

SERCOMM

2020 Sercomm Corporation Corporate Social Responsibility



SERCOMM

www.sercomm.com

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About This Report

Sercomm Corporation is not only committed to its business development but is dedicated to fulfilling and promoting its corporate social responsibility in order to propagate the importance of the environment and green energy, to care for employees' interests and rights, to strengthen its corporate governance, and to participate in social and public interests. Sercomm upholds the principles of honesty, transparency, and sustainable development. Sercomm hereby prepares the "Sercomm Corporation 2020 Corporate Social Responsibility Report" to detail the status of sustainable development and social responsibility fulfilled by the Company in 2020 and to disclose the report to the public.

Publication

The report discloses Sercomm's performance and status in terms of economy, society, environment, and governance in 2020 (from January 1 to December 31, 2020), and some information related to the variance of corporate growth there of in 2018 and 2019. Previous CSR report was published in Sep. 2020.

Report Scope

The information disclosed in this report includes various performance ratings and data pertaining to environmental protection, employee relations, corporate governance, and social participation carried out by Sercomm from January 1 to December 31, 2020. The information covers Sercomm Headquarters in Nangang Software Park in Taiwan, the Zhunan factory in Miaoli, subsidiaries in China and overseas branchest. The scope and boundary of the Subject Matter Information is set out in the "Summary of Subject Matter Assured".

Report Methodology and Guidelines

This report has been drafted based on the GRI standard guidelines. Sercomm will publish the CSR report on an annual basis. This report exists in both Chinese and English versions, both of which are posted on Sercomm's website (<http://www.sercomm.com>).

Report Assurance

PwC Taiwan has been engaged to perform assurance procedures on the sustainability performance information identified by Sercomm Corporation in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China. The assurance report for this CSR report is attached in the appendix.

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Letter From Chairman and CEO

The global economy has been adversely affected by the international trade and COVID-19 pandemic in 2020. As a result, the overall business growth has been challenging. However, the situation has led to new opportunities in the networking industry. In response to the pandemic, Sercomm has managed to achieve a better operational efficiency. Sercomm's consolidated net sales for 2020 was NT\$36.1 billion, which represents a 14% year-over-year increase compared with last year. The operating profit was NT\$1.14 billion, an increase of 15% year-over-year. The net income before tax was NT\$1.11 billion, and net income attributable to owners of parent reached NT\$910 million. Based on 248 million weighted average shares, earnings per share (EPS) for year 2020 was reported as NT\$3.66.

The COVID-19 pandemic has impacted on the global economy, and it has changed people's lifestyles, such as working from home, remote teaching, and video streaming. Therefore, due to these daily routines and activities, the amount of data transmission has been doubled, generating a push for broadband infrastructure upgrade. To strengthen its global strategy deployment, in addition to expanding sales operations, Sercomm has also set up new plants in the Philippines and India. We expect to expand the production capacity and flexibility by implementing these projects, so as to improve customer relationships and stay competitive in the industry. While consolidating our position in the existing markets such as North America, Europe, and Asia Pacific, Sercomm is actively expanding its global footprint in various emerging markets, such as Southeast Asia, India, Latin America, and Eastern Europe. We not only seize the opportunity for participating in broadband upgrades but also continue to increase market share in the telecom market.

While pursuing business growth, Sercomm has committed to achieving sound corporate governance. We also attach great importance to environmental, social, and sustainable development. Our Corporate Social Responsibility Report published in 2020 has been recognized internationally for three consecutive years. Simultaneously, Sercomm has also been awarded the "Best Small Cap Company" by Asiamoney Magazine for

five consecutive years. In addition, Sercomm was awarded the "Most Honored Company," "Best CEO," and "Best Investment Relations" in Asia-Pacific technology hardware sectors by Institutional Investor Magazine. Sercomm, as the only networking company in Taiwan receives these awards, demonstrates its consistent commitment to corporate governance and sustainable development.

Looking ahead to 2021, for seizing the business opportunities in the new 5G era, Sercomm will continue developing new technologies such as WiFi 6 devices, FTTx products, Cable DOCSIS 3.1, 5G Small Cells, 5G CPE, IoT applications and other solutions. In a highly globalized market, Sercomm expects to have in-depth cooperation with our existing and potential customers worldwide through our advantage of technology. While pursuing a better operational efficiency, as a corporate citizen, Sercomm will ensure that the long-term interests of shareholders, customers, and employees are achieved and our corporate value is consistently enhanced..



James Wang
President & CEO of Sercomm

Paul Wang
Chairman of Sercomm

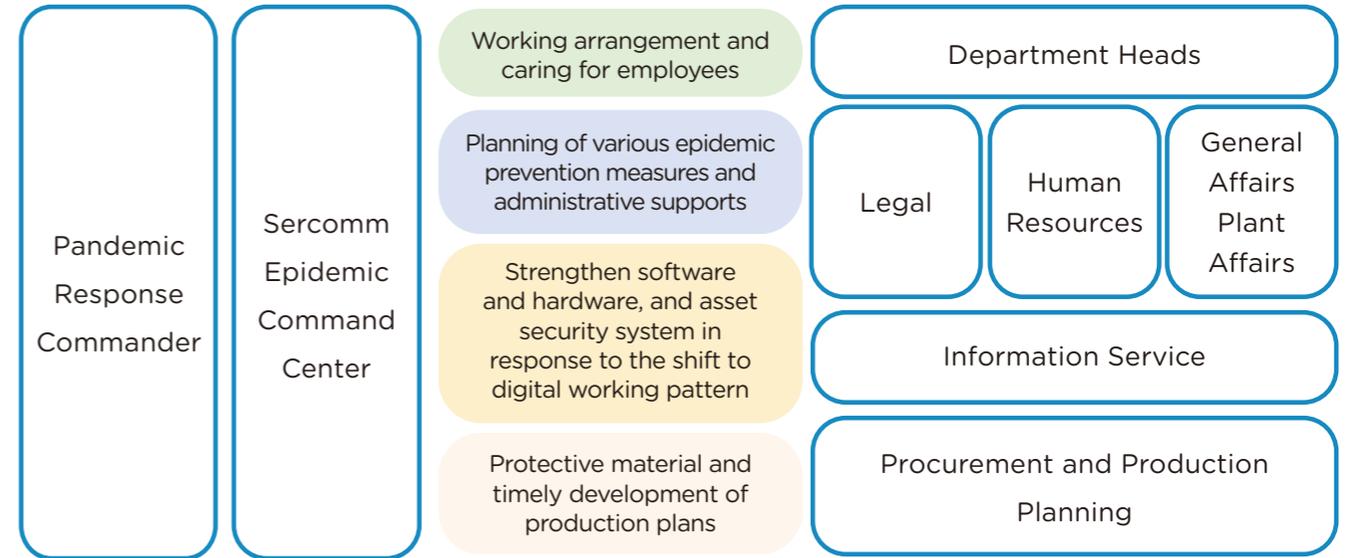
COVID-19 Pandemic Prevention

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

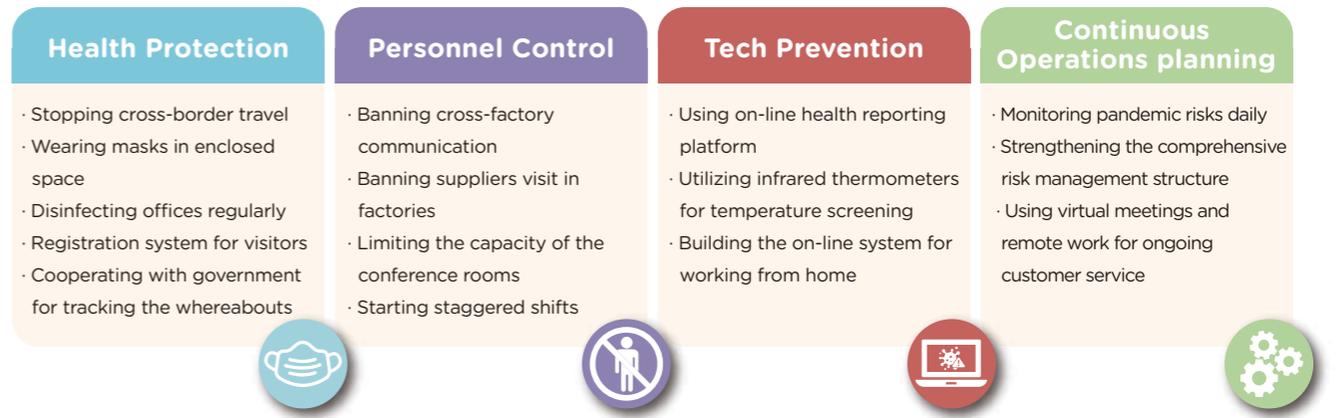
In connection with COVID-19 response measures, the Company carries out its response plans accordingly by upholding the principle of “Anti-epidemic First, Health Protection, Technology Application”. By cleaning and disinfecting the office area, and encouraging employees to receive influenza vaccination,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

By maintaining effective and real-time communication with employees, the whole company has been working together to fight against the pandemic. A COVID-19 hotline was launched on the public office line for employees. In January 2020, the Company announced its company-wide precautions measures and response plan for the first time, and the initiatives of all other relevant rules and information subsequently, including self-protection and health education, environment cleaning and sanitizing, measures of controlling staffing and workspace, and backup work plans. With these efforts, employees have been able to inquire about and obtain the latest pandemic response measures of the Company and the relevant knowledge. By doing so, the Company makes every attempt to create a safe workplace for employees.

Sercomm Epidemic Command System of the Taiwan Head Office:



Countermeasures of Pandemic Prevention in Sercomm



Sercomm's Responding and Action to UN Sustainable Development Goals



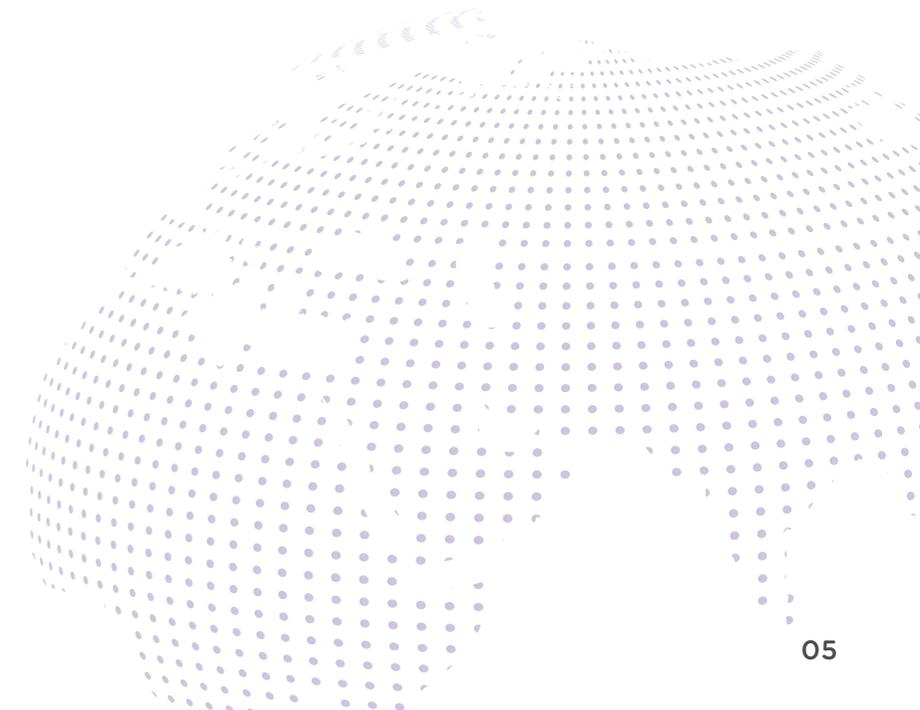
The United Nations set 17 Sustainable Development Goals (SDGs) in the 2030 Agenda for Sustainable Development to identify key issues in economic, social and environmental aspects. The goals have since become a common language and strategy for global sustainable development.

Sercomm supports the development direction of SDGs, matches the company's sustainable actions with the goals of SDGs, takes actions on key issues, and concentrates resources on areas that can have long-term impact. In the future, the company's medium and long-term sustainable direction will focus on four goals: Goal 5 to promote gender equality, Goal 8 to promote economic growth, Goal 9 to promote industrial innovation, and Goal 12 to ensure sustainable consumption and production patterns.

SDGs	Sercomm Actions	Business Theme	Relevant Chapter
 5. Gender equity	<ul style="list-style-type: none"> Comply with the Law on Gender Equality at Work to prevent sexual harassment and gender discrimination in the workplace. Continue to pay attention to the issue of gender equality, with male employees accounting for 56% and female employees 44%. 	Equal remuneration for women and men Gender equality Parental leave	3.4.1 3.1.1, 3.4.1 3.1.1
 8. Decent work and economic growth	<ul style="list-style-type: none"> Establish the occupational safety and health committee to continuously reduce the rate of disabling injuries and create a safe, healthy, and comfortable working environment Follow the code of conduct of the Responsible Business Alliance (RBA) to ensure the implementation of the policy of prohibiting child labor and compliance with relevant norms such as labor, health and safety, environment and corporate ethics. 	Abolition of child labor Earnings, wages and benefits Employee training and education Employment Labor practices in the supply chain Workplace Environment Parental leave Youth employment	3.1.2 3.4 3.3 3.2.2 4.5 3.5.2 3.1.1 3.2.2
 9. Industry, innovation and infrastructure	<ul style="list-style-type: none"> Implement internal incentive system, continuously accumulate innovative patents, and provide high-performance solutions for global customers. Improve energy efficiency and strive to reduce carbon and save energy Promote environmentally friendly materials to reduce environmental impact Promote smart manufacturing while improving production efficiency 	Infrastructure investments Research and development	2.2, 3.6 2.3
 12. Responsible consumption and production	<ul style="list-style-type: none"> Strengthen the management of hazardous substances and select suppliers with management ability to ensure that raw materials and products meet the regulatory requirements Mitigation measures such as reducing the proportion of hazardous wastes In 2020, there were no violations in the emissions of exhaust, wastewater, and waste 	Air quality Energy efficiency Procurement practices	4.1.5 4.1 4.5

1 Stakeholder Engagement

- 1.1 Corporate Social Responsibility Policy
- 1.2 Identification of Stakeholders
- 1.3 Methods of Communication with Stakeholders



1.1 Corporate Social Responsibility Policy

By upholding the corporate value outlining “Dedication to Core Business and Positive Feedback to Society,” Sercomm, based on the sustainable development, integrates the three major missions—ethical corporate management, environmental protection, and feedback to society—into its routine operations, and fulfills the same in terms of economy, society, environment and product by submission of the stakeholders’ topics of concern. In addition to focusing on the core business, Sercomm pursues the best operating revenue and profit to take care of employees and feedback remuneration to shareholders, values the environment where it is situated, works hard to provide feedback to society, and becomes the force to make the society better through fulfillment of its corporate social responsibility.

Corporate Ethical Management

Uphold corporate governance, fulfill corporate ethical management, value shareholders’ equity, and forbid any unethical conduct.

Customer Service

Provide fine-quality products, protect customers’ privacy, and work with suppliers to develop the value chain of sustainable operation.

Active Innovation

Encourage innovation, invest in R&D, develop professional technology, uphold excellent production, and value intellectual property rights.

Excellent Workplace

Value employees’ benefits, build excellent workplaces, develop talents, and provide fair and safe working environments.

Environmental Protection

Concern about climate transformation trends, implement effective energy-saving measures, take environmental-friendly actions, and actively mitigate the impact to the environment.

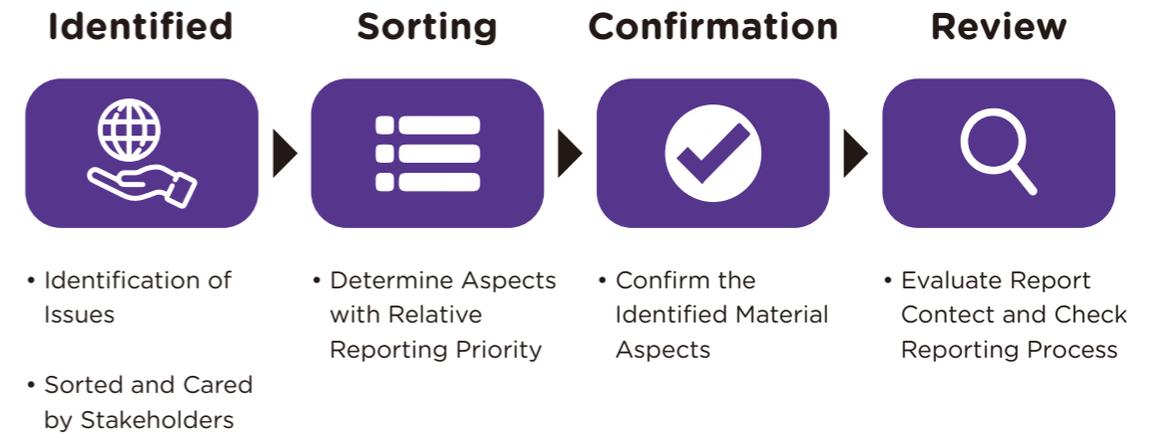
Feedback to Society

Support rural children’s education, participate in public welfare and charity events, fulfill corporate social responsibility perfectly, and create a better future jointly with the society.

1.2 Identification of Stakeholders

1.2.1 Process Analysis

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



1.2.2 Identification of Stakeholders

Secomm values the opinion of all stakeholders and the issues prioritizing them. In order to identify representative stakeholders, Secomm classified the stakeholders into 7 groups through open discussion based on the attributes of operations, domestic and overseas sustainable development trends, and the five major principles referred to in the AA1000 Stakeholder Engagement Standard including dependency, responsibility, tension, influence, and diverse perspectives. The 7 groups are: employees, customers/partners, investors/shareholders, suppliers, governments/ competent authorities, news media, and NPO/NGO.



1.2.3 Identification of Materiality Topics

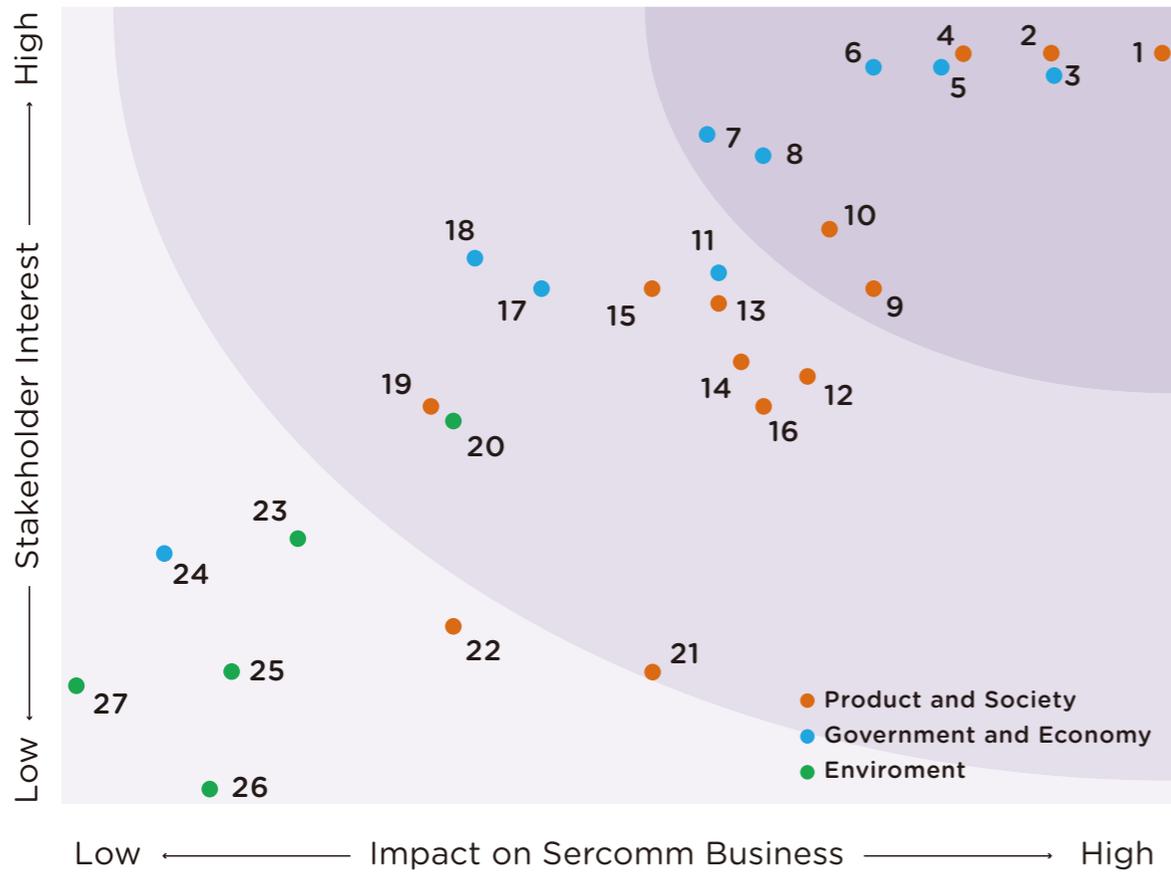
Through the communication of various unit supervisors and colleagues with stakeholders, Sercomm collects comments from the stakeholders in accordance with corporate cultures, management philosophies, various units' job descriptions and plans, communication channels for employees, and communication between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

2020 Materiality

After the corporate senior management team and unit supervisors analyzed results of the above procedures, the materiality matrix for 2020 was defined. Sercomm classified the 27 sustainability topics above into significant impact, secondary impact, and negligible impact according to their locations on the matrix. The identification results provided the framework for the report and answers to the stakeholders' questions.

The 27 topics were divided into 10 high impact topics, 11 middle impact topics, and 6 low impact topics. In particular, "high impact issues" are covered in the scope of material disclosure in the report. This CSR Report is intended as a review of Sercomm's progress toward the vision of sustainability and a presentation of the Company's performance in the area. The report serves to maintain a two-way open communication channel between Sercomm and its stakeholders.

