conformity – Industrial Cyber Security Capability

| | |
|---|---|
| Type | Process Capability Assessment |
| Name and address of the applicant | D-Link Corporation<br>No. 289, Xinhu 3rd Rd., Neihu District,<br>Taipei City 11494, Taiwan |
| Certificate Coverage (including Version) | D-Link Secure Product Development Lifecycle Process (E) |
| Standard | IEC 62443-4-1:2018 |
| Requirements Assessed / Total Requirements | Security management (13/13),<br>Security requirements (5/5),<br>Secure by design (4/4),<br>Secure implementation (2/2),<br>Security verification and validation testing (5/5),<br>Management of security-related issues (6/6),<br>Security update qualification (5/5),<br>Security guidelines (7/7) |
| Additional information (if necessary may also be reported on page 2) | ☐ Additional Information on page 2 |
| As shown in the Test Report Ref. No. which form s part of this Certificate | TWR2009007 001 |

This Certificate of Conformity, issued by the National Certification Body, certifies that the above have been found to be in conformity with the requirements of the Industrial Cyber Security Capability Scheme (IECEE OD-2061) as it relates to the claims declared by the Applicant.

This CB Test Certificate is issued by the National Certification Body:

Date: 2020-11-30

Signature: Matthias Springer

TÜV NORD

證書

TÜV AUSTRIA

針對符合 BS 10012:2017 標準的管理系統

友訊科技股份有限公司
114 台北市內湖區新湖三路 289 號

提供涵蓋下列部門與單位之個人資料保護與管理活動, 全球行銷處, 客戶支援部, 售後服務部, 技術服務處, 全球資訊處, 人力資源部, 商業網路產品事業處, 雲平台產品事業處消費雲軟體研發部, 雲平台產品事業處商用雲軟體研發部, 消費型產品事業處 IoT 產品發展部

證書登記號: TA130223913740　首次驗證: 2021-12-01　有效期至: 2024-11-30

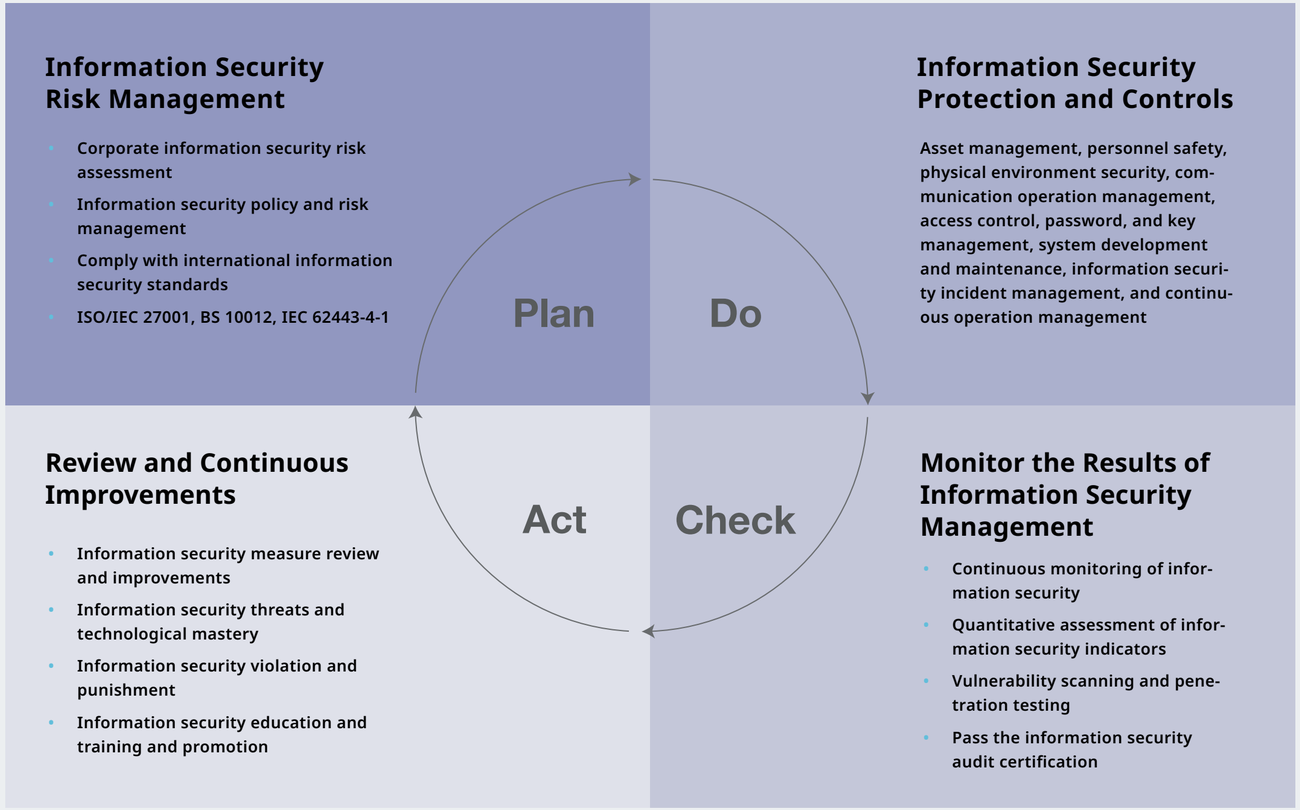
TÜV AUSTRIA Deutschland GmbH 公司的驗證機構　Filderstadt, 2021-12-01

TRUSTe
Certified Privacy
Powered by TrustArc

## 2.4.3 Information Security Risk Management and Continued Improvement Framework

D-Link has been cultivating network equipment and services markets for a long time. We place great importance on information security and the scope of our focus includes employees, organizations, supplier and operation related information, and software and hardware. D-Link complies with the ISO/IEC 27001:2013 Information Security Management System standards to formulate the information security policy. We have strengthened information security management to ensure that valuable information assets are protected from intentional or accidental internal and external threats, in order to maintain the confidentiality, integrity, and availability of data. Through the information asset and risk management procedures, we have established and are maintaining the company's valuable information assets using the "Plan - Do - Check - Act" model. We ensure the continued operation of our business, reduce operational risks, enhance service quality, and ensure the consistent and effective implementation of all information security related policies, procedures, and operating guidelines during daily operations.

Information Security Risk Management and Continued Improvement Framework



## 2.4.4 Specific Information Security Management Solutions

| Information Security Protection and Controls | |
|---|---|
| Network Security | Introduce advanced technologies to conduct computer scans and software updates, strengthen software firewalls and computer controls, and prevent the spread of computer viruses |
| Device Security | • Improve endpoint anti-virus and virus scanning mechanisms to prevent ransomware and malicious programs from entering the company<br>• Strengthen malicious software and trojan horse attachment detection for the email system |
| Web Application Security | • Stipulate security checks, evaluation standards, and improvement goals for the development process of applications<br>• Continue to strengthen security control mechanisms for applications and repair potential vulnerabilities |
| Access Control | Stipulate the user password management mechanism, network security service mechanism, and methods of internal network segmentation and external connection to manage remote work and protect network and information security |
| Password Key Management | In order to ensure the system operations of the company and confidentiality of accounts, necessary passwords and keys are managed, in order to minimize the risk of leaks and appropriately protect D-Link's sensitive information |
| Continuous Operation Management | D-Link shall establish operation continuity plans for important systems and implement annual drills to ensure continued operations |
| Information Security Incident Management | In order to reduce the damage caused by information security incidents, information security incident reporting and handling procedures are established |

| Information Security Risk Review and Continuous Improvements | |
|---|---|
| Education/ Training/ Promotion | • Strengthen employee vigilance against social engineering attacks through email and implement phishing email detection<br>• Regularly organize continued operation drills and improve employee information security awareness |
| Information Security Risk Management and Monitoring | • Commission a third-party impartial inspection unit to regularly conduct information security evaluations on the company:<br>• ISO/IEC 27001:2013 Information Security Management System<br>• IEC 62443-4-1:2018 Secure Product Development Lifecycle Requirements<br>• BS 10012:2017 Personal Information Management System |
| External Threat Detection and Protection | • Commission a third-party impartial inspection unit to regularly conduct vulnerability scanning and regularly collect external threat information. The information is used to perform risk assessments to strengthen external information security threat protection<br>• We have joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) to regularly collect external threat information and conduct risk assessments according to the information content. Information security personnel are responsible for confirming and tracking the handling results of the information to strengthen external information security threat protection |

## 2.4.5 Resources Invested in Information Security Management

D-Link's information security measures and execution results include:

- Passed 3 information security related international certifications, which include ISO/IEC 27001:2013 Information Security Management System certification, IEC 62443-4-1:2018 Secure Product Development Lifecycle Requirements certification, and BS 10012:2017 Personal Information Management System.
- Organized over 20 information security related meetings. Implemented information security education for all employees on the internal website every quarter. 1 dedicated member of the dedicated information security unit and 7 information security network management personnel must undergo more than 24 hours of professional information security training every year. The goal for 2022 is to implement 1 hour of information related education and training for all company employees every quarter. Every year, 2 hours of information security education and 2 hours of other information education and training shall be planned.

## 2.4.6 Major Information Security Incidents

D-Link passed ISO/IEC 27001:2013 Information Security certification in September 2021 and passed internal/external audits and certification related to BS 10012:2017 Personal Information Management System in December 2021. No major deficiencies were found and no violations of information security or personal data protection that led to customer or employee information leaks and fines occurred. Furthermore, in 2021, no complaints from third-party impartial inspection units or competent authorities related to customer personal data protection violations or customer data losses leading to judicial actions were received.

2.5

# Innovation and R&D

D-Link continues to create product differentiation and market segmentation through our industry-leading cloud service platform and the continuous introduction of forward-looking innovative products.


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management

## 2.5.1 Innovation Strategies and Practices

### Hardware

Intelligence, MIT, and Sustainability are used as the basis to develop easy-to-install EAGLE PRO AI products with smart notification and management functions. The products include LTE routers, standard routers, and extenders, creating a comprehensive smart family service network. D-Link works with internationally renowned chip manufacturers (e.g. Realtek, Mediatek, etc.) to develop chip-accelerated smart traffic management and AI beamforming algorithms.

#### Smart Traffic Management

The smart allotment of internet access automatically allows time-sensitive applications (such as online meetings and lessons) to be free of interference from other applications. This can improve work and study efficiency and increase time usage effectiveness.

#### Smart Mesh and Smart Beamforming

Together with smart AI beamforming, it can precisely improve the backbone network quality between mesh nodes, fundamentally improving home network quality and making smart home living easy and carefree. D-Link plans to conduct user experience and smart transformations in 2022. With commercial and product smart management, we will establish the comprehensive EAGLE PRO AI in order to provide overall brand smart service experience and optimize the services.

### Software

After the separation of the OEM production department in 2003, D-Link does not possess internal software development personnel. Seeing that Web 2.0 is a rare new business opportunity for the networking equipment industry in the past 20 years, D-Link established the New Business Development Center in 2006 and invested several million USD in the development of Web 2.0. We have reorganized our development efforts, grasped core key technologies, and announced the “D-Link 2.0 New Generation Web Application Service Platform” and the full “VoIP Internet Phone Solutions” series. We have then introduced the operating model into our consumer products, including webcams and digital home products, targeting the business opportunities and prospects of internet security monitoring.

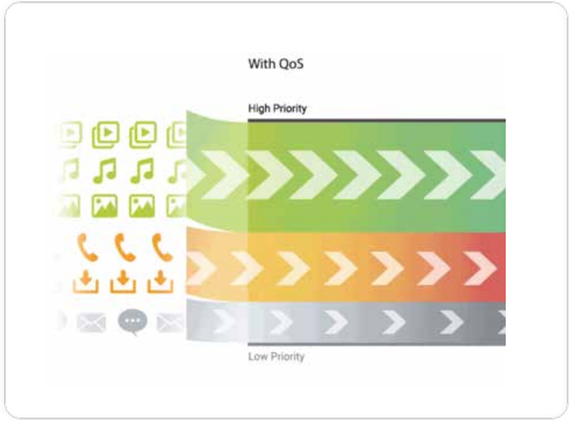
In order to solve network connection issues and reduce the burden on the platform, D-Link has invested resources to develop point-to-point connection software and obtained several connection patents. We then conducted technology optimization and enhanced the mydlink consumer cloud platform, to drive sales and promote services through brand services. Furthermore, to improve software and technology developments, the introduction of new technologies and technical cooperation and exchanges have become inevitable.

Since moving systems onto the cloud has become the mainstream trend to strengthen cloud management systems, D-Link implemented the restructuring of the R&D organization in mid-2021. “mydlink consumer cloud”, “nuclias business cloud”, and “D-ECS industrial cloud”, originally part of different product centers, were integrated into the “Cloud Platform Product Division”. We integrated the manpower and technologies to compensate for the shortcomings of the different teams, accelerate product function development, and enhance the performance of the cloud platforms. We aim to maintain the stable service standards of the platform. We have further focused the transformation on innovative technologies such as big data, IoT, and AI. We have developed more unique and valuable functions to enhance product core competitiveness.

At the same time, D-Link has also made open APIs (Application Programming Interfaces) and conducted integration with more third-party strategic partners. Through the provision of innovative services and working with strategic partners that comply with customer needs, we are providing more diverse product applications for customers and expanding the scale of our cloud platform services, achieving a win-win situation. Furthermore, D-Link continues to provide central network management, remote monitoring, analysis reports, email notifications, and zero-contact network deployment based on the cloud framework, creating easy-to-use and safe cloud network solutions for various services.

D-Link keeps providing cloud management systems, which includes centralized network management, remote monitoring, analysis reports, email monitor alarms, zero touch networking deployment, etc. to offer easy and safe cloud solutions.

### Smart Traffic Management




### Smart Mesh and Smart Beamforming

### Timeline of D-Link Software Innovation

**2009**

In 2009, we acquired the web page technical service platform startup, Wishfi, and incorporated the new platform technologies.

**2010**

In 2010, the media player box we produced with Boxee was sold all over the world. We acted as the agent for the Azuki media management platform system and established the New Media Business Department. At the same time, we developed our own streaming technology platform and planned the respective marketing.

**2014**

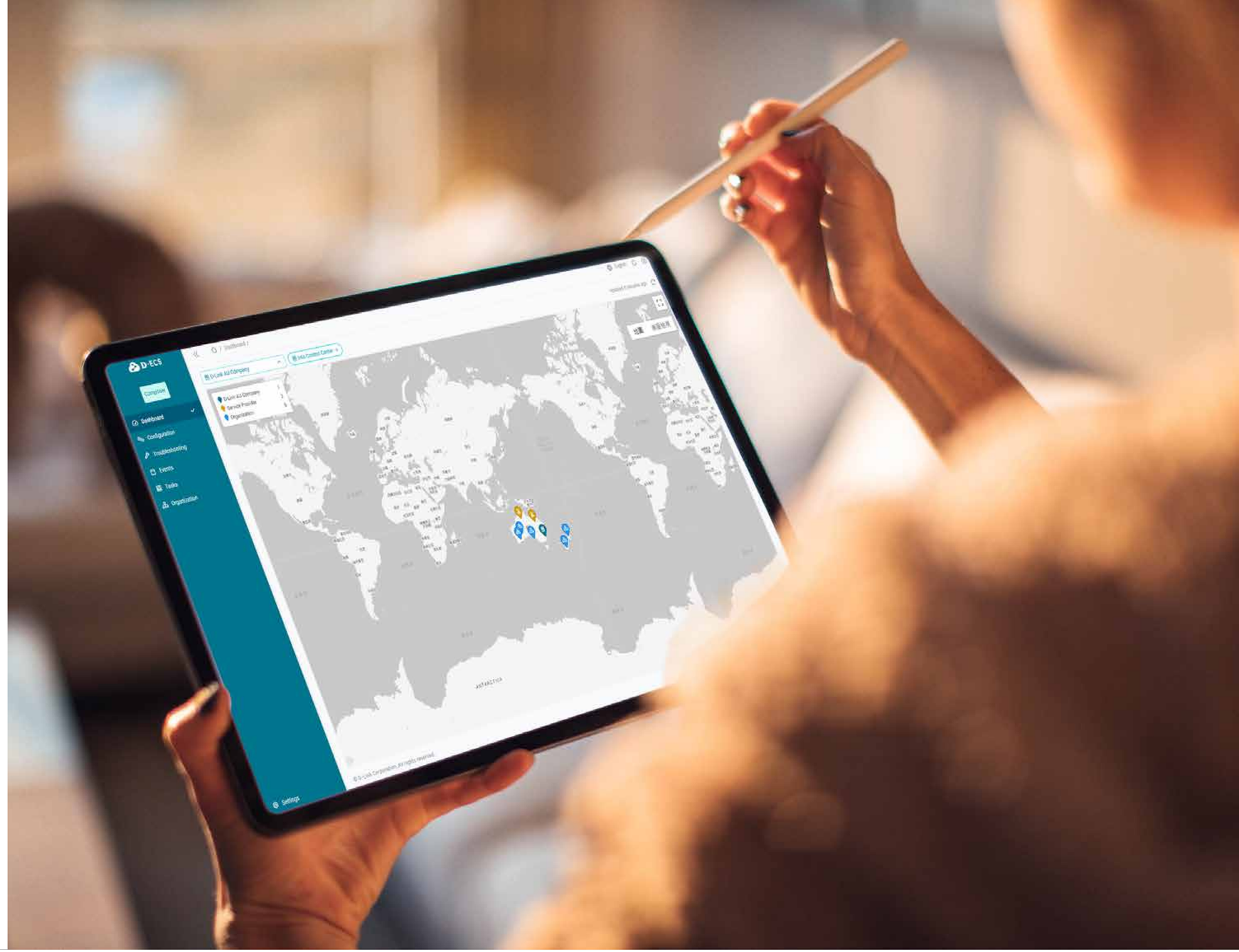
In 2014, we invested in the R&D Department in India and developed the bizcloud service to provide a network management platform for network hotspots. It has been in use by Japan’s biggest telecommunications provider NTT since its launch.

**2018**

In 2018, we inherited the framework to conduct the optimization of the platform’s global structure. It was named the “nuclias corporate cloud” and it promotes new brand management services for commercial use. At the same time, we have worked with the Market Intelligence & Consulting Institute to develop the “D-ECS Industrial Cloud” to integrate telecommunications and IoT products, while gradually expanding the services to all products.

nuclias D-ECS

D-Link keeps providing **cloud management systems**, which includes centralized network management, remote monitoring, analysis reports, email monitor alarms, zero touch networking deployment, etc. to offer easy and safe cloud solutions.



## 2.5.2 Innovation-related Education and Training

To improve R&D capacity, D-Link organized 12 education and training sessions for the R&D team and related personnel in 2021. The total training hours exceeded 50 hours and almost 400 people participated.

12 Education Training

50 Course hours

400 Participants

## 2.5.3 Cooperation with Academic Institution

### Hardware

D-Link partnered with the National Taiwan University of Science and Technology Broadband Multimedia and Wireless Research Laboratory (BMW Lab) to organize the two-month industry-academia project in the summer of 2021. An engineer from the wireless router product research and development department participated in the entire process and taught two students from the school about 802.11AX Wi-Fi Resource Unit (RU) Allocation of different chip manufacturers. They analyzed packet information to conduct testing and analysis. They found ways to improve performance through testing system setup and analyzing captured data. The information collected in the industry-academia cooperation research project helps D-Link to optimize testing methods and algorithms in the long run, which effectively improves wireless network performance and reduces latency..

### Software

In order to cultivate key network talents and improve industry competitiveness, D-Link partnered with National Yang Ming Chiao Tung University to participate in the “Smart Network Core System Development Flagship Project” of the Ministry of Economic Affairs Department of Industrial Technology Industry-Academia Value Creation Plan. The project will last for 4 years, from October 2018 to September 2022. In 2021, the project entered its third year. Currently, we have conducted cross-system integration planning and discussion with academic teams by introducing the NAT traversal core technologies of IoT-C2C in the mydlink consumer cloud system. We have used various technical methods to overcome the challenges of “NAT translation”. It can directly establish a connection with private IPs externally, providing devices with direct access without having to pass through the cloud server, thereby reducing cloud bandwidth costs by more than 90% and improving product competitiveness. Further, design smart home products (IP-Cam and Doorbell) and integrate with the smart network platform of the academic team to implement commercialization and productization. In 2022, we will discuss the co-development directions of IoT cloud platforms, data centers, mobile private networks, and SDN controllers.

