

**D-Link**<sup>®</sup>



2017

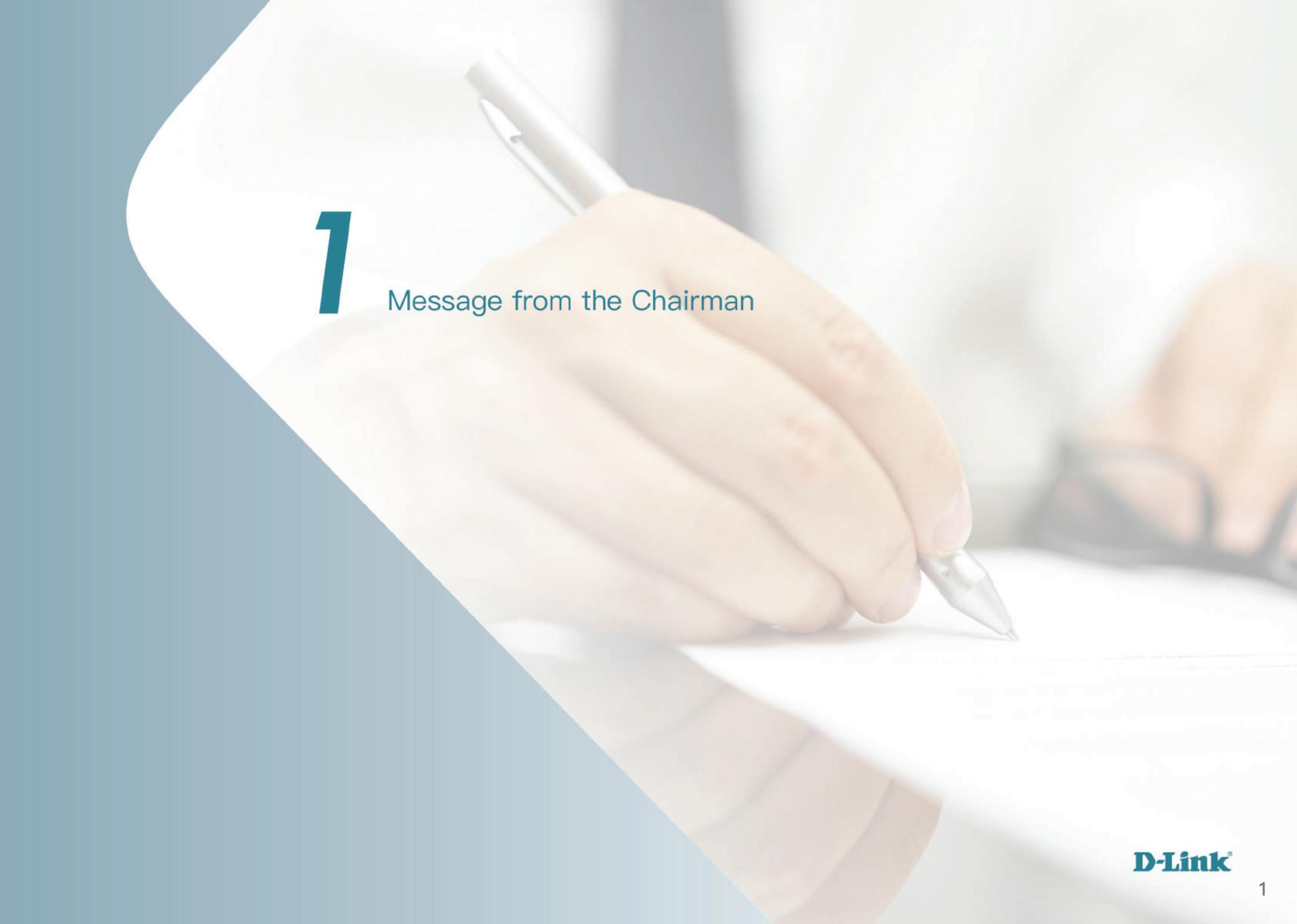
# CSR

Report



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A close-up photograph of a hand holding a silver pen, writing on a white document. The background is blurred, showing another person's hand and a pair of glasses. The image is overlaid with a blue diagonal shape on the left side.

# 1

## Message from the Chairman

# Message from the Chairman

In the face of slowdown in the recovery of global economic momentum, some economies have adopted trade-protection policies, and geopolitical risks still exist. In addition, the communications and Internet equipment sector is highly competitive, except for original equipment manufacturers in the field, and online service providers have also joined this competition, making us face more daunting challenges in the consumer market. The D-Link management team adheres to the spirit of “innovation,” “execution capability,” and “heritage,” and actively restructures the organization and adjusts its strategies to turn losses into profits.