Sercomm analysis of material topics in 2020



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

Scope of Application

With respect to the identified 10 important topics, the unit contact persons delegated by various unit supervisors are called to help verify the considerations and the subjects to which potential influence might be produced according to the physical operations, which are stated as following:

- **Inside the organization:** Sercomm Headquarters, Sercomm Zhunan Manufacturing Center, and Sercomm (Suzhou) Corporation
- **Outside the organization:** Sercomm’s customers and suppliers.

Material Topics and Sustainable Issues Index

		Material Topics	GRI Disclosure	Report Chapter	Page
Governance and Economy	High	Operating Performance	GRI 201	Operating Performance	2.2 17
		Compliance with Regulations	GRI 307 GRI 419	Operating Risk Management	2.5 26
		Business Ethics	GRI 102	Ethical Corporate Management	2.4.4 25
		Privacy and Data Security	GRI 418	Information Security Management System Customer Service and Satisfaction	2.6 30 4.6 73
		Corporate Governance	GRI 102	Board of Directors	2.4.3 23
Product and Society	High	Quality Service	GRI 102 GRI 416	Operation Risk Management Management System and Certification Green Products	2.5 26 4.1.1 57 4.2 62
		Innovation and Development	Others	Innovation and Development	2.3 19
		Customer Service and Satisfaction	Others	Customer Satisfaction	4.6 73
		Occupational Safety and Health	GRI 403	Management System Workplace Environment	2.5 26 3.5.2 49
		Employment	GRI 401	Respect for Human Rights Employee Recruitment and Retention	3.1 33 3.2.2 37

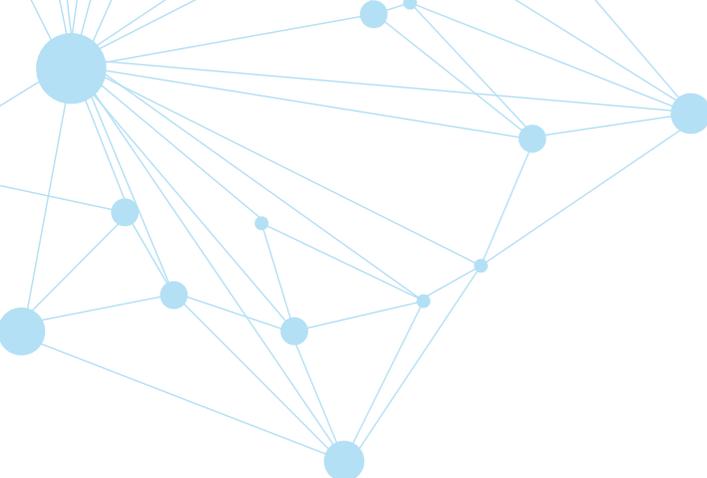
1.3 Methods of Communication with Stakeholders

The topics concerned by various stakeholders are communicated and answered by corresponding units or taskforces via various channels, so that the stakeholders' expectations may be verified. Such feedback is served as the important reference for preparation of the CSR report for next year. We hope to achieve the following through information disclosure in the report:

- Strengthen communication between customers, partners, suppliers and investors, and enhance their trust in Sercomm's performance and execution.
- Improve employees' recognition for CSR and incorporate CSR into corporate value to enhance internal cohesion in the Company.
- Maintain unimpeded communication channel between the Company and the media, government, and NGO/social groups.

Sercomm's website (<http://www.sercom.com>), MOPS (<http://mops.twse.com.tw>), Sercomm's email address (see Sercomm's website>About Sercomm>Contact Us), Sercomm's annual reports and CSR reports, et al. serve to be the routine communication channels for Sercomm. The stakeholders may access Sercomm's important messages via said channels and may contact the relevant units via Sercomm's open email address, from time to time. The communication channels for the other concerned topics are summarized as following.

Stakeholder	Topic	Communication Channel
 Employees	<ul style="list-style-type: none"> · Compensation and benefits · Learning and development · Labor relations · Occupational health and safety 	<ul style="list-style-type: none"> · Annual employee performance appraisal · Employee training system · Employee welfare committee and ESH committee · Employee opinion mailbox (sexual harassment, fraud or ethics violations)
 Customers/ Partners	<ul style="list-style-type: none"> · Customer service and satisfaction · Product quality & safety · Supplier management · Risk management 	<ul style="list-style-type: none"> · Customer audit · Global technical support · Customer service and satisfaction survey · Green policy, green product strategy and green procurement
 Investor/ Shareholder	<ul style="list-style-type: none"> · Operating performance · Risk management · Corporate governance and information disclosure 	<ul style="list-style-type: none"> · General Shareholders' Meeting · Annual reports, material information and financial press releases · Results announcement (monthly/quarterly) · Periodically hold investor conference · Regularly attend investor conference (domestic and overseas) · Sercomm company website
 Suppliers	<ul style="list-style-type: none"> · Supplier management policy · Green products specification · Sustainable acquisition strategies · Order management · Quality management 	<ul style="list-style-type: none"> · Supplier evaluation and assessment · Project meeting · Jointly implement ESG and corporate social responsibility(CSR) · Supplier on-site audit · Conflict of interest policy
 Government Authorities	<ul style="list-style-type: none"> · Regulatory compliance (taxation/occupational health and safety/information disclosure) · Operating performance · Risk management 	<ul style="list-style-type: none"> · Comply with government regulations · Obtained international certifications of EHS · Participant in public hearings and symposiums organized by governmental authorities
 Media	<ul style="list-style-type: none"> · Operating performance · Innovation development 	<ul style="list-style-type: none"> · Results announcement(monthly/quarterly) · Press releases · Media interview and project planning · Annual media gathering
 Non-Profit Organizations	<ul style="list-style-type: none"> · Social participation · Environmental sustainability 	<ul style="list-style-type: none"> · Participant in NGOs activities · Sponsoring non-profit organizations/institutions · Employee volunteering



2 Development of Corporate Operations

- 2.1 Company Overview
- 2.2 Operational Performance
- 2.3 Innovative Development
- 2.4 Corporate Governance
- 2.5 Operation Risk Management
- 2.6 Information Security Management System



2020 Achievements in Corporate Operations



Sales Revenue

NT\$ 36.1 Billion (2020)



Sales Revenue CAGR

20 Years Sales Revenue CAGR 22%
(2000-2020)



Payout Ratio

10 Years Averaged Dividend
Payout Ratio 71% (2010-2020)



ISO27001:2013

Obtained ISO 27001
Establish Information Security
Management Systems



Risk Management

Establishment of the Risk
Management Policy and
Procedures

2.1 Company Overview



Company Name
Sercomm Corporation



Sales Revenue (2020)
NT\$ 36.1 billion



Founded in
July, 1992



EPS (2020)
NT\$3.66



Employees
4,674



Total Capital (2020)
NT\$2.52 billion

Since its founding in 1992, Sercomm Corporation (TWSE: 5388) has been committed to the development of broadband networking software and firmware. With its state-of-the-art manufacturing facility and its fully integrated engineering capability, Sercomm offers comprehensive telecom broadband solutions, and is now a global leader in the industry. Headquartered in Taipei, Taiwan, Sercomm now employs thousands of people around the world. A global logistics network is now taking shape with R&D centers and production sites both in Taiwan and China. As part of Sercomm's global strategy, coupled with the Company's aim to provide better customer service, Sercomm's global operations network now covers the North America, Europe, China, Asia Pacific and emerging markets. In the past decade Sercomm has continued to exert its core competencies and has been able to provide the best time-to-market solutions to customers, thereby experiencing exponential growth. The Company has maintained outstanding operations in the ever-changing technology industry and is constantly improving its performance in technology development, product quality, and customer service.

With its solid strength in system integration, Sercomm has successfully mastered the key technologies and market trends of digital convergence to upgrade its core business from an OEM to a technology partner of global operators. Its products were also transformed from single niche product to a comprehensive suite of telecom broadband solutions, serving premier telecom operators around the world. Specifically, the Company set a successful example for transformation of an OEM in Taiwan. Sercomm's full product series are distributed in various markets covering home, commercial, telecom, security surveillance, and cloud-based applications, engaged in providing customers with the integrated design services for broadband products. The key products including IAD, FTTx, Cable DOCSIS, Small Cell, Smart Home Control, and IoT products, all of which are leaders in their respective genres.

Facing a new era of 5G communications, Sercomm has continued to invest in the new technologies involved in the development of the Internet of Things (IoT) and artificial intelligence (AI). Sercomm is now become the major solution partner behind the Telcos, and is able to launch high value-added products such as Cloud service markets, Smart Energy, Smart Automation, Smart Health, the New Generation of Small Cells, and other solutions. The Company also helped customers develop new market opportunities. All of these efforts have served to create a solid foundation for the Company to thrive and grow. Sercomm has maintained a firm commitment to continually enhance its corporate governance and corporate social responsibility.

2.1.1 Global Business and Performance

Sercomm keeps enhancing the R&D of key technology in the area of communications and provides comprehensive broadband telecommunications solutions. Its customers include numerous international tier-1 telecom operators, retail brands and service providers. Subsequently, it becomes an international-scale enterprise.

Headquartered in Nangang Software Park, Taipei, Taiwan, Sercomm’s marketing strategy emphasizes “Global Technical Support”. The Company engaged to provide nearby technical support and services through the global sales branches in USA, Japan, China, France, Germany, Italy, Russia, India, Mexico, UK, Philippines and other countries. In the future, Sercomm will keep reaching new markets and new customers in order to expand operation scale.

Sercomm holds plenty of know-how and expertise about broadband telecommunication. Its manufacturing centers are located in Zhunan(Taiwan), Suzhou(China) and Philippines which are equipped with the full advanced process, and work with Sercomm’s cross-strait R&D center closely so as to receive perfect engineering supports and are continually upgrading the yield rate by virtue of high-efficiency business management system. Furthermore, to cope with the increasing international trend of business operation, in addition to the enhancement of the automated production line at the cross-strait manufacturing centers, the Company has further established new plant in Philippines and has also swiftly constructed diverse production locations in order to improve the depth and breadth of the overall production capacity.

Sercomm’s solid strength in system integration and precise control over the market trend generated in the past granted the Company trust and recognition by international customers and made it become a major development partner for many international telecommunication customers’ new products. Sercomm established the long-term and stable cooperation relationship with its customers. In consideration of the commitment to and responsibility toward customers, Sercomm invests R&D resources to co-develop multiple new technologies and products with customers at the initial stage of design thereof. Meanwhile, Sercomm pursues efficiency and optimization of quality with respect to production, quality control, and customer service to enhance customers’ satisfaction comprehensively.

Sercomm Global Branches



2.1.2 Award and Recognition



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



Most Honored Company
Best Investor Relations Team



Best Managed Company

2020

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

2019

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

2018

- Awarded by FinanceAsia Magazine as:
"Best Managed Company", "Most Committed to Corporate Governance", "Best at Investor Relations", "Best at Corporate Social Responsibilities", "Best Mid-cap Company"
- Awarded by Institutional Investor as :
"Most Honored Companies", "Best Investor Relations"
- Awarded by Deloitte & Touche as the "Asia Pacific Technology Fast500 Company"

2.1.3 Industry Association Memberships

Sercomm participates in activities carried out by the industry union voluntarily, and tries to build a frequent communication mechanism with the union members via the union meetings held periodically.

Sercomm takes part in establishment of the specifications related to the communication industry:

Organization		
5G Industry Innovation and Development Alliance	Fair Winds Foundation	Suzhou SIP EHS Association
Alashan SEE Ecology Association	Global Certification Forum (GCF)	Suzhou Society For Environmental Sciences
Bluetooth Special Interest Group (Bluetooth SIG)	Global Monte Jade Science & Technology Association	Suzhou Work Safety Management Association
CBRS Allianace	Global TD-LTE Initiative	Taiwan Association of Information and Communication Standards
China Communications Industry Association, Internet of Things Application Branch	GTI Partner Forum Leadership Committee	Taiwan Compatriot Investment Enterprises Association of Suzhou
China Communications Standards Association (CCSA)	Home Gateway Initiative (HGI)	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)
China Mobile Digital Home Alliance	LoRa Alliance	The International Wireless Industry Consortium (IWPC)
China NB-IoT Industry Alliance	Mobile Internet of Things Alliance	Wi-Fi Alliance (WFA)
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Multimedia over Coax Alliance (MoCA)	Wireless Innovation Forum
Communications Industry Alliance	NB-IoT Alliance	Wuxi IoT Industry Association
Cross-Striate CEO Summit	O-RAN Alliance	Yushan Science and Technology Association Suzhou
eXtended Global Platform Forum (XGP)	Small Cell Forum	ZigBee Alliance
	Suzhou Industrial Park Human Resources Development	
	Suzhou Internet Of Things Association	

2.2 Operational Performance

Financial Performance

Sercomm overall business continues steady performance with consolidated net sales of NT\$36.1 billion in 2020. Operating profit was NT\$1.14 billion, with net income before tax of NT\$1.11 billion. The net income attributable to owners of parent was NT\$907 million. Based on 248 million weighted average shares, the EPS for 2020 was NT\$3.66

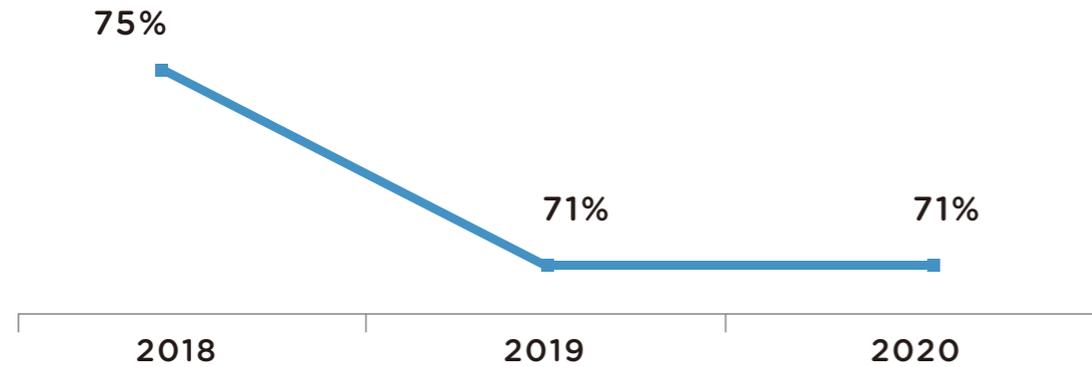
(Unit: NT\$ thousands)	2018	2019	2020
Sales Revenue	33,384,941	31,797,130	36,096,281
Gross Profit	4,477,652	5,079,038	5,438,621
Operating Expense	3,577,191	4,092,136	4,303,582
Operating Profit	900,461	986,902	1,135,039
Non-operating Income & Expense	129,959	291,000	-25,902
Income Before Tax	1,030,420	1,277,902	1,109,137
Net Income Attributable to Owners of Parent	807,586	1,032,953	907,327
EPS (NT\$)	3.32	4.21	3.66
Gross Margin(%)	13.4	16.0	15.1
Return on Equity (%)	11.9	14.1	11.7
Return on Assets(%)	3.8	4.5	3.4

Dividend Policy

The appropriations of the Company's earnings are based on the annual net income. The dividend amount is determined by the profit earning condition, financial condition and future operating needs. In principle, dividends could be distributed in cash and/or in the form of stock; nevertheless, cash dividends shall be no less than 10% of the aggregate amount distributed.

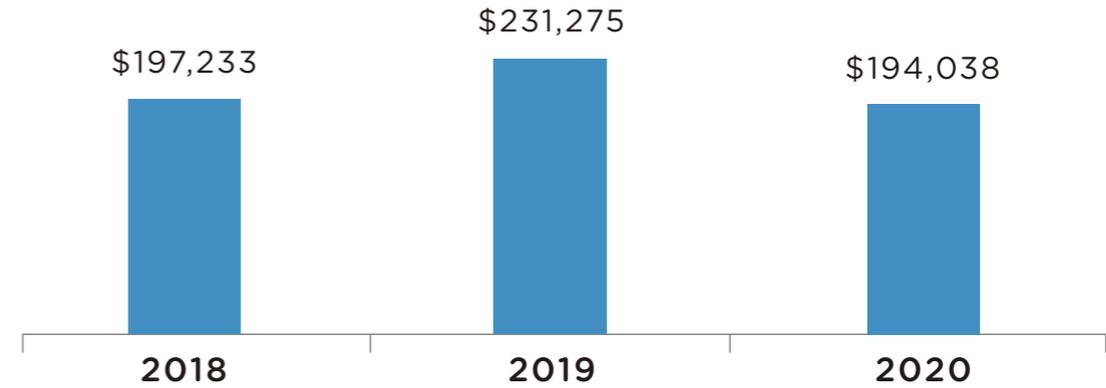
The proposal for 2020 profit distributions was resolved by the Board of Directors as follows: Each common share holder will be entitled to receive a cash dividend of NT\$2.6 per share. In the spirit of "what is taken from the society shall be given back to the society", while pursuing the sales revenue growth, Sercomm will continue to contribute to society in all ways.

Cash Dividend Payout Ratio

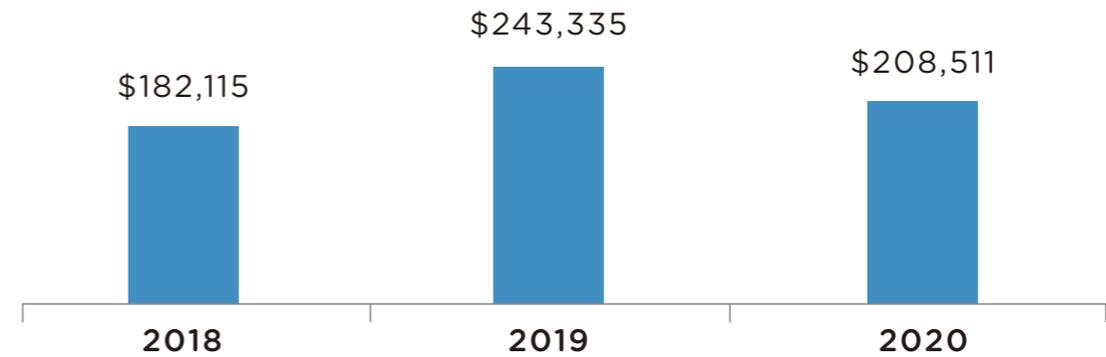


Year	2018	2019	2020
Dividend (NT\$ per share)	2.50	3.0	2.6
Dividend Payout Ratio	75%	71%	71%

Employee Benefits (NT\$thousand)



Tax Payment (NT\$thousand)



Year	2018	2019	2020
Income before Tax	1,030,420	1,277,902	1,109,137
Income Tax	182,115	243,335	208,511

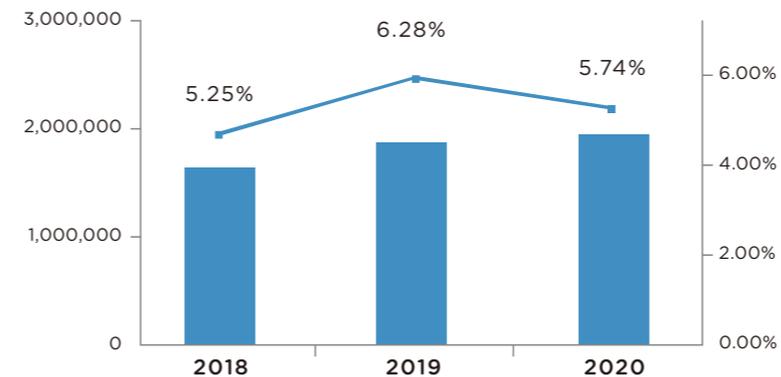
2.3 Innovative Development

2.3.1 Research and Development Capability

Sercomm devotes to the innovative research and development in the field of telecom broadband, and focuses on research and development of new communication technologies in order to strengthen our core competitive advantages. Furthermore, we constantly release innovative products ahead of our competitors in the same industry. With our strong research and development team, the Company has excellent performance in integrated development in software, hardware and firmware. We also strive to optimize the effectiveness, functions and cost structure of our products. With the our optimized and competitive design, firmware and hardware from the beginning to the product production, comprehensive testing, quality guaranteed at manufacturing, global technical support and network level management technology after sales, Sercomm provides all around telecom broadband solutions to meet different clients' needs. The excellent innovation research and development result also earned Sercomm affirmation from first-tier international clients and made us the major development partner.

Sercomm has R&D Centers in Taipei (Taiwan), Suzhou (China), and Moscow (Russia) with more than a thousand engineers. In 2020, the telecom sector has contributed over 80% of the total revenue. This showed that Secomm has broken through the conventional framework of OEM and thus has a larger potential growth in technology development and emerging markets. From residential to enterprise, Secomm satisfies customers' need for diverse, all-in-one digital integration network communication. The operations of the Company have also transformed from single niching, to all around telecommunication equipment suppliers. With the upcoming 5G era, Sercomm is utilizing advance technology in order to be a leader in the market of AIoT (Artificial Intelligent of Things) and M-IoT (Mobile IoT). Sercomm is in a position to launch high value-add products utilizing its experience with system integration of software and firmware.