**4-Year Plan of the “Smart Network Core System Development Flagship Project” (2018-2022)**

| Period | Participation and Progress | Develop Products |
|---|---|---|
| First Year<br>2018.10.01~2019.09.30 | • Invested NT$3 million in funds.<br>• Provide the IP-Cam hardware platform to integrate the project team’s smart home systems and applications.<br>• Provide the mydlink consumer cloud system for project teams to develop the Video Cloud together.<br>• Provide research and implementation direction for 5G private networks and SDN controllers for industry-academia research, analysis, and discussion.<br>• Design smart home products (IP-Cam and Doorbell) and integrate with the smart network platform of the academic team to implement commercialization and productization, and improve the competitiveness of products and the company. | Smart home products<br>• IP-Cam.<br>• Doorbell<br>• Switch<br>• Router |
| Second Year<br>2019.10.01~2020.09.30 | • Invested NT$3 million in funds.<br>• D-Link has developed the mydlink consumer cloud system and IP-cam. Since their introduction, we have accumulated over 3 million users. In order to process massive amounts of terminal video exchanges, large video cloud platforms and NAT traversal core technologies are needed to improve system performance and bandwidth costs of video cloud operations.<br>• We conducted cross-system integration planning and discussion with academic teams by introducing the mydlink consumer cloud system with NAT traversal core technologies. We plan to use the NAT traversal core technologies of IoT-C2C to reduce cloud bandwidth costs by more than 90% and improve product competitiveness.<br>• Design smart home products (IP-Cam and Doorbell) and integrate with the smart network platform of the academic team to implement commercialization and productization, and improve the competitiveness of products and the company.<br>• Discuss mobile private network and SDN controller development directions. | Smart home products<br>• IP-Cam.<br>• Doorbell<br>• Switch<br>• Router |
| Third Year<br>2020.10.01~2021.09.30 | • Invested NT$3 million in funds.<br>• We conducted cross-system integration planning and discussion with academic teams by introducing the mydlink consumer cloud system with NAT traversal core technologies. We plan to use the NAT traversal core technologies of IoT-C2C to reduce cloud bandwidth costs by more than 90% and improve product competitiveness.<br>• Design smart home products (IP-Cam. and Doorbell) and integrate with the smart network platform of the academic team to implement commercialization and productization, and improve the competitiveness of products and the company.<br>• Discuss IoT cloud platform, data center, mobile private network, and SDN controller co-development directions. | Smart home products<br>• IP-Cam.<br>• Doorbell<br>• Switch<br>• Router |
| Fourth Year<br>2020.10.01~2022.09.30 | Ongoing | |

## 2.5.4 Actions, Planning, and Patents Related to Product Development and Technical Innovation

### Hardware

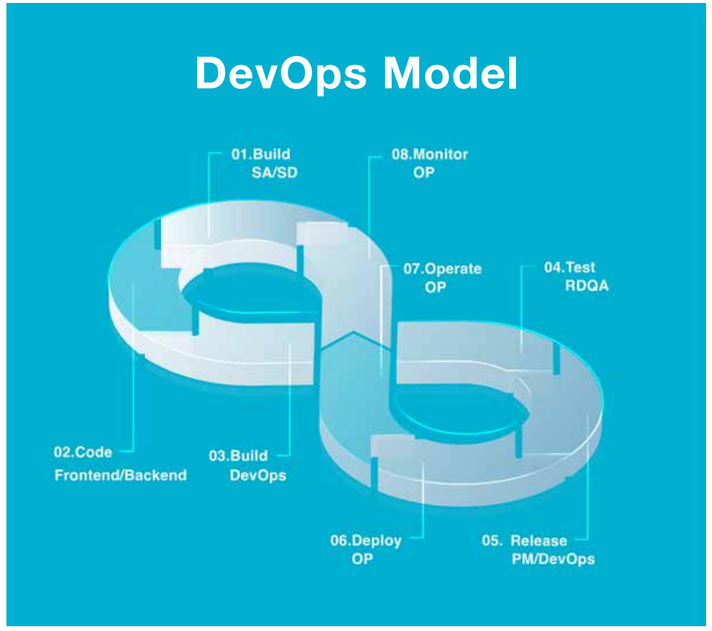
In order to ensure quality, D-Link will strictly control every step of development according to market and customer needs, as well as the situation of key chips. Before products are put into mass production, we test the performance of new products with the user experiences collected by our own laboratory, in order to ensure the quality and stability of new products after mass production. After products are put into mass production, a dedicated department is responsible for handling user problems, which are provided as the basis for future product improvements.

In order to create a unique, simple, smart, and optimal user experience, the D-Link wireless technology research department conducted 2 internal patent reviews for AI series consumer products at the end of 2021. The patent applications were submitted for review in 2022. The topics of the patent applications are as follows:

- A smart channel switching method based on past channel information, its terminal devices and readable storage medium.
- A surveillance analysis assistance and guidance method used in network devices, its terminal devices and readable storage medium.

### Software

In order to ensure the cloud software functions and platform service quality, the D-Link development team adopted the DevOps model to eliminate the gaps between development, operations, and quality assurance. DevOps is the combined abbreviation of the two words Development and Operation. It can be regarded as the combination of software development, technical maintenance and quality assurance. In order to shorten project development schedules and quickly respond to customer needs, the D-Link development team has implemented the Agile Software Development process. Through effective communication, frequent delivery of new software versions, writing code that can adapt to changes in needs, and importation of automated testing, we have established an agile cross-function team. On the other hand, in order to enhance product applications and respond to customer needs, the development team effectively utilizes resources. They conduct market strategy analysis in the pre-development stage. After the evaluation, the team will enter the product function planning and software development cycles. During the software development period, the team regularly organizes meetings to discuss functions, track progress, and adopt multi-function development management systems. It can effectively link the various tasks and help teams develop the testing and certification process together, in order to meet the quality requirements, deadlines, and budget of the product development process. This has clearly improved the process time and version numbers of the software launch platform. Using the "nuclias business cloud" development as an example, version 2.1.3 launched in 2020 was developed for 6 months. 8 versions were released, and it was not until version 2.1.3.8 before the software passed testing. However, for the version 2.2.0 series developed in 2021 after the implementation of agile software development, the communication efficiency of the software project was further enhanced. Development only lasted 4 months and only 4 versions were made. Version 2.2.0.4 passed the verification by the testing department and was released on the operation platform. Together with new support hardware and functions, it was made available for global sales and had a significant effect on improving competitiveness.




**DevOps Process Flow**

| Step | Team in Charge | Result |
|---|---|---|
| 01 Build | SA<br>SD | Develop specification<br>Develop process |
| 02 Code | FrontEnd<br>BackEnd | Source code<br>API |
| 03 Build | DevOps | Install package |
| 04 Test | RDQA | Testing report |
| 05 Release | PM<br>DevOps | Release announcement<br>Release operating procedure |
| 06 Deploy | OP | Release result |
| 07 Operate | OP | Operating report |
| 08 Monitor | OP | Monitoring report |

**Innovation-related Education and Training in 2021**

| Classification | Date | Course Topic | Number of People | Hours |
|---|---|---|---|---|
| Optimize R&D process tools | 2021.01.22 | Microsoft Azure DevOPs - Boards Workshop | 40 | 2 |
| | 2021.02.01 | Azure DevOPs - CI/CD Introduction and Workshop | 50 | 3 |
| | 2021.02.22 | Introduction for Agile methodology - SCRUM and Kanban | 20 | 1 |
| AWS system operations and new service applications | 2021.03.19 | Immersion day - AWS bootcamp | 40 | 7.5 |
| | 2021.03.25 | Re-invent recap | 32 | 3.5 |
| AI/ML related innovative applications | 2021.03.05 | AI Solutions introduction - DataRobot | 20 | 1.5 |
| | 2021.04.09 | First session of the AWS machine learning innovation workshop | 40 | 7.5 |
| | 2021.04.16 | Second session of the AWS machine learning innovation workshop | 40 | 7.5 |
| | 2021.06.21 | [DATA&AI-02] Using Azure Applied AI architecture corporate AI applications: Conversational AI, Form recognizer, Azure Metrics Advisor | 25 | 7.5 |
| | 2021.06.29 | [DATA&AI- 01] Using Azure ML and Azure Synapse to establish a complete end-to-end machine learning process | 10 | 6 |
| Product and cloud service architecture information security introduction | 2021.03.03 | Networking Technologies | 40 | 2 |
| | 2021.06.30 | Nuclias Service Architecture v2.2 | 40 | 2 |
| Total | | | 397 | 51 |

## 2.5.5 International Design Award-winning Products

By adhering to more user-friendly and unique exterior designs, D-Link actively participates in world-class design competitions. In 2021, we participated in 4 major international design awards and the Taiwan Excellence Award, winning a total of 12 awards. The award-winning products are as follows:

DCS-8635LH
2K QHD Pan & Zoom Outdoor Wi-Fi Camera

- 2021 iF Design Awards
  TV and Camera Category (German)
- 2021 Red Dot Product Design Award (German)
- 2021 Good Design Award (Japan)

With IP65 dustproof and waterproof features, the camera provides 2K QHD resolution and a motorized rotating lens with a 360-degree panoramic view. It is suitable for outdoor use. In terms of AI smart detection, it can accurately capture body movement, detect vehicles, automatically track people and detect glass shards. When an error is detected, it can activate the alarm to ensure home safety. It can be easily installed via Bluetooth. Additionally, it conforms with ONVIF specifications, allowing users to flexibly record and stream video.

DCS-8302LH
mydlink Full HD Outdoor Wi-Fi Camera

- 2021 iF Design Awards
  TV and Camera Category (German)

The main feature of the camera is its waterproofing. It can be used in indoor and outdoor environments. It can be installed on the ceiling or walls, providing more flexibility for home and small office surveillance. Equipped with True Full HD 1080p resolution, a 135-degree ultra-wide-angle lens, and 5-meter infrared night vision, the camera can provide clear images day and night. Equipped with AI edge computing technology, it can more accurately identify movement to reduce false detections. Additionally, the two-way voice function, latest IPv6 and WPA3 wireless encryption technology support, 95dB siren, and sound and motion detection functions provide worry-free surveillance for the user, effectively deterring intruders.

DCH-S1621KT
Whole Home Smart Wi-Fi Water Leak Sensor Kit

- 2021 CES Innovation Award (US)
- 2021 Good Design Award (Japan)
- 2022 TAIWAN Excellence Award (Taiwan)

Composed of a wireless leak detector (DCH-S162) and remote leak detector (DCH-S163), it can detect and warn users of leaks caused by heavy rain or equipment failure, so that they may adopt preventative measures before major failures occur. The compact size, long-range detection, and low-power design enables the kit to conduct precise and reliable leak detection in multiple locations. The built-in 100db siren and LED light can send out easy-to-detect alarms and notifications will be sent through the mydlink app when leaks are detected.

DUB-E250
USB-C to 2.5G Ethernet Adapter

- 2021 CES Innovation Award (US)

Currently the most compact USB-C 2.5G network card. Compared to 1.0GbE, it can provide 2.5 times the Gigabit ethernet bandwidth, allowing users to smoothly stream 4K video and enjoy high-quality online gaming. It is backward compatible with existing network equipment and is equipped with automatic detection functions and 4.6 Gbps full-duplex transmission speeds, providing the user with high-performance and cost-effective networks.

DCS-8526LH
mydlink Full HD Pan & Tilt Pro Wi-Fi Camera

- 2021 Red Dot Product Design Award (German)
- 2021 TAIWAN Excellence Award (Taiwan)

Equipped with 360° rotation, True Full HD 1080p panoramic monitoring, and lateral/vertical automatic image tracking functions. Furthermore, the AI edge computing technology can identify movement and reduce false results. The automatic image tracking function can capture any movement and the lens can be fully rotated and retracted to achieve true privacy.

DMS-106XT
6-Port Multi-Gigabit Unmanaged Switch

- 2021 Red Dot Product Design Award (German)
- 2021 Good Design Award (Japan)

The switch combines an aluminum alloy appearance with high-performance networks. It is equipped with 5 2.5G ethernet ports to provide HD video streaming and other high-performance connections. Together with a 10G ultra-high speed ethernet port, it can connect with NAS storage devices to quickly backup or upload data. Users can activate the smart Turbo mode with just one button. It provides QoS traffic management and high-resolution 4K media streaming and gaming experiences. It is backward compatible with existing network cables and devices, eliminating the need for extra wiring and new devices. It can deploy the network in areas where the bandwidth needs to be expanded.

DCS-8350LH
2K QHD Indoor Wi-Fi Camera

- 2022 TAIWAN Excellence Award (Taiwan)

It is equipped with movie-quality 2K QHD ultra-high resolution, 7-meter color night vision, and the H.265 encoding standard. It can greatly reduce the required network bandwidth and storage space. The camera adopts various AI detection technology and can precisely capture movement, the sound of glass breaking, and the sound of the smoke and carbon monoxide alarms, becoming the best defense for home monitoring. The two-way voice functions can allow users to comfort their baby in front of the camera or talk to the elders and pets living in their homes. It can also be used to effectively deter thieves. The camera supports dual-band Wi-Fi network connections. Bluetooth can be used to easily complete the installation settings. The user can store the video on a memory card, the cloud, and devices that support ONVIF, adding flexibility for recording and streaming video.

2.6

# Intellectual Property Management


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management


Innovation has been the cornerstone of D-Link's operation and management since its establishment. To properly protect the research and development results and strengthen D-Link's competitiveness in the global market, it has formulated an intellectual property management plan combined with operational goals, serving as the principle for the policy making and execution of matters related to intellectual property. In addition, D-Link planned for the introduction of Taiwan Intellectual Property Management System (TIPS) in 2021 and held a preparatory meeting with relevant internal units at all levels, such as Product Center, IoT Product Strategy Division, Software R&D Division, etc. The project was officially launched in April and is expected to pass the verification after September.

**Patents Management**

To actively protect D-Link's R&D achievements, D-Link integrates the resources of various units and specially formulated the "Implementation Measures for Patent Application Rewards" to promote patent applications for R&D achievements, which are handled by specialized units and filed with domestic and foreign competent authorities to strengthen patent portfolio and protect the rights and interests of the company. Based on the emphasis on the quality and quantity of patent applications, D-Link issues certain rewards to inventors for patent proposals and grants to stimulate innovation. At the same time, properly recording, integrating, maintaining, and utilizing patent assets through patent management to improve the company competitiveness. As of the end of 2021, D-Link has applied for 729 patents worldwide, with a total of 560 being granted, representing a grant rate of 77%. Among them, invention patents are the majority, with a total of 296, accounting for about 53% of the total granted.

On November 9, 2021, a course on "Patent Application and Portfolio Considerations" were held. The trainees included personnel and supervisors of R&D units, with a total of 17 participants totaling 34 training hours.

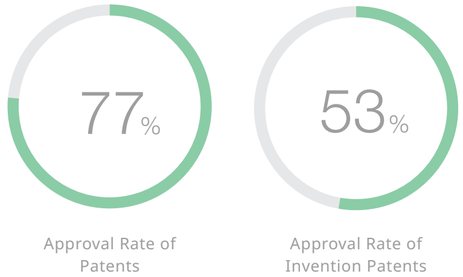
**Trade Secrets Management**

To prevent misappropriation or improper disclosure of trade secrets, D-Link has formulated relevant information security, personal data protection regulations and systems to monitor conduct, objects, workplace areas, confidentiality levels, and relevant education and training to employees. D-Link also has an internal review mechanism in place to review related matters regularly. An employee is required to sign an employment contract inclusive of a confidentiality clause when he or she first reports to the company, and also sign a confidentiality agreement when the employment is ended; a supplier or business partner is required to sign a confidentiality agreement before the actual cooperation takes place. D-Link further implements access control at the building entrance and IT department, and require visitors to apply for permission before entering and leaving. Internally, D-Link conducts important documents and technical inventory check from time to time to protect key technologies, and ensure the effectiveness of company-wide information security protection measures and specific control plans through information security audits and continuous monitoring.

729
Patents applied

560
Patents approved

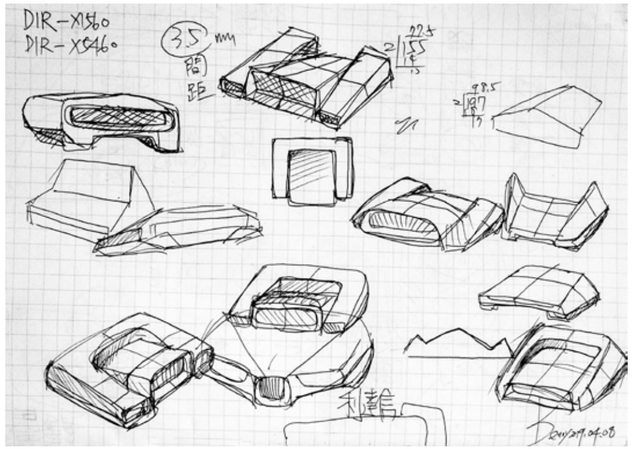
296
Invention patents

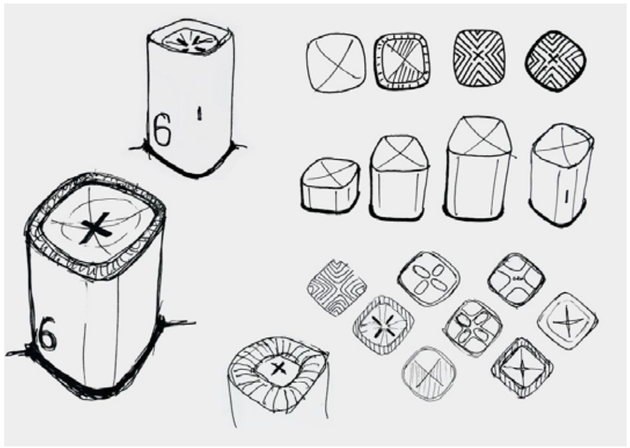


Approval Rate of Patents



Approval Rate of Invention Patents



2.7

# Supply Chain Management

The suppliers of D-Link include administrative/general procurements and product procurements. Administrative/general procurements include building maintenance and office needs. In terms of product procurement, it mainly includes the procurement of Wireless, Switch & Security, Integrated Business Solution, Broadband and other network products from various suppliers, which are sold to the customers. Because the administrative/general procurement amounts are smaller, the items are more varied, the procurement times are not fixed, and the suppliers change, therefore the following supply chain management measures are mainly for product procurement suppliers.


2.1 Sustainable Management
2.2 Risk Response and Management
2.3 Product Quality and Safety
2.4 Information Security Management
2.5 Innovation and R&D
2.6 Intellectual Property Management
2.7 Supply Chain Management

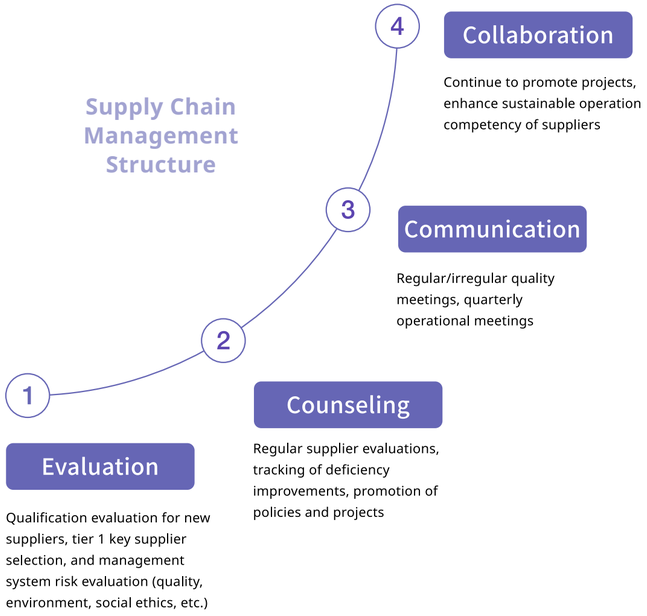
## 2.7.1 Supply Chain Management Policy

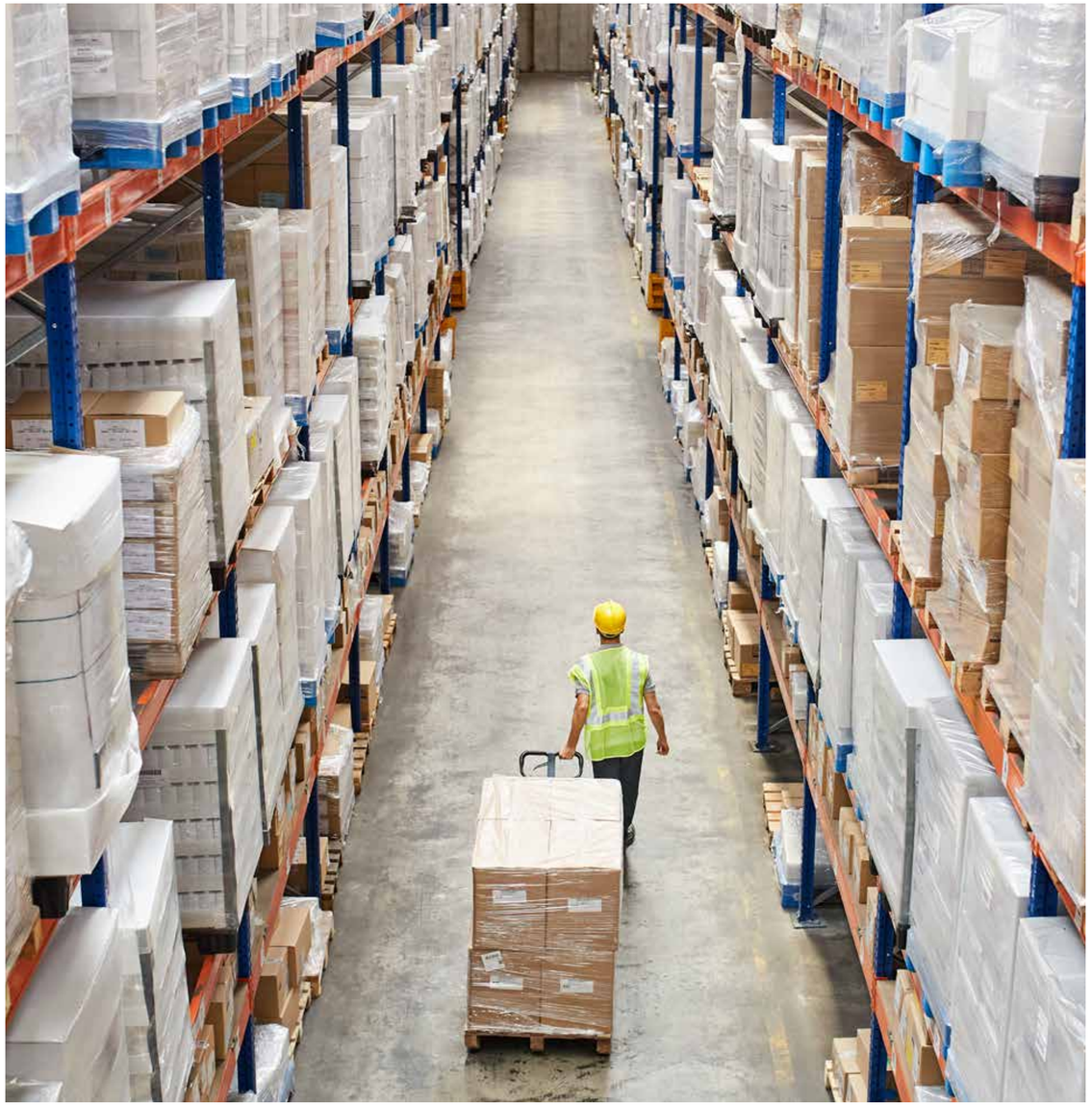
Apart from providing high-quality products and services, D-Link hopes that suppliers can also focus more on social and environmental values and actively implement energy conservation and environmental protection. D-Link views suppliers as important partners for long-term development and growth. We uphold the principle of mutual benefit and co-prosperity with suppliers to promote sustainable operations together.

D-Link uses the management standards for supplier quality, costs, delivery dates, and services as the management basis and refers to the requirements of the Responsible Business Alliance (RBA) Code of Conduct. We have expanded the scope of supplier management to include ESG issues such as environmental sustainability and social inclusion, which include labor rights, environmental protection, health and safety, ethics and management system, etc. These issues have been listed as supplier selection and auditing conditions and used to establish the risk management items. Improvement measures are subsequently formulated according to the evaluation results to help suppliers continue to improve. We aim to enhance sustainable supply chain management and reduce supply chain operational risks, in order to establish partnerships for sustainable growth.