With a history of 32 years, D-Link has been pursuing breakthroughs and innovations for a long time with the self-developed brand D-Link as the pivot of development. Our product research and development, and design have been guided from users’ perspective. Meanwhile, we actively connect with the international industrial ecological chain and stay ahead of the curve in our industry. For example, our wireless router DIR-882 AC2600 MU-MIMO of the “Assassin” series launched last year has been selected as the best 11AC wireless router for 2018 by the international authoritative media CNET. Both COVR, the tri-band home Wi-Fi full coverage system, and the 4G/LTE outdoor network camera, have been recognized by the CES 2018 Inno-

vation Awards, and the 4G/LTE outdoor network camera has also won the iF Design Award. In 2017, up to six of our products were recognized by Taiwan Excellence, which has showcased the innovative strengths of our products in terms of research and development, design, quality, and marketing.

D-Link has devoted itself to social charitable events in the principles of social service, care, and giving back to the society, and has also founded the D-Link Charity Foundation in 1994 to participate in various social charitable events. It has continued implementing rural education promotion programs, and established starlight classrooms in cooperation with non-profit groups to bridge the digital education gap between urban and rural areas. At the same time, D-Link has also provided counseling to nonprofit organizations (NPOs) to transform social enterprises. Hopefully, through guiding social enterprises to adopt the business model of selling organic or non-toxic products, social welfare groups can earn the required funds to achieve self-sufficiency goals. Currently, we have successfully transformed the NPOs, such as Seedinland Charity, into social enterprises.

Looking forward to 2018, D-Link will continue accelerating the optimization of software services and integration of hardware devices, providing consum-

ers with better and more accessible and convenient technologies in daily lives. We will strive to set different goals and strategies for different markets and distribute resources accordingly, while investing in software and firmware development to strengthen our product competitiveness. We will continue to improve in corporate governance, economic and industrial development, labor/management relations, employee care, environmental protection, and social commitment, etc. As such, D-Link will implement in earnestness its corporate social responsibilities and follow sustainable innovation.

**D-Link Chairman Lori Hu**





About this Report

# 2

# D-Link Corporation 2017 CSR Report

## This Report is Compiled in Accordance with Dual International Standards of GRI Standards and AA1000

D-Link regularly discloses its non-financial operating results to the outside world. A corporate vision of realizing sustainable operations with action.

### Reporting Period

The reporting period of 2017 CSR Report is from January 1 to December 31, 2017. There were no significant changes in our company's organizational size, structure, ownership, or supply chain during the reporting period.

### Date of the Last Report Released

The 2016 CSR report was released in June 2016.

### Reporting cycle

The CSR report is released once a year.

### Scope and Boundary of this Report

The economic information and data sources on this report are based on the company's consolidated finan-

cial statements published in the 2017 annual report. The consolidated revenue data cover the D-Link group's overall operating revenue. The disclosure of environmental and social categories is confined to the operational headquarters in Taipei.

### Compilation Guidelines

This report is compiled based on the GRI Sustainability Reporting Standards (GRI Standards), the new version of standards published in 2017. This report is compiled in accordance with core options.

### Verification Criteria and Results

This report has been compiled through internal senior management meetings with a reference to external sources to improve its reliability. We have adopted

Type 1 and High Assurance of AA1000 Assurance Standard 2008 established by AccountAbility, a global non-profit organization, as our assurance standard to perform the simulated assurance of information disclosed in the report. In the future, we plan to invite a third-party certification body for external assurance of the report.

### External Measures of the Report

All financial data are from the consolidated financial reports that were audited and certified by KPMG Taiwan according to the International Financial Reporting Standards (IFRS). Moreover, the ISO 9001 Quality Management System, OHSAS 18001 Occupational Safety & Health Management System, ISO 14001 Environmental Management System, and ISO 14064-1 Greenhouse

Gas Inventory Standards have been verified by third-party certification bodies. The third-party certification bodies who work with us include TUV Rheinland Germany, SGS Taiwan, and AFNOR Group.

### Contact Information

If you have any suggestions for this report, please feel free to contact us via the following ways. For ease of reference, this report will be also published on our website. Address: No. 289, Hsinhu 3rd Road, Neihu District, Taipei City

Official website: [www.dlink.com.tw](http://www.dlink.com.tw)  
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# Identified Material Aspects and Boundaries

