



2020 Senao Networks Corporate Social Responsibility Report



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About This Report

Since 2017, Senao Networks, Inc. (SNI) has published its 4th Corporate Social Responsibility Report and both the Chinese and English versions of the "2020 Corporate Social Responsibility Report of Senao Networks, Inc." are currently posted on its website (<https://www.senaonetworks.com>).

Through this report, SNI fully and systematically discloses to its shareholders the company's efforts and results in the area of sustainable development by providing them convenient access to relevant information as well as better understanding of the company in hopes of receiving guidance so as to achieve continuous and sustainable development.

Principles of Content Presentation

SNI has delegated relevant department supervisors and employees to form a Corporate Social Responsibility Committee in charge of the overall promotion of its corporate social responsibility initiatives and the preparation of this report. The Committee is also responsible for planning relevant policies and objectives to be promoted in the future. This report includes corporate social responsibility policies that SNI department supervisors and employees have agreed upon and established, to covering six major developmental aspects; namely, economy, environment, employee, supply chain, society and ethics, as which ensures a wider and more comprehensive management scope of SNI's corporate social responsibilities.

Period Covered by the Report

January 1, 2020 - December 31, 2020 is the complete period of disclosure. The report also includes information before December, 2019 and special events planned after January, 2021. This report presents SNI's past performance as well as future plans and forecasts. The aforementioned assumptions and judgments are based on the situation at the time of report publication; actual activities and outcomes may differ from forecasts.

Reporting Boundary and Scope

The boundary of the 2020 Corporate Social Responsibility Report of Senao Networks, Inc. covers the company's relevant corporate social responsibility performance. Beyond the reporting boundary, the contents include local communities, suppliers, and customers as stakeholders. The scope of the report is an overview of all material issues identified. All associated businesses of SNI are distribution centers with limited scale of operations; thus, they have a relatively minor impact on SNI's overall operations. In addition to financial data, the corporate social responsibility performance is excluded from the 2020 Corporate Social Responsibility Report of Senao Networks, Inc. In terms of water consumption and total wastewater volume, Senao Ltd. which operates in Hwa Ya Building is taken into account.

Senao Networks, Inc. and SNI's affiliated enterprises:

Senao Networks, Inc.	SNI's affiliated enterprises	
Hwa Ya Head Office Nangang Research & Development (R&D) Center Taoyuan Plant	Overseas	EnGenius Technologies, Inc. (Los Angeles USA) EnGenius International (Samoa) Ltd. (Samoa) EnGenius Networks Singapore Pte. Ltd. (Singapore) EnGenius Networks Europe B.V. (Netherlands) EnGenius Technologies Canada Inc. (Canada)
	Taiwan	EnRack Technology Inc. Emplus Technologies Inc.

Report Drafting Guidelines

All contents relating to issues of sustainability, relevant strategies, objectives and measures disclosed in the 2020 Corporate Social Responsibility Report of Senao Networks, Inc. comply with the following:

- Global Reporting Initiative (GRI) Standards: Core Option
- Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
- AA 1000 Accountability Principles 2018 (AA 1000 AP 2018)
- Responsibility Business Alliance (RBA) Code of Conduct (RBA Code of Conduct")

Report Guarantee

To enhance transparency and reliability of information provided, this report has been verified by SGS Taiwan Ltd. and complies with GRI Standards: Core option as well as the first category and moderate assurance level of AA1000 ASv3). The independent assurance statement is attached to the appendix of this CSR.

Reporting Cycle

SNI continues to publish its Corporate Social Responsibility Report annually.

Date of currently published version: June, 2021

Next publication: scheduled for release in June, 2022

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Inquiries

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A Word from the Chairman



Senao Networks Inc.
Chairman
Tsai Wen-Ho

The COVID-19 in 2020 has changed everyone's lifestyle. Streaming media such as work from home or video learning, have promoted the multiplication of information transmission and driven trends of Network Communication products and technology development growingly; Global Supply Chain has also been influenced by the China–United States trade war ceaselessly and has gradually evolved as Tech war. In this case, the new economic model also derives from correlated high tech industries, like information communication; moreover, it impacts the orbit of economic globalization; as 5G scales up through commercialization, the network communication technology continues to be advanced. In addition, it increases the demand for bandwidth and transmission speed.

Facing the challenge from the COVID-19 pandemic, market competition, and transformation of product technology, SNI speeds up the progress of transformation, engaged in horizontal expansion and vertical integration for all product lines; for horizontal expansion, SNI has developed an editible 100G Ethernet switch and network surveillance server, new generation of wireless transfer technology 802.11ax (Wi-Fi 6E) wireless Access Point (AP), cloud enterprise network system and equipment, as well as

other new niche products, etc., and establishes high-speed networks and millimeter-wave laboratories for new application technology, while in vertical integration, SNI maintains integration of key components, including antennas, metal stamping parts, power supplies, etc. For the existing power supply, SNI targets to develop ones with features that performed better for POE switches. In 2020, power supplies were for sales as well; besides, the metal stamping part also contributes itself to the company revenue. SNI keeps expanding new markets for peripheral components, fining tune on product portfolios, and making every effort in added value rising for products. The revenue is anticipated to drive back and restore to the growth momentum that was supposed to be there.

SNI intends to express in-depth thanks and being grateful for the trust, support, and assistance rendered by all colleagues, customers, suppliers, investors, and other stakeholders. SNI successfully fulfilled and accomplished R&D processes and shipments from putting a wide range of advanced network equipment into mass production, the new niche product line, with profit maintained as well every year, regardless of the effect of the COVID-19 pandemic, rapidly changeable politics and economics overall, altered technologies and the tension of market competition became tighter in 2020. SNI's revenue in 2020 came up with NT\$7,766,451,000, with a gross profit margin of 21.55%, net profit per share of 7.67, where the profit remains in growth if external factors are removed. SNI will keep accelerating the R&D process for new product line, expanding production capacity and moderating quality, scaling up cooperation with distributor channels, thus driving the momentum for shipments, optimizing performance in production and utilization to the utmost, and introducing digital transformation to enhance daily operational efficiency effectively, targeting to make a profit equivalent to the equity.

Looking into 2021, SNI is planning for implementation in four directions, that is, "Planning and materials preparation with key suppliers by strategies", "Strategy on optimizing product portfolio and maintaining vertical integration", "pulling out all the stops for Wi-Fi 6 products and Multi-G high-speed Network Switch Markets", and "Constant development of Data Center Switch Technology and Products". In the product R&D stage, SNI implements maturing the design cost and mass production; in the product production stage, SNI improves quality and yield rate on the production line. It is optimizing product portfolios by emphasizing products with high gross profit and active vertically integrated effect, intending to push the proportion of revenue on those product lines with higher gross profit margins forward a bit higher, and continuing the investment in antennas, power supplies, and critical components of stamping shells product through a strategy of vertical integration. In the 5G era, SNI drives the trend of building wireless and wired network products, remains the ground of targeting to invest in a specific technology, including Software Stack containing Edge Computing in compliance with OCP (Open Compute Project) architecture, developing network computing products that satisfy the needs of 5G mobile communication, proof-of-concept products of mmWave industry on the ARM architecture, and putting into efforts in the R&D process of new niche products for the higher added value of products, so as to face with the business opportunities behind economy rebound after the slowdown of the pandemic.

The COVID-19 pandemic continuously causes threats and risks to the overall operation of SNI remains in 2020. However, with the epidemic prevention plan and the relevant team developed and established, SNI has taken the whole situation under control well. A wide range of prevention and control measures were taken to protect the health and safety of all colleagues and the environment where they work. Besides, SNI had thoughtful cooperation on materials preparation according to developed strategies with upstream suppliers, provided customers with reasonable and appropriate countermeasures and solutions, assuring the impact on operation and production breaking off is to minimize, which improving the capability of responding to COVID-19 pandemic impacted operation, thereby convincing relevant stakeholders to a great extent, and providing reliable products and services ceaselessly.

As a corporate citizen, SNI is dedicated to shaping herself a socially friendly company, anticipating a positive effect driving from dimensions including economy, environment, and society. In the moment that the profit and

performance keep growth, SNI has performed corporate social responsibilities specifically by being a participant in social welfare and community activities, keeping promotion of various projects, and the achievement came fruitfully, including the introduction of RBA code of conduct, being supportive for visually impaired masseur services, incentive programs of childbirth and childcare valued at NT\$320,000, improved energy efficiency of DIP exhaust fan saving the electricity bills by NT\$220,000 roughly, SNI received the Outstanding Green Purchase Enterprise Award from the Department of Environmental Protection of Taoyuan City in four consecutive years, Redes Zone's 2020 Media Review 10/10 Award for its EnGenius ECW260 products, and WinMag's 2020 Editor's Choice 9.1 Award and MKB Best Choice Award for its EnGenius Cloud products. It also donates Honghua Childcare House with 420kg of rice, also seeking solutions for the wireless network in the quarantine dormitory in Singapore, etc. SNI achievements around a wide range of projects makes it an honor to be approved by all circles in society and the Government; by promoting these projects, the company is able to improve the competency of its employees and gain valuable experience. SNI continues to work with stakeholders along with its employees, suppliers, and the community to promote various projects and implement corporate social responsibility, making a good contribution to good life permanently.

SNI will carry out CSR policies through its internal Corporate Social Responsibility Committee and promote CSR-related initiatives. Moreover, it will optimize the operation of the committee, propose the 2nd plan on the organization and duty division as four subordinated committees to raise the efficiency of communication among related business, and continuously promote corporate social responsibility and related affairs, as well as its "SNI Green Infinity Plan" in 2020. Thereafter SNI will link the Green Infinity Plan with the United Nation's SDGs to facilitate the "2030 SNI Smart Inclusion Plan". The dedicated mindset of constant development from a wide range of aspects including Green economy innovation, cleaning production, society infusion, sustainable operation, risk management, and production accountability, introducing the way of thinking on Green and sustainability into SNI operational strategies and converting them to actions to be dedicated to the creation of a LOHAS enterprise, thereby fulfilling its responsibilities as a global citizen and creating sustainable value for SNI.

Chairman





Integrity Management and Sustainable Management-Safeguarding Stakeholders' Rights

In July 2016, SNI formally established its Corporate Social Responsibility Committee. The Board of Directors approved SNI's Corporate Social Responsibility Guidelines and gradually established a CSR culture based on "GRI standards for Corporate Social Responsibility". SNI introduced the "Responsible Business Alliance (RBA) Code of Conduct" in November 2020 and gradually established a CSR culture, so as to ensure a safe working environment, adequate assessment and prevention of corporate operational risks, adequate protection and respect for employee rights, pollution prevention in various processes and manufacturing, and fulfillment of corporate social responsibilities.

Corporate Social Responsibility Committee

To promote corporate social responsibility, sustainable development, and employee participation, SNI established a Corporate Social Responsibility (CSR) Committee in July, 2016. In April 2017, its Board of Directors adopted the Code of Conduct for its CSR. SNI's Corporate Social Responsibility Committee adheres to this guideline and takes GRI Standards into account when promoting CSR-related affairs. With the President serving as the Chairperson, the CSR Committee continues to optimize its operations. In January 2020, its original seven sub-committees were combined into four sub-committees: namely, Corporate Governance, Employee Care and Social Engagement, Environmental Protection & Energy Conservation, and External Communication. In response to the introduction of the RBA Code of Conduct in November 2020 to optimize the corporate social responsibility policy, the original "economy", "environment", "employee", "supply chain" and "society" have been newly added "ethics", to promote continuous implementation.

The CSR Committee continues to meet on a quarterly basis to review and manage relevant annual management guidelines and action plans as part of its operations and duty. The subcommittees under the CSR Committee are chaired by VPs responsible for related businesses as they promote action plans that correspond to their functions and duties. These subcommittees organize work meetings to facilitate brainstorming and promote various innovative projects, while gradually linking operations of relevant departments. Hopefully, through a continuous cycle from top-to-bottom and bottom-to-up operations, SNI will be able to achieve seamless integration between its corporate social responsibilities and operational strategies.

Every CSR committee has developed an action plan for stakeholder-related matters and is continuing to do so for every department. For the foreseeable future, the committees will continuously encourage employees to take specific actions in their daily lives, so as to contribute to a comfortable and joyful working atmosphere. As it develops eco-friendly products to reduce environmental impact, SNI aims intensify its efforts in energy-conservation, carbon reduction, and environmental protection to upstream and downstream suppliers, customers, communities, and family members of employees in its operating locations. These subcommittees will work hand-in-hand to promote SNI's green concept internally and extend this outwards through external eco-friendly initiatives, so that stakeholders can better appreciate the SNI management and efforts in fulfilling its corporate social responsibilities.

Organizational Chart of SNI's Corporate Social Responsibility Committee



Stakeholder Engagement

SNI's primary stakeholders have been engaged by various CSR Committee Members in accordance with the five principles of AA1000 SES (2015) Stakeholder Engagement Standard: Responsibility, Influence, Tension, Dependency, and Diverse Perspectives. SNI's CSR Committee Members have identified the company's primary stakeholders through a questionnaire survey and CSR committee discussion, which include customers, investors, employees, suppliers, government agencies, and communities. In order to understand what its stakeholders truly need, SNI continues to strengthen communication and interaction by establishing various channels of communication. The company's methods of communication are summarized in the table below. In the future, SNI plans to continuously diversify its communication channels in order to meet stakeholders' needs.

Communication Requirements and Channels of Different Stakeholders

Stakeholder	Concerns	Communication channels	Communication frequency	SNI's effort
Investors	- Company Profit - Risk Management	Investor Conference	To be held at least once a year	Refer to pages 23 and 42
		Annual Shareholders' Meeting	To be held at least once a year	
Customers	- Employee Rights - Responsible Business Alliance Code of Conduct - Environmental Management - Conflict Minerals	Customer Service System	Irregular	Refer to pages 23~25
		Customer Visit	Irregular	Refer to pages 48~70
		Customer Audit	Irregular	
		Customer Satisfaction Survey	Annually	
Suppliers	- Green Products (RoHS, WEEE, EuP, REACH)	Supplier Conference	Irregular	Refer to pages 71~77
		Supplier Audit	Irregular	
Employees	- Compensation and Remuneration - Benefits - Working Environment	Employee Mailbox	Irregular	Refer to pages 78~96
		Labor-Management Meeting	Quarterly	
		Seminars	Irregular	

Communities	- Environmental Impact	Community Activities	Irregular	Refer to pages 97~105
	- Social Contribution	Charitable Events	Irregular	
Government agencies	- Degree of Regulatory Compliance	Government Audit	Irregular	Refer to pages 17,23,50 and 84
	- Social Impact	Workshops	Irregular	
	- Environmental Impact	Event Participation	Irregular	

Establishment of Stakeholder Contact Area

A stakeholder communication has been created on SNI's official website with the company's contact number and e-mail address provided, to better understand stakeholders' expectations and needs.

Investor Services	Supplier Services	Customer Services
TEL : +886-3-3289289 EXT : 5807 e-mail : invest@senao.com	TEL : +886-3-3289289 EXT : 5202 e-mail : purchaser@senao.com	TEL : +886-3-3289289 EXT : 2371 e-mail : sales@senao.com
Human Resources Recruitment Services	Anti-corruption	
TEL : +886-3-3289289 EXT : 5831 e-mail : hr@senao.com	TEL : +886-3-3289289 EXT : 5820 e-mail : illegal@senao.com	

Participation in External Organizations

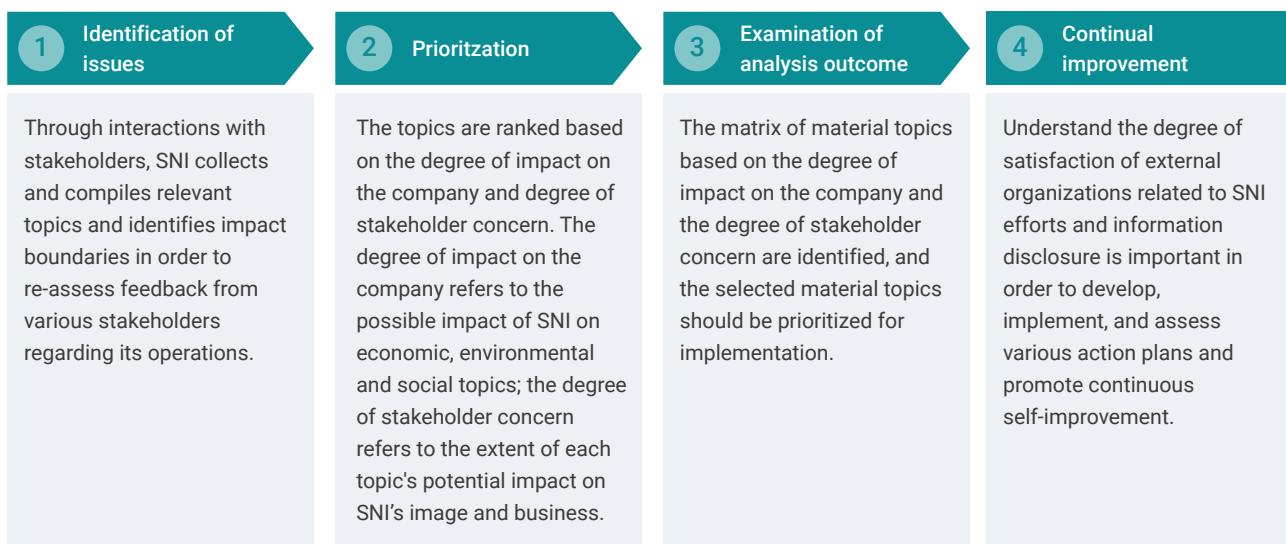
SNI has actively taken part in various external organizations and joined 11 external associations. Participating in these associations/organizations can benefit SNI's business development, enabling the company to obtain the latest professional information and create new opportunities for collaboration. These associations/organizations are as follows:

Name of Association/Organization	Description	Qualification
Wi-Fi Alliance (for Wi-Fi certification and trademark licensing)	SNI has been a member of the alliance since 2007 and it has obtained Wi-Fi certification and trademark license for its products.	Member
Open Compute Project (OCP)	SNI had been a member of OCP since 2016. The Project is focused on the construction of computing architecture, which is more cost-effective. Membership was terminated in May 2020.	Member
D-U-N-S Registered	SNI has obtained the D-U-N-S Registered seal since 2012 and its D-U-N-S® number is 65-868-2930.	Business Registration
Open Network Video Interface Forum (ONVIF)	Since becoming a member of ONVIF in 2013, SNI has improved the integration and compatibility of its network camera products with other brands. Membership was terminated in December 2020.	Member
Bluetooth SIG	SNI has been a member of Bluetooth SIG since 2014. This global community served to unify and shared Bluetooth® technical standards.	Member
Taiwan Association of Information and Communication Standards (TAICS)	Since joining TAICS in 2015, SNI has gained access to the advanced development of standards, study results or consolidated consensus for ICT industry, as well as bridge with local, regional and global standard initiatives/organizations, etc.	Member

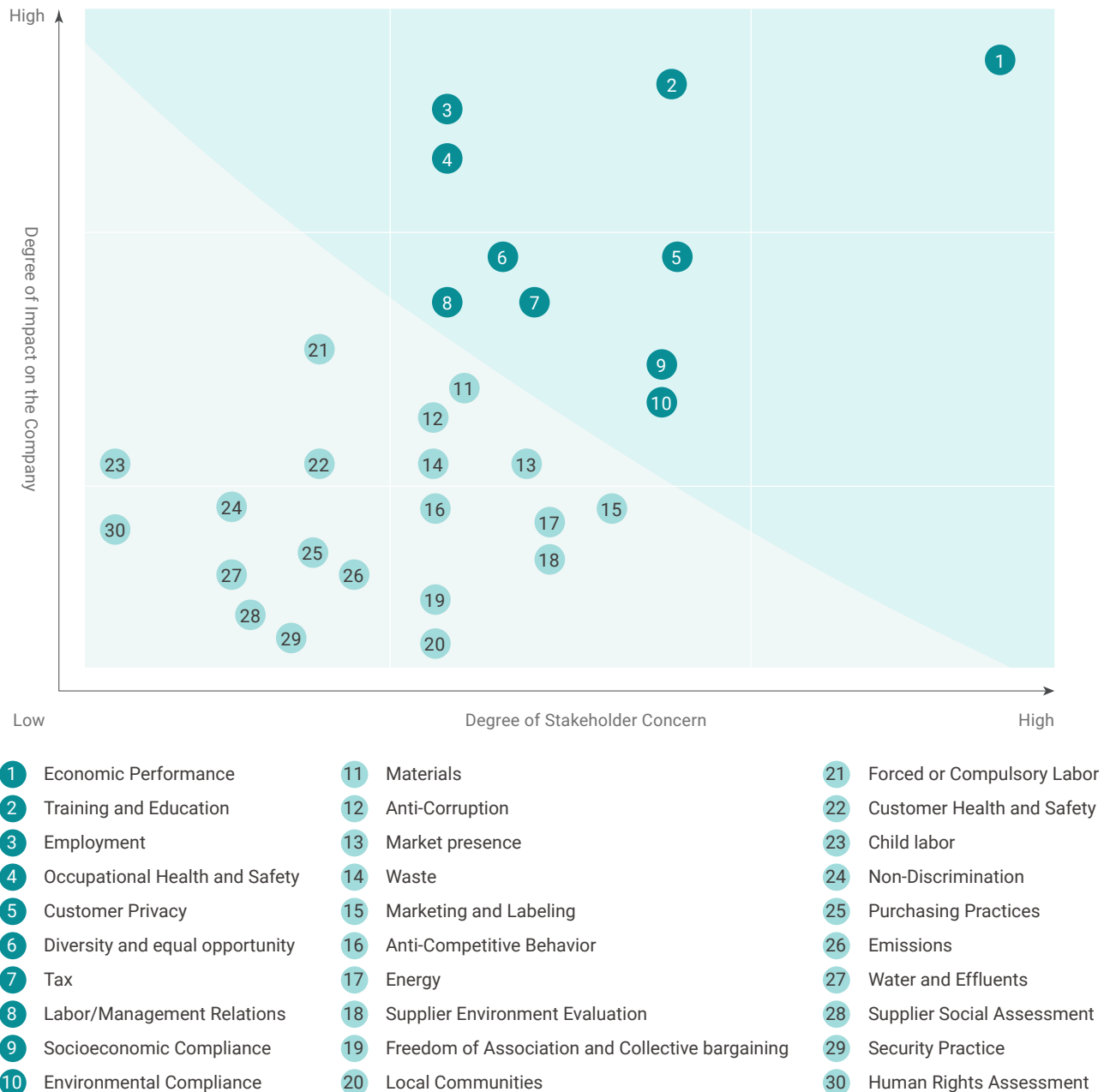
Taipei Computer Association	SNI has been a member of the Taipei Computer Association since 2009. It has access to e-newsletters and e-promotional materials and distribution service, free publication and information exchange, industrial information, assistance with legal issues, pro-bono legal services and consultation, etc.	Member
Taoyuan City Industrial Association	SNI has been a member of the Taoyuan City Industrial Association since 2006. The company has access to information regarding amendments to commercial regulations, certification services for its product origin, consultation services for business personnel training, etc.	Member
Taoyuan City Asian Silicon Valley Enterprise Promotion Association for Hwa Ya Technology Park	Since SNI joined the association in 2018, it was able to attend a course organized by the Asian Silicon Valley Promotion Center and access industry information and events, as well as legal consultation and services.	Member
New Taipei Importers & Exporters Chamber of Commerce	SNI joined the New Taipei Importers & Exporters Chamber of Commerce in July, 2007, enabling it to obtain information such as notification on amendments to pertinent regulations, domestic/international business and trade information, commerce/ trade seminars, etc.	Member
The Institute of Internal Auditors-Chinese Taiwan	Since becoming a member of the Institute in 2006, SNI has been entitled to the following professional services and information: participation in regular meetings and exchange of experience seminars, participation in industry-specific seminars, access to new information from domestic and external auditors' associations, notifications from competent authorities on interpretations of pertinent regulations.	Member

Selection of Material Topics

SNI gives importance to material considerations that concern stakeholders. Through the Corporate Social Responsibility Committee, each subcommittee analyzes the material and identifies impact boundaries through the following 4 steps:



In January 2021, CSR Committee members held a stakeholder engagement meeting; after which, the corresponding stakeholders for each unit were selected and appropriate methods (i.e. questionnaire or interview) for further stakeholder engagement were determined and evaluated. For NGOs, investors, suppliers, contractors, community residents, customers and employees, SNI issued questionnaires as a method of engagement. Based on the extent of impact on the company and the degree of stakeholder concern for each material topic, the following matrix was created.



Questionnaire on the Degree of Impact on the company: CSR Editorial Committee Members were asked to fill out questionnaires; 42 questionnaires were collected in the process.

Questionnaire on the degree of Stakeholder Concern: Stakeholders were asked to fill out questionnaires; 62 questionnaires were collected in the process.

List of SNI Material Topics

Selection of Material Topics for the 2020 SNI CSR Report: Based on the outcome of the questionnaires completed by CSR Committee Members, the material topics were identified and the boundaries were established. The President also took part in the process and determined nine material topics for disclosure in 2020, and these are:



Explanation of Material Topics and Boundaries

Category	Material Topics	Rationale	Boundary			
			Within the organization	Beyond the organization		
				Local communities	Suppliers	Customers
Economic	Economic Performance	The primary purpose of enterprise management is to achieve sustainable operations and generate profit which can be shared with various stakeholders who have taken part in the company's management and operation to fulfill its corporate social responsibilities.	●	●	●	●
Environmental	Environmental Compliance	The company endeavors to minimize the impact of its business operations on the environment by maintaining various pollution control measures and equipment operations to ensure compliance with pertinent standards and regulations. In addition, steps are taken to prevent equipment failure that could discharge pollutants and affect the environment.	●	●	●	●
Social	Employment	Talent is the most valuable asset and priority of SNI. As such, the company strives to ensure that it has sufficient manpower to maintain operations while safeguarding employee rights, as well as attracting and retaining talents by providing benefits and incentives.	●	●	●	●
	Labor/Management Relations	The company safeguards employee rights and interests, ensuring that their employment and labor rights are protected.	●	●	●	●

Category	Material Topics	Rationale	Boundary			
			Within the organization	Beyond the organization		
				Local communities	Suppliers	Customers
Social	Occupational Health and Safety	Enterprise operations is not only about generating profit; it is also crucial for the company to prevent occupational accidents by providing employees a comprehensive health care plan and creating a comfortable and safe working environment. SNI strives to enable its employees to work safely and confidently.	●	●	●	●
	Training and Education	At SNI, talent cultivation is one of the most critical factors in securing competent human resources. Apart from emphasizing employee education and training, the company also focuses on future development of talents.	●	●	●	●
	Customer Privacy	SNI understands that the protection of relevant customer data and information is of paramount importance; unauthorized leakage or disclosure of customer data/information might not only lead to commercial disputes that could damage the company's reputation but might also expose the company to legal liability.	●	●	●	●
	Employee Diversity and Equal Opportunity	SNI strives to implement an equality policy to prevent discrimination because of gender, age, ethnic group, religion and belief with respect to governance units, employee recruitment, salaries and benefits, protection of employment rights and compliance with the Act of Gender Equality in Employment.	●	●	●	●
	Social and Economic Law Compliance	In order to reduce the potential impact of corporate operations on the social economy, SNI endeavors to maintain its provision and operation of various products and services in compliance with relevant control standards and licensing regulations stipulated by the government and customers so as to avoid huge fines imposed due to violation of laws and regulations.	●	●	●	●

Remarks:

- ● : Indicates materiality, with relevant information collected for disclosure.
- Material topics relating to customers and local communities shall be disclosed quantitatively using different management approaches.
- Environmental Information: Since both Nangang R&D Center and Taoyuan Plant had relatively lower environmental impact, data were excluded from the scope of disclosure this year.

Management Approaches and Relevant Factors

Material Topics	Our Management Approach	Purpose for Establishing the Management Approach	Relevant Policies	Grievance Mechanism
Economic Category				
Economic Performance	SNI has established a comprehensive corporate governance framework consisting of independent directors and supervisors as well as an Internal Audit Office to ensure effective control of operating costs and to steer the company to the right direction of development.	To ensure that SNI operates in compliance with pertinent regulations and requirements of relevant governing bodies in order to safeguard the rights of shareholders and other stakeholders.	Corporate Governance Best Practice Principles, Ethical Corporate Management, Best Practice Principles and Code of Ethical Conduct	Investor Services: TEL: +886-3-3289289 EXT: 5807
Environmental Category				
Environmental Compliance	Managed in accordance with the Environmental Management System (ISO14001) Standards.	To perform regulatory compliance verifications periodically so as to ensure SNI's compliance with pertinent regulations and standards.	EHS Policy	Labor Safety Office: TEL: +886-3-3289289 EXT: 9
Social Category				
Employment	Ensures that employees conduct themselves in accordance with the RBA Code of Conduct and employee code of conduct, and that the company complies with regulations relating to the Labor Standards Act to protect employee labor rights and benefits.	SNI takes steps to ensure availability of different employee benefits while promoting gender equity and employee labor rights in case of maternal/paternal leave.	RBA Code of Conduct and Employee Code of Conduct	Employee mailbox Labor-management meeting Supplier services TEL: +886-3-3289289 EXT: 5202
Labor/ Management Relations	Through Labor-Management consultation/ communication mechanisms, SNI communicates and manages issues such as labor safety, education and training, occupational accident/injury compensation, benefits, etc.	Efforts are made to ensure employment and employee labor rights are protected.	Labor contract, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Corporate Governance Best Practice Principles	Employee mailbox Labor-management meeting
Training and Education	SNI has established a training system to educate and train employees at all levels and positions.	To strengthen the professional and management skills of employees in order to enhance employability.	RBA Code of Conduct and Employee Code of Conduct	Employee mailbox Labor-management meeting Supplier services TEL: +886-3-3289289 EXT: 5202

Occupational Health and Safety	In compliance with legal and regulatory requirements of the government and as part of its commitment to occupational safety and health, SNI has completed the external ISO 45001:2018 audit. Through the occupational safety and health management system (ISO45001), SNI is able to promote health care, improve its workplace environment, convene occupational safety and health management committee meetings, handle safety and health education training and lectures, etc. Moreover, it continues to enhance its advocacy efforts and management of safety operations in all SNI factories.	Measures are taken to protect employee health and safety by effectively preventing workplace accidents and injuries.	EHS Policy	Employee mailbox Labor-management meeting Environmental Safety and Health Committee Meeting Supplier services TEL: +886-3-3289289 EXT: 5202
Customer Privacy	SNI gives importance to personal data management and has established its Personal Data Protection and Management Regulations along with various confidentiality strategies and guidelines.	To ensure strict protection of customers' personal data	Personal Data Protection and Management Regulations	Customer service TEL: +886-3-3289289 EXT: 2371
Employee Diversity and Equal Opportunity	The Company has established its employee code of conduct and compensation and benefits management regulations. Through its corporate governance body and RBA management system, the Company provides diversified management of corporate governance unit members and employees, and protects the ratio of basic salary plus compensation for both men and women.	The Company also ensures diversity in membership and staff in the corporate governance unit and prevents inequality between men and women in terms of ratio of base salary plus pay.	RBA code of conduct, employee code of conduct, compensation and benefit management regulations	Employee mailbox Labor-management meeting Supplier services TEL: +886-3-3289289 EXT: 5202
Social and economic law compliance	SNI attaches importance to intellectual property rights and fair trade, and has established the "Patent Management Practice Regulations", "Antitrust Compliance Management Regulations" and "Trademark Management Practice Regulations" according to the RBA and ISO9001 management system.	The Company regularly confirms regulatory applicability to ensure compliance with regulatory requirements.	RBA code of conduct, employee code, patent management regulations, antitrust compliance regulations, trademark management regulations	Employee mailbox Labor-management meeting Supplier services TEL: +886-3-3289289 EXT: 5202 Customer Service TEL: +886-3-3289289 EXT: 2371

Evaluation of Management Approaches

Material Topics	Management Approach Assessment Mechanism	Page Number and Chapter of Management Approach Assessment Outcome	Relevant Adjustments
Economy Category			
Economic Performance	<p>Plans are finalized and implemented. In addition to developing various types of hardware equipment, SNI actively develops a software platform in hopes of leveraging its existing hardware system advantage and software/hardware integration capabilities in order to deliver various IoT solutions. This helps promote SNI's competitiveness in the industry and maintain its profit margins while fulfilling its corporate social responsibilities.</p> <p>In compliance with regulatory requirements and relevant agencies, SNI continues to optimize its overall operating performance to protect the rights of shareholders and related stakeholders. SNI has maintained profitability since its establishment in 2006, and strives to continuously achieve sustainable operations.</p>	See pages 42-45: financial performance; page 23: risk management; page 93: employee retirement plans; page 102: integration into local communities and participation in charitable activities.	None
Environmental Category			
Environmental Compliance	<p>All relevant management measures and operations are monitored through the ISO14001 management system to ensure that SNI remains compliant with pertinent environmental protection regulations to avoid penalties.</p> <p>SNI continues to confirm regulatory applicability to ensure compliance with regulatory requirements. The Company has successfully conformed to environmental laws and regulations in 2020 without incurring any penalties.</p>	See page 63 environmental protection expenditure and investment statistics (2020)	None
Social Category			
Labor Management Relationship	<p>Regular analysis of the human resource structure is performed to monitor changes in figures and to determine the company's human resource allocation (based on age, gender, academic credentials and so forth) so that relevant adjustments can be made in accordance with the company's developmental needs.</p> <p>SNI continues to optimize the benefits of having a diverse workforce and analyzing its organizational structure. From 2018 to 2020, the average age of all its employees was around 36 years old and the ratio of men to women was about 1:1.2. The turnover rate of indirect employees was reduced from 14.21% in 2018 to 8.68% in 2020. The Company aims to achieve a turnover rate of 8.5%.</p>	See pages 78-86: Creating a LOHAS Working Environment to Promote Cohesion and Happiness among Employees	None

Labor Management Relationship	<p>SNI hosts labor-management meetings on a quarterly basis to facilitate labor-management communication and maintain stable labor-management relationships.</p> <p>In 2020, SNI pursued its goal of holding quarterly labor-management meetings to communicate and manage labor issues such as labor safety, education and training, compensation for disasters, injuries and illnesses, as well as welfare issues.</p>	See page 93: establishment of minimum notification period for change in labor service.	None
Occupational Safety and Health	<p>All relevant management measures and operations are monitored through the ISO 45001 management system in hopes of attaining the goal of zero accidents and hazards at all SNI plants.</p> <p>SNI will continue to operate the ISO45001 management system, complete various safety and health training, and continuously improve occupational safety and health performance through continuous improvement. In 2020, SNI pursued its goal of holding quarterly labor-management meetings to communicate and manage labor issues such as labor safety, education and training, compensation for disasters, injuries and illnesses, as well as welfare issues. and gradually reduce the frequency of disabling injuries from 2.15 to 1.20 in 2018, and continue to move toward the goal of zero disasters in our factories.</p>	See pages 91-101: employee communication and care, occupational accident prevention.	None
Training and Education	<p>Through statistical analysis of employee training performance, the company is able to monitor the implementation of plans and to make necessary adjustments accordingly. Since 2019, education and training hours have been included in the personal KPI to motivate employees to learn independently.</p> <p>Since 2019, SNI has arranged more than 3 hours of training per year for all employees starting in 2019. The average number of training hours in 2020 reached 6.63 hours after conducting a review of the effectiveness of training.</p>	See pages 88-90: Education, Training and Attraction of Talents.	None
Customer Privacy	<p>SNI gathers statistics on verified customer complaints about infringement of privacy, data leakage, and so forth while continuing to strengthen its customer data management system in an effort to eradicate threats of customer privacy infringement and leakage of product data.</p> <p>SNI continuously strengthened its customer data management to prevent leakage of customer data and product information in 2020.</p>	See page 49: privacy and information security protection.	None

Employee Diversity and Equal Opportunity	<p>The Company creates statistical data on the number of governance units and employees according to gender, race, and age group, as well as ratio of basic salary plus compensation for men and women. It also continues to improve its policies regarding equality to prevent any form of discrimination.</p> <p>The standard salary offered by SNI is no less than the government's minimum wage standards. The ratio of standard salary/government statutory minimum salary for junior staff from 2018 to 2020 was approximately 1.15. In 2020, the ratio of SNI's fixed salary for men and women was 1:0.76 for management staff, 1:0.81 for non-management staff, and 1:1.01 for operators. The Company aims to achieve a 1:1 ratio.</p>	See page 19: Board Members; page 87: Wage Guarantee; page 78-84: Overview of Global Employees	None
Social and Economic Law Compliance	<p>Through RBA and ISO9001 management system, the Company monitors the implementation of various management measures to ensure compliance with socio-economic related laws and regulations to avoid penalties.</p> <p>SNI continues to confirm regulatory applicability to ensure compliance with regulatory requirements. The Company achieved its socio-economic goal without incurring any penalties in 2020.</p>	See pages 32-35: Respect for Intellectual Property Rights and Fair Trade	None

Corporate Governance

The long-term vision of SNI is to utilize cloud computing in conjunction with ICT and AI to facilitate network security while creating an excellent and humanistic smart lifestyle. The company aims to satisfy customers' needs, safeguard employee benefits, and generate optimal profit for its shareholders. By upholding the values of morality, order and responsibility which are symbolized by a dove logo and the characteristics of "equanimity, calmness and professionalism", SNI is committed to its service philosophy of "omnipresence, ubiquity, and meticulousness" when engaging in any undertaking such as the development of new network communication products, manufacturing and marketing to meet customer demand, and promoting social welfare in order to achieve corporate sustainability and growth. With regard to legal affairs, SNI complies with pertinent laws and regulations such as the Company Act, Securities, and Exchange Act, Business Entity Accounting Act, regulations concerning TWSE/TPEx-listed companies and relevant laws pertaining to other business activities. In addition, the company takes a neutral stance with regard to public policies and makes no financial or tangible political contributions to ensure integrity management of its organization.

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

Board of Directors Operation

The Board of Directors functions as SNI's highest governing body. An Internal Audit Office established under the Board of Directors, is responsible for auditing the company's administrative systems and relevant operating processes. SNI has a designated CEO under the guidance of the Chairman and is in charge of the company's future

operational development and management strategies. At present, the Chairman serves concurrently as the CEO, albeit temporarily. SNI directors are elected during the shareholders' meeting from among persons with disposing capacity.

According to Article 12 of the Board of Directors' Rules and Procedures, the company's Operational Plan and Establishment / Revision of Internal Control System pursuant to Article 14-1 of the Securities and Exchange Act" shall be submitted to the Board of Directors for discussion. According to Article 25 of SNI's Articles of Association: "The President shall be responsible for managing the company's various affairs as resolved by the Board of Directors". SNI is committed to improving company management and has elected all directors and supervisors at the Shareholders'

Meeting. In addition, the Board of Directors meets on a quarterly basis to ensure proper management of the company's operating performance and achievement of maximum profit for shareholders. Article 15 of the Board of Directors' Rules and Procedures stipulates the following conditions for directors regarding avoidance of conflict of interest: "For any proposal in which a director or legal person he/she represents has an interest, the director should explain the important aspects of such interest at the Board meeting. When his/her interest is likely to compromise company interests, the director should inhibit himself/herself from the discussion and vote on the proposal. He or she should recuse himself/herself from the discussion and vote on the proposal, and may not exercise the right to vote for and on behalf of another director".