To establish the capabilities of sustainable supply chain members, D-Link executes management from the four aspects of evaluation, counseling, communication, and collaboration. The execution process corresponds to the supply chain management structure to ensure that the implementation of important issues in the supply chain management structure can be managed.

- Evaluation: Qualification evaluation for new suppliers, tier 1 key supplier selection, and management system risk evaluation (quality, environment, social ethics, etc.)
- Counseling: Regular supplier evaluations, tracking of deficiency improvements, promotion of policies and projects
- Communication: Regular/irregular quality meetings, quarterly operational meetings
- Collaboration: Continue to promote projects, enhance sustainable operation competency of suppliers



## 2.7.2 Supplier Risk Grading Assessment and Integrity

D-Link offers a diverse line of products, which includes ethernet switch products, broadband products, wireless products, digital home products, etc. In 2021, 36 suppliers have been registered in the company's qualified suppliers list. Due to the impacts of COVID-19 on the supply chain, no new suppliers were added in 2021. However, D-Link strives for excellence, so we seized the opportunity to deepen our relationships with existing suppliers and local suppliers.

The number of suppliers and the scale of cooperation often increases or decreases due to business growth and decline. In addition to conducting sustainable development issue surveys for new suppliers, D-Link also conducts risk assessment and classification. Different audit strategies are regularly formulated for the different levels of risk to eliminate systematic risk.

**New Suppliers**

In order to assess whether suppliers can produce products that meet the company's quality requirements, provide stable material quality, and ensure supply, new suppliers must have ISO 9001 quality management system certification and meet the environmental management substance requirements. We also encourage suppliers to pass the ISO 14001 environmental management system certification. Furthermore, suppliers must sign the procurement contract, Integrity and Anti-corruption Pledge, and Conflict Minerals Declaration. The suppliers must undergo onsite audits for procurement, quality, technology, hazardous substance management environment, and social ethics before they can be registered as an official supplier of D-Link.

**Existing Suppliers**

D-Link formulates the tier 1 key supplier list every year according to the above-mentioned principles. We implement the annual quality management system, the environmental safety and health or labor integrity audits and promote improvements. Furthermore, we follow the evaluation results to identify the risk levels of tier 1 key suppliers in order to formulate subsequent counseling plans.

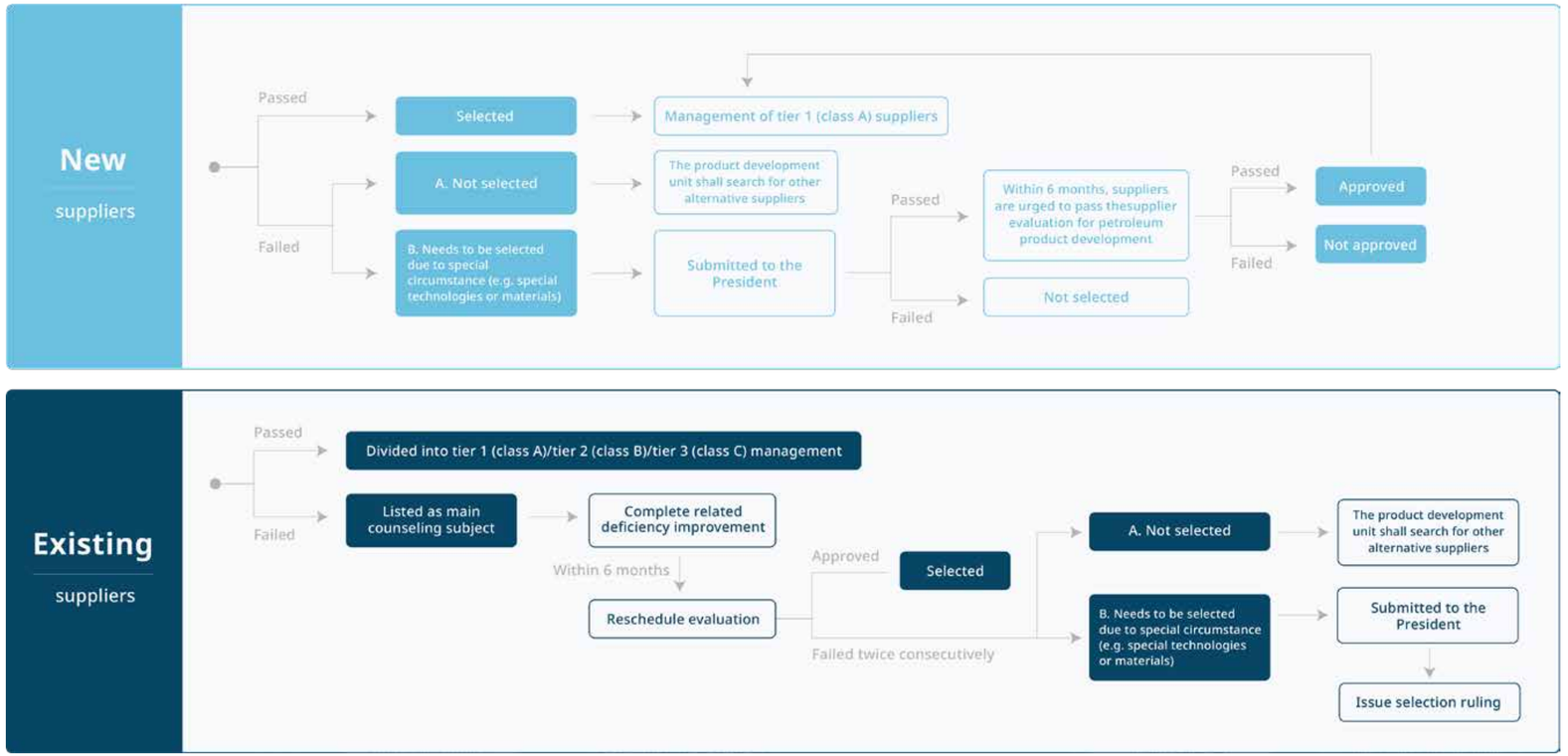
**Overview of D-Link's Suppliers**

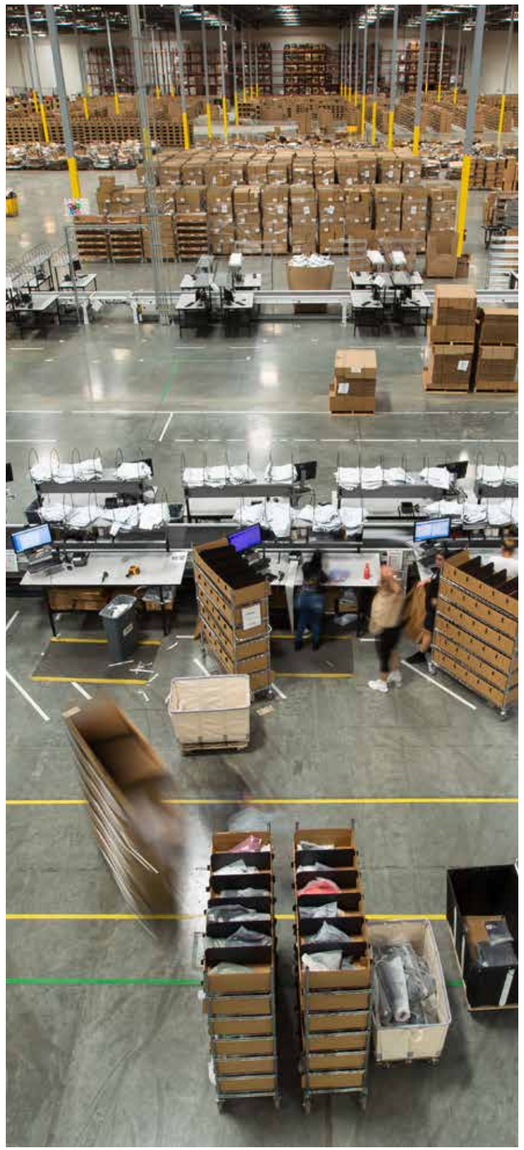
| Year | 2019 | 2020 | 2021 |
|---|---|---|---|
| Number of New Suppliers to Apply | 17 | 1 | 0 |
| Number of Suppliers to Pass the Onsite Audit | 12 | 1 | 0 |
| Percentage of New Suppliers to Pass the Audit | 70.59% | 100% | - |

**D-Link Conducts Hierarchical Management for Qualified and Continued Suppliers:**

| Supplier Selection Tiers | Tier Standards | Management Approaches |
|---|---|---|
| Tier 1 (class A) | • The total shipment volume in the previous year or the procurement amount proportion ranks in the top 80%<br>• Major (entire batch) abnormalities with shipment quality<br>• All new suppliers are included | Onsite audits are conducted in the first half and second half of each year |
| Tier 2 (class B) | • The total shipment volume or annual procurement amount in the previous year is increased to 90% | Conduct one onsite audit every year |
| Tier 3 (class C) | • The total annual shipment volume or annual procurement amount is less than 1% | If the supplier adopts self-management, if the supplier violates legal regulations or ESG-related clauses, the supplier will not be selected |

**Follow-up Process for Suppliers Participating in the Evaluation**





## 2.7.3 Supplier Standards

D-Link refers to the related articles and requirements of the Responsible Business Alliance (RBA) Code of Conduct. In 2021, we included the RBA Code of Conduct in the supply chain evaluation scope, in order to review the implementation of environmental protection, ethics and integrity, employee human rights protection, and work environment, health and safety management by suppliers. D-Link encourages suppliers to develop environmental impact reducing materials and production processes, or implement energy conservation and carbon reductions for public production equipment.

D-Link pays attention to the conflict mineral issues and requires suppliers to sign the “Conflict Minerals Due Diligence Statement” to prevent the procurement of minerals from conflict mining areas. We also require all suppliers to sign the “Conflict Minerals Declaration” to ensure that the metals in the supply chain, such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), and mica, were not procured from mines in conflict areas operated by non-government armies or illegal groups, or not procured through illegal smuggling.

**D-Link requires suppliers to commit to the following:**

- Do not purchase conflict minerals from conflict areas.
- Refuse to use conflict minerals from conflict areas and sign the “Conflict Minerals Declaration”.
- Manage the supplier’s upstream and downstream suppliers and comply with the requirement of no conflict minerals.
- Suppliers are required to commit to becoming long-term partners of D-Link Technology and disclose their partner smelting plants and mines in detail, in order to comply with the RBA Code of Conduct and fulfill our social responsibilities together. If the information provided is found to be untrue after verification, the supplier shall assume all legal responsibilities and compensation within the attributable scope.

## 2.7.4 Local Procurement

D-Link is committed to increasing the amount of local procurements. Taking wireless products as an example, the percentage of local procurement amounts doubled in 2021 compared to 2020. However, due to the impacts of the pandemic during the year and the wafer shortage in 2021, the Order Fulfillment Rate decreased, affecting parts of the local procurement proportion structure.

## 2.7.5 Impact of COVID-19 on the Supply Chain

In 2021, the COVID-19 pandemic and shortage of parts such as wafers severely affected the supply chain, causing supply shortages of both manpower and raw materials, and transportation stagnation. This led to the decline in Order Fulfillment Rate. In order to respond to the effects of the pandemic, D-Link has adopted flexible remote working, product acceptance, and strengthened local procurements and partnerships with strategic partners, in order to improve the transparency of the company’s delivery dates and facilitate supply chain management.

**Suppliers Screened with Environmental/Social Standards in 2021**

| | 2019 |
|---|---|
| Number of New Suppliers | 0 |
| Number of Suppliers Screened with Environmental/Social Standards | 0 |
| Number of Existing Suppliers | 36 |
| Number of Suppliers Screened with Environmental/Social Standards | 13 |

**Ratio of Local Procurement Amount in 2021**

| Type | Ratio | | |
|---|---|---|---|
| | 2020 | 2021 | Increase |
| Wireless | 3.42% | 7.44% | 4.02% |
| Integrated Business Solution | 17.98% | 20.22% | 2.24% |
| Strategic Multi-Brand | 6.20% | 8.42% | 2.22% |
| Others | 0.52% | 0.84% | 0.32% |
| Broadband | 2.40% | 1.61% | (0.79%) |
| Switch & Security | 38.59% | 37.30% | (1.29%) |
| Mobile Access | 7.48% | 1.71% | (5.77%) |
| Surveillance & Peripheral | 12.71% | 1.95% | (10.76%) |
| Whole Year | 17.40% | 16.44% | (0.96%) |

**Ratio of Successful Supplier Shipments in the Past 3 Years**

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Order Fulfillment Rate | 92% | 66% | 50% |
| Time to Confirm Delivery Schedule | 78% | 81% | 90% |

“

To respond to the effects of the pandemic, D-Link has adopted flexible remote working, product acceptance, and strengthened local procurements and partnerships with strategic partners, **to improve the transparency of the company’s delivery dates and facilitate supply chain management.**

CH. 3

# Environment

- Launch the ISO 14064-1:2018 conversion project.
- 2.5% power saving. (Baseline: 2016)
- By replacing energy-saving lamps, it can save about 100,000 kWh of electricity by 2021.
- Green products accounted for 53% of total product revenue in 2021.

3.1

# Climate Change Response

Climate change is an urgent challenge facing the world today. Although D-Link is not a high-carbon emission industry, it still raises its focus on the impact of climate change independently. It is the TCFD framework to analyze and expose risks and opportunities, hoping to identify the financial impact of climate change. We will further face and improve our operational strategies and time simultaneously develop diversified plans to help mitigate climate change and create a sustainable future for the world.

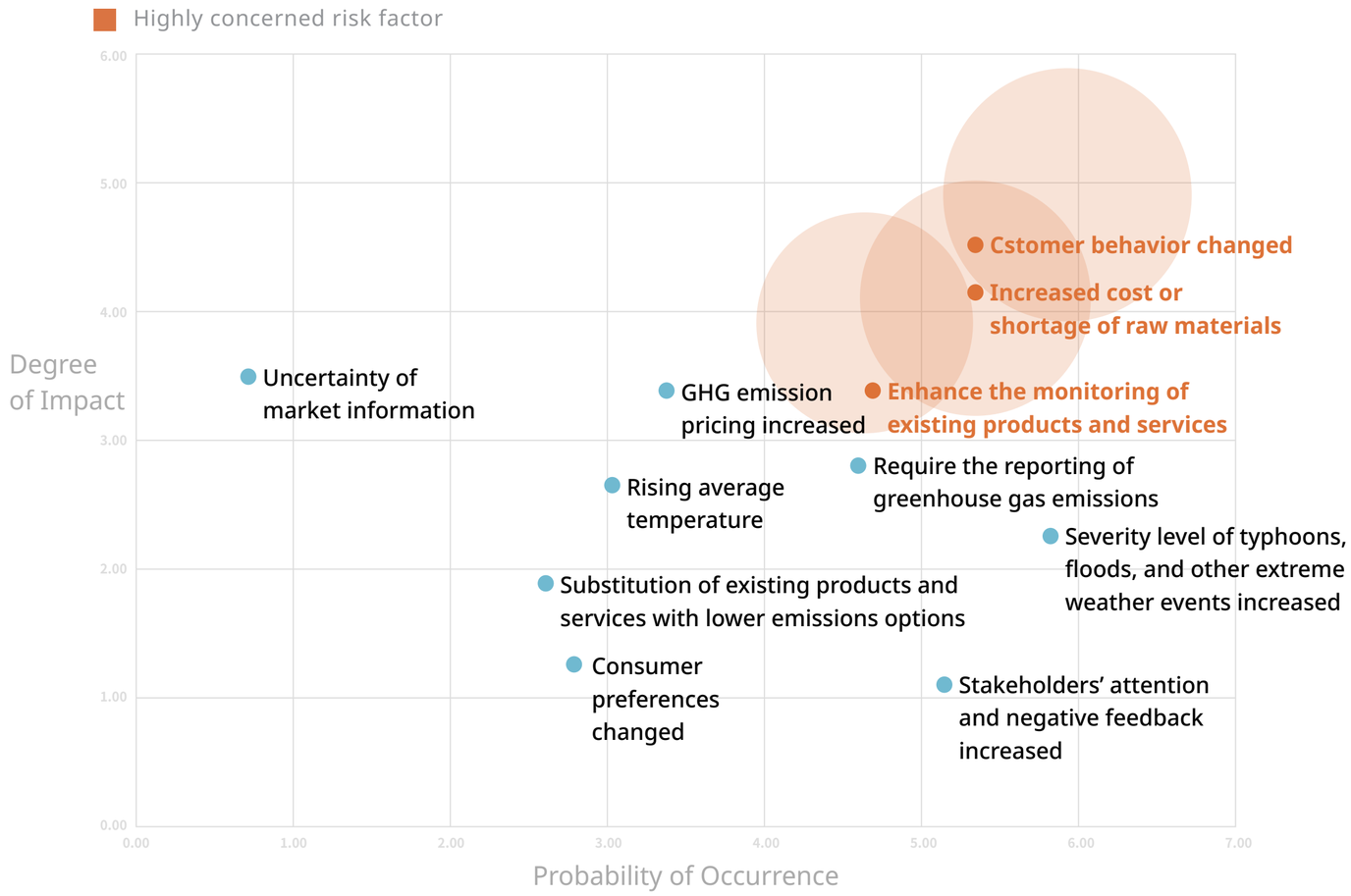

3.1 Climate Change Response
3.2 Environmental Protection
3.3 Green Products

## 3.1.1 Climate Change Risk Identification and Response Strategies

With the gradual impact of global warming on economic development, climate change has become an important issue faced by the world. While facing the many risks created by climate change, D-Link has referred to the Task Force on Climate-related Financial Disclosures (TCFD) framework published by the international Financial Stability Board in order to understand, focus on and respond to the risks. We have systematically identified the climate risks and opportunities related to D-Link and have compiled related risk management procedures. The ESG Committee is responsible for risk management. The President acts as the convener of the Committee and convenes a risk management meeting every quarter. The risk management operations are reported to the Board of Directors once a year.

D-Link pays attention to climate change trends and the direction of international responses. We have included climate change in our material issues related to sustainable development and implemented management according to the two aspects of "mitigation" and "adaptation". At the same time, D-Link is also actively identifying risks and building adaptation capabilities. We are further exploring climate change opportunities, accumulating, and deepening R&D capabilities, developing green energy, energy-saving products and solutions, and implementing energy-saving strategies combined with energy management.

### D-Link' s Climate Change Risk Matrix



| Risk Factors | Risk Types | Time of Occurrence Evaluation | Impact Scenario | Risk Impact Assessment | Financial Impact Assessment | Risk Response Strategy | Risk-Based Cost |
|---|---|---|---|---|---|---|---|
| Customer Behavior Changed | Transition risks - Markets | Mid-term | Due to the rising international awareness for sustainability issues, customer preferences and needs have shifted towards low-carbon and low-energy consumption products, which may impact D-Link's order volume. | **Impact on products or services:**<br>If products are unable to meet relevant standards, they will not be sold in global markets. In addition to paying carbon taxes and other additional fees, it may cause revenue to decrease and may even lead to fines.<br><br>**Impact on new developments or investments:**<br>ODM factories must be required to develop environmentally friendly materials, energy-saving products with better specifications, and low-energy consumption chips using new technologies. The factories may also be required to update their equipment, which would affect product delivery and sales price. | If we are unable to meet market demands immediately, we foresee reduced product sales, which will lead to decreased revenue. Furthermore, if no innovative products are introduced, investors may be less willing to invest, thereby affecting D-Link's long-term development and deployment. | **Products or services:**<br>In response to future market demands and to promote carbon reduction, the company will design more environmentally friendly and energy-saving products. Through the development of software and hardware technology, the company has promoted the ""D-Link Green"" series of products that comply with ErP specifications to meet the needs of the consumer market. As suppliers continue to introduce low-power components, the company will prioritize the adoption of eco-efficient solutions for end-use electronic products.<br><br>**Supply chain or value chain:**<br>Supply chain partners continue to promote low-power solutions, which have effectively reduced power consumption of major components by 28% to 59% in recent years. In response to regulatory requirements and customer specifications, the company requires immediate feedback and cooperation from suppliers to create an eco-system of energy-saving products.<br><br>**Location and type of business operation facility:**<br>Actively develop online shopping malls and provide diversified business models and project cooperation. | ■ Increased operating costs<br><br>■ Adjustments to capital expenditure and capital allocation |
| Increased Cost or Shortage of Raw Materials | Transition risks - Markets | Mid-term | Investments in energy transformation and carbon-reducing activities may require materials with higher specifications. This may lead to increases in raw material and production costs, reducing D-Link's product competitiveness and decreasing sales. This would lead to decreased revenue and increased cost. | **Impact on supply chains and value chains:**<br>• The collection of carbon fees may lead to raw material suppliers increasing the price of products. With the long-term transfer of costs, supplier may need to be replaced.<br>• Rising raw material prices and production costs would lead to relatively higher product pricing. Customers will have to pay higher prices to purchase the products. | In order to meet the low carbon and low energy consumption requirements, the price of raw materials has increased, which has led to price adjustments throughout the supply chain. This may gradually affect the end price by 20% to 30%. | **Supply chain or value chain:**<br>Material costs will directly and indirectly affect product costs. The company works with suppliers to explore low carbon process technologies, such as heat dissipation system design and product power saving technology development, in order to meet carbon reduction standards. For the selection and price negotiation of main materials, collective selection and price negotiation are adopted to help suppliers reduce material costs, and increase material inventory, raw material preparation, and inventory turnover to minimize the impact of rising raw material and production costs on the supply chain. | |
| Enhance the Monitoring of Existing Products and Services | Transition risks - Policies and regulations | Mid-term | In response to climate risks, policies related to domestic/foreign products are continuously updated. If we are unable to respond to the requirements and regulations of various parties in a timely manner, it will cause our products to fail to meet regulations and impact our business. Instabilities in quality and service may cause products to be fined for violating legal regulations and create a negative impression among customers. This would lead to decreased product sales and revenue. | **Impact on products or services:**<br>• The frequency and speed of changes to environmental policies in various countries have increased. Products may not be able to meet the requirements of new laws and policies.<br>• Inventories that have been manufactured may not be able to meet the regulations due their raw materials or products, leading to the need to recertify raw materials and the inability to supply, or products must be readjusted or are unable to be sold, causing an increase in inventory. | • The acquisition of materials and equipment needed to update products increases operating costs.<br><br>• Incompliance with legal regulations causes decreases in product sales, leading to decreased revenue. | **Products or services:**<br>We monitor regulatory updates in the market, regularly promote and update our operation plans internally to review the compliance of existing products and services, explore relevant countermeasure strategies, and evaluate the need for new/old product introductions and revisions through the new regulatory compliance process. | |