R&D Expense to Sales Ratio



Unit: NT\$ thousand

Year	R&D Expense	R&D Expense to Sales Ratio
2018	1,751,190	5.25%
2019	1,996,009	6.28%
2020	2,071,038	5.74%

2.3.2 Intellectual Property Management

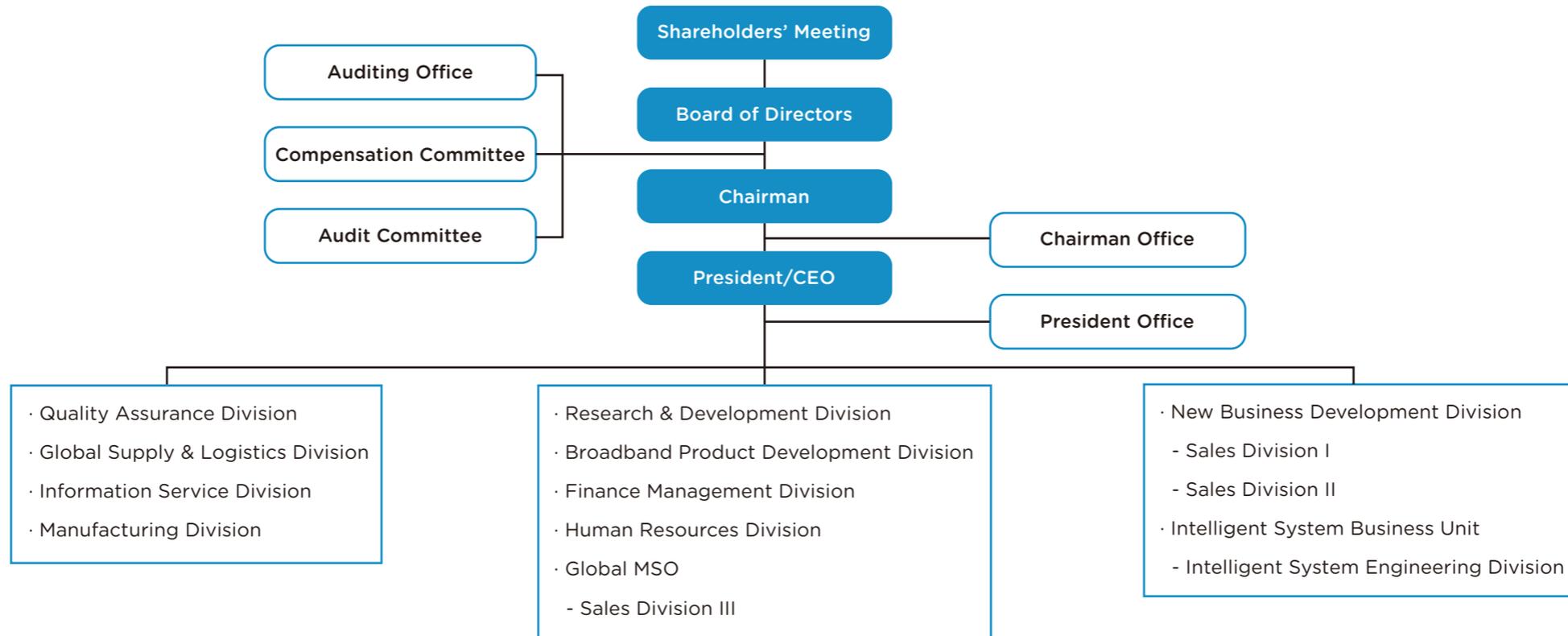
Sercomm is committed to innovative research and development, and regards intellectual property rights as important assets of the company. In order to ensure that the intellectual property rights produced in the process of R&D and innovation can enhance the competitive advantage of the company, Sercomm has detailed and clear regulations and procedures for internal patent applications and hierarchical management of business secrets. Senior executives of the company regularly examine and review the actual implementation of the internal intellectual property management system to continuously optimize the management of intellectual property rights.

In order to encourage personnel to apply for patent applications, the company has formulated the Patent Incentive Measures, actively apply to patent authorities in various countries, provide invention proposals, new patents, and design patent bonuses, and continuously accumulate intellectual assets including patents, copyrights, business secrets, and professional technologies. In terms of education and training, the company's R&D personnel are required to receive patent education and training and business secret education and training, and new personnel are also taught the patent system and prevention of infringement in the training for newcomers.

2.4 Corporate Governance

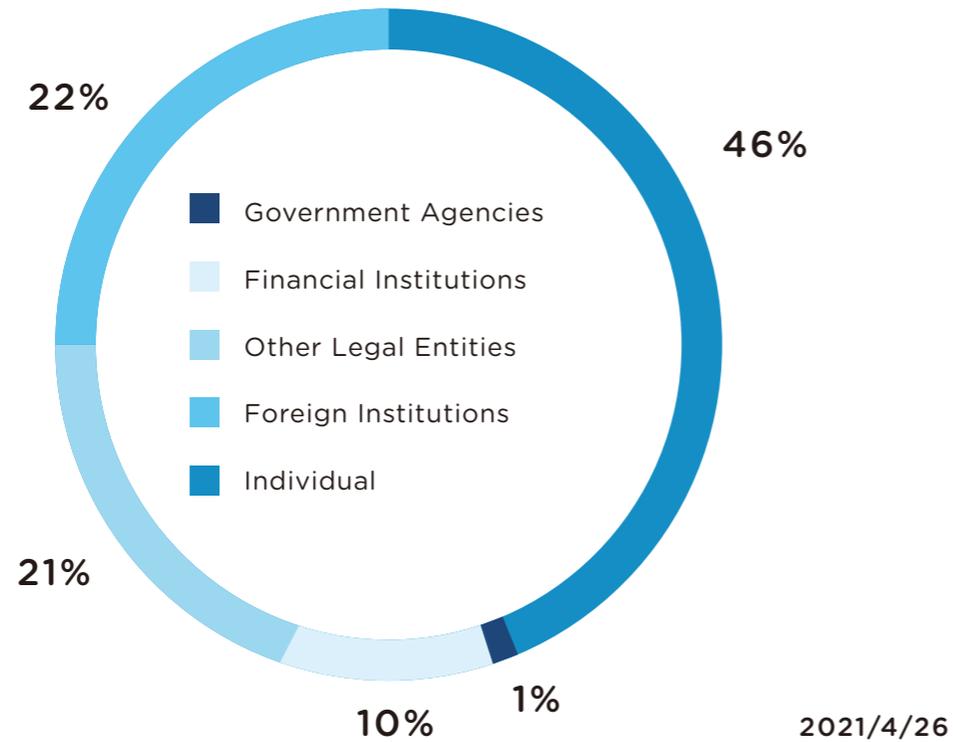
Sercomm has established a solid corporate governance system and complied with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” enacted by Taiwan Stock Exchange (TWSE) and Gre Tai Securities Market (GTSM). The Company has also formulated a comprehensive information disclosure system to fairly and timely provide financial, operational and corporate governance related information in the Market Observation Post System and on the Company’s website according to the regulations for effective communication with the Company’s stakeholders. In addition, to strengthen the spirit of corporate governance and to respond to the changes in operational patterns, Sercomm’s Board of Directors has recruited several industrial and academic professionals with whose expertise help to create new prospects and to enhance the corporate value.

2.4.1 Organization Chart



Department	Main Responsibilities
President Office	Drafting, planning, implementation and monitoring of company operation plans
Research & Development Division	New Product Research and Development and drafting, planning and implementation for technical blueprints.
Broadband Product Development Division	Product development project operation, customer services and support etc.
Sales Division	Sales promotion and operation, customer services and support etc.
New Business Development Division	New business promotion and operation, customer services and support etc.
Intelligent System Business Unit	IP Surveillance's sales promotion and operation, customer services and support etc.
Intelligent System Engineering Division	Research and development on Intelligent related products, product operation and product planning
Global MSO	Sales promotion and operation, customer services and support etc.
Global Supply & Logistics Division	Production material planning, procurement, management and inventory control.
Manufacturing Division	All product QA-related work, including production implementation, product testing and machine maintenance. Production control, property management and material procurement etc.
Quality Assurance Division	Planning, promotion, implementation and monitoring of quality control procedures
Finance Management Division	Finances and accounting, legal and stock-related operations
Human Resources Division	Creating strategic human resources systems and solutions, including recruitment, salaries and bonuses, professional development, performance management and providing general HR services
Information Service Division	Network management, information system importation, planning, operation and monitoring
Auditing Office	Auditing, maintenance and improvement of internal control systems, offering recommendations and assisting in creating solutions for issues faced by other departments, including improving operations and efficiency.

2.4.2 Stakeholder Structure



	No. of Shareholders	Shareholding	Ownership
Government Agencies	3	2,068,000	0.82%
Financial Institutions	24	25,109,000	9.97%
Other Legal Entities	102	52,430,459	20.82%
Foreign Institutions	162	55,246,169	21.94%
Individual	23,963	116,921,139	46.44%
Total	24,254	251,774,767	100.00%

Shareholders' Participation in Corporate Decisions - Electronic Voting System

Under the global trends of Shareholder Activism, Sercomm requests for a motion during the general shareholders' meeting from any shareholders that hold more than 1% of the Company.

All of the motions submitted at a shareholders' meeting for ratification and discussion shall be resolved by ballot vote by all present shareholders, after the same are discussed by the present shareholders thoroughly. Meanwhile, the ballot vote results by shareholders' assent to and disapproval of various motions shall also be recorded in detail to enable the resolution made by the shareholders' meeting to reflect shareholders' opinion sufficiently. During the 2020 Sercomm shareholder meeting, electronic voting accounted for 46.17% of total outstanding shares, and 67.5% of those who attended the meeting.

2.4.3 Board of Directors

Election of Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Prior to the share transfer suspension date dedicated before the meeting date of a shareholders' meeting, Sercomm shall announce in a public notice of the period for accepting the nomination of Director candidates (including Independent Director) and the quota of Directors to be elected. The length of the period for accepting the nomination of Director candidates shall not be shorter than ten days. The list of candidates for Directors shall be evaluated by the Board of Directors during the shareholders' meeting for elections to ensure that all nominated candidates are qualified Director candidates.

The 11th session of Board of Directors is composed of 7 Directors which consist of 4 legal representatives, 3 natural person and 3 Independent Directors. Sercomm Board considers diverse academic and industrial experiences including finance, law and technology. Information on Directors' background, education, work experience and the operation of each functional committees has been disclosed in the Company's annual report. The latest information can be found on MOPS and the Company's website (<https://www.sercomm.com>). To ensure the interest of investors, the Company has taken out liability insurance for all Directors and important personnel. After the renewal of insurance each year, the insurance amount, scope and rate are submitted and reported to the most recent Board meeting.

- 4 board meetings were held in 2020, with an average attendance rate of 100% for all Directors (excluding proxy attendance).
- The Board has 7 seats, of which 3 are occupied by Independent Directors. The various committees are composed of independent Directors and professionals. Members do not include members who also serve as administrative Directors.
- The Board has 7 seats, of which 3 are occupied by members who also serve as administrative Directors, namely Chief Executive Officer/ President, Executive Vice President and CEO of subsidiary company.

Board Members

Title	Name	Gender
Chairman and CEO of subsidiary company	Paul Wang Representative of Pacific Venture Partners Co. Ltd.	Male
Director and President	James Wang Representative of Zhuo Jian Investment Co., Ltd.	Male
Director and Executive Vice President	Ben Lin Representative of Zhen Bang Investment Co., Ltd.	Male
Director	Shyue-Ching Lu Representative of Yun Zhou Investment Co., Ltd.	Male
Independent Director	Steve K. Chen	Male
Independent Director	Chin-Tay Shih	Male
Independent Director	Rose Tsou	Female

Principles for Avoiding Conflict of Interest in Management

Provisions for avoiding conflict of interest are stated in the Company's Board Meeting Regulations. Directors with vested interest in an agenda, whether it is personal or representing organizations, should explain the key content of their interest at the meeting. Should that interest undermine company interests, the said Directors are not permitted to participate in discussions or votes, must be excused from discussions and decisions, and must not vote on behalf of another Director. The name, key content and excuse from participation are recorded in the meeting minutes.

Enhancing Directors' Competency

To cope with the topics of corporate governance and corporate social responsibility and the trend in the most recent years, Sercomm encourages its Directors to attend training programs and submit the certificate to Sercomm. A total of 42 training hours participated in 2020.

Independent Director



In order to establish a comprehensive corporate governance structure, Sercomm elected 2 Independent Directors at a general shareholders' meeting according to the Securities and Exchange Act in 2008, in order to strengthen the Directors' independence and improve the performance of Board of Directors. The number of Independent Directors was increased to 3 in 2017.

Compensation Committee



To strengthening Sercomm's corporate governance and be in line with the international standards, the Board of Directors established the "Compensation Committee" in 2011, consisting of three Independent Directors and one external member. The Committee oversees the performance appraisal and remuneration policy/system of Directors and senior management, and incentives and reward for employees, in order to ensure that professional talents may be recruited, encouraged and retained by Sercomm. According to Sercomm's "Compensation Committee Charter", the Committee shall hold at least two meetings per year. A total of 3 meetings were held in 2020.

The Committee members are as follows:

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

Audit Committee



Sercomm have established audit committee to replace supervisor(s) in Jun 2017. The Audit Committee members consist of Independent Directors of the company. The Directors are responsible for the supervision of the Company's financial statements, for choosing the accountants for their independence and performance, for the effectiveness of the implementation of internal controls, and for ensuring that the Company follows relevant laws and regulations. A total of 4 meetings were held in 2020 with an average of 100% in-person attendance rate.

The Company's chief internal auditor shall regularly report audit items to the Audit Committee on a quarterly basis and discusses it in person during the meeting. The CPA shall communicate quarterly on the financial statement review, follow-up reports and other matters as required by the law, and explains the updates on the securities laws and tax laws. The Company's Audit Committee has good communication with audit personnel and the CPA.

The Audit Committee members are as follows:

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

Auditing Office



Sercomm establishes the audit office subordinated to the Board of Directors, which aims to help the Board and management check and review the validity of internal control system and measure effects and efficiency of operations, reliability, timeliness, and transparency of reporting, and compliance with related laws and regulations, and also to provide suggestions about improvement in order to ensure that the internal control system may be implemented continuously and effectively and serve as the basis for discussion about amendments to the internal control system to facilitate the solid operations. After the submission of audit report and follow-up report, the Company's chief internal auditor shall submit these reports for the review by the Independent Directors by the end of the month next following the completion of the audit items. Thus, the Independent Director may have a timely understanding in the audit and follow-up results.

Corporate Governance Officer

To implement corporate governance, the Board of Directors resolved on November 13, 2020 to appoint Mr. Max Cheng, a senior director of the Financial Management Division, as the Corporate Governance Officer, who has more than 10 years of experience in the management of stock affairs, finance or business affairs of public listed companies. The main responsibilities are to supervise and implement the operation of corporate governance, including:

- (1) Handle matters in relation to the Board meetings and shareholders' meetings according to law.
- (2) Keep minutes at the Board meetings and shareholders' meetings.
- (3) Assist in the appointment of directors and continuing education.
- (4) Provide information required for the Directors to conduct business.
- (5) Assist the Directors in regulatory compliance
- (6) Supervise and report corporate risk management operations.
- (7) Other matters stipulated in the Articles of Incorporation or contracts.



2.4.4 Ethical Corporate Management

Sercomm has established the “Employee Code of Conduct” and “Procedures for Handling Internal Material Information” as the guides for employees to execute the business activities. The Code consists of the general provisions, relationship with customers and suppliers, and conflict of interest. The general provisions cover Sercomm’s corporate ethical management policy. Sercomm organizes the orientation training, general education training and management development training periodically in order to propagate the corporate ethical management policy. Meanwhile, Sercomm requests employees to issue a letter of undertaking to ensure that they will comply with the internal regulations and systems, including work rules, related operating procedures and codes of conduct, et al.. The Company also demands that it and its subsidiaries should carry out any operating activities in accordance with related laws and regulations and should follow high business ethical standards and avoid any unfair competition, perform the obligation to pay tax, prevent corruption and build adequate management systems to create an environment of fair competition. Sercomm also lists the above-mentioned regulation as internal compulsory E-Learning courses, to serve as the basis of operation and conducts.

Sercomm is committed to enhance the timeliness and transparency of information disclosure. It discloses its financial and business information on MOPS, and also holds the investors’ meeting semi-annually. Sercomm attends the investors’ forum and investors’ meeting organized by domestic/overseas securities firms from time to time in order to present the financial figures and business performance already disclosed and to strengthen investors’ knowledge about the Company’s financial business information. Sercomm defines the conflict of interest policy, and enters into the integrity agreement with employees and suppliers. The reward and punishment disciplines and complaining system all expressly specify and provide the complaining channels and keep the complainant’s identity confidential.

· Employee Opinion Box (Sexual harassment, fraud or ethics violations mailbox : HR_Help@Sercomm.com)
· Stakeholder contacts : audit@sercomm.com

2.5 Operation Risk Management

The “Risk Management Policies and Procedures” formulated by Sercomm was approved by the Board of Directors in November 2020. As the highest guiding principle of the company’s risk management, it emphasizes comprehensive risk control for all employees, and implements daily prevention at all levels to ensure correct and immediate communication of risk information for proper front-line responsibility management.

The supervisor or designated personnel of each risk management unit shall be responsible for the second-line responsibility management of related businesses, clearly grasps the effective implementation of various risk regulations, allocates limited resources efficiently to related risk management work, proposes countermeasures and recovery plans when risk incidents are discovered, and consults external experts as needed, and implements additional relevant internal regulations after reporting to the operation and management committee for resolution. This is to ensure continuous and effective improvement and master important factors to reduce the probability and degree of risk loss in a timely manner. The company identifies risk management areas from various aspects, including strategy, operation, finance, and incident, based on the materiality principle.

Organizational structure and authorities and responsibilities

The organizational structure of risk management includes the Board of Directors, the Operation and Management Committee, Corporate Governance Officer, the Audit Office, and various Risk Management Units. The relevant authorities and responsibilities are as follows:

- **Board of Directors:** The highest decision-making body for risk management, which approves the overall risk management policy according to the overall operational strategy and operating environment, ensures the effective implementation of risk management, and bears the ultimate responsibility.

- **Operation and Management Committee:** CEO serves as the chairman, and vice presidents of each division and the general managers of each subsidiary are the members. They are responsible for reviewing the relevant reports of each risk management unit, handling the establishment, assignment, and dismissal of each risk management unit, and supervising the implementation, coordination, and communication of the overall risk management.
- **Corporate Governance Officer:** Reports the implementation of the Group’s risk control to the operation and management committee.
- **Auditing Office:** Draws up and implements annual audit plan (including statutory audit items) and review self-assessment reports issued by each unit.
- **Each Risk Management Unit:** Including each risk management committee set up in each division and across divisions within the Group. It is responsible for implementing relevant risk management procedures and submitting necessary self-assessment and risk assessment reports.



Financial Risk Management

Sercomm is primarily engaged in R&D, manufacturing, and sales. Sercomm is used to adopting a stable and conservative financial management policy but is never engaged in any high-risk or high-leverage financial investment. Sercomm makes endorsements and guarantees for the bank loans only to the subsidiaries wholly owned by it in order to meet business needs, if any. Therefore, the effect rendering against Sercomm is limited. Sercomm's exportation of products accounted for more than 90% of its operating revenue in the most recent year. Certain foreign exchange rate risk arises from the purchase or sale denominated by a currency not deemed functional. Notwithstanding, Sercomm adopts the natural hedging and avoids the foreign exchange risk by virtue of forward exchange contracts. Under contract, it is necessary to buy or sell the foreign currency identical with that denominating the hedged instruments. Therefore, Sercomm responds to the impact arising from the foreign exchange rate fluctuation by means of natural hedging and forward exchange contract.

Ethic and Integrity

Sercomm will enter into the labor contract with its new employees when the employees are hired. HR will advise the employees of the letter of undertaking and Employee Code of Conduct to require that the employees shall act honestly and in accordance with the requirements when performing their duty. The contents cover Sercomm's policies about the code of ethical management; respect toward individuals, suppliers, and customer; ethical management; avoidance of conflict of interest; justified enrichment; disclosure of information; business secrets; intellectual property rights; fair trade; advertisement; competition; confidentiality of personal information; privacy and ethics; prohibition of retaliation; and usage of computers. Meanwhile, Sercomm sets up various monitoring and management systems and includes the same in the orientation training program to help maintain its good will and legal and ethical standards.

Regulatory Compliance

Given that Sercomm has business locations throughout the world, it will adjust its internal control system immediately upon changes of applicable laws and regulations, if any, to ensure that its operations comply with the laws and regulations established by various countries and to prevent its operations from being affected due to violations of laws or from suffering considerable penalty so as to impair its profit. Sercomm

notes any changes in policy or law which might render material effective against its business or finances. Each of Sercomm's departments shall comply with the related laws and regulations. Sercomm also sets up the legal department to dedicated legal related issues and provides various departments with legal aid and consultation.

Quality Management System (QMS)

Since Sercomm received the ISO 9001 certification in 1997 and the TL9000 certification in 2004, it has maintained the validity of the certification. Additional factory premises set up subsequently, including those in Taiwan and China, were included in the scope of certification. Sercomm improves and strengthens its quality management system based on the audit result generated from the periodic audit conducted internally or via a third certification entity.

Environmental, Health and Safety Management System

In order to verify and mitigate the impact produced by Sercomm's products and production process to the environment and to provide all employees, contractors, and visitors with a healthy and safe working environment, each of Sercomm's manufacturing centers complies with the standards under ISO 14001 and ISO 45001 with respect to the environmental and occupational safety management system so as to respond to the environmental protection topics and requirements for crisis and risk management, which are highly valued.

Risk Management

The various lead-time operations and responsive measures are designed to mitigate environmental loss as practicably as could be. Meanwhile, the same may ensure that Sercomm may settle any emergencies and accidents (including such emergencies likely to cause casualty and loss of property, such as fire, earthquake, typhoon, and power failure) rapidly and restore its normal operations, mitigate the effect produced by the same, maintain employees' safety, and reduce its loss of property. Sercomm establishes the related operating procedures including the "Operating Procedure for Response to Emergencies" to assess the disaster and accidents and follow the emergency response operations, and report the same. The taskforce dedicated to response to emergencies shall perform the emergency response plans, functions, and related operating procedures.

Risk Control Framework

Identification of Risk		Risk Control Measures
	<ul style="list-style-type: none"> · Financial · Legal · Audit 	<ul style="list-style-type: none"> · Operating Management · Corporate Investment · Public Relations · Investor Relations <p>Please refer to annual report chapter 7 “ Review of financial position, management performance and risk management” and section 6 “Risk analysis and evaluation in recent years and up to the date of the annual report printed.</p>
 Economic Issues	Supply Chain Risk	<ul style="list-style-type: none"> · Ensure that products and supply chains are exclusive of conflict minerals · New supplier selection criteria · Educational training for suppliers · Graded management of and guidance to suppliers by suppliers’ characteristics and risk levels
	Code of Conduct and Anti-Corruption	<ul style="list-style-type: none"> · Enactment of the “Employee Code of Conduct” · Continue the employees’ ethical codes and anti-corruption propagation training · Set up the complaining channels instead of the high-rank management
 Environmental Issues	Climate Change	<ul style="list-style-type: none"> · Develop green and innovative energy-saving products · Develop green advanced process technologies · Build green factory management systems · Implement energy-saving and carbon-reducing projects · Inspect usage of energy and resources, and manage the sources
	Strengthen Environmental Regulations	<ul style="list-style-type: none"> · Comply with related laws and regulations, and enact various operating procedures · Occupational safety and health committee reviews compliance with environmental protection laws periodically.