Article 23 of SNI's Articles of Association clearly states that the company may purchase liability insurance for its directors, supervisors and officers. Since 2007, directors and supervisors have liability insurance coverage.

Refer to the URL on MOPS related to SNI: <https://mops.twse.com.tw/mops/web/t135sb03>



公司代號：3558 公司名稱：神準

資料年度：109

一、投保對象：全體董事及監察人

(表格一) 全體董事及監察人投保責任險

序號	投保對象	保險公司	投保金額 (新台幣：元)	投保期間(起迄)	投保狀況	董事會報告日期	備註
1	全體董事及監察人	美商安達產物保險股份有限公司台灣分公司	449,775,000	起：109年05月23日 迄：110年05月23日	續保	董事會報告日期:109/08/06	

Board of Director Diversification Policy: In order to achieve diversification of members in the Board of Directors, SNI believes in appointing the best talents. SNI does not impose restrictions on gender, nationality, or race in its selection of directors and supervisors. To improve the structure of the Board of Directors, candidates who serve on the Board are required to have professional background such as core competencies, prior experience, and professional knowledge. Please refer to page 10 of the SNI Annual Report on the qualifications and independent status of company directors and supervisors.

For the SNI Board of Directors' 6th term of office, 10 members have been appointed as directors and supervisors for a three-year term (June 12, 2019 to June 11, 2022). The Board currently comprises 4 directors, 3 independent directors, and 3 supervisors; two of whom are female. In 2020, there were 5 Board Meetings held, with an average attendance of 94%. The directors who attended the meetings enthusiastically discussed the proposals that were presented and regularly followed up on previous resolutions. In the deliberation of proposals that certain directors had interests in, these directors upheld the highest moral standards and recused themselves from discussions and from voting on such proposals.

Members of the SNI Board of Directors

Title	Name	Title	Name
Chairman	Tsai Wen-Ho	Independent Director	Chang Yi-Min
Director	Lin Pao-Yung	Independent Director	Chen Hui-You
Director	Senao International Co., Ltd. (Representative: Chen Hsiang-I)	Supervisor	Jeng-Fong Investment Co., Ltd. (Representative: Zheng Su-Yue)
Director	Senao International Co., Ltd. (Representative: Chen Shih-Hsiang)	Supervisor	Hsieh Jhih-Ling
Independent Director	Shih, Kuang-Hsun	Supervisor	Lin Ke- Ming

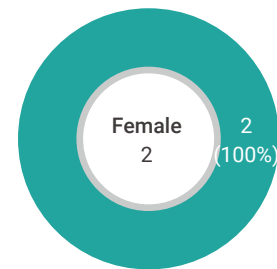
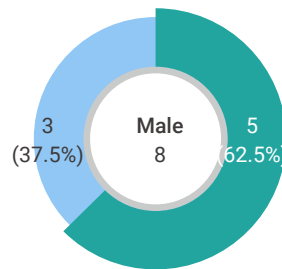
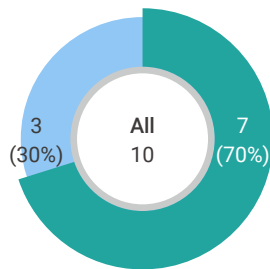
Note: Please refer to pages 8-9 of SNI's 2020 Annual Report on director/supervisors' academic credentials and previous experience.

Refer to the URL on MOPS: https://mops.twse.com.tw/mops/web/t57sb01_q5



Composition of the 2020 SNI Board of Directors

Unit: person



- No. of directors over the age of 50 (inclusive)
- No. of directors between the age of 30 (inclusive) and under the age of 50

Continuing Education Hours for Directors and Supervisors

In addition to ensuring that all members of the SNI's Board of Directors are upright individuals with integrity and extensive experience in relevant sectors, the Company has also arranged continuing education courses for directors and supervisors so as to keep them adequately informed in relevant areas and aspects of the industry as well as maintain their core values, professional edge, and competence. In 2020, 10 Board Members took part in relevant trainings and completed a total 63 hours of training.



Refer to the URL on MOPS <https://mops.twse.com.tw/mops/web/t100sb07>

Board of Directors' Performance Evaluation Mechanism

To implement corporate governance and enhance the functions of the Board of Directors, and establish performance targets to strengthen the efficiency of the Board of Directors' operations, SNI has established the "Board of Directors' Performance Evaluation Method", which was

approved on January 3, 2020 and conducted annually by the Board of Directors in accordance with evaluation procedures and evaluation indicators. This internal evaluation was completed in the first quarter of 2020 and the results were reported to the Board of Directors on April 30, 2020.

Remuneration Committee

Pursuant to Article 14-6 of the Securities and Exchange Act, SNI established its Remuneration Committee on October 13, 2011 to ensure sound corporate governance and improve the remuneration system for company directors and managers. In accordance with Article 2 of the Remuneration Committee Charter, there should be no less than three (3) members of the Remuneration Committee to be appointed by the Board of Directors. On June 21, 2019, independent directors Shih Kuang-Hsun, Chang Yi-Min and Chen Hui-You, who are serving their 6th term on the Board of Directors were appointed as SNI Remuneration Committee members (4th term).

The SNI Remuneration Committee held 2 meetings (A) in the last fiscal year (2020), with the following member qualifications and attendance:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)
Convener	Shih Kuang-Hsun	2	-	100
Member	Chang Yi-Min	2	-	100
Member	Chen Hui-You	2	-	100

SNI's Remuneration Committee is authorized by the Board of Directors in accordance with Article 3 of the Remuneration Committee Charter, to: 1. Establish and regularly review the performance of directors, supervisors and managers and assess policies, systems, standards and structures of remunerations and wages, and 2. Regularly review and establish appropriate remuneration and wages for directors, supervisors and managers. The Remuneration Committee is expected to perform its duties and accept responsibility for the Board of Directors by submitting recommendations and proposals to be discussed by the Board of Directors. The Remuneration Committee may exercise its right to carry out relevant audits or provide consultation by means of resolution or through an appointed attorney / CPA or other professionals.

Regardless of gender and age, the remuneration of SNI managerial officers shall be based on the company's operational performance, future risks, individual performance of managers, established wage standards in domestic/foreign sectors, etc., in order to accurately reflect individual and team performance, thereby achieving the purpose of recruiting, motivating, and retaining talents. To uphold the spirit of corporate governance, all independent directors and supervisors serving their 5th term on the Board of Directors receive fixed remuneration and none of the annual allocation of earnings from the company, which was approved by the Board of Directors on August 3, 2016.

Management's remuneration

Unit: NT\$1,000

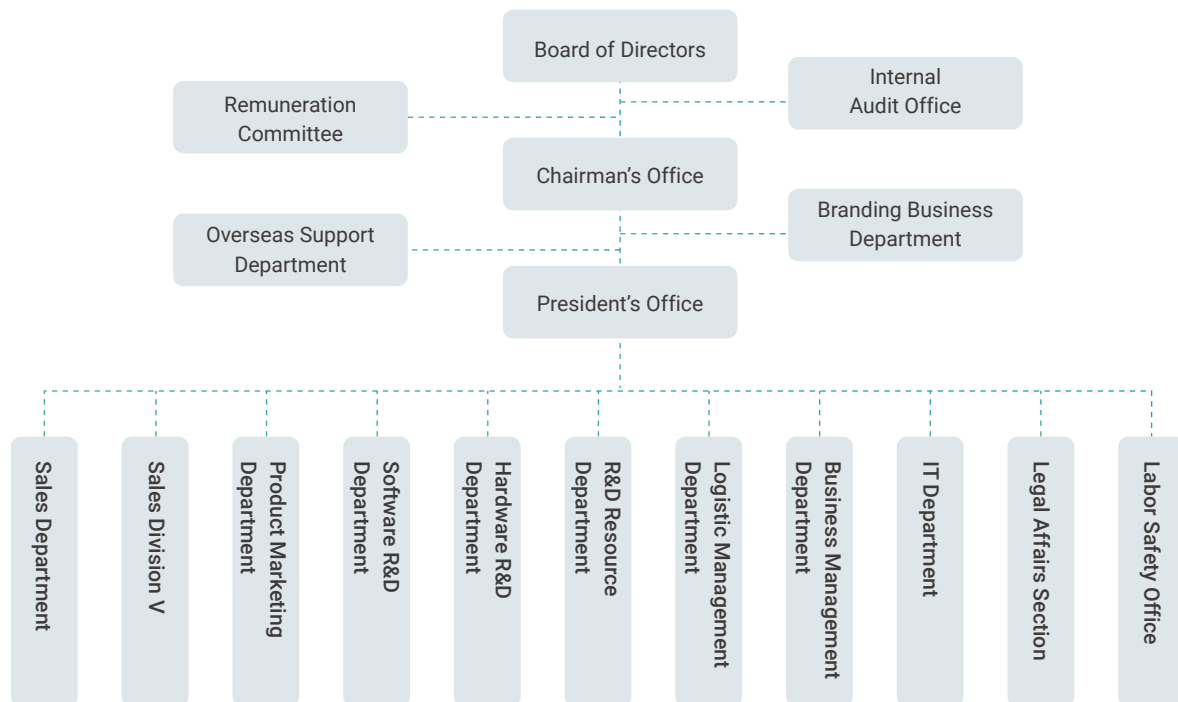
Item \ Year	2014	2015	2016	2017	2018	2019	2020
Management's remuneration	56,089	61,845	56,531	58,766	63,190	62,964	61,506

Note: Management includes directors and vice general managers and above. Compensation includes annual salary, bonuses, special expenses, operating expenses and bonuses paid to management.

The remuneration paid to managerial officers is disclosed in SNI's annual financial statement. Refer to the URL on MOPS :
https://mops.twse.com.tw/mops/web/t57sb01_q5



SNI's Organizational Chart



Note: Please refer to pages 6-7 of SNI's 2020 Annual Report on Major Corporate Functions. Refer to URL on MOPS
https://mops.twse.com.tw/mops/web/t57sb01_q5



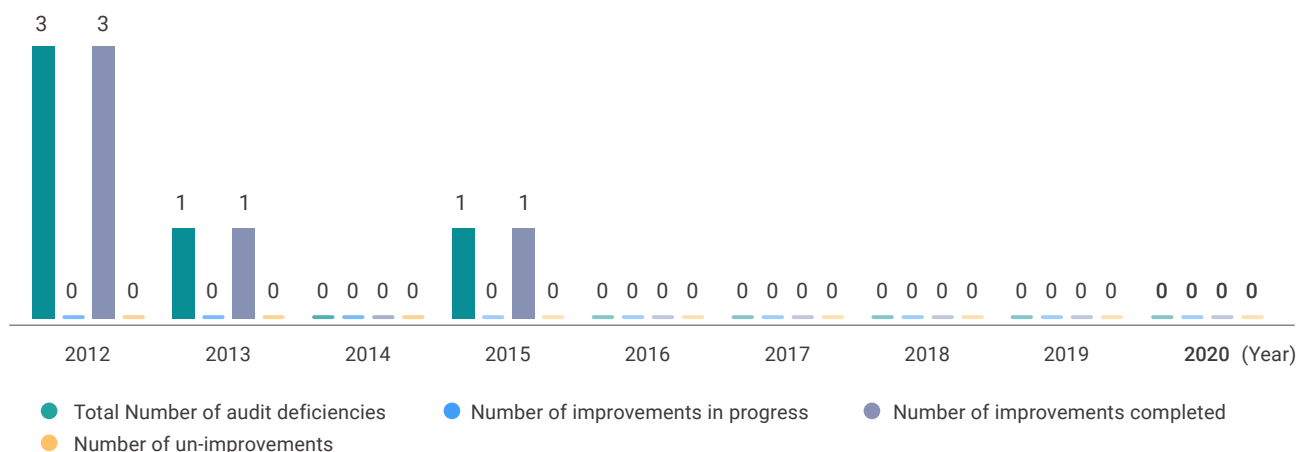
Internal Audit Office

To implement ethical management, SNI has established an effective accounting system and internal control systems based on Regulations Governing the Establishment of Internal Control Systems by Public Companies. The Internal Audit Office conducts its evaluation according to the annual audit plan to assess whether business operations are compliant with laws, regulations, and company policies.

The Internal Audit Office is a subordinate unit under the Board of Directors and reports directly to the Board. The Internal Audit Office submits the annual audit plan to the Board for approval by the end of each year before filing to

the SFC. The audit reports are submitted to the Chairman and are required to be presented to the independent directors and supervisors for review within the legally required timeline. Also, the Head of Internal Audit Office shall attend the Board meetings to report audit operations periodically. In the event that deficiencies or material deficiencies in internal control are identified, the Internal Audit Office shall report to the directors and supervisors immediately to ensure effective and timely control of relevant risks. Deficiencies identified during the process of the audit shall be filed and archived accordingly for follow-up until all improvements have been made. No audit deficiencies have been identified in 2020.

Internal Control Audit Statistics



Code of Conduct

SNI has established its Code of Ethical Conduct, which consists of explicit principles for directors, supervisors, and managers to abide by, including upholding the value of honesty and integrity, preventing conflicts of interests, refraining from pursuing personal interests, adhering to confidentiality obligations, promoting fair trade, ensuring adequate protection and use of company assets, facilitating regulatory compliance, and encouraging the reporting of illegal or improper activity that violates laws or the Code of Ethical Conduct to prevent unethical behavior or actions that could cause damage to the interests of the company and its shareholders.

SNI has also established its Ethical Corporate Management Best Practice Principles that strictly forbid the company's directors, supervisors, managers, and employees from offering/ accepting bribes, offering illegal political donations, making inappropriate charitable donations/ sponsorships, offering/ accepting inappropriate gifts, offering entertainment or other illegal proceeds to prevent employees from compromising the company's interests for their own sake. The principles enable SNI to establish a corporate culture that revolves around ethical management for sound development and positive commercial operations.

In addition to the Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles, SNI has also created its Work Ethics Manual, which needs to be signed by new recruits when they report for duty in order to reinforce the company's spirit of anti-corruption. Together with the Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles, the manual also

serves as a fundamental guide to board members, managers at all levels and employees regarding relevant training and advocacy to ensure that all members of the company have adequate understanding of regulations and ethical principles, thereby preventing incidents of corruption. Apart from setting up the company's anti-corruption communication mailbox in August 2017, the Board of Directors also resolved to approve the Procedures for Handling Reported Unethical Cases on January 25, 2019, which establishes a whistleblower protection mechanism that enables the company to protect an informant's identity and prevent acts of retaliation. Thus far, SNI has had no incidents of corruption and will continue to work hard in upholding the company's reputation, while encouraging professional service and maintaining integrity. It will also continue to provide ethical and anti-corruption training for board members, managers at all levels and employees, as well as conduct regular re-training (every three years).

For the anti-corruption communication mailbox, please refer to this link to SNI's company website:
<https://www.senaonetworks.com/csr/management-of-csr/>



For details on SNI's Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Work Ethics Manual and Operating Procedures for the Prevention of Insider Trading, please refer to this link to SNI's company website:

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



Through various channels such as the company's intranet, SNI has been advocating for its employees on a non-regular basis regarding the Prevention of gender and employment discrimination – sexual harassment in the workplace. Since 2016, SNI has been organizing a training (1 hour) on the Prevention of gender and employment discrimination – sexual harassment in the workplace, covering topics on human rights and sexual harassment, which is considered mandatory for new recruits at SNI. Since 2018, SNI has optimized mandatory trainings for new employees by incorporating topics on human rights, anti-corruption, discrimination, and sexual harassment, which are promoted by the RBA Code of Conduct. SNI introduced the RBA Code of Conduct in November 2020. In the future, the company will continuously implement relevant RBA trainings along with re-training once every three years while promoting human rights review statistics and impact evaluations so as to establish management procedures for human rights review and impact assessments, which in turn will help ensure a safe working environment as well as protection and respect for employee rights. SNI will also ensure the implementation of relevant internal audits.

Financial Information Disclosure and Investor Communication

SNI has established a spokesperson system with dedicated personnel responsible for stock-related affairs and investor relations, as a channel for information and communication. Before the 10th of each month, SNI releases the company's revenue for the previous month. At the same time, it discloses relevant company information, financial information, and other major information on the MOPS as required by law. SNI holds its Shareholders' Meeting on an annual basis, during which shareholders are entitled to submit written proposals to the company as stipulated in the Company Act. The company's senior management team explains and discusses SNI's future developmental strategies during the meeting to ensure that investors have adequate understanding of the company's operations.

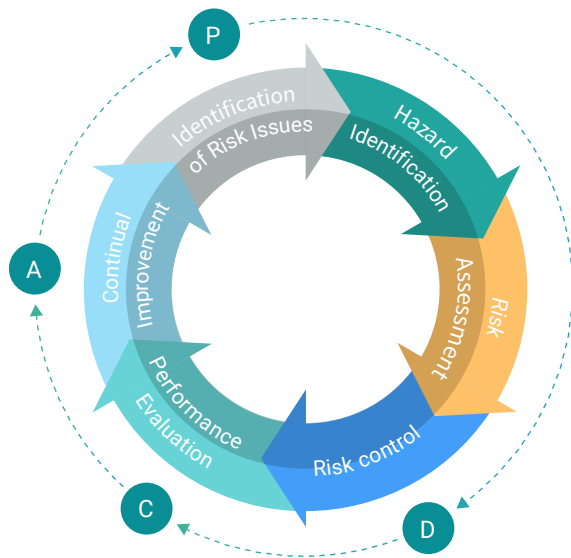
If employees or shareholders wish to voice their concerns to SNI supervisors, there are company-assigned personnel to collect and relay their opinions to the supervisors. Relevant opinions/inquiries are also incorporated into the company's operational plans and management activities. SNI has been actively improving the transparency of its business operations so that stakeholders can access more data as reference material for their investment-related decision-making.

Risk Management

In light of many natural disasters and man-made hazards, such as nuclear disasters, floods, earthquakes, typhoons and tsunamis that have disrupted business operations and resulted in loss of tangible/intangible assets, supply chains and customer orders have also been inevitably affected. In order to sustain business operations, SNI established its "Risk Management Regulations" in 2020, which was approved for implementation by the Board of Directors. With the cooperation of every unit and the support of related risk management and control mechanisms, the company is able to reduce impact and losses arising from risk and expertly manages risk in the event of a crisis.

Risk Management Policy and Process

The company's risk management policy defines various types of risks in accordance with SNI's overall operating policy, and prevents possible losses within a tolerable risk range in order to increase shareholders' value and to optimize the allocation of company resources.



Risk Management Process



Risk Identification

SNI completes the identification of risks according to the risk management process. The types of risks identified are described below:

Risk Type	Content
Market Risk	The risk of financial loss due to changes in the value of financial assets and liabilities (on- and off-balance sheet) as a result of fluctuations in market risk factors (interest rates, exchange rates, stock prices and commodity prices) is included.
Credit Risk	This refers to risk of loss arising from failure of customers, suppliers or other business partners (including banks) to meet their obligations due to physical deterioration or other factors.
Liquidity Risk	The risk of not being able to acquire assets or obtain financing to provide flexibility in the use of funds.
Hazard Risk	Safety protection and emergency response refers to the risk of occurrence of major hazards and losses.
Operational Risk	This refers to losses caused by internal control lapses, R&D quality control, human resources management and information system improprieties or failures.
Legal Risk	The risk of financial or goodwill impairment may arise from failure to comply with relevant laws and regulations or invalidity of the contract itself, ultra vires, poor regulation, omissions, or other factors. The risk of financial or goodwill loss may arise from failure to bind the counter-party to perform its obligations in accordance with the contract.
Other Risks	The term "risk" refers to none of the risks mentioned above, but could cause the Company to incur material losses.

Identifying Risks

SNI identifies the following eight risks related to the Company based on the type of risk identification in management:

1. Financial Risks

SNI's Financial Risk Management Policies: SNI has adopted a full risk management and control system to clearly identify, evaluate and control risks, including market risks, credit risks, liquidity risks, cash flow risks, etc., and the financial unit identifies, measures and manages risks, so that managerial officers can effectively control and evaluate the aforementioned risks.

To ensure effective control and achieve various market risk management targets so as to attain optimal risk positioning, maintain adequate liquidity while collectively managing all market risks, SNI management assesses the overall economic environment, status of competition, and market value risks.

Its financial risk management related to the management of operating activities is described as follows:

Financial Risk Category	Content
Market Risks Management	SNI's market risks primarily stem from risks of fluctuations in the fair value or cash flow from specific financial tools caused by changes in market prices. Market risks mainly consist of exchange rate risks, interest risks and other price risks.
Credit Risk Management	SNI's credit risks come primarily from relevant business activities (mainly from accounts receivables) and financial activities (mainly from bank deposits and various financial tools).
Liquidity Risk Management	SNI has relied on its cash capital, cash equivalent, high liquidity financial assets and line of credit to maintain its financial flexibility.

2. Hazard Risk - Environmental, Health and Safety Management

The risk management approach adopted by SNI features a management system application as its primary framework. Operating in compliance with ISO14001 and ISO 45001 systems and using the PDCA management approach, the company has conducted risk assessment and quantification through environmental considerations and Job Safety Analysis (JSA) for systematic compilation and calculation, which also form the basis for the following controls and improvement measures adopted by the company in accordance with the risk level and characteristics:

- For low-risk processes, the company focuses on relevant legal requirements as primary guidelines for operations, such as general office operations and standard equipment operations.
- For medium and high-risk processes, apart from legal requirements, the company has also included stricter control measures.
- For higher standards, the company requires the specific inclusion of measures for operating equipment and machinery, such as fundamental safety requirements for machines/equipment, establishment of safety standards, various early warning/ detection systems for environmental monitoring, and so forth.
- In changing machinery/ equipment/ chemicals, the company conducts a change management risk assessment. For high risk processes, it requires a more in-depth safety protection design subject for immediate discussion. If the changes required exceed the site's maximum load, introduction is terminated. Once relevant safety designs are completed to manage risks within the medium-high risk control scope, the aforementioned change may be introduced as a separate project for re-assessment.

The Labor Safety Office is responsible for handling regular risk management projects. In order to ensure effective implementation, relevant education and training also play an important part in the process. In addition to improving technical personnel's awareness of adequate protection, the office hosts various hazard protection trainings and emergency response drills. It also organizes employees to take part in external trainings on a non-regular basis so that they can learn the latest techniques and approaches in EHS operations, and adopt the latest control methods so as to minimize risks at the sites. Aside from keeping abreast with industry trends in terms of risk control, the office is also responsible for introducing industrial risk control concepts to the sites.

3. Hazard Risk - COVID-19 Prevention and Management

To reduce the threat and impact of the pandemic on employee health and business operations, the Company has formulated an epidemic prevention plan as a guideline for COVID-19 prevention and control. A comprehensive epidemic prevention campaign was launched to "protect employees, stabilize production, and prevent the spread of any virus outside the plant", thereby achieving the company's overall goals of managing the pandemic; i.e., "to eliminate and prevent the occurrence of infection and to avoid infection" and "to mitigate the impact of the pandemic and to recover quickly".

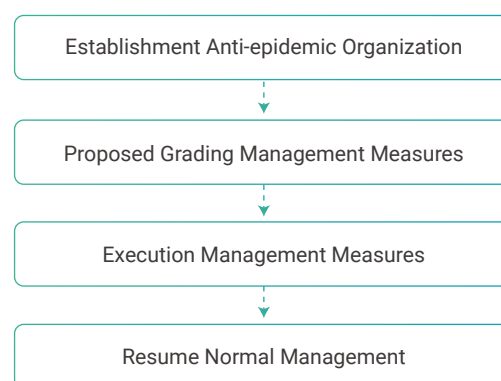
(1) Epidemic Prevention Policy

SNI is committed to the following to protect the health of its employees and to ensure normal-business operation:

- Comply with relevant laws and regulations about occupational safety and health and the requirements of the Ministry of Health and Welfare, implement guidelines on the prevention of COVID-19, and maintain workplace safety and health.
- Provide education and information to all employees so that they are aware of their personal safety and develop good hygiene practices.

- Assess the risks of labor shortages and supply chain disruptions due to the outbreak and take appropriate risk management measures to mitigate the impact on operations.
- Disclose the handling of COVID-19 to Company stakeholders.
- Conduct regular reviews to confirm the appropriateness of each preventive measure and implement continuous improvement.

(2) Epidemic Prevention and Control Process



(3) Epidemic Prevention Organization and Rights & Responsibilities

The epidemic prevention organization is formed by each competent authority to address urgent needs during the pandemic, implement relevant epidemic prevention measures imposed by competent authorities, plan and formulate epidemic prevention measures, purchase protective equipment, manage and audit implementation effectiveness, review and improve epidemic prevention measures, provide education, training and information, as well as plan and implement emergency response drills. It is also responsible for gathering the latest epidemic prevention information to lead recovery efforts.

(4) Epidemic Prevention Phased Management Measures

1

Confirmed Cases of
Infection in The
Country

Announcement and information: disease awareness, epidemic prevention measures, notification methods

Personnel control: in-plant entry and exit control temperature monitoring, high-risk personnel assessment and listing

Intensified cleaning of company premises by utility personnel: once every 4 hours (increased frequency of cleaning). Alcohol-based hand sanitizers are installed at the entrance of the elevator on each floor.

Other precautionary measures: All personnel are required to wear face masks inside the factory.



Personnel entry/exit control - temperature monitoring

2

Infection Clusters
in The Country

Announcement and information: disease awareness, epidemic prevention measures, notification methods

Personnel control: There are control stations at the factory to monitor body temperature; working in groups

Intensified cleaning of company premises by utility personnel: once every 2 hours (increased frequency of cleaning). Alcohol-based hand sanitizers are installed at the entrance of the elevator on each floor. Autonomous disinfection of individual seating areas: once/day (increased frequency of disinfection).

Other precautionary measures: All personnel are required to wear face masks inside the factory.



Regular disinfection of the entire plant

3

Confirmed Cases of
Infection in The
Plant

Announcement and information: disease awareness, epidemic prevention measures, notification methods

Personnel control: There are control stations set up outside the factory to monitor body temperature; working in groups

Intensified cleaning of company premises by utility personnel: once every 2 hours (increased frequency of cleaning). Alcohol-based hand sanitizers are installed at the entrance of the elevator on each floor. Autonomous disinfection of individual seating areas: once/day. Frequency of total plant disinfection: once a week.

Other precautionary measures: All personnel are required to wear face masks inside the factory; holding emergency response meetings.

4.Operational Risk - Quality Management

The company's quality management system complies with the ISO 9001 management system using the "process approach". The process involves a series of steps, from providing products and services to customers (internal or external) starting with customer demand (input) and ending with customer satisfaction (output) to applying continuous improvement. The company identifies and defines the processes of its quality management system with the customer in mind. It conducts quality system planning and target management to improve performance and achieve customer satisfaction. It also analyzes data based on each

monthly report to attain quality targets and quality process improvement. Finally, the company reviews and proposes improvements to the system during the annual management review meeting, so as to carry out its "Plan-Do-Check-Act" program. The "Plan-Do-Check-Act (P-D-C-A)" management cycle ensures continuous improvement of the company's quality management system and quality performance.

The Quality Control Department is responsible for the regular implementation of various operational risk management projects to minimize quality risks.

5. Operational Risk - Supply Chain Security Management

In light of the 911 terrorist attack and subsequent anti-terrorism measures implemented by the United States, enterprises that comply with WCO or equivalent supply chain security standards may be certified as AEO (Authorized Economic Operator) by the customs and enjoy the benefits of fast customs clearance.

The AEO security certification system was designed to establish a partnership between customs and enterprises by accelerating the process of customs clearance without compromising convenience and safety. For companies with AEO certification, besides having preferential treatment measures such as minimum document review and random cargo inspection, they are also entitled to the same benefit like customs clearance in other countries that are members of the system.

In order to strengthen its competitiveness, SNI applied for AEO certification in May, 2014 and received its certificate on January 27, 2016. It also passed the on-site validation (valid for three years) in November, 2018 and received AEO permanent status from the Customs Administration. SNI continuously maintains AEO management and control of its business operations. It ensures compliance with relevant laws and regulations, and satisfies customer requirements for the security of the supply chain, so as to improve trade and strengthen supply chain cooperation (both upstream and downstream).

The Import and Export Departments are responsible for the regular implementation of various operational risk management projects to minimize supply chain security risks and to continuously promote AEO management of supply chain while providing customers with the best quality of service.



SNI's AEO certificate
(permanent status)

6. Operational Risk - Information Security Management

SNI understands the importance of information security and is fully aware that in order to maintain information security and to prevent factors such as natural disasters, equipment failure, misuse, or acts of sabotage from undermining operations, it must establish corresponding protective measures to minimize potential impacts.

SNI's information security policy is encapsulated in the slogan "risk assessment is the key to seamless information security". As such, the company has gradually completed its development of relevant management regulations and frameworks for information security in accordance with relevant risk levels to ensure adequate and effective protection of its information systems and data. These measures and systems are important to maintaining SNI's competitive edge.

In 2020, SNI completed the following information security development projects:

- Vulnerability scans for all information systems
- Improvement of information security for product lines
- Anti-virus software upgrade
- Building of anti-spam system
- Creating of information security monitoring hosts for various systems
- Implementation of network security management to prevent network access from unauthorized computers

The IT Department is responsible for the regular implementation of various operational risk management projects. The company's information security management system is operating normally without any information security violations. SNI will continue to optimize its information security management.



Information security management-related trainings are organized to strengthen awareness of information security management.

7. Legal Risk Management

To reduce potential risks in its daily operations, SNI has set up a Legal Affairs Department within the company and appointed professional legal advisors to assist in establishing an effective legal risk control mechanism to prevent liability risks.

The Legal Affairs Department continues to promote risk awareness among employees by providing regular e-newsletters and training seminars to clarify any issues they may have on specific laws and regulations, while assisting in the supervision and control of related internal operations. SNI strictly complies with relevant legislative statutes to minimize legal risks.



Providing legal training courses to educate colleagues on relevant regulations

8. Other Risks – Climate Change Management

The escalating global warming crisis in recent years has led to more severe climate changes and negative effects. Common natural disasters in Taiwan include rainstorms, flooding, typhoons, earthquakes, droughts, high PM2.5 concentrations, etc. which significantly affect people's

quality of life, well-being and health. These disasters increase the chances of structural damage to SNI's plants and equipment, not to mention a dramatic increase in the possibility of EHS-related hazards, which could in turn lead to higher risks of financial losses and increased operational costs. Therefore, the impact of climate change on the company in terms of health, finance and safety must be thoroughly assessed while exercising due diligence.

After evaluating the risks and opportunities of climate change, SNI's Corporate Social Responsibility Committee has gradually established specific strategies to overcome risks and challenges that the company may face in the future. In addition, the Committee has explored and studied mechanisms for carbon issue management and would eventually set targets and plans for GHG reduction. Facing the risks of climate change, in October 2020, the Company completed the education and training for the Task Force on Climate-Related Financial Disclosures (TCFD) and referred to this for disclosure of risks and opportunities brought by climate change. It also assessed potential impacts and financial implications in order to take relevant measures that can help strengthen the company's climate change adaptation capability. SNI actively strives for continuous improvement of its environmental performance to facilitate sound carbon risk management and to capitalize on new green business opportunities. Moreover, the company plans to construct a comprehensive green supply chain system with upstream suppliers to help mitigate the impact of climate change.

Assessing and analyzing the risks and opportunities of climate change, it will bring transition risks and physical risks as well as opportunities to SNI.

Climate Change Risks

Type	Aspect	Risk Considerations	Potential Financial Impacts
Transition Risks	Policy and Legal	The government requires greenhouse gas inventory reporting and total volume control to complement reduction. Newly constructed plants must comply with Green Building Label requirements. (Government's green procurement requirements).	The use of renewable energy and the introduction of a carbon fee increase compliance costs, while related implementation of manpower and man-hours increases operating costs.

Transition Risks	Technology	Compliance with green procurement requirements, research and development of environment-friendly green technologies as well as energy-saving and low-carbon products.	Supply chain raw material adjustments increase R&D expenditures, and changes to optimize processes and equipment increase operating costs.
	Market	The shortage of energy resources due to climate change would lead to price increases or shortage of related raw materials, which could in turn affect product delivery and operations, as well as potential investments and customer demand or orders.	The purchasing cost of raw materials increases as potential investments decrease and customer demand shifts, resulting in reduced demand for existing products and services.
	Reputation	There is an increasing green/environmental awareness among consumers and customers or there are proactive efforts against the inability, but the company cannot promptly respond to expectations and demand.	In response to the demand for green or low-carbon products and services, the company needs to modify its manufacturing processes or replace raw materials to meet social expectations, resulting in increased production costs, marketing and public relations expenses.
Physical Risks	Acute	Extreme weather events such as typhoons, droughts, floods, tsunamis, and the spread of infectious diseases disrupt supply chains, cause manpower shortages, and damage production facilities, resulting in reduced or interrupted production capacity.	Operations are affected by major disasters, resulting in increased operating costs and lower revenues.
	Chronic	Global warming, sea level rise and erratic rainfall are changing the ecological balance, leading to increased energy consumption, water shortages, food crises and changes in supply and demand patterns within the supply chain.	The shortage of energy resources and imbalance between supply and demand lead to increased operating costs in production, raw materials and transportation in the supply chain.

Climate Change Opportunities

Type	Opportunity Considerations	Potential Financial Impacts
Resource Efficiency	The company has taken measures to improve the efficiency of energy use, promote energy conservation and management, increase the recycling rate of waste, and recycle and reuse wastewater.	Measures to promote environmental protection, energy-saving and carbon reduction in order to enhance efficient energy use and reduce operating costs.
Energy Source	The company has introduced lean production and AI production, adopted high-efficiency and low-pollution equipment, and complied with Green Building Label requirements to create a green factory.	With innovative manufacturing processes and superior technology, the company is able to improve product yield and production efficiency as well as reduce operating costs.

Products and Services	The company is moving toward environmentally friendly products or service applications. It introduces green designs to strengthen its product advantage and develops markets for innovative products or applications and for future growth opportunities.	Green or low-carbon products and services meet the needs of consumers and customers, thereby increasing market share and revenue.
Markets	SNI has received local and international awards for its green products and has obtained environmental protection labels. It complies with environmental protection and energy-saving requirements, thereby reducing the impact of its products on the environment.	The company may apply for government subsidies to support its green products and to reduce R&D costs, while aiming to receive awards and labels for its products in order to build a green reputation, find investors, and reduce acquisition costs.
Resilience	To establish a business continuity plan, strengthen energy and material substitution, and enhance disaster preparedness and recovery capabilities in order to increase business resilience amid the challenges of climate change.	Reducing the impact of climate change, improving business sustainability, and gaining higher customer trust in order to increase demand for products and services, as well as revenue.

By considering transition risks and physical risks aspects, SNI has identified risks associated with climate change and proposed corresponding response plans to mitigate such risks:

Type	Aspect	Risk Considerations	Response Plan	2020 Implementation Results
Transition Risks	Policy and Legal	GHG Inventory Report	Promote GHG Inventory	SNI has already completed its GHG inventory for 2015-2020 and obtained relevant external verification certificates.
	Policy and Legal	Green Building Label for Newly Built Plants	For newly constructed plants, the company aims to achieve at least the silver level of the Green Building standard.	Planning in progress
	Policy and Legal	Government's Green Purchasing Requirements	Promote the purchase of eco-friendly products.	Recognized by the EPA as an outstanding enterprise for its green purchasing practices in 2019
	Technology	Customers' RoHS Green Product Requirements.	SNI has promoted its GPMS to establish a green supply chain.	In 2018, SNI successfully introduced and incorporated GPMS in its operations to ensure that products are manufactured using green materials as requested by customers. In 2020, SNI continued to optimize related functions of the GPMS system to help improve system management and operations.
Physical Risks	Acute	Increased operating costs from power consumption due to increase in electricity prices.	SNI has promoted the use of energy-saving products and improved the efficiency of its plant management system.	In 2020, old fluorescent light fixtures were replaced with LED bulbs to reduce the company's electricity expenses by approximately NT\$ 16,800/year.

Physical Risks	Acute	Increased operating costs from power consumption due to increase in electricity prices.	SNI promotes power-saving operation of its DIP exhaust fan, which has optimized processes and reduced power consumption.	The power-saving operation of the DIP exhaust fan reduced electricity cost by approximately NT\$221,400/year.
	Acute	Reduction or disruption of production capacity due to typhoons, floods, or droughts.	SNI has established its BCP and enhanced its disaster response capabilities.	Planning in progress

Personal Data Protection Management

In November 2014, SNI established and published its Personal Data Protection Management Regulations, requiring all internal business processes and documents to be used in accordance with management regulations in order to comply with proper personal data management standards. In response to the General Data Protection Regulation (GDPR) established by the European Union in 2018, the management specifies and strictly controls the flow of personal data held by related companies within the group. At present, personal data operations are handled in accordance with pertinent regulations and there had been no incidents of violation during 2020. In the future, the company plans to continue implementing relevant management approaches in order to prevent violations against personal data protection regulations:

- Participate in external conferences and seminars relating to amendments of personal data protection regulations, such as Personal Data Protection Act, so as to ensure compliance with specific policies and pertinent regulations.
- Convey relevant concepts on personal data management to employees through training seminars organized by the Legal Affairs Department (within the company) or external training organization.
- For units (i.e. consumer product distribution-related departments) that may have direct access and contact to consumers' personal data, SNI plans to disseminate information to foster awareness about personal data management.

Personal Data Protection Management Statistics 2015~2020

Total no. of personal data leakage incidents
No. of incidents undergoing improvement
No. of incidents that have been improved
No. of incidents yet to be improved

0

Respect for Intellectual Property Rights and Fair Trade

SNI values intellectual property rights and fair trade. Through appropriate performance of its intellectual properties, the company has contributed to the maintenance of fair trade in the industry. Trade secrets are important assets to business operations; hence, SNI has given explicit instructions to all managers and employees to protect its trade secrets and uphold the highest standards of fairness, honesty, and integrity so as to help the company establish its credibility in the industry.

Legal and regulatory requirements, as well as customers and stakeholders are the foundation of the company's operations. As a global citizen, SNI is responsible for complying with pertinent regulations and continues to reiterate the importance of treaties and regulations relating to business ethics, corporate governance, employee conduct, and so forth. The company has made an effort to participate in relevant government and regulation websites for data collection, and to carry out compliance assessment operations for relevant legal/stakeholder requirements.