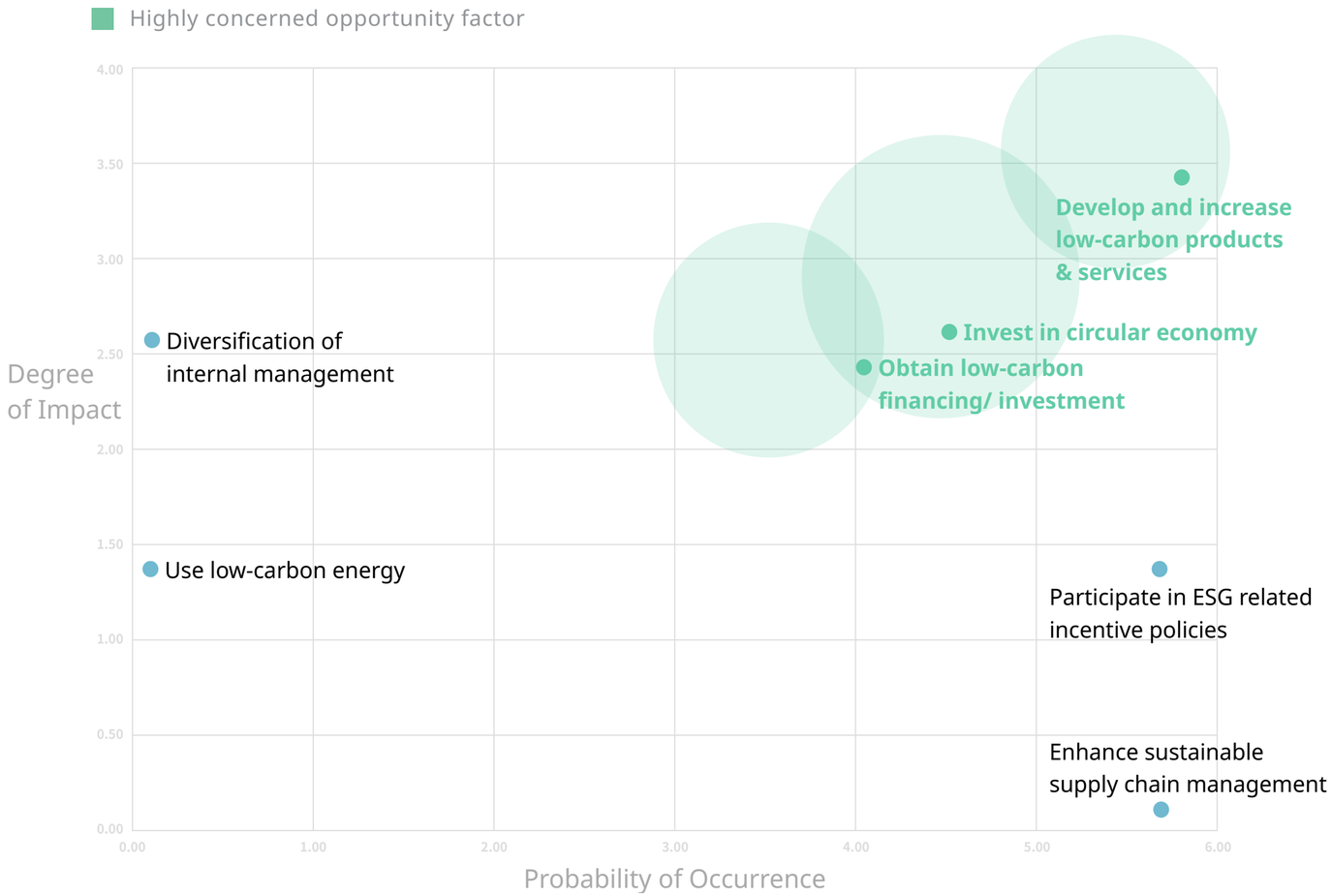
## 3.1.2 Climate Change Opportunity Identification and Response Strategies

D-Link follows the four core elements of TCFD to disclose information related to climate governance, strategies, risk management, and indicators. The internal interdepartmental team assesses and identifies climate change risks and response measures to find potential dangers and possible opportunities.

During the climate change risk and opportunity identification meetings, the team members identify short-, medium-, and long-term risks and opportunities according to the TCFD transformational risks, physical risks, and opportunities list, and assesses the response strategies and financial impacts. At the same time, the team must consider the impact on D-Link's products and services, supply chain, adaptation and mitigation activities, R&D investments, and business operations.

According to the analysis conducted through this identification process, 3 main climate change risks and 3 climate change opportunities were ultimately identified. The team members conducted strategy formulation according to the identified items and stipulated D-Link's climate change response strategies.

### D-Link's Climate Change Opportunity Matrix



| Opportunity Factors | Opportunity Types | Time of Occurrence Evaluation | Impact Scenario | Opportunity Impact Assessment | Financial Impact Assessment | Opportunity Response Strategies | Opportunity Cost |
|---|---|---|---|---|---|---|---|
| Develop and Increase Low-carbon Products & Services | Products and services | Mid-term | Following the international trend of carbon reduction, the company is expanding low-carbon, low-power, and green energy products to respond to the shift in consumer preferences, in order to seize market opportunities in advance. Promote increases in market competitiveness of the company, increases in market share, and improvements of revenue and corporate image, bringing positive impacts to the industry. | Improving product function and performance can reduce the use of physical devices, reduce power usage in data centers, improve heat resistance, and reduce overheating and crashes during operations. Through the network management software developed by the company, we can help customers understand the usage performance and troubleshooting of products, improve customer usage performance, strengthen communications between management and various operating locations, and quickly eliminate abnormal issues. | • Reduce indirect (operation) cost<br>• The increased demand for products and services leads to increased revenue<br>• Increase revenue by entering emerging markets | **Products or services:**<br>1. Energy management of product operation:<br>• The product operation and power supply of the chip adopts a low energy consumption design to reduce overall energy consumption.<br>• Setting the fan start-up temperature to reduce energy consumption, reduce the number of blade rotations to increase fan life to reduce maintenance frequency, and still maintain constant equipment temperature.<br>• Product energy consumption is divided into high and low peak periods. The energy output will be set to low when the product is under low usage.<br>2. Streamlined product and material management:<br>• Reduce product volume and packaging materials to save space and transportation costs.<br>• Use environmentally friendly and recyclable materials to improve recycling rate and reduce waste generation.<br>• The product mechanism is designed with an integrated type and a clip-on type; operation manuals are available online to minimize material use. | ■ Increased operating costs<br>■ Adjustment of capital acquisition<br>■ New financing plan<br>■ For circular economy issues, we need to assign a project team with dedicated full-time personnel (such as sustainability managers) and appropriate budgets. Although short-term operating costs will increase, if they can be carried out in stages and managed quantitatively, they will positively affect the company in the long run. |
| Invest in Circular Economy | Resource efficiency | Long-term | In response to international environmental protection trends, we are developing recyclable circular economy products to encourage consumers to recycle products. We are working with strategic partners to develop renewable raw materials and establish the benefits of a circular economy. By promoting environmental awareness and reducing electronic waste, we are improving our corporate image and increasing our revenue. | **Maximizing recycling:**<br>• The company can inspect and sort replaced information equipment and provide them to disadvantaged groups for use, so that they may obtain more resources.<br>• As product functions increase, the software and hardware of products must be replaced and upgraded. Customers are advised to purchase new and low-carbon equipment. When customers are recommended to replace their equipment, the replaced equipment can be donated to local social welfare groups or schools for technical training.<br><br>**Minimization of waste output:**<br>During the design and development stage of products, methods of saving energy, fuel, water, paper, and improving transportation capacity must be evaluated. Product materials that comply with the ideas of a circular economy should be developed to reduce waste output. | • Environmentally aware products can improve corporate image, gain more attention and orders from customers, and increase revenue.<br>• Simplifying product transportation packaging and reducing accessories can reduce product cost and expenditure, allowing the product price to better meet market expectations. | **Products or services: Maximize resource recovery**<br>• After inspection, selected retired equipment are offered to organizations for the disadvantaged in rural areas to maximize resource recovery.<br>• As chip advancements increase product functionality, hardware and software will need to be replaced and/or upgraded. Customers are advised to purchase new low-carbon equipment and donate the old equipment to local public welfare groups or schools to for technical training.<br><br>**Supply chain or value chain: Minimize waste generation**<br>• Suppliers are advised to use recyclable materials.<br>• Use product packaging materials that can be decomposed/reduced naturally.<br>• Modular product design; modules can be replaced during maintenance; no need to replace the entire product. | |
| Obtain Low-Carbon Financing or Investment | Markets | Mid-term | In response to climate change, financial institutions and investors have higher ESG requirements for the company. If the company has specific measures and results, we can reduce capital costs and increase funding channels. The increase in sustainable performance has also improved D-Link's exposure and increased revenue and market value, which has attracted more investment institutions and increased available capital. | **Impact on products or services:**<br>Improve ESG information disclosure quality to respond to financial institution green financing reviews and sustainable investment trends. | Focus on green finance trends while attaining sustainability goals to obtain better loan interest rates. Currently, related financing solutions already exist in the market. For example, loan interest rates can be reduced by 0.02% to 0.05% according to the sustainability goal attainment progress. | Improve the quality of ESG information disclosure to meet the green financing review of financial institutions and sustainable investment trends, such as CDP, S&P Global, and FTSE Russell. | |

3.2

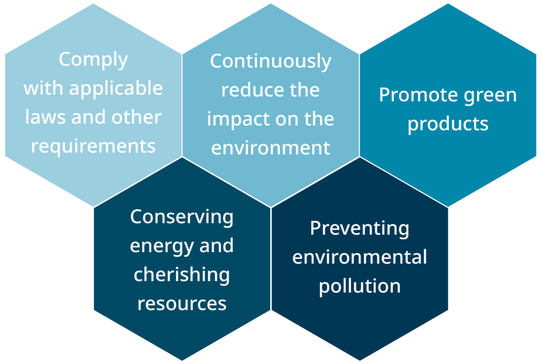
# Environmental Protection

D-Link actively faces environmental issues such as global warming, aligns with international standards, introduces various environmental management and inventory systems, actively reduces environmental hazards in the operation process, and continues to enhance sustainable development momentum.


3.1 Climate Change Response
3.2 Environmental Protection
3.3 Green Products

## 3.2.1 Environmental Policy and Commitments

In response to the trend of environmental sustainability and fulfilling its corporate social responsibility, D-Link takes the promotion of environmental awareness and the establishment of a green enterprise as its main tasks and continues to implement environmental protection measures. Environmental Policy Statement:




In addition, in the spirit of sustainable operation, D-Link continues to improve the development and design of green concept products, follows the international standard ISO 14064-1 to disclose greenhouse gas emissions independently, and sets goals to reduce carbon emissions continuously; in energy management, water management and In terms of waste management, we also actively plan corresponding improvement plans, and regularly conduct environmental education for employees, so that employees can also participate in and implement relevant environmental protection plans to achieve their effectiveness.

D-Link's environmental policy statement regards compliance with environmental protection regulations as the most basic requirement. Daily operations are committed to minimizing the impact on the local ecological environment and ensuring no significant adverse impact or impact on biodiversity. In the past three years (from June 2018 to December 2021), no major environmental legal incidents and environmental-related fines have existed.

## 3.2.2 ISO 14001 Environmental Management System

In response to the global environmental protection trend, D-Link has obtained the ISO 14001:2015 certification of the environmental management system, with the main task of enhancing environmental protection awareness and establishing a green enterprise, and continuously implementing environmental protection measures. D-Link complies with the requirements of the ISO 14001 environmental management system, conducts regular assessments of environmental management risks every year, and sets improvement goals and improvement measures based on the assessment results. Internal and external audits are also performed yearly to make recommendations for system implementation deficiencies or omissions and improve them. The internal/external audit in 2021 was completed, and no significant defects occurred.

The environmental management goals set for 2021 are:

- Products: New products implement green concepts, provide green products with low energy consumption, and provide environmentally friendly green products.
- Energy: The headquarters building aims to reduce electricity consumption by 0.5% per year, and the total electricity consumption in 2021 will be reduced by 1.77% compared with the total electricity consumption in 2020.

## 3.2.3 Energy Management

The D-Link headquarters building mainly consumes externally purchased electricity. Each year, energy conservation goals are stipulated according to the requirements of ISO 14001 Environmental Management System in order to reduce the power consumption of the building. D-Link has reduced power use by 2.5% in 2021 compared to the base year of 2016.

| | 2020 | 2021 | Total |
|---|---|---|---|
| Main Energy Conservation Actions | Installed energy-saving lights on the 6F /HQ building | Installed energy-saving lights on the 5F /HQ building | – |
| Percentage of Energy Conservation with 2016 as the Base Year | 1.39% | 1.78% | 3.17% |

Implemented and planned energy conservation measures in the past 3 years are as follows:

- 2018: Installed energy-saving circulation fans in the IT office on the 4th floor and installed energy-saving LED panel lights in the west front area of the 2nd floor
- 2019: Installed energy-saving circulation fans in the office areas and conference rooms on the 2nd, 4th, and 5th floors of the building and adjusted the on/off times for the air conditioning unit (turned off 1 hour earlier)
- 2020: Replaced the lighting in the public areas and toilets of the 1st to 6th floors with energy-saving lights (LED panel lights)
- 2021: Replaced the lighting in the offices, conference rooms, and manager offices on the 5th and 6th floors of the headquarters building in Taipei with energy-saving LED panel lights
- 2022: The lighting on the other floors of the headquarter building is expected to be replaced with LED panel lights. The energy conservation goal for the servers in the server room is 25% annually.

In addition to the aforementioned improvements to the building facilities, D-Link regularly conducts energy conservation promotion for employees and has set up energy-saving signs next to the switches in the conference rooms. We hope to help employees develop the habit of switching off lights and air conditioners.

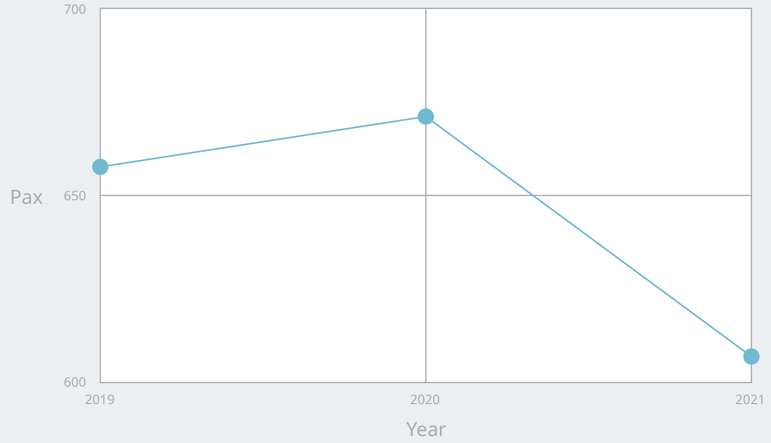
D-Link's Environmental Commitment

> We promise: to comply with applicable laws and other requirements, continuously reduce the impact on the environment, promote green products, save energy and cherish resources, and prevent environmental pollution; the company will adhere to the spirit of sustainable operation, ensure environmental protection quality, and continue to educate employees, and implement environmental protection policies. Promptly and properly handle internal and external opinions and reactions on environmental protection.

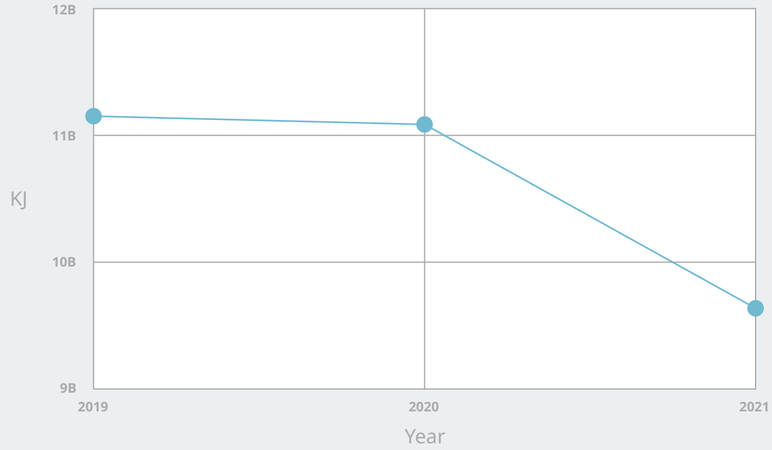
## Energy Consumption and Intensity Statistics from 2019 to 2021

| Type | 2019 | 2020 | 2021 |
|---|---|---|---|
| Annual Average Number of Employees in Taiwan | 658 | 669 | 608 |
| Externally Purchased Electricity (kWh) | 3,127,600 | 3,122,800 | 2,696,004 |
| Externally Purchased Electricity (kJ) | 11,259,360,000 | 11,242,080,000 | 9,705,614,400 |
| Average Externally Purchased Electricity Use Per Person (kWh) | 4,753 | 4,668 | 4,434 |

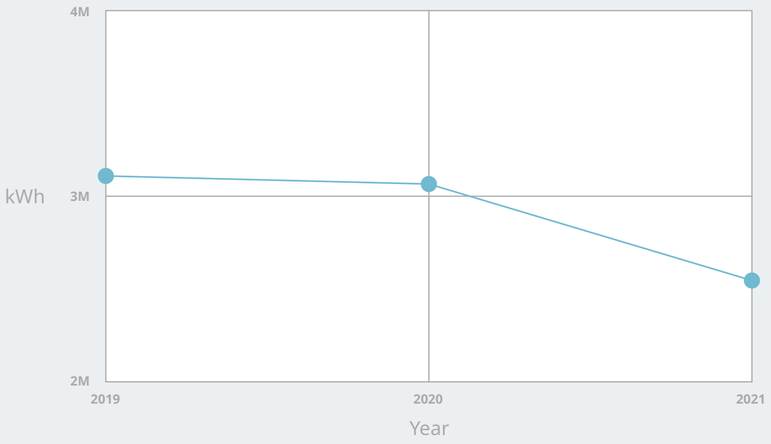
Annual Average Number of Employees in Taiwan



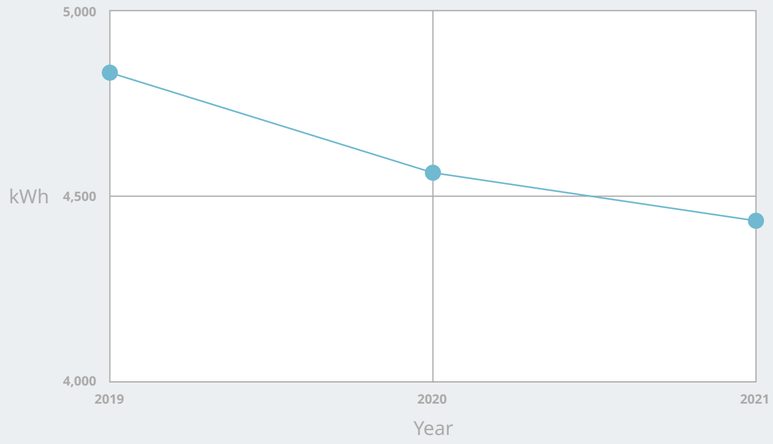

Externally Purchased Electricity




Externally Purchased Electricity




Average Externally Purchased Electricity Use Per Person



## 3.2.4 Greenhouse Gas Emissions Management

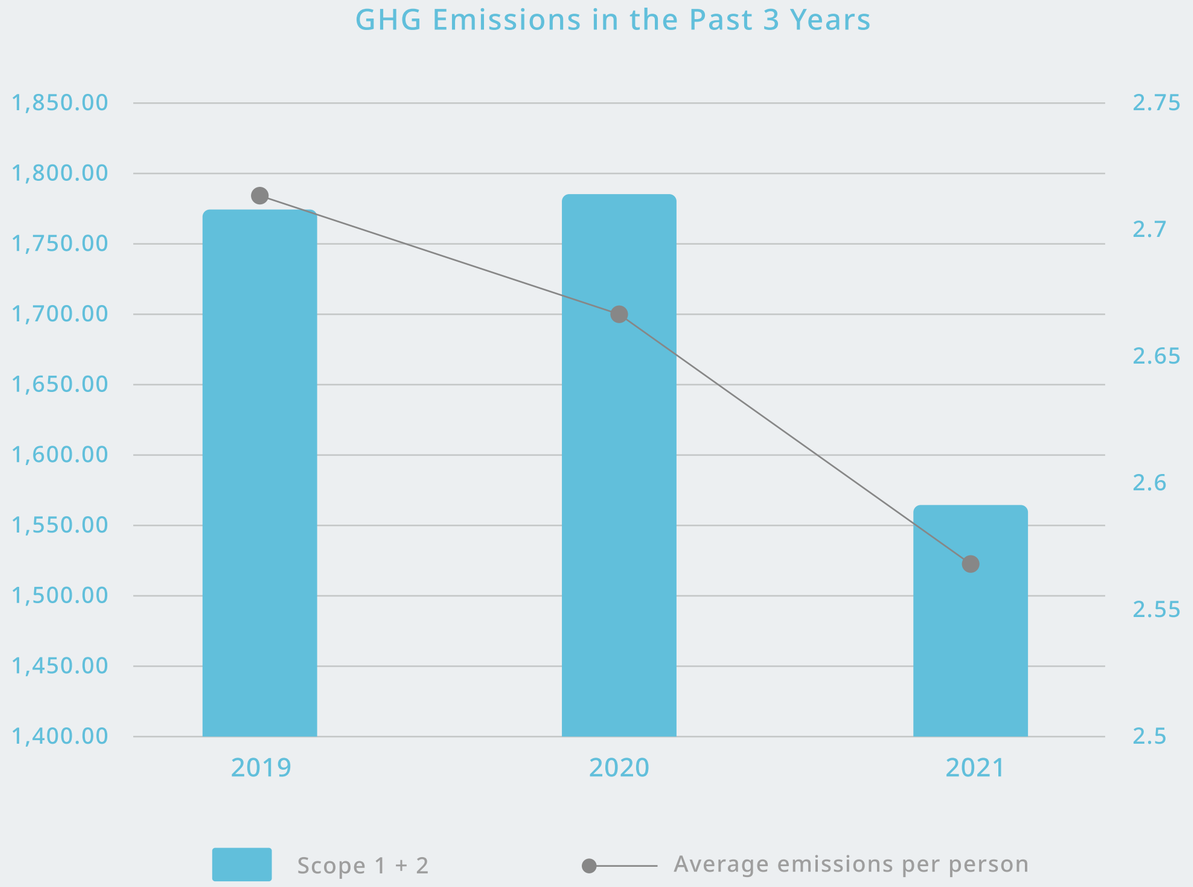
D-Link has passed the ISO 14064-1:2006 Greenhouse Gas Inventory certification and formulated the following policies according to the requirements of the ISO 14064 Greenhouse Gas Inventory System:

- We are dedicated to disclosing corporate carbon emissions to fully understand the carbon emissions within the company.
- We work with our business partners to expand the scope of carbon reductions together.
- We provide more diverse low-carbon products and services for our consumers and users.
- We have increased information transparency and reduced emissions for the carbon footprints of our products.