Risk Control Framework

Identification of Risk	Risk Control Measures
 <p data-bbox="186 866 274 927">Social Issues</p> <p data-bbox="361 483 774 507">Human Capital Risk Management</p>	<ul data-bbox="871 432 1832 576" style="list-style-type: none"> · Inspect and audit human resource periodically · Plan and execute employees' educational training and development planning · Design competitive remuneration and employees' benefit policies · Complete training, and development & training plan for local human resources
<p data-bbox="427 735 709 759">Safety and Health Risk</p>	<ul data-bbox="871 616 2166 879" style="list-style-type: none"> · Occupational safety and health committee reviews compliance with occupational safety laws periodically. · Employees' occupational safety and health educational training · Protective measures and control over risk of hazard · Safety and production order in workplace · Fulfill fire protection measures and enhance employees' awareness and training of fire protection · Implement the control over source of fire and voluntary safety inspection mechanism · Inspect electric and mechanical equipment periodically
<p data-bbox="407 970 729 1034">Infectious Disease Control and Prevention</p>	<ul data-bbox="871 927 1996 1070" style="list-style-type: none"> · Strengthen various infectious disease preparedness measures · Access control at factory premises, especially handling and disinfection at factory premises · Employees' self health management and checkup · Review and store preparedness supplies
<p data-bbox="427 1150 709 1214">Product Quality/Safety Management</p>	<ul data-bbox="871 1150 1945 1214" style="list-style-type: none"> · Design products in accordance with international rules and brand customers' standards · Strengthen the technical team

* For the risk management in terms of economy, environment and society, please see the relevant sections referred to in Sercomm's annual report and herein.



2.6 Information Security Management System

Focus on information security is Sercomm's commitment to customers, shareholders, and personnel in the company. Ensuring that confidential information and customers' privacy are respected is critical to the company's competitive advantage. In compliance with various laws and regulations and professional ethics, Sercomm established the "Information Security Committee" in 2015, formulated the "ISMS Information Security Policy", and obtained the ISO/IEC 27001 certification of the information security management system on January 3, 2016, and continuously optimized the information security system to keep the certification effective. In 2020, Sercomm did not have any litigation records for violating confidential information of customers, nor did it receive any complaints.

Information Security Risk Assessment

In order to ensure that the information and information systems of product operations are properly protected, Sercomm conducts an internal information security audit once a year in accordance with ISO 27001 standard, and an independent certification agency conducts an external information security audit. In recent years, no major deficiencies have been found in the results of internal and external information audits. Annual information value review and risk assessment are conducted according to the "confidentiality", "integrity", and "availability" of information assets, and compile into an operational impact analysis table. Risk reduction improvement measures are implemented for high-risk issues to ensure that important information assets are properly protected and the risk of operational interruption is reduced.

Information Security Organization and Policy

The information security committee is a cross-departmental and cross functional organization responsible for allocating the overall resources of the Group, reviewing the results of information security work, work plans, and other matters, to ensure the ability to respond to information security incidents and recover from information security incidents in order to prevent the occurrence of information security incidents and reduce the loss of information security incidents. In addition, the company continues to promote the concepts of "respect for intellectual property

rights" and "correct use of legal software" through education, training, and internal advocacy.

In order to implement the information security policy, Sercomm's specific implementation measures for stakeholders and within the company are as follows:

- **Stakeholders:**

Demonstrate the highest guidelines for the information security management system to ensure the confidentiality, integrity, availability of information assets, and the ability to continuously provide products to satisfy customers. Sercomm regards suppliers as important partners of the company, and requires suppliers to sign confidentiality agreements in order to enable suppliers to cooperate with and comply with information security management regulations more effectively.

- **Internal Security:**

To ensure important information of the company and customers (including business secrets and other intellectual property rights), and to protect information security, reduce losses and operational impacts caused by various man-made or natural disasters, Sercomm has formulated information security policies and related measures, standardized the related operation processes such as access control management, account password permission management, computer room management, portable storage equipment management, information system security management, information backup and recovery management, confidential information management, information security accident management, and continuous operation management, etc., so as to ensure the confidentiality, integrity, and availability of the information system, and prevent improper access or tampering of information, and prevent theft or leakage of business secrets and intellectual property of the company and customers.

According to the company's business requirements, the Information Service Division also builds private cloud R&D platforms (such as Virtual Desktop Infrastructure System and IMERA System) and confidential data protection systems (such as Virtual Encryption System) to centrally store and control R&D data, protect the company's R&D achievements and confidential information, and provide personnel with safe and secure information access and interaction space. The Information Service Division has continued to maintain information security by establishing security vulnerability scanning and anomaly alert mechanisms and strengthening information security pre-protection mechanisms for important servers (such as TrendMicro Deep Security).



3 Employee Relations and Social Participation

- 3.1 Respect for Human Rights
- 3.2 Employee Profile
- 3.3 Training and Development
- 3.4 Overall Wages and Benefits
- 3.5 Employee Care
- 3.6 Social Participation

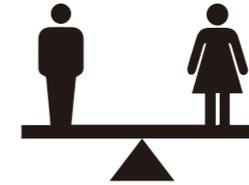


2020 Achievements in Employee Relations



Talent for Internationalization

Foreign Employees from 23 Countries
Local Talents Appointed as Supervisors is up to 98%



Employee Care

100% of Female Employees
Return to Work for more than
one year after Childbirth



Developing Diverse Talent

Training Hours Increased
by more than 1.8 times
15% of Indirect Personnel are Promoted



Healthy Workplace Environment

Diversified Clubs and Leisure Activities
Holding 2020 Global Sercommers' Cup

3.1 Respect for Human Rights

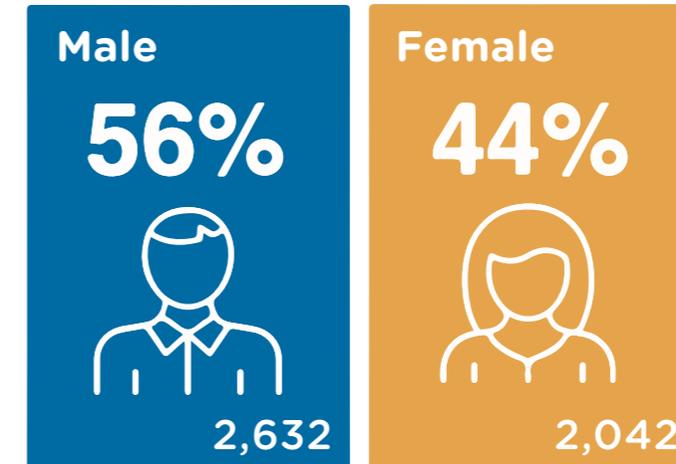
Sercomm pays attention to the issue of human rights protection, promotes relevant education and training, and improves the implementation of internal prevention and response mechanisms, so as to raise the awareness of human rights protection of all supervisors and personnel and reduce the possibility of related risks. The topics of educational courses include: Human Rights Protection, Definition and Prevention of Illegal Infringement, Workplace Violence and Sexual Harassment, etc.

New employees are required to sign the employment contract upon their report to work, and are explicitly informed of the undertaking and Employee Code of Conduct, specifying that during the performance of duties, employees shall adhere to the standard of ethics and integrity, and shall also properly comply with rules and regulations at work. The content includes the company policies of ethical management best practice principles, respect individuals, suppliers and customers, management with integrity, recusal of conflict of interest, prohibition on illegal benefits, public announcements, trade secrets, intellectual property rights, fair trade, advertisement, competition, protection of personal information, privacy, moral and ethics, prohibition on revenge and computer usage etc. The Company also establishes various monitoring and management mechanisms, which are also incorporated into the orientation training for new employees, in light of maintaining the reputation, legal and moral standards of the Company.

3.1.1 Protect Gender Equality Establish Friendly

Sercomm complies with the regulations of the “Act of Gender Equality in Employment” to prevent sexual harassment and gender discrimination at work. With the steady growth of the company and the total number of employees, Sercomm continues to pay attention to the issue of gender equality, the male employee ratio was 56%, the female employee ratio was 44% in 2020.

Sercomm Employee Gender Composition in 2020



In order to care for employees, Sercomm provides comfortable nursery rooms, and providing female employees with menstrual leave, maternity leave, family care leave, paternity leave, or parental leave without pay in accordance with the Labor Standard Law, without affecting the employees’ full attendance bonus or performance appraisal or rendering any decision against the employees. 97 Taiwan employees (41 female employees and 56 male employees) of Sercomm met the conditions for unpaid parental in 2020, including 22% female employees and 45% male employees who were granted the leave after all. Upon completion of the unpaid parental leave, 40% of the female employees were reinstated. After returning to one’s job position, 100% of employees continue to remain at their job positions for more than one year, with a growth of 12% compared to 2019, indicating Sercomm’s thorough implementation on gender protection.

Number of Employees that took Parental Leave in 2020

Category	Male	Female
Number of Employees Entitled to Unpaid Parental Leave	56	41
Number of Unpaid Parental Leave Applicants	3	9
Rate of Unpaid Parental Leave Applicants	5%	22%
Expected Number of Employees Reinstated from Parental Leave in 2020	3	5
Actual Number of Employees Reinstated from Parental Leave	3	2
Rate of Employees Reinstated from Parental Leave	100%	40%
Actual Number of Employees Reinstated from Parental Leave in 2019	0	7
Number of Employees that Worked for One Year Since Returning from Parental Leave in 2019	0	7
Retention Rate for more than one year	---	100%

3.1.2 Equal Employment Prohibition on Child Labor

Sercomm's business locations all follow the international society guidelines and local laws and regulations, and provide colleagues with fair working conditions and reasonable working hours. Sercomm follows the Labor Standard Law and Act of Gender Equality in Employment in Taiwan to ensure adequate and proper employment of talents based on their specialties and professions. Sercomm forbids any form of discrimination, including gender, age, race, nationality, religion, marital status, or political affiliation. It strictly forbids the employment of child labors under 15 years old and minor laborers under 18 years old. Sercomm's locations in Mainland China also prohibit the employment of child labor of those under 16 years old in accordance with the local requirements. In 2020, all Sercomm global sites meet the specifications, and there is no employment of underage workers or child labor.

3.1.3 Recruiting Persons with Disabilities

Sercomm supports the employment of persons with disabilities. Since 2014, it has increased the number of employees with physical and mental disabilities. As of 2020, there should be a total of 23 employees with disabilities. The number of such employees hired in 2020 accounted for 1% of the total employees hired in the territories of Taiwan. The job descriptions cover those of the production line workers, engineers, and in-house professionals, et al. All of the employees with physical and mental disabilities adapt to the environment successfully and exert their specialty when performing their job duty, upon adequate arrangement in their working environment.

Sercomm Disabled Employees Hired in Taiwan

Year	2018	2019	2020
People	12	23	23

3.1.4 Communication Mechanisms

In order to strengthen the harmonious labor-management relationship, Sercomm provides diversified and transparent communication channels dedicated to listening to employees' thoughts and reflecting employees' concerns in order to settle and prevent any dispute.

The communication channels between Sercomm and its employees include:



Two-Way Discussions

Sercomm proceeds with the two-way discussion with colleagues via such internal meeting as the employee meetings, management meetings, and departmental meetings, which could announce the important milestones and operating objectives of Sercomm and also enabled high-ranking management to discuss with officers and employees Sercomm's vision and cultures, consensus, and objectives.



Dialogue Sessions

This includes newcomer sharing sessions and performance interview. Through group sharing, we help to answer new personnel's questions, promote environmental adaptation, and strengthen cross-unit peer interaction. In addition, one-on-one communication is conducted by the supervisor to understand the work adaptation and family situation of employees and provide timely assistance.



Internal Announcements

Sercomm will announce its internal systems or important information in the internal announcement system. All of our employees may read and control the information freely to learn about the employees' benefits and interests. Meanwhile, Sercomm will also collect the colleagues' suggestions through the questionnaire in the internal system to better the planning of following activities.



Labor-Management Meeting and Labor Union

The "labor-management meeting" will be held in Taiwan periodically. In China, Sercomm founded a labor union in accordance with the "Trade Union Law of the People's Republic of China." Union member shall call a meeting if necessary. In which the colleagues' concerns and suggestions about food, clothing, shelter, and transportation were adequately reflected.

2020



Communication Channel

In order to create the harmonious relationship between Sercomm and its employees, Sercomm works hard to build the diversified two-way communication channels dedicated to listening to employees' thoughts and concerns. The employees may make their statement via the complaint channels. Sercomm will designate dedicated personnel ex officio to deal with, follow up, and give feedback of the result. The communication is expected to be transparent, real-time, and free from any interruption to protect each employee's interests and rights.

Employee Opinion Mailbox (Sexual harassment, fraud or ethics violations) HR_Help@sercomm.com

3.2 Employee Profile

3.2.1 Human Resource Distribution

Sercomm upholds its innovative and forward-looking corporate culture to implement humane management. It establishes a fair labor-management relationship with its employees, and forbids any form of discrimination, including race, religion, skin color, nationality, age, gender, sexual orientation, marital status, and political affiliation. By the end of 2020, Sercomm had hired about 4,674 employees throughout the world, including 37% in Taiwan, 52% in Mainland China, and 11% thereof in the other territories. By type of the employee, its direct employees accounted for 39% and indirect employees 61% in the world.

Research and development capability is one of the core competencies of Sercomm. The Company continues to actively cultivate research and development talents in order to ensure the quality and quantity of the research and development resources, thereby sufficiently supporting the continuously expanding existing demands and prospective plans. The number of research and development personnel accounts for nearly half of the ratio of indirect personnel of the Company, reaching 45%.

The seniorities of employees of the Company are mostly in the range of three to ten years, accounted for more than 32% of all employees. In 2020, the turnover rate of direct and indirect personnel dropped by 11%. The stability of employees is high, and employees continue to demonstrate their values of work skills and dedication at work such that the corporate culture inheritance and organization knowledge can be improved, and the foundation for research and development resources can be established firmly.

2020 Sercomm global distribution of employees :



Sercomm Employee Totals in 2020

Category	Male	%	Female	%	Total	%
Direct labor (DL)	695	15%	1,107	24%	1,802	39%
Indirect labor (IDL)	1,937	41%	935	20%	2,872	61%
Total	2,632	56%	2,042	44%	4,674	100%

Sercomm Employee Categories in 2020

	Category	Male	%	Female	%	Total	%	
Age	Under 30	1,086	23%	739	16%	1,824	39%	
	30-50	1,434	31%	1,224	26%	2,658	57%	
	Above 50	112	2%	80	2%	192	4%	
Position	Indirect Employee	Manager	394	8%	129	3%	523	11%
		Professionals	1,543	33%	806	17%	2,349	50%
Years of Service	1 year or less	793	17%	487	10%	1,280	27%	
	1-3 years	690	15%	674	14%	1,364	29%	
	3-5 years	316	7%	278	6%	594	13%	
	5-10 years	479	10%	413	9%	892	19%	
	10-15 years	217	5%	115	2%	332	7%	
	15 years and above	137	3%	75	2%	212	5%	

Note: The number is permanent employees.

3.2.2 Employee Recruitment and Retention

Sercomm believes that corporate success relies on the collective efforts of all employees, and it is imperative to recruit talents to join the team in order to achieve great success for the Company. Therefore, through specific directives of talent recruitment and proper job positioning, Sercomm is able to understand employees and make appropriate personnel arrangements, allowing all talents to exploit their professions at right positions.

During the recruitment process, job vacancies are announced publicly and transparently in order to prevent any information difference and to allow all applicants to have fair employment opportunities. Supervisors of the employing units and professionals perform competence evaluation on applicants individually in order jointly select appropriate talents. Sercomm offers well-founded orientation training, promotion management, and employee benefit to encourage the employees to develop their career and cultivate the business growth strength. In order to fulfill the “talent as the first priority” policy, Sercomm adopts the public and transparent recruitment process so that all job seekers may be given the fair chance for employment. For colleagues who are transferred to any other units or territories, Sercomm will engage in pre-communication and educational training with them thoroughly and will provide allowances and subsidies subject to the workplace in order to protect the employees’ interests and rights.

For resignation management, HR will arrange the interview with colleagues who apply for resignation one by one, if necessary, to verify the root cause of resignation, and will make every endeavor to retain and care for the employees. The interview information will serve as the basis for internal management and improvement. Sercomm will be pleased to give former employees who wish to return back to the Company a chance to resume their posts.

Sercomm believes that recruitment of talents should be borderless, and recruitment of international talents help its business move forward and in line with the international industry supply chain. In 2020, Sercomm hired foreign employees from 23 countries, including the R&D, technical support and sales personnel from the U.S.A., South America, Europe, and Asia. Meanwhile, it ensured the equality in employment, development, performance appraisal, and remuneration of its employees in the world. Sercomm hopes to discover and cultivate more potential talents through the introduction of diverse capital, in view of refining important talents for the new era of 5G.

Recruitment and Retention

Sercomm recognizes that only by actively recruiting and retaining talents can the staff inspire the R&D and manufacturing energies and support the Company in maintaining a long-term competitive advantage over global competition. Sercomm adheres to the principle of matching the right talents to the right jobs. In 2020, Sercomm’s new indirect labor employees 3 month retention rate was up to 87% globally., retention rate of direct personnel reaches 78%. This is evident to prove that during the recruitment process, through proper talent screening in conjunction with employment system and new employee training, talents are able to adapt to the challenge of new environment, to cope with the DNA of the corporate culture and to become part of the new organization in order to further exploiting their expertise, which in turn, the organization is able to grow healthily and sustainably.



2020 New Hire Rates and Turnover Rate of Indirect and Direct Employee

		Indirect Employee				Direct Employee			
		Number of New Hires	New Hire Rate	Departed Employee	Turnover Rate	Number of New Hires	New Hire Rate	Departed Employee	Turnover Rate
Total		909	32%	542	19%	878	49%	948	53%
	Gender	Male	653	34%	356	18%	471	68%	534
	Female	256	27%	186	20%	407	37%	414	37%
Age	Under 30	417	46%	212	24%	591	72%	634	78%
	30-49	463	26%	320	18%	277	30%	309	34%
	50 Up	29	18%	10	6%	10	14%	5	7%

Note: New Hire Rate = Number of Indirect/Direct Employee New Hires in the Category Concerned ÷ Number of employees at the end of the year by gender or age
 Turnover Rate = Number of Indirect/Number of direct resignations ÷ number of employees at the end of the year by gender or age

2020 Sercomm New Employee 3 Month Retention Rate

	Indirect Labor Employees			Direct Labor Employees			Total		
	Number of New Hires	Remaining on the Job after 3 months	%	Number of New Hires	Remaining on the Job after 3 months	%	Number of New Hires	Remaining on the Job after 3 months	%
Taiwan	190	130	68%	194	162	84%	384	292	76%
China	297	258	87%	598	445	74%	895	703	79%
Other	422	400	95%	86	77	90%	508	477	95%
Total	909	788	87%	878	684	78%	1,787	1,472	82%

Local Talent Recruitment

In order to accelerate Sercomm's development objectives and demonstrate the enterprise core value, Sercomm employs local talents to maintain the organization's flexibility and energy locally. Globally, proportion of local personnel appointed as supervisors by Sercomm has increased year by year. 98% of Sercomm's supervisors are assumed by local employees in 2020.

Proportion of local personnel appointed as global executives by Sercomm



Campus Recruitment

"Campus Rooting" has always been an important work item for the talent recruitment of Sercomm. Through diverse channels, the Company conducts career development dialogue with graduating students who are about to enter the job market or students with limited understanding on the career goal in order to recruit outstanding talents worldwide. Campus rooting is not only for the company business strategy and organization development needs but also for the purpose of providing assistance to students in order to reduce the gap between school learning and actual practice, thereby satisfying the supply and demand between the industry and the academic sectors as well as implementing career planning with efforts.

The specific actions for the campus rooting include active development in research project collaboration with all universities and cooperative education plans. In addition, through the methods of participation in campus expositions, corporate seminars and scholarship events etc., recommendations and guidance for career planning with respect to the industry trend, knowledge of workplace, personal advantages etc. are provided to students. Furthermore, in terms of talent matching and professional social platform, the Company also enhances the employer's brand management such that job applicants are able to understand themselves as well as the work and living at Sercomm, thereby allowing talents to exploit their skills and expertise at the right positions. In 2020, at both the regions of Taiwan and China, Sercomm recruited a total of 129 fresh graduates from the campus (all being research and development personnel). The retention rate of fresh graduates for a period of three months reached 97%.

3.3 Training and Development

3.3.1 Learning Development Strategy

According to the operation and talent development goals, Sercomm develops learning and development strategies and enhances the professionalism and high competitiveness of employees through the hybrid learning model of in-person and digital courses. During the severe pandemic in 2020, under the principle of adhering to pandemic prevention, digital learning courses were continuously developed, and the number of students who took courses exceeded the number of students over the past years, reaching a milestone for remote learning.

Sercomm's Learning and Development Strategies



Total Training Hours for Taiwan and China Employees in 2020

Area	Position	Male	Female	Total	
		Average Training Hours Per Person	Average Training Hours Per Person	Training Participation	Average Training Hours Per Person
Taiwan	Managerial Level	1,763	371	758	2,134
	Non-Managerial Level	21,091	52,707	23,925	73,798
	Total	22,854	53,078	24,683	75,932
China	Managerial Level	5,078	1,776	1,790	6,853
	Non-Managerial Level	15,797	9,421	5,855	25,217
	Total	20,875	11,197	7,645	32,070
Total	Managerial Level	6,841	2,147	2,548	8,987
	Non-Managerial Level	36,888	62,128	29,780	99,015
	Total	43,729	64,275	32,328	108,002

3.3.2 Employee Development and Training

Sercomm attaches importance to the cultivation of talents and the development of potential, provides opportunities and resources for employees to grow in multiple ways to enable them to fully develop their potential, and encourages employees to participate in external training independently, so as to continuously improve the professional level in the field of work and increase the competitiveness of individuals and the organization. The total training hours in 2020 were 108,003 hours, an increase of 1.8 times compared to 2019. The training coverage rate reached 90%, which was nearly 8% higher than in 2019.