In order to ensure SNI's compliance with global regulations and to prevent any violations, the company's Legal Affairs Department continues to advocate relevant concepts on intellectual property rights and fair trade, with special emphasis on copyrights and trade secrets. In 2020, it organized three Legal Go! Training courses for its employees as a means to clarify issues they may have on specific regulations, while assisting in the supervision and control of related internal operations. SNI strictly complies with statutory regulations or/and the respectation to intellectual property rights related to the products. In case of any disputes related to the products, SNI makes a conscious effort to achieve compliance and takes an active stance in conflict resolution. It takes pride in its commitment to business integrity and corporate ethics. It actively responds to various needs and expectations from the government, the public, and its stakeholders/ shareholders in dealing with different aspects of its operations.

Intellectual Property Performance

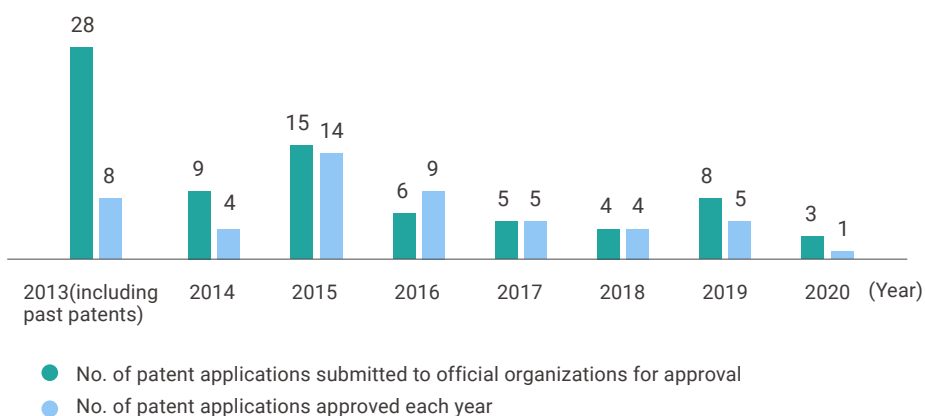
In an effort to respect intellectual properties and inspire innovation, SNI has established its Legal Affairs Department, which is responsible for formulating stringent review and application mechanisms as well as reward policy to protect the intellectual properties developed by the company's R&D and Production Departments. It encourages various departments to provide proposals and methods

related to its products and technologies in order to create an environment that actively promotes innovation. SNI has also made aggressive global deployment of patent portfolio. As of December 31, 2020, it has accumulated 50 patents (including expired ones) around the world (47 from the R.O.C., 2 from the U.S., 1 from China, and 0 from other countries) with 3 patent applications submitted to official organizations for review and approval in 2020.

Status of Patent Applications

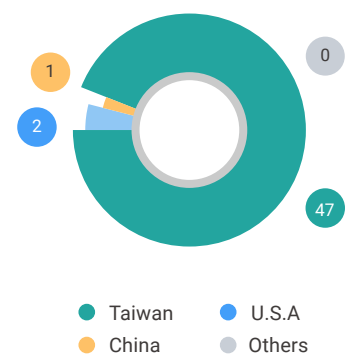
Item\Year	No. of patent applications submitted to official organizations for approval	No. of patent applications approved each year
2013 (including past patents)	28	8
2014	9	4
2015	15	14
2016	6	9
2017	5	5
2018	4	4
2019	8	5
2020	3	1

Status of Patent Applications over The Years



Patents Approved Globally *

* Including expired ones



Fair Trade

SNI is well aware of the importance of strict compliance with the competition law, which is a crucial factor of the company's business activities. And so, it continues to work hard and uphold integrity while ensuring compliance with pertinent regulations. At present, all operations are handled in accordance with the law and there were no incidents of violation in 2020. In the near future, SNI will continue to prevent potential violations of fair trade regulations through the following means:

- In accordance with the guiding principles of the Fair Trade Commission of the R.O.C. regarding the establishment of antitrust compliance regulations for companies, the company antitrust compliance policies are promulgated within the organization.
- SNI's legal affairs personnel subscribes to the e-newsletter on anti-competition law to keep abreast of the latest trends in global competition law.
- Participation in external conferences and seminars related to fair trade regulation amendments to ensure compliance with specific policies and pertinent regulations, and to learn about the latest trends and developments in global competition law.
- The company's Legal Affairs Department (internal) or an external training organization holds employee trainings to discuss concepts related to unfair competition.
- When handling business contracts, the Legal Affairs Department thoroughly reviews contract terms and clauses that may be considered unfair competition, and informs related business units about personal data protection.

Fair Trade Management Statistics 2015~2020

- No. of investigations carried out by competent authorities in other countries due to allegations of price manipulation against SNI as a network communication equipment manufacturer
- No. of confirmed violations of anti-competitive practice (fair trade)
- No. of violations of anti-competitive practice (fair trade) that resulted in fines
- Amount of fines for violation of anti-competitive practice (fair trade)
- Explanation on fines for violation of anti-competitive practices (fair trade)
- No. of violations of anti-competitive practices (fair trade) with court-imposed sentence
- No. of years of court-imposed sentence for violation of anti-competitive practice (fair trade)

Product Marketing Communication

SNI complies with pertinent marketing regulations to ensure legitimate distribution of products without violating intellectual property rights of third parties. The design of its product processes is fully authorized and licensed by rightful owners to prevent any allegations of plagiarism or forgery and liability risk for product violation or infringement of rights. The Legal Affairs Department has adopted the following management approaches to achieve regular follow-up and compliance reporting of responsible (or relevant) units in order to establish SNI's brand image and assure customers that there are no violations or infringements; these in turn, strengthen the trust and relationship between SNI and its customers. Thus far, SNI has adhered to pertinent regulations and there were no violations in 2020. In the near future, the company will continue to prevent any violation of marketing-related regulations by implementing the following:

- SNI's legal affairs personnel monitor relevant domestic and foreign consumer protection cases in order to keep up with the latest domestic and international trends and revisions in legislation and regulations.
- Participation in external conferences and seminars on amendments to the Consumer Protection Act to ensure compliance with specific policies and pertinent regulations.
- When handling business-related contracts, the Legal Affairs Department thoroughly examines terms and clauses for any product liability and strengthens risk management awareness among relevant business units.

Statistics of Product Responsibility Management 2015~2020

- No. of confirmed product liability cases
- No. of fines for product liability violations
- Amount of fines due to product liability cases
- Explanation on fines due to product liability cases
- No. of product liability cases with court-imposed sentence
- No. of years of court-imposed sentence for product liability cases
- Explanation on follow-up improvement measures
- Violation of regulations and voluntary guidelines related to marketing and promotion (including advertisements, sales and sponsorships)



Seminar on Corporate Anti-Corruption Practices

In order to incorporate the value of integrity and ethics into the strategic management of enterprises, SNI held the Legal Go! training program - "Corporate Anti-Corruption Practice Seminar" in December, 2020. The director of H&W LAW, Attorney WENG, WEI-LUN was invited as speaker and he shared his extensive experience in fighting corruption during his years as a prosecutor, handling various corporate corruption cases. Based on these cases, corporate corruption often involves high political expenses, unethical lobbying, and bribery, which do not only undermine corporate governance mechanisms, but also transfer costs to consumers. In order to prevent people from engaging in dishonest acts, Mr. Weng gave some tips

on what to look for and what to avoid in order to protect employees' right to work and the interests of shareholders.

Seminar on Protection of Trade Secrets that Everyone Should Know

In order to prevent corporate risks caused by leakage of trade secrets, SNI held the "Legal Go!" education and training course entitled "Protection of Trade Secrets that Everyone Should Know" in May and June 2020, in addition to promoting this issue on a regular basis. Attorney HSU, PAO-JEN from Ying Rui (Wiseteam) Law Firm was invited to speak about cases of violation, which unveiled that leakage of trade secrets does not only damage R&D achievements and international competitiveness of enterprises, but also affects fair trade and seriously endangers the overall competitive advantage of related industries. In the future, SNI will continue to promote trade secret protection policy. Through internal education and promotion, the company hopes to instill the value of trade secret protection in the minds of all employees, so that together, they can achieve corporate sustainability and turn these trade secrets into a common intangible asset that creates the greatest value for the company.



Disclosure of Research Results - SNI Proactively Tracked the Intellectual Property Trend and Earned Public Attention

In recent years, SNI has launched an intelligent cloud network management platform that uses artificial intelligence to predict potential problems and provide accurate recommendations. SNI has long been involved in the development and manufacture of reliable and secure network communications and network security equipment, with proven capabilities to overcome market challenges and gain the trust of investors and customers. However, international competition for intellectual property rights is often a weakness of Taiwanese manufacturers. With a well-rounded protection of its R&D resources and intellectual property rights, SNI maintains sustainable operations and a solid global position.

International intellectual property policies change rapidly as the emerging technologies thrive; hence, it is a "must" to keep a careful tracking to keep up with trends. The legal department of SNI has researched "Artificial Intelligence Patent and Data Policy" and the results were presented at the "National Technology Law Conference" held at National Chiao Tung University. These findings were archived, so that they can be accessed by people from the industry, government, academe, research and even the general public, thereby contributing to society. Speakers at the same seminar included Ms. Tang Feng, member of the State Council, and Ms. Chen Mei-ling, convener of the National Development Foundation of the Executive Yuan.



Company Profile

Senao Networks, Inc. (SNI) was established on October 1, 2006 as a result of the separation of Senao International Co., Ltd's wireless telecommunication business group from its parent company. SNI was registered and approved by the MOEA on October 12, 2006. It is involved in research and development, and specializes in the manufacture, marketing, and distribution of wireless communication network products. On December 30, 2013, SNI was listed on the GTSM (3558), with a paid-in capital of NT\$490 million. Currently, its main businesses include wireless network and wired network communications, with a portfolio covering enterprise wireless communication products, a full range of WLAN products, broadband network communication, surveillance systems, industrial PCs, PC power supplies, antennas, etc. In recent years, SNI has extended its coverage of network communication products to include smart home applications, while integrating wireless gateway, IP camera and mobile APP solutions with the original "EnGenius" brand to establish its market presence.

As part of its business restructuring, SNI held the groundbreaking ceremony for its new plant in Taoyuan in July 2019. The plant will be completed in the second quarter of 2022 and is expected to add \$10 billion in revenue in the future.

SNI continues to provide reliable and secure network communication and network security equipment development and manufacturing for its global partners, and continues to develop new technologies and solutions based on the business philosophy of "Innovation, Quality, Teamwork, and Customer Satisfaction". Its professional R&D team is dedicated to developing advanced and highly reliable products. As a leader in designing open hardware platforms for high-speed enterprise wireless networks, SNI works closely with its global partners on a long-term basis. In addition to providing customers with design and manufacturing services, it takes pride in its innovative R&D capabilities to create integrated network communication solutions to meet customer needs. The company is deeply involved in three business areas; namely, "Enterprise Wireless Network", "Data Center with High Speed Network Equipment", and a "Cloud Intelligent Network Management Platform". SNI is also committed to innovative research and development. Through the mastery of key technologies, vertically integrated production design and manufacturing, including RF antenna design and metal mechanism design and manufacturing, the company provides customers with the best integrated products and services. SNI's products are 100% made in Taiwan to ensure high manufacturing quality, which is trusted by customers worldwide.

List of Products and Services Launched by SNI over The Years

- 2015**
 - SNI launched a distributed cloud network management system in 2015.
 - SNI set up a B2B e-commerce sales platform. It also added value to its dealerships and raised brand equity as well as sales proportion.
- 2016**
 - SNI's new industrial PCs and power supply products were supported by customers, and shipping promptly commenced to improve the company's overall performance. These helped SNI achieve its profit targets, which served as a second opportunity for stability.
- 2017**
 - SNI facilitated the replacement of old switch products with new multifunctional switches, IPC, and industrial class power supplies.
 - SNI provided OEM network communication products for mass production.
- 2018**
 - SNI released its 802.11ac Wave 2 Access Point products, IPCs, power supplies, and network communication products for industrial and vehicle navigation system (i.e., IIoT).
 - SNI leveraged the ezWiFi Planner to shift focus from product distribution to promotion of total solutions based on its brand management.
- 2019**
 - SNI invested resources in the development of wired network switch products and markets, which include network switches, data center switches, and advanced endpoint computing switches.
 - SNI has also developed niche products such as MultiG network switches, IIoT for industrial and vehicle systems (LTE bridges, sensors, surveillance systems), 802.11 ax (Wi-Fi 6) wireless Access Point (AP).
 - Cloud network management system.
- 2020**
 - Data Center: 100G editable Ethernet switch and network monitoring server.
 - Next-generation wireless transmission technology 802.11ax (Wi-Fi 6E) wireless Access Point (AP).
 - Point-to-point Gigabit wireless transmission (802.11ad).
 - Value-added solutions for cloud network management systems.
 - Wireless Access Point (AP) cloudization.
 - Development of new markets for peripheral components (antennas, industrial power supplies, sheet metal).

Initiation and Growth

In recent years, SNI has gradually established a solid market presence with its enterprise network communication equipment. With wireless and wired network communications as basis for development, it has derived other product development strategies and continuously intensified its private brand. Moreover, it analyzed the requirements and application technologies of different markets and actively conducted transformation and deployment activities. Its product line ranges from wireless networks to wired networks. The company is committed to becoming a total network solutions provider. It entered the market in 2019 with its new technology for wireless and wired networking products and successfully developed Wi-Fi 6 and data center switch networking products in 2020. Due to lifestyle changes during the epidemic, streaming

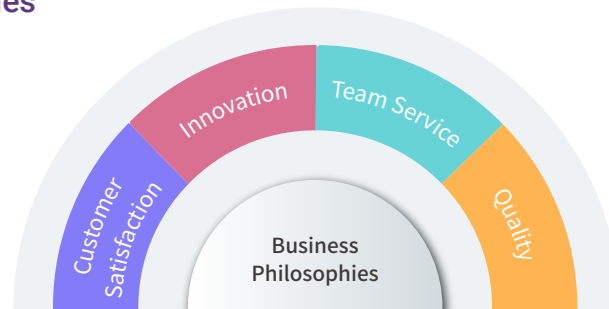
applications such as home office and video lectures caused a multiplication of data transmission, which resulted in peak shipments of Wi-Fi 6 products and an increase in data center switch shipments.

In 2021, SNI continued to develop new technologies and solutions for wireless and wired networking products for the 5G era, optimized its product portfolio with a focus on high margin and high vertical integration products, and carried on with its vertical integration strategy by investing in key components for antennas, power supplies and stamping housings. It has also worked on popular products for 5G development, such as the Wi-Fi 6 project, which is now in full swing. It will process Wi-Fi 6 product shipments and continue to develop data center switch technology and

products to meet future demand amid the 5G growth trend. SNI has likewise adjusted its product mix in 2021 to increase the share of cable network revenue, which has a higher gross margin and is expected to exceed 50%. The release of new products including 100G switches, industrial computer application-related products, Wi-Fi6 and 60GHz AP base stations, and antennas should help mitigate the impact of the pandemic and maintain a certain level of

revenue and gross margin. In addition, the company is aiming for sustainable profitability. It plans to actively make internal renovations, adjust its structure, and target specific technology investments, including Edge Computing and mmWave, in order to develop new niche products that can help add value and reap opportunities once there is a global economic rebound from the pandemic.

Business Philosophies



- Customer Satisfaction

To fully understand customers' needs in order to deliver the fastest and most reliable services. SNI strives to know its customers as well as its clients' customers to better understand them.

- Team Service

To establish positive communication and coordination in order to achieve common goals. The company does not encourage individual heroism. It believes in the combined strength and collective effort of its entire team in providing the best performance.

- Innovation

To stay up-to-date with market trends and relevant technologies while continuing to enhance the company's core capabilities. In addition to technological innovation, SNI aims to create an innovative mindset for its management, by supporting openness to new ideas.

- Quality

To encourage employee participation in zero-defect management. Quality is not the sole responsibility of units involved in manufacturing and QA! Quality is derived from stringent design and management practices! SNI strives to cultivate quality awareness among its employees.

CIS



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

The blue corporate color embodies the SNI spirit, which signifies composure, calmness, and professionalism. The yellow ring symbolizes transmission and reception of wireless signals (global network communication products).

Omnipresence: SNI communication products are omnipresent, eliminating all obstacles to communication.

Ubiquity: SNI strives to set up businesses in various locations and regions.

Meticulousness: SNI provides customers with careful and reliable service.

Corporate Vision

SNI utilizes cloud computing in conjunction with ICT and AI to facilitate network security. It also creates an excellent, humanistic, and smart lifestyle while meeting customers' needs, safeguarding employee benefits, and protecting shareholders' interests.

Quality Policy

Quality that guarantees customer satisfaction: SNI's commitment to quality management: To ensure legal compliance, as well as recognize and meet customer expectations based on the company's service spirit of customer satisfaction, all SNI employees are required to fully understand and uphold the company's business philosophy, principles, and quality policy.



ISO 9001 2015
Quality Management System
Certificate

Corporate Social Responsibility Policy

As a people-oriented company, SNI complies with the Responsible Business Alliance (RBA) Code of Conduct and is committed to safeguarding human rights and helping employees develop professional skills and enhance their wellbeing within the organization, while actively working towards the creation of an environment that facilitates mutual coexistence, prosperity, and social growth. By supporting economic growth and providing a sound working environment as well as efficient supply chain, SNI continues to offer products that provide greater convenience and comfort to mankind. In its business operations, the company aims to comply with pertinent regulations and conduct business with integrity in order to keep up with trends in the international community, society and neighboring communities while incorporating various systems to promote transparent management. This helps boost its corporate image and enable SNI to become a sustainable LOHAS enterprise.

The company is committed to fulfilling its corporate social responsibilities in order to achieve sustainable operations.



Economy

To conduct business with integrity and adopt transparency practices in internal governance, so as to maintain profitability and sustainable operations while safeguarding the rights of stakeholders



Environment

To comply with pertinent regulations, reduce energy consumption, and develop eco-friendly products



Employees

To protect employee rights and provide adequate training; create a LOHAS working environment that cultivates cohesiveness and happiness among members of the company



Supply Chain

To promote localized purchases, reduce packaging, minimize carbon emissions from transportation, reject the use of conflict minerals, and promote a sustainable green value chain



Society

To encourage employees to help communities and promote social welfare while boosting the company's image and achieving sustainable operations.



Ethics

To operate in accordance with the principle of fair trade; to maintain integrity and to decline any gift or benefit from people with vested interest; to uphold business ethics and respect intellectual property rights and privacy.

Milestones and Awards

Milestones

- April 30, 2020 Ranked among the top 6-20% enterprises in the 6th corporate governance evaluation.
- July 25, 2020 Completed ISO 45001 system conversion validation.

Awards

- May 31, 2020 Received the 2020 Winmag Pro Editor's Choice 9.1 Award for EnGenius Cloud.

- September 04, 2020 Awarded the 2019 Top 500 Importers and Exporters Medal by the Bureau of International Trade, Ministry of Economic Affairs.

- October 06, 2020



Received the 2019 Outstanding Export and Import Performance Award from the New Taipei City Importers and Exporters Association.



- November 17, 2020 Received the 2020 Media Review 10/10 Award from Redes Zone for EnGenius ECW260.
- November 24, 2020 Awarded the 2019 Green Procurement Outstanding Enterprise by the Environmental Protection Bureau.
- January 08, 2021 Received the 2020 Winmag Pro MKB Best Choice Award for EnGenius Cloud.

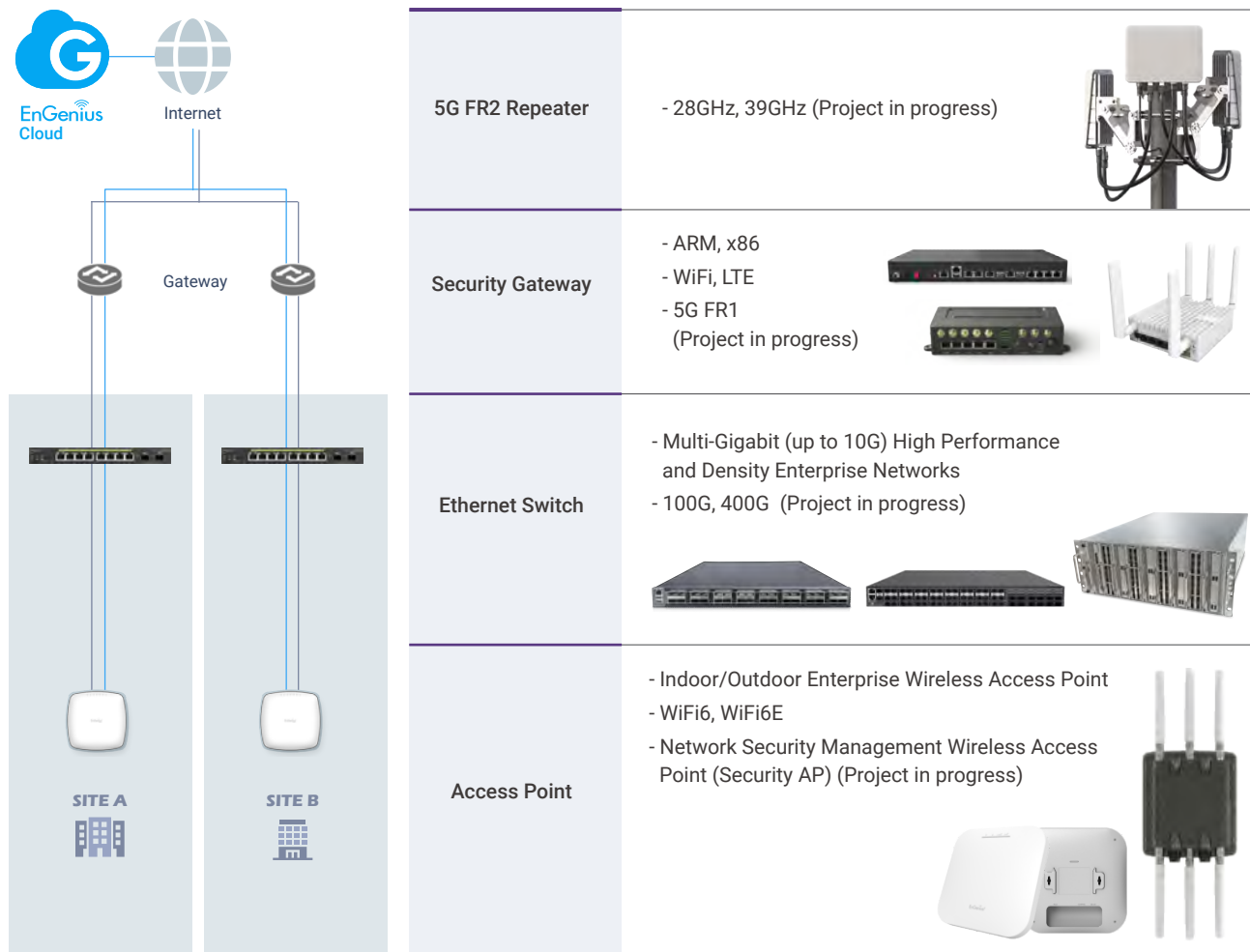
Product Overview

SNI's product line includes enterprise wireless communication products, wireless network (WLAN) series products, broadband network communication, surveillance systems, IPCs, power supplies, antennas, etc.

SNI has also made outstanding progress in the development of wireless network system products, wired network system products, enterprise wireless communication system products, and network security monitoring systems. In terms of WLAN applications, its products are designed with high power and high sensitivity, in addition to exclusive MESH protocol technology for long-range and high-performance product features. This unique technology has given SNI a leading edge over its competitors.

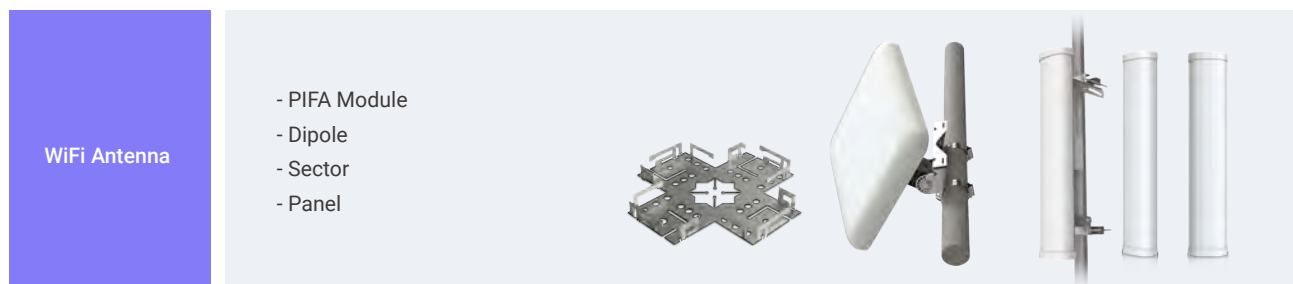
SNI's recent product offering focused on visualizing networks with AI-driven cloud deployment. EnGenius Cloud is an intelligent (AI) network management platform based on big data and uses cloud computing technology. The company provides enterprise or operator visibility modules to centrally manage EnGenius network devices, including network security servers, wired network switches and wireless access points.

Horizontally Expand Product Line



Vertically Integrate Key Components

With network communications as the core, SNI vertically integrates key components to provide a complete solution.



Power Supply

- Switch Power Supply Module
- Output power up to 2,500 W

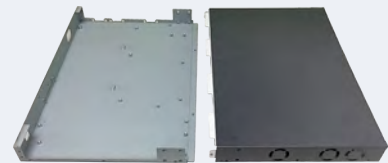


- Redundant RPS/CRPS
- Hot Swappable
- Output power up to 1,600 W



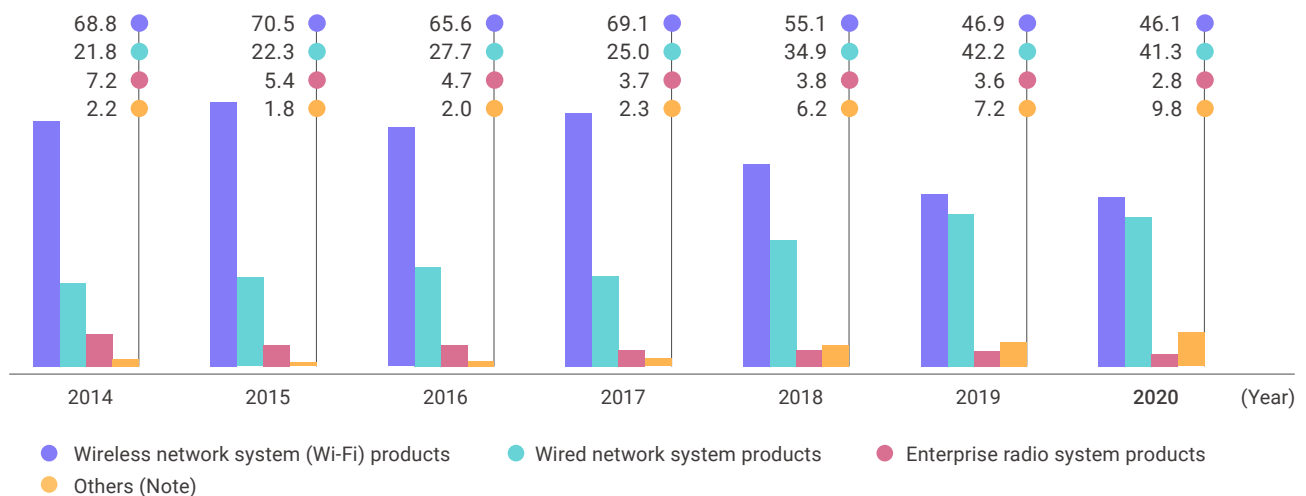
Sheet Metal Fabrication

- Stamping Machine 80T/110T/200T
- Grinding Machine
- NCT Punch Machine
- Bending Machine
- Spot Machine
- Laser Engraving Machine



Ratio of Product Turnover in Recent Years

Turnover Ratio (%)



Note: Others include sales of network security surveillance products, accessories, and repair services.

Financial Performance

SNI is focused on growing its core business by maintaining profitability and strictly complying with various tax regulations implemented by the local government. The company supports the government's initiatives to promote major infrastructure projects, encourage industrial innovation, invest in research and development, and provide relevant rent relief and tax incentives in accordance with the law. It cooperates with government units to readily understand relevant policies and programs.

SNI maintains its stable operation of communication equipment and network products. It generates profit by controlling its inventory and managing costs. SNI has customer knowledge and provides products and services for different regions and customers. Moreover, it implements a profit-sharing plan among shareholders, employees, customers, suppliers, and the government. SNI is committed to fulfilling its corporate social responsibilities.

Shareholder Structure

Shareholding Percent

Year	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign organizations and foreign investors	Treasury stock	Total
2016	0	0	49.19	38.86	11.95	0	100.00
2017	0	0	47.88	44.90	7.22	0	100.00
2018	0	1.09	47.72	45.16	6.03	0	100.00
2019	0	1.57	47.87	43.17	7.39	0	100.00
2020	0	1.70	46.91	45.10	6.29	0	100.00

Note: Senao International Co., Ltd. is the controlling company (with 33.79% share), responsible for SNI operations in 2020.

Consolidated Financial Statement

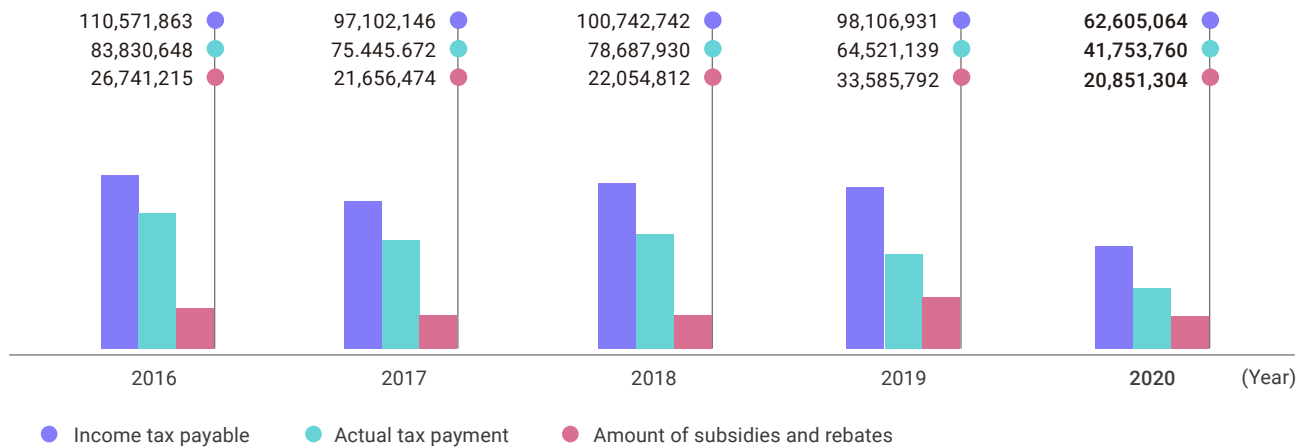
Unit: NT\$1,000

Item \ Year	2016	2017	2018	2019	2020
Net operating revenue	6,636,546	8,461,979	8,618,339	7,939,870	7,766,451
Operating costs	4,861,777	6,695,943	6,950,292	6,212,042	6,093,042
Gross margin	1,774,769	1,766,036	1,668,047	1,727,828	1,673,409
Operating expenses	1,166,457	1,244,916	1,230,754	1,249,270	1,214,804
Profit before income tax	672,528	576,212	601,500	575,360	524,902
Net profit attributed to owners of the parent company	560,416	467,942	465,414	424,479	376,365
Distribution of net earning	452,299	349,762	362,806	300,222	240,013
Income tax	93,807	87,447	98,306	95,706	79,212
Income tax exemption	-	-	-	-	-
Income tax credit	22,166	22,141	32,720	31,564	26,738
Community donations and investments	79	50	71	774	62
Interest expenses	1,119	1,461	1,302	6,805	3,961
Expenses for employee benefits (personnel expenses)	1,139,486	1,232,151	1,295,499	1,354,710	1,523,479

Note: Personnel expenses include remuneration, labor and health insurance coverage, pension fund, employee services and benefits, group insurance coverage, employee wage and other personnel-related expenses. Distribution of net earning includes statutory reserve, special reserve and cash dividends.

Income Tax in Recent Years-Diagram of Government Subsidies and Tax Rebates

Unit: NT\$



In 2020, SNI received approximately NT\$20.85 million in government tax and tax rebates. In 2020, SNI's operating revenue was NT\$7,766,451 thousand – a reduction of NT\$173,419 thousand compared to NT\$7,939,870 thousand in 2019. SNI's net profit before tax in 2020 was NT\$524,902 thousand, which declined by NT\$50,458 thousand compared to NT\$575,360 thousand in 2019. SNI's EPS was NT\$7.67 in 2020, which was a slight decline compared to NT\$8.65 in 2019; however, the company still earned profit which was near its initial investment capital. Since its establishment in 2006, SNI has been able to maintain its profit margin over the years.

Statistics of Operating revenue, Output and Sales volume of Products Over the Years

Operating revenue (NT\$1,000)

Item \ Year	2015	2016	2017	2018	2019	2020
Wireless network system (Wi-Fi) Products	5,348,792	4,351,300	5,843,000	4,747,057	3,726,736	3,580,291
Wired network system products	1,690,874	1,836,591	2,117,749	3,004,623	3,353,891	3,210,126
Enterprise radio system products	405,661	312,645	309,307	329,809	284,465	215,117
Others (Note)	138,691	136,010	191,923	536,850	574,779	760,917
Total	7,584,018	6,636,546	8,461,979	8,618,339	7,939,870	7,766,451

Note: Others include sales of network security surveillance products, accessories, and repair services.

Output (Unit)

Item \ Year	2015	2016	2017	2018	2019	2020
Wireless network system (Wi-Fi) Products	2,839,215	2,160,055	2,837,748	2,010,940	1,515,111	1,329,627
Wired network system products	295,638	351,942	426,325	402,352	565,856	510,202
Enterprise radio system products	44,599	30,597	32,114	35,154	24,330	18,042
Others (Note)	58,646	269,571	340,057	320,144	316,794	515,024
Total	3,238,098	2,812,165	3,636,244	2,768,590	2,422,091	2,372,895

Note: Others include sales of network security surveillance products, accessories, and repair services.

Sales volume (Unit)

Item \ Year	2015	2016	2017	2018	2019	2020
Wireless network system (Wi-Fi) Products	2,548,073	2,127,380	2,933,446	2,452,332	1,755,762	1,671,762
Wired network system products	309,406	406,885	647,607	680,399	808,626	783,173
Enterprise radio system products	43,510	31,736	30,459	31,276	24,616	20,960
Others (Note)	663,158	485,325	1,302,960	2,183,280	1,003,566	1,092,894
Total	3,564,147	3,051,326	4,914,472	5,347,287	3,592,570	3,568,789

Note: Others include sales of network security surveillance products, accessories, and repair services.

Global Deployment

SNI has continued to focus on enterprise-class network communication equipment, with products covering indoor and outdoor wireless access points, wireless management systems, cloud network management platforms and devices (access points/network management switches), Wireless Management Switches, network security servers, industrial PCs (IPC), PoE switches, AP Cams, long-range wireless phones, Mesh Router/AP, etc. Its product lines cover different applications for video, audio, and data transmission. With a mature network management system, these products can be integrated into a complete suite, providing secure data communication, VoIP, and security surveillance systems that offer comprehensive networking solutions to customers.

With the evolution of WLAN technologies, evolving from 802.11ax (Wi-Fi 6) to 802.11ax (Wi-Fi 6E), the newly opened 6GHz radio spectrum effectively relieves the crowded 5GHz radio spectrum and can reduce interference in wireless networks, which is more useful to the development of the third platform (i.e., cloud services, mobile connection, big data, and social commerce). Smart connections for home appliances, cloud services, 4G LTE, big data, software-defined network (SDN), Internet of Things (IoT), and Industrial Internet of Things (IIoT) are the key factors to drive the next wave of growth for the telecommunications industry.

The COVID-19 epidemic, the U.S.-China trade war, and the start of global 5G commercialization in 2020 are expected to trigger significant changes in networking products/technologies, industry competition, and business models. 2021 would be a year of restructuring in the networking industry. The key trend in the networking industry is the accelerated penetration and differentiation of 5G handsets.

With the gradual development of 5G, Wi-Fi 6 would also become the mainstream specification for networking, and with factors such as handsets, notebooks/tablets, and broadband terminal products that enable switching and working from home, the penetration rate of Wi-Fi 6 chips would continue to increase. 5G, combined with edge computing, would enable carriers to penetrate into the hybrid cloud space and develop innovative services based on optimized network quality, security, and cost, which is expected to drive the development of small and medium-sized regional data centers. SNI is keen on this type of Network Computing market as it develops a variety of hardware devices and software platforms, including broadband physical networks, high-speed wireless networks, sensing technologies, cloud computing, big data centers, and more. Therefore, in the planning and development of its products, the company intends to strengthen the compatibility of its products with various applications of the Internet of Things. It uses a pragmatic approach to understand existing business opportunities and prepare for future demands. SNI would first identify the priority edge computing market for the development of its products with editable and integrated software and hardware. In addition, it has invested resources to establish the mmWave R&D center based on the high power and high sensitivity RF and antenna technologies that it has developed in ultra-long-range wireless enterprise communication systems and Wi-Fi products. The company expects to provide related products in mmWave, as well as various Internet of Things (IoT) solutions for the industry, which is expected to usher in 5G technology, by capitalizing on its existing hardware system advantages and software and hardware integration capabilities.

Long-term and Short-term Plans

1.Short-term Plan

(1) Establish more strategic marketing partnerships

Include value-added distributors (VADs), system integrators, Wireless Internet Service Providers (WISPs), Internet Service Providers (ISPs), etc.

(2) Strengthen data collection for marketing research and identify customer needs

Based on the proposed requirements of general end users and pro-users, the customer's network construction application is determined; the user is notified at the front line and the direction of product development is accurately identified.

(3) Strengthen strategic technological partnerships

Include key component manufacturers and Third-Party equipment/software suppliers; explore potential cooperation opportunities for key technologies to reduce development time and cost.

(4) Strengthen the ability to sell and provide service for system and equipment

Improve technical and service skills of sales engineers, application engineers and customer service personnel.

(5) Enhance product design and production quality

The enterprise system and equipment are sold at a high price, and customers' requirement for the product quality raises relatively. Besides, once the product is on commissioning upon completion of the installation, huge cost might have to be spent in maintenance and trouble-shooting, and the harm to brand and identity, if any, is considered irreparable. Therefore, SNI has to take care of the product design and quality at the same time.

2.Long-term Plans

(1) Upgrade industrial WLAN products

Develop software that are easy and safe to install, with distinct and efficient operations, high-stability wireless transmission, high-quality frequency circuit design, and wide operating temperature (-40~80°C).

(2) Security control surveillance switch system

Expand product line to include a switch system for security control surveillance that can be combined with other monitoring systems for easy management.

(3) Develop a cloud technology that facilitates convenient cloud services for customers

This includes stand-alone management system, small area management, large enterprise-level management, and even cloud management. The network management platform (ezMaster) developed by SNI is the first of its kind in the network communication industry. It is an easy-to-operate and multi-functional network management system with high security, reliability and stability. In order to help users manage and install wireless / wired network devices more easily, SNI was able to complete the development of a Cloud Management Platform in 2020 given its software strength and development experience accumulated over the years. The convenience of cloud computing with its high capability and scalability, provides stable services with risks. In 2021, SNI plans to develop a Cloud Security Gateway, implement the Eco-System concept, and provide users with total network solutions.