In order to implement the carbon reduction policies, D-Link independently conducts greenhouse gas inventories and stipulated the goal of reducing carbon emissions by 2.5% by 2021 using 2016 as the base year. The related internal inventory information has passed verification by a third-party impartial inspection unit. We plan to conduct revision guidance for ISO 14064-1:2018 in 2022. We expect to complete verification by a third-party impartial inspection unit by August 2022 and continue to implement greenhouse gas inventories and reductions.

**GHG Emissions and Intensity Statistics from 2019 to 2021**

| Scope | Legal or International Standards | Items | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Greenhouse Gases (GHG) | ISO 14064-1 | Scope 1 | ton CO2e | 203.18 | 200.97 | 206.77 |
| | | Scope 2 | ton CO2e | 1,577.62 | 1,583.12 | 1353.39 |
| | | Scope 1 + 2 | ton CO2e | 1,780.8 | 1,784.09 | 1560.16 |
| | | Average Emissions Per Person | ton CO2e | 2.71 | 2.67 | 2.57 |



## 3.2.5 Water Resource Management

D-Link headquarters building and Taiwan branch are located in the metropolitan area of Taipei City. The water source is tap water from the Feicui Reservoir, mainly consumed for domestic water. The domestic wastewater is discharged into the government's underground sewers after use. The amount of wastewater discharged is the data after deducting the evaporation and spillage from the inflow (total water consumption = total water intake - total drainage). In addition, all bathroom faucets in the headquarters building have been equipped with water-saving switches to save water resources. Although D-Link is not a company that consumes many water resources, it still conducts self-supervision, does an excellent job in every aspect of water conservation, and does its best for environmental sustainability.

**Statistics on Water Consumption in 2019-2021 (unit: million liters)**

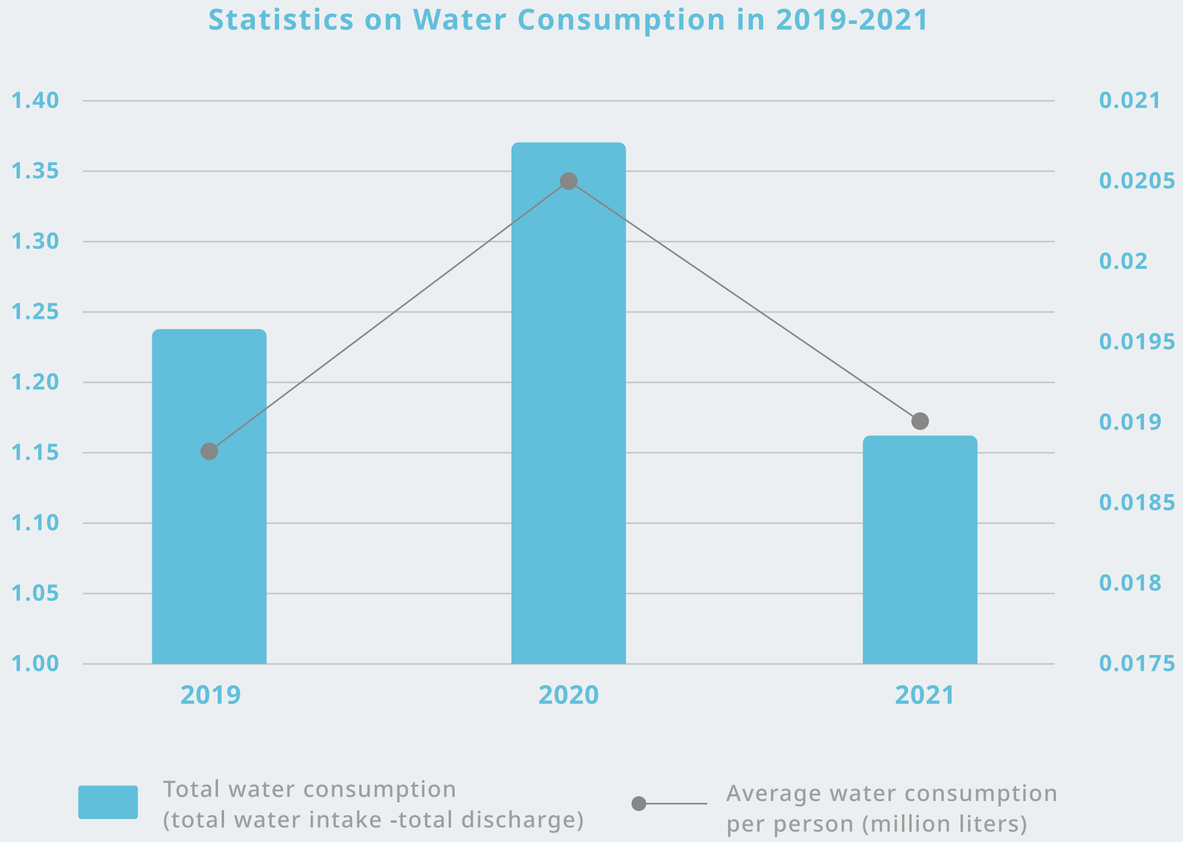
| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Water Use Quantity | 12.376 | 13.743 | 11.56 |
| Water Discharge Volume | 11.138 | 12.369 | 10.404 |
| Total water Consumption (Total Water Intake - Total Discharge) | 1.238 | 1.374 | 1.156 |

Note: The total discharge is estimated based on 90% of the total water intake.

**Water Intensity Statistics from 2019 to 2021**

| Type | 2019 | 2020 | 2021 |
|---|---|---|---|
| The Annual Average Number of Employees in Taiwan | 658 | 669 | 608 |
| Water Resources (Million Liters) | 12.376 | 13.743 | 11.560 |
| Average Water Consumption Per Person (Million Liters) | 0.01881 | 0.02054 | 0.01901 |
| Daily Wastewater (Million Liters) | 11.138 | 12.369 | 10.404 |

Note: Daily wastewater is estimated based on 90% of water resources.



## 3.2.6 Waste Management

To implement the goal of sustainable resource utilization and waste reduction, D-Link takes “reduction at source, recycling of materials, and diversification of treatment” as the main principle of waste treatment to effectively recycle resources.

The specific methods of the waste management strategy are as follows:

**(1) Waste Management Implementation Strategy:**

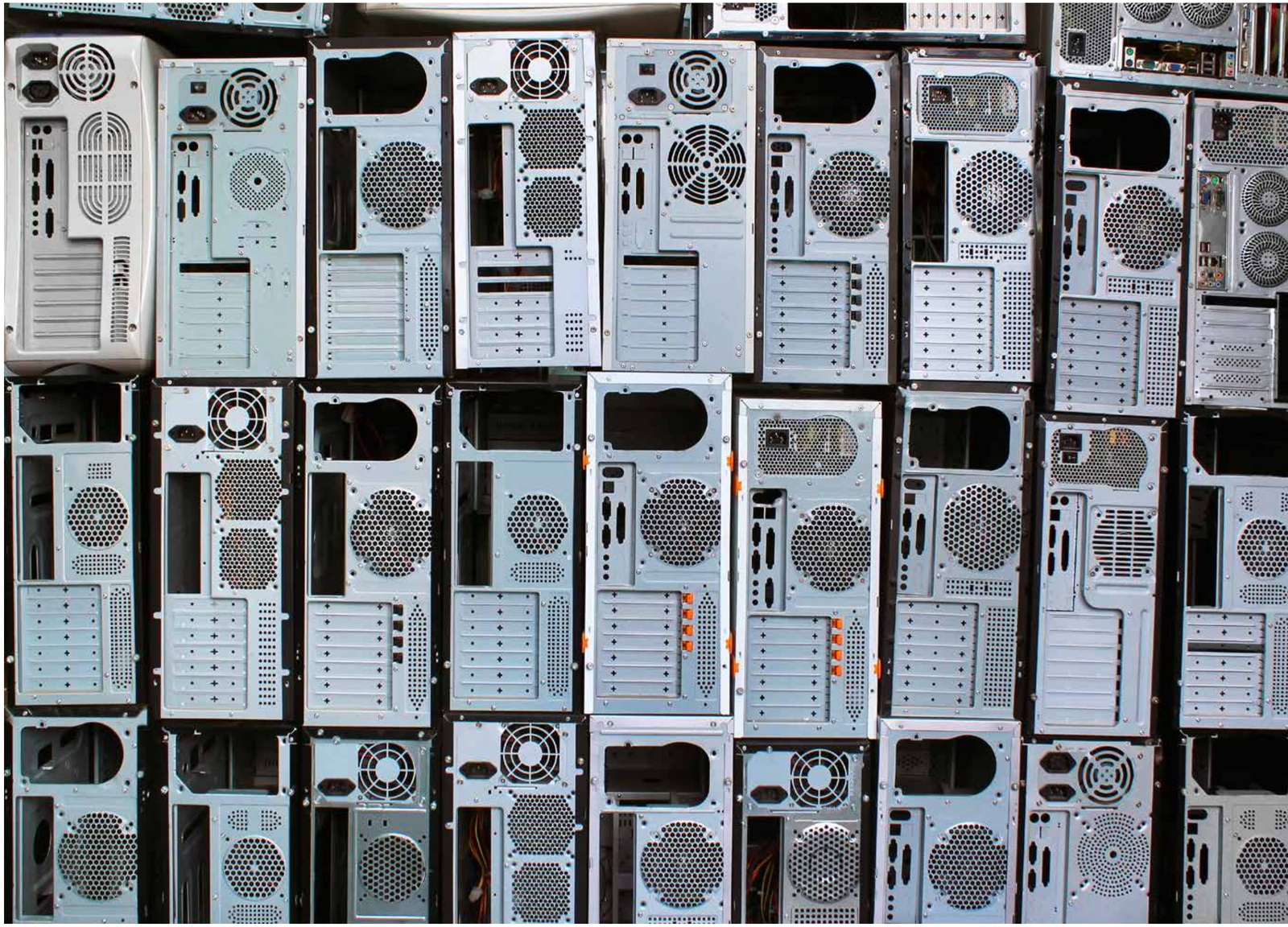
1. Source reduction: save the use of natural resources and reduce waste generation.
2. Material resource utilization: The waste is classified and recycled to reduce the environmental load.
3. Diversified processing: Recycle resources through recycling, reuse, etc.

**(2) Waste Classification Management and Implementation:**

| Type | Definitions | Handling Method |
|---|---|---|
| General Waste | Non-hazardous waste generated by D-Link's daily operations | After each unit is responsible for sorting and storage by laws and regulations, the cleaning unit will collect it to the temporary storage area of commercial waste. Finally, it will be cleared and transported by qualified manufacturers. |
| Resource Waste | Resource waste from non-production activities | According to the resource recycling classification method announced by the Environmental Protection Administration of the Executive Yuan, the waste is classified into wastepaper, iron and aluminum cans, plastics, plastic bottles, aluminum foil bags, household appliances, etc. Employees will place them in the resource recycling area according to the classification regulations. Then the cleaning unit will collect them in the resource recycling temporary storage area and notify the legal recycling manufacturers to clear them for recycling. |
| Living Waste | Non-production activities such as offices and staff lounges produce non-recyclable waste | Cleaned up by the cleaning unit, placed in a fixed recycling point, and entrusted to a qualified environmental protection company to clear, transport, and dispose of it by signing a contract to ensure that clearing the waste is appropriately disposed of. |

**Waste Generation Data from 2019 to 2021**

| Scope | Legal or International Standards | Item | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Wastes | Waste Disposal Act | General daily waste | ton (ton) | 13.85 | 13.19 | 12.19 |



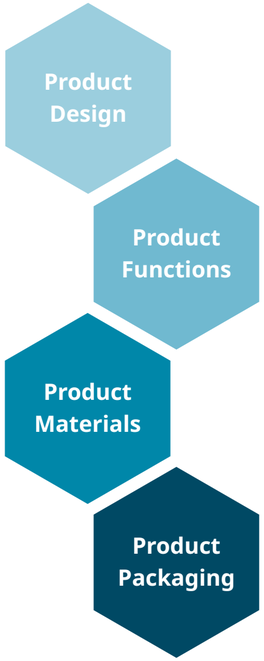
3.3

# Green Products

D-Link is the first Networking Equipment brand in Taiwan to promote green technology products thoroughly. As early as 2007, it implemented “D-Link Green” with environmental protection 3R as the core, starting from product design ideas and assisting in energy saving and carbon reduction.


3.1 Climate Change Response
3.2 Environmental Protection
3.3 Green Products

## Aspects Covered by D-Link Green




During the early stages of product development, in addition to considering product functionality and user needs, D-Link has also included the environmental impact of raw material use, manufacturing, packaging and shipping, and use process in product design. D-Link has strengthened green product design and implemented controls for hazardous substances to work towards environmental friendliness and green sustainable developments.

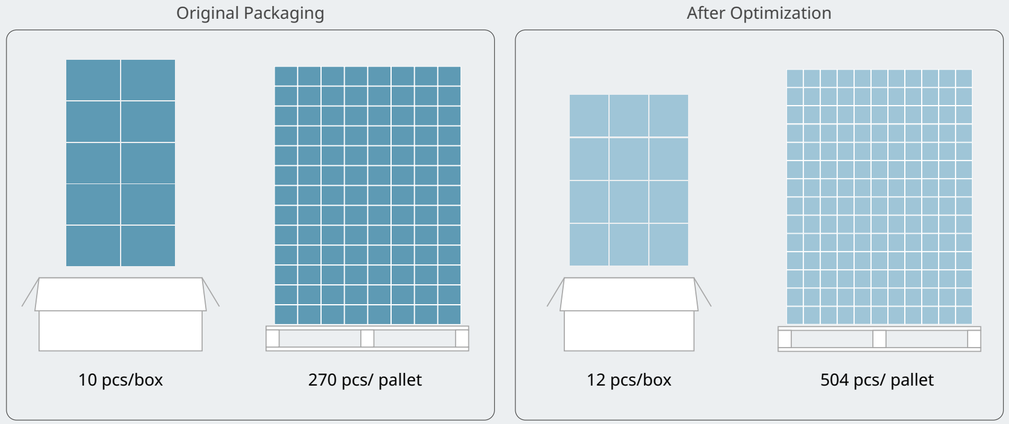
Reducing our carbon footprint has always been the sustainable approach adopted by D-Link Green. According to the analysis of networking product lifecycles, the energy consumption is greatest during the customer use period. Therefore, D-Link is dedicated to introducing the most advanced product design thinking and technologies and complying with EU Energy-related Product (ErP) and other international energy regulations to minimize energy consumption of products. In terms of raw materials, we comply with and adopt various international standards and regulations, including the EU's directive on Restriction of Hazardous Substances (RoHS) that came into effect in 2006 and the EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). These regulations act as the best practice principles for identifying raw materials.

Through these regulations, we are able to assess the various chemicals in the parts during product development and understand their impact on human health and the environment, thereby achieving green product design. In terms of product packaging, we use the actual measurements of each product to design customized packaging dimensions for optimized transportation volume, increasing shipping volume and reducing unnecessary transportation costs and carbon emissions, thereby achieving energy conservation. Furthermore, the reduction of packaging content and printing ink, as well as the use of recyclable materials, are part of D-Link's requirements for green packaging. We aim to reduce the environmental impact of packaging waste.

In terms of packaging size optimization, using the R15 dual-band wireless router as an example, the volume of each package was reduced by 39% after packaging optimization. Single box capacity was increased by 20% and single pallet capacity was increased by 87%. The printing on export boxes aimed to reduce ink usage. After optimization, ink use was reduced by 55%. In terms of packaging content simplification, using the Smart Switch series products as an example, the original multi-language manual mainly contained text and reached up to 72 pages. After the change to an image-based manual, the number of pages was reduced to 16 and the paper usage was reduced by 78%.

### Before and After Package Size Optimization

| | Original Packaging | After Optimization | Effectiveness |
|---|---|---|---|
| Dimensions | 329mm x 279mm x 65mm | 236mm x 255mm x 60mm | Volume reduced by 39% |
| Quantity in a Single Box | 10 pcs | 12 pcs | Increased by 20% |
| Quantity on a Single Pallet | 270pcs | 504pcs | Increased by 87% |




In terms of raw material use in products, the raw materials used by D-Link products completely comply with the hazardous materials restricted by EU RoHS and REACH regulations. The external power supply (EPS) used by all products completely comply with level VI energy efficiency standards of the US Department of Energy, in order to meet green product development. Furthermore, local regulations are followed when handling end-of-life products and electronic waste.

In 2021, green products[(note)] accounted for 53% of total product revenue. By 2026, green products manufactured according to the 4 aspects of "D-Link Green" are expected to account for 80% of total product revenue.

Note: Green products in 2021 only included products with designs and functions that comply with "D-Link Green"

## CH. 4

# Society

- 100% of the testing technology internship program participants became full-time employees.
- Percentage of female employees increased by 3%.
- 0 work accidents.
- 3 days of paid family care leave and 5 days of paid sick leave per year.
- Free health checks every 2 years.
- The “Sustainability Impact Lecture” helps NPOs learn about ESG.
- “D-Link Starlight Classroom” caring for remote villages for 9 consecutive years.

4.1

# Attracting and Retaining Talent

D-Link recruits outstanding talents through various campus cooperation programs and builds a comprehensive learning education and training system based on D-Link's strategy, vision, and values. Talent and the company will continue to grow together.


4.1 Attracting and Retaining Talent
4.2 Friendly Workplace
4.3 Employee Health and Care
4.4 Social Engagement Projects

## 4.1.1 Talent Recruitment Pipeline and Campus Cooperation Plan

Talent cultivation is one of D-Link's sustainable goals. With the trend of globalization and digital technologies, smartification is sweeping the world, and strategic deployments for embracing the new era have become paramount. IT talent has become an essential resource fought over by different industries. To recruit outstanding talents, D-Link conducts talent recruitment through the largest and most significant human resource matching website in Taiwan, 104 Human Resources Bank, and encourages internal staff recommendation. In addition, D-Link also continues to conduct industry-university cooperation and exchanges with schools.

To expand and strengthen the new information technology talent resources of the industry, and cultivate and attract more outstanding talents to join, D-Link has entered the campus since 2020 and actively participated in campus talent recruitment or internship activities. Through various new products, in a simple and easy-to-understand way, students will be led to understand the three major technologies under the wave of concatenation and convergence of wisdom - artificial intelligence (Artificial Intelligence), 5G communication (5G Telecommunication), Internet of Things (Internet of Things).

**Schools Participating in the Campus Recruitment or Internship Activities**

- National Chengchi University
- National Taiwan University of Science and Technology
- National Taiwan Normal University
- National Taipei University of Technology
- National Central University
- National Jinan International University
- Soochow University
- Takming University of Science and Technology

Since 2011, D-Link has established a two-way reciprocal industry-academia cooperation model with the neighboring Takming University of Science and Technology. D-Link teaches students product technology, and students will assist in developing product testing feedback. We have established a regular corporate internship model to provide job opportunities after graduation for the students. The first graduates are still working in technical units within the company. D-Link has established a long-term cooperation model with various colleges and universities, continued cultivating campuses, shortened the gap between students and students, and applied to the government for the "Youth Flagship Program". In 2020 and 2021, due to the raging COVID-19 pandemic, although we could not recruit personnel through this program, the company continued to recruit employees under 30 to support youth employment. In addition, we continued to implement industry-academia cooperation to establish an internship program. 3 test technical interns be hired in 2020, and 2 technical test interns be hired in 2021. Education and training such as middle school and professional guidance will be provided during the period. All the interns are currently employed, of which 3 will be full-time employees after graduation, and 2 are in Learn continuous practice.

In 2021, in the face of the severe test of the COVID-19 epidemic, to maintain normal operations, the company will adjust its human resources operations accordingly. To reduce interpersonal contact, recruitment, interviews, registration, and other related operations have been adjusted to replace physical operations with video, taking into account operational needs and epidemic prevention.

In the future, D-Link will continue to advance to colleges and universities to share technology and match employment and hope to attract more talents to join the future. At the same time, in response to the development of the New Southbound Policy, it has begun to cooperate with the International Affairs Office of the National Taiwan University of Science and Technology to set up scholarships for outstanding international students to attract international talents.

## 4.1.2 Education and Training

D-Link's learning and development system are based on its strategy, vision, and values. Through a comprehensive education and training program, it is a learning system constructed with recruits, professional training, management training, and self-development as the main axes.

Because the sustainable operation of the company depends on the long-term adaptive learning and development of talents, D-Link plans and arranges on-the-job training according to employees' different job attributes and working stages. For example, new employees need to participate in further employee training, etc. In addition, internal training is also arranged. According to the needs of each unit's duties and professional skills, courses are arranged for employees to receive relevant training courses in external professional institutions or invite excellent internal employees to share their work experience, not only to pass on experience but also to improve the internal training system. Employees can continue to grow in their professional skills and other functions through these channels and methods. In 2021, there will be 4,940 teaching hours for education and training, with an average of about 9 hours of training per person.

D-Link conducts performance appraisals regularly every year. The appraisal objects include all full-time employees who have passed the probationary period. The appraisal ranking is adjusted according to D-Link's operating conditions (within 10%). The employees set annual performance goals at the beginning of each year. The middle and second Performance appraisal are carried out at the beginning of the year, and the results of the performance appraisal are used as a reference for employee promotion, training, and bonus distribution; for employees with poor performance, the unit supervisor will initiate a performance improvement plan for a period of performance improvement.

D-Link's 2021 annual performance appraisal will start in late January 2022. After deducting 22 employees who were on the job at the end of 2021 but had left when the appraisal work started, 13 employees who have not passed the probationary assessment for recruits, and 3 employees who were dispatched by OBU. A total of 38 employees have not undergone the 2021 annual performance appraisal, and the rest have undergone the 2021 performance appraisal, and the ratio of appraisal is 100%.