Total Training Hours for Taiwan and China Employees in 2020

Area	Position	Number of Trainees			Number of Employees On Duty			Training Coverage Rate		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Taiwan	Managerial Level	115	37	152	136	43	179	85%	86%	85%
	Non-Managerial Level	626	921	1,547	635	922	1,557	99%	100%	99%
	Total	741	958	1,699	771	965	1,736	96%	99%	98%
China	Managerial Level	193	75	268	203	78	281	95%	96%	95%
	Non-Managerial Level	1,109	667	1,776	1,308	844	2,152	85%	79%	83%
	Total	1,302	742	2,044	1,511	922	2,433	86%	80%	84%
Total	Managerial Level	308	112	420	339	121	460	91%	93%	91%
	Non-Managerial Level	1,735	1,588	3,323	1,943	1,766	3,709	86%	90%	90%
	Total	2,043	1,700	3,743	2,282	1,887	4,169	91%	90%	90%

Learning Without Boundaries -

sustainable development of professional ability of talents without being affected by pandemic 2020 is the year of digital learning. In order to continuously develop the professional ability of talents and cooperate with the company's pandemic prevention policy, to overcome the pandemic, time and geographical restrictions. Since the beginning of the year, some in-person courses were converted into online learning through internal experts based on their planning, so as to continuously provide employees with training needs that arise from their work and to ensure that employees' learning is not interrupted by the pandemic. In 2020, 17 new courses, 20 core knowledge courses, and 60 professional courses were added, and the completion rate of designated courses reached 90%. By the end of 2020, there are more than 200 digital courses for employees to select.

Number of Online Courses



Learning Status of Online Courses



Evolution of Learning Mode



	Specialized Courses	Core Knowledge courses	Newcomer courses	Total
Number of New Courses in 2020	60	20	17	97
Cumulative Number of Courses	138	75	32	245



Online Newcomer courses

In order to cooperate with the pandemic prevention policy, the training of newcomers is changed to online teaching mode. Newcomers can learn online from the day they report for duty. This model overcomes the restrictions of the number of people, geographical location, and time. Newcomers can flexibly allocate their learning progress within the regulated period, easily obtain all kinds of knowledge and information that need to be acquired at the initial stage of them reporting for duty, which can help them develop the habit of autonomous learning.



Cultivation of Key Talents Uninterrupted Learning

In the second half of 2020 when the pandemic was under controlled, a small class system model was adopted, and relevant in-person training to cultivate key talents was set up for fresh graduates, R&D personnel, new sales personnel, and project managers.

Business Presentation in English

Sercomm is active expanding globally, and continuously improves the English-speaking skill of our R&D personnel every year. In 2020, R&D personnel who face foreign customers were trained in English speaking and presentation skills, and engineers were trained to make presentation in English more systematically through English logic presentation training.

Training for Fresh Graduates in the Workplace -

Efficient time Management and High-Quality Communication

Every year, Sercomm focuses on recruiting and training fresh graduates, and trains R&D engineers who have been in the workplace for 1-3 years in time management and interpersonal communication, so as to improve employees' ability to manage their own time and enhance external communication skills.

Professional Training for Sales and Project Personnel

By conveying the experience of internal instructors, product life cycle and derivative training are provided for sales and project management personnel, so that new sales and project management personnel can understand the internal product life cycle and related management process training, and improve daily work efficiency.



Business Presentation in English



Professional Training for Sales and Project Personnel



Efficient time Management

3.4 Overall Wages and Benefits

3.4.1 Wage Structure

Sercomm is used to valuing colleagues' pay and benefit. Its business locations all adopt the competitive wages and benefits policy and take the level of salary applicable in the same industry and entire economic indicators into consideration. The pay to employees will be determined subject to personal competency, educational background and work experience, seniority, and performance. Any raise in the pay will also be evaluated based on the personal performance, market value and contribution. The remuneration to overseas employees shall be subject to the reasonable and competitive remuneration policy defined based on the local labor market condition. Sercomm also grants long-term and short-term incentive bonus according to the local laws, practices applicable in other industries and operating performance, in order to encourage employees' long-term contribution and growth together with it. The employees' remuneration system will not be discriminated because of gender, race, age, religion, or political affiliation. Sercomm is dedicated to creating harmonious labor-management relationship as is permitted by law, so as to move forward toward sustainable operation.

Salary Statistics for Full-time, Non-managerial Employees at Taiwan Sites

Item	2020	2019
Number of Employees	1,647	1,325
Total combined salary (unit: thousand NT\$)	1,411,906	1,255,131
Average salary (unit: thousand NT\$)	857	947
Median salary (unit: thousand NT\$)	520	546

Note: In the statistics, the "non-managerial full-time employees" refer to those who are excluded from Tai Caizheng Sanzi No. 920001301 Letter Order and those who work the normal working hours or legal working hours as stipulated by the Company.

Sercomm Average Salary for Fresh Graduate

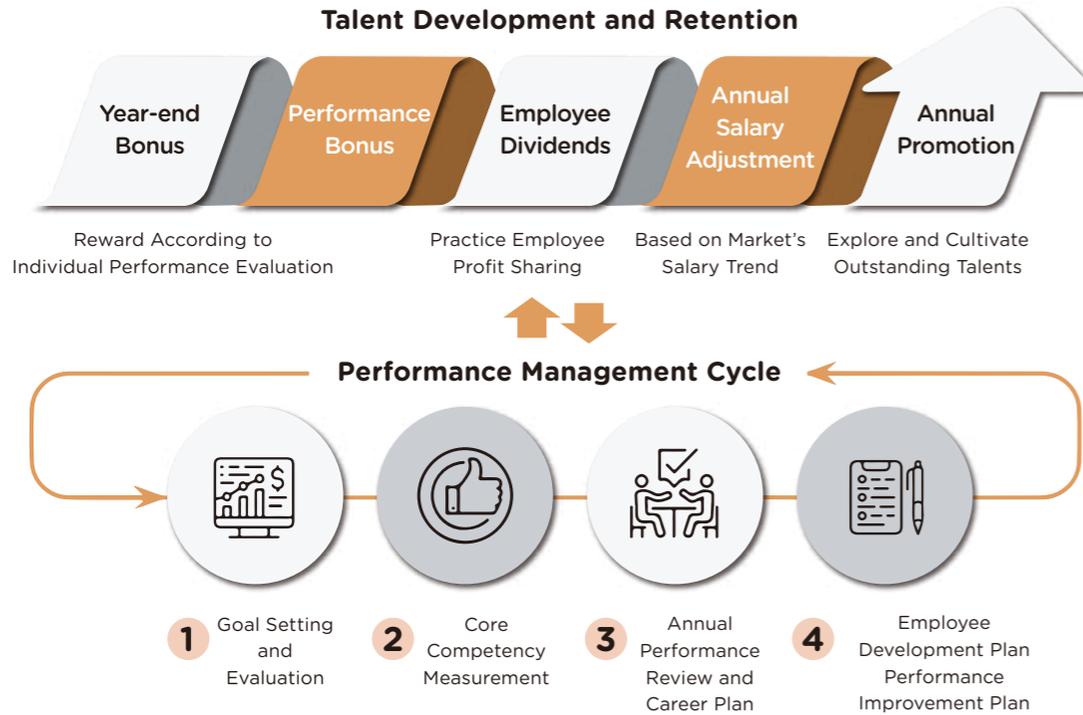
Area	Category	Ratio of Starting Salary is Better Than The Statutory Basic Salary		Ratio for Conversion of Starting Salary of Male and Female Employees	
		Male	Female	Male	Female
Taiwan	Direct Employee	1.0	1.0	1.0	1.0
	Indirect Employee	1.9	1.9	1.0	1.0
China	Direct Employee	1.3	1.3	1.0	1.0
	Indirect Employee	2.5	2.7	1.0	1.1

Note: Standard salary for fresh graduate/statutory minimum wages

3.4.2 Performance Management

As performance management is essential to the business operation, Sercomm utilizes performance management cycle to gather the energy of all employees and properly allocates various resources to achieve the annual business objectives. In addition, the performance outcome is also evaluated. During the deployment and execution process of performance goals, supervisors and employees at all levels also adjust the goal achievement status and correct the execution method through real-time communication and feedback, in-depth training and guidance, thereby expanding the performance outcome. For the posterior section of the performance management cycle, Sercomm establishes a clear and fair performance evaluation system.

Sercomm's performance appraisal system is categorized into four steps, "Objectives set-up and evaluation," "Core competency measurement," "Annual performance evaluation and career plan," and "Employees' development plan or performance improvement plan." Evaluation result is used as the basis for the operations of employee salary adjustment, bonus issuance training development job and position promotion, etc. Good performance management not only focuses on the past, but also on the future. In addition to reviewing past achievements, Sercomm's supervisors and personnel also discussed how to help improve personnel's abilities and career development opportunities. Through this mechanism, a total of 375 indirect personnel were promoted in 2020, with a promotion rate of 15.3%. Those who have been promoted continue to invest and grow in various professional fields, among which the promotion rate of women is 15.8%, slightly higher than that of men 15.1%. (Promotion Rate = Number of Promoted Employees/Total Number of Employees)



3.4.3 Employee Insurance

According to the local laws and regulations in Taiwan, all of the colleagues will be enrolled into the labor insurance and health insurance programs immediately on the hiring date, and Sercomm should contribute pension fund pursuant to laws accordingly. Meanwhile, Sercomm will maintain the group insurance program for the colleagues. The employees' group insurance program consists of life insurance, casualty insurance, health insurance for hospitalization, cancer insurance, and accident & health insurance, et al., and covers the colleagues' spouses and children, so as to provide the colleagues' family with more comprehensive health care planning. Sercomm will provide the group insurance of higher insured value to expatriated colleagues, so that the expatriated colleagues may rest assured when working overseas. The social security systems applicable to overseas employees shall also implemented in accordance with the local laws and regulations. Meanwhile, Sercomm allows certain insurance companies to set up location dedicated to providing services within the Company, in order to provide the colleagues with the services about consultation and claim of benefits under the insurance program, and to introduce the knowledge about insurance and benefits from time to time so that the colleagues may know about the substantial contents and protection of the insurance more clearly.

3.4.4 Employee Leave

Each of Sercomm's business locations defines its own employee leave system in accordance with the local laws and regulations. Sercomm defines the leave system superior than that required by laws, in accordance with the "Labor Standard Law" in Taiwan. If necessary, the colleagues may apply for special leave, menstrual leave for female employees, pregnancy checkup, paternity leave for male employees, family care leave, and parental leave without pay. Meanwhile, if necessary, the colleagues may arrange for a day off in a flexible manner, so as to balance work and family leisure under the concept encouraging employees to take leave, if applicable.

3.4.5 Pension Scheme

Sercomm's pension scheme is based on the relevant local laws and regulations. For example, the employees in the territories of Taiwan shall contribute pension fund to the statutory accounts periodically according to the pension system under the Labor Standard Law in Taiwan. For the employees in the territories of China, Sercomm maintains the endowment insurance pursuant to the local laws, hoping that all colleagues may receive secured protection after retirement. For the time being, the coverage rates of both are 100%.

In the territories of Taiwan, according to the Labor Standard Law and Labor Pension Act, the employees who were hired before June 30, 2005 (inclusive) are entitled to the old pension scheme. According to the old pension scheme, 2% of the salary of the employee who is entitled to the old pension scheme should be deposited to the old pension scheme account maintained at the Central Trust of China on a monthly basis. Until Q4 of 2020, the pension reserve has amounted to NT\$94,000,000, sufficient to meet the retirement need for next 8 years, which will be adjusted according to the actuarial report on a yearly basis to meet retired employees' needs.

According to the new pension scheme, 6% of the salary of the employee who is entitled to the new pension scheme should be deposited into the employee's personal pension account on a monthly basis. In addition to the 6% pension fund contributed by the employer on a monthly basis, the employee may also contribute 0%-6% of his or her salary to his or her personal pension account, to his or her sole discretion.

3.5 Employee Care

Sercomm works hard to build a friendly working environment, spares no effort to take care of colleagues and to increase the colleagues' better life index by virtue of diversified benefits and recreational activities, so as to achieve the purpose for "balanced work and life". Sercomm also provides the traveling allowance and encourages employees to participate in the group tours and clubs organized by Workers' Welfare Committee, so that the colleagues have chance to have fun with their family members in life to relieve them from the pressure of work and also achieve the balance of their personal physical and mental condition, work and family.

Sercomm Employee Compensation & Benefit (Taiwan)

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

3.5.1 Diversified Clubs and Leisure Activities

Sercomm's Employee Benefit Committee funded with Company's annual income and employee benefits. Sercomm organizes local tours periodically and also offers traveling allowances. Company also respects individual's freedom of assembly and association, encourages and assists the formation of diverse clubs, allowing employees to develop their personal interests. Sercomm founded diversified clubs optional to employees, including the basketball club, swimming club, biking club, Yoga Club, Fitness club, badminton club, cooking club, diving club, DIY club, and eSports club, et al.. In order to cultivate the colleague relationship among employees, Sercomm organizes celebration activities, birthday parties, and movie appreciations periodically to give the colleagues the chance to have fun together.

In order to promote physical fitness and train colleagues' exercising habit, Sercomm organizes contests for hiking, marathons, biking, football and rope skipping. During the pandemic in 2020, Sercomm held the Global SerCommers' Cup, encouraging Sercommers at home and abroad to respond to the pandemic prevention new lifestyle, replacing indoor gathering with outdoor activities on the premise of maintaining personal pandemic prevention measures, and conducting group competitions in combination with creative documentary short films. Personnel from all over the world actively participated with their own teams. In the process, they not only achieved sports effects, but also invited personnel to stay positive during the pandemic, pay attention to work-life balance, and let personnel cultivate adventurous spirit, team cohesion, and tacit cooperation in activities.



In 2020, due to the pandemic, Sercomm held the Global Virtual Year End Party online for the first time. Nearly 2,000 Sercommers participated in the live broadcast of online year end party through the Internet. Whether in the conference room, at home, or using mobile devices to watch online, employees reviewed the Group milestones and efforts in 2020 together. In this year-end party, Sercommers showed a high degree of cohesion, which also reflected Sercomm’s constant thinking about how to make good use of the power of the Internet to connect people no matter how far away they are. Looking ahead, Sercommers worldwide will uphold unity and continue to move forward together.



Virtual Year-End Party : Livestreamed the event from Taipei headquarters, real-time interaction with overseas locations, and played the online lucky draw.



3.5.2 Workplace Environment

In order to enable employees to work in a safe environment, Sercomm is dedicated to employees' safety management to ensure the safety of the operating environment, to mitigate occupational disasters, and to instill management policies to secure employees' safety. Sercomm shall comply with the labor safety and health policy and enforcement rules thereof. In order to prevent occupational disease and disaster, its offices or factories shall designate dedicated personnel to supervise the environmental safety & health and improvement operations.

Occupational Safety and Health Management Systems

In order to ensure the safety of workers at work, adhering to the spirit of "respect for life, safe the workplace, the pursuit of zero disaster", Sercomm has formulated an "Occupational Safety and Health Management Policy". And to promote full participation and effective communication, the Company has set an Occupational Safety and Health Committee composed of workers which meets regularly on a quarterly basis. Occupational safety and health personnel are responsible for implementing and obtaining ISO 45001 or TOSHMS and other international standard certifications. The Company adopts the management system to implement various work plans and make continuous improvement to avoid occupational disasters.

Hazard Identification and Risk Assessment

Sercomm attaches great importance to the safety and health of workers, and adheres to the principle of prevention in advance, zero accident and zero disaster. In addition to the routine operations of the company, the management also covers other personnel (outsourcers and visitors) who are engaged in activities at the workplace of Sercomm. The management representative of each area shall be responsible for the approval of hazard identification, risk assessment, etc., and then the environmental safety and health unit and the supervisor of each unit shall perform the necessary work. In addition, the Company holds safety and health related meetings on a regularly basis, and carries out internal/external audit to review the applicability of hazard identification and risk assessment, and timely discuss and modify. And each plant complies with local regulations, ISO 45001 and other certification requirements, and carries out a risk assessment to achieve the vision and objectives of zero accident and zero disaster. In 2020, there is no any disciplinary action for safety concerns being reported.

Operation Safety and Health

In Taiwan, according to the law, each business unit shall set up an occupational safety and health committee to make overall planning for occupational safety and health related affairs, and discuss on a regularly basis the safety and health issues such as safety and health management, education and training implementation plan, health management, occupational disease prevention and health promotion, automatic inspection and safety and health audit, preventive measures for hazards of machinery, equipment or raw materials, and investigation reports of occupational hazards, etc. In mainland China, even though local regulations do not explicitly require the company to establish such a committee, Sercomm has established relevant organizations to expand employees' involvement in the Company's occupational safety and health affairs. For other workers who are not employees of Sercomm, the Company also comply with laws and regulations and implements necessary management to ensure a safe and healthy workplace environment for our contractors. For example, the Company includes the safety standards in the contract, the notice and publicity of hazards, safety supervision and other related safety management and training for contractors before entering the factory, conducts safety inspection from time to time, and informs the contractor or the undertaker of deficiency for safety improvement.

Occupational Safety and Health Training

In accordance with Article 18 of the Occupational Safety and Health Act and the requirements of "concern of a potential imminent danger" as specified in Article 25 of the Enforcement Rules of the Occupational Safety and Health Act, Sercomm reminds all colleagues to retreat to a safe place if any potential imminent danger is found during the working period, in addition to reporting immediately. If employees find any safety concerns during work, they can immediately report them to the factory staff, nurse practitioner or occupational safety and health personnel. Sercomm provides occupational safety and health education and training for new employees, emphasizing the importance of self-protection. In addition, in terms of the fire safety, the Company holds related fire drill to enhance the necessary concept of fire prevention of employees on a regularly basis, as well as organizes regular training courses on safety and health, such as process exhaust system safety design, mechanical and electrical safety protection and hazard prevention in high-risk operations. For other workers who are not employed by Sercomm, Sercomm promotes their safety and health concepts and knowledge from time to time, to get attention from them on occupational safety through pre-entry hazard notice, safety education and training, work safety analysis and safety tips, as well as the safety supervision during the operation.

Occupational Safety and Health Education and Training Statistics (Taiwan)

Item	Number of Courses	Number of Participants
System Development and Education and Training Fees	2	44
Training for Members of the Occupational Safety and Health Committee	1	22
Training for Internal Auditors Of The Environmental Safety And Health System	2	98
Training for Sales Supervisors At All Levels, including those in Charge Of Management, Direction And Supervision	1	43
Safety Design of Process Exhaust System	1	34
Electromechanical Safety Protection	1	32
Hazard Prevention of High-Risk Operation	1	13
Risk Prevention of Illegal Infringement and Communication Skills	1	1,254
Hazard Core Knowledge Course (Online Course)	1	100
Firefighting Training in the First Half of 2020	1	1,254

Occupational Safety and Health Education and Training Statistics (China)

Item	Number of Courses	Number of Participants
Industrial and Commercial Hazard Prevention Training	5	108
Construction Supervision Management Training	2	40
ERT	4	111
Safety Training for Contractors' Resident Personnel	4	101
Safety Training for Team Leaders in Factory Area	2	75
Enterprise Security Objectives and Management Commitment	9	295
Hidden Danger Investigation, Hazard Identification and Risk Assessment	9	237
Exercise of Emergency Plan for Food Poisoning	1	8
Exercise of Emergency Plan for Electric Shock	1	5
Fire Safety Training (Drills/Patrols)	6	853

Occupational injuries and Occupational Diseases

To prevent occupational diseases and occupational disasters effectively, each plant has set up a promotion team of working environment and safety and health, combining with internal audit and external audit, to organize environmental, safety, health and fire protection audit activities every year on a regularly basis. The Company supervises the its overall environment, safety and health operation, and takes workplace disaster as the indicators for its operation and management. In 2020, there were 5 incidents of personal injury in Taiwan. These injuries were primarily due to routine work and accidents in public areas. Pinches, falls, contusions and cuts accounted for the largest number of injuries. In case of injury caused by falling down, finger contusion and pressure injury, the Company has offered its care to the employees in connection with each incident, and investigated the cause of incident immediately. The relevant units were also quick to take improvement measures depending on the environment, space and protection of production lines, so as to minimize the risks on colleagues and workers. In China, there were 3 incidents of personal injury. In case of ankle sprain, and fracture of fingers and toes, the Company has investigated and analyzed the cause of incident, ordered the owners to review the safety of their maintenance operation, and advocated the proper work safety operation, with an aim of avoiding any operation risks on our colleagues. In 2020, no employees or personnel working in Taiwan or China suffered permanent disabilities or deaths from occupational injuries.

Work-related injuries 2020 :

Indicator	Taiwan			China		
	Male	Female	Female	Male	Female	Female
Number of employees	771	965	1,736	1,511	922	2,433
Number of fatalities	0	0	0	0	0	0
Rate of fatalities	0	0	0	0	0	0
Number of high-consequence work-related injuries	0	0	0	0	0	0
Rate of high-consequence work-related injuries	0	0	0	0	0	0
Number of recordable work-related injuries	1	4	5	3	0	3
Rate of recordable work-related injuries	0.29	1.16	1.45	0.61	0	0.61

<Note>

1. Excluding traffic accidents
2. Calculation base: Number of employees at the end of the year.
3. Rate of fatalities: (Death toll/Total working hours)X1,000,000
4. High-consequence work-related injuries: cannot recovered within 6 months
5. Rate of high-consequence work-related injuries: (Number of employees serious injuries / Total working hours)X1,000,000 (excluding death toll)
6. Rate of recordable work-related injuries: (Number recordable work-related injuries/ Total working hours)X1,000,000
7. Working hours: (Number of employees at the end of the year X Working days X Working hours per day)

Total working hours in 2020: Taiwan 3,444,224 ; China : 4,885,464

Healthy Workplace

Sercomm cares for employees' health, advocates healthy culture, holds health lectures from time to time, provides medical information, and specially sets up fitness equipment and a library with rich books for employees, with complete cultural and leisure facilities, to provide employees with a healthy and comfortable working environment. The company also sets a warm and private lactation room for women employees in need.