(4) Develop high-speed Ethernet network switches (100GbE)

Recognized in the field of non-cloud switches (Ethernet Switch), SNI actively deploys Data Center Ethernet switches and closely works with chip suppliers for the construction of a software ecosystem.

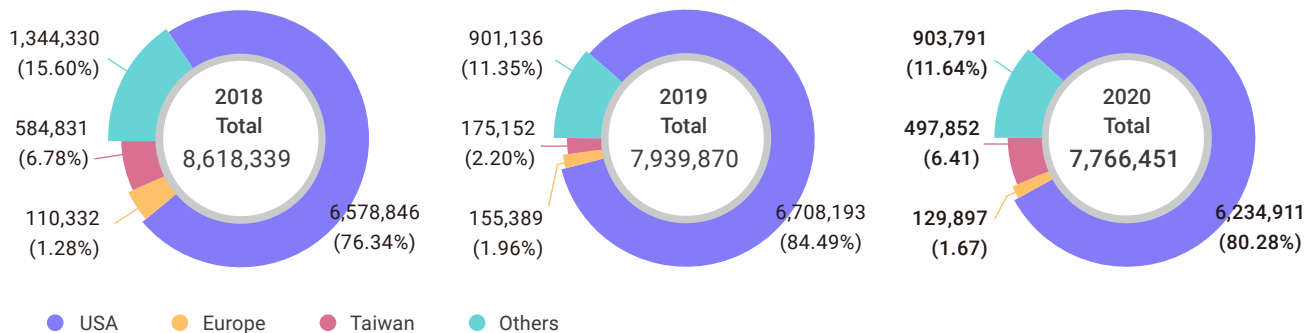
(5) Product differentiation

- Listen to users/consumers to determine market demand.
- Keep innovating products and technologies to enable customers to use them in different environments and in different ways.
- Aim for high-quality and high-performance products and provide customers with the most competitive price.
- Accelerate the product development process and shorten the product R&D cycles based on flexible and efficient project management system.

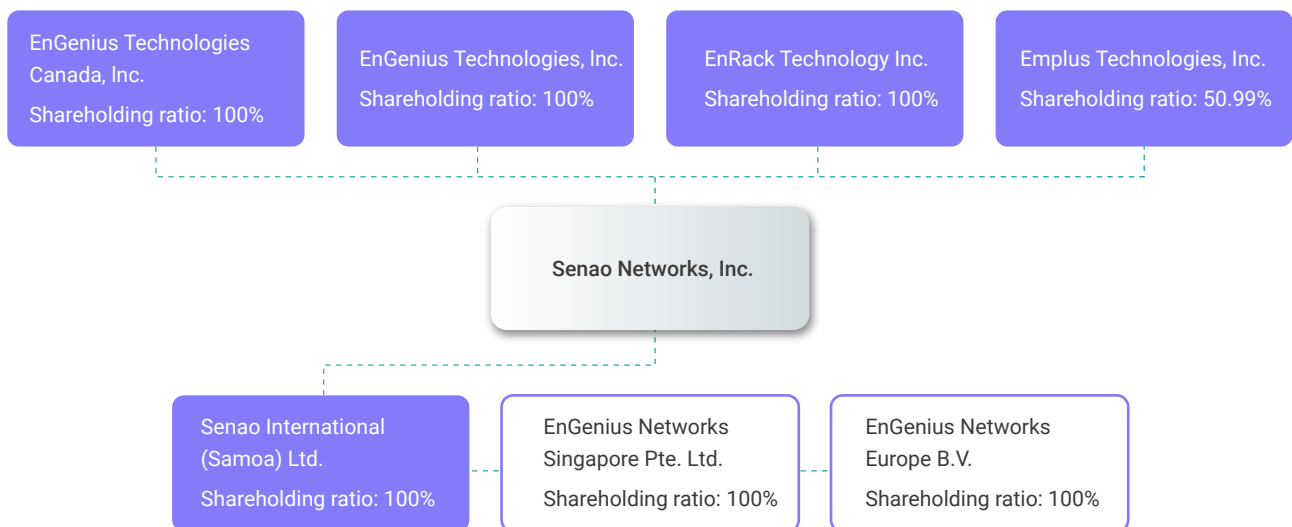
(6) Keep improving hardware R&D design, build the best schematic design in the world while improving stable software, and achieve optimization of operation and use; re-build the new generation industry/enterprise brand identity.

Regional Distribution and Operations

Unit: NT\$1,000



Group Structure



Basic Information of Affiliated Enterprises

As of December 31, 2020; Unit: In Thousand

Company Name	Date of Incorporation	Region	Paid-in Capital	Business or Product Lines
EnGenius Technologies, Inc.	1999.2	Los Angeles, USA	USD 2,000	Trading of communication products
EnGenius International(Samoa)Ltd. ^(Note 1)	2002.12	Samoa	USD 5,990	Investment in relevant business
EnGenius Networks Singapore Pte. Ltd.	2003.5	Singapore	USD 5,950	Trading of communication products
EnGenius Networks Europe B.V.	2011.3	The Netherlands	EUR 210	Trading of communication products
EnRack Technology Inc. ^(Note 2)	2016.7	Taiwan	NTD 50,000	Sales of communication products and manufacture and sales of stamping component
Emplus Technologies Inc.	2012.10	Taiwan	NTD 127,288	Production, R&D, and trading of communication products
EnGenius Technologies Canada Inc.	2018.1	Canada	CAD 0.01	Trading of communication products

Note 1: Senao International (Samoa) Ltd. (Samoa) was closed, as resolved by the Board of Directors on April 30, 2020.

Note 2: The original name was EnGenius Networks Inc., changed on June 21, 2019.

SNI's Global Locations



Customer Relationship Management

Quality that brings satisfaction to customers is SNI's quality policy. With meeting customers' expectations and ensuring legal compliance as its most fundamental requirements, SNI stays committed to its service spirit of providing customer satisfaction. It has established long-term collaboration with its partners to deliver high quality products and fast, professional services of unparalleled competitiveness in order to win customer support and recognition.

Since securing customer support and recognition is important to ensure sustainable profits in the future, SNI actively encourages suggestions and feedback to better understand customer needs, provide professional services, build long-term partnerships, and earn customer trust and satisfaction. From day-to-day product distribution to repair services, SNI finds opportunities to listen to its customers in every encounter. Through intensive communication, it strives to handle and resolve customer issues as quickly as possible. Not only that, it continues to share its sustainable philosophy with customers in order to earn their support and recognition. Implementing a routine customer satisfaction survey stands as an important component in the company's customer relationship management. Through its efforts, SNI assures its customers that it is a partner that they can truly trust.

Handling Customer Complaints

In order to accommodate the different needs of its customers around the world, SNI has established a maintenance service and customer service center, where immediate and fast after-sales service is provided. Upon receiving customer feedback on specific issues or service requests, SNI's dedicated customer service personnel are readily available to offer rudimentary product analysis and guidance to customers. In addition, through its internal product issue management platform, the company is able to quickly relay customers' issues with products to concerned units, which in turn, verify and analyze problems so that the quality engineering unit can implement a containment plan and propose preventive strategies. Finally, SNI's customer complaint handling department conducts a root cause analysis and ensures that the counterstrategies implemented are effective so as to promptly resolve the issue and achieve customer satisfaction.

With meeting customer expectations and ensuring legal compliance as its most fundamental requirements, SNI stays committed to its service spirit of providing customer satisfaction. In the future, SNI intends to continue strengthening its production and improving its manufacturing capabilities so that it can deliver high-quality products and fast, professional services of unparalleled competitiveness in order to win customer support and recognition.

Customer Complaint Statistics

Item\Year	2016	2017	2018	2019	2020
Total no. of customer complaints	52	18	22	29	28
No. of incidents under improvement	0	0	0	0	0
No. of incidents improved	52	18	22	29	28
No. of incidents to be improved	0	0	0	0	0

Customer Relationship and Satisfaction

SNI takes the initiative to understand customers' needs and issues by conducting annual satisfaction surveys, focusing on specific product aspects as key evaluation indicators such as quality, delivery time, price, service, complaints, professionalism, etc. By including open-ended questions, the company is also able to gather customer opinions and suggestions.

Based on the aforementioned indicators, SNI compiles the result of the customer satisfaction analysis before presenting it at the management review meeting as reference data for discussion of the company's short-term and long-term operational plans. In 2020, the original weighted scoring method reached 98 points, which provided limited room for improvement. Hence, in order to meet customers' needs, the calculation method of adjustment was changed from weighted score statistics to average score statistics, and the target score was set at 80%. The original customer satisfaction target score was 81% and based on observations of its customer satisfaction trend, SNI noticed that after 2015, overall customer satisfaction gradually improved. In order to meet customer expectations and demand for quality and technology, SNI continues to strengthen its production and improve its manufacturing capabilities so that it can maintain its customer service quality. In 2021, the company has retained its customer satisfaction target at 85%.

Privacy and Information Security Protection

SNI gives importance to personal information management and has established its Personal Information Protection Management Procedures to ensure that all relevant departments strive to safeguard customer privacy and identify confidential documents based on practical requirements, while formulating confidentiality strategies and guidelines in accordance with the needs of various departments. For upstream and downstream vendors, SNI has established routine meeting procedures and notification systems. Internally, it has promoted relevant measures including internal audit, external audit, targeted project management by designated personnel, and so forth, while establishing response and handling protocols in case of leakage of confidential documents/proprietary technology.

SNI understands that it is extremely important to protect customer information and therefore it has established a customer data management system to handle customer information, orders, pricing, product specifications, preferred methods of shipping, etc. Through this management system, the company is able to secure customer privacy and relevant product databases to achieve effective integration of data classification, thereby saving storage space and ensuring security. It has a designated staff to maintain the management system. It has also established access privileges with appropriate security and verification mechanisms to protect customer information by preventing unauthorized access, loss, misplacement, alteration, and so forth, which ensure customer privacy and product information protection in order to facilitate mutual trust and cooperation between SNI and its customers.

With its customer information management system and stringent control over customer privacy and product information, SNI has not had any related violations that resulted in fines or penalties so far. It continues to strengthen its customer information management system in order to fully prevent leakage of customer privacy or product information while working to increase customer satisfaction so that a win-win outcome is achieved for both parties.

Ensuring Legal Compliance and Reducing Energy Resource Consumption

SNI has began promoting its green initiatives since 2016 when it has established a cross-departmental platform – Corporate Social Responsibility Committee, with company-wide energy conservation and carbon reduction efforts. It introduced green policies to the company's operations. In addition to that, the Committee proposed and launched the 2017-2020 SNI Green Infinity Plan. In the future, the company intends to promote the "2030 SNI Smart Inclusion Plan" by linking the SNI Green Infinity Project with the UN Sustainable Development Goals (SDGs). It also proposes green and sustainable development-related action plans based on the principles of green economic innovation, clean production, social inclusion, sustainable management, risk management and responsible manufacturing. To achieve sustainable development, SNI continues to incorporate green thinking into its operational strategies and turn ideas into action. By promoting green and sustainable managements, it creates a harmonious co-existence with our environment, achieves sustainable use of Earth's natural resources, and dispels the risk of global climate change and energy resource depletion. The company will grasp of green development trends all over the world and sustainable development trends and create new business opportunities. All these enable the company to achieve its green sustainability goal of having Happy customers, a Safe planet and a Secure business!

SNI Green Infinity Plan

Based on 2017-2020 SNI Green Infinity Plan, from 2020 seven functional subcommittees under the Corporate Social Responsibility Committee has implemented relevant promotions in accordance with their functions and responsibilities, beginning with the Green-Collar Cultivation followed by the Green Supply Chain, Green Purchasing, Green Accounting, Green Manufacturing Process, Green Products, Green Packaging, and Green Care.



The 2030 Sustainable Development Goals (2030 Agenda) were approved at the United Nations Summit on Sustainable Development in September, 2015. The 2030 Agenda covers three aspects; namely, society, economy and environment, and incorporates 17 Sustainable Development Goals (SDGs), which came into effect on January 1, 2016.

From the Millennium Program, the United Nations has moved to SDGs, starting a new era of sustainable development. The blueprint for sustainable development takes into account the global environment and well-being of future generations. Although SDGs are national-level goals, SNI, as a corporate citizen of Taiwan, shall contribute to the country's future sustainable development. Therefore, in 2018, SNI proposed the Green Infinity Plan in line with SDGs. In 2020, the company proposed action plans in connection with No poverty, Quality education, Employment & economic growth, Industry, Innovation infrastructure, Reduced inequalities, Sustainable cities, Responsible consumption and production, Climate action, and Peace & justice systems. In the future, the company intends to propose relevant action plans based on SDGs and promote the "2030 Smart Inclusion Plan" to achieve the goal of sustainable development.

The link between SNI Green Infinity Plan and Sustainable Development Goals (SDGs)

Eight aspects of
Green Infinity Plan

UN's Sustainable Development Goals (SDGs)

Green- Collar Cultivation												
Green Supply Chain												
Green Purchasing												
Green Accounting												
Green Manufacturing Process												
Green Products												
Green Packaging												
Green Care												

Note: ■ indicates that the content of the Green Infinity Plan is related to the block of SDGs.

The following action plans promoted by the four functional subcommittees under the Corporate Social Responsibility Committee.

Achievements of various action plans implemented in 2020

Eight major aspects	Achievements of various action plans implemented in 2020
Green- Collar Cultivation: Strengthening environmental education and creating a green workplace in order to cultivate green-collar talents.	<p></p> <p>A.Employee Care and Social Engagement Committee:</p> <ol style="list-style-type: none"> The company established a volunteer service club and completed volunteer activities at Kwun Yum Tan. The company completed the employee training and development map. The company published a quarterly e-newsletter to provide information on relevant activities as a way to facilitate communication within the organization and strengthen employee cohesion in 2020. The company completed the CSR trend, GRI criteria revision and TCFD seminar on October 22, 2020. <p>B. Corporate Governance Committee:</p> <ol style="list-style-type: none"> The company enhanced Corporate Governance Assessment Score: Complete 6 hours of Corporate Governance refresher course. The company completed classes for directors and supervisors on the "Code of Conduct with Integrity", "Code of Ethical Conduct" and "Procedures for Preventing Insider Trading" . The company held an educational seminar "Legal Go" on topics such as trade secrets, patent applications, and corporate corruption prevention, with three educational training sessions.

Green Supply Chain:

Assisting the supply chain in reducing energy consumption in operations, thereby lowering carbon and water footprint of products.

**External Communication Committee:**

- a. Local supplier purchases (as a percentage of total purchases from local suppliers): 79.56% of purchases from local suppliers in 2020, with a target of 90% in 2021.
- b. Four qualified or unqualified suppliers were selected and sent to their plant sites for actual counseling in 2020.
- d. Customer Relationship and Satisfaction Survey, with a satisfaction score of 81% in 2020 with a target of 80%.

Green Purchasing:

Purchasing eco-friendly materials and products and gradually establishing green purchasing mechanism.

**External Communication Committee:**

- a. Green Procurement Mechanism: 2019 Green Procurement was amounted NT\$39,956,618. 2020 Green Procurement was amounted NT\$69,923,433. The Company was awarded with 2019 Green Procurement Award by Taoyuan City Environmental Protection Bureau.
- b. Supply chain materials were complied with RoHS Management: All supplier were in compliance in 2020.

Green Accounting:

Achieving effective control over the company's costs and expenses for green investment, thereby enabling the analysis of green investments and improvement of investment efficiency.

**A. Corporate Governance Committee:**

The company completed the employee domestic business trip inventory between 2013 and 2020.

B. EHS Committee:

SNI's environment protection-related costs and investments reached approximately NT\$6,887,402 in 2020; SNI did not incur any labor safety and environment-related fines or penalties in 2020.

Green Manufacturing Process:

Promoting a clean production mechanism that facilitates water conservation, energy conservation and waste reduction to reduce production costs.

**A. Environmental Protection and Energy Conservation Committee:**

- a. 2020 DIP exhaust fan energy-saving project: reduced electricity cost was amounted total NT\$221,400/year.
- b. 2020 Automated tooling introduction: staff time was saved and product quality was improved.
- c. SNI's GHG inventory of 2019 was accredited to TUV NORD's two-stage certification on October 23, 2020.
- d. The company set up battery recycling station in the plant. The total weight of all types of waste batteries to be recycled was 6 Kgs in 2020.
- e. Replacement of LED Fixtures: the company replaced old light fixtures with a total of 54 LED lights, which saved approximately 5,105 (kwh/year) of power and reduced electricity cost by roughly NT\$ 16,800/year in 2020.
- f. The company reduced paper use and introduced electronic SOP system.
- g. The company replaced traditional shelf with intelligent shelf, and reduced material storage and inventory days.

B. External Communication Committee:

- a. The company completed the design of a digital product catalog, to reduce the quantity of printed catalogs; 10 pieces were completed.
- b. The company adopted digital marketing tools to reduce the quantity of printed materials; 12 pieces were completed.
- c. The company implemented a policy that required all lights in the warehouse were turned off during break time.
- d. The company reduced the number of trips through Centralized Cargo delivery in 2020: The number of truck trips declined from 1886 to 1706, with a total of 180 trips and a reduction rate of about 9.54%, saving delivery cost by NT\$162,000.

Green Products:

Promoting the concept of green product design by integrating upstream and downstream suppliers in creating a green vision together

**Environmental Protection and Energy Conservation Committee:**

- a. The company established waste plastic material recycling identification: 60 projects were completed in 2020.
- b. Update and application for inspection of various certifications; there were no legal or regulatory violations of in 2020.
- c. The company reduction PCB Updates in Project Development: The average number of PCB updates was dropped to 2.67.

Green Packaging:

Reducing packaging weight, developing green packaging materials and improving the recycling rate of packaging materials.

**A.Environmental Protection and Energy Conservation Committee:**

The Committee proposed a pulp molding project : i.e.molded pulp tray packaging product that uses recycled pulp as material in 2020: a total of 49 projects were completed.

B.External Communication Committee:

- a. The company established non-recyclable and recyclable categories of packaging materials and corresponding weight in the system: the company received a total of approximately 1,112 tons of packaging materials; 1,095 tons of which were recyclable materials and the ratio of recyclable materials reached 98% in 2020.
- b. Partition tray recycling: 10,709K trays were recycled and the cost of materials declined by approximately NT\$2.14 million in 2020.

Green Care:

Caring for SNI employees and their families, as well as disadvantaged minorities and communities, while promoting relevant green concepts.

**A.Employee Care and Social Engagement Committee:**

- a. The company donated Reindeer Children's Home Netcom Equipment (AP: 12 pieces) on June 3, 2020.
- b. The company issued 2020 SNI's revival coupon on June 12, 2020.
- c. The company applied for Atsubo's moving castle - resource recovery on September 23, 2020.
- d. The company held Christmas party for foreign colleagues on December 25, 2020.

B.Environmental Protection and Energy Conservation Committee:

- a. The company set up the HwaYa Headquarter_Snack Bar on February 23, 2020.
- b. The company made donation to Hong Hua Wai Children's Home (420 Kg of white rice) on September 02, 2020 for Mid-Autumn Festival.

Climate Change Management (Carbon Management)

As the issue of global warming continues to ferment, carbon management has already turned into a mainstream trend in the field of international green initiatives due to the fact that climate change has a significant impact on business operations and leads to rising costs, the requirements specified in relevant national laws and regulations, customer demands in the field of GHG reduction, and production risks generated by extreme climate conditions. It has also turned into a concrete reflection of corporate business performance. SNI employs a sustainable thinking mode to implement its carbon

management blueprint. The Sustainability Management Committee formulates a Green Infinity Plan to enhance the carbon reduction potential of business units. Goal attainment is reviewed on an annual basis to perfect carbon management from reductions at the source. In addition, analyses of climate change risks and opportunities, GHG emission inventory management, the promotion of GHG reduction plans, the establishment of a green supply chain, and issues related to green demands lead to a minimization of the effects of climate change on SNI and an enhancement of green competitiveness.

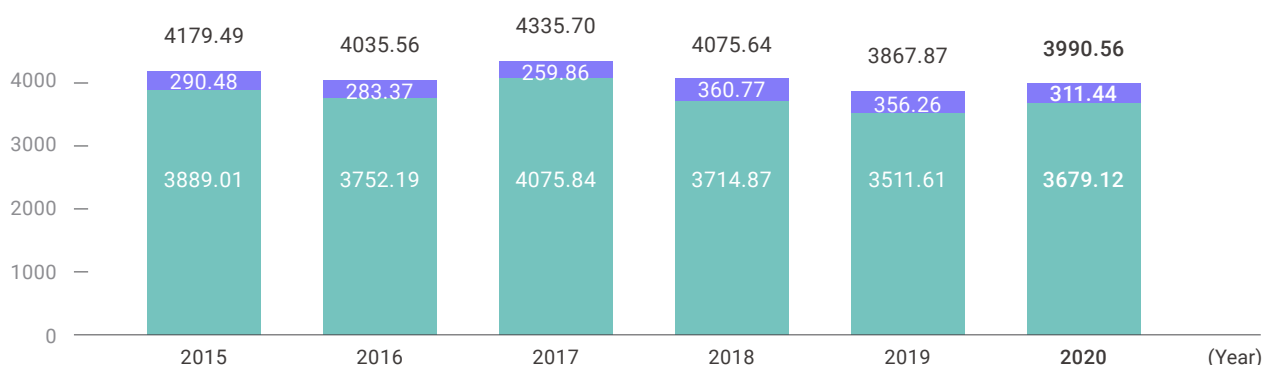
GHG Inventory Disclosure

The impact of climate change on the world's regional economies, countries, industries, and even individuals, is becoming increasingly profound and serious. To protect the environment, SNI has been conducting its annual organizational GHG inventory since 2016, based on the ISO 14064-1 GHG Management System Standards. The inventory covers SNI's Hwa Ya Plants, the company has completed the GHG inventory and obtained the external verification certificate from 2015 to 2020. In the future, SNI will continue to commission a third party to perform the verification process and obtain the external verification certificate to ensure data integrity and credibility. Through inventories and verifications, the company was able to monitor its emissions as well as motivate relevant departments to explore potential areas and opportunities for reduction and gradually formulate corresponding action plans. This would help improve SNI's emission reduction year by year.

According to the definitions of ISO 14064-1, there are seven GHG categories. A survey through the activities, products and services at each plant, the following GHGs and scopes are identified: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and Nitrogen trifluoride (NF₃). The analysis of major greenhouse gas emissions is purchased electricity. The main goals in the field of carbon reductions at emission sources and power conservation have already been incorporated into the major business policies and strategies. In addition, the goal attainment of energy conservation and carbon reduction programs is promoted and reviewed by the Corporate Social Responsibility Committee. SNI intends to reduce CO₂ emissions by 100 metric tons between 2017 and 2021 (based on 2015 figures).

GHG Inventory

Unit: ton CO₂e



Scope 1 Emission Source:

Direct emission sources include GHG sources owned or controlled by SNI (stationary combustion sources, mobile combustion sources, process emission sources and fugitive emission sources).

Scope 2 Emission Source:

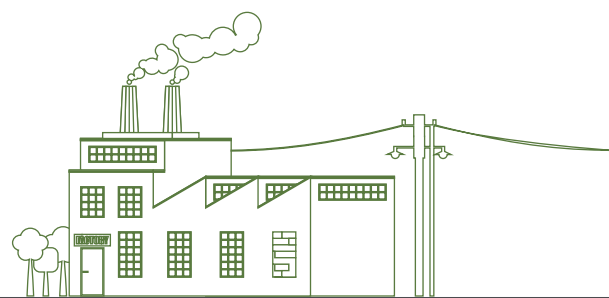
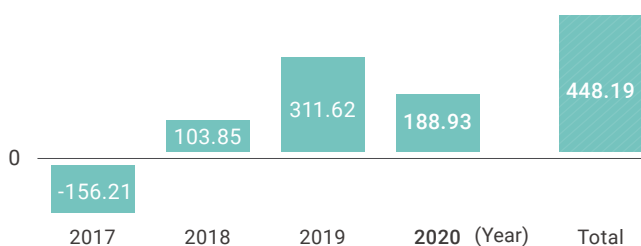
Purchased electricity represents the main indirect emission source.

Scope 3 Emission Source:

Other emission sources (raw material transportation, supplier production, employee travel, waste disposal, and so forth are not included in the scope of inventory; only qualitative sources and not quantitative ones are included).

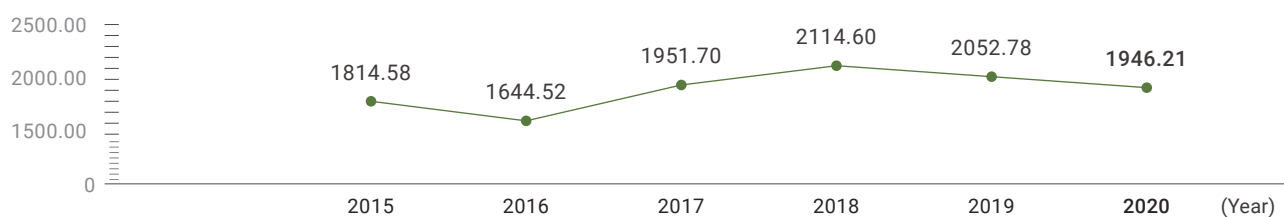
Note: Scope 3 emission information has not yet listed in the SNI emission report. The company continues to gather relevant data for Scope 3 emissions, in order to optimize SNI's GHG inventory in the future.

GHG Emission Reduction Statistics

Unit: ton CO₂e

Note: Based on 2015 figures. The change in 2019 was due to the lease expiration and closure of Hwa Ya Plant 2 on April 30, 2019 (approximately 34.5% variance in volume reduction).

GHG Eco-efficiency

GHG eco-efficiency (in NT\$1,000)/ton CO₂e

GHG emission amount in ton CO ₂ e	4,179.49	4035.56	4335.70	4075.64	3867.87	3990.56
Consolidated operating revenue (in NT\$ 1,000)	7,584,018	6,636,546	8,461,979	8,618,339	7,939,870	7,766,451

Note: GHG eco-efficiency=Total operating revenue/total annual GHG emissions. In 2020, the increase in greenhouse gas emissions was due to the increase in power consumption of new process equipments as a result in lower ecological benefits.

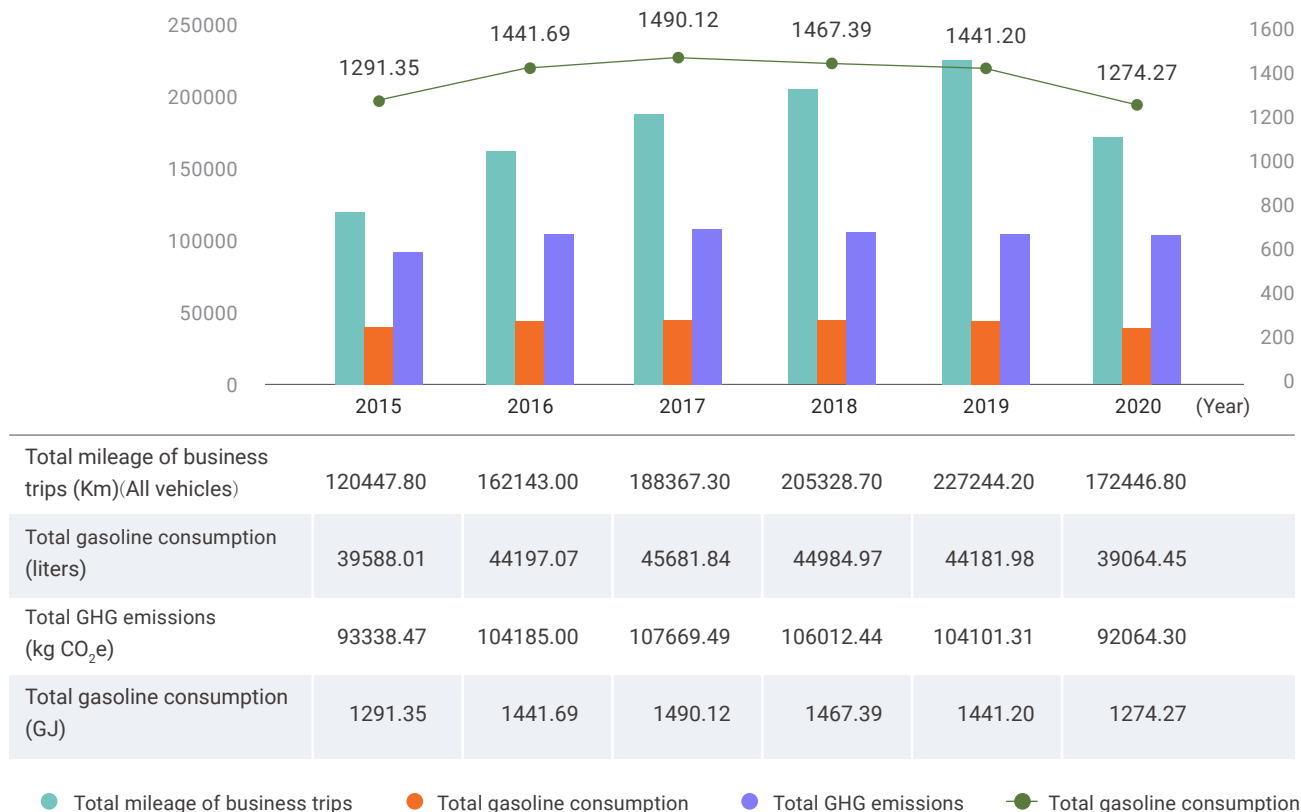
GHG Scope 3 Inventory

Greenhouse gas scope 3 inventory GHG disclosure and reduction programs GHG emissions Scope 3 information is not yet listed in SNI'S Inventory Report. SNI continues to compile Scope 3 inventory data based on the Corporate Greenhouse Gas Inventory Scope 3 standards published by WBCSD and WRI in 2011. Starting from 2017, SNI began to disclose the emissions in employee travel. SNI will continue to compile and disclose data of other Scope 3 items.

SNI launched inventory on domestic business trip from 2015 to 2020. Referred to EPA's Green Transportation Information Platform and based on the researches of

Industrial Technology Research Institute (ITRI), the coefficient of carbon emission from car engine was 256.5g CO₂/km; the coefficient of carbon emission from motorcycles was 112.4g CO₂e/km to calculate the CO₂ emission. The coefficient of per-km gasoline consumption from car engine was 0.109 L/km; the coefficient of per-km gasoline consumption from motorcycles was 0.048 L/km. With reference to the Energy Statistics Handbook published by the Ministry of Economic Affairs in 2016, gasoline for motor vehicles heat substance 1 ℓ=7800Kcal=32,635 KJ to calculate the total energy consumption from the use of gasoline.

Annual Statistics of Employees' Domestic Business Trips



Energy Management and Intensity Analysis

Given the limited and imbalanced distribution of energy resources, climate change in recent years has led to many natural disasters, depleting the Earth's natural resources. With environmental degradation and limited supply of new energy and renewable energy, the cost of electricity continues to go up. In fact, the government significantly increased electricity prices in 2012 and 2013, affecting many local industries and people's lives. In addition, the Ministry of Economic Affairs has re-announced the Provisions Governing Energy Users on the Establishment of Energy Conservation Targets and Implementation Plans on December 24, 2019, requiring energy users with contracted power consumption exceeding 800kw per year to have no less than 1% annual energy conservation rate and average annual energy conservation rate between 2015 and 2024.

Energy conservation has become an important issue and SNI has set the goal of saving power by more than 1%. In response to the restructuring of our product business, the groundbreaking of SNI's new plant in Taoyuan was held in July 2019. The new plant will be completed in 2022, with the goal of obtaining the Silver Green Building Label to reduce operating costs and environmental impact.

SNI has been promoting energy conservation measures and improving equipment energy usage efficiency by implementing the following:

1. Turning off lights in the office and warehouse during lunch break, turning off power when the conference room is not in use, and installing scheduled activation and deactivation of lights in public areas.

2. For the air-conditioning systems and water chillers, eco-friendly refrigerants are used, and regular maintenance is performed by cleaning and replacing filters to improve the air-conditioning systems' efficiency, while reducing energy consumption.

3. Machinery and equipment: turning off the power for machines that are idle or on standby for extended periods of time; carrying out the regular maintenance to keep all equipment and machinery in normal operation to improve equipment utilization rate while reducing power consumption.

4. Using LED lamps as light fixtures at the plants, replacing energy-consuming light sources with energy-saving alternatives.

5. Replacement of physical servers with virtual servers: By adopting a virtual server solution, the company is able to integrate multiple physical servers to reduce server procurement and power consumption.

6. Adopting online video conferencing software: The software effectively reduces the frequency of business trips between plants and international business trips taken by employees, thereby reducing CO₂ emissions generated by transportation.

7. Internal transfer training course provided by a seeded external training personnel for SNI employees involved in energy conservation and carbon reduction.

8. Introducing Lean Production for process optimization to improve production efficacy while reducing waste.

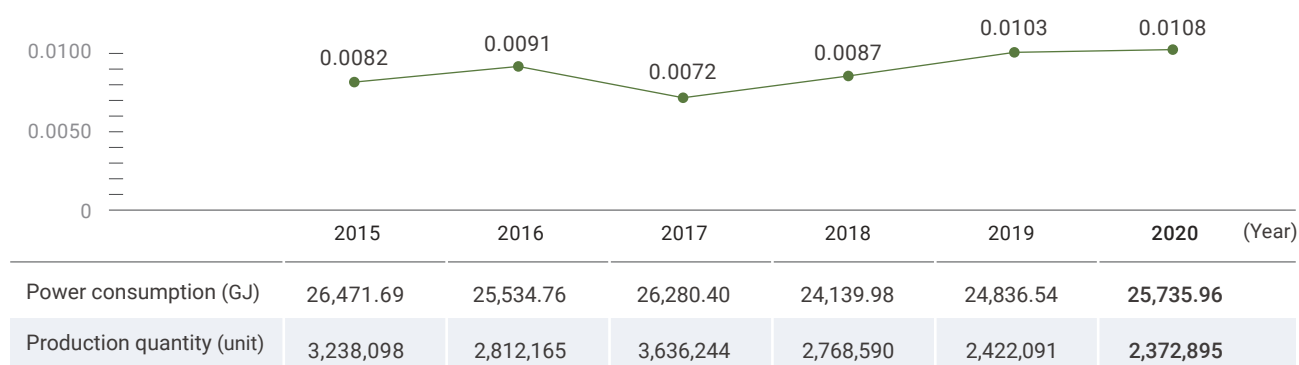
9. Public space is utilized for posting of energy-efficiency slogans and hand-made posters.

10. Changing the exhaust pipe of the equipment to a dedicated pipe to reduce the piping loss and enhance the efficiency of air extraction, changing the exhaust equipment to variable frequency equipment to enhance the energy efficiency of the equipment and reduce power consumption.

By improving its energy usage efficiency through various energy-saving measures, in addition to meeting relevant government requirements, SNI is able to prevent unwanted waste of energy resources, reduce energy consumption and lessen CO₂ emissions, thereby achieving a win-win situation by mitigating global warming and reducing the company's operating costs at the same time.

Statistics of Power Consumption (GJ) and Production Quantity (unit) at the Hwa Ya Plant

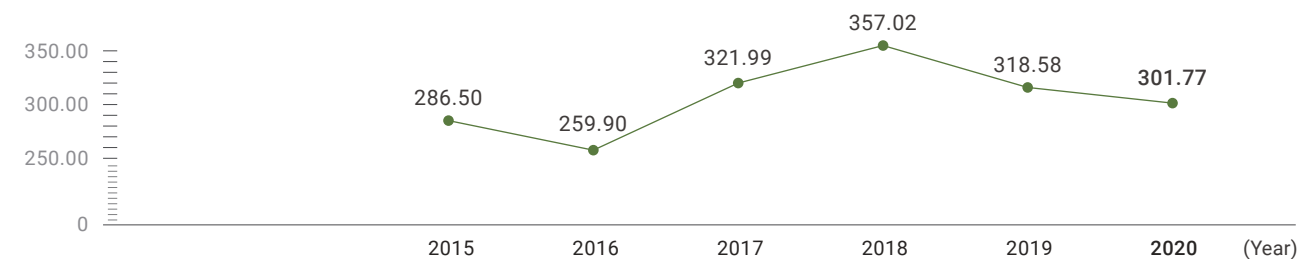
Power consumption (GJ)/ Production quantity(unit)



Note: Only the power consumption of Hwa Ya plant (headquarter) was included. Power consumption (GJ) per unit of production quantity = power consumption (GJ)/production quantity (unit)

Power Eco-efficiency of Hwa Ya plant

Power eco-efficiency (NT\$ thousand) / (GJ)



Total annual power consumption (GJ)	26,471.69	25,534.76	26,280.40	24,139.98	24,836.54	25,735.96
Consolidated Operating Revenue (NT\$ thousand)	7,584,018	6,636,546	8,461,979	8,618,339	7,939,870	7,766,451

Note: Only the power consumption of Hwa Ya plant (headquarter) was included. Power eco-efficiency = Total consolidated operating revenue (NT\$ thousand) / Total annual power consumption (GJ)

SNI's Primary Energy-saving Measures and Performance

Year	Plant	Power saving content	Estimated Power savings kwh/year	Estimated greenhouse gas reduction in tons of CO ₂ e/ year	Remark: Power Emission Factor
2015	Hwa Ya Headquarter	LED light fixture replacement	7,923	4.16	0.525
2016	Hwa Ya Headquarter	LED light fixture replacement	23,276	12.33	0.530
2016	Hwa Ya Plant No.2	LED light fixture replacement	1,858	0.98	0.530
2017	Hwa Ya Headquarter	LED light fixture replacement	372	0.21	0.554
2017	Hwa Ya Plant No.2	LED light fixture replacement	1,236	0.68	0.554
2018	Hwa Ya Headquarter	LED light fixture replacement	869,446	463.41	0.533
2018	Hwa Ya Plant No.2	Process cancellation of tin furnace use	152,064	81.05	0.533
2019	Hwa Ya Headquarter	LED light fixture replacement	95,282	48.50	0.509
2019	Hwa Ya Headquarter	Power saving operation of soldering furnace	101,574	51.70	0.509
2020	Hwa Ya Headquarter	LED light fixture replacement	5,105	2.60	0.509
2020	Hwa Ya Headquarter	DIP Ventilation Improvement	67,290	34.25	0.509

Note: The power savings are self-estimated.