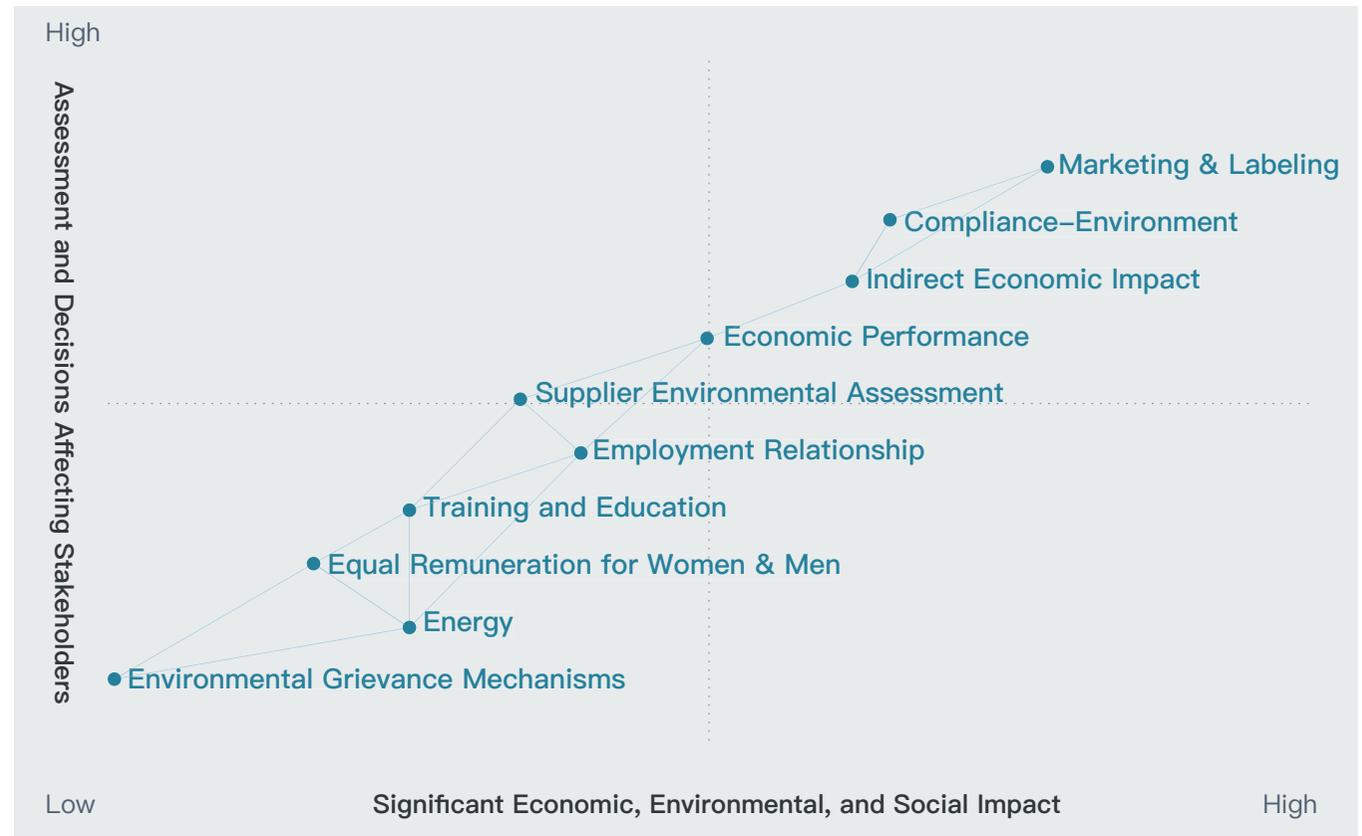
Material aspects are identified through the 4-step process of identification, prioritization, validation, and review. At Step 1, during the identification process, a dedicated corporate social responsibility unit holds internal meetings to select relevant topics from the Topics and Standard Disclosures of GRI Standards, and develops a list of topics worthy of inclusion in this report. These topics are also known as Relevant Topics.

Next, Step 2 is executed. The relevant topics are prioritized according to the three principles of GRI Standards. Principle 1: Stakeholder Inclusiveness – Define stakeholders and explain how to respond to their reasonable expectations and interest in this report. Principle 2: Materiality – Confirm the selected issues for this report once again to check if they have any significant economic, environmental, and social impacts. Principle 3: Sustainability Context – Reveal the Company’s improvements or reduced damage regarding local or global economic, environmental and social development trends, which is called the Topics at this stage. Meanwhile, we have also proactively collected stakeholders’ opinions and feedback and reported them in our routine meetings. According to the statistics, the material issues are prioritized as follows.

At Step 3, during the validation process, the identified material aspects are assessed based on the principle of completeness in GRI. Completeness includes the scope, that is, all aspects covered in this report, such as economic performance, raw materials, occupation-

al health and safety, and staff training and education; aspect boundaries, namely, the defined boundary for each aspect, as well as integrity of information during the reporting period. More importantly, the list of prioritized material aspects in this report has been approved by policy makers in upper levels of management. At the final stage of identifying material aspects and bound-

aries, or step 4: review. It involves collecting feedback and information from stakeholders after the current report is published in preparation for the next reporting period. The survey results of stakeholders’ opinions are beneficial for the identification process during the next reporting cycle.