For the employees' health care, Sercomm appoints certain excellent health examination institutes to periodically examine colleagues' health and conditions superior than those required by the government. Moreover, the Company also invites external doctors to the Company to provide employees with face-to-face health counseling. For those colleagues whose health examination report shows negative results, the health care institution conducts a follow-up appointment and refers the colleagues to a doctor for consultation for maintenance of their health. The Company also provides cozy and private nursery rooms, allowing employees to use such facilities conveniently and safely. In 2020, Taiwan and Mainland China held 7 health examinations with more than 1,600 participants, and 14 health consultation services and lectures with more than 180 participants. The company's nursing room has been used more than 9,000 times. In addition, Sercomm Zhunan Factory has obtained the Health Workplace Certification issued by the National Health Administration in 2018 and was awarded the Health Promotion Label. We continue to promote various measures related to healthy and friendly workplaces, which shows that Sercomm attaches great importance to the care of front-line personnel.



2020 Employee Health Examination



Sercomm Nursery Room



3.6 Social Participation

Since Sercomm was founded, its social participation has been rooted in its core value. Sercomm has been dedicated to “Care for Rural Area Education,” “Support of Art & Cultural Activity,” “Training of Young Talents,” and “Construction of Knowledge Economy Platform” as the major elements of its social participation. Sercomm exerts the strength gathered by employees from inside out, expands its social participation, provides feedback to the community, and services to people in the hopes of building a society which is innovative and diversified and that shows care for the society and environmental sustainability.



3.6.1 Cultivation of Talents and Student Programs

Sercomm has played the role responsible for bridging the internal and external society charity groups to gather the charity and care, expand resources, and provide help. In order to care for the vulnerable groups in the community, Sercomm donates a fixed fund to orphanages and rural area schools each year and founded the “Sercomm Scholarship.” By upholding the spirit of feedback to the community and society, Sercomm has its R&D supervisors nominate excellent junior high school students from the supervisors’ hometown to receive the incentives granted by Sercomm in order to encourage the students to study hard and enable the young people and poor students to mitigate their economic burden and help their family’s economy. Sercomm supports rural children in the hopes that the students may complete studies to help themselves and others and later contribute to society. Social participation has now become a part of Sercomm’s corporate culture. Looking ahead, Sercomm will uphold the vision of “Care for the society and pass down hope,” contribute efforts, and cultivate talents. Through these practical actions, Sercomm exerts a positive influence on society.



4 Environmental Sustainability

4.1 Environmental Management

4.2 Green Products

4.3 Energy Conservation

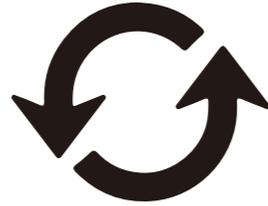
4.4 Responses to Climate Change and Global Warming Policy

4.5 Supply Chain Management

4.6 Customer Service and Satisfaction

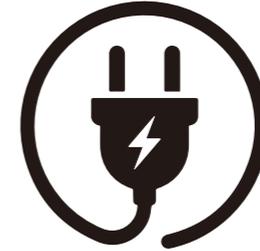


2020 Achievements In Environmental Sustainability



Sustainable Supply Chain

Sustainable Supply Chain 100% Complies with Sercomm Code of Conduct, including Labor, Human Rights, Environmental Protection and Other Specifications



Electricity Consumption Intensity

Electricity Consumption Intensity Decreased by 12% Compared to 2019



Water Consumption Intensity

Water Consumption Intensity Decreased by 10% Compared to 2019



Conflict Minerals

Products are 100% Conflict Minerals Free



Exhaust Volume Reduced

Effective in Reducing Vocs Unit Emission by 40% (Sites In China)

Environmental Sustainability and Value Chain

Sercomm upholds the sustainability philosophy and fulfills its responsibility as a corporate citizen. By following its environmental protection and safety and health policies to the highest standards, Sercomm continues to develop green products and devote itself to reduction of waste and prevention of pollution and continues to pursue the optimal utilization of energy, water, and other resources. Meanwhile, it works with its business partners to control the environmental protection risk, mitigate the environmental impact, and protect the earth via the supply chain management.

In order to achieve the balance of environmental protection and business sustainability, Sercomm works on its environmental protection plan actively, such as Hazardous Substance Free (HSF) and Lead-free Process, et al. After physically experiencing the influence exerted by an enterprise to the environment, Sercomm continues to pursue the win-win situation between environment and enterprise.

Sercomm's factories in Zhunan, Taiwan and Suzhou, China have already received the ISO 14001 and ISO 45001 certification but are also dedicated to preventing pollution, saving energy and resources, reducing waste, preventing accidents, and providing colleagues with a comfortable and safe working environment. All of the employees at the factory premises reach the consensus and promise to comply with Sercomm's environmental protection and safety and health policies to fulfill its responsibility as a corporate citizen and pursue a sustainable future.

Sercomm Safety and Health Policy



Build and Maintain the EHS System

- Implement the environmental management system and blend it into the overall organizational management system, and strives to consistent improvement.
- Implement preventive management to ensure the safety of working environment and operations, so as to bring comfort to employees and confidence to customers.



Comply with Related International and National Laws & Regulations and Requirements

- Comply with environmental protection laws and requirements of the International Covenant to become a green corporation implementing sustainable development.
- Abide by the environmental health and safety and energy-related voluntary commitments.



Full Participation in Boosting of Green and EHS Activities

So as to eliminate hazards, reduce risks, and protect the environment

- Promote the environmental ethics and raise the environmental awareness. Meanwhile, through staff training and the implementation of ISO 14001, ensure all employees understand and fulfill their responsibilities of environmental protection.
- For operating personnel and contractors, implement education and training according to the safety and health management plans, to ensure the policy and management system of safety and health are understood thoroughly.



Review the Objective of Activity Periodically to Improving the Same

- Periodically review, audit, examine and improve operations.
- Prevent hazards to ensure the safety in workplaces.



Reach Agreement with Related Groups Through Communication

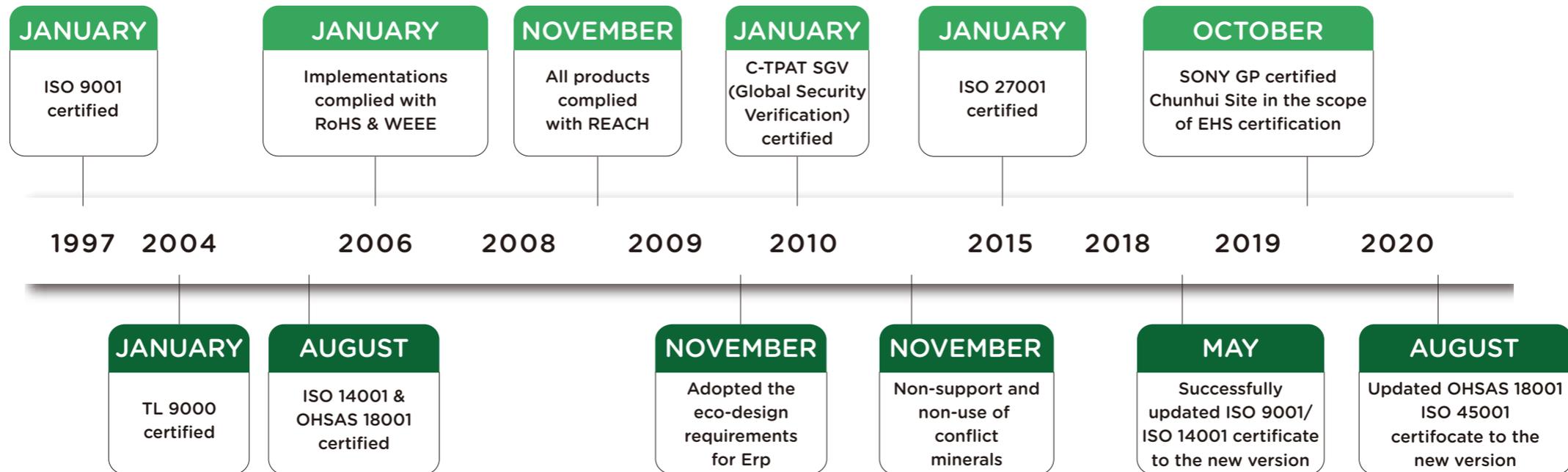
- Improve waste reduction and pollution prevention from the origin, in order to achieve the goal of green design, production and management.
- Reduce air and water pollution, and waste.

4.1 Environmental Management

To pursue the balance between environmental protection and business sustainability, Sercomm actively sets the management objectives and continues to improve the utilization of various resources and prevention of pollution. In August 2004, it was granted the ISO 14001 certification and established the management system dedicated to preventing any potential environmental damage or pollution in order to fulfill the environmental management. In 2018, to cope with the requirements specified in the new version of ISO 14001:2015, the viewpoint of life cycle was considered for the entire process from product design to final treatment in order to reduce impacts on the environment and to concretely demonstrate the sustainable environment policies and guarantees.

4.1.1 Management System and Certification

Sercomm values environmental sustainability and continues to implement and maintain various management systems (e.g. ISO 9001, ISO 14001/ISO45001... et al.). In response to the conversion of OHSAS 18001 from industry standard to ISO 45001 international standard, Sercomm completed the conversion and obtained the certificate in 2020. Sercomm has continued to improve and enhance the management processes and ensure the execution of the environmental protection policies.



4.1.2 Packaging Materials Management

The packaging materials applied by Sercomm for its shipments are all recyclable environmental protection materials, including corrugated paper, foam, plastic bag, label, leaflet, and colorful box, et al., all of which comply with the related international laws and regulations.

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



4.1.3 Emissions Management

Since Sercomm founded its factories, it has started to plan and execute the environmental protection work through the effective environmental management system (ISO 14001) to continue improving the environmental performance. In addition, Sercomm complies with the local environmental related laws and regulations of the global operation locations, and also actively cooperates with the global environmental protection issues requested and concerned by customers, including green raw material management and conflict mineral management.

The production process performed at Sercomm’s factory premises only consists of DIP, SMT, testing, and packaging and, therefore, it renders minor effects to pollution by waste gas, waste water, noise, and toxicant. Besides, Sercomm has delivered the lead-free process in whole since 2006. Therefore, the welding flux applied in the process (tin paste, tin rod, and tin wire) was lead-free, reducing the source of pollution by waste air. The waste solution of various organic solvents (flux and detergent) applied in the production lines is handled by the legal cleaning service provider contracted by the factories. Through rigorous control measures, the Company significantly reduces the generation of pollutants from the manufacturing processes in order to ensure that all emission substances comply with the regulatory requirements.

4.1.4 Waste Management

To reduce impacts of wastes on the environment, Sercomm is dedicated to reducing waste and to fulfilling the reclamation of resources. For all stages from the purchase at the source end to the wastes generated after the process use, Sercomm implements rigorous management on proper classification in order to increase the resource reuse ratio and to promote resource closed cycle, thereby achieving the maximum reuse of resources. Increase the resource reuse ratio and promote resource closed cycle, achieving maximum reuse of resources.

In 2020, the overall manufacturing plant site waste total amount was statistically calculated to be approximately 2991.84 tons, among which the amount of non-hazardous wastes was 2,876.35 tons, accounted for 96.1% of the entire waste amount; the amount of hazardous wastes was 115.5 tons, accounted for 3.86% of the entire waste amount. In addition, the recycling rate in 2020 even reached a high percentage of 86.6%.

Total Waste Generated during the Most Recent Three Years

	2018	2019	2020
Unit: tonnes Non-Hazardous Waste	2,208.77	2,864.37	2876.35
Hazardous Waste	104.61	111.58	115.5

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

2020 Waste Material Total Weight and Their Processing Modes at Taiwan and China Sites (Unit: tonnes)

Waste Categories	Taiwan					China				
	Total	Re-use	Incineration	Landfill	Recycled	Total	Re-use	Incineration	Landfill	Recycled
General Waste	95.65	0	95.65	0	0	190.65	0	190.65	0	0
Hazardous Waste	21.2	14.42	6.78	0	0	94.3	0	94.3	0	0
Recyclable Waste	527.04	0	0	0	527.04	2063	0	0	0	2,063
Total Waste	643.89	14.42	102.43	0	527.04	2,347.95	0	284.95	0	2,063

4.1.5 Carbon Emissions Management

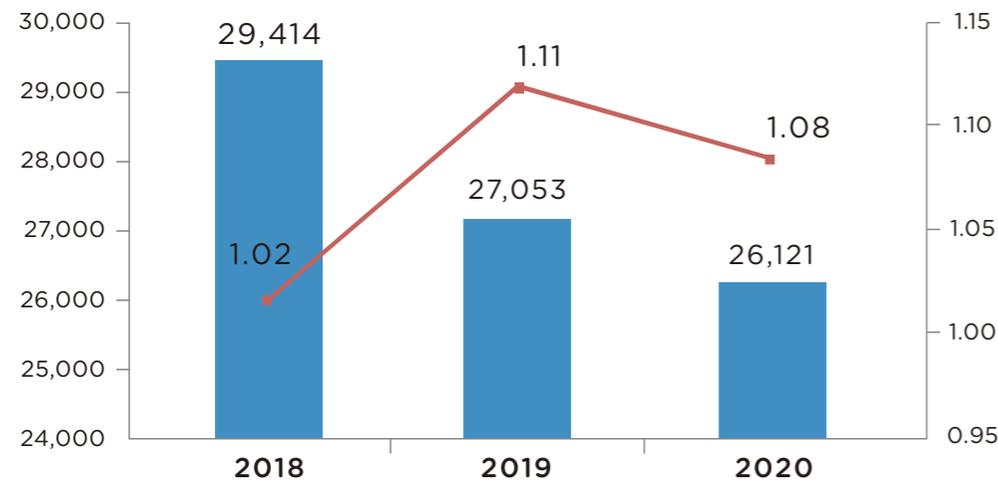
To cope with the climate transformation and warming throughout the world, greenhouse gas reduction becomes very important work. Sercomm plans to reduce its carbon emission one step at a time and tries various approaches to achieve reduction of greenhouse gas emissions. The objective and priority of such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

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

GHG Inventory Results in the Most Recent 3 Years (Unit: tonne CO2e)

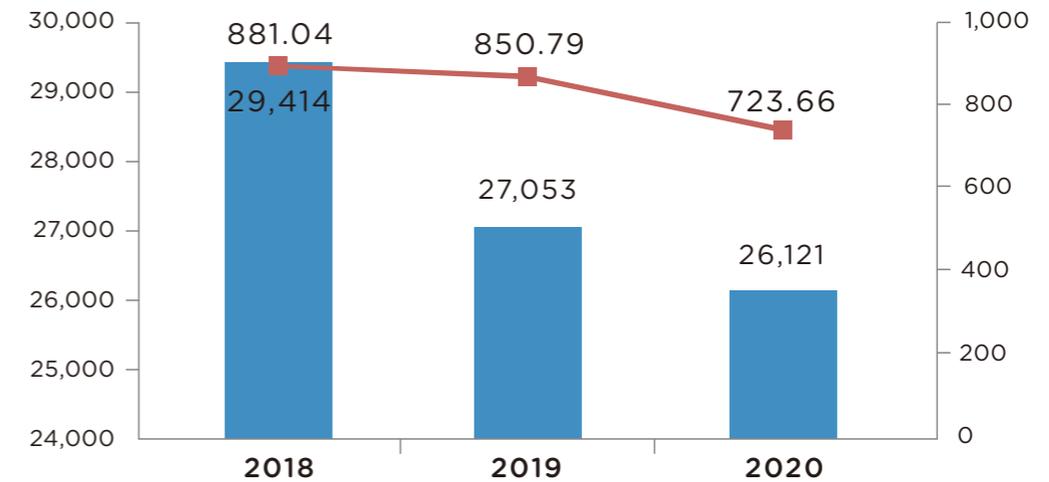
	2018			2019			2020		
	Scope 1 (ton)	Scope 2 (ton)	Unit product emission kg/piece	Scope 1 (ton)	Scope 2 (ton)	Unit product emission kg/piece	Scope 1 (ton)	Scope 2 (ton)	Unit product emission kg/piece
Zhunans	52.42	2,243.48	0.68	65.18	3,472.69	0.84	78	4,220	0.95
China	366.40	26,751.28	1.06	308.27	23,206.69	1.17	309	21,514	1.11
Total Emission	418.81	28,994.76	1.02	373.45	26,679.38	1.12	387	25,735	1.08

Greenhouse Gas Emission



■ Total CO2 Emissions Per Unit Of Production (Ton-Co2e)
■ CO2 Emissions Per Unit Of Production (Kg-CO2e/Piece)

Greenhouse Gas Emission



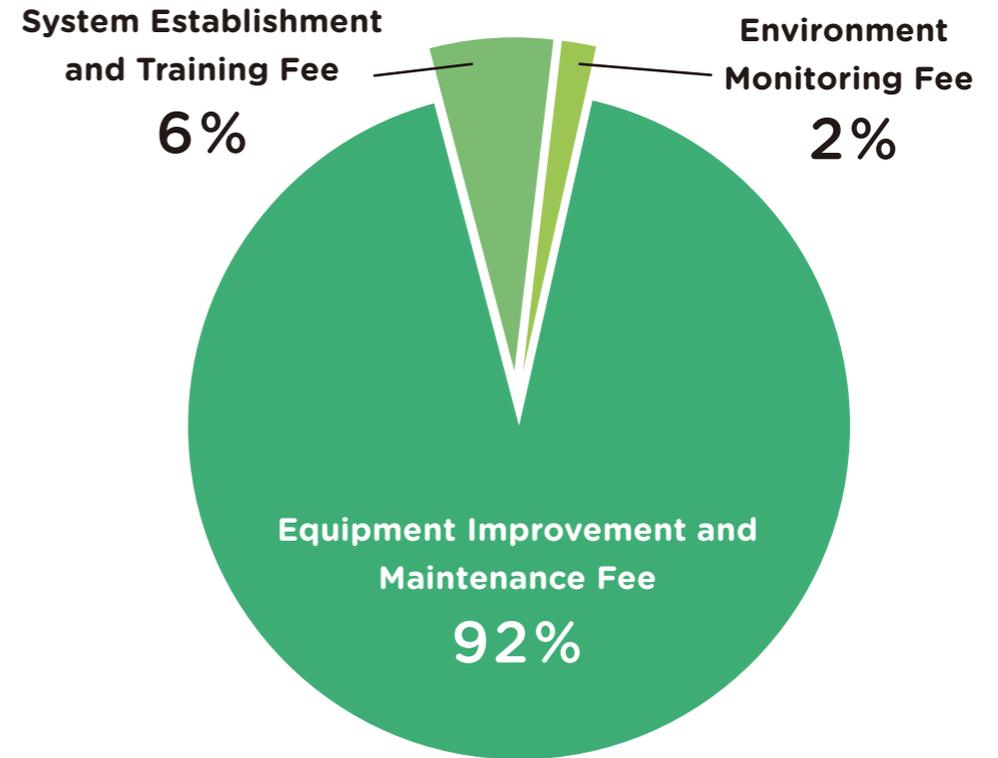
■ Total CO2 Emissions Per Unit Of Production (Ton-Co2e)
■ CO2 Emission Each Million Revenues Of Production (Kg-CO2e/million)

4.1.6 Environmental Expenditure

By identification under the environmental protection laws and regulations, regulatory compliance is considered to be the most basic requirement, and Sercomm continues to improve the energy and resource management and pollution prevention measures. The daily operation also focuses on reducing impacts on the local ecological environment to the minimum. For the investment and expenditure in environmental protection, Sercomm organizes the environmental educational programs periodically, procures environmental protection and energy-saving equipment as the first priority, delivers the environmental management system, and also entrusts a qualified waste disposal, treatment and reuse operator to handle waste treatment affairs properly. In addition, the Company is not subject to any environmental protection violations in recent years.