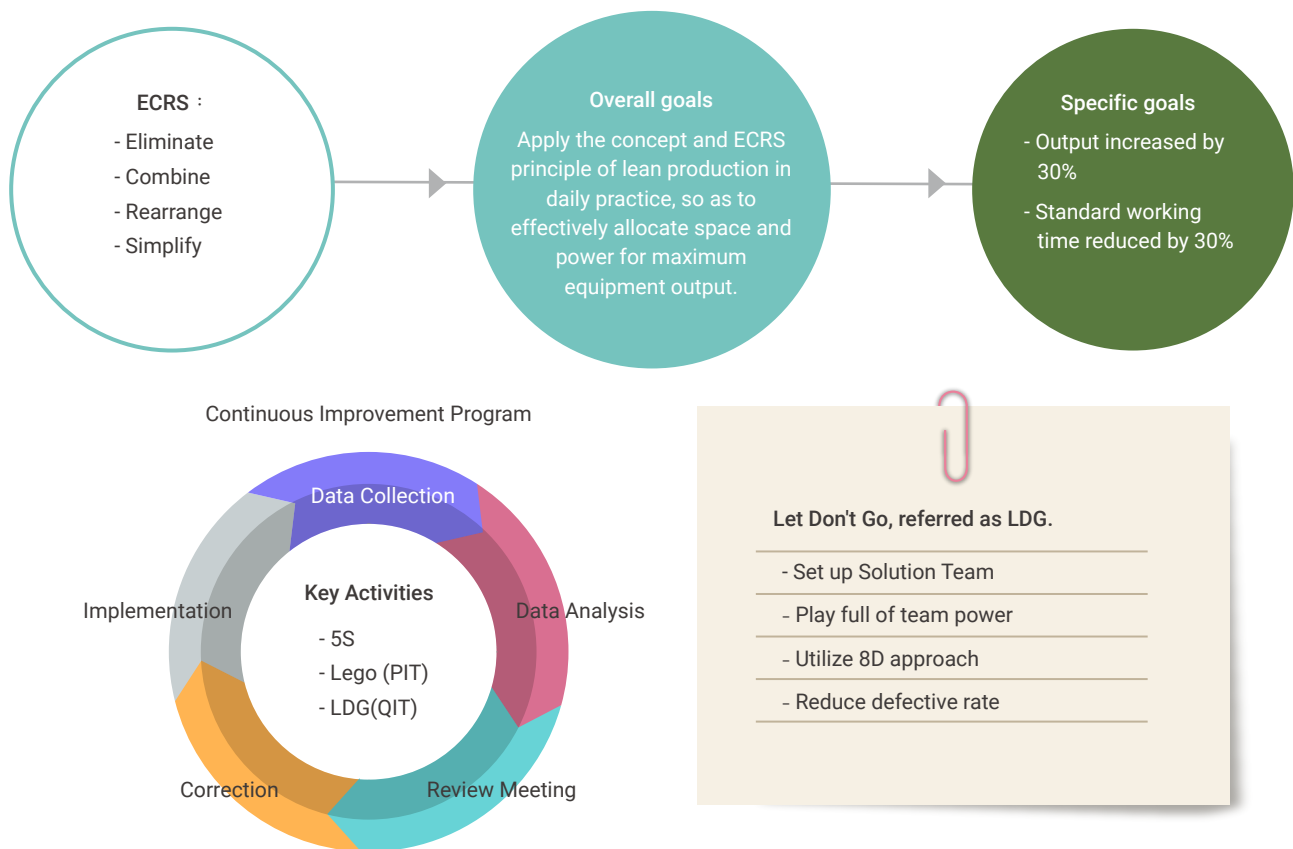


In 2020, Hwa Ya headquarter carried out the third phase of LED luminaire replacement in the whole plant, replacing 54 luminaires in total, which can save power by about 5,105 kwh/year, reduce greenhouse gas emission by about 2.60 tons of CO₂e/year, and reduce power expense by about NT\$16,800.



DIP Ventilation Improvement: Changing the DIP exhaust ducts to dedicated ducts and the exhaust equipment to inverter equipment saves power consumption; reduced power consumption by about 67,290 kwh/year, reduced greenhouse gas emissions by about 34.25 tons of CO₂e/year, and reduces power expenses by about NT\$221,400.

In 2020, Lean Production implemented the Lego 2 project to optimize the production process and achieve the goal of increasing production output and reducing working hours. The company also implemented LDG project to improve the defective rate of products and reduce the waste of defective products.



Water Resource Management

Due to the impact of global climate change around the world, water scarcity is one of the major problems that mankind has to face in the future. Natural disasters frequently destroy the environment. In Taiwan's case, droughts or torrential rains are a common occurrence. Therefore, proper water resource management has become more important. Although the manufacture of communication products requires relatively less quantity of water, water scarcity will still affect SNI employees. SNI aims to apply innovative and sustainable ways to protect water resources, reduce day-to-day water consumption by employees and facilitate recycling and reuse of water resources to mitigate the potential risk of water resource shortage.

SNI uses tap water as water source and does not use groundwater. In 2020, the total water withdrawal of Hwa Ya headquarter reached 34,534 metric tons, mostly for domestic water use and equipment washing. SNI has installed a recycling device for water discharged by its RO potable water system and air-conditioning cooling water at

Hwa Ya headquarter. The recycled water accounted for approximately 9.74% of its total water withdrawal. In other words, the company recycled approximately 3,363 metric tons of water for water chiller heat exchange, planting and irrigation to reduce water consumption.

SNI continues to promote and implement water conservation measures as well as improve water efficiency for its equipment and water recycling efficiency, by means of the following:

1. Posting water conservation slogans on the premises to remind all employees to support the concept of water conservation and the habit of turning faucets off after use.
2. Management of domestic water use by establishing specific reporting mechanisms; in the event of water leakage, employees should report it immediately for repair/maintenance. The company has also installed various water-saving devices and facilities, such as water savers on faucets to reduce water flow.

3. Potable water: The company performs routine equipment inspection and maintenance and replaces filters according to schedule, to improve the efficiency of water equipment.

4. The company installed a recycling equipment for water discharged by its RO potable water system to be used for water chiller heat exchange in 2015.

5. The company recycled the air-conditioning cooling water and used it for planting and irrigation in 2020.



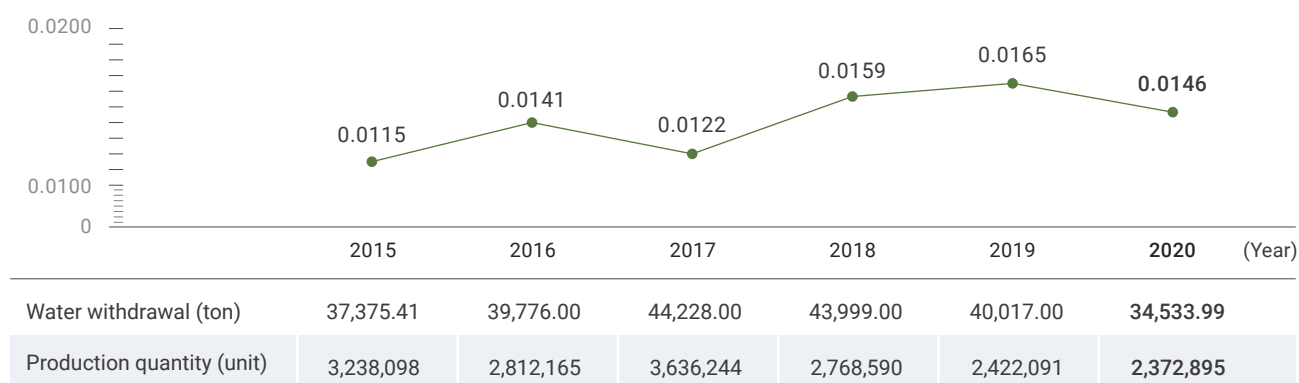
Air conditioning cooling water recovery

In 2020, 1,635 tons of air conditioning cooling water were recycled and temporarily stored in the fire fighting watering basin for planting and irrigation.

Through various water conservation measures, the company has improved water efficiency and eliminated the unnecessary waste of water resources. In the future, SNI will continue to promote the use of certified water conservation equipment for reducing water consumption and introduce rainwater recycling facilities for improving water recycling, in order to reduce the company's overall water consumption and operating costs.

Statistics of Water Withdrawal (ton) and Production Quantity (unit) at the Hwa Ya Plant

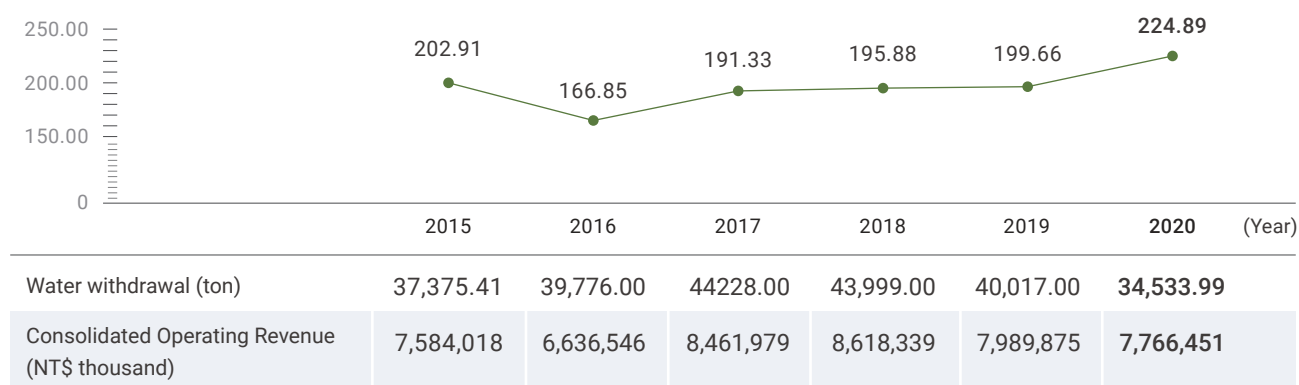
Water withdrawal (ton) /production quantity (unit)



Note: Only the water withdrawal at the Hwa Ya plant (headquarter) was included. Water withdrawal (ton) per unit of production quantity = water withdrawal (ton) /production quantity (unit)

Hwa Ya Plant Water eco-efficiency (NT\$1,000)/(ton)

Water eco-efficiency ((NT\$ thousand) (ton)



Note: Only includes the water withdrawal at the Hwa Ya plant (headquarter). Water eco-efficiency = Consolidated Operating Revenue (NT\$ thousand) / Water Withdrawal (ton)

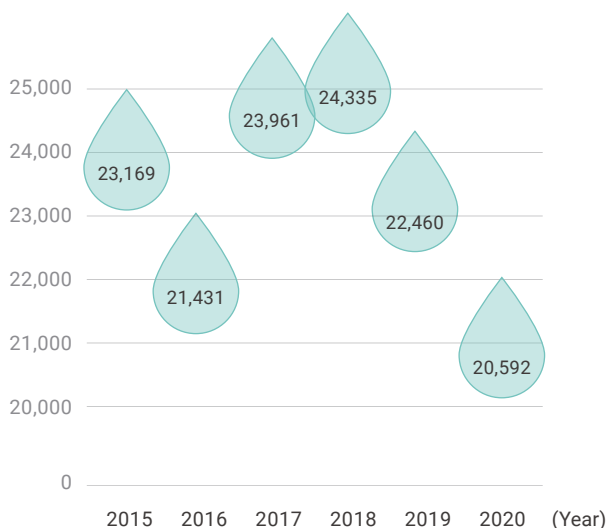
Wastewater Treatment

SNI generates no effluent from its processes and the pipeline of its domestic wastewater is connected to Hwa Ya Park Administration Center Wastewater Treatment Plant for collective treatment before the wastewater is discharged into the Nankan River. The Environmental Engineering Section of the Administration Center is responsible for carrying out routine sample inspection of wastewater (in terms of volume) and concentration of SS, COD and pH; all of which must be compliant with accepted standards for wastewater treatment plants. At each plant, plant personnel are assigned to take meter readings daily to monitor the status of wastewater or any changes in order to ensure

compliance with accepted standards for wastewater treatment plants.

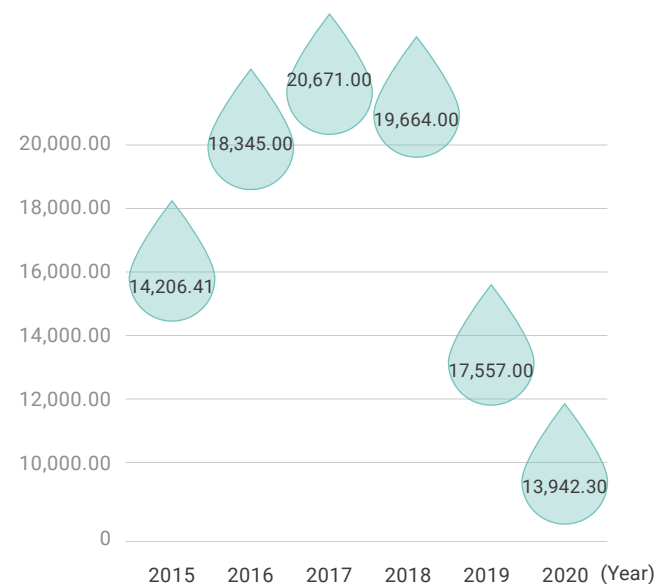
With clean production (waste reduction, recycling, and reuse) as its objective, SNI actively implements wastewater reduction, recycling and reuse to maximize the benefits of water resources. In terms of wastewater recycling and reuse, SNI has effectively reduced its wastewater discharge and reduced its environmental impact with its water usage and wastewater generation by recycling water discharged by its RO potable water system and using it for water chiller heat exchange, and by recycling air-conditioning cooling water and used for planting and irrigation.

Wastewater Volume (ton) at the Hwa Ya plant



Note: Only the wastewater volume at the Hwa Ya Plant (headquarter) was included.

Water consumption (ton) at the Hwa Ya plant



Note: Only the water consumption at the Hwa Ya plant (headquarter) was included. Water consumption = water withdrawal - wastewater volume.

Environmental Risk Evaluation and Communication

SNI gives great concern for the environmental impact of its operations, and has implemented a comprehensive environmental risk assessment and assigned corresponding risk levels based on the ISO14001 environmental management system. The company has adopted the Plan-Do-Check-Act Cycle (PDCA) to ensure continuous improvement through monitoring and auditing. It has adequately and effectively identified relevant risks and carried out preventive measures along with routine reviews on the effectiveness of its implementations and audits with regard to legal compliance. It has also strengthened its communication channels and mechanisms to achieve optimal risk management.

Environmental Grievance Mechanism

SNI has established its EHS consultation and communication procedures to manage its internal and external communications/consultations, offering relevant EHS information to its employees and stakeholders. The contents of the consultations and communications include stakeholder demands, competent government agencies, anomaly and proposal improvement mechanisms, management system requirements, reporting, meeting agendas (minutes), consultation forms or data, concerns about EHS regulatory compliance, petitions and grievances, emergency EHS incidents, and EHS requirements for stakeholders, such as contractors and customers. After the

EHS and energy information or specific requirements are received by relevant units, they shall be relayed to the Labor Safety Office for archiving and handling. The said units would then be asked to coordinate/communicate to establish counterstrategies for signing and implementation. In the future, SNI will continue to follow this procedure to conduct consultations and communications with stakeholders, and meet the demands of stakeholders.

SNI received two environmental grievances in 2020, two employee suggestions (one for office work improvement, and one for welfare improvement), which were described below:

Environmental Grievance Statistics

Item	Plant	Total no. of grievances in 2020	Grievances being handled	Grievances that were handled	Grievances that have yet to be handled
Internal stakeholders (employees)	Hwa Ya Headquarter	2	0	2	0
	Nangang R&D Center	0	0	0	0
	Taoyuan Plant	0	0	0	0
External stakeholders (local communities)	Hwa Ya Headquarter	0	0	0	0
	Nangang R&D Center	0	0	0	0
	Taoyuan Plant	0	0	0	0
Other individuals or organizations (government agency, NGO...)	Hwa Ya Headquarter	0	0	0	0
	Nangang R&D Center	0	0	0	0
	Taoyuan Plant	0	0	0	0
Total		2	0	2	0

Communication with Local Residents

SNI maintains good relationship with the residents of the neighboring communities. Active communication is the best way to hear the voices and understand the needs of local residents. The company endeavors to routinely join the Hwa Ya Park Environment Quality Monitoring Committee to record and report the status of environmental audit and monitoring within the park.

SNI values environmental protection and maintains communication through various channels in order to integrate into local communities. At present, none of its plants is situated in protected or conservation areas that have rich biodiversity or located near endangered species. All exhaust gas, wastewater and waste generated by company activities are treated in accordance with pertinent government regulations to meet accepted standards prior to emission; hence, there are no adverse environmental effects.

Chemical Management

SNI chemical management is based on a spirit of source management and has obtained the ISO 45001 occupational safety and hygiene management system to facilitate chemical operation management and change management with concrete control over the risks of chemical procurement and usage in order to stay legally compliant while preventing any occupational accidents or diseases. Inadequate chemical management could potentially affect employee health, operational safety, and the environment. SNI continues to promote chemical management solutions in conjunction with relevant promotions by the Ministry of Labor. By establishing and submitting the list of chemicals used at its plants, the company contributes to the construction of source management at its base. For the introduction of new chemicals, it has established stringent review measures and incoming-inspection standards. New chemicals may only be approved for use after they are proven to be compliant with plant regulations.

Insufficient staff training and a lack of understanding of the dangers of chemicals usually cause occupational accidents. SNI employs safety protection measures in combination with staff training and complete self-inspections and assessments to implement the management of hazardous substances. The plants survey and evaluate the operational environment on a regular basis and establish surveillance systems to gain a firm grasp of exposure conditions of operational personnel and environmental concentrations. The results and analyses may also serve as a classification reference for health monitoring.

In 2020, SNI had no incidents of chemical spills and leaks that had an impact on the surrounding environment, caused serious harm to personnel, losses of property, public safety risks, or factory blockades and work stoppages.

Statistics of Environmental Protection Expenses and Investments for 2020

To minimize the impact of business operations on the environment, SNI has established a dedicated maintenance unit for handling various pollution control measures and equipment along with equipment maintenance plans and relevant budgets. The company has also installed monitoring systems to check the operation of various treatment equipment in real-time so that appropriate adjustments can be made when needed to detect

equipment anomaly and prevent pollutants from affecting the surrounding environment.

SNI has also setup dedicated units to collect relevant information about amendments of environmental protection regulations and review the company's various pollution control measures and facilities to ensure compliance with pertinent regulations and standards. In compliance with environmental laws, the units were tasked to make adjustments or adopt new measures and equipment timely. In 2020, SNI's environmental protection -related expenses reached NT\$ 6,887,402.

Statistics of Environmental Protection Expenses and Investments





Item	Items of Environmental Costs	Expense (in NT\$)
1	Greening and sanitation outsourcing	186,000
2	Sanitation maintenance (sanitation engineering fee)	2,865,600
3	Floor waxing and cleaning	305,566
4	Environmental disinfection	47,000
5	Water fountain inspection	99,000
6	Toiletries fee (toilet paper, hand sanitizer...)	738,590
7	Green pot rental fee	150,600
8	Domestic sewage treatment fee	341,115
9	Air pollution control equipment repair and maintenance fees	84,000
10	Wastewater treatment equipment maintenance fee	41,055
11	Outsourced waste management (including transportation and handling of domestic waste and hazardous industrial waste)	966,786
12	Environmental monitoring (including inspection of air quality, wastewater, waste, etc.)	138,300
13	Environmental protection license review and certification: membership fees and miscellaneous fees	150,500
14	Environmental protection penalties	0
15	Investment on energy-saving modifications	773,290
	Total	6,887,402

Environmental protection fines or penalties

SNI had no environmental protection fines or penalties incurred in 2020.

Material and Energy Resource Flow Chart

In the field of material and energy consumption, SNI has been working towards the following goals: recyclable, low pollution, no hazard, resource and energy conservation, and extended lifecycle. SNI compiled the following Material and Energy Resource Flow Chart in 2020 by collecting relevant material data from different regions to be used for material and resource consumption statistical analysis, which strengthened the company's environmental management system further while serving as an important reference for the company's green manufacturing processes.

	Input	Output	
 Product Design	PCB input 4.7353 million pcs	Wastewater discharge volume Wastewater volume: 20,592 tons Suspension solid (SS) : 1.58 tons ^{Note 2} Chemical oxygen demand (COD) : 5.39 tons ^{Note 2}	Note 1: Raw material refers to the quantity of materials used for production. Note 2: The calculation of SS and COD is based on the figures taken from routine inspection reports multiplied by the volume of wastewater discharged.
 Purchasing	Raw materials ^{Note 1} Antenna 799,900 pcs Package materials 33.5329 million pcs Plastic parts 6.3901 million pcs Hardware 60.8493 million pcs	Air emissions GHG emission quantity: 3990.56 tons CO2 equivalent ^{Note 3}	Note 3: The GHG emission is the figure in 2020. Note 4: Total waste quantity: including general (including recycled) waste and hazardous waste.
 Manufacturing	Water Resources Water withdrawal 34,533.99 tons Full plant water recovery rate 9.63%	Quantity of waste generated Total waste generated: 521.59 tons ^{Note 4} Quantity of recycled and reused waste: 371.56 tons ^{Note 5} Final quantity of solid waste disposal: 150.03 tons ^{Note 6} Final quantity of liquid waste disposal: 5.14 tons ^{Note 7}	Note 5: Quantity of recycled and reused waste: including resource waste, recyclable process waste, and so forth. Note 6: Total quantity of solid waste disposal: total quantity of non-recyclable solid waste Note 7: Total volume of liquid waste disposal: total quantity of non-hazardous effluents from cleaning reflow ovens
 Sales	Energy Externally purchased power: 25,735.96 GJ	Quantity of products sold Wireless Network System Products: 1.6718 million units Wired network system products: 783,200 units Wireless communication system products: 21,000 units Other ^{Note 8} : 1.0929 million units	Note 8: Including sales revenues from network security monitoring system products, accessories, and relevant maintenance.

Resource Reduction and Reuse

SNI believes that only improvement from the source and green design/production will help the Company achieve reduction in the consumption of energy and resources. SNI expects to reduce direct impact on the environment from mining and issues relating to rear-end waste output through

various material recycling and reuse technologies and development of environment-friendly products. SNI will continue to answer the call for sustainable development and resources reuse rising worldwide.

Waste Resource Management

SNI complies with the Basel Convention and pertinent environmental protection laws, and conforms to zero waste practices. SNI's waste disposal priorities are source reduction, classification, reuse, and resource recycling. Should any of the aforementioned approaches for waste disposal be not applicable, SNI would opt for waste incineration. There are 10 to 20 ways of waste classification, after appropriate recycling and classification, they are sorted into different types of waste (i.e., disposal, recyclable, and resource waste) and disposed according to regulations.

Waste is primarily divided into solid and liquid waste. Liquid waste is derived mainly from non-hazardous solvents used in cleaning reflow ovens and is independently collected and stored during the cleaning process. On the other hand, solid waste is derived from domestic waste, resource waste, recyclable mixed metallic and hardware waste (hazardous waste), plastic packaging waste, and paper cartons. Solid waste sorting and resource recycling are carried out before qualified waste disposal service providers perform cleaning and disposal procedures. According to statistics, the total amount of waste in 2020 was approximately 521.59 metric tons, of which 490.80 metric tons was non-hazardous waste, accounting for about 94.1% of the total, and 30.79 metric tons of hazardous waste, accounting for only about 5.9% of the total. SNI has set its target for waste recycling and reuse rate at over 75%.

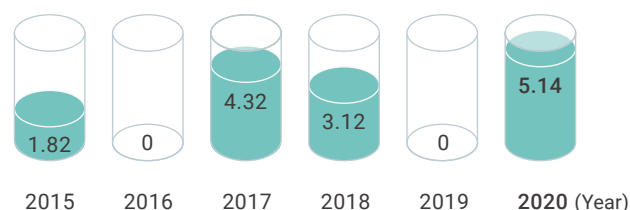
SNI has been promoting various waste reduction optimization activities at its various plants, including:

- 1.E-requisition forms are used to effectively reduce the amount of paper waste due to printed purchase request forms.
- 2.Reduction of paper use in accounting operations; relevant accounting vouchers (except for GUI or invoices issued by external parties) that have been converted to electronic forms need not be printed (i.e., vouchers for payment requests/sales of goods entries/inventories/audits by accountants/ other accounting operations) to save paper and time in sorting and archiving printed materials.
- 3.Moving to a paperless manufacturing system, which reduces the issuance of printed slips, thereby enabling the company to reduce the amount of paper waste.
- 4.Setting up Used Battery Recycling Stations: the company collected a total of 6kgs of used batteries in 2020.
- 5.Using the e-catalog design of products and e-marketing tools enables the company to reduce printing and paper waste.
- 6.Product Unboxing, Brand Exposure, and Traffic Steering: For new products, the company has looked for suitable candidates as key opinion leaders (KOL) to do product unboxing for marketing purposes on various social community platforms and to generate media exposure. Apart from reducing the amount of printing needed, this approach also boosts the effectiveness of e-marketing.
- 7.Introduction of Automated Jigs: Manual operation is replaced by actuating cylinder to reduce work time of operators, improve production quality, and minimize the need for rework or scrapping due to defects.
- 8.The online Hwa Ya Headquarter dining-attendance system replaces the use of meal coupons to reduce paper waste.
- 9.“Along with SNI” E-newsletters:E-newsletters are issued quarterly to relay information about the company's activities to colleagues, enhance organizational communication and raise employer's team unity to help reduce printing and paper consumption.
- 10.Elimination of SOP paper work and introduction of electronic SOP system to reduce the use of paper.
- 11.Intelligent shelves replaced traditional shelves, reducing material storage area, inventory days and material mis-distribution and waste.

Liquid waste production from 2015 to 2020 at

Hwa Ya plant

Unit: tons



Note: Only the liquid waste from Hwa Ya plant (headquarters) was included. The liquid waste was non-hazardous solvents. The waste output in 2019 was temporarily stored and has not been disposed.

Waste generation from 2015 to 2020 at Hwa Ya Plant

Unit: tons

Item \ Year	2015	2016	2017	2018	2019	2020
Total	444.40	410.33	562.20	532.65	507.85	521.59
General business waste	427.14	396.53	544.13	514.99	479.27	490.80
Waste that required incineration	89.98	87.50	116.72	120.87	127.15	150.03
Recyclable Mixed Hardware Waste (Hazardous Waste)	17.26	13.80	18.07	17.65	28.58	30.79
Resource waste	337.16	309.03	427.41	394.12	352.12	340.77
Recycling and reuse rate	79.75%	78.68%	79.24%	77.31%	74.96%	71.24%

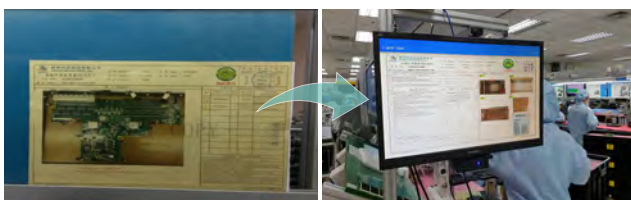
Note: Only the waste from Hwa Ya plant (headquarter) is included. Recycling and reuse rate = (recyclable mixed hardware waste + resource waste) / total volume X 100%.



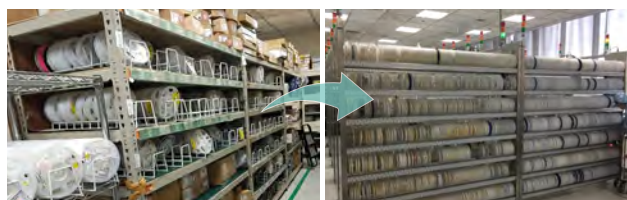
The "Along with SNI" e-newsletter reduces the number of paper copies printed.



E-marketing tools were used to reduce printing volume/paper waste.



Elimination of SOP paper work and introduction of electronic SOP system to reduce the use of paper.



Intelligent shelves replace traditional shelves, reducing material storage area, inventory days and material mis-distribution and waste.

Air Pollution Prevention

SNI implements an air quality management strategy that requires all pollutants to be properly treated prior to emission in order to maintain environmental quality standards. It's exhaust fumes primarily come from its SMT and DIP soldering processes. To ensure effective pollution control, SNI has reduced the consumption of raw materials in its processes while implementing relevant pollutant discharge measures and control (i.e., managing from the source). It has also been enhancing the effectivity of its exhaust treatment equipment to ensure effective control of exhaust discharge.

Although SNI is not categorized by the EPA under industrial air pollution control, in an effort to maintain air quality, it has installed an active carbon absorption tower at its Hwa Ya Headquarters in which exhaust emission generated during the SMT and DIP soldering processes are discharged through the local exhaust ventilation systems for collective treatment using the active carbon absorption tower before they are released into the air. The active carbon absorption tower is routinely serviced on a yearly basis to maintain its operational efficacy so as to mitigate environmental impact.

Development of Eco-friendly Products

In line with global trends and to contribute to environmental protection, SNI has committed to manufacturing eco-friendly products without compromising product performance and reliability. The company has pledged to cut down on raw materials for its products and opted for raw materials that are compliant with pertinent green and environmental protection regulations while refraining from using conflict minerals in its production so as to stay compliant with relevant environmental regulations around the world. On top of that, it is committed to minimizing GHG emissions in order to mitigate the impact of climate change by incorporating energy-saving features in its product designs through the use of parts or components that operate on low-energy consumption models. In addition, it promotes energy-saving measures and improves its equipment efficiency to reduce carbon emissions during product lifecycles. Besides ensuring adequate protection for products, it has applied green design principles that support reduction, circular recycling, and reuse of packaging materials while reducing the bulk of product packaging and prioritizing green logistics that help minimize energy resource consumption. SNI works hard to fulfill its mission of manufacturing various eco-friendly products that are compliant with pertinent regulations.

SNI has established a platform for supplier communication and plans to promote the “RBA Code of Conduct” and “GRI Standards” supply chain related indicators, product carbon footprint and water footprint verification, product restricted substance regulations, greenhouse gas inventory and reduction, water consumption inventory and reduction, and waste inventory and reduction to our suppliers, in the hope that SNI's supply chain system will move towards sustainable development.

SNI takes green sustainable operations seriously; hence, it has undertaken measures to ensure that all raw materials used for manufacturing are compliant with green and environmental regulations. The company actively assists vendors in the supply chain to transform into green enterprises while continuing to update its knowledge of the latest international regulations (i.e., EU's RoHS directives, REACH-SVHC, and so forth), customers' demand for Green Products (GP), and relevant quality requirements before explicitly asking and assisting suppliers to comply with customers' GP and quality requirements to reduce or avoid

the generation of harmful substances, while meeting RoHS, WEEE and other customer-specific requirements.

In an effort to accelerate the approval process for green materials by dramatically reducing the approval period for such materials in the development process, SNI introduced its Green Product Management System (GPMS) in 2018. By asking suppliers to upload their product composition analysis reports, test results, warranties and other relevant documents, purchasing units and quality management-related concerns can help in the timely purchasing process and effectively confirm whether the raw materials provided by suppliers meet customers' requirements for banned and restricted substances and grasp the effectiveness of green supply chain implementation. In 2020, SNI consistently optimized GPMS-related functions for higher management efficiency, for the purpose of continuously promoting its green sustainable value chain.

Development of Green Products

With modern technologies advancing day by day, GHG emissions have led to global warming and climate change. Besides exhaust fumes, effluents and waste from production in factories have contributed to environmental pollution. To make matters worse, massive exploitation of fossil fuels has exhausted the Earth's limited resources. As the environment faces worsening conditions, governments around the world have established relevant international regulations and directives (i.e., EU's ROHS directive, REACH-SVHC, Montreal Protocol, Greenpeace, WEEE directive, and China's RoHS directive, etc.). Similarly, the United Nations has adopted the Paris Agreement on December 12, 2015 to replace the Kyoto Protocol. SNI's customers have also proposed a Green Product requirement and relevant quality requirements to jointly help alleviate worsening environmental problems. In terms of product lifecycle, SNI has been engaged in green product R&D and design, from raw materials, manufacturing, transportation and distribution to disposal. At different phases of development and usage, SNI complies with green and environmental regulations as it develops green products with minimal environmental impact.

Development of Innovative Materials and Technologies

SNI is well-aware of the Earth's limited energy resources and it hopes to adopt product designs that feature recyclable raw materials in order to mitigate any environmental impact when the products reach the end of their lifecycles. The company also focuses on the source as it strives to reduce waste generation in its processes. By achieving precise control over the use of non-recyclable and recyclable raw materials in various processes of green product design, green procurement of raw materials, SNI spreads the environmental protection requirements to the components and raw materials, and expands the product use process and disposal after treatment, so as to fully comply with international environmental protection standards and implement the green product policy, and effectively contribute to the continuous use of energy resources.

SNI continues to promote its green product design philosophy and product carbon reduction plan to match its product lifecycle. It conducts inventory inspections and visits with the cooperation of suppliers to ensure thorough disclosure of energy resource consumption data at different phases of production as it strives to obtain its product carbon footprint certification. Through product material selection strategies, process optimization and carbon reduction for products as well as energy conservation, carbon reduction, and water conservation activities on its supplier's end, SNI can fully improve the energy and water resource efficiency of its overall manufacturing process. Hopefully, through a series of green product planning and activities, the company along with its upstream and downstream vendors can achieve a green vision and become a green enterprise that helps create greater profit as well as co-existence with the environment.

Improving the Product's Energy Efficiency

In response to the impact of climate change caused by the greenhouse effect, products manufactured by different industries have all steered towards energy-conservation

designs. And the same holds true for SNI's product development design. As the parts and materials used for appliances determine the level of a product's energy consumption, which in turn translates to GHG emissions and environmental impact, the reduction of the product's energy requirement and energy-saving features for better energy efficiency is of vital importance to mitigating environmental impact and alleviating the effects of climate change.

SNI's external power supplies have been built with parts that are compliant with the latest energy regulations. As for the selection of internal components for its other products, SNI also prioritizes parts that require lower power consumption and strives to reduce energy-use with specific software features to achieve optimal adjustment based on usage scenario. In the future, the company plans to continue promoting products with energy-saving features or eco-friendly operating models i.e., wired/wireless products that support (GREEN MODE) in order to strengthen the support of its latest energy-saving product standards.

Product Designs that Facilitate Reduction in Resource Consumption and Easy Recycling

SNI adheres to green design principles based on reduction, circular design, recycling, and reuse in creating its products. These product features do not only offer additional safety protection to customers, but also enhance product image, reduce consumer spending, and contribute to the goals of environmental protection, carbon reduction and efficient use of energy resources. Besides the reduction in packaging materials, it minimizes shipping volume for easier handling, not to mention lowers product storage and transportation costs, thereby facilitating green logistics management to create more profit. Hopefully, through its product packaging reduction efforts, SNI is able to create a triple win outcome for its customers, the environment, and the company. Its 2020 statistics showed that approximately 98% of the weight of its packaging materials consisted of recyclable materials.

Example of Product Material Recycling and Reuse



The company established its recycling symbol for plastic waste material in 2020: 60 projects were completed and about 124.27 tons of plastic materials were printed with the recycling symbol to help facilitate recycling of end products.

The company recycled partition trays in 2020: A total of 10,709K pcs was recycled.



The company used recycled pulp as material for molded pulp packaging trays for products in 2020: 49 projects were completed and a total of 25.24 tons of recycled pulp was used.

Future Directions in Recycling and Reuse of Product Materials:

1. Establish a recycling symbol for plastic waste material: Plastic parts that weigh over 25g or have a surface area exceeding 200mm² will be stamped with a plastic recycling symbol.
2. Adjust the ratio of recyclable paper raw materials: Molded pulp tray packaging for products will use recycled pulp as material to facilitate recycling and reuse.
3. Establish the classification of non-recyclable and recyclable raw materials for packaging in the SNI system in order to determine the weight ratio of each material.

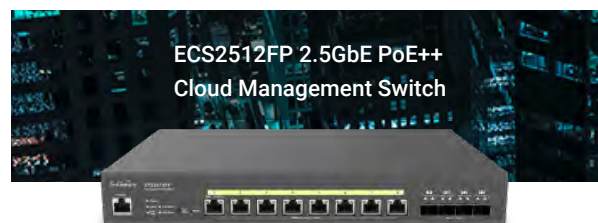
Product won the 2020 Redes Zone Award

Redes Zone is a renowned IT media company in Spain and is also one of the largest technology websites. It has a strong interest in network storage devices (NAS) and has been committed to providing detailed analysis of product tests. The product ECW260 won the 2020 Media Review 10/10 award from Redes Zone. SNI is deeply grateful for the recognition it from reviewers received for its products.

4. Recycling of partition trays: Quantitative statistics and use of partition trays for materials from suppliers.

5. Reduce PCB updates in project development: Reduce materials and costs for PCB modification, cleaning, and production trial runs, with a total PCB reduction of 2,643 pcs.

Examples of Green Product Innovation



- Product Innovation

The first 8-port 2.5GbE PoE power supply plus 4-port SFP+ Layer 2 Plus cloud management switch in the industry.

- Features of green products

1. Weight lighter than similar 2.5GbE 8-port Layer 2 switch products.
2. Smaller size (ECS2512FP: 13 inch) than similar 2.5GbE 8-port Layer 2 switch products (19 inch).
3. This product supports IEEE 802.3az function and complies with IEEE Energy ETHERNET specification, which automatically detects network traffic and dynamically adjusts power consumption. The power output can be automatically reduced during low connection condition. It is also equipped with PoE auto-scheduling function, which can set PoE to power PoE devices only during working hours through cloud management to achieve the purpose of energy saving.



2020 Media Review
10/10 award from
Redes Zone

EnGenius ECW260 Outdoor Cloud Access Point (AP)

Product Features

- According to reviews, the EnGenius ECW260 professional outdoor AP performed well in performance tests. The speed achieved in the 2.4GHz band was excellent, up to 250Mbps in practice. In the 5GHz band, the speed was very good in all the locations we tested, and we reached an actual speed of 700Mbps, so it performed very well.
- EnGenius ECW260 cloud-managment outdoor Wi-Fi 6 AP has 2x2, IP67, and MU-MIMO specifications. This top line cloud management base station features the latest in rugged weatherproof and Wi-Fi 6 technology to ensure top performance and reliability in the harshest environments.
- A large number of APs can be managed from anywhere with the EnGenius Cloud application. Mesh wireless networks allows easier deployment, optimized signal quality and self-restoring connectivity and capability.

Product won the 2020 Winmag Pro Award

WinMag Pro magazine is a professional information technology media company in the Netherlands that provides first-hand industrial news and IT solutions for individuals and enterprises. It's editorial team selects the best among many IT products and services and the winner should be a leader in various types of IT products used by SMEs. EnGenius Cloud won the 2020 Editor's Choice 9.1 award, and the MKB Best Choice award from WinMag Pro. SNI is deeply grateful for the recognition it received from reviewers for its products.