▼ Table of Topic Identification, Boundaries, and Material Aspects

Prioritization	Relevant Topics Relevant Issues	Topics	Indicators of the GRI Standards	Boundaries of Stakeholders						
				Internal	External					
				Employees	Shareholders	Customers	Suppliers	Government	Media	NPO
1	Branding and marketing	Marketing and labeling	417-3 In compliance with the regulations of marketing communications	●		●	●			
2	D-Link Green	Compliance-Environment	307-1 No heavy fines have been incurred due to violation of environmental laws and regulations	●		●	●	●		
3	D-Link Charitable Foundation	Indirect economic impact	203-1 Investment in local community infrastructure and development and impact of supporting services	●			●	●	●	●
4	Revenue disclosure	Economic performance	201-1 Directly generated and distributed economic value	●	●			●	●	
5	Supplier Management	Supplier environmental assessment	308-1 Percentage of new suppliers that were screened using environmental criteria	●			●			
6	Parental leave	Labor-management relationship	401-3 Rates of returning to work and employment retention after parental leave by gender	●			●			
7	Employee training	Training and Education	404-1 Average number of hours of training per employee per year, by gender and by employee category	●				●		
8	Gender equality in the workplace	Equal remuneration for women and men	405-2 Ratio of basic salary and remuneration of women to men, by employee category and by operation bases	●				●		
9	Emissions	Energy	302-2 Indirect emissions of greenhouse gases (Scope 2)	●				●		
10	Introduction of ISO 14001: 2015 Environmental Management System	Environmental grievance mechanisms	302-4 Reduction of energy consumption	●				●		

# Maintaining Continuous Communications with Stakeholders

## Stakeholder Engagement, Identification, and Selection

In our engagement with stakeholders, we plan out a rigorous identification process. First, members of the Corporate Social Responsibility Office will, through internal meetings, brainstorm and identify various stakeholders, including worldwide customers, domestic and foreign investors, employees, government officials, customers and suppliers, non-profit organizations, and the media. We then adhere to the five criteria: responsibility, influence, tensions, dependence, and diverse perspectives set forth in the AA1000 Stakeholder Engagement Standard (abbreviated as AA1000 SES 2015) formulated by Account Ability, a global non-profit organization. Based on these five criteria, we identify stakeholders, grade their importance, and, ultimately, establish six major categories of priority stakeholders. After the identification process, there are seven major categories stakeholders we have engaged with for this annual report, namely customers, employees, non-profit organizations, investors, suppliers, government, and the media. Notably, we place special emphasis on D-Link product

users around the world, as they form an integral part of our daily operational activities, and are the stakeholders with whom we communicate quite frequently.

## Methods, Frequency, and Particular Procedures of Engagement with Stakeholders

We employ various methods of engaging with, cooperating with, and surveying our stakeholders' opinions and feedback, particularly D-Link users around the world. For more details, please refer to the table of stakeholder engagement methods, frequency, and specific procedures. In addition to engagement methods in the table, as for the issues, including the Company's corporate social responsibility policies, development directions, material issues, and development plans, we also manage to obtain stakeholders' opinions and feedback through questionnaires or email as a reference for the disclosure of material issues and the basis for the Company to continually improve corporate sustainability. The stakeholders' feedback is processed and compiled by each department head, and then material issues are discussed and prioritized through internal meeting discussions.



## ▼ Table of Topic Identification, Boundaries, and Prioritized Topics

Stakeholders	Channels of Communication	Frequency of Communication	Records
Customers	Marketing activities	Monthly	Press Center
	Social network	Daily	Website records, such as D-Link YouTube and Facebook
	Official website in multiple languages	Daily	Dedicated personnel are responsible for forwarding customers' feedback that is sent to the customer service mailbox to the responsible unit for subsequent handling. Technical support, shopping, and maintenance records
	Global toll-free services	Daily	Statistical report on consumer feedback
	Customer service mailbox	Daily	Statistical report on consumer feedback
	Customer satisfaction survey	Daily	Customer satisfaction survey report
	Brick-and-mortar operation counseling	Daily	Dealers' feedback
Employees	Labor-management conferences	Once every quarter	Labor-management conference records
	Employee performance interview	Twice a year	Employee performance review forms
	Internal publicity channels: E-mail, posters, and bulletin boards		E-mail, posters, and photos
NPO	Conference call communication	Irregular intervals	Telephone interview records
	Face-to-face communication	Irregular intervals	Interview records
	E-mail	Irregular intervals	E-mail
	Foundation's contact person	Irregular intervals	Conference records
Investors	Annual Shareholders' Meeting	Once a year	Shareholder meeting booklets and conference records
	Quarterly operational achievement presentation and conference calls	Once every quarter	Legal financial information from Market Observation Post System
	Disclosure of monthly revenue	Once a month	Monthly revenue and press release on Market Observation Post System and the Company's website
Suppliers	Selection of new suppliers	Once per supplier	Supplier selection and evaluation report
	Requirements for environmental protection	Irregular intervals	Supplier's letter of commitment
	Annual audit	Once a year	Supplier auditing records
	Supplier training	Irregular intervals	Training materials
	Supplier conferences	Once a year	Meeting minutes
Government agencies	Official correspondence		Official documents
	Market Observation Post System		
	Company's website		
Media	Press conferences	Irregular intervals	Latest news and press releases