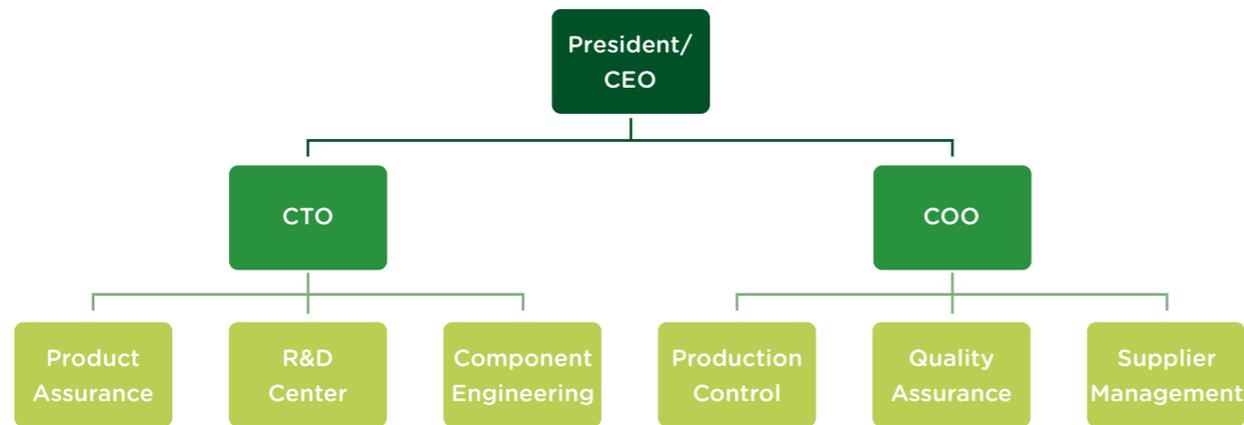
Item	Environmental Expenditures NT\$thousand
ISO 14001 Certification Fee	\$ 308.8
Environmental Consultant and Training Fee	\$ 165
Environment Monitoring Expenses	\$ 163.5
Environmental Prevention Equipment Maintenance Fee	\$ 5333
LED Lighting Replacement	\$ 114.1
Environmental Improvement Fee	\$ 2127.7
Total	\$ 8212.1

Environmental expenditure Items



4.2 Green Products

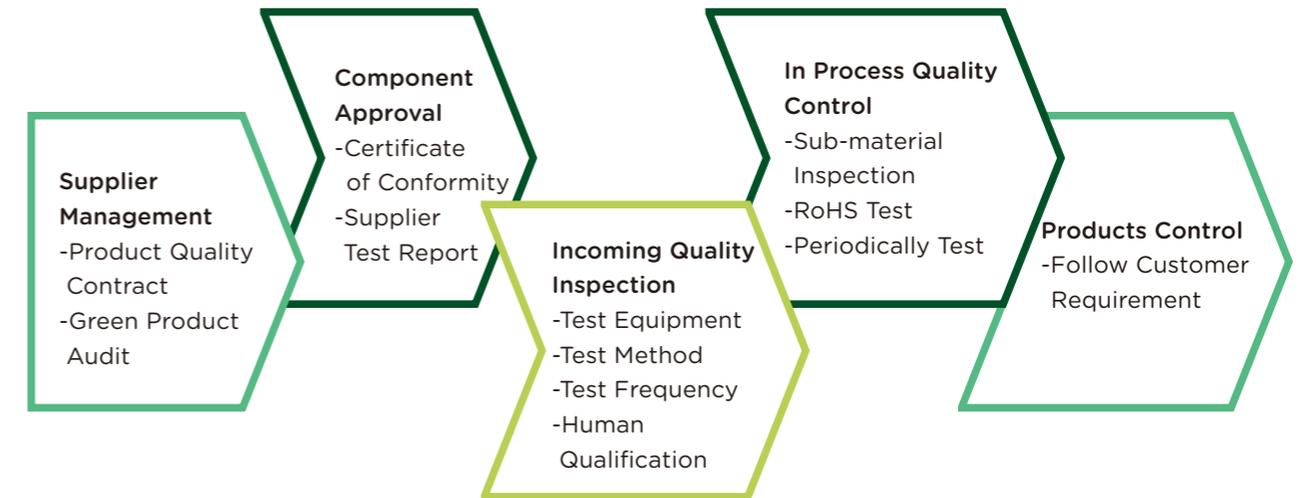
In accordance with the international environmental protection trends, Sercomm saves materials and energy by virtue of green design and reduces the environmental pollution accordingly. Sercomm's green product design is required to not only comply with power-saving design and various regulations banning and restricting substances harmful to the environment, but to also follow the "3R" (Reduce, Recycle and Reuse) principles of Waste of Electronic and Electrical Equipment (WEEE) implemented by the European Union to conduct the inspection on life circle of products. In doing so, Sercomm hopes to achieve the goals of eco-friendliness, extension of the product lifetime, easy disassembly, and easy recycling of the products. Meanwhile, through the collaboration among upstream and downstream supply chains, Sercomm provides energy saving, efficiency-improving, and low hazardous products per domestic/overseas customers' requirement, in hopes of mitigating the effect to the environment as much as possible.



4.2.1 Green Product Policy and Management

Sercomm designates its dedicated unit to control the process of green products consisting of design, production, and shipment. Sercomm mitigates waste of resources, upgrades efficiency of energy, and effectively reduces the impact rendered by the toxicity against the ecological environment. In order to ensure that Sercomm's green products comply with the international laws and regulations and customers' requirements toward environmental protection, Sercomm continues to boost the green product improvement project to control hazardous substance, performs audits on green products, and keeps the suppliers under control, so as to help Sercomm move forward toward the green policy objective.

Green Product Management Organization



4.2.2 Green Product Design

Sercomm delivers the strict lead-free process comprehensively and seeks to mitigate the impact to the environment by virtue of the green design at the R&D stage. Through the green procurement, Sercomm extends the environmental protection requirements into the end of component and raw material and into the product utilization process and disposition of the waste in order to comply with the international environmental protection standards and to fulfill the green manufacturing policy.

Meanwhile, Sercomm conducts the inspection on the life circle of the products developed by the Company in accordance with ISO 14040:2006, so as to complete the comprehensive inspection on the potential environmental impact factors by the products from Cradle to Grave.

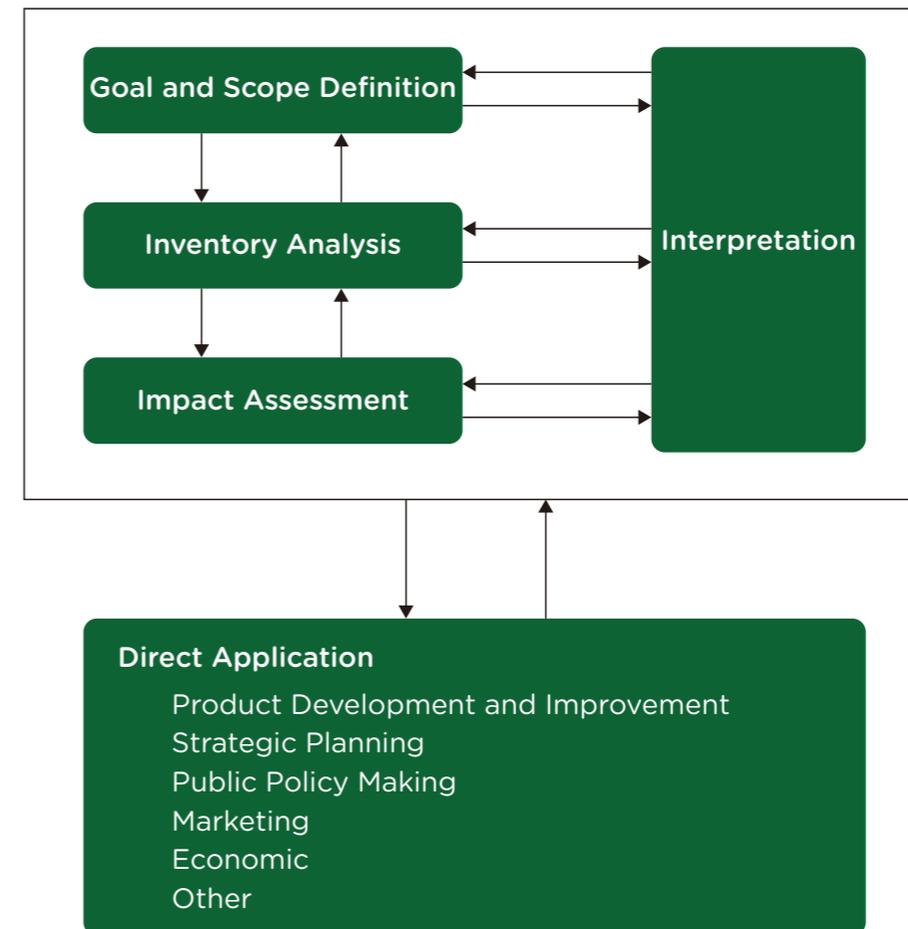
Inspection on impact factors:

- Global warming, CO2 eq
- Ozone layer depletion, Kg CFC-11 eq
- Photochemical oxidation, Kg C2H4 eq
- Acidification, SO2 eq
- Eutrophication, Kg PO4 eq
- Non renewable, fossil, MJ LHV

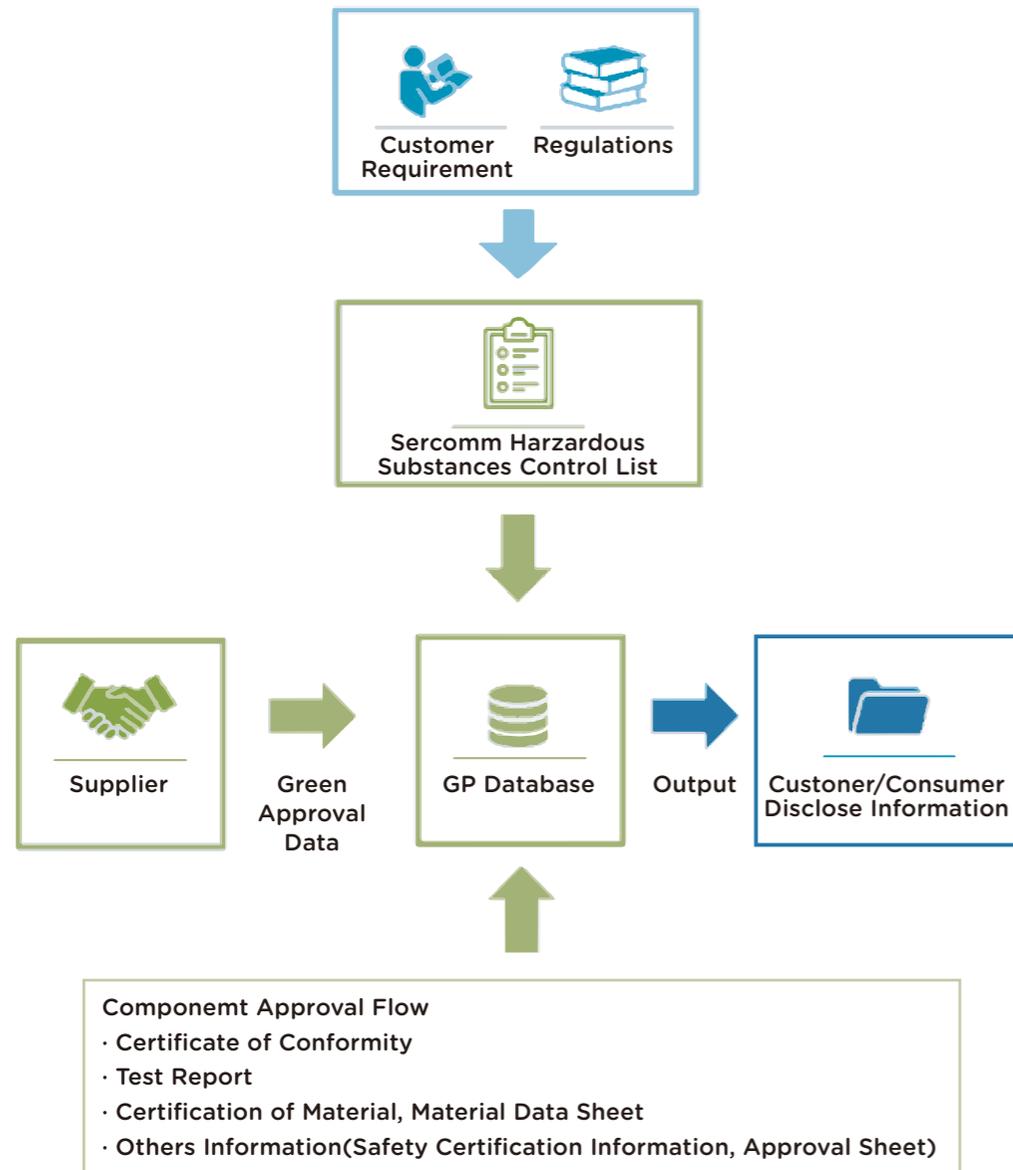
The stages of a life cycle analysis:

There are four phases in an LCA study: Goal and Scope Definition, Life Cycle Inventory Analysis(LCI), Life Cycle Impact Assessment (LCIA) and Life Cycle Interpretation.

ISO 14040:2006 Life Cycle Assessment Framework



4.2.3 Hazardous Substances Management



In order to comply with the international environmental protection laws and customer requirements, the Company enacts the “Sercomm Environmental Restricted Substance Regulations” in order to properly control hazardous substances contained in products. Through the establishment of Sercomm Environmental Restricted Substance List, suppliers and partners are rigorously requested to comply with the requirements thoroughly and are requested to sign the “Product Quality Guarantee Agreement” to ensure that the products and component parts delivered by them to the Company (including accessories, packaging materials and other supplies delivered together with the products) comply with the international regulations of RoHS, REACH, PPWD, Batteries etc., and shall also support relevant international laws and regulations for the prohibition on the use of conflict minerals etc. and the requirements on the prohibition of use of environmental hazardous substances specified by Sercomm.

Sercomm restricts or forbids any substance affecting human health adversely and ruining the environmental ecology in the production process pursuant to laws (including lead, mercury, Hexavalent chromium, Poly Brominated Diphenyl, and Poly Brominated Diphenyl Ethers). Meanwhile, Sercomm demands that all suppliers should ensure the materials and components are free from any pollutants forbidden or restricted under the related environmental laws and regulations in the process of manufacturing, packaging, storage, and transportation.

In addition to managing the materials and raw materials for process at the factories through the suppliers, Sercomm also utilizes the precision XRF and carries out accurate and rigorous measurement and monitoring of prohibited and restricted substances that affect and harm the environment in raw materials and products. In 2020, the overall defective rate of sampling test was 118ppm, which effectively ensured that raw materials meet the environmental protection requirements of green products from procurement to use in the manufacturing process, so as to reduce the impact of products on the environment. In response to the compulsory enforcement of RoHS (EU)2015/863, Sercomm has begun to strengthen the chemical testing for the specified 4 chemicals (DEHP, BBP, DBP and DIBP), and send sampled products and components to qualified and credible external laboratories for chemical testing in 2018.. By 2020, the test results of the products sampled and tested have all met the requirements, demonstrating the effectiveness of Sercomm in the management of harmful substances.

4.2.4 Product Carbon Footprints

In order to reduce the carbon emission from transportation of materials, Sercomm implements the low-carbon procurement principles. Except for the key materials, the principle is used to procure materials from the local suppliers as the first priority. Meanwhile, Sercomm urges the component suppliers in the territories of China to install Local Hub and reuse the carrier (plastic frame), so as to cut both parties' cost (e.g. travel time, warehousing, and supplies, et al.) and to produce the effect of saving energy and carbon reduction. Sercomm also works with the transportation service providers to adopt the pallet of one single specification, combined transportation, and Milk Run, in order to produce the effect of green logistics management.

4.3 Energy Conservation

In order to perform the valid energy management, Sercomm propagates the philosophy and approaches about environmental protection and saving energy to its employees during orientation training and in the internal announcement system. Sercomm also actively boosts the energy- and power-saving operations at the office and factory premises, hoping that the green value may be fulfilled by the enterprise and employees at the same time, and the employees' work behavior model may sufficiently reflect the enterprise's green spirit for saving energy and environmental protection.

Sercomm Saves Energy and Protects the Environment

1. Light tubes were phased out and replaced by LED lamps, and more than 80% of them were replaced with LED by 2020
2. Set automatic turn on/turn off function for the light in specific area
3. Set the computer (including PC and NB) to stand by or hibernation mode when not in use
4. Perform internal training and case advocacy from time to time
5. Create the monthly water and electricity statistic and analysis list to control consumption of water, electricity, and other resources
6. Paste insulation paper on the curtain wall to mitigate radiant heat, enhance the air conditioning effect, and reduce the consumption of power for the air conditioner
7. Periodically clean the filter and maintenance system for the air conditioner to enhance the efficiency of air conditioner
8. Control the air conditioner temperature at 26-28 °C
9. Install water-efficient toilets, and recycle wastewater for landscaping
10. Apply the online document approval system, and replace the telephone system with network telephone
11. Apply video or phone conference frequently, and reduce employees' business travels to save on flight energy
12. Sercomm Suzhou Plant has implemented the air compressor waste heat recovery system, replaced the original method of boiler with burning of natural gas.
13. Through the measures of shared use and modification of jigs, improvement of carrier mechanical accessories and materials, recycling of cables and wires etc., the material life cycle is extended.
14. Select machineries and equipment of high energy efficiency, replace obsolete and old machines with new ones (such as installation of variable-frequency air compressor) in order to reduce carbon emission.
15. Adjust and improve process parameters to reduce emergency consumption and process scrap.

4.3.1 Energy and Resource Usage

Electricity

The primary source of energy for Sercomm's Taiwan and China sites is electricity. In 2020, Sercomm headquarter and manufacturing sites' electricity consumption was 139,342 GJ; Sercomm headquarters' electricity consumption were 11,712 GJ in 2020. The Zhunan manufacturing center's electricity consumption was 29,850 GJ in 2020. Sercomm's Suzhou electricity consumption was 97,780 GJ in 2020. In 2020, over all ration of the electricity consumption intensity decreased compared to 2019 through the company's efforts to continue to increase its turnover. The main electricity consumption amounts for the past 3 three years are shown in the table below:

Water

For water resource management, Sercomm implements the water saving policy through its ISO 14001 management system. In consideration of the industrial characteristics, Sercomm doesn't consume too much water resource in the process. Its consumption of water is primarily intended for the recycling water for such infrastructures as air conditioners and air compressors and for the service water for employees. The water source refers to the municipal water instead of river, lake, or underground water. Therefore, no significant impact may be rendered against the water source and community water. In order to continue boosting saving water, Sercomm improves the facilities and propagates that employees may upgrade the efficiency of water use by changing their usage of water.

Specific approaches to save water:

- Install water faucet economizer
- Use agent to reduce the water used for air conditioner
- Check the toilet flush valve every day to verify whether there is leakage
- Check water supply switch and consumption of water every day

Unit: GJ

	2018	2019	2020
Taiwan	24,115	34,908	41,562
China	118,718	102,988	97,780
Total Water Consumption	142,833	137,896	139,342
Water Intensity	4.28	4.34	3.86

Note 1 : Electricity Intensity = Total Electronic Consumption (GJ) / Sales Revenue (NT\$ million)

Note 2: The public electricity consumption by Sercomm corporate headquarters is converted according to Taipower summer and non-summer electricity prices

Note 3: In 2019, production line at Zhunan Plant in Taiwan was expanded such that the overall power consumption was increased

Unit: M3

	2018	2019	2020
Taiwan	23,385	30,106	45,470
China	182,001	163,405	169,881
Total Water Consumption	205,386	193,511	215,351
Water Intensity	6.55	6.60	5.97

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

4.3.2 Effects of the Energy Conservation Measures

Sercomm is dedicated to upgrading the efficiency of energy conservation and carbon reduction and integrating energy conservation and carbon reduction into the working environment at each business location, including landscaping, improvement and replacement of the old facilities, electricity/water consumption record and analysis, energy performance management, and implementation of various energy saving projects. Since 2014, Sercomm has started to improve the environmental lighting energy conservation. It has successively replaced the lighting with LED lights in the office and public areas and at the factory premises since 2015.

In addition to the basic power consumption and energy saving measures, for process materials, through the measures of shared use and modification of jigs, improvement of carrier mechanical accessories and materials, recycling of cables and wires etc., the material life cycle is extended. Furthermore, machineries and equipment of high energy efficiency are selected, and obsolete and old machines are replaced with new ones (such as installation of variable-frequency air compressor) in order to reduce carbon emission.

Protect the Earth, Treasure Water Resources. Therefore, Sercomm has drafted and adjusted its water utilization plan in terms of “reduction of water consumption” and “recycling of water” permanently. Sercomm strongly propagates that its colleagues should save water consumption in daily life, and Sercomm continues researching and implementing various water preservation measures. Sercomm expects to construct it as an environmental protection, energy-saving, water-saving, and comfortable enterprise and provide employees with a smart and low-carbon working space by boosting the energy-saving policy step by step.

Energy Saving Measures



- 80% switch to LED lighting. reducing power consumption.
- The parking lot shall apply timing controllers, and the public spaces and aisles shall apply sensor controllers.



- Cooling towers and fans are installed with temperature-control and frequency-conversion features.
- Maintain air-conditioning temperatures at $26\text{ }^{\circ}\text{C} \pm 2\text{ }^{\circ}\text{C}$ in the summer



- Installation of variable-frequency air compressor: In 2020, the electrical power consumption saved was 7,625 degree/month
- Replacement of old desoldering tool with new machine: In 2020, the electrical power consumption saved was approximately 14,666 degree(electricity)/year



- The toilet shall apply the faucet with water economizer, and the Company will install flush valve or toilet with water economizer.
- Signs for saving water consumption in public areas.

4.4 Responses to Climate Changes and Global Warming

The 5th climate change assessment report issued by the Intergovernmental Panel on Climate Change (IPCC), an intergovernmental organization established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO), clearly describes the continuous warming of the entire climate system. The atmosphere and the oceans have become warmer, the snow- and ice-covered areas have decreased, the sea level has risen, and the greenhouse gas concentration has increased.

Ozone is the core element in atmospheric chemistry. In the stratosphere, the ozone layer can absorb ultraviolet radiation harmful to living things and play the role of an umbrella for life on Earth. In the tropospheric atmosphere, proper amount of ozone is beneficial to clean the atmosphere. However, due to the increase of ozone precursor emissions in the troposphere, especially in big cities, the high concentration ozone produced will cause serious pollution to the atmospheric environment, which will do great harm to human beings, animals and plants, and the ecological environment.

Impacts of Climate Change

Increases in greenhouse gas concentrations will exacerbate the greenhouse effect by causing atmospheric temperatures to rise. It can also lead to major changes in the global climate and ecological environment such as rapid melting of ice caps, rising sea levels, flooding of the lands, global climate anomalies (storms or drought formation), landslides, increased instances of typhoons (hurricanes), land desertification, and ecological environmental changes.

Sercomm's Effort

In addition to actively promulgating global greenhouse gas emission regulations, nations worldwide have drafted and signed conventions; formulated greenhouse gas emission reduction and control strategies starting with household and industrial emissions; and developed countermeasures on environmental, ecological, and public health impacts. In addition to cooperating with customers for carbon disclosure on CDP platform, Sercomm also actively cooperates with the project measures advocated by the government where the factory is located. For example, in the "Special Action Plan for Two Reductions, Six Treatments and Three Upgrades" promoted in Suzhou, China in recent years, the waste gas treatment facilities of the factory are comprehensively upgraded, and the three channels of dust removal, UV and activated carbon adsorption are integrated to effectively reduce the unit exhaust gas volume (VOCs) by about 40%.

4.5 Supply Chain Management

Sercomm has always worked with its customers and suppliers to establish a sustainable supply chain and to develop the green products friendly to the environment together through periodic audit and guidance. Sercomm demands that the suppliers from various countries comply with the related local laws and regulations and also concerns itself with the supply chain's management of labor rights, environmental protection, safety, and health risk.