2020 Editor's Choice 9.1 and MKB
Best Choice award from WinMag Pro

EnGenius Cloud

Product Features

- According to media reviews, EnGenius Cloud ran entirely in the cloud. Working with Amazon Web Services ensured connectivity and rapid network expansion or contraction. From equipment installation to network segmentation and inspection: No local operation was required. The service included a cloud-based platform for the deployment and management of EnGenius' cloud-based Access Points (APs) and switches. It could easily and cost-effectively provide network connectivity for home and office workplaces.
- EnGenius Cloud is the best wireless network management solution for enterprises. For general businesses or SMBs that require easy management and security, EnGenius Cloud's quick installation and setup features provide reliable network performance monitoring, problem analysis and prediction, and real-time data insights that help companies focus on growing their business.
- A comprehensive cloud management product line with the latest enterprise-class technology and a reliable switching platform, EnGenius Cloud offers a complete and high-performance product line, including the most advanced Wi-Fi 6 wireless APs and switches with SFP interfaces and network cable power.
- The mobile application also enables easy device deployment, visual analysis and real-time notification of abnormal activity.

Promotion of a Green and Sustainable Value Chain

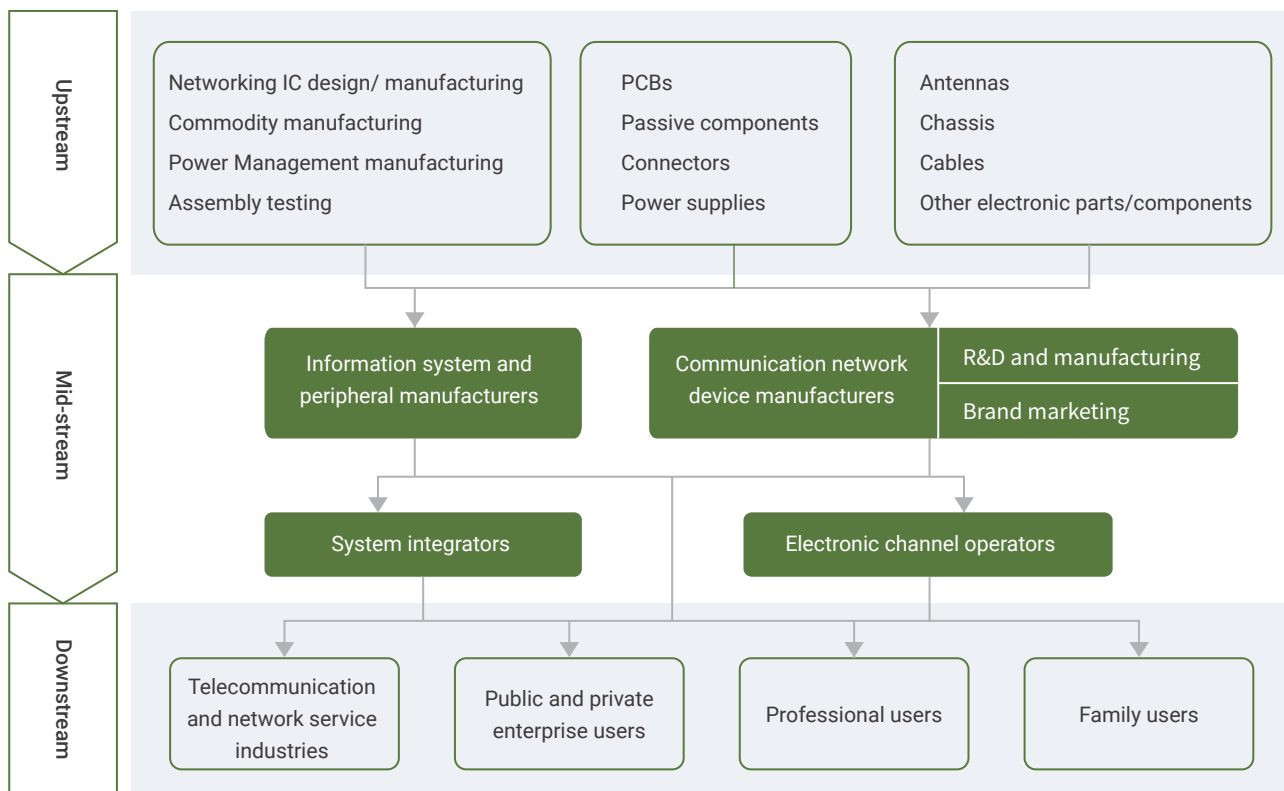
Supplier CSR Promotion

SNI focuses on human rights, environmental safety and health, and ethical management-related requirements. In 2020, the company started to introduce the RBA Code of Conduct, established an RBA management system, promoted the RBA Code of Conduct, extended the RBA Code of Conduct concept to suppliers, encouraged suppliers to agree to abide by the RBA Code of Conduct, filled out the suppliers' corporate social responsibility self-assessment form, and promoted the RBA supply chain system. The company encourage suppliers to abide by the RBA Code of Conduct, fill out the suppliers corporate social responsibility self-assessment form, promote the RBA supply chain system, and demonstrate our commitment to corporate social responsibility.

Guided by its philosophy of sustainable operations, SNI continues to promote its corporate social responsibility.

Through the supplier meetings as a platform for direct advocacy, consultation, communication, and interaction with suppliers, SNI announce SNI's latest version of restricted hazardous substance management procedures, future environmental protection policies, quality requirements, and labor & ethics management. At the same time, the company addresses various issues such as the energy resource depletion, and climate change in order to work together with suppliers to fulfill its corporate social responsibilities. SNI shares its green knowledge and experience in energy-conservation and carbon reduction with suppliers through such platform. This is also a way to build consensus and awareness of the green supply chain philosophy among SNI suppliers. The company can jointly develop a comprehensive green supply chain system that can achieve the goal of multiple wins by creating green products that are environmentally friendly, beneficial to improving people's quality of life, and capable of achieving a harmonious coexistence and shared prosperity for all.

Supply Chain Overview



As for the composition of the SNI supply chain, major materials applicable to the current supplier management procedures include PCB, connectors, plastic parts, electronic parts, power supplies, die-casting parts, iron parts, etc. In 2020, there were a total of 267 manufacturers included in our program, mainly located in Taiwan.

Quantities and Locations of 2020 Material Suppliers

Unit: company

Main materials	PCB	Connectors	Plastic parts	Electronic parts	Power supplies	Die-casting parts	Iron parts	Total	Percent (%)
Taiwan Suppliers	7	37	15	148	9	3	20	239	90
Overseas Suppliers	4	1	1	18	1	2	1	28	10
Total	11	38	16	166	10	5	21	267	100

Green Product Requirements

SNI continues to collect and evaluate regulations from the world as well as customer requirements for restricted substances to stay on top of the latest global environmental trends and actively ensures that all its products comply with Green Product requirements. The company adopts the SNI's Supplier Material Inspection and Reporting Management Mechanism as a green product assurance instrument to reduce the use of hazardous substances in its products. In the plants, SNI also conducts accurate and rigorous measurement and monitoring of prohibited and restricted substances in raw materials and products that have environmental impacts and harmful effects by sophisticated XRF feeding inspection instrument and sending samples to external laboratories. SNI integrates its management and identification of hazardous substances at its plants to achieve total control over material compliance in accordance with the company's green product policy. The company complies with regulations and customer requirements by delivering products that are free of hazardous substances in order to achieve green design and development.

SNI's Green Product Policy

Conform to regulatory and customer requirements

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

Provide hazardous substance-free products

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

Dedicate to eco-design development

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

SNI's Purchasing Policy

1. Follow the corporate policy to create profits for SNI and establish a co-existence and co-prosperity relationship with suppliers upon the impartiality and reasonability.
2. Recruit and cultivate quality purchasers and implement job rotation to enrich employee competencies.
3. Capture supply sources and aggressively cultivate excellent suppliers, OEM contractors, and second sources.
4. Capture four major elements: quality, delivery time, price, and after service to create profits for SNI.
5. Be familiar with market supply and demand, enrich professional knowledge, and optimize communication and coordination to enhance purchasing efficiency.

Product CSR Requirements – Supplier Evaluation and Implementation

To become an SNI material supplier, vendors are required to meet extensive scrutiny and evaluation based on various aspects like material selection, identification, incoming materials management, scale of facilities, supply capacities, QA system, and relevant inspection instruments. This process ensures that suppliers comply with SNI requirements for FQC, delivery time, and use of restricted substances in order to facilitate smooth manufacturing operations. By purchasing materials at reasonable prices, SNI is able to seek profit for the company.

The purchasing department conducts audits on a monthly basis to evaluate major material suppliers based on their performance with regard to FQC, delivery time, degree of cooperativeness, and business reputation (i.e. environmental and labor conditions, human rights, society, and other negative impacts). SNI has incorporated the RBA Code of Conduct provisions in its purchasing contracts and expects all suppliers to comply with relevant requirements as indicated in the remarks section for orders.

Supplier CSR Audit and Counseling

SNI encourages all suppliers to abide by the RBA Code of Conduct by completing the Supplier Corporate Social Responsibility Self-Evaluation Form and promoting energy

conservation and carbon reduction management. It is hoped that all suppliers work together with SNI to promote the latter's supply chain system, creating a positive image that embodies labor rights, human rights, safety, and environmental sustainability so as to build customer confidence. In 2020, SNI completed the audits and counseling of 4 suppliers, and the results showed all complied with the requirements. As such, SNI has planned to conduct supplier's CSR self-assessment requirements and an on-site audit counseling in 2021 to help suppliers fulfill their obligations pertaining to corporate social responsibility, energy conservation, and carbon reduction management. Suppliers that failed to meet the requirements have been notified to take corrective actions before the specified deadline. If they fail to do so, they will be replaced by backup suppliers.

SNI Supplier Efforts in 2021

- Support SNI in the promotion of CSR management.
 - Cooperate with SNI's CSR on-site audit.
 - Complete and submit the CSR Questionnaire.
 - Comply with pertinent labor and EHS regulations, laws and CSR requirements.
- Support SNI in the promotion of energy conservation and carbon reduction management.

Comply with Customer CSR Requirements

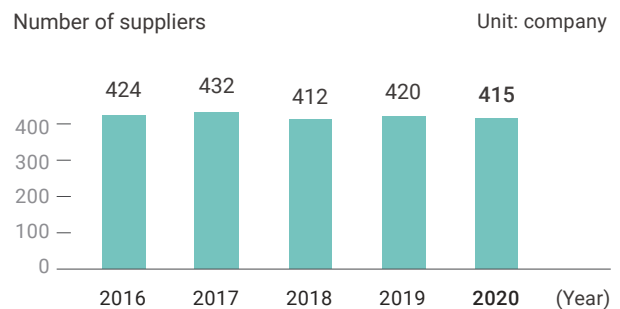
With more customers considering corporate social responsibility as a component of corporate performance, the RBA Code of Conduct has become a common gauge for corporate social responsibility compliance in international sectors. By adopting the RBA Code of Conduct, a company will be able to systematically establish and implement a sound CSR system that will create a positive image for its business and products, and build customer confidence. Hence, by complying with the requirements of the RBA Code of Conduct, SNI will be able to meet customer's CSR-related requirements and help the company obtain eligibility as a qualified supplier.

Conflict Mineral Management

In order to curb production and transaction of conflict minerals in Africa's conflict zones, the United States passed the Dodd-Frank Wall Street Reform and Consumer Protection Act on July 21 2011, requiring manufacturers that distribute products in the U.S. to disclose the mineral origin report, as required by the American Stock Exchange to prevent products containing conflict minerals from being imported into the country. In light of the Dodd-Frank Wall Street Reform and Consumer Protection Act, SNI customers have requested an investigation of SNI's metal smelting

service providers. Consequently, SNI's QA Department completed the investigation in December, 2014 and results showed that none of the company's suppliers acquired metals from conflict areas, which was a great assurance to customers. SNI continues to request suppliers to complete the Conflict-Free Smelter and Due Diligence Form and disclose their metal origin so that the company can trace the source of specific minerals and prevent the import of products containing conflict minerals (i.e., tantalum (Ta), stannum (Sn), tungsten (W) and gold (Au)). SNI had no conflict mineral management violations in 2020.

Statistics of Suppliers Completing the Conflict-Free Smelter and Due Diligence Form



Note: The investigation was conducted on primary and secondary suppliers.

SNI's Conflict Mineral Policy

As an upright corporate citizen, SNI is committed to fulfilling its corporate social responsibilities. The company respects human rights, and reinforces conflict minerals management by requiring its supply chain to comply and implement the following policy:

- The company does not support or use metals sourced from areas affected by armed conflicts, illegal mining operations or poor mining conditions. These minerals are also called conflict metals.
- The suppliers assures that none of its products containing gold (Au), tantalum (Ta), stannum (Sn) and tungsten (W) have been sourced from conflict mineral areas.

This policy has been disclosed to all SNI employees and supply chain, requiring compliance of all concerned parties.

Green Procurement and Localization

In 2020, SNI continued to promote material purchasing management. For material suppliers that have already been introduced, the QA Department carried out a routine Supplier Product Restricted Substance Management Audit; for newly introduced suppliers, their materials were only approved or used after passing the SNI green audit. For suppliers of mass-produced items, the company arranged their audit schedule and plan in accordance with SNI's annual product rating management principle. The audits included on-site plant audits or review of documents, etc. in order to monitor the material quality and compliance of suppliers with SNI's green product requirements.

Since 2016, SNI has responded to the government's green purchasing and green consumption promotion for enterprises and organizations by advocating the purchase of eco-friendly materials and products as a way to instill the concept of green purchasing in employees. In 2020, the company kept promoting its purchasing mechanism for general consumable materials and green product purchases. In the same year, all SNI primary materials were compliant with requirements for restricted substance management. Aside from continuing to purchase green raw materials that are compliant with the aforementioned requirements, the company also plans to promote general consumable materials and green product purchasing that are in line with recycling, low-pollution or energy-conservation standards. SNI hopes to gradually encourage its supply chain to jointly respond to the government's initiative of promoting general consumable materials and green product purchasing.

Green Product Management System (GPMS)

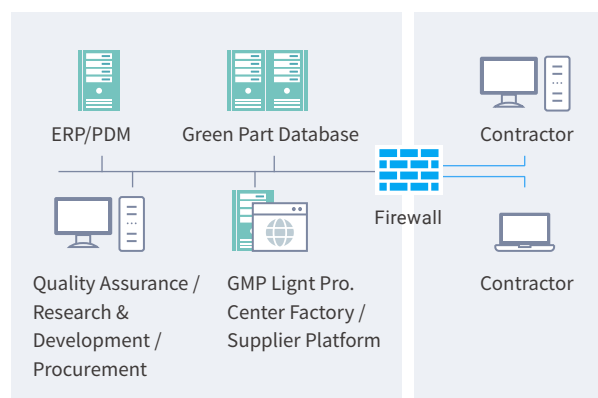
In an effort to strengthen its management and control over the use of hazardous substances in materials for green product manufacturing, SNI introduced its Green Product Management System (GPMS) in 2018 with the implementation of the ISO 9001 quality management system using an integrated service provider. The system was established to integrate the process of partial approval and green investigation as requested by customers for trial production or actual production. By verifying material specifications and fulfilling its obligations to conduct green

product investigation, the company was able to manufacture green products required by customers.

In 2019, SNI has completed the optimization of FMD total material management, VDM supplier document management and online E-based learning system. In 2020, SNI continued to optimize its GPMS towards FMD (Full Material Declaration), VDM (Vendor Document Management), and online e-learning system to improve the performance of the three major efficiency indicators, as explained below:

- A complete collection of green parts related data is available.
- The company can quickly and flexibly produce the declarations required by SNI's customers, including IPC1752, CHINA RoHS Repot, etc.
- Green parts database can be provided to meet the plight of international suppliers who do not provide green data.

SNI will continue to optimize the GPMS, optimize and update in coordination with the new revised specifications related to green products, and assist suppliers in reaching a consensus with the company regarding the promotion of green products in order to improve the management of these products. It does not use raw materials or equipment containing prohibited substances and plans to eliminate such substances as well as restricted substances to prevent product mixing and to ensure compliance with pertinent regulations and customer requirements in order to protect the Earth's environment and mitigate the impact on the ecosystem.



Schematic diagram of GPMS green parts database

Green Purchasing Performance

SNI has made a conscious effort to purchase materials and products with relevant eco-friendly labels. In 2020, the total amount of green procurement (including PCs, corrugated cartons, etc.) was NT\$69,923,433. The company will continue to promote relevant materials and products with eco-friendly labels in the foreseeable future.

Green Purchasing Amounts over the Years

Unit: NT\$

Item \ Year	PCs	Eco-friendly paper towels	Corrugated carton	Eco-friendly toner cartridges	T5 tubes	Air purifiers	Dehumidifiers
2016	1,922,500	20,520	31,272,000	24,900	0	0	0
2017	1,389,500	52,820	37,710,377	16,350	5,550	0	0
2018	3,771,865	59,420	38,287,510	42,600	0	29,500	24,000
2019	2,692,989	72,800	33,299,494	13,200	0	54,432	17,136
2020	2,649,849	61,400	26,281,146	4,980	63,333	34,000	29,950

	Refrigerators	Televisions	Mobile phones	Washing machines	Electric fans	Electric vehicle	Cement	Total
2016	0	0	0	0	0	0	0	33,239,920
2017	0	0	0	0	0	0	0	39,174,597
2018	27,900	43,766	94,343	0	0	0	0	42,380,904
2019	31,017	48,405	150,873	16,317	7,455	3,552,500	0	39,956,618
2020	0	47,880	113,700	0	0	0	40,637,195	69,923,433

Note: Source: 2020 Statistics on procurement by private enterprises and organizations



On November 24, 2020, SNI received the 2019 recognition from the Taoyuan City Government, Department of Environmental Protection for its Outstanding Contribution to Green Purchasing as an Enterprise.

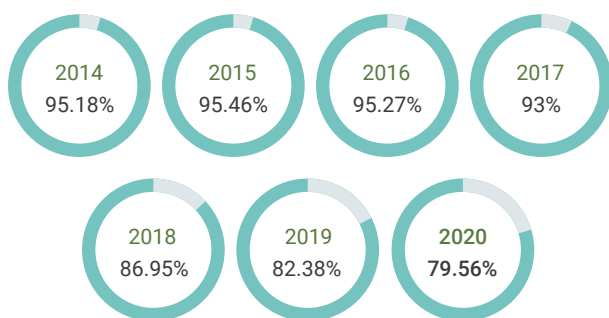
In line with Green Purchasing, which is part of its “Green Infinity Plan”, SNI continues to purchase eco-friendly materials and products, and gradually establishes its green purchasing mechanism to monitor green procurement items and consistently record purchase amounts. SNI has been recognized by the Taoyuan City Government, Department of Environmental Protection as an Outstanding Green Purchase Organization and Enterprise for four consecutive years since 2016. The company hopes to see an increase in green purchasing in the next few years in order to maintain its outstanding green purchasing performance.

Local Materials

SNI understands the significance of preserving energy resources and the convenience and advantage of local supplies. Given the importance of meeting product functional requirements and complying with customer and legal requirements, SNI has sought and cultivated local suppliers to develop and test their samples in accordance with new material recognition and introduction procedures while implementing purchasing solutions in the hopes of reducing energy resource consumption and environmental impact. In terms of material selection, SNI prioritizes materials from local suppliers aside from considering competitive pricing and materials designated by customers. The company continues to purchase materials locally to the best of its abilities in order to prevent unnecessary costs and energy waste from air or ocean freight. Out of its primary purchasing requirements in 2020, approximately 79.56% of its material purchases in Taiwan were attributed to local suppliers (calculated based on the proportion of local purchase amount to the total purchase amount).

In 2020, SNI's local purchasing ratio declined mainly because modular parts came from overseas suppliers. Moreover, for PCB and electronic components, their foreign purchase prices were more advantageous, leading to a decline in the ratio. SNI will aim to reach its local purchasing target of 90%.

SNI's Ratio of Local Purchasing



Note: Calculation was based on the proportion of local purchase amount to the total purchase amount.

Green Transportation and Logistics Management

The movement of green consumption has gathered momentum around the world. Today, consumers are not only concerned about their own safety and health but also genuinely care about the improvement of the Earth's environment. They have learned to reject products, services, and consumption methods that are contrary to environmental protection, which has in turn facilitated the development of green logistics.

In 2020, SNI continued to improve its planning and implementation of logistic activities such as personnel and cargo transportation, storage, unloading and handling, packaging, and so forth in order to achieve its objective of reducing environmental pollution and resource consumption.

With regard to personnel transportation activities, SNI continued to optimize the service routes of its shuttle vehicles and had adjusted its service schedules in order to increase vehicle occupancy rate while reducing vehicle mileage. SNI also ensures that all its vehicles were properly maintained to keep them in optimal condition so as to improve mileage and reduce energy consumption as well as carbon emissions.

In terms of cargo transport, SNI facilitated interdepartmental coordination to achieve collective transport of loose cargo in order to reduce the number of vehicle dispatches. Moreover, it kept track of the number of trips made by each vehicle in order to optimize its vehicle and personnel dispatch plan for product delivery, achieving the highest possible utilization rate of vehicle storage space in accordance with pre-established routes. Goods to be delivered on the same route were transported by the same vehicle in order to reduce the number of trips to be made. This helped reduce expenses and increase transportation efficiency by effectively eliminating convective transport, thereby alleviating potential traffic congestion. In 2020, SNI completed its statistics on the number of trips made by transport vehicles, which totaled 1886 trips. With changes made, SNI was able to reduce the number of trips by 180 (1706), which translates to a reduction of 9.54%, saving about 900L of diesel fuel. In 2021, the company endeavors to complete its statistics on the number of transport vehicle trips and reduce it by 10%.



Creating a LOHAS Working Environment to Promote Cohesion and Happiness among Employees

“Talent” has always been the most important asset of the company and it is also the foundation which assists in the continuous growth of the company, so SNI actively recruits talents in various fields, and in order to attract these talents to stay in SNI, the company takes pride in providing the opportunity for passionate and energetic employees to put their talents and skills to good use by actively creating a fair, healthy, and caring work environment that encourages learning and innovation. The company also provides reasonable and competitive wage and benefits to its employees. On top of that, it also offers comprehensive training and development courses that help employees enhance their professional skills and personal development over the course of their careers. At the same time, SNI also provides job opportunities for disadvantaged groups, and encourages employees to continuously participate in various charitable activities to help make contributions for the society. For SNI, having healthy and energetic employees is not only the highest aim of a LOHAS workplace, but also the happiness of the employer.

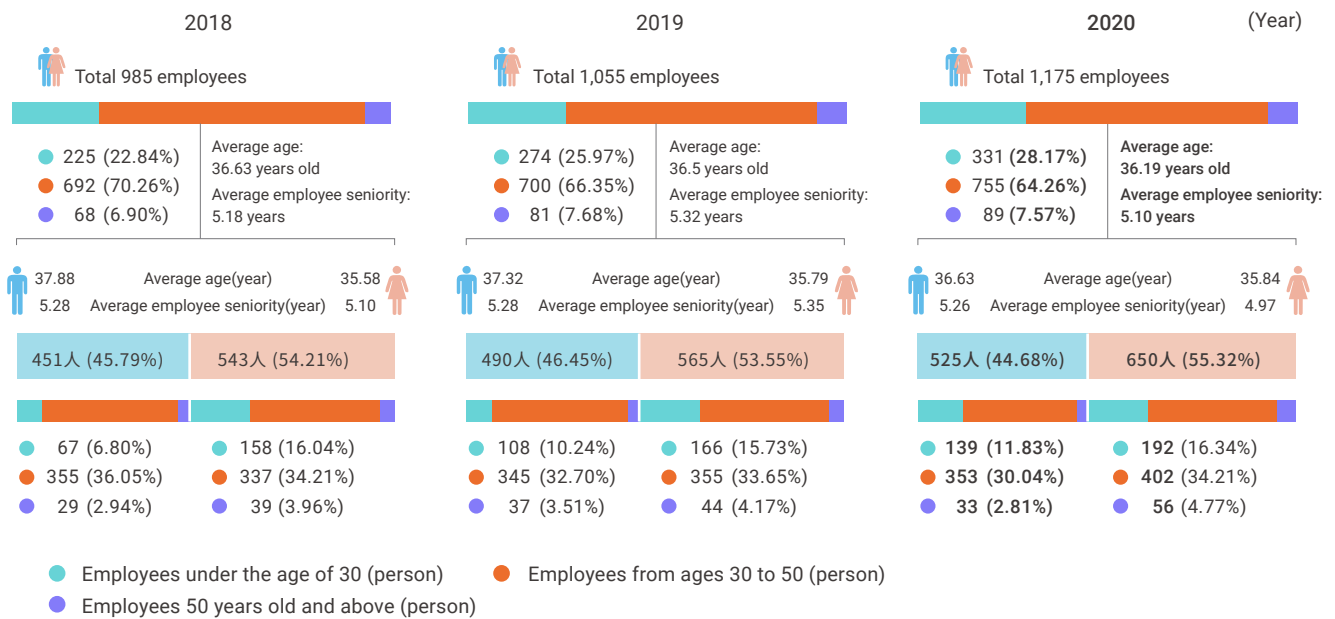
Overview of Global Employees

Through regular human resource structure analysis, SNI captures the changes and understands in the distribution of its human resource structure (i.e., age, gender, academic credentials, etc.). It is able to make adjustments to its human resource profile in accordance with developmental needs by recruiting more personnel in sales, R&D, design, and other professional fields, working together towards achieving the company’s next milestone. SNI continues to conduct regular analysis of its human resource structure, turnover rate, reasons for resignation, etc., and recruit additional manpower based on the human resource requirements of various departments. In this way, it can maximize the benefits of its investment in workforce and assist the company to achieve its strategic goals.

Age/Gender/Region

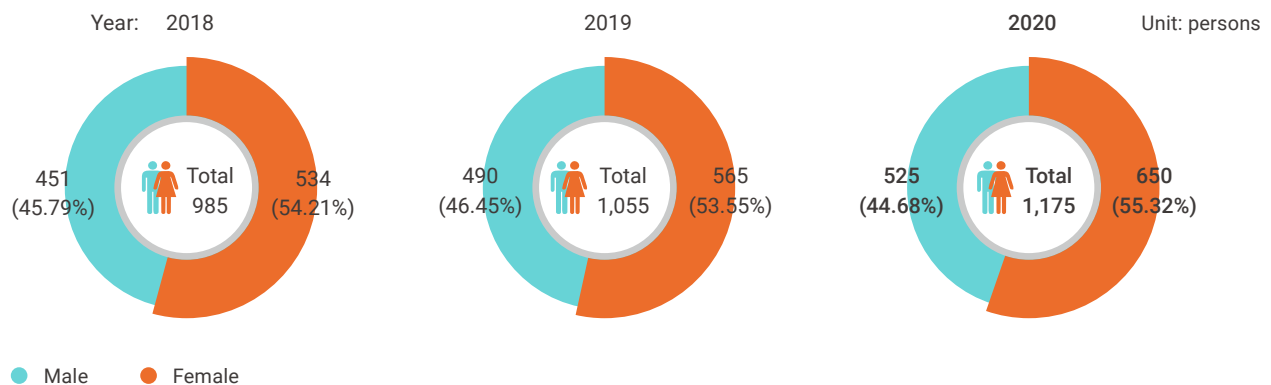
SNI gives importance to employee benefits and talent development in order to attract fresh graduates to join the company, making it a young, energetic, and innovative enterprise. As of the end of 2020, the average age of its employees was approximately 36.19(36.63 for male and 35.84 for female); in terms of age distribution, approximately 28.17% (male: 11.83%, female: 16.34%) of its employees were below 30 years of age and the remaining 71.83% were above the age of 30 (male: 32.85%, female: 38.98%).

Age Distribution



Ratio of Male and Female Employees

As of the end of 2020, SNI had 1175 employees - 650 female employees (55.32%) and 525 male employees (44.68%). With the exception of the massage therapist and the consultant, all remaining SNI employees have non-fixed term contracts. Both fixed term and non-fixed term employees are considered full-time employees of the company. In addition, due to the increase in the number of orders, the requirement of temporary workers was increased, 205 temporary workers were also employed (129 males, 76 females). Below was the employee composition according to gender:

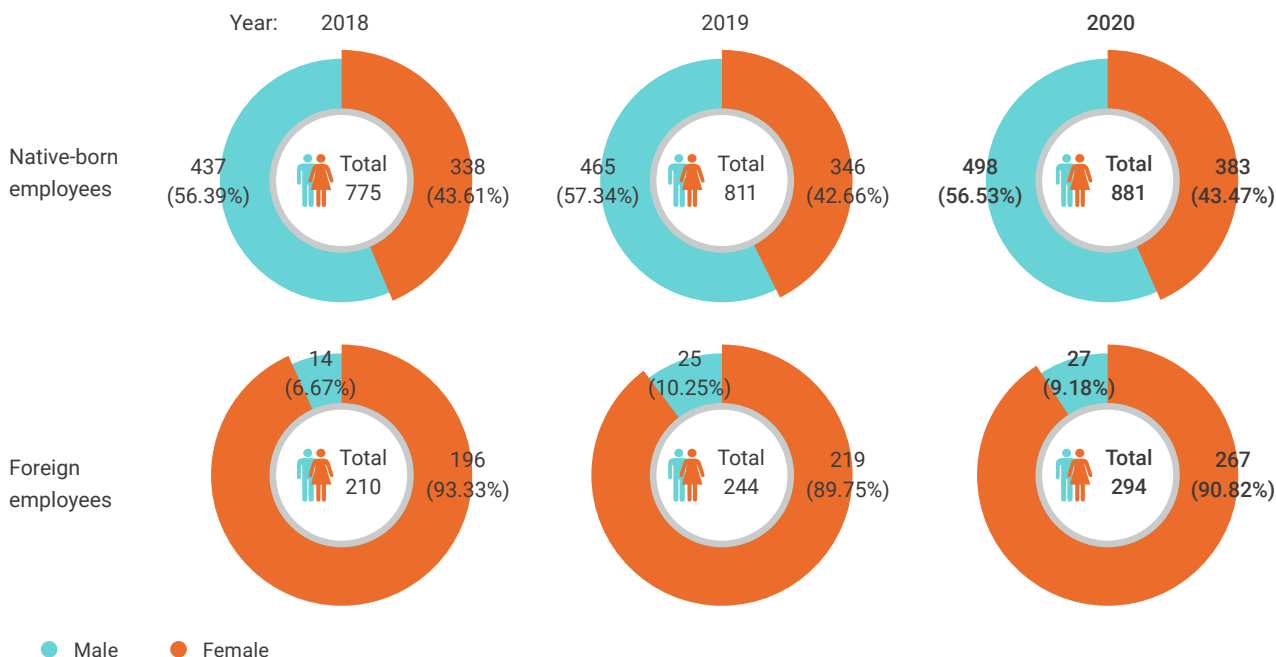


When recruiting personnel, SNI complies with government policy and regulations by hiring mostly local citizens. With regard to management promotion, internal promotion of outstanding personnel is given priority. Relevant personnel are appointed or promoted according to management and administrative requirements. The company also conducts competency management review in accordance with relevant systems. In the future, SNI shall continue to adhere to government policy and regulations by hiring local citizens to comprise its workforce.

Nationality of employees

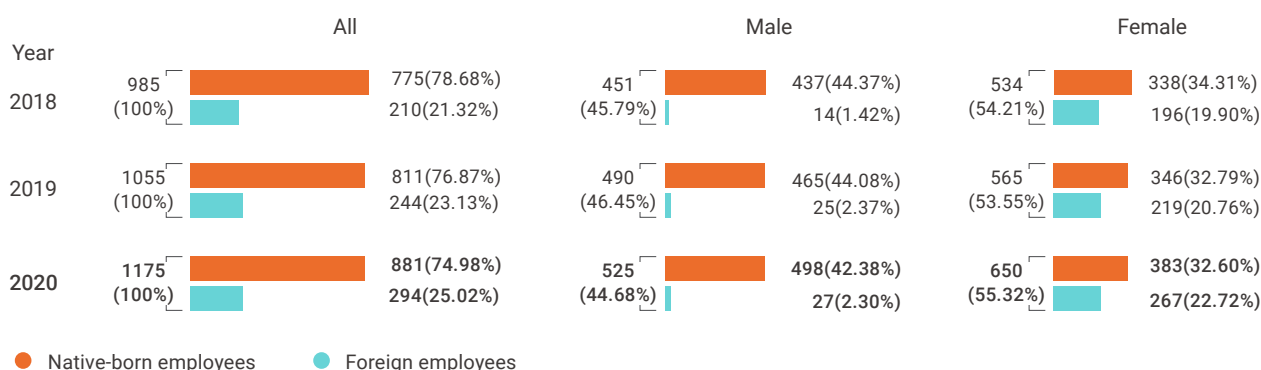
Male to Female Ratio of Native-Born and Foreign Employees

Unit: persons



Ratio of Native-Born and Foreign Employees

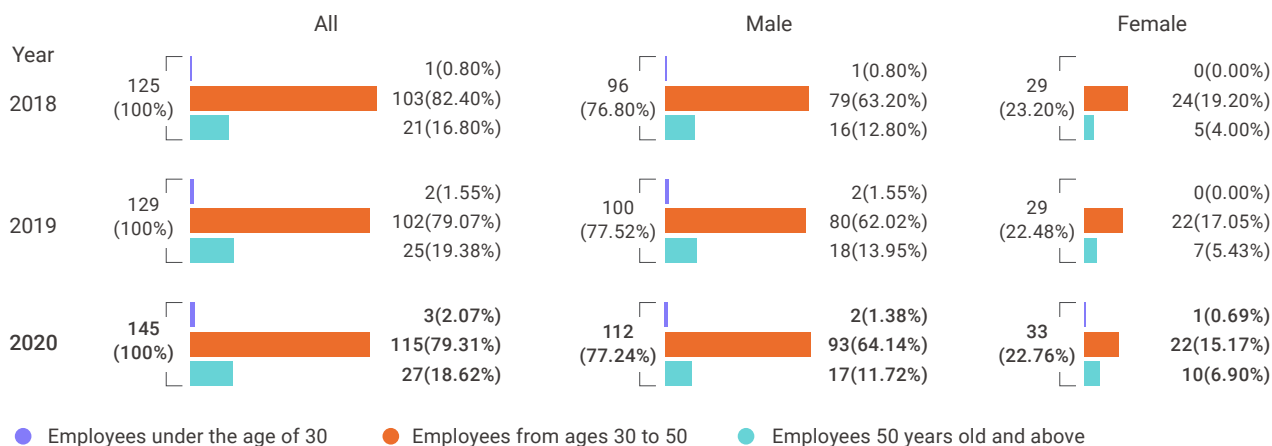
Unit: persons



No. and Ratio of Full-Time Employees

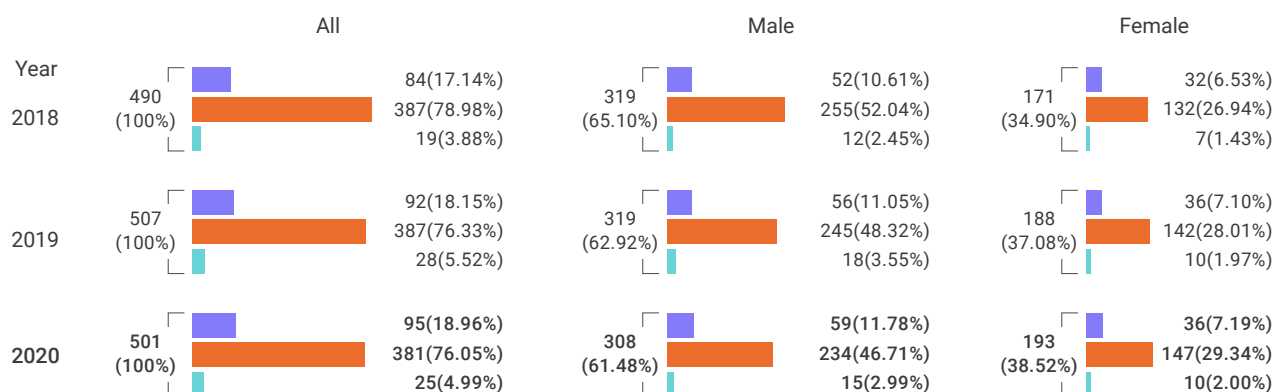
Full-Time Employees - Managerial Personnel

Unit: persons



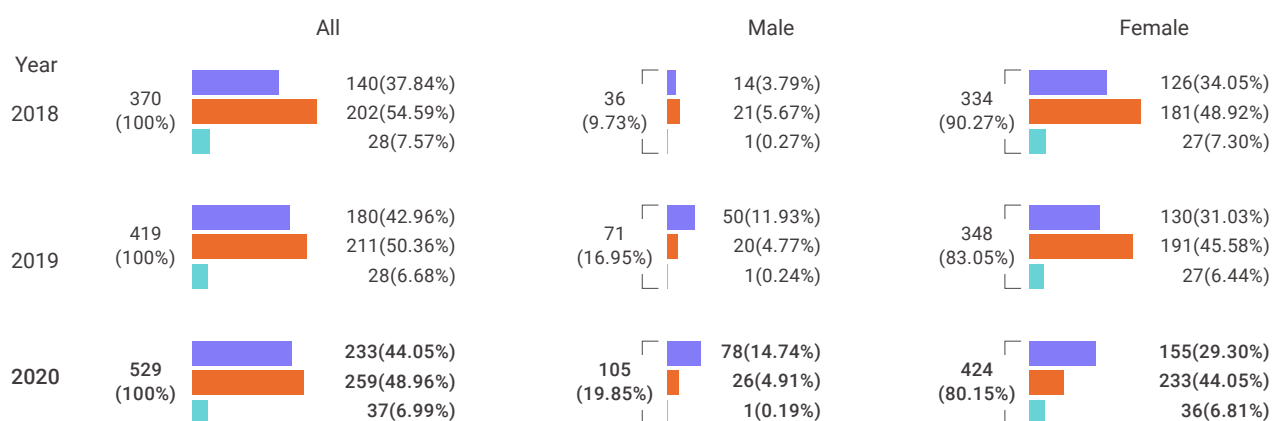
Full-Time Employees - Non-managerial Personnel

Unit: persons



Full-Time Employees - Operators

Unit: persons

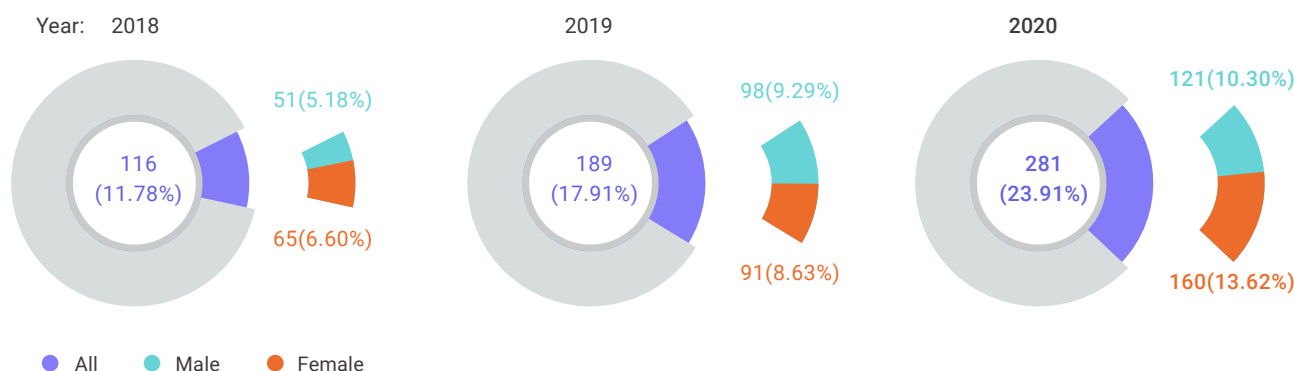


● Employees under the age of 30
 ● Employees from ages 30 to 50
 ● Employees 50 years old and above

Note: Managerial personnel: refer to supervisors (excluding project personnel) at the team leader level or above, and non-managerial personnel: deducting other employees other than managerial personnel and operators.