## Stakeholder Communication

# Continuous Participation in Trade Shows D-Link proactively communicates with worldwide consumers

D-Link is one of the few global networking manufacturers in Taiwan that markets its own brands worldwide. We attach great importance to conversations with customers in the hope of understanding global consumers' potential needs. Participating in iconic electronics shows at home and abroad and systematically planning themes for the shows has been an annual major event for us to communicate with consumers. Our regular trade shows include the U.S. Consumer Electronics Show (CES), the Mobile World Congress (MWC) in Barcelona, Spain, and the Taiwan Information Technology Month.

Take the 2017 Taiwan Information Exhibition for example: With the “transcending wireless possibilities” as the main theme and the wireless network applications as the core, we showcased smart home solutions, and planned four major themed areas of “WiFi Full Coverage,” “Shared High Speed,” “Fashionable Videos,” and “Future New Concepts.” The displayed products included COVR home WiFi full coverage system, which was designed for multiple-floor areas and large areas, the MU-MIMO wireless router with excellent performance, which was the top choice for eSports players, and D-Link's Omna wireless camera, which is D-Link's

first model of the kind that supports Apple's HomeKit. This has presented D-Link's perfect package of smart home integrated solutions for customers.



At the invitation of the Taiwan External Trade Development Council (TAITRA), we announced the first-hand information on our latest products for the experts in the ICT industry on the opening day of the Mobile World Congress in Barcelona.



2017 US Consumer Electronics Show



2017 Taiwan Information Technology Month

Stakeholder Communication

# Overseas Business Unit Conference

Held at the headquarters in Taipei, the Overseas Business Unit Conference brought together executives from global branches. During the multi-day intensive conference, the branches and the headquarters shared their thoughts, discussed their respective market conditions and latest information in each region, and reported their sales status in each region in 2017 to the headquarters. The headquarters also shared their current planning and future goals with the branches.



The 2017 Overseas Business Unit Conference, then D-Link Chairman Chung-Ho Tai (middle of the front row), D-Link CEO Anny Wei (fourth from the left of the front row), and D-Link headquarter and branch senior executives.

# Erasmus University Rotterdam, The Netherlands

## The Business School Students Visited the D-link Headquarters in Taiwan.

Through the help of D-Link Europe, the business school students of the Erasmus University Rotterdam, which was rated as one the top ten universities in Europe by the Financial Times, visited the D-Link headquarters in Taiwan. Through this exchange, we shared D-Link's corporate vision, organizational culture, work environment, current status, and industrial trends and development. In addition to the introduction of new products and group discussions, we have also received many valuable user experience suggestions to help us better understand market trends through their practical experience of our products.



The Students from the Business School of Erasmus University Rotterdam, the Netherlands, visited D-Link's headquarters in Taiwan and took a group photo.

# 3

## About Us



## About Us

# Our Main Technological Product is Wireless Routers We are Committed to Developing Holistic Smart Home Solutions.

## About Us

Founded in 1986, D-Link Technology Co., Ltd. has specialized in the design and development of computer network equipment and has created the “D-Link” brand, which is marketed worldwide. It was established in the form of a company limited by shares in accordance with the Company Act of the Republic of China, and was listed on TWSE in October 1994 with stock code 2332. The paid-in capital is NT\$6,519,961,660. With 2,172 employees worldwide and more than 140 sales centers in 60 countries, it is a world-renowned professional Internet company. D-Link’s main products are switches, hubs, routers, network bridges, network cards, network peripheral servers, network systems/management software, and cloud applications and solutions, etc. D-Link has played a critical role in the global small and medium-sized enterprises and home network market.