Sercomm defines the basic suppliers' principles according to Responsible Business Alliance (RBA,), demanding that all suppliers should comply with the related social responsibility and commitment to honesty and integrity. Furthermore, Sercomm also defines the Agreement of Supplier Corporate Social Responsibility Code of Conduct.

4.5.1 Green Procurement

Sercomm believes that the supply chain risk management should be held at a high standard critical to the output of fine-quality products. It demands for evaluation on suppliers' quality, cost, delivery, service, and technical competency and also implements the procurement management based on the green supply chain. It takes the green procurement system and standard as the basis for development, selection, and evaluation to boost the suppliers' active performance of social responsibility. It demands that the suppliers should submit the analysis report, letter of undertaking, and product material composition declaration to ensure that they provide reusable, recyclable, energy-saving, and non-hazardous green products, and that the suppliers' raw materials, workmanship, process, and circulation of product shall comply with the green policy.

Sercomm's green product design is required to not only comply with power-saving design and various regulations banning and restricting substances harmful to the environment, but to also follow the "3R" (Reduce, Recycle and Reuse) principles of Waste of Electronic and Electrical Equipment (WEEE) implemented by the European Union. Meanwhile, by taking the customers' intent into consideration, Sercomm selects the paper suppliers certified by the Forest Stewardship Council (FSC) as the first priority, in hopes of having the global forest resources cultivated again.

Sercomm strictly demands that suppliers shall comply with the "Sercomm Environmentally Restricted Substance Regulations" and sign the "Product Quality Guarantee Agreement" to ensure that the products and components delivered by them to Sercomm (including accessories, packaging materials, and other supplies delivered together with the products) comply with the international laws, including RoHS, WEEE, REACH, ErP and Batteries, et al., and the international regulations related to no use of conflict minerals and the requirements for environmentally hazardous restricted substance.

Sercomm also includes hazardous substance control into the incoming inspection procedure, and demands that the suppliers should propose the corrective action and preventive measures to deal with the raw materials and supplies against the controlled substance requirements, recognize key components according to the Production Part Approval Process (PPAP), prepare clear checklists and requirements, and control the source to prevent waste of production and social cost derived from any problems in the production specifications and quality.

Sercomm’s Green Procurement Policy:

- Materials suppliers shall comply with the related local laws and regulations and define their own risk control mechanism.
- The suppliers shall establish the environment, employees’ health and safety, and non-hazardous substance management system.
- Provide adequate certifications and update self declaration pursuant to the component restricted substance management plan.

Sercomm strictly demands that the suppliers should comply with the environmental protection requirements with respect to the raw materials, packaging, or emission of pollutants used by the suppliers. The suppliers shall undertake and warrant that their products are free from any “Environmentally Forbidden Substance” and also provide the following information:

- Environmentally controlled substance test and report of the product
- Knowledge and collection of the information related to materials and components
- Collection of the information about toxicity and restriction (Material Safety Data Sheet, MSDS) on related chemicals
- Presentation of the suppliers’ management system review result



4.5.2 Supplier Selection and Assessment



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

New Supplier Investigation

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

- (1). Product Quality Guarantee Agreement: To govern the quality standards to be followed by the suppliers.
- (2). Letter of undertaking for corporate social responsibility: The undertaking about labor interests and rights, health and safety, environmental protection, ethics, management systems, and social impact.
- (3). Supplier’s EICC letter of undertaking: Requirements for business ethics and integrity.

Supplier Performance Evaluation

(1). **Monthly Evaluation** : Score the suppliers in terms of “Delivery Quality”, “Quality Improvement”, “Delivery Timeliness”, and “Price And Service” on a monthly basis; conduct the graded management based on the scores; and guide the suppliers who receive poor scores to help them improve the delivery quality and service.

Rating

Grade A	≥ 95 scores
Grade B	95-85 scores
Grade C	<85 scores

Note: Said grading may be adjusted subject to Sercomm’s strategies, if necessary.

(2). **Evaluation, Annual Audit, and Guidance for New Suppliers:**

For effective execution of the procurement, seek the qualified suppliers to ensure the supply quality level and compliance with Sercomm’s green product requirements; manage the suppliers’ activities and environmental effects derived from the products or services provided by them to verify and control the suppliers’ environmental status as the basis for selection of and guidance to strategic suppliers, in hopes of achieving

the optimal suppliers’ management. From the suppliers of arm’s length transactions, Sercomm selects the long-term suppliers of key components, presents the on-site audit plan, and notifies the related entity each year. In 2020, Sercomm conducted annual audits on 70 suppliers including aspects on quality or CSR compliance, and the pass rate is 100%.

Supplier Partnership

Sercomm values the interaction and learning with suppliers, and in addition to regular business review meetings, Sercomm also actively convenes supplier quality review meetings. Furthermore, in addition to discussion on the topics of quality and industry new trends and information etc., suppliers are also requested to implement educational trainings and promotion according to the environmental requirements specified by Sercomm, and to provide explanation according to the revision status of product environmental restricted substances and international standard development trend. Moreover, suppliers are also requested to share their experience in order to jointly launch products and services satisfying the market demands.

4.5.3 e-Supplier Management System

According to the suppliers’ evaluation and management procedure, Sercomm selects fine-quality suppliers to satisfactory levels of Sercomm in terms of quality, cost, delivery, service, and technical competency. Sercomm shares the information via the e-management system.

e-Procurement :

Via the system, the suppliers may accept purchase orders, provide the delivery date, and receive the demand plan for materials forecasted based on the scheduling at the same time. Through share of the demand plan for materials, the suppliers may control the future demand more precisely and arrange the production plan to avoid unnecessary waste and reduce overtime working hours.

4.5.4 Supplier Quality Agreement

Sercomm hopes to work together with suppliers and customers and make certain to ensure compliance with the ethical and environmental protection standards. The introduction of a new supplier, Sercomm has required the conclusion of the Product Quality Assurance Agreement, demanding that the suppliers should comply with the regulations established by Sercomm, so that it may start from the source to control the suppliers' process, green product designs, and hazardous substances. The suppliers shall undertake and warrant that their products comply with the Product Quality Assurance Agreement defined by Sercomm. If necessary, the suppliers shall submit the test report prepared by a fair third party. Until 2020, the proportion of renewed suppliers of Sercomm has reached 100%. Quality Assurance Agreements to ensure that the products designed and manufactured by Sercomm comply with laws and regulatory topics, satisfy customers' green product requirements, and comply with the international laws and regulations, so as to achieve the objective for establishment of the green supply chain. signed back to the Company

4.5.5 Conflict Minerals Policy Statement

Sercomm respects international human rights and practices humane treatment as a global citizen. To comply with the requirement of sourcing the Conflict-Free Minerals in Sec. 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sercomm expressly states that it forbids the use of Gold (Au), Tantalum (Ta), Tin (Sn), and Tungsten (W), which come from the Democratic Republic of Congo or adjoining countries, as these minerals constitute a major financial source of the illegal armed groups in that area.

To support the global prohibition against the Conflict Minerals, Sercomm promises not to use Conflict Minerals or the raw minerals which come from the Democratic Republic of Congo or adjoining countries. Meanwhile, to shoulder the responsibility associated with the purchasing activities, Sercomm requires all

suppliers to forbid the Conflict Minerals. To ensure that all the suppliers comply with Sercomm's expectations, Sercomm conducts audit of their mineral purchasing policy, purchasing process, and due diligence process to make sure all the materials are free of Conflict Minerals.

Sercomm's Conflict Minerals Policy

- To ensure all the products are free of Conflict Minerals from the Democratic Republic of Congo or adjoining countries
- To demand that all suppliers should trace the source of Gold (Au), Tantalum (Ta), Tin (Sn), and Tungsten (W) used in products and smelters thereof, All suppliers are requested to track the sources of the metals of gold (Au), tantalum (Ta), tin (Sn), tungsten (W) and cobalt (Co) used in products and smelters thereof. All suppliers are requested to support the "Responsible Minerals Initiative (RMI) and to purchase non-conflict raw materials according to the "Responsible Minerals Assurance Process" (RMAP), Conflict Minerals Reporting Template [CMRT] & Cobalt Reporting Template [CRT] are provided in due course for supply chain due diligence.

4.6 Customer Service and Satisfaction

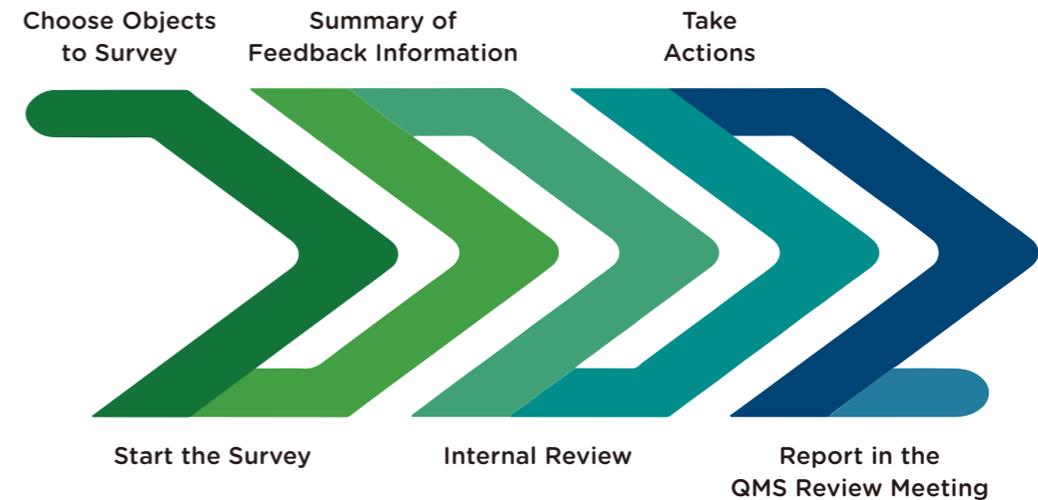
Customer Satisfaction Survey

Sercomm’s customers cover international first-class networking suppliers, global telecommunications, and system service providers. Sercomm provides complete and rapid service through its global layout. Via real-time interaction established by its global business locations and customers, Sercomm has its local supporting teams provide the omnibus business, product, technical, and logistic support, including flexible allocation of warehousing, flexible planning of shipping schedule and locations. Sercomm will make adjustments and provide assistance based on customers’ requirements, will enhance the relations with customers, and will identify customers as its long-term partners to maintain the fair relationship.

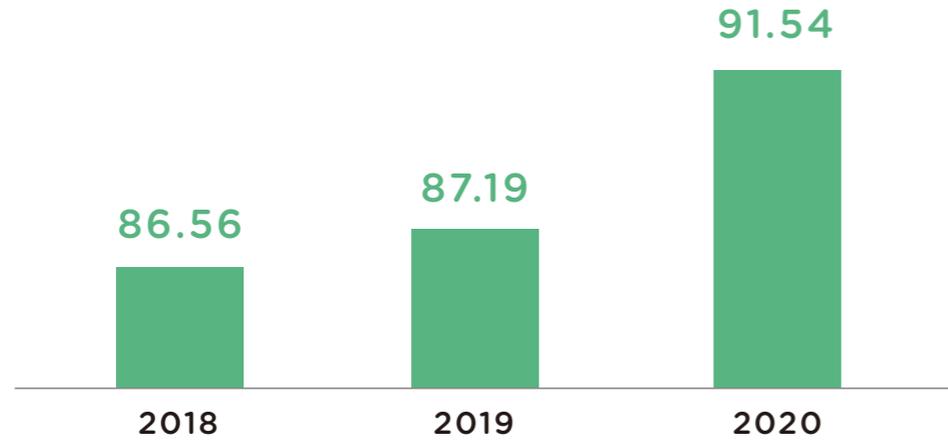
“Customer is the first priority” refers to the core value of Sercomm’s operation and also the foundation of the corporate business. Sercomm has been dedicated to creating maximum value for customers for a long time. Sercomm strives to meet customers’ needs and continually satisfy customers. Based on the knowledge and analysis of customers’ satisfaction levels, Sercomm continues to improve three important basis for the product and service procedure to improve the customer satisfaction performance. Sercomm controls customer satisfaction based on the rating record (e.g. scoring card) issued by its customers to its suppliers periodically (per quarter, six months, or year) and feedback. Various business departments shall draft the improvement plans based on the rating result and set the upgrading of scores given by customers as the performance indicator of each related unit.

In addition to passively obtaining customers’ periodic evaluation information, Sercomm also actively sends out the online “Customer Satisfaction Survey Form” covering quality, price, delivery, service, and technical competency, to major customers annually in order to use such survey as a basis for annual review and improvement. The factory also collects customer feedback information simultaneously. The evaluation also includes the evaluation scores of regular or irregular field audits conducted by customers at each factory, which is also considered as one of the important bases for customer satisfaction improvement. According to the customer satisfaction survey results in 2020, the average satisfaction rate was 91.54%.

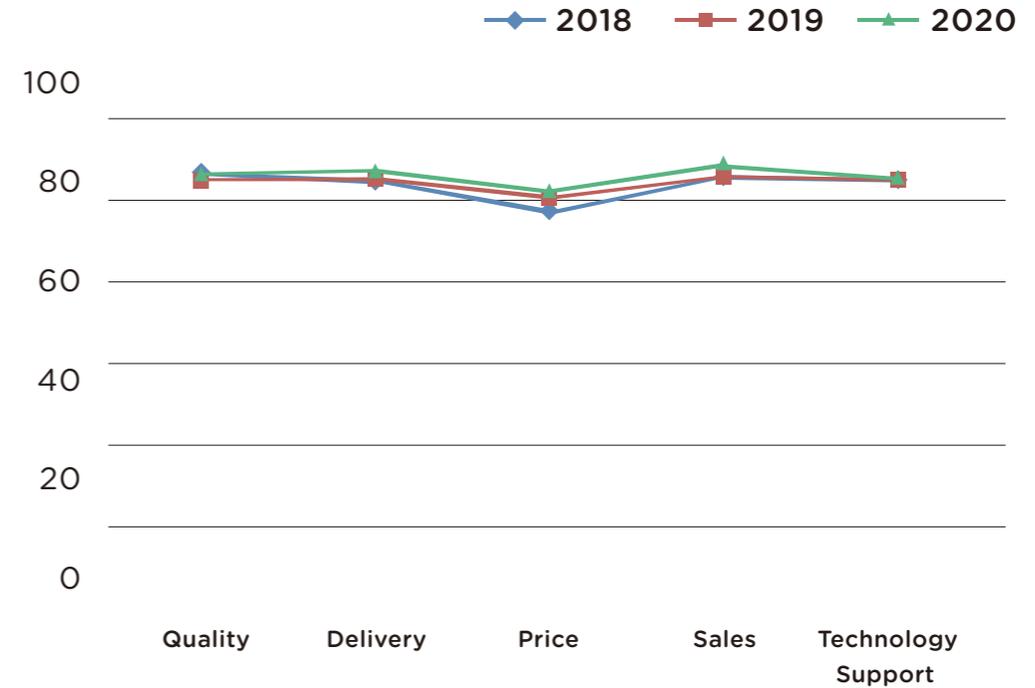
Customer Service Satisfaction Survey Process Table



Customer Service Satisfaction Survey Process Table



2018 ~ 2020 Customer Satisfaction Survey



2020 Customer Satisfaction Survey

Satisfaction Survey Items	Score	Satisfaction(%)
Quality	4.59	91.79
Delivery	4.69	93.85
Price	4.08	81.54
Sales	4.77	95.38
Technology Support	4.46	89.23
Average	4.58	91.54

Note: Score of 5

Customer Privacy

At the same time that it works hard to upgrade customer service, Sercomm values the customers' privacy and intellectual property rights more so. Sercomm signs the non-disclosure agreement with the customers to protect customers' confidential information, through various control processes of ISO 27001 Information Security Management System, confidentiality is ensured for business dealings performed by employees of relevant businesses. Up to the year of 2020, there has been no violation of the privacy right of customers, or any incidents of damaging the rights and interests of customers due to loss of customer information.

Regulatory Compliance

Sercomm is committed to comply with all applicable national and international laws, ethical codes, and generally accepted practices. In the territories where it runs business, Sercomm will strive to boost the fair competition; provide customers with product and service safety; comply with labor laws and practices; commit to the declaration of human rights and international standards; and protect copyright, corporate assets, and intellectual property rights in any form.

Assessment on the Impacts that the Products and Services Hhave on Health and Safety

In addition to basic legal compliance, Sercomm takes into account its products' impact on users' health safety. In terms of health, collect and evaluate control regulations on major environmental impact substances worldwide. Sercomm has collected the regulatory norms for substances that have major environmental impacts from countries worldwide and consolidated the data into the "Sercomm Environmental Control Substances List" to serve as the basic requirements for the production materials selection. All products must meet all of these requirements. In addition to exempting users from the risk of exposure to harmful substances, the effort promotes environmental sustainability. In terms of safety, our products must comply with the product safety regulations of the selling countries. We also made sure the products pass the qualified/authorized laboratory certifications to ensure that the users can use Sercomm's products safely.

Product and Service Information and Labeling Requirements

To ensure that everyone can conveniently and safely use Sercomm's products, our products are stamped with the relevant safety specification qualification marks—such as CE—in addition to the basic electricity consumption information labels. The labels also contain instructions notifying users not to discard the product into a trash can but to follow the Waste Electrical and Electronic Equipment (WEEE) recycling directive instead. Meanwhile, Sercomm's products will also provide a Quick Start Guide (QSG), detailing how the products should be installed and used. A Safety Flyer is provided to remind users of their rights and obligations, the safety pre-cautions required to use the product, and the complete product application information.



As shown in the figure above, Netzteil Input is the power input required for this product. CE is the EU safety requirement compliance mark. The crossed out trash can symbol reminds the user not to discard the product directly into the trash can but to follow the recycle directive instead.



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

Elektrischer Schlag
Berühren Sie Ihren Smart Speaker oder das Netzteil niemals mit nassen Händen. Berühren Sie niemals die Kontakte an den Anschlussbuchsen. Schließen Sie Ihren Smart Speaker nicht während eines Gewitters an.

Reparatur und Reinigung
Vermuten Sie einen technischen Defekt, nehmen Sie Ihren Smart Speaker keinesfalls in Betrieb. Unternehmen Sie keine eigenständigen Reparaturversuche. Wenden Sie sich an den Technischen Service der Telekom.

Reinigen Sie Ihren Smart Speaker ausschließlich mit einem trockenen, weichen, fusselfreien und antistatischen Tuch. Verwenden Sie keine Reinigungs- oder Lösungsmittel.

The Safety Flyer provides instructions for the safe use of the product.

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	102-8	Information on employees and other workers	3.2.1	36
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	102-10	Significant change to the organization and supply chain	About This Report	01
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	102-49	Changes in reporting	-	-	Did not rearrange the information in previous reports
	102-50	Reporting period	About This Report	01	No major changes
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	201-1	Direct economic value generated and distributed	2.2	17	
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	202-2 Proportion of senior management hired from the local community	3.2.2	37	
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GRI 417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	2.1 、 4.6	13 、 73	

Summary of Subject Matters Assured

No	Subject Matter Information	Page	Applicable Criteria
1	98% of Sercomm’s supervisors are assumed by local employees in 2020.	39	<p>The percentage of supervisors assumed by local full -time employees (excluding employees on leave of absence, but including employees in probation and contractors) in Sercomm Group as of December 31, 2020.</p> <p>Note : Local employees is defined as the supervisor’s nationality is the same as his/her geographic work location. Supervisor is defined based on HR system’s supervisor labeling.</p>
2	the male employee ratio was 56%, the female employee ratio was 44% in 2020.	33	<p>The respective male and female full-time employees (excluding employees on leave of absence, but including employees in probation and contractors) as proportion to the total number of full-time employees in Sercomm Group as of December 31, 2020.</p> <p>Note: Gender of employee is based on employee ID or PR or passport.</p>
3	According to the customer satisfaction survey results in 2020, the average satisfaction rate was 91.54%.	73	<p>The satisfaction survey is issued by Sercomm Group. The annual satisfaction rate is calculated from valid questionnaires by taking the yearly average (maximum score of 5) from 2020’s “Customer Satisfaction Survey Form” and multiplied by 20.</p>
4	In 2020, Sercomm headquarter and manufacturing sites’ electricity consumption was 139,342 GJ.	66	<p>Sercomm headquarter and manufacturing sites’ electricity consumption in total is calculated as below:</p> <ol style="list-style-type: none"> 1. Self-use electricity consumption: Based on electricity bills of headquarter and manufacturing sites in 2020. 2. Public-use consumption: Based on electricity expense from the property management cost allocation <ol style="list-style-type: none"> (1) Headquarter: Based on HQ’s electricity bills and converted by the average unit expense of summer and non-summer seasons. (2) Manufacturing sites: Based on sites’ electricity bills and electricity cost allocation forms. 3. GJ is converted by “1kW*3,600 seconds= 3,600,000GJ.”
5	<p>In 2020, Sercomm conducted annual audits on 70 suppliers including aspects on quality or CSR compliance, and the pass rate is 100%(Note).</p> <p>Note : Pass includes (1) Approved : Quality System Audit (QSA) or Quality Process Audit (QPA) scored over 85 (inclusive), and (2) Conditionally Approved: QSA or QPA scored between 75 and 85. The compliance of key CSR aspects is also required for certain manufacturing sites.</p>	71	<p>The number of suppliers which have been audited by Sercomm by the end of 2020, and the audit passing rate.</p>

Independent Limited Assurance Report



Independent Limited Assurance Report
PWCM2000612

To Sercomm Corporation

We have been engaged by Sercomm Corporation ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Corporate Social Responsibility Report (hereinafter referred to as the "CSR Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matters Assured" on page 84 of the CSR Report. The scope of the aforementioned Subject Matter Information is set out in the "Report Scope" on page 1 of the CSR Report.

Management's Responsibilities

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

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the CSR Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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

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

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes,

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information systems and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

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

We do not provide any assurance on the CSR Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

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

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

Inherent Limitations

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

Limited Assurance Conclusion

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

Other Matter

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

PricewaterhouseCoopers, Taiwan

Chang, Jui-Ting

Chang, Jui-Ting

Partner

September 1, 2021

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