No. and Ratio of New Employees

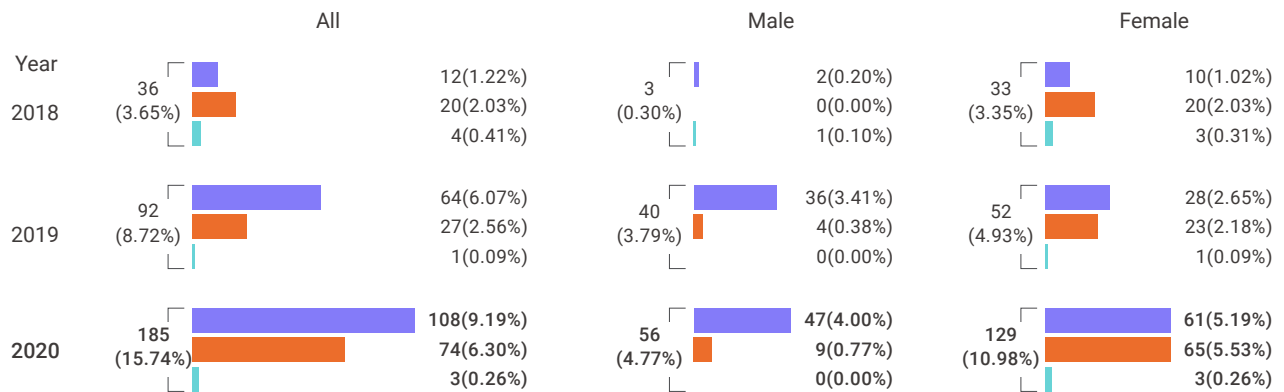
Unit: persons



● All
 ● Male
 ● Female

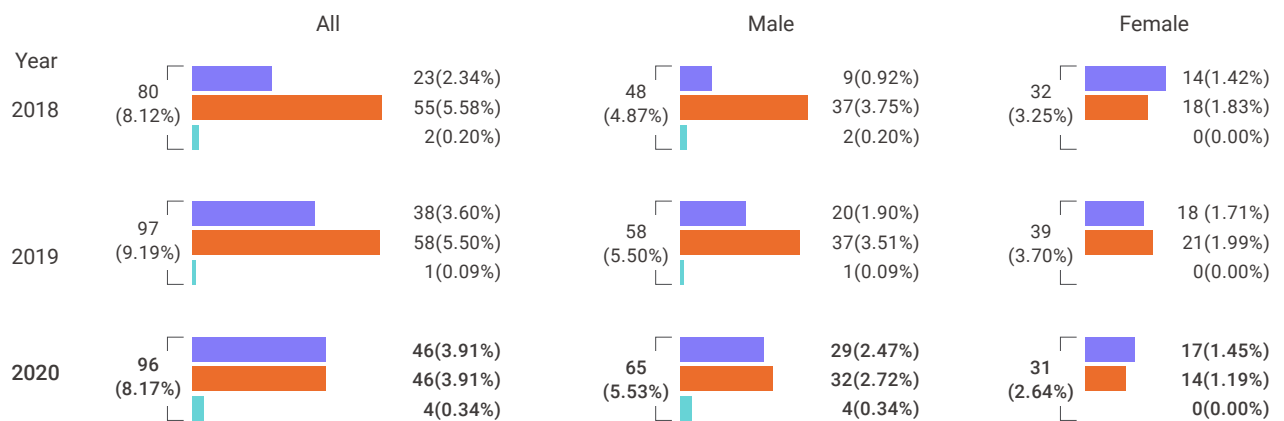
New Employees - Direct Labor

Unit: persons



New Employees - Indirect Labor

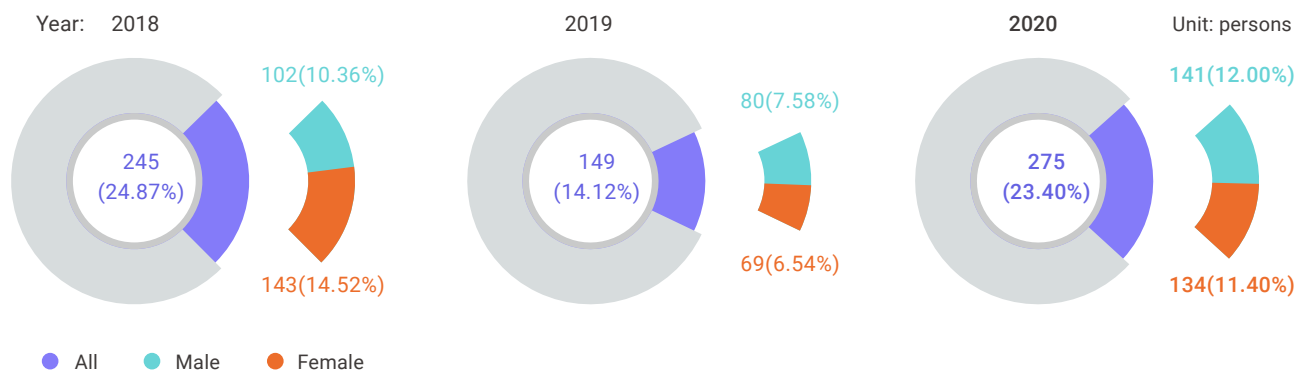
Unit: persons



● Employees under the age of 30 ● Employees from ages 30 to 50 ● Employees 50 years old and above

Note: Direct Labor: production line operators; Indirect Labor: non-production line personnel. New employees refer to employees who report for duty in a given year. Total ratio of new recruits is calculated based on the total number of employees as the denominator.

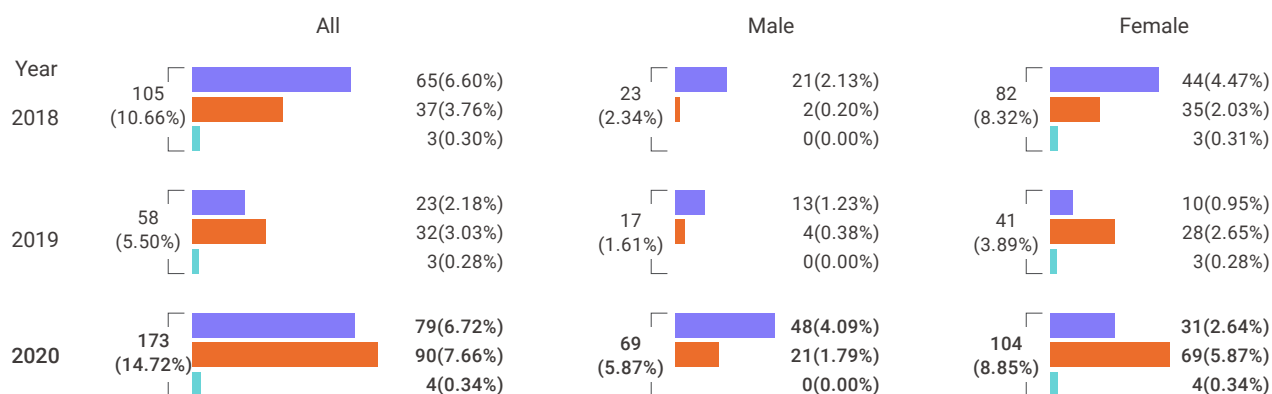
No. and Ratio of Resigned Employees



● All ● Male ● Female

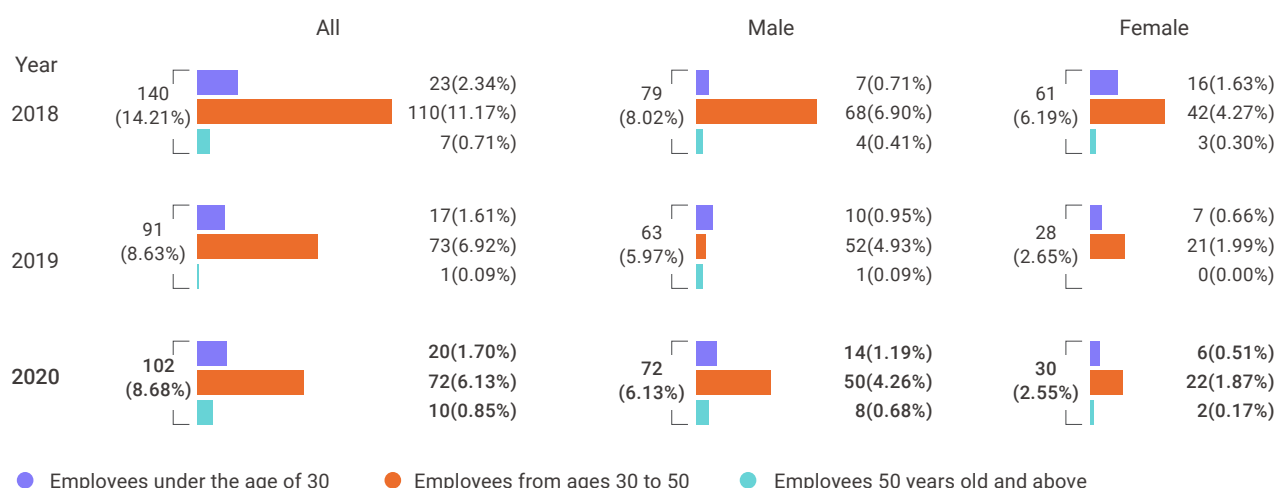
Resigned Employees - Direct Labor

Unit: persons



Resigned Employees - Indirect Labor

Unit: persons

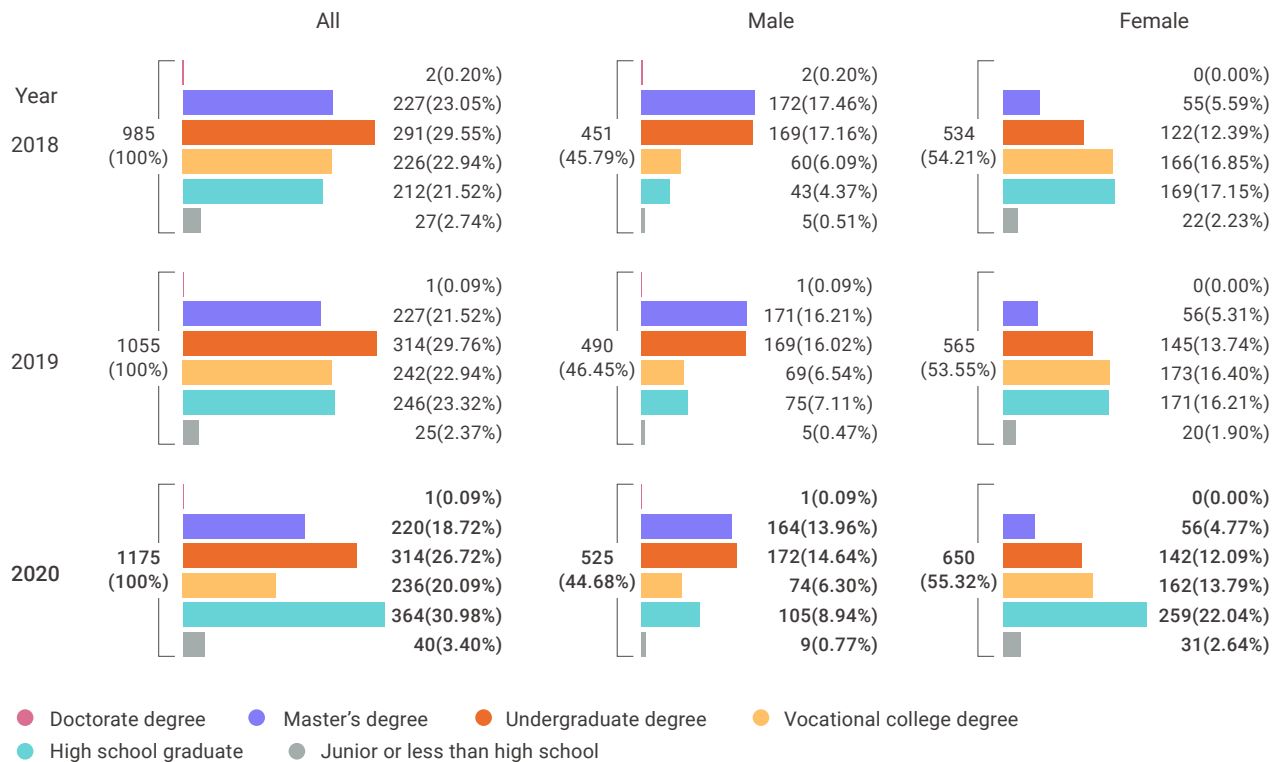


● Employees under the age of 30 ● Employees from ages 30 to 50 ● Employees 50 years old and above

Note: Direct Labor: production line operators; Indirect Labor: non-production line personnel. Former personnel: employees are deemed to have resigned in a given year if they have completed their resignation process before December 31st of that year. Turnover rate is calculated based on the total workforce as the denominator.

Distribution of Academic Credentials

In the era of highly competitive knowledge economy, SNI has come to the realization that talents are the key to sustainable operations. It has been working diligently to enhance the quality of its human resources. As of the end of 2020, there were approximately 18.81% of SNI employees with a master's degree or higher (male: 14.04%, female: 4.77%). Employees with a vocational college degree or higher, account for approximately 65.62% of the company's total workforce (male: 34.98%, female: 30.64%).



Human Rights Protection and Employee Benefits

With the advancement of societies, people around the world have become increasingly aware of human rights. In 2020, SNI has promoted the "RBA Code of Conduct" to comply with relevant regulations, and refers to relevant international human rights treaties and standards such as The Universal Declaration of Human Rights, Business and Human Rights: A Practical Guide, The UN Global Compact, and the International Labor Organization to prevent violations of human rights in every aspect of the company's operations. It organizes extensive training on human rights protection for all employees and establishes proper channels for communication and grievances to ensure a safe working environment where employee rights are duly protected and respected.

In its internal documentation and procedures, which include Work Rules, Code of Ethical Conduct, Reward and Violation Management Procedures, Sexual Harassment Preventive Measures and Disciplinary Action, etc., the company addresses issues such as protection of employee rights, including compliance with fundamental regulations,

employment-at-will, humane treatment, prohibition of discrimination and sexual harassment, prohibition of inhumane or degrading treatment and torture, engagement or support of physical punishments, threats of psychological or physical violence, verbal abuse of employees or unfair treatment and discrimination due to factors such as gender, age, ethnicity, marital status, pregnancy, childbirth, political affiliation, religious belief or other reasons. The company has established its employee suggestion box reporting mechanism, which enables employees to make either named or anonymous reports. Once verified, SNI activates its investigation protocol and internally audits all plants in connection with human rights and labor conditions. There were no incidents of human rights violations or discrimination in 2020. SNI continues to comply with the RBA Code of Conduct by establishing relevant employee policies as a commitment to protect employee rights. Moreover, it promotes the RBA Code of Conduct to suppliers as a way of showing its determination in fulfilling its corporate social responsibilities.

Remunerations and Benefits

SNI regards talent as an asset, so it provides compensation higher than the legally-mandated wage, a comprehensive welfare system, as well as a quality and friendly workplace. Hence, employees are able to achieve balance between work and life. Employee benefits include meal allowances, performance bonuses, gift vouchers or birthday/three major festival gifts, year-end bonuses, group insurance for employees, wedding/childbirth/bereavement subsidies, maternity/paternity leaves, flexible work hours, and so forth. In addition, the company also provides superior work environment and convenient benefits such as shuttle services. SNI shall regularly review the benefits for any deficiencies in order to ensure a pleasant work environment for its employees.

Remunerations and Benefits of SNI Employees



Salary and bonus system

Sound salary structure (monthly salary and year-end bonus), performance bonus, dividends and shares for employees, patent bonuses, work competition bonuses



Medical insurance and healthcare

Labor insurance, health insurance, group insurance for employees, travel insurance, employee health check-up



Caring welfare system

Group product discounts, gift vouchers or birthday/ three major festival gifts, wedding/ childbirth/ injury/ illness/ hospitalization/ emergency/ bereavement subsidies, annual travel allowance, engagement leave/ maternity leave/ paternity leave, flexible working hours, meal allowance, shuttle services, snack bar, paid leave in advance and special leave system, free massage services in factory premises from blind massage therapists, maternity incentives and child-rearing allowances

Employment-at-will and Humane Treatment

SNI adopts the concept of free will when it comes to recruiting employees. As long as employees give ample advance notice, they are free to resign and leave the company voluntarily. During the process of recruitment, SNI does not ask applicants to provide identity certificates such as I.D. or passport, or demand any kind of "deposit" as condition for hiring. SNI vows to never adopt any harsh or inhumane management system for its employees, including any form of sexual harassment, torture, physical punishment, psychological or physical oppression or verbal abuse.

Encourage Employee Fertility

In order to encourage employees to give birth and enable them to enjoy a stable income while parenting, as well as reduce their financial burden of raising children, SNI provides maternity incentives and child-rearing allowances. A maternity bonus is also available for couples who are both employees of the company and can apply for it at the same time.

SNI Encourages Employees to have Children by Providing Relevant Subsidies

Unit: NT\$

Year\Item	Childbirth and childcare subsidy allowance	Maternity Benefit
2018	-	46,000
2019	6,000	62,000
2020	290,500	34,000

Note: - 2019 Announcement of the implementation of the "Childbirth and Childcare Assistance Subsidy Scheme":
 Childbirth subsidy Allowance: The monthly subsidy is NT\$2,000 until the child reaches 2 years of age.
 Childcare subsidy allowance: The monthly subsidy is NT\$1,500 until the child reaches 2 years of age.
 - Maternity Benefit: NT\$2,000.

Maternity Leave

Unit: persons

Year\Item	Actual no. of employees who applied for maternity leave	Actual no. of employees who applied for maternity leave	No. of employees who returned to work after taking maternity leave
2018	9	6	4
2019	15	15	10
2020	9	9	3

In compliance with the Labor Standards Act and Act of Gender Equality in Employment, SNI has taken relevant steps to ensure gender equality and safeguard the right-to-work of employees who are taking care of infants, actively creating an ideal environment that helps them focus on both work and family. Employees are able to perform well in the workplace and enjoy a fulfilling family life at the same time. SNI has established a leave without pay policy in order to safeguard the right of employees to be reinstated after returning from parental leave.

Parental Leave

Item\Year	2018			2019			2020		
	All	Male	Female	All	Male	Female	All	Male	Female
No. of employees eligible for parental leave without pay	120	87	33	119	85	34	107	75	32
Actual no. of employees who applied for parental leave without pay	10	1	9	7	1	6	8	1	7
No. of employees scheduled for reinstatement after taking parental leave without pay	17	4	13	3	0	3	8	1	7
Actual no. of employees who were reinstated after taking parental leave without pay	5	1	4	3	0	3	3	0	3
No. of employees reinstated after taking parental leave without pay and stayed in the company for more than a year upon reinstatement	4	0	4	4	1	3	2	0	2
No. of employees reinstated after taking parental leave without pay in the previous year	5	1	4	5	1	4	3	0	3
Parental leave application rate (%)	8.33	1.15	27.27	5.88	1.18	17.65	7.48	1.33	21.88
Reinstatement rate of employees who took parental leave (%)	29.41	25.00	30.77	100	NA	100	37.5	0	42.86
Retention rate of employees who took parental leave (%)	80.00	0	100	80.00	100	75.00	66.67	NA	66.67

- Note:** 1.The number of employees eligible for parental leave without pay were calculated based on the number of employees who applied for parental and paternity leaves within a three-year period.
- 2.Parental leave application rate (%)=Actual no. of employees who applied for parental leave/Number of employees eligible for parental leave.
- 3.Reinstatement rate of employees who took parental leave (%) = No. of employees reinstated after taking parental leave for a year/ No. of employees scheduled to be reinstated after taking parental leave for a year.
- 4.Retention rate of employees who took parental leave (%)= No. of employees who took parental leave in the previous year and were reinstated, then stayed with the company for more than a year upon reinstatement / No. of employees who were reinstated after taking parental leave in the previous year.

Wage Guarantee

In compliance with the government's minimum wage regulation, which is implemented to ensure that employees are able to earn sufficient living wages in exchange for work, SNI has established its "Remuneration and Benefit Management Regulations" based on the Labor Standards Act and Act of Gender Equality in Employment. Salaries of new employees are reviewed to ensure compliance with the company's remuneration standards. These wages do not vary according to gender, race, religion, political position, and marital status. In addition, the year-end-bonus, performance bonus and wage increase are provided based on the company's business performance and employee performance. SNI offers standard wages that are not below

the government-mandated minimum wage. Overtime work entitles employees to overtime pay according to law. SNI continues to adhere to government regulations and ensures that employee salaries are not below the minimum wage, as shown in the table below.

Ratio of Standard Wage of SNI Entry-level Personnel and Government-mandated Minimum Wage

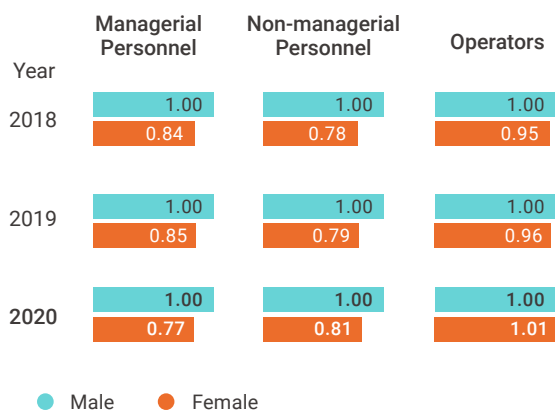
Item\Year	2018	2019	2020
Ratio	1.16	1.15	1.13

Note: 1. Ratio = Standard wage of SNI entry-level personnel/ Government-mandated minimum wage.

2. Entry-level personnel refer to direct labor, i.e. production line operators.

Ratio of Fixed Wage for SNI's Male and Female Personnel (Base Wage)

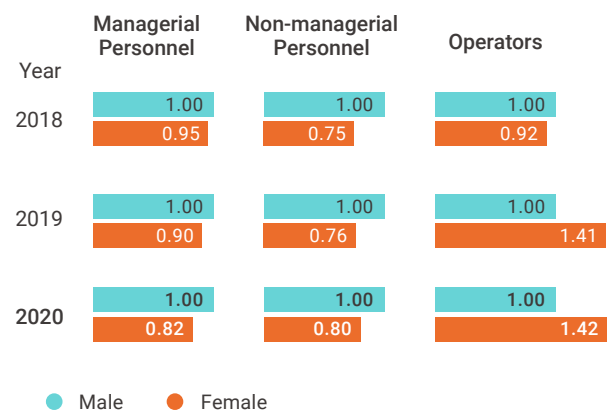
Unit: ratio



Note: A minimum fixed amount is paid for the performance of an employee's duties, not including any additional compensation such as overtime or bonuses.

Ratio of Full Wage for SNI's Male and Female Personnel

Unit: ratio



Note: Full wage included: Basic salary, bonus, duty allowance, seniority allowance, meal allowance, supervisor's allowance, night shift allowance, and overtime pay.

Employee Amenities

SNI values the cultivation of talents and the improvement of employee benefits. It is active in creating a superior environment that enables employees to strike a balance between work and life in order to fully develop their characteristics and talents as SNI team members. In order to encourage employees to lead healthy lifestyles and habits outside work during their spare time, SNI provides a gym that organizes various fitness contests and aerobic activities. Employees can also take part in other activities and courses organized by the company's relevant clubs to enrich themselves by starting new hobbies while promoting their physical and mental health. The snack area of Hwa Ya Headquarter was opened on February 23, 2020, providing healthy and quality free snacks and beverages for employees to replenish their energy at any time.



SNI's Badminton Club

Nangang R&D Center
gym facilities

New snack area at Hwa Ya headquarter in 2020



Comprehensive Benefits and Responsibility Dual-Track Compensation System

In addition to legally-required labor insurance and health insurance, the company has created a comprehensive benefits and responsibility dual-track compensation system to safeguard employee rights and fulfill its obligations as an employer. There is also a group insurance for employees and their dependents which they can purchase to protect their families.

Education, Training and Attraction of Talents

SNI believes that talent cultivation is one of the most important aspects in securing competent human resources. Apart from emphasizing employee education and training, the company prioritizes the future development of talents. Moreover, it continues to hold various seminars and training, strives to strengthen employee competencies and takes steps to improve its leadership and management capabilities.

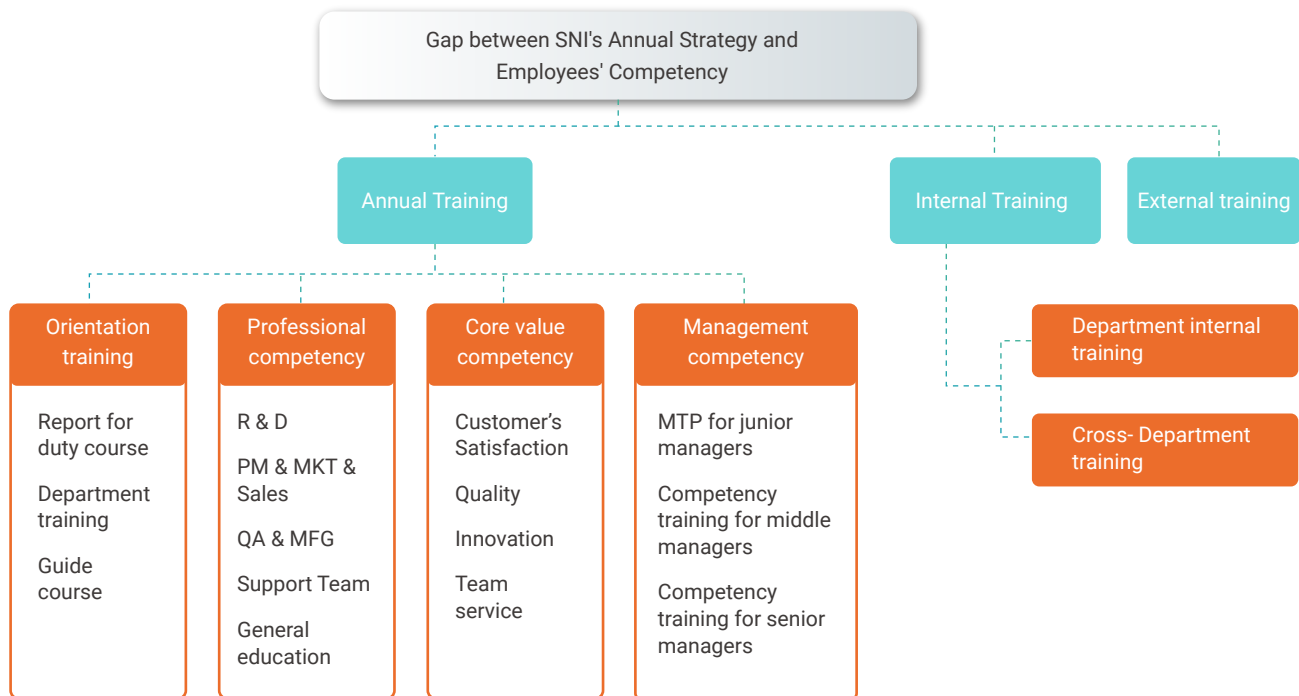
SNI carries out random compliance audits of suppliers through contracts with suppliers or self-evaluation forms that require suppliers to implement various legal trainings.

Education and Training

SNI values the cultivation of talents and has established a training system for employees of different job grades and positions. SNI has continued to strengthen the professional ability of our employees and hold various seminars and trainings to enhance their professional skills and knowledge and improve business performance. To improve the quality of training and evaluate the effectiveness of training, in 2020, the education and training program was developed in accordance with the Taiwan Train Quality System (TTQS)

indicators - PDDRO steps, including the planning, design, implementation and evaluation of training results. In addition, SNI conducted monitoring and auditing and gave feedback on the whole process. SNI established a better talent development system, strengthened the link between planning and results, made the company's education and training system more complete, built up the company's human capital, ensured the quality and performance of training, and then helped employees effectively improve their workplace competitiveness.

Based on the company's annual strategy and employees' ability Gap, the training system has divided into orientation training, professional competency training, core value competency training, and management competency training. The professional competency training has divided into R&D, PM & MKT & Sales, QA & MFG, Support Team and General Training. The training department will design courses for each faculty's professional area to provide staff with further education. There are many benefits such as avoiding duplication of classes in units, allowing for course planning, and making the training learning stack transparent.



- (1) Orientation training: Help new recruits to familiarize themselves with the company's work environment, adapt easily to the SNI culture, and improve their professional skills.
- (2) Professional competency training: Help employees develop work expertise and comply with pertinent regulations to achieve competence in the workplace; through annual trainings and Lessons Learned, professional experience is passed down to each department to achieve knowledge management.
- (3) Management competency training: Assist managers at all levels to improve management and leadership abilities, including management training program (MTP) for junior managers, business lectures for senior managers, etc., which establishes a common management language.
- (4) Core value competency and general education course: Help employees build the right attitude towards work and reach a consensus with the team; the general course builds professional teams and achieves synergy, so as to respond to requirements and achieve goals.
- (5) Self-development: Help employees strengthen their language skills and secondary expertise, including language courses, self-learning with Microsoft Office along with other seminars that emphasize self-growth, self-learning and work management.

SNI drafts the company's Training Plan based on the company's annual objectives, human resource strategies, and actual needs of each department. SNI has promoted longer average training hours for various employees since 2017. In 2019, it set training durations of more than 3 hours for employees (for both genders), which were included in the performance evaluation. With the continuous promotion, the average number of hours of training for all employees in 2020 has reached 6.63 hours after reviewing the effectiveness of training. Reviewing the average number of hours for each type of employee, only the operators had not yet reached the target of 3 hours. SNI observed that the average number of hours of training for all female employees was lower than that for all male employees. This was because the ratio of female employees was 80.1%, which was four times higher than the number of male employees; and in addition, operators had fewer training hours than indirect employees. Hence, this lowered the average number of hours of training for all female employees. In the future, SNI will improve the on-the-job training of operators and refine the training effectiveness of indirect employees. Employees are expected to strengthen their professional competencies through a comprehensive training system.

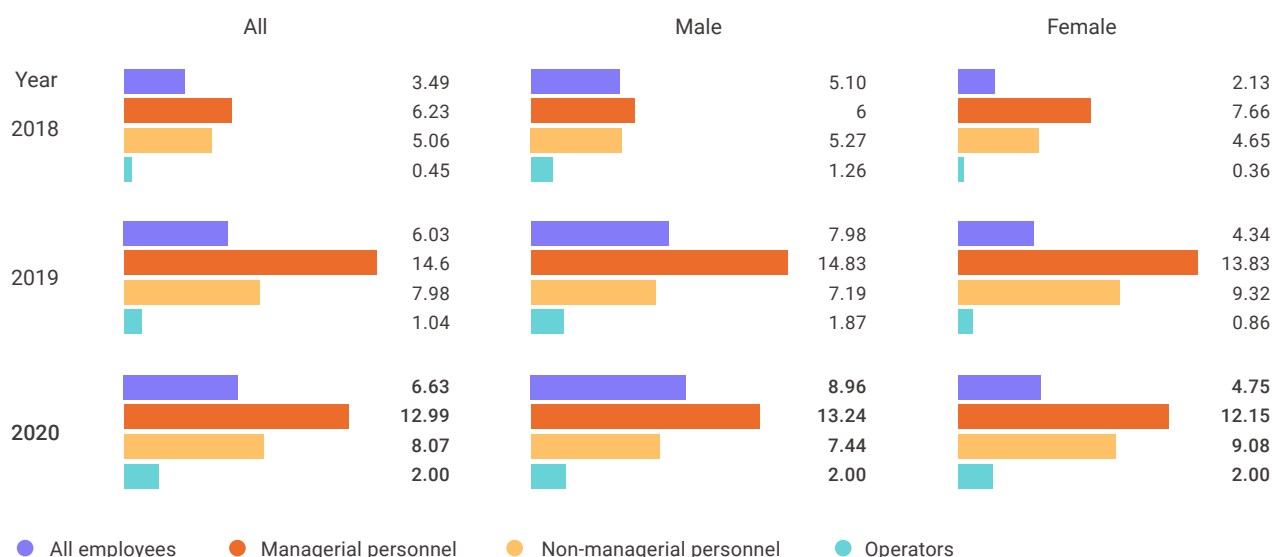
Achievements and Recognitions

Each year, SNI organizes and holds strategic planning conferences to formulate corporate-level strategies for deployment to all responsible units. The annual learning and development strategies are formulated according to the needs of each department to assist the company in achieving its strategic goals.

In 2020, SNI held 135 training sessions with a total of 3,475 participants taking various courses and completing a total of 7,790.5 hours of training combined. The company invested roughly NT\$ 410,000 in the trainings. The training content included R&D, management, manufacturing processes, environment and safety, PC, quality, legal affairs, and other miscellaneous topics.

Average no. of Employee Training Hours

Unit: hour/person



Note: The total number of training hours for employees is the total number of training hours for the whole year, including the training hours for employees leaving the company from 2020/1/1 to 2020/12/31.

Education and Training Photos



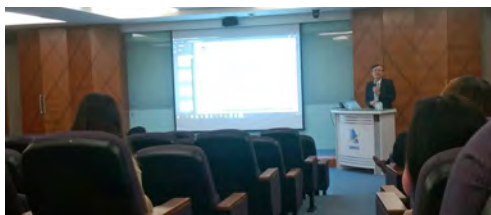
MTP (Management Training Program)



Orientation of New Employees



Communication Industry Trend Forecast Seminar



Seminar on Industry and Economic Trends in the Post-Epidemic Era + Trends in Communication Industry Development



CSR Trends, GRI Standards and TCFD Education Training



SNI's R&D Knowledge Management Course Series

Employee Performance Evaluation

SNI believes that talent cultivation is one of the most important factors in securing competent human resources. Aside from emphasizing employee education and training, the company also prioritizes the future development of talents.

All SNI employees are subject to regular competence development assessment and go through two performance evaluations annually. They are evaluated by their supervisors based on factors such as target completion rate, implementation status of specific tasks, four work behavior management and contributions, work behavior development plan and so forth. In terms of employee performance improvement follow-up, direct supervisors are responsible for carrying out performance feedback interviews with employees who receive unfavorable performance ratings to provide guidance for improvement and reporting the results to the Human Resource Unit for handling in accordance with SNI's Performance Evaluation Management Procedures.

In order to facilitate efficient completion of performance reviews and prevent unnecessary waste of resources, SNI has completed an e-process for performance evaluation to enable supervisors to carry out performance reviews through the company's online evaluation system.

As for employee promotion, SNI evaluates employee work performance through routine assessments and actively encourages employees to optimize their performance. All SNI employees enjoy equal opportunities for career development.



KPI Performance
Management Course



Performance Interviewing and
Coaching Feedback Program

SNI actively recruits technical talents

SNI engages in personnel recruitment activities for various positions based on its actual manpower requirements. Apart from utilizing conventional channels such as company website, recruitment website and local employment service stations, SNI also carries out campus recruitment and relevant technical seminars at different universities and colleges in order to promote its product and technical developments as well as establish its employer brand. In addition, the company conducts research and development alternatives by recruiting talents from the military in order to attract young people from other sectors of society.



SNI actively recruits technical talents



Industry-Academia-Media
Collaboration at Lunghwa
University of Science and
Technology

Congratulations to the six
students from Lunghwa
University of Science and
Technology! Because of their

excellent academic performance, they have been awarded
scholarships by SNI. They should be recognized for not only their
academic excellence but also their outstanding work performance.

Employee Communication and Care

SNI has organized a number of internal communication platforms and channels, such as Employee Welfare Committee, Labor-Management Meeting, and various seminars to understand and promptly respond to employee feedback and suggestions for improvement. Aside from strengthening its internal communications, SNI utilizes these channels to report the company's operational status and development direction in order to ensure accurate and prompt delivery of company information. As it strives to provide more than the legally required employee benefits, the company has set up a physical suggestion box as an obstacle-free channel for employees to voice their thoughts and opinions. This allows SNI to quickly and completely understand the need and suggestions of employees, so as to accept their opinions.

SNI considers its employees to be its greatest asset and has gone to great lengths to provide a comprehensive health care program. First, it creates a healthy work environment and carries out routine site inspections to improve work environment and prevent occupational hazards. Moreover, it ensures the physical and mental well-being of employees by providing professional/medical consultations and psychological counseling services, and maintains communication in order to determine the needs of employees. The company also believes that prevention is better than cure and so it organizes relevant health promotional activities. Through a comprehensive employee health management system, it is able to create a complete employee health database in order to improve its health management performance. Since SNI believes that employees must be physically and mentally healthy in order to develop a better attitude towards work, its health efforts are necessary in boosting the company's competitiveness.

Communication Channels

SNI holds seminars for employees at all levels on a regular basis in the hopes of obtaining employee feedback on how the company can improve. Through transparent and bilateral communication, SNI addresses employee concerns and inquiries, thereby enabling it to improve overall operational efficiency. Each year, the company evaluates its operational status and direction in order to adjust its approach to communication with internal employees, enabling consistent, open, fast and accurate delivery of relevant company information.

Table of Employee Communication Channels

Agenda	Name	Communication Target	Method	Frequency
Company policy (announcement of company policies and management objectives)	Management meeting	Division managers and higher-ranking staff	Division managers and higher-ranking staff communicate and discuss the company's strategic directions.	Once/week
	Department meeting	Department employees	Supervisors announce the company's policies and objectives to department employees, and review the status of target achievements.	Once/month
	Labor-Management Meeting	Labor and management representatives	Discussion on the related items of the Labor-Management Meeting	Once/quarter
	Environmental Safety and Health Meeting	Environmental safety and health committee members of various departments	Discussion on related items of the environmental safety and health	Once/quarter
	Foreign employees Forum	Foreign employees	Human Resource/General Affairs personnel communicate directly with all SNI foreign employees to announce relevant company policies and address foreign employee concerns.	times/month
	Cooperative Education Seminar	Cooperative education students	Human Resource personnel communicate directly with all cooperative education students to announce relevant company policies and address student concerns.	times/month

Welfare and benefits (announcement of the company's welfare plan and relevant HR-related issues)	EIP Webpage	All employees	EIP	Occasional
	HR Newsletter	All employees	e-mail	Once/quarter
	Human Resources Updates			
	SNI Perks Net	All employees	e-mail	Occasional
	Employee Welfare Committee	Welfare committee members under various departments	Discussion of employee benefits and related issues	Occasional
	HR PORTAL-Human resource service section	All employees	e-mail	Occasional
	Physical suggestion box	All employees	Physical suggestion box	Any time

Employee Suggestion Box

SNI's concern for employees is evident given the various obstacle-free communication channels that the company provides for its employees. A dedicated complaint box has been created to immediately address employee concerns. In 2020, there were two cases submitted through the complaint box and the company responded promptly and resolved the issues. In an effort to protect employees from sexual harassment in the workplace, SNI has also developed Sexual Harassment Prevention Procedures and a grievance mechanism on top of routinely reiterating its stance on safeguarding employees against the threats of sexual harassment.