## Primary Products and Services

D-Link product lines range from Ethernet switches, broadband products, wireless products to digital home products. Our customers include general consumers, business users, and network operators. Since its founding, D-Link brand products have been sold

throughout the world. Through internalization, localization, and globalization, sales performance has grown steadily. Deep-rooted in each market for many years, we have studied, designed, developed, and marketed our Internet communication equipment products and relevant services as the core of our business development. We have been committed to providing high-quality networking solutions to global consumers and businesses of all sizes. With the complete and diverse product lines, we have been awarded international prizes as recognition of our network products and services. D-Link has become a leading global consumer

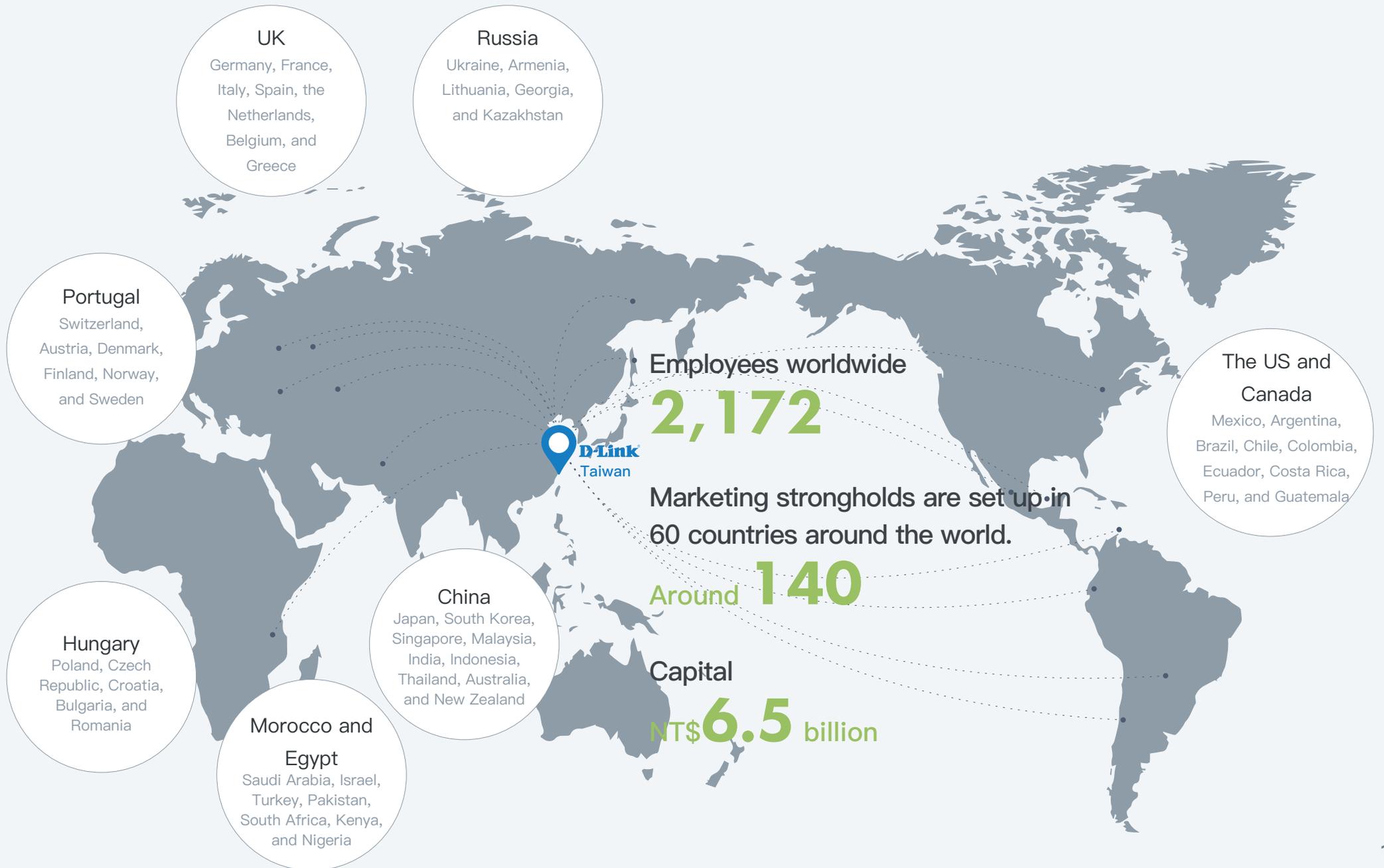
networking brand. Beyond the European and American mainstream markets, Moreover, our brand occupies an important position in emerging markets, way ahead of the main competitors.

## Operational Locations

D-Link has set up more than 140 marketing strongholds in the 60 countries around the world, including Taiwan, U.S.A., Canada, Europe, Australia, India, Singapore, Middle East (Dubai), Turkey, Egypt, Israel, Latin America, Brazil, South Africa, Russia, and China.