D-Link formulates its salary policy with the concept of market competitiveness and internal fairness. The overall salary positioning is based on the principle of market survey company survey, by the overall economic and economic changes, government regulations, etc. It considers our overall profit performance. The unit performance and individual performance are adjusted and changed, and a diversified compensation system such as performance bonuses and employee compensation are issued; according to D-Link's articles of association, 1% to 15% of the current year's profit is allocated and distributed to employees, so that employees can participate in business results. In 2021, the average salary adjustment of the whole company was 3%, and the distribution of employee compensation in 2020 was 5% of our profit.

**Total Hours of Employee Education and Training in 2021**

| | Supervisor | Technician | Other Employees | Total Training Hours |
|---|---|---|---|---|
| Female | 496.5 | 70.5 | 1,066.5 | 1,634 |
| Male | 863.5 | 1,101.5 | 1,341.5 | 3,307 |
| Total Training Hours | 1,360 | 1,172 | 2,408 | 4,940 |

*Note: For job definition, please refer to Chapter 4.2.1, "Manpower Overview (page 86).

**Average Hours of Training Per Employee in 2021**

| | Supervisor | Technician | Other Employees | Total Training Hours |
|---|---|---|---|---|
| Female | 12.11 | 0.85 | 10.16 | 7.13 |
| Male | 12.89 | 5.37 | 24.84 | 10.14 |
| Average Training Hours | 12.59 | 4.07 | 15.14 | 8.90 |

*Note: The average hours were based on the total training hours in 2021.

**The Proportion of Employees Receiving Regular Performance Appraisals in 2021**

| | Male | Proportion | Female | Proportion | Total | Proportion |
|---|---|---|---|---|---|---|
| Supervisor | 65 | 22% | 40 | 19% | 105 | 19% |
| Technician | 191 | 63% | 80 | 37% | 271 | 49% |
| Other Employees | 45 | 15% | 96 | 44% | 141 | 25% |
| Total | 301 | 100% | 216 | 100% | 517 | 93% |

National Chengchi University

National Taiwan Normal University

Soochow University

National Taiwan University of Science and Technology

National Jinan International University

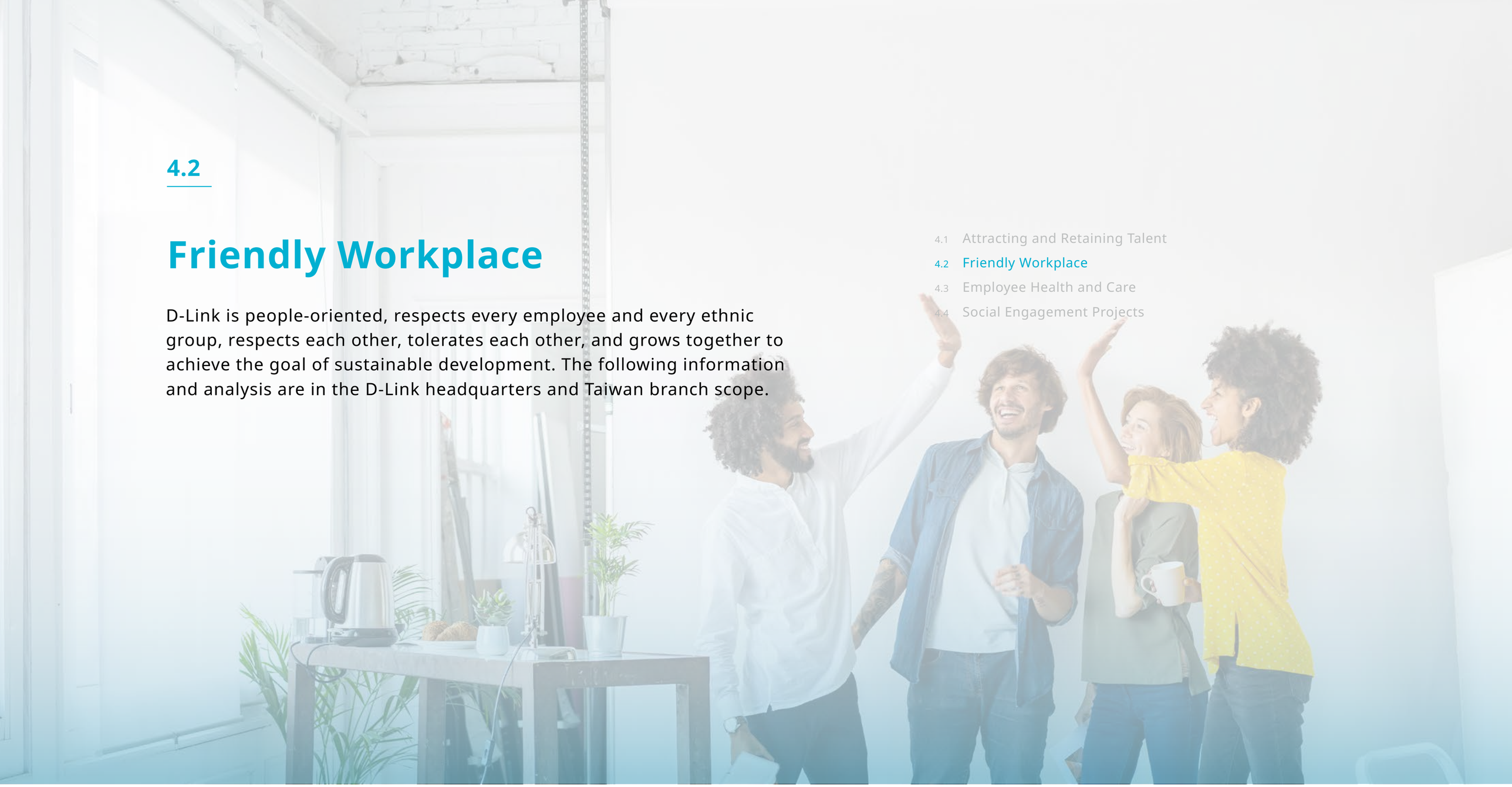
D-Link goes deep into the campus to **recruit outstanding talents and strengthen the cultivation of industrial talents.**

4.2

# Friendly Workplace

D-Link is people-oriented, respects every employee and every ethnic group, respects each other, tolerates each other, and grows together to achieve the goal of sustainable development. The following information and analysis are in the D-Link headquarters and Taiwan branch scope.


4.1 Attracting and Retaining Talent
4.2 Friendly Workplace
4.3 Employee Health and Care
4.4 Social Engagement Projects

## 4.2.1 Labor Overview

In response to D-Link's operating strategy adjustment, D-Link will carry out corporate reorganization and human resources lean operations in 2021. The total manpower will be reduced from 717 in 2020 to 555 in 2021, a reduction ratio of about 22.6%; however, the proportion of female employees will be reduced from 2020 to 555. 38% increased to 41%.

D-Link employs talents based on the principle of equality. In 2021, one person with disabilities will be hired as a project manager; there will be 10 foreign employees, including 2 managers above the manager level.

The number of new employees was 130 in 2020 and 132 in 2021. The numbers of new employees were similar. In 2021, the company will adjust the direction of its R&D workforce strategy, focusing on deploying an R&D workforce related to cloud platforms, while other R&D needs unrelated to cloud applications will focus on the R&D capacity of core suppliers. Therefore, in 2021, in addition to the lean organization in response to the global COVID-19 epidemic, the transfer and lean of the R&D workforce will be carried out at the same time, resulting in a total of 295 employees leaving the company in 2021, an increase of 131 from the previous year. Regarding the gender ratio and age distribution, the number of new female employees in 2021 accounted for 50%, representing an increase of 12% compared with 2020. In terms of age composition, the percentage of new employees under 30 in 2021 was 22%, representing an increase of 7% compared with 2020.

The number of new employees was 130 in 2020 and 132 in 2021. The numbers of new employees were similar. Regarding the gender ratio and age distribution, the number of new female employees in 2021 accounted for 50%, representing an increase of 12% compared with 2020. In terms of age composition, the percentage of new employees under 30 in 2021 was 22%, representing an increase of 7% compared with 2020.

In addition, D-Link also attaches great importance to gender equality and plans a fair promotion and salary system for both genders. Staff remuneration is determined based on their academic experience, professional knowledge, and technology, professional seniority experience, personal performance, etc., regardless of gender. In 2021, the basic salary and overall salary comparison of the two genders are that the basic salary is 1.10~1.19, and the overall salary is about 1:1.11~1.38.

### Manpower Composition in the Past Three Years

| | | | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|---|---|
| | | | Pax | % | Pax | % | Pax | % |
| Gender | Female | | 289 | 38.5% | 273 | 38.1% | 229 | 41.3% |
| | Male | | 462 | 61.5% | 444 | 61.9% | 326 | 58.7% |
| Age | Age 30 and below | | 145 | 19.3% | 119 | 16.6% | 73 | 13.2% |
| | 31 - 50 | | 549 | 73.1% | 524 | 73.1% | 429 | 77.3% |
| | 51 and above | | 57 | 7.6% | 74 | 10.3% | 53 | 9.5% |
| Employer Type | Full Time | | 751 | 100.0% | 717 | 100.0% | 554 | 99.8% |
| | Part-Time | | 0 | 0.0% | 0 | 0.0% | 1 | 0.2% |
| Labor Contract | General Employment | | 751 | 100% | 717 | 100% | 554 | 99.8% |
| | Regular Employment | | 0 | 0.0% | 0 | 0.0% | 1 | 0.2% |
| | Foreign Workers | | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Education | PHD | | 3 | 0.4% | 6 | 0.8% | 3 | 0.5% |
| | Master | | 266 | 35.4% | 255 | 35.6% | 191 | 34.4% |
| | University | | 391 | 52.1% | 373 | 52.0% | 290 | 52.3% |
| | Expertise | | 73 | 9.7% | 66 | 9.2% | 57 | 10.3% |
| | High School and below | | 18 | 2.4% | 17 | 2.4% | 14 | 2.5% |
| Position | Supervisor* | Female | 44 | 5.9% | 40 | 5.6% | 41 | 7.4% |
| | | Male | 75 | 10.0% | 75 | 10.5% | 67 | 12.1% |
| | Technician** | Female | 133 | 17.7% | 116 | 16.2% | 83 | 15.0% |
| | | Male | 314 | 41.8% | 306 | 42.7% | 205 | 36.9% |
| | Other Employee*** | Female | 112 | 14.9% | 117 | 16.3% | 105 | 18.9% |
| | | Male | 73 | 9.7% | 63 | 8.8% | 54 | 9.7% |
| Number of People | | | 751 | 100.0% | 717 | 100.0% | 555 | 100.0% |

*Supervisor: The person in charge who leads the department
**Technician: Non-supervisors of Product Center, R&D, IT, and technology-related departments
**Other employees: Other non-supervisors of sales, logistics, customer service, marketing, administration, and finance

### Table of New and Resigned Employees in 2021

| | | New Employee | | Resigned employee | |
|---|---|---|---|---|---|
| | | Pax | Recruitment Rate | Pax | Resignation Rate |
| Gender | Female | 66 | 11.9% | 109 | 19.6% |
| | Male | 66 | 11.9% | 186 | 33.5% |
| | Total by Gender | 132 | 23.8% | 295 | 53.2% |
| Age | Age 30 and below | 29 | 5.2% | 62 | 11.2% |
| | 31 - 50 | 93 | 16.8% | 205 | 36.9% |
| | 51 and above | 10 | 1.8% | 28 | 5.0% |
| | Total by Age | 132 | 23.8% | 295 | 53.2% |

Note: Recruitment rate = New employees/total number of employees in December of the current year
Resignation rate = Number of employees who resigned/total number of employees in December of the current year
At the end of December 2021, the total number of employees was 555.

### The Basic Salary Ratio for Male and Female Employees in 2021

| | Supervisor | Technician | Other Employees |
|---|---|---|---|
| Female | 1 | 1 | 1 |
| Male | 1.19 | 1.10 | 1.18 |

### Overall Remuneration Ratio for Male and Female Employees in 2021

| | Supervisor | Technician | Other Employees |
|---|---|---|---|
| Female | 1 | 1 | 1 |
| Male | 1.38 | 1.11 | 1.28 |

Note: In addition to the basic salary, the overall salary range includes overtime pay, duty allowance, discount on special leave, bonuses, employee dividends, etc.

## 4.2.2 Employee Complaint Channel

D-Link respects every employee's right to freedom of association and the right to form a union according to law. To establish a friendly and smooth communication channel to protect the rights and interests of employees, the company has set up a pension supervision committee, a labor-management meeting, an employee welfare committee, an employee suggestion box, and an employee complaint channel (general complaints and workplace sexual harassment complaints), providing multiple channels to Employees express their ideas and suggestions. The company can also better understand employees' opinions, and then reach a consensus through discussions.

Employee grievances are handled by the "Appeal and Sexual Harassment Handling Measures". The grievance handling process is as follows:

In 2021, a total of 1 complaint case will be received, a case of workplace bullying by a former employee complaining about the supervisor. After an investigation and a "Complaint and Workplace Sexual Harassment Handling Committee" meeting were held for deliberation, the complaint case was established, and the complaint supervisor gave more than one punishment. The complained supervisor resigned in January 2022 due to personal career planning.

In addition to employee complaint channels, D-Link also uses employee satisfaction surveys to understand employees' singers, thereby creating a more friendly working environment. The 2021 employee satisfaction survey was completed in early 2022, and the internal employees will conduct work environment and life, learning and development, leadership management, organizational system and management, work engagement, work pressure, salary and benefits, overall satisfaction, turnover intention, etc. Nine aspects, conduct an anonymous satisfaction survey.

## 4.2.3 Human Rights Protection

D-Link is committed to safeguarding human rights and formulated the human rights policy and management plan to create an environment that fully protects human rights. D-Link recognizes and support international human rights conventions such as the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. D-Link also requires our business partners to eliminate any infringement on or violation of human rights in their operations so that all members of the company, both internal and external, can be treated fairly and with dignity. At the same time, D-Link also supports international human rights conventions, respects diversity, opposes to discrimination, abides by working hours, wages and benefits, prevents forced labor and human trafficking, prohibits underage labor, respects freedom of association, pays attention to the health and safety of the working environment and information security, and gives back to the society with our core competence. In addition, D-Link also announced labor rights on its official website and implements measures to mitigate human rights risks. For the prohibition of child labor and forced labor, D-Link strictly abides by the employment process, interviews applicants, inquires into their intent to work, and requires them to provide identity documents for verification to prevent the risk of child labor; D-Link also promotes labor rights through labor-management conferences, and strictly prohibit forced labor and forced overtime.

In addition, D-Link also respects the freedom of choice and exercise of occupations and provides equal work opportunities, regardless of nationality, race, religion, gender, sexual orientation, marriage, age, etc. Foreign employees and local employees enjoy equal employment opportunities. Foreign employees came from the United States, Italy, Brunei, Turkey, Malaysia, India, Indonesia, South Korea, Burkina Faso, Nicaragua, and other places, and are all guaranteed the same labor rights and interests as local employees. In addition, no child labor is employed in any global branches, and the declaration of human rights is strictly observed as in the headquarters.

No significant human rights-related risk was found after assessment in 2021.

**Supplier Human Rights Regulations**

Based on the social and ethical principles of promoting the spirit of humanity, practicing human dignity, and fulfilling corporate social responsibilities, D-Link clearly defines the corporate social responsibilities of suppliers in the procurement contract and incorporates human rights norms such as the prohibition of child labor and regulates supply. Suppliers must strictly abide by the relevant local Labor Standards Acts, labor safety, and other relevant labor regulations, and all suppliers must complete the contract. The total number of supplier contracts containing human rights clauses or having undergone human rights review is 54, accounting for 100% of the total contracts.

If the supplier violates the law and is legally responsible, it will also be classified as a substandard supplier, and the contract may be terminated or terminated immediately. No related incidents occurred in 2021.

D-Link's Human Rights Policy and Management Solutions

**The Analysis of D-Link Operating Locations that Underwent Human Rights Risk Assessment is as Follows**

| | Human Rights Related Risk Assessment |
|---|---|
| Number of Operating Locations that Have Conducted Assessments | 5 |
| Number of Operating Locations | 5 |
| Percentage | 100% |

**According to the reporting boundary of the Report, the operating locations are defined as the headquarters and the locations of the branches in Taiwan (Hsinchu Office, Taichung Office, Kaohsiung Office, and Tainan Warehouse).

**Employee Complaint Channel**

- Complaint hotline: +886-2-6600-0123 EXT.1850 (to protect you)
- Special mailbox for appeals: The complainant can submit it to the special appeal mailbox next to the HRD mailbox of the Human Resources Department on the 1st floor of the headquarters building or mail it to (114) D-Link850 employee complaint mailbox, No. 289, Xinhu 3rd Road, Neihu District, Taipei City The receiving and dispatching personnel will deliver it to the special mailbox for appeals.
- Special e-mail for complaints: dlink850@dlinkcorp.com (D-Link protects you), by the Human Resources Administration Office

4.3

# Employee Health and Care

D-Link Technology takes care of every employee as its responsibility and attaches great importance to balancing employees' life and work. In addition to providing benefits that are better than the regulations, it also checks health through regular health checks and workplace safety and health seminars; in response to the COVID-19 epidemic, it also provides relevant insurance during special epidemic prevention periods to ensure employees' lives are more secure.


4.1 Attracting and Retaining Talent
4.2 Friendly Workplace
4.3 Employee Health and Care
4.4 Social Engagement Projects

D-Link provides employees with comprehensive insurance benefits. In addition to purchasing labor insurance, national health insurance, and provision of labor pensions according to law, the company also provides employees with free group insurance, covering term life insurance, accident insurance, hospitalization insurance, cancer insurance, major disease insurance, occupational disaster insurance, and subsidized hospitalization medical insurance and cancer medical insurance for employees' dependents. In response to the COVID-19 epidemic, employees are also provided with relevant insurance during the special epidemic prevention period to ensure that employees receive relevant protection.

To enable employees to balance work and life, D-Link provides a leave system and flexibility that is superior to the Labor Standards Act. New employees are entitled to 3 days of special leave in advance and 5 days of full-paid sick leave (including menstrual leave) from their arrival. And 3-day full-paid family care leave; it also provides 1.5 hours of flexible commute to work, allowing employees to arrange work and family more flexibly.

In addition, following the Labor Standards Act of the Republic of China, the D-Link welfare plan provides retirement reserves at a rate of 2% of the actual salary approved by the competent authority, which is deposited in a special account of the Bank of Taiwan. At the end of 2021, the defined benefits obligations totaled NT$86,814 thousand. In accordance with the provisions of the Labor Pension Act, D-Link set aside the contribution rate of 6% of the employee's monthly salary to the labor pension personal account of the Bureau of the Labor Insurance. Foreign subsidiaries' pensions following relevant local laws and regulations. The consolidated D-Link's recognized pension expense in 2021 was NT$131,606 thousand.

## 4.3.1 Occupational Safety and Health Management

D-Link aims to establish sustainable operations to create a safe work environment and protect the safety and health of employees and partner companies. Therefore, we are committed to establishing an effective occupational health and safety management system based on the occupational health and safety policy. We will continue to implement and track improvements. Meanwhile, we will enhance the danger awareness and health concepts of employees through health and safety education and safety, health promotion lectures, and the sharing of new occupational health and safety information on the internal website and bulletin boards. We aim to establish a healthy and friendly atmosphere in the workplace.

In 2012, D-Link obtained the "Occupational Health and Safety Management System (OHSAS 18001: 2007)" certification. In March 2018, the International Organization for Standardization (ISO) announced the new version of "Occupational Health and Safety Management System (ISO 45001: 2018)" to replace OSHSAS 18001. D-Link expertly complied with the new standards and obtained ISO 45001: 2018 certification in January 2019. In 2021, we continued to improve health and safety management, fire and explosion prevention, and earthquake hazard prevention to reduce overall health and safety risks. We follow the laws and regulations related to occupational health and safety to implement orientation and on-the-job education and training for employees, in order to strengthen employee health awareness and promotion and establish a healthy workplace.

D-Link adopts the PDCA procedures to continuously operate the occupational health and safety management system. We conduct "Risk Assessment and Hazard Identification" once a year on all internal units of the company according to the "Health and Safety Planning Control Procedures". We establish goals corresponding to the identification and assessment results and stipulate improvement targets for unacceptable risks, as well as implement improvement plans and measures. We conduct one internal and one external audit every year. If legal violations, company system violations, or omissions are discovered during the internal audits, the issues or suggestions will be issued and improvements or explanations shall be proposed within the deadline. The external audit is conducted by the British Standards Institution (BSI) according to laws and regulations on health and safety, D-Link's health and safety handbook, health and safety procedures, measures related to health and safety, and relevant forms. The spoken information, written information, and actions must be consistent. The primary purpose is to inspect the safety and health of the operating location and to propose deficiencies and suggestions for the company. In 2021, the Occupational Health and Safety Management System (ISO 45001: 2018) passed the external audit. No deficiencies were found and 5 opportunities for improvement were identified.

**D-Link's Occupational Safety and Health Policy**

- Comply with the government' s health and safety laws and regulations and other required matters
- Reduce the occurrence of occupational accidents
- Provide employees with a safe, clean, and comfortable workplace
- Focus on and care for the physical and mental health of employees
- Continue to improve the occupational safety and health management system
- Accept the opinions and participation of the workers and their representatives.

**D-Link Pension Benefit/Contribution Plan and Preparation Status**

| | The Value of the Retirement Plan | 2021 Pension Preparation Status | Contribution as A Percentage of Salary | Degree of Participation in the Program |
|---|---|---|---|---|
| Defined Benefits Plan | At the end of 2021, the defined benefits obligations totaled NT$86,814 thousand. | The balance of the special account for labor retirement reserves is NT$75,551 thousand, and NT$873 thousand of pension expenses were recognized in 2021. The amount of NT$11,263 thousand that will be set aside in the future has been recorded as employee benefit liability provision. | Following the Labor Standards Act of the Republic of China, retirement reserves at a rate of 2% of the actual salary approved by the competent authority are deposited in a special account of the Bank of Taiwan. | It is implemented following the Labor Standards Act of the Republic of China, and foreign subsidiaries' pension expenses are based on the current contributions following relevant local laws and regulations. |
| Defined Contribution Plan | D-Link's recognized pension expense in 2021 was NT$131,606 thousand. | | In accordance with the provisions of the Labor Pension Act, D-Link set aside the contribution rate of 6% of the employee's monthly salary to the labor pension personal account of the Bureau of the Labor Insurance. Foreign subsidiaries' pensions following relevant local laws and regulations. | |

bsi.

Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: D-Link Corporation
No. 289, Sinhu 3rd Rd.
Neihu District
Taipei City
11494
Taiwan

友訊科技股份有限公司
台灣
台北市
內湖區
新湖3路289號
11494

Holds Certificate No: OHS 644484

and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:

The design, development and marketing of wired and wireless network products, including hardware, software and services of local area network (LAN) and wide area network (WAN) products, broadband access products, home networking products, internet protocol (IP) telephony products, network content server / storage server, networked multimedia devices, network security devices, network camera, universal serial bus (USB) devices and other network, communication related products.
[Previously certified to BS OHSAS 18001:2007 since 2013-01-31]
設計、開發和銷售有線和無線網絡的產品，包括硬件、軟件和局域網的服務（LAN）和廣域網（WAN）的產品、寬帶接入產品、家庭網絡產品、網際協議（IP）電話產品的設計、開發和銷售、網絡內容服務器/存儲服務器、網絡安全設備、網絡攝像頭、通用串行總線（USB）設備和其他網絡、通信相關產品。

For and on behalf of BSI:
Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2019-01-14
Latest Revision Date: 2021-12-23
Effective Date: 2022-01-31
Expiry Date: 2025-01-30

Page: 1 of 2

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This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
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Taiwan Headquarters: 2nd Floor, No.37, Sinhu Rd., Neihu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Occupational Health and Safety Management System (ISO 45001: 2018) certification

## 4.3.2 Safety and Health Organization, Education and Training, and Workplace Environmental Monitoring

**Safety and Health Organization**

According to Article 2-1 of the "Occupational Health and Safety Management Measures", type 2 companies that employ more than 300 workers shall establish a level 1 management unit directly under the employer. In D-Link, the "Corporate Finance & Operation Center" is a level 1 management unit. It is responsible for formulating, planning, promoting, and supervising matters related to health and safety management, and for directing the implementation by relevant departments. D-Link has established the "Occupational Health and Safety Committee", which meets once every 3 months. It is responsible for providing suggestions related to the health and safety policies formulated by the company and reviewing, coordinating, and suggesting health and safety related matters. The Committee consists of 9 members and the President acts as the Chairperson. The Chief Financial Officer of the Corporate Finance & Operation Center acts as the Deputy Chairperson. In addition, the supervisor and employees of the Administrative Labor and Safety Department (4 members) and labor representative members (3 members) serve as the committee members to handle the matters related to Article 12 of the "Occupational Health and Safety Management Measures".

Furthermore, D-Link has established the "Occupational Health and Safety Management and Review Committee" according to the suitability, applicability, and effectiveness of the "Occupational Health and Safety Management System (ISO 45001:2018)". The Committee consists of 6 members and the President serves as the Chairperson. The Chief Financial Officer serves as the Deputy Chairperson and the supervisor and employees of the Administrative and Labor Safety Department (4 members) serve as the committee members. A management review meeting is convened at the end of each year to discuss and vote on various occupational safety issues. Extraordinary meetings are convened when necessary.

**Safety and Health Education/Training**

In order to enhance the health and safety awareness needed for employees in the workplace, D-Link conducts employee orientation and on-the-job education and training according to Articles 15 and 17 of the "Occupational Safety and Health Education and Occupational Safety and Health Education and Training Rules". In 2021, a total of 57 employees who have served in the company for over 3 years and 106 new employees participated in and completed the training.

**Workplace Environmental Monitoring**

D-Link is dedicated to creating a comfortable and safe work environment for employees. We regularly conduct carbon dioxide and noise monitoring in the operating environment every 6 months according to the laws and regulations. In terms of water quality, we test the water quality of water dispensers every quarter and wash the water tower every 6 months. Furthermore, we promote and require employees to use personal protection equipment during dangerous operations, in order to prevent employee exposure to hazards in the workplace. We also comply with the related regulations of the "Regulations for the Implementation of Labor Environment Monitoring".

**Emergency Response and COVID-19 Prevention**

D-Link has established a fire prevention manager according to fire regulations. Aside from preparing fire inspection reports every year, firefighting equipment maintenance is conducted regularly every quarter and fire drills are conducted every 6 months. Other emergency responses should prepare for different scenarios, such as earthquakes, epidemic prevention, etc. Response handling shall be conducted according to "Emergency Response Management Procedures" of ISO 45001. For example, when fires occur, the emergency response shall be handled according to the "Fire Prevention Plan". When an earthquake occurs, it shall be handled according to the "Earthquake Response Measures". When an epidemic occurs, it shall be handled according to the "Epidemic Prevention Response Measures".

Emergency response drills or training shall be regularly conducted. If the frequency is stipulated by the law, the drills or training shall be conducted accordingly and the rest shall be conducted once a year, in order to minimize the employee and company asset losses and social and environmental impacts caused by disasters.

In response to the COVID-19 pandemic, to protect the health and safety of employees, and to cooperate with the regulations and measures of the government's epidemic prevention units, D-Link has stipulated the "COVID-19 Prevention Response Plan". Apart from establishing the "Epidemic Prevention Team", for which the President serves as the convener, D-Link has also stipulated the "Response Procedure for Employees with Abnormal Body Temperatures", "Response Procedure for Employees Reported as High Risk of Infection", and "Response Procedures for Employees Reported as Confirmed Cases". In order to effectively conduct epidemic prevention, access controls, environmental sanitation management, food hygiene management, self (personal) protection, and in-

## Occupational Safety and Health Management Results in 2021

### Structure of ISO 45001 Occupational Health and Safety Management System

| | | Total Pax in the Management System | | Total Pax in the Organization | | Ratio | |
|---|---|---|---|---|---|---|---|
| | | Employees | Non-employees | Employees | Non-employees | Employees | Non-employees |
| 2019 | Unaudited | 0 | 0 | 0 | 0 | - | - |
| | Audited by Corporate Auditor | 751 | 0 | 751 | 0 | 100% | - |
| | Audited or Certificated by External Organization | 751 | 14 | 751 | 14 | 100% | 100% |
| 2020 | Unaudited | 0 | 0 | 0 | 0 | - | - |
| | Audited by Corporate Auditor | 717 | 0 | 717 | 0 | 100% | - |
| | Audited or Certificated by External Organization | 717 | 14 | 717 | 14 | 100% | 100% |
| 2021 | Unaudited | 0 | 0 | 0 | 0 | - | - |
| | Audited by Corporate Auditor | 555 | 0 | 555 | 0 | 100% | - |
| | Audited or Certificated by External Organization | 555 | 14 | 555 | 14 | 100% | 100% |

*Explanation:
Employees：Full-time staff
Non-employees：Interns, suppliers, contractors, etc.

### Occupational Accidents Statistics of Employees and Non-Employees

| | | | Occupational Hazards | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total Hours Worked | Major Occupational Accidents (pax) | Death of Occupational Accidents (pax) | Number of Occupational Accidents (pax) | Mortality Rate | Disabling Frequency Rate of Major Occupational Accidents (Excluding Deaths) | Total Recordable Injury Frequency Rate (TRIFR) |
| 2019 | Employees | 1,284,376 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Non-employees | 33,344 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 | Employees | 1,436,440 | 0 | 0 | 2 | 0 | 0 | 1.392331041 |
| | Non-employees | 31,635 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2021 | Employees | 1,304,480 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Non-employees | 31,738 | 0 | 0 | 0 | 0 | 0 | 0 |

1. In 2021, 0 work-related accidents occurred. 3 traffic accidents occurred during commutes. The total number of lost workdays was 141 days.
2. Disabling injury statistics - Occurrence per million hours Work injuries: In 2021, the disabling frequency rate (FR) was 0 and the disabling severity rate (SR) was 0.

creased promotion have been implemented. D-Link's nursing staff and onsite physicians also provided healthcare and epidemic prevention information to employees, in order to ensure the health and safety of the workplace.

In 2021, during the COVID-19 pandemic, the company has never issued unpaid leave due to the pandemic. In response to epidemic prevention needs, the company implemented remote working and A & B shift measures, allowing the company and employees to care for both epidemic prevention and operations during the most severe period of the pandemic, and minimizing the impact on the lives of employees. In order to reduce the increase in medical bills due to employees being infected with the virus, which would impact their lives, D-Link specially purchased group health insurance for statutory infectious diseases such as COVID-19, enhancing the protection for all employees.

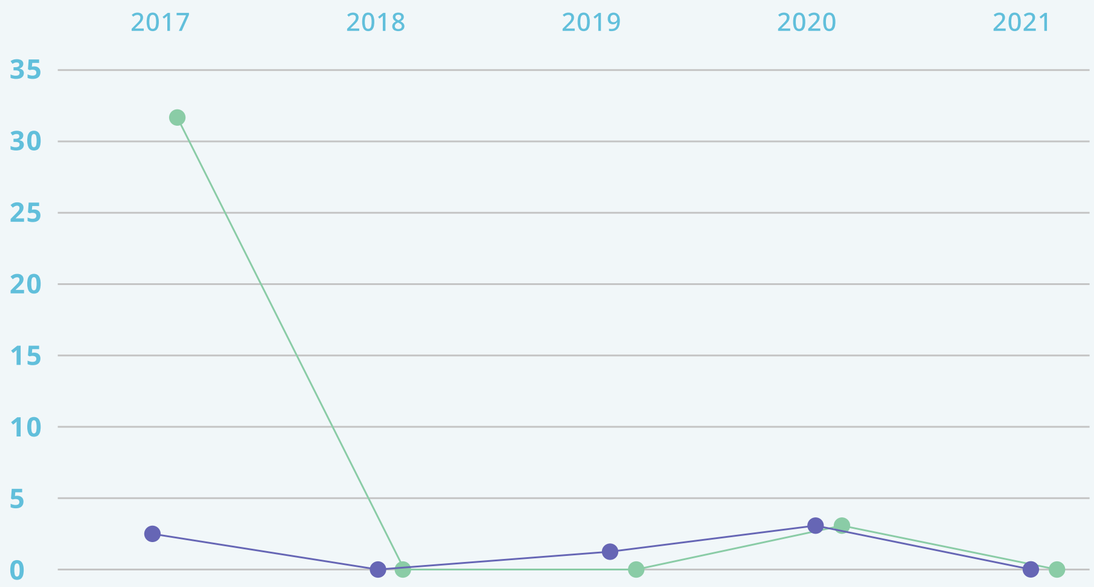
### 2021 Occupational Injury Statistics

| Items | Work Injury | | Transportation | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Number of People | 0 | 0 | 2 | 1 |
| Lost Work Hours | 0 | 0 | 896 | 232 |
| Lost Days | 0 | 0 | 112 | 29 |
| Absentee Rate (AR) | 0 | 0 | 137.4 | 35.57 |
| Combined Absentee Rate AR | 0 | | 172.94 | |
| Disabling Injury Frequency Rate (FR) | 0 | | 2.30 | |
| Disabling Injury Severity Rate (SR) | 0 | | 108.09 | |
| Fatal and Serious Injury (FSI) | 0 | | √[(2.3x108.09)/1000]=0.5 | |

- Traffic accidents: In 2021, the disabling frequency rate (FR) was 2.3 and the disabling severity rate (SR) was 108.09.
- The Disabling Frequency Rate (FR) is the number of disabling injuries that occur every million work hours. The formula is as follows:
- Number of people who sustained disabling injuries x 1,000,000 ÷ total work hours (not including traffic accidents during commutes)
- The Disabling Severity Rate (SR) is the number of days lost due to disabling injuries per million work hours. The formula is as follows:
- Days lost due to disabling injuries x 1,000,000 ÷ total work hours (not including traffic accidents during commutes)

Although no accidents such as cuts, burns, bumps, or falls occurred to employees during work in 2021, 3 traffic accidents during commutes still occurred, resulting in disabling injuries. Therefore, in addition to reviewing the reasons, the company will continue to promote traffic safety and defensive driving to improve employee driving safety.

### The Disabling Injury FR and SR for Employees in the Past 5 Years




| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Disabling Injury Frequency Rate (FR) | 2.5 | 0 | 0.72 | 2.78 | 0 |
| Disabling Injury Severity Rate (SR) | 32.5 | 0 | 0 | 2.78 | 0 |

- The main occupation disease is "right radial tunnel syndrome" caused by extended use of a mouse by marketing department personnel for graphic design. The employees have been treated.

## 4.3.3 Healthy Workplace

D-Link is dedicated to establishing the best healthy workplace. We continue to promote the four major plans for labor health protection to prevent the occurrence of occupational injuries and diseases. We have employed physicians from the Occupational Medicine Department of the Chinese Association of Occupational Medicine to serve as appointed onsite physicians. The physicians provide onsite services once every 2 months (6 times/year), which include employee health consultation and workplace visits. A dedicated nurse has been established to perform employee health services, plan and organize health checkups and health promotion events. Additionally, 18 emergency personnel have been appointed according to the number of workers.

**Four Major Plans for Labor Health Protection**

- Maternal health protection plan for the workplace
- Prevention plan for illegal infringement during the performance of duties
- Prevention plan for illness caused by abnormal workloads
- Prevention plan for ergonomic hazards

Furthermore, to protect employees before/after pregnancy, in addition to arranging risk assessments and health visits with occupational physicians, we have established a dedicated nursing room to create a friendly nursing environment for employee use. Ensure that all employees receive the emergency aid they need during the critical rescue period in emergencies, D-Link has established 2 Automatic External Defibrillators (AED) in the headquarters building. We also irregularly organize education and training courses, including CPR and AED lessons, which have been included in orientation training and on-the-job employee training. “Simple first aid technique training” is also held through the health promotion club (suspended in 2021 due to the pandemic and is expected to continue in 2022).

In terms of disease prevention and healthcare, we organized flu vaccine and HPV vaccine administration in 2021 with 52 employees participating. In terms of employee health promotion, the company has established the health promotion club, which irregularly organizes dynamic or static health promotion lectures. In 2021, a total of 8 courses were held, with 306 enthusiastically participating.

In addition to the physical and mental health-related activities above, D-Link also provides each employee with one free physical checkup every two years. Employees who have served the company for more than a year are entitled to free physical checkups within NT$6000, which is superior to the legal requirements. At the same time, the company is dedicated to the promotion of various health promotion activities to establish a healthy workplace and create a friendly work environment. In 2020, D-Link received the “Healthy Activation Label” of the Healthy Workplace Certification issued by the Health Promotion Administration, Ministry of Health and Welfare. In the future, we will more actively cooperate with the various health promotion activities promoted by the health agencies to improve personal health and company image.

**Health Promotion Lectures in 2021**

| Topic | Number of Participants |
|---|---|
| Stress Reduction Workshop | 34 |
| Atopic Dermatitis Prevention | 43 |
| Nutritious Diet and Weight Loss Management | 32 |
| 1111 Walking Distance Challenge | 35 |
| Drug Safety and Myths | 40 |
| Sleep Quality and Stress Immunization | 45 |
| Gender-Based Violence | 34 |
| End of Term Club Meeting | 43 |

The “Healthy Workplace Certification” mark conferred by the Health Promotion Administration, Ministry of Health and Welfare.

## 4.3.4 Parental Leave

According to the “Act of Gender Equality in Employment”, D-Link’s employees may apply for parental leave without pay before their children reach the age of 3. In 2021, 4 people applied for parental leave without pay, including 1 male and 3 females. 1 of them did not return to work after the parental leave without pay expired, 1 applied for an extension, and 2 are still on leave.

### Parental Leave Statistics

| Item | Female | Male | Total |
|---|---|---|---|
| Number of people who are eligible to apply for parental leave in 2021 | 12 | 41 | 53 |
| Number of people who applied for parental leave in 2021 | 3 | 1 | 4 |
| Number of people who should be reinstated from parental leave in 2021 (A) | 1 | 1 | 2 |
| Number of people who should be and have been reinstated from parental leave in 2021 (B) | 0 | 0 | 0 |
| Number of people who have been reinstated from parental leave in 2020 (C) | 1 | 1 | 2 |
| Number of people who have been reinstated from parental leave in 2020 and completed their first year of service in 2021 (D) | 1 | 1 | 2 |
| Return rate after parental leave % = B/A | 0% | 0% | 0% |
| Retention rate after parental leave % = (D/C) | 100% | 100% | 100% |

## 4.3.5 Employee Clubs and Leisure Activities

To encourage employees to communicate, groups of 20 employees can apply for the establishment of a club, and D-Link will provide subsidies according to the “Key Points of Club Subsidy”, so that employees can cultivate interest in their spare time and achieve work-life balance. Employees are encouraged to participate in the clubs actively, and the limit on the number of newly established clubs is loosened so that groups of 10 or more can apply. D-Link currently has 17 static/dynamic clubs with a wide variety of themes, 12% of which are new clubs established in 2021. In 2021, 733 people joined the clubs, and 77 events were held.

| | | | |
|---|---|---|---|
| Outing Club | 56 / 人 | 5 / 次 | $ 60,000 |
| Care Club | 32 / 人 | 3 / 次 | $ 60,000 |
| Health Promotion Club | 93 / 人 | 11 / 次 | $ 60,000 |
| Children Care Club | 54 / 人 | 5 / 次 | $ 60,000 |
| Talent Club | 58 / 人 | 4 / 次 | $ 60,000 |
| Yoga Club | 37 / 人 | 3 / 次 | $ 60,000 |
| Fitness Club | 35 / 人 | 3 / 次 | $ 60,000 |
| Language Learning Club | 20 / 人 | 24 / 次 | $ 40,000 |
| Aerobics Club | 21 / 人 | 3 / 次 | $ 40,000 |
| Table Tennis Club | 33 / 人 | 2 / 次 | $ 40,000 |
| Badminton Club | 21 / 人 | 2 / 次 | $ 40,000 |
| Mountaineering Club | 21 / 人 | 3 / 次 | $ 40,000 |
| Art & Culture Club | 165 / 人 | 1 / 次 | $ 40,000 |
| Basketball Club | 20 / 人 | 1 / 次 | $ 20,000 |
| Board Game Club | 27 / 人 | 2 / 次 | $ 20,000 |
| New Cycling Club | 20 / 人 | 2 / 次 | $ 20,000 |
| New Coffee Lover Club | 20 / 人 | 2 / 次 | $ 20,000 |

“

Stretch your body and mind through yoga, hear your heart through meditation, and release stress through rest.

4.4

# Social Engagement Projects

D-Link leads and participates in various social engagement projects through “Care Club” and the “D-Link Charitable Foundation.


4.1 Attracting and Retaining Talent
4.2 Friendly Workplace
4.3 Employee Health and Care
4.4 Social Engagement Projects

D-Link is the most popular brand in the global consumer networking market. In addition to providing excellent products and services, D-Link leads and participates in various social engagement projects through “Care Club” and the “D-Link Charitable Foundation”. We hope that we can continue to bring the goodwill of the community and social needs into a more tight-knit network of love through our caring hands. In 2021, D-Link implemented 8 social engagement projects and invested around NT$330,000 in resources to benefit children in rural areas, social enterprises, poor households, the elderly, etc.

8
Project / Event

33
/ Thousand Dollars
Invested

Q1

Invested Resources $17,000

## Blood Drive

Number of participants: 114 pax
Bags of donation: 165 bags

D-Link regularly organizes 2 blood drives every year to invite employees and neighbors to donate their blood voluntarily. This event becomes to a tradition in our neighborhood.

Q1

Invested Resources $40,000

## Sustainability Impact Lectures

Number of participants: 94 pax
Class hours: 72 hrs

D-Link Charitable Foundation organized SDGs-related training and lectures for NPOs/NGOs. We aim to close the gap in knowledge and skills required for sustainable development.

Q1

Invested Resources $100,000

## D-Link Starlight Classroom

Benefitted 500 pax yearly

Provide meals and a learning environment for disadvantaged aboriginal children and teenagers.

Q1

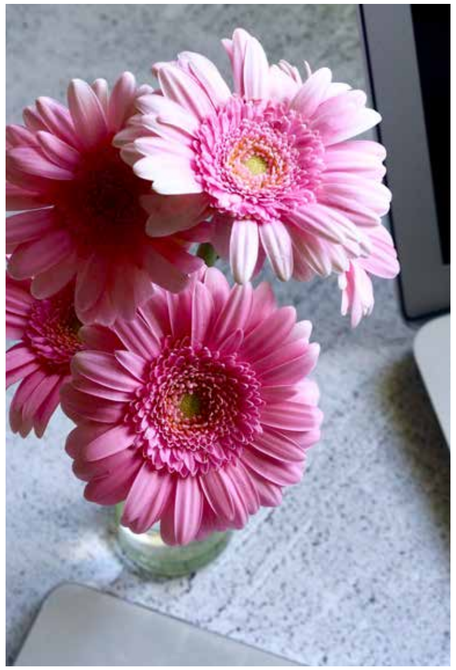
Invested Resources $50,000

## Sustainable Tribe Project

Help aboriginal tribes adopt sustainable farming to increase household income

- Aim to improve tribal economies to face agricultural losses and household economic impacts caused by climate change.
- Help aboriginal farmers increase their productivity and income, and disclose producer information
- Help donors achieve SDGs.

Q1



Invested Resources $6,000

## Flower Subscriptions from NPO

Ordered more than 60 bouquets, which amounted to over NT$6,000

Help people with disabilities find their confidence and develop skills for self-reliance through the weekly flower subscription. Each year, D-Link's employees purchase over 60 flower bouquets from NPO. The flowers not only beautify the office space but also convey joy.

Q3

Invested Resources $9,200

## Blood Drive

Number of participants: 55 pax
Bags of donation: 87 bags

Employees, customers, and the public were called to donate blood to relieve the blood shortage. Keep donating blood for good, even during the pandemic.

Q4

Invested Resources $5,000

## Charity Sales for Rural Area

Sold NT$37,000 worth of products in 2 hours and donated the proceeds to children in rural areas.
Benefitted 130 pax

Cooperated with a social enterprise, Seed in Land, to organize charity sales, encouraged tribal industries to transform, and assisted social enterprises in maintaining normal operations during the pandemic. At the same time, the remaining proceeds from the charity sales were used to help disadvantaged children and communities. We promoted the improvement of family functions so that underprivileged children no longer need the support of social welfare systems.

Q4

Invested Resources $99,000

## New Year's Dishes Donation

Help disadvantaged families celebrate the new year despite the impacts of pandemic.
Benefitted 100 households.