The SNI suggestion box provides a timely feedback mechanism.



Sexual Harassment OUT to Create a Gender-Friendly Workplace Seminar

Safeguarding Employees and Labor Agreement

SNI respects employee rights to freedom of association and collective bargaining by providing a transparent channel for interaction and exchange, enabling prompt handling of employee concerns or inquiries. In addition, it holds labor-management meetings between employees and HR Department supervisors once every three months to discuss labor-related issues, such as labor safety, education and training, compensation for disasters, hazards, illnesses, and benefits to protect employee rights and interests.

Establishment of Minimum Notification Period for Change in Labor Service

To safeguard the right to employment, SNI complies with government regulations by explicitly stating the notification period for change in labor service in its labor contracts. More specifically, in the event of significant changes to its operations that could affect employee interests, the company is obligated to inform concerned employees. For those who have served for more than 3 months but less than a year, they would be informed 10 days prior to the change in service. For employees who have served for more than 1 year but less than 3 years, they would be informed 20 days before the change and for employees who have served more than 3 years, they would be informed 30 days in advance.

Employee Retirement Plan

A sound retirement plan is set to help employees in career planning and provide basic protection for retirement based on factors like seniority and age. Employees may submit their application for retirement in advance. SNI has established a comprehensive employee retirement system that remits monthly pensions according to government regulations and the responsibility of the company for its employees.

Since the government's implementation of the Labor Pension Act on July 1, 2005, SNI has allocated 6% of the employees' monthly wages to the labor pension fund under the employees' personal account managed by the Bureau of Labor Insurance. In the old contribution system, the company allocated 2% of the employees' total wage on a monthly basis to the designated account managed by the Bank of Taiwan's Supervisory Committee of Workers' Retirement Reserve for employees who prefer the old retirement pension system.

New and Old System Pension Statistics

Unit: NT\$1,000

Year\Item	New System Pension (recognized pension cost)	Old System Pension (present value of the defined benefit obligation)
2016	31,250	36,371
2017	31,938	38,527
2018	32,416	39,837
2019	32,397	44,850
2020	35,556	49,852

Retirement system

With a sound retirement system, SNI is able to facilitate rotation of old and new employees, succession planning and talent cultivation. It also plans seminars (e.g., financial management, life after retirement, etc.) specifically for employees who meet the retirement requirements to help them gain greater financial freedom and a healthy lifestyle when they retire – to have a good quality of life that allows them to travel and simply enjoy.

SNI reviews the list of employees approaching retirement each year and sends out reminders to those who are due to retire so they can prepare in advance while the company

carries out human resource and succession planning; organizes occasional seminars on financial management, life after retirement and travel planning to help employees benefit from greater financial freedom and have a happy retirement.



Analysis on Group Insurance Seminar



Investment Methods in the Post-Epidemic Era Seminar



Senao International's Group Employee Insurance Seminar

Healthcare

SNI has set up an infirmary for employees with physicians and specialists providing immediate and professional medical services and consultations. Apart from organizing regular health examinations, the company also invites experts from different fields to hold talks and seminars for employees providing general knowledge of preventive medicine. It has also built spacious and adequately renovated lactation rooms with privacy protection as well as designated parking spaces for the benefit and convenience of pregnant employees.

In accordance with the Occupational Safety and Health Act, the company has formulated regulations for the implementation of labor health management, regulations for the management of maternal health in the workplace, regulations for the prevention of human-caused hazards, and regulations for the prevention of diseases caused by abnormal workloads, to help track employees in high-risk health groups. The company adopts a health monitoring and management system. Special and general health examinations are organized annually for employees wherein Occupational Medicine physicians from the Taipei Veterans General Hospital, Taoyuan Branch offer health consultation services at SNI plants as well as impart health-related knowledge and general knowledge while providing adequate medical care for employees. SNI had no cases of occupational diseases in 2020.

Employee Health Check and Seminar Statistics Table

Item \ Year	2014	2015	2016	2017	2018	2019	2020
General health examination (person)	442	513	629	544	516	529	537
Special health examination (person)	5	5	7	5	6	0	4
Psychology seminar (session)	0	1	1	0	1	2	1
Health seminar (session)	2	2	3	2	0	2	3
Nutrition course (session)	2	1	0	0	1	0	0
Ergonomic engineering (session)	0	0	0	1	0	0	0

Note: Special Health Examination: During 2014~2018, health care measures for employees assigned in areas with exposure to ionizing radiation. In 2020, health care measures for employees assigned in areas with exposure to Specific Chemical Substances.

SNI's Major Health Activities in 2020



Workplace Health Promotion Seminar "Musculoskeletal Preventive Care"

Musculoskeletal injuries are the most common occupational disease in the country. In order to enhance the ability of colleagues to detect it early and take preventive care, Dr. Guang-Hsien Tam from Taoyuan Veterans General Hospital was invited to demonstrate and teach colleagues about the prevention of musculoskeletal disorders in an in-depth and simple manner. Although muscle soreness is not life-threatening, it's prevalence is high and the duration of the disease is long. The pain could affect one's life. It not only affects work efficiency, but also affects mood, sleep, and may cause musculoskeletal disorders in the long term. In addition to analyzing the conditions that are prone to musculoskeletal soreness, the course

instructor also provides on-site guidance on several simple relaxation exercises and provides preventive and therapeutic tips to eliminate soreness and pain: For these three aspects (nutrition, maintenance, and recuperation), the course instructor clarifies the common misconceptions of our colleagues and provides musculoskeletal preventive care in order to avoid musculoskeletal-related diseases.



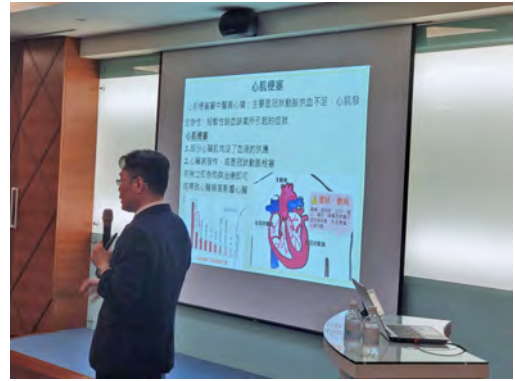
Workplace Health Promotion Seminar "My Mind and Body - Work Adjustment and Stress Relief"

The symptoms of workplace adjustment disorder are insomnia, palpitations, muscle weakness and gastrointestinal discomfort. To add to that, more than 50% of patients would have anxiety, depression, irritability, and may also have hypertension, heart disease and other cardiovascular diseases. The professional psychologist Anan Chiu was invited to explain to our colleagues how to do proper stress relief and have a dialogue with their psychologist. Mindfulness helps people to relax and live happier in the midst of a demanding life. By observing the breath, it quickly helps us "come back" to the present moment and let go of unwanted thoughts and

worries. In fact, this is the concept of positive thinking. Through the teacher's guidance, there were a number of positive thinking experiences together in class, so that our colleagues could better grasp the secrets of how to practice positive thinking. When you feel stressed out, take a deep breath, talk to yourself, and let yourself relax immediately to effectively relieve stress and restore your mental health.

Workplace Health Promotion Seminar "Prevention and Control of Cardiovascular Diseases"

Recently in the news, it had been reported that artists living alone at home died due to aortic dissection. According to the 2019 cause of death statistics report, cardiovascular disease was higher than the number of cancer deaths taking 54,000 lives each year. How can we prevent brain stroke and myocardial infarction? The director of Minsheng Precision Medicine, Mr. Wang Changmin, was invited to explain the symptoms and causes of cardiovascular diseases to colleagues, staying up late and eating abnormally is a common problem of modern people, and these bad habits may lead to stroke and myocardial infarction over time. Dr. Wang explained that a balanced diet, adequate rest, regular exercise, and timely release of stress can increase the body's immunity. He also explained how to properly adjust one's lifestyle to effectively prevent the occurrence of cardiovascular disease.



神準科技

企業員工規模：1000 ~ 4999人以上

許諾年份：2020

特色亮點：健康促進預算佔總預算5%；舉辦多元講座、如辦公室植栽及美化講座、行的安全講座等；辦有蔬活農場體驗、零食區，以及特殊健檢、環境設施規劃設計（如座位）等。

CHR Corporate Health Responsibility Activity

In 2020, SNI continued to respond to the CHR pledge for CHR promoted by Common Health Magazine and participate in CHR pledges to promote the health of our employees through our efforts in the areas of "knowledge," "action," "food" and "support."

Commitment Year: 2020

Highlights: The health promotion budget accounted for 5% of the total budget; the company hold a variety of seminars, such as office planting and landscaping seminars, walking safety seminars, etc.; the company hold a live vegetable farm experience, snack area, as well as special health checkups and environmental facilities planning and design (e.g. seating).

Content of Commitment: The company is committed to implementing an employee health promotion program in the coming year to strengthen the management of employee health status, and to hold health seminars and case management guidance.

Objective: In conjunction with the Workplace Malpractice Program, the company will select high-risk cases for counseling, enhance seminars on physical and mental health, and further expand the promotion of EAPs in the hope of providing employees with comprehensive assistance programs and creating an image of a happy company.

Occupational Accident Prevention

SNI is well aware of the fact that corporate management is not just about making profit; the prevention of occupational accidents is just as important. The company endeavors to provide a safe and quality working environment to its employees because it recognizes the importance of proper safety and hygiene management in achieving sustainable operations. Guided by a continuing improvement process, SNI implements existing ISO14001/ISO 45001 environmental safety and health system, and encourages its employees to propose improvements so as to establish a safe work environment and achieve the goal of zero hazard.

With regard to the latest amendments to the Occupational Safety and Health Act which governs the management of machinery equipment and chemicals (Registration and Reference of Restricted Chemicals and Chemicals for Priority Management), health management (prevention of ergonomic hazards, workload management, prevention of maternal health risks), and compensation revisions, SNI implements relevant measures to make corresponding improvements in accordance with the amendments.

Policy Communication

The SNI EHS policy shall be presented and communicated to relevant stakeholders by means of the following:

- Put up relevant posters for plant personnel to see at various entrances and exits.
- Assistance of each unit's Labor Safety and Health Committee in promotional efforts.
- Facilitate and promote the EHS policy through relevant trainings and activities.
- Organize contractor safety and health advocacy meetings as well as consultative and organizational meetings to present, promote, communicate and coordinate in accordance with company policies.
- Promote advocacy on the corporate website and intranet.



EHS Management Systems

SNI's Hwa Ya headquarter has ISO 14001/ ISO 45001 accreditation. Through a continual improvement process, the company is able to improve its safety and health performance as a way of protecting its employees and company assets.



ISO 14001 2015 Environment Management System Certificate



ISO 45001 2018 Occupational Safety and Health Management System Certificate

SNI trains its personnel to be responsible for managing ISO 14001/ ISO 45001 system operations and performing routine internal audits through its EHS system so as to review the system and identify aspects that need improvement to enhance the efficiency of operations. This can help the company achieve its goals of environmental protection and hazard prevention.

In order to meet the requirements of governmental regulations and achieve the commitment to occupational safety and health, SNI has independently implemented the external validation of OHSAS 18001 Occupational Safety and Health Management System in 2011, and completed the conversion of ISO 45001:2018 version to external validation and maintain the effectiveness of the management system in July 2020. The system covered only the SNI Hwa Ya Headquarter, but not the Nangang R&D Center and Taoyuan plant. The number of employees in SNI Hwa Ya Headquarter accounted 84.4% of total number of employees in SNI. The number of employees working in SNI Hwa Ya Headquarter was 992, accounting for 98.4% of the total number of workers in the company; and the number of contractors was 16, accounting for 1.6% of the total number of workers in the company. All employees and contractors of SNI were covered by the Occupational Safety and Health Management System, which demonstrates the improvement of occupational safety and health management and was in line with international standards. In the future, SNI will continue to promote the operation of the occupational health and safety management system to reduce the company's occupational health and safety management risks.

Hazard Identification and Risk Assessment

The specific measures of SNI occupational safety and health management are risk and opportunity assessment according to ISO 45001 management system risk assessment content. By establishing occupational safety and health related management staff and specialized organizations, the company implements the management system of ISO 45001. In addition, the company improves the workplace environment through daily inspections and a smooth notification mechanism for safety, health and hygiene as well as immediate response and resolution of problems. SNI has established risk assessment management regulations for hazard identification, and the assessment practices are as described in the table below.

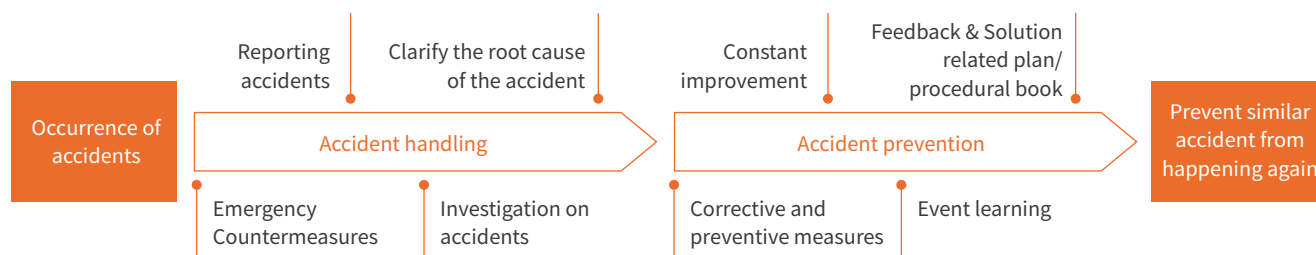
Items	Content
Scope of Assessment	The activities, services, operation evaluation and execution improvement are all included in the SNI's Environmental Safety and Health Management Operation System.
Assessment Frequency	The assessment is done once a year, or in the event of major process changes, equipment changes, or major accidents.
Risk Levels and Existing Control Mechanisms	<p>Risk assessment is performed according to the risk assessment standard, Risk assessment (R) = Severity (S) × Frequency (F) × Probability (P).</p> <p>Unacceptable risk determination (1) Assessment results of hazard identification risk assessment table. (2) Those who do not comply with the law and cannot be improved immediately. (3) Previous security and health incidents. (4) Opinions of employees and other concerned parties. (5) Those deemed necessary by the Environmental Safety and Health Management Representative.</p> <p>Control measures for unacceptable risks are elimination, replacement, engineering improvement, and management/protective equipment.</p>

Accident Investigation and Improvement

SNI's standard occupational safety and health management regulations explicitly stipulate that "when performing duties and discovering an immediate risk of danger, the employee must stop work and retreat to a safe place without endangering the safety of other workers and report the supervisor immediately."

In order to reduce the injury and risk after an accident, the company has established a complete set of accident investigation and improvement management rules. When an accident occurs, the accident unit will make a notification. The investigation level will be assessed according to the severity of the incident. Incident investigation teams are

formed at each level. The investigation will be carried out with deadlines according to the needs of different incidents. Then, according to the investigation results, the company will strictly control and implement corrective and preventive measures, and complete risk assessment before implementation to ensure that the safety and health risks will be reduced to acceptable levels after improvement to prevent the recurrence of similar accidents. For injuries, unhealthy practices, illnesses or accidents that have been handled, internal communication mechanisms are used to communicate to all departments and the employees for the purpose of accident prevention.



Occupational Safety and Health Education and Training

In order to reduce the occurrence of occupational hazards, all new employees and suppliers are required to receive general safety and health education and training to understand the standard occupational safety and health regulations. The additional trainings are required for special legal operations, and regular on-the-job education and training in accordance with the law, as well as emergency response drills training such as first aid and fire drills for possible hazards and responses in the workplace.

Employee Occupational Safety and Health Education and Training

Unit: People-time

Item \ Year	2016	2017	2018	2019	2020
General Safety and Health	118	56	179	173	298
Hazard Communication	118	56	179	173	298
First Aider (certificate)	0	0	0	1	0
First Aider (refresher training)	1	2	17	0	6
Ionizing Radiation Safety Protection (certificate)	0	0	5	2	0
Ionizing Radiation Safety Protection (refresher training)	7	7	0	0	0
Organic Solvent Operation Supervisor (certificate)	0	0	2	0	0
Organic Solvent Operation Supervisor (refresher training)	0	1	3	0	5
Forklift with a load of one ton or more (certificate)	0	0	0	2	1
Forklift with a load of one ton or more (refresher training)	5	2	2	4	0

Contractor Occupational Safety and Health Education and Training

in 2020
General Safety
and Health
224 People-time

in 2020
Hazard
Communication
224 People-time

Environment Safety and Health Committee

SNI's Hwa Ya Headquarter has EHS Committee members consisting of elected labor and management representatives, wherein the Director of the Committee is the General Manager of the company. The committee is responsible for formulating, coordinating and monitoring the company-wide implementation of environmental, safety and health -related measures. The number of labor representatives constitute approximately 1/3 of the total number of committee members. A meeting is held every three months to discuss environmental, safety and health issues and the performance of environmental, safety and health management, as a platform for communication between employers and employees on environmental, safety and health issues.

Ratio of Labor Representatives in the EHS Committee

Item \ Year	2015	2016	2017	2018	2019	2020
Total number of committee members (person)	22	22	22	20	20	18
No. of labor representatives (person)	9	9	10	7	7	7
Ratio of labor representatives (%)	41	41	45	35	35	39

EHS Advocacy Section

SNI has set up an intranet EIP webpage for EHS-related inquiries from employees. The section provides information on the latest events, database, and instructions on how to use the E-system. It features a user-friendly design to help employees find the information they need. It also serves as a shared communication and exchange platform for EHS information between different plants.



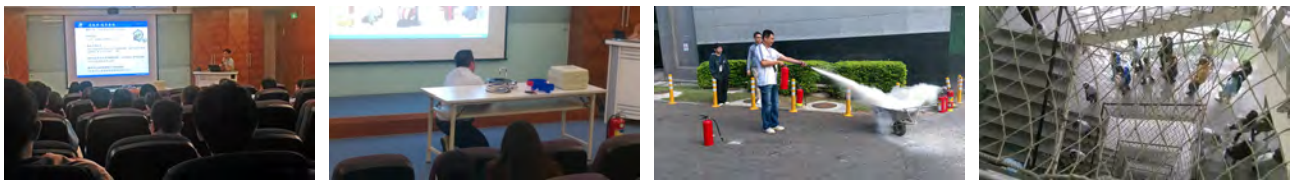
Intranet EIP webpage for employees to access relevant EHS Information



Intranet EIP webpage for Medical Care Information

In 2020 SNI continued to promote the optimization of its safety and health management system. Major safety and health activities included

Plant-wide emergency response and evacuation drill: SNI established specific response procedures and encouraged full employee participation to optimize employee training. Through actual drills, it was able to review its existing processes and seek ways to improve them in order to facilitate smooth evacuation and response in the event of contingencies at the plants.



Emergency Response Related Trainings

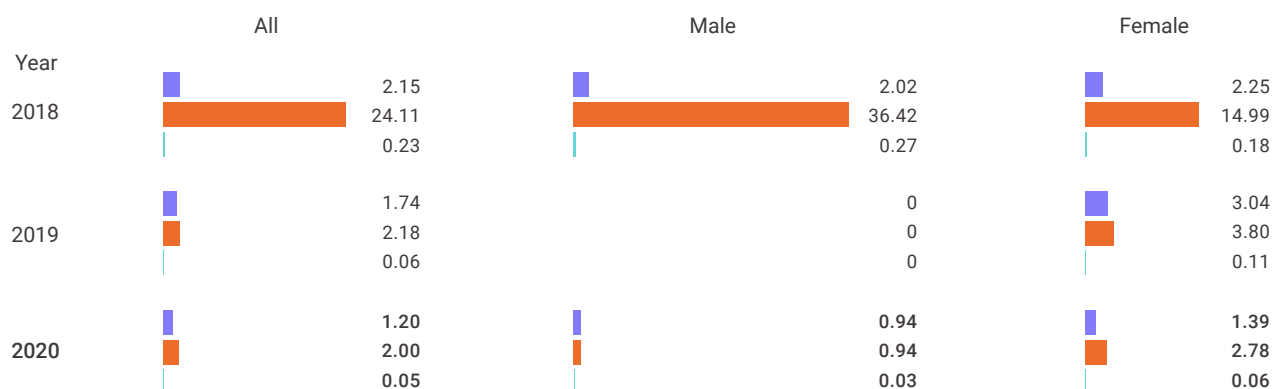
Item \ Year	2016	2017	2018	2019	2020
Fire safety exercise (person)	138	154	167	150	159
Emergency response commander (person)	16	16	17	17	17
Emergency response team (person)	138	154	167	150	159
Emergency response drill (person)	138	154	167	150	159

Safety and Health Performance

SNI values safety and health performance; it is able to manage and improve high-risk areas and operations through risk assessment. It is meticulous and prudent in implementing an effective management of change (MOC) in order to promote a good safety culture, helping employees understand the importance of maintaining safe operations. In addition to conducting routine inspections and audits at its plants as well as making continuous efforts in promoting a strong safety culture, SNI had a Disabling Frequency Rate (FR) of 1.20 in 2020 due to occupational accidents; its Disabling Severity Rate (SR) was 2.00, thus placing its

Frequency-Severity Indicator for the year at 0.05 since there were neither fatal accidents nor occupational diseases in 2020. The number of recordable occupational injuries (incapacitating injuries (loss of 1 day or more)) was one for men and two for women, with the main types: puncture wounds (male), bruises (female), and bruises (female). In the future, SNI will continue to strengthen its safety operation advocacy and factory management to prevent incidence of disabling injuries. In 2020, there was no occupational accidents and no occupational disease cases among the contractors of the company.

Table of Safety and Health Performance



● Disabling Frequency Rate (FR) ● Disabling Severity Rate (SR) ● Frequency-Severity Indicator (FSI)

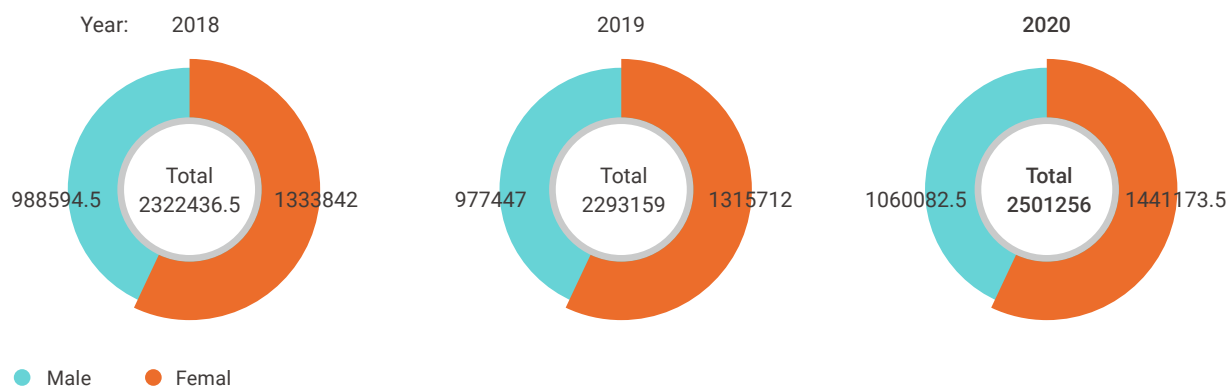
Note1: Disabling Frequency Rate (FR) = (No. of injuries × 10⁶) / Total number of hours worked by all employees

Note2: Disabling Severity Rate (SR) = (Total no. of lost workdays × 10⁶) / Total number of hours worked by all employees

Note3: Frequency-Severity Indicator (FSI) = (FR × SR / 1000)^(1/2)

Total number of hours experienced by employees of both sexes

Unit: hour



● Male ● Femal

Contractor Safety and Health Management

SNI entrusts construction projects and equipment maintenance operations to contractors but also works with them when necessary. The implementation of safety and health management practices does not only apply to SNI employees but also to contractors. SNI has established its Contractor Operation Management Regulations, including instructions on safety and health requirements for plant access, notification of hazard factors, operation risk assessment, compliance with related laws and regulations of environmental safety and health, and SNI's internal regulations, to ensure the operational safety of contractors and to prevent occupational accidents or environmental pollution. It also protects the health of the contractors' personnel and SNI employees while keeping company equipment and facilities safe. In 2020, there was no incidence of disabling injuries among the constructors of the company.

Community care and greater social welfare in cooperation with employees

SNI cares about society, actively requites society and local communities, and voluntarily reaches out to hear from the stakeholder groups for their needs. The company teams up with employees to involve in social charity and local community activities, fuses into community development and harmony. The company also promotes environmental education. Internally, the company develops green lifestyle concepts in employees and advocates the importance of environmental education, environmental maintenance, and environmental management. Externally, the company promotes community culture, environmental protection, and nature and ecology conservation; create healthy and eco-friendly community lifestyles and cultural heritage for the SNI, employees, and communities to grow together, so as to fulfill corporate social responsibility.

Integration into Local Communities and Participation in Charitable Activities

As the Chinese saying goes, neighbors are better than distant relatives; SNI stays committed to its obligations as a social citizen and strives to promote community care. Apart from encouraging its employees to offer help to those in need, SNI firmly believes in empathizing with those who are hungry and suffering. It actively provides assistance and care to disadvantaged minorities by upholding the principles of giving back to the community and bonding with its neighbors.

In 2020, SNI called upon its employees to facilitate the development of local cultures, promote spiritual purification and environmental education, help impoverished residents in dire need of aid, and provide job opportunities to disadvantaged minorities. By actively participating in various charity events, the company was able to make significant contributions to society.

Promoting Employment Opportunities for People with Disabilities

As part of its efforts to fulfill its corporate social responsibility, SNI responded to the government's 1+1 Employment Assistance Program for the Physically Disabled by focusing on job creation for disadvantaged minorities. The company provided 8 job opportunities to physical and mentally challenged people in 2020. As a thoughtful gesture to help employees de-stress from their day-to-day work, SNI created a complimentary "Massage Station" at its Hwa Ya Headquarter in August 2016, and later provided the same massage service at its Nangang R&D Center beginning January, 2017 with two blind massage therapists stationed at the two facilities. Between January and December 2020, the two therapists served a total of 837 and 806 employees at the Hwa Ya Headquarter and Nangang R&D Center, respectively. These job opportunities did not only enable employees to take a break from their work, but also offered employment opportunities to those with physical and mental disabilities. In the future, SNI will continue with similar initiatives so as to create job opportunities for people with physical and mental disabilities.



Service Provided by Blind Massage Therapist

Year	2017	2018	2019	2020	Total
No. of Employees Served (Persons)	1,597	1,745	1,723	1,643	6,708

Participation in Social and Charitable Activities

Donation of network equipment to Reindeer Children's Home

SNI strongly cares for the society and actively gives back to society and local communities. The company helps disadvantaged groups by using its existing resources. In December 2019, SNI donated network equipment (33 wireless Access Points (APs) and 8 switches) that it manufactures to Reindeer Children's Home. In 2020, the company donated network equipment (12 wireless Access Points (APs)) to Reindeer Children's Home for their need of expanding their network. In the future, SNI will continue to help more disadvantaged minorities. This is SNI's way of fulfilling its corporate social responsibility.



財團法人桃園市監護基金會附設桃園市私立監護兒童之家	
捐物收據	
捐贈人	神準科技股份有限公司
聯絡電話	03-3289289#5831
聯絡地址	桃園市333龜山區復興三路500號
捐贈內容	無線網路基地台 EnGenius ECW120(12台) *
備註	捐贈方式: 物資捐贈 寄址: 333桃園市大園區海濱路120號地庫108室108號 電話: 03-3866550 傳真: 03-3866687 網址: http://www.reindeer.org.tw 許可證號: 97年8月1日府社兒字第0970248456號 統一編號: 19682882
董事長	曾祥
會計	陳品
查帳	張興
秘書人	鄭宇
第一副董事長	張一明



SNI 5G Industry Class

In order to increase student's understanding of industry prospects, SNI, Fan Shu Vocational School and Lunghwa University of Science and Technology collaborated to offer a "5G Industry Class" in 2020, so that students would not be disconnected from the industry through the internship program, and strive to cultivate future talents in Taiwan. In addition, it is also important for the existing talents to keep improving. 5GmmWave course allows the colleagues to learn more about the technology in R&D and keep refining SNI's soft power!

Donated 420Kg of rice to the Hong Hua Child Care Home

SNI is committed to caring for the community and giving back to the local community, using its existing resources to help care for the disadvantaged groups. During every Mid-Autumn Festival, the company regularly conduct donation of rice. On September 01, 2020, Vice President Kim Yu and General Affairs Zhang Jiawei donated 270kg and 150kg of rice to the Hong Hua Children's Home on behalf of the company. In the future, SNI will continue to encourage its colleagues to donate and volunteer to help the underprivileged children in the spirit of alleviating hunger, and to help the disadvantaged groups.



SNI Volunteer Club's Taoyuan Love Beach Cleanup Event

In 2020, SNI established the Volunteer Club, a group of loving colleagues, with the aim of serving the community and doing the best for the environment. In the first club activity held on November 7, 2020, the club participated in the Taoyuan Love Beach Cleanup event organized by the Taoyuan City Government's Marine Management Office. Despite the strong northeastern monsoon, the enthusiasm for the ocean remained unabated, completing the beach cleaning activities at Guanyin Coastal Recreation Area. Seemingly clean beaches in fact, upon closer inspection, the granular items were not shells or rocks, but plastic items used by humans for convenience, slowly eroding into plastic particles. In just 1.5 hours, 35 kg of waste was removed. "SNI, I was the most accountable for sustainability". This was the team's call to participate in the 2020 Taoyuan Love Beach Cleanup event, and it also symbolized the commitment to sustainable corporate management and environmental protection. This was the first wave of volunteer activities for the establishment of SNI's Volunteer Club. In the future, the club will launch different volunteer service activities and invite more volunteers to do charity work together!



SNI provides wireless network solutions for quarantine dormitories

SNI Singapore received a request from the Singapore Infocomm Media Development Authority (IMDA) to deploy 1,500 wireless Access Points (APs) and 80 network switches in 5 worker quarantine quarters within 2 weeks. As a result of the COVID 19 outbreak, every worker who needed to be isolated was restricted to their room and could not connect to the Wi-Fi signal that was originally built in the hallway, so there was a project need to upgrade all network deployments to in-room Wi-Fi.

In the end, 2,000 wireless Access Points (APs) were provided to realize high quality indoor wireless network. The managed switch enables a large number of Access Points (APs) to be pre-configured with the switch prior to field deployment, and then managed and monitored remotely using a centralized dashboard managed in the cloud (EnGenius Cloud), allowing IT staff to reduce the physical contact of on-site maintenance, significantly reducing the risk of infection.

In this wave of epidemic, SNI provided the best wireless network solution for Singapore quarantine quarters!

Green Collar Training – Environmental Education Activities

2020 Old Uncle's Moving Castle

In recent years, global warming, climate change, and other environmental issues have emerged prompting the government to emphasize and promote environmental education. Affected by the COVID-19 epidemic, in Sep. 2020, SNI participated in the Old Uncle's Moving Castle Outdoor Resource Recycling Event held by environmental cleaning inspection brigade of Taoyuan City Government and collected about 50 kg of materials for recycling. Through the promotion of the recycling activities, colleagues were able to understand the recyclable items, collect similar items at home for recycling, and learn about the resource items through the collection process.

Through the collection process, the colleagues can understand the characteristics of the garbage produced at home and sort it well. SNI hopes that through the environmental education activities, its employees will understand the importance of proper waste segregation and continuous resource recycling, so that the earth's resources can be recycled in a sustainable manner and not be wasted, which in turn will lead to environmentally responsible behavior and enable the future generations to enjoy a healthy, safe and comfortable living environment.



Employee Care Activities

2020 SNI's Revival Voucher

The SNI's Welfare Committee was not able to hold a movie appreciation event in 2020 due to the COVID-19 epidemic, in order to provide employees with the opportunity to refresh their minds and bodies while at work, and to provide relaxation to employees for their hard work, as well as to increase interaction between employees and their relatives. The decision was made to change the scheduled movie viewing event to a "2020 SNI's Revival Voucher", allowing employees to choose their favorite leisure and entertainment, providing them with a little bit of peace of mind in the face of the epidemic, and also promoting consumption to revitalize the economy.



SNI's 2021 Year-end Celebration Party

In 2020, due to COVID-19 epidemic, SNI changed the way of holding the year-end celebration party from a group event to a departmental event. For foreign colleagues, the event was changed to in-house restaurant for Christmas dinner. Through various forms of application, SNI thanked its employees for their hard work and dedication throughout the year, and continued to unite their centripetal force and increase their enthusiasm for work. Although the international epidemic is still critical, with the approval of the COVID-19 vaccine, the global economy will gradually shake off the disruption brought about by the epidemic and the domestic economy will gradually recover. Please follow the footsteps of SNI and continue to make great strides towards 2021 to welcome the explosion of business opportunities after the epidemic and hope for another successful year.



Award for foreign colleagues with excellent performance



Christmas dinner for foreign colleagues



Awarding of local colleagues with excellent performance



Awarding of local senior colleagues

GRI Standards Index

General Disclosures (2016 edition)

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102-3*	Location of headquarters	No. 500, Fuxing 3rd Road, Guishan District, Taoyuan City	3		112
102-4*	Location of operations	Global Deployment	45		112
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102-41*	Collective bargaining agreements	Safeguarding Employees and Labor Agreement	93, There was neither a trade union established nor a Collective bargaining agreement signed.	112
102-42*	Identifying and selecting stakeholders	Stakeholder Engagement	7	112
102-43*	Approach to stakeholder engagement	Stakeholder Engagement, Customer Relationship and Satisfaction, Communication Channels	7、49、92	112
102-44*	Key topics and concerns raised	Financial Information Disclosure and Investor Communication, Stakeholder Engagement, Channels of Communication, Safeguarding Employees and Labor Agreement	23、7、92、93	112

Reporting Practice				
102-45*	Entities included in the consolidated financial statements	About this Report, Group Structure	2 、 47	112
102-46*	Defining report content and topic Boundaries	Selection of Material Topics	9	112
102-47*	List of material topics	Selection of Material Topics	11	112
102-48*	Restatements of information		None	112
102-49*	Changes in reporting		No significant change	112
102-50*	Reporting period	About this Report	2	112
102-51*	Date of most recent report	About this Report	3	112
102-52*	Reporting cycle	About this Report	3	112
102-53*	Contact point for questions regarding the report	About this Report	3	112
102-54*	Claims of reporting in accordance with the GRI Standards	About the Report, GRI Standards Index, External Assurance Statement	2 、 106 、 112	112
102-55*	GRI content index	About this Report, GRI Standards Index	2 、 106	112
102-56*	External assurance	About this Report, External Assurance Statement	2 、 112	112

Note: * indicates the core disclosure items

Disclosure of Material Topics

Standards Numbers	Disclosure Items	Chapter	Page/URL /Remark	omission	External Assurance Page
GRI 200 (Economic)					
Economic Performance (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
201-1	Direct economic value generated and distributed	Financial Performance, Integration into Local Communities and Participation in Charity Activities	42 、 102		112
201-3	Defined benefit obligations and other retirement plans	Employee Retirement Plan	93		112
201-4	Financial assistance received from the government	Financial Performance	42		112
GRI 300 (Environmental)					
Environmental Compliance (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
307-1	Non-compliance with environmental laws and regulations	Statistics of Environmental Protection Expenses and Investments for 2020	63		112
GRI 400 (Social)					
Employment (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
401-1	New employee hires and employee turnover	Overview of Global Employees	82~83		112
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remunerations and Benefits	85		112
401-3	Parental leave	Parental leave	86		112

Labor / Management Relations (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
402-1	Minimum notice periods regarding operational changes	Establishment of Minimum Period of Notification for Change in Labor Service	81		112
Occupational Health and Safety (2018 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
403-1	Occupational health and safety management system	EHS Management Systems	97		112
403-2	Hazard identification, risk assessment, and incident investigation	Hazard identification risk assessment, accident investigation and improvement	97、98		112
403-3	Occupational Health Services	Employee Communication and Care, Healthcare	91、94		112
403-4	Worker participation, consultation, and communication on occupational health and safety	Environment Safety and Health Committee	99		112
403-5	Worker training on occupational health and safety	Occupational Safety and Health Education and Training	98		112
403-6	Promotion of worker health	Healthcare	94		112
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Communication and Care, Occupational Accident Prevention, Safety and Health Performance	91、96、100		112
403-8	Workers covered by an occupational health and safety management system	EHS Management Systems	97		112
403-9	Work-related injuries	Safety and Health Performance	100	We are not able to disclose the occupational injury statistics of non-employee workers in this year because the recording mechanism is still being established.	112
403-10	Work-related ill health	Safety and Health Performance	100		112

Training and Education (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
404-1	Average hours of training per year per employee	Education and Training	90		112
404-2	Programs for upgrading employee skills and transition assistance programs	Education, Training and Attraction of Talents	88~90		112
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Performance Evaluation	91		112
Diversity and Equal Opportunity (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
405-1	Diversity of governance bodies and employees	Board of Directors, Overview of Global Employees	17、78~84		112
405-2	Ratio of basic salary and remuneration of women to men	Wage Guarantee	87		112
Customer Privacy (2016 edition)					
GRI 103 Management Approach	103-1 Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	103-2 The management approach and its components	Selection of Material Topics	13~14		112
	103-3 Evaluation of management approach	Selection of Material Topics	15~17		112
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and Information Security Protection	49		112
Socioeconomic Compliance (2016 edition)					
GRI 103 Management Approach	Explanation of material topics and its boundaries	Selection of Material Topics	9~12		112
	The management approach and its components	Selection of Material Topics	13~14		112
	Evaluation of management approach	Selection of Material Topics	15~17		112
419-1	Non-compliance with laws and regulations in the social and economic area	Respect for intellectual property rights and fair trade	32~35		112

External Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SENAO NETWORKS, INC.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Senao Networks, Inc. (hereinafter referred to as SNI) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the 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 on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The information in the SNI's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of SNI. SGS has not been involved in the preparation of any of the material included in the Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, 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		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

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:

Select specific reporting criteria included in the contract

Reporting Criteria Options

- 1 GRI Standards (Core)
- 2 AA1000 Accountability Principles (2018)

- ☒ AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- ☒ evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR 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 SNI, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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

FINDINGS AND CONCLUSIONS

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

SNI has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to customers, investors, employees, suppliers, governmental authorities, and communities are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality

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

Responsiveness

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

Impact

SNI has 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, SNI's CSR Report of 2020, 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 SNI'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.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
17 August, 2021
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