# Global Sales Network Layout with Taiwan at the Center



# The new major four forces of D-Link's home network Transcending wireless possibilities

Chen-Yuan Chung, General Manager of D-Link Taiwan, said at a 2017 Information Show, "In the process of building smart home-related applications, network technologies and devices play a key role. Since D-Link's main technology is centered on wireless routers, this is what we are really capable of; on the basis of our expertise, D-Link has been devoted to the development of smart home holistic solutions. After years of development and improvement, it has become an indispensable partner in various application fields."

Under the theme of ushering in a smart future, D-Link's production lines have presented smart home applications, Wi-Fi routers, and Wi-Fi network cameras to worldwide consumers under the trend of IoT. D-Link has perfectly demonstrated the vision of Internet of Everything (IoE) by "enabling every electrical appliance at home to interact with and talk to each other" with Wi-Fi routers and Wi-Fi network cameras at the center of the network, supported by IoT-based equipment.

As the IoT trend has gained traction, only by putting Wi-Fi routers at the center will home appliances be smartly connected through network technologies. With years of experience in developing Wi-Fi network cameras, which is one of the cores of a smart network,

D-Link boasts the most complete and strongest technologies in the industry. Building on this solid foundation, D-Link really has the upper hand in developing IoT-based products. As early as in 2014, D-Link already launched related conceptual products. This year, the Company has taken a step further to connect to the global industrial ecological chain, supported well-known IoT applications, such as IFTTT, in addition to developing relevant concepts in a wider and deeper manner.

D-Link Smart Home Cloud Surveillance Solutions provide a number of innovative products, including the "Security Guardian" series: DCH-S150, DCH-S220, and DCS-8200LH, with the function of deterring thieves; "Real-time Updates" series allow you to get the real-time updates when your family members return home, or your children's school lets out; the "Smart Life" series turn on the lights automatically when you enter the door, so you no longer need to search for light switches in dark, among other popular products that are well-received on the market.

D-Link's wireless routers have won numerous awards. For example, the COVR-3902 home use Wi-Fi full coverage system has won the 26th "Taiwan Excellence" awards, as it creates a literally seamlessly

connected area, featuring superior signal reception in an area of 170 pings (roughly 562 square meters), which will completely solve the problem of no-signal corners in a large or multiple-floor area at home. Consumers can take a look at many of D-Link's COVR series products in the "WiFi full coverage" area. The "Shared High Speed" area is expected to showcase the latest WAVE2 MU-MIMO technology wireless products; in addition to the popular "Assassin" series for e-sports entertainment, the full MU-MIMO series from wireless routers, network cards to even extenders, is all available, which is superior to our competitors in the industry, taking the consumers' online experience up a notch. "Fashionable Videos" subverts the general limitation of wireless surveillance. There are a variety of ultra-wide-angle 180-degree amazing cameras. The uniquely designed appearance of the all-round wireless network cameras is simple, fashionable, lightweight, and elegant. In addition, the "New Future Concepts" area will display D-Link's conceptual products for the next year; the evolutionary revolution of wireless technology will enable consumers to see brand-new applications of future technology.

## 2017 Best-selling Products

# D-Link DIR-878 AC1900 Dual-band wireless router

DIR-878 adopts the IEEE802.11ac WAVE 2 wireless technology, along with MU-MIMO technology, which allows for synchronous connection for multiple people to play eSports games simultaneously and enjoy extremely smooth video streaming. Its dual-band wireless transmission/reception is as high as 1900Mbps; it features a 5GHz Wi-Fi environment with low interference and a transmission rate of up to 1300Mbps, and supports wireless devices while being able to connect to the Internet through the 2.4GHz band. DIR-878 provides flawless HD online Video playback, seamless internet access, and synchronous online games that will not be lagging behind.



### Blogger Sharing : Computer King Ada

The biggest focus for this time is of course MU-MIMO, which is the highlight of 802.11ac WAVE 2 of DIR-878. The full name of MU-MIMO is Multi-User Multiple-Input Multiple-Output, which allows multiple smart devices as mobile phones and tablets to connect to high-speed networks at the same time. If you feel that the function of your current wireless router is not sophisticated enough, or the signal is weak with a few walls in between, D-Link's DIR-878, with its easy settings, multiple functions, and increased signal strength (by three times), is no doubt the ideal wireless router option.



## 2017 Best-selling Products

# D-Link's Omna Wireless Network Camera DSH-C310 Certified by Apple and Sold Simultaneously in Apple's Retail Stores Worldwide!