Purchased 100 sets of new year's dishes and donated them to disadvantaged groups in Taipei and Hualien, ensuring that underprivileged children and the elderly can have a fine CNY holiday during the pandemic.

## 4.4.1 D-Link Charitable Foundation

In 1994, D-Link established the "D-Link Charitable Foundation" to give back to society and help underprivileged groups. We uphold the spirit of "taking from society and using it for society" and are dedicated to promoting social welfare and charity groups. For more than 20 years, the D-Link Charitable Foundation has participated in various social welfare activities. We have cared for children, teenagers, the elderly, the disabled, women, and medically underprivileged people. We hope to help the disadvantaged and NPOs be self-sufficient and establish themselves in society on their own.

**Invest in Children**

We found that children and teenagers in rural areas usually have few learning resources and insufficient family functions, leading to lower study willingness or poorer academic performance. D-Link Charitable Foundation has visited rural tribes and underprivileged communities in Keelung, New Taipei City, Hualien, and Taitung since 2013 and started the "D-Link Starlight Classroom" project to help. The project provides meals, afterschool tutoring, skill courses, and consultation for elementary school, junior high school, and some high school students. In 2020, the "D-Link Starlight Classroom" started to provide Kendo, language, expression, and drawing classes to help children in rural areas manage their emotions, stabilize their moods, and cultivate diverse interests and expertise. Over the years, over NT$18 million has been invested in the "D-Link Starlight Classroom", benefiting more than 360,000 students. In 2021, NT$100,000 was invested in the "D-Link Starlight Classroom" to organize diverse classes, expanding the scope of learning for university and teenage students. The project aims to improve knowledge and strengthen the students' characters, benefitting around 500 people.

**Focus on the Elderly**

In conjunction with the long-term elderly care policies of the Ministry of the Interior, D-Link Charitable Foundation started to commission social enterprises in 2018 to procure hot meals for underprivileged children, elderly care centers, and nursing homes. In 2021, we donated 100 sets of new year's dishes to underprivileged children and elderly care centers. Moreover, apart from benefitting underprivileged children and the elderly, we also strongly support our social enterprise partners.

**Donation Subjects and Methods of the 2021 "New Year's Dishes Donation" event**

| Institution | Number of Donations | Distribution Method |
|---|---|---|
| Hualien Meilun Holiness Church | 25 | Distributed by D-Link Starlight Classroom representatives |
| Hualien Kendo class | 25 | Distributed by D-Link Starlight Classroom employees |
| Hualien Art Class | 15 | Distributed by D-Link Starlight Classroom employees |
| Hualien County Growth Holistic Care Association | 20 | Distributed by staff of the association |
| Seed in Land Association (Taipei Branch) | 15 | Distributed by local representatives and village leaders |

## 4.4.2 Care Club

D-Link employees use their spare time to set up the "Care Club" on their own accord, to gather the love and care of employees for those in need together.

**Support Public Health Care**

D-Link's headquarters and Taiwan branch have long been supporters of the blood drives organized by the Taipei Blood Center of the Taiwan Blood Services Foundation. We participate in the thousand-people blood drive in Neihu Science Park every year. In 2021, 169 people participated, donating 252 bags (each 250c.c.) of blood. D-Link provides a friendly environment for employees to donate blood during lunch breaks and after work. Employees of nearby companies and residents of neighboring communities are also invited to participate. We uphold the spirit of "Donating Blood to Save Lives" and "Spreading Love to Save Lives" and transform the spirit into practical actions.

**Support Employment for People with Disabilities**

Starting in 2017, D-Link has supported the "Xinhu Florist" operated by Taipei City Hospital SongDe Branch through weekly flower subscriptions. The florist helps those with disabilities to find their confidence and cultivate skills for self-reliance through pruning flowers and selling bouquets. Each year, D-Link purchases nearly a hundred bouquets, helping the disadvantaged to be self-reliant and starting a cycle of love.

**Foster Social Enterprises**

The Mid-Autumn Festival is the most important holiday for the pomelo farmers of Hualien. It is the primary source of income for the farmers. Through the sponsorship, we can help to improve the quality of pomelo farmers life and help develop tribal industries and organic culture with their spare time, achieving stable growth for the entire village. Each year the Seed in Land Social Enterprise invites companies to sponsor pomelo trees and use the harvest of pomelos (around 120kg of organic pomelo) as Mid-Autumn Festival gifts.

Starting in 2013, the Care Club has launched the "Organic Pomelo Charity Pre-order" project annually within the company. Agricultural products that use friendly farming methods are introduced to our employees. This year, we participated in the Seed in Land Social Enterprise "2021 Pomelo of Happiness" event. Employees were encouraged to purchase pomelos. The profits provided meals to children tutored by the Hualien County Growth Holistic Care Association. D-Link participated in meaningful and good social welfare activities to help pomelo farmers live without worry, sustainably develop tribal industries and organic culture, provide free meals to children in rural areas so they do not go hungry, and improve cohesion among employees.

**Encourage Local Revitalization**

The Care Club and D-Link Charitable Foundation worked together to help the Seed in Land Social Enterprise to sell agricultural products and homemade soap produced by rural tribes. We provided solid support to tribes through daily consumer behavior. In only 2 hours, NT$37,000 of products were sold. The profits of around NT$5,000 were used as meal allowances for children in "D-Link Starlight Classroom". Around 130 disadvantaged children benefitted from the project. It proved that just one kind of movement could support social enterprises, underprivileged children, and rural tribes at the same time.

**Results of Blood Drive in the Past 2 Years**

| Year | Date | Number of Successful Donations | Number of Bags Donated |
|---|---|---|---|
| 2021 | 8/6 | 55 | 87 |
| 2021 | 1/26 | 114 | 165 |
| 2020 | 8/25 | 99 | 160 |
| 2020 | 2/25 | 120 | 183 |

**Organizations that Benefitted from the 2021 Charity Sales**

| City | Institution | Number of Beneficiary | Service |
|---|---|---|---|
| Keelung | Shiwan Road Church | 25 | After-school tutoring, dinner, and multi-course programs |
| Taitung | Taitung Hot Spring Church | 25 | After-school tutoring, dinner, and warming coffee program |
| Hualien | Hualien Meilun Holiness Church | 35 | After-school tutoring, dinner, junior high school intensive classes |
| | Hualien Kendo class | 25 | After-school tutoring, dinner, kendo classes |
| | Hualien County Strength Association | 20 | After-school tutoring, dinner, and multi-course programs |

Care Club was established by employees using their spare time. Every year, nearby companies and residents are invited to participate in the blood drive event, turning the slogan**” Donating Blood to Save Lives”** into practical actions.

# Appendix

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(1/5)

*Classified as voluntary disclosure

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| 102-49 | Changes in reporting | No significant changes | - |
| 102-50 | Reporting period | About the Report | 3 |
| 102-51 | Date of most recent report | About the Report | 3 |
| 102-52 | Reporting cycle | About the Report | 3 |
| 102-53 | Contact point for questions regarding the report | About the Report | 3 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About the Report | 3 |
| 102-55 | GRI content index | Appendix-GRI Content Index | 100 ~104 |
| 102-56 | External assurance | About the Report | 3 |
| | | Appendix- Independent Limited Assurance Report | 107 |
| GRI 103: MANAGEMENT APPROACH 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | 1.2 Stakeholders and Material Issues | 27~30 |
| 103-2 | The management approach and its components | 1.2 Stakeholders and Material Issues | 27~30 |
| 103-3 | Evaluation of the management approach | 1.2 Stakeholders and Material Issues | 27~30 |
| GRI 200: ECONOMIC TOPICS | | | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | | | |
| 201-1 | Direct economic value generated and distributed | 2.1 Sustainable Governance | 33 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 3.1 Climate Change Response | 68 |
| 201-3 | Defined benefit plan obligations and other retirement plans | 4.3 Employee Health and Care | 89 |
| 201-4 | Financial assistance received from government | 2.1 Sustainable Governance | 33 |

# Appendix

## GRI Content Index

(3/5)

| Code | Disclosure | Chapter/ Description | Page |
|---|---|---|---|
| GRI 204: PROCUREMENT PRACTICES 2016* | | | |
| 204-1 | Proportion of spending on local suppliers | 2.7 Supply Chain Management | 65 |
| GRI 205: ANTI-CORRUPTION 2016 | | | |
| 205-1 | Operations assessed for risks related to corruption | 2.1 Sustainable Governance | 37 |
| 205-2 | Communication and training about anti-corruption policies and procedures | 2.1 Sustainable Governance | 37 |
| 205-3 | Confirmed incidents of corruption and actions taken | 2.1 Sustainable Governance | 37 |
| GRI 300: ENVIRONMENTAL TOPICS | | | |
| GRI 302: ENERGY 2016 | | | |
| 302-1 | Energy consumption within the organization | 3.2 Environmental Protection | 75 |
| 302-3 | Energy intensity | 3.2 Environmental Protection | 75 |
| GRI 303: WATER AND EFFLUENTS 2018* | | | |
| 303-3 | Water withdrawal | 3.2 Environmental Protection | 77 |
| 303-4 | Water discharge | 3.2 Environmental Protection | 77 |
| 303-5 | Water consumption | 3.2 Environmental Protection | 77 |
| GRI 305: EMISSIONS 2016 | | | |
| 305-1 | Direct (Scope 1) GHG emissions | 3.2 Environmental Protection | 76 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 3.2 Environmental Protection | 76 |
| 305-3 | Other indirect (Scope 3) GHG emissions | 3.2 Environmental Protection | 76 |
| 305-4 | GHG emissions intensity | 3.2 Environmental Protection | 76 |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | | | |
| 307-1 | Non-compliance with environmental laws and regulations | 2.2 Risk Response and Management | 42 |
| | | 3.2 Environmental Protection | 74 |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016* | | | |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | 2.7 Supply Chain Management | 65 |

# Appendix

## GRI Content Index

(4/5)

| Code | Disclosure | Chapter/ Description | Page |
|---|---|---|---|
| GRI 400: SOCIAL TOPICS | | | |
| GRI 401: EMPLOYMENT 2016* | | | |
| 401-1 | New employee hires and employee turnover | 4.2 Friendly Workplace | 86 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.3 Employee Health and Care | 89 |
| 401-3 | Parental leave | 4.3 Employee Health and Care | 93 |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018* | | | |
| 403-1 | Occupational health and safety management system | 4.3 Employee Health and Care | 89 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 4.3 Employee Health and Care | 92 |
| 403-3 | Occupational health services | 4.3 Employee Health and Care | 92 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 4.3 Employee Health and Care | 90 |
| 403-5 | Worker training on occupational health and safety | 4.3 Employee Health and Care | 92~93 |
| 403-6 | Promotion of worker health | 4.3 Employee Health and Care | 92 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.3 Employee Health and Care | 90~91 |
| 403-9 | Work-related injuries | 4.3 Employee Health and Care | 90~91 |
| GRI 404: Training and Education 2016 | | | |
| 404-1 | Average hours of training per year per employee | 4.1 Attracting and Retaining Talent | 83 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 4.1 Attracting and Retaining Talent | 83 |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016* | | | |
| 405-1 | Diversity of governance bodies and employees | 2.1 Sustainable Governance | 36 |
| | | 4.2 Friendly Workplace | 86 |
| 405-2 | Ratio of basic salary and remuneration of women to men | 4.2 Friendly Workplace | 86 |
| GRI 408: CHILD LABOR 2016* | | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | 2.2 Risk Response and Management | 42 |
| | | 4.2 Friendly Workplace | 87 |
| | | Suppliers have no risk of child labor use | - |

# Appendix

## GRI Content Index

(5/5)

| Code | Disclosure | Chapter/ Description | Page |
|---|---|---|---|
| GRI 409: FORCED OR COMPULSORY LABOR 2016* | | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | 2.2 Risk Response and Management | 42 |
| | | 4.2 Friendly Workplace | 87 |
| | | Suppliers have no significant risk of labor incidents | - |
| GRI 412: HUMAN RIGHTS ASSESSMENT 2016* | | | |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | 4.2 Friendly Workplace | 87 |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016* | | | |
| 414-2 | Negative social impacts in the supply chain and actions taken | 2.7 Supply Chain Management | 63~64 |
| | | 4.2 Friendly Workplace | 87 |
| GRI 416: CUSTOMER HEALTH AND SAFETY 2016* | | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 2.2 Risk Response and Management | 42 |
| GRI 417: MARKETING AND LABELING 2016 | | | |
| 417-1 | Requirements for product and service information and labeling | 2.3 Product Quality and Safety | 43 |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | 2.3 Product Quality and Safety | 43 |
| 417-3 | Incidents of non-compliance concerning marketing communications | 2.2 Risk Response and Management | 42 |
| GRI 418: CUSTOMER PRIVACY 2016 | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 2.4 Information Security Management | 52 |
| GRI 419: SOCIOECONOMIC COMPLIANCE 2016 | | | |
| 419-1 | Non-compliance with laws and regulations in the social | 2.2 Risk Response and Management | 42 |
| OTHER STANDARD DISCLOSURE | | | |
| 1 | Risk Management | 2.2 Risk Response and Management | 39 |
| 2 | Cybersecurity | 2.4 Information Security Management | 48 |
| 3 | Innovation and R&D | 2.5 Innovation and R&D | 53 |
| 4 | Intellectual Property Rights | 2.6 Intellectual Property Management | 60 |

# Appendix

## SASB Index

| Disclosure Topics | Code | Category | Accounting Metric | Chapter/ Description | Page |
|---|---|---|---|---|---|
| Product Security | TC-HW-230a.1 | Discussion and Analysis | Description of approach to identifying and addressing data security risks in products | 2.3 Product Quality and Safety | 45 |
| Employee Diversity & Inclusion | TC-HW-330a.1 | Quantitative | Percentage of gender and racial/ethnic group representation for (1) management; (2) technical staff, and (3) all other employees | 4.2 Friendly Workplace | 86 |
| Product Lifecycle Management | TC-HW-410a.1 | Quantitative | Percentage of products by revenue that contain IEC 62474 declarable substances | N/A | - |
| | TC-HW-410a.2 | Quantitative | Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent | D-Link products are not required to obtain environmental protection labels. | - |
| | TC-HW-410a.3 | Quantitative | Percentage of eligible products, by revenue, meeting ENERGY STAR® Criteria | D-Link products are not required to comply with ENERGY STAR certification. However, the external power supplies for the products must comply with level 6 energy efficiency standards of the US Department of Energy. | - |
| | TC-HW-410a.4 | Quantitative | Weight of end-of-life products and e-waste recovered, percentage recycled | Related data has not been collected and will not be disclosed this year. | - |
| Supply Chain Management | TC-HW-430a.1 | Quantitative | 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 | 2.7 Supply Chain Management | |
| | TC-HW-430a.2 | Quantitative | 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 | 2.7 Supply Chain Management | 63~64 |
| Material Sourcing | TC-HW-440a.1 | Discussion and Analysis | Description of the management of risks associated with the use of critical materials | 2.7 Supply Chain Management | 65 |
| Activity Metrics | TC-HW-000.A | Quantitative | Number of units produced by product | Unable to be disclosed due to it involving sensitive information of the company. Please refer to the 2021 D-Link Annual Report | - |
| | TC-HW-000.B | Quantitative | Area of manufacturing facilities | D-Link does not have a self-owned factory. All products are outsourced. The supplier factories do not only produce D-Link products; it is difficult to calculate the related surface area. Related information will be gradually collected in the future to complete this disclosure. | - |
| | TC-HW-000.C | Quantitative | Percentage of production from owned facilities | N/A | - |
| | | | | D-Link is a brand company and does not have production lines. | |

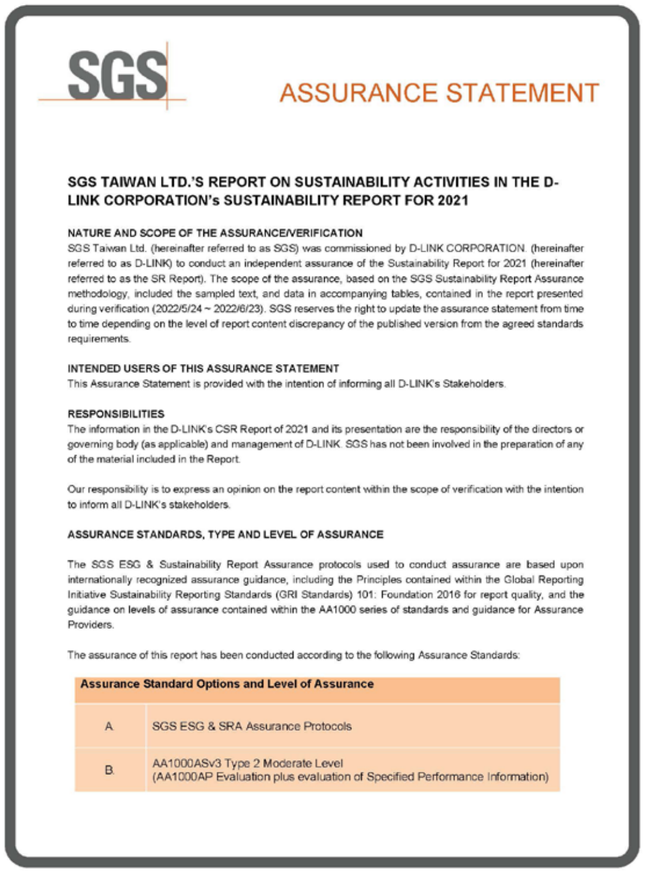
# Appendix

## TCFD Index

| Core Elements | TCFD Required Information | Chapter | Page |
|---|---|---|---|
| Governance | Describe the Board of directors´ oversight of climate-related risks and opportunities | 3.1 Climate Change Response | 69 |
| | Describe management´s role in assessing and managing climate-related risks and opportunities | 3.1 Climate Change Response | 69 |
| Strategy | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | 3.1 Climate Change Response | 69, 71 |
| | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | 3.1 Climate Change Response | 70, 72 |
| | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario | 3.1 Climate Change Response | 70, 72 |
| Risk Management | Describe the organization's processes for identifying and assessing climate-related risks | 3.1 Climate Change Response | 71 |
| | Describe the organization's processes for managing climate-related risks. | 3.1 Climate Change Response | 71 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | 3.1 Climate Change Response | 69 |
| Metrics and Targets | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | 2.2 Risk Response and Management | 40 |
| | | 3.1 Climate Change Response | 70 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | 3.2.4 GHG Emissions Management | 76 |
| | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | 3.2.4 GHG Emissions Management | 76 |

# Appendix

## Independent Limited Assurance Report



SGS

ASSURANCE STATEMENT

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE D-LINK CORPORATION's SUSTAINABILITY REPORT FOR 2021**

**NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by D-LINK CORPORATION. (hereinafter referred to as D-LINK) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the SR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/5/24 ~ 2022/6/23). 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 D-LINK's Stakeholders.

**RESPONSIBILITIES**

The information in the D-LINK's CSR Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of D-LINK. SGS has not been involved in the preparation of any of the material included in the Report.

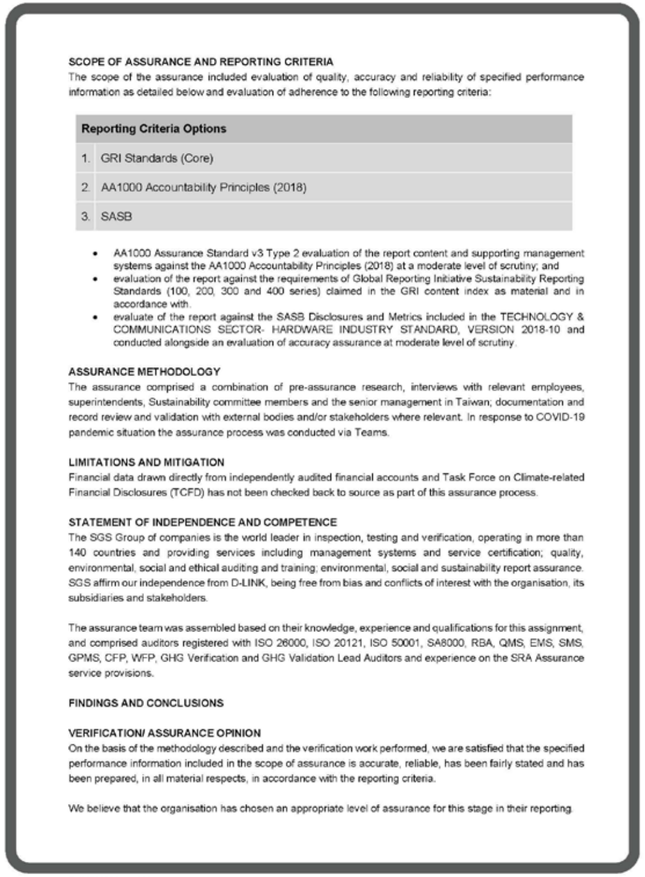
Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all D-LINK's stakeholders.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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

| Assurance Standard Options and Level of Assurance | |
|---|---|
| A | SGS ESG & SRA Assurance Protocols |
| B | AA1000ASv3 Type 2 Moderate Level<br>(AA1000AP Evaluation plus evaluation of Specified Performance Information) |



**SCOPE OF ASSURANCE AND REPORTING CRITERIA**

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

| Reporting Criteria Options | |
|---|---|
| 1. | GRI Standards (Core) |
| 2. | AA1000 Accountability Principles (2018) |
| 3. | SASB |

- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.
- evaluate of the report against the SASB Disclosures and Metrics included in the TECHNOLOGY & COMMUNICATIONS SECTOR- HARDWARE INDUSTRY STANDARD, VERSION 2018-10 and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

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

**LIMITATIONS AND MITIGATION**

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) 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 D-LINK, 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**

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

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

**AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**

D-LINK has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts through daily base operation, survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, D-LINK may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

**Materiality**

D-LINK 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**

D-LINK has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

**GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, D-LINK's SR Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of D-LINK's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives.

**SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

D-LINK has referenced with SASB's Standard, TECHNOLOGY & COMMUNICATIONS SECTOR- HARDWARE INDUSTRY STANDARD, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundary is the same as D-LINK's Sustainability Report. It is encouraged D-LINK to enhance the completeness of disclosure follow the SASB standard requirements for future reporting.

**Signed:**
**For and on behalf of SGS Taiwan Ltd.**

AA1000 Licensed Report 000-8/V3-0OLN6

**David Huang**
**Senior Director**
**Taipei, Taiwan**
**27 June, 2022**
**WWW.SGS.COM**

# 2021 Corporate Sustainability Report

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