D-Link's latest Omna 180-degree HD wireless network camera DSH-C310 supports Apple's HomeKit smart home platform, which is marketed in 30 countries worldwide through Apple's sales channels, including Apple's retail stores in the U.S. and Canada or Apple's online store. It made its debut in Taiwan in March 2017, and was sold exclusively on D-Link's official shopping platform D-Shop.

D-Link's DSH-C310 is the first camera that supports Apple's HomeKit smart home platform. It allows consumers to be "always home" as they can monitor their homes easily. Complying with Apple's strict security requirements for its products, Omna 180-degree wireless network HD

camera DSH-C310 is equipped with end-to-end encryption as well as iPhone and iPad authentication mechanisms. Consumers can easily carry out home security monitoring to create a safe home environment. Even if people are not at home, they can always check the situation at home and have peace of mind.

When the camera detects an event, even if the screen is locked, users still can receive a message notification through the Rich Notification mechanism sent by the Apple Home app for instant image viewing; users can even connect to Omna remotely for real-time video viewing of their homes.



### Blogger Sharing: Eggy Cheng

The appearance of Omna 180-degree wireless network camera is simple and looks good; its metal case and sleek cutting lines speak the same design language as the appearance of Apple's products. At first, it took seven seconds to connect, followed by smooth video streaming and voice calls, which was completely beyond my expectations. Moreover, such interactions do not require the other party to press the "pick up" button to talk, which is particularly attractive to people who have pets at home. The smart home system HomeKit has also adopted Apple's ultra-high standards for secure encryption. Apple requires that devices that are compatible with the HomeKit platform have built-in Apple-certified chips and firmware.



## 2017 Best-selling Products

# D-Link COVR-3902 AC3900 Covr Home Wi-Fi Full Coverage System!

D-Link's AC3900 Covr home Wi-Fi full coverage system includes the Covr AC2600 dual-band gigabit wireless router COVR-2600R and the Covr AC1300 wireless extender COVR-1300E; the MU-MIMO technology improves the overall wireless transmission, which allows for synchronous multiple-people high-speed transmission. Intelligent roaming creates a seamlessly connected Internet space, connecting to the strongest wireless signals and eliminating the need to reconnect manually. High Power features a wide range of signal penetration (three times the average); Smart Steering automatically guides devices to connect to the best wireless network band, providing the best connection quality for all connections. The USB 3.0 port for an external USB flash drive has made it easier to share files in a local area network through D-Link's Wi-Fi app settings on a mobile phone or tablet.



### Blogger Sharing: Hot3C Ivy

D-Link's COVR-3902 is a very special Wi-Fi full coverage system, including a high-performance router COVR-2600R and a wireless extender COVR-1300E. It is not only suitable for Internet access in large home areas, but also can be installed in spaces with no-signal corridors, such as town houses, spaces with multiple partitions, basements, and business office. Moreover, its high-performance transmission quality can meet the connection needs of 4K multimedia players, e-sports, VR devices, and smart home systems. In the past, such a system could only be

configured and installed by professional network engineers, but this system is already configured at the time of shipment, and users can just install this system and use it right away without the annoying wireless network setting problem. The biggest feature of D-Link COVR-3902 is that it covers a wide area and connects to the Internet seamlessly. With the pre-matched wireless extender COVR-1300E, the wireless coverage is up to 6,000 square feet (170 pings).

D-Link COVR-3902 can be said to be the wireless base station, among others I have used, that is the easiest to install and set up; its stable high-speed transmission quality can also give full play the broadband high-speed Internet access at home.

# 2017 Award-Winning Product Designs

## The 26th “Taiwan Excellence” Awards

D-Link’s six outstanding products won the 26th Taiwan Excellence Awards, including the HD super wide-angle AC wireless network camera DCS-8100L, the full HD 180-degree outdoor wireless camera DCS-2670L, Omna full HD 180-degree network camera DSH-C310, the 4G LTE portable wireless router DWR-932 E1, the Covr home Wi-F full coverage system COVR-3902, the Power-line Wi-Fi System COVR-P2502 AC1200. D-Link’s outstanding products have been recognized by the professional judges, showcasing its innovative strengths in research and development, design, quality, and marketing.

## 2017 TechBang Gold Awards

The announced list of winners of the 10th TechBang Gold Awards held by media heavyweight PCHome Publication Group showed that the Company won three major awards as the company with the most nominations and most awards in the network communications industry. The home WiFi full coverage system COVR-3902, Omna super wide-angle network camera DSH-C310, the portable wireless router DWR-933 have been recognized by consumers and experts from all walks of life, winning the Gold Award for Outstanding Technology and Gold Award for Special Recommendation.



# History of Awards

## CNET Best of CES Awards

- 2012: DIR-857 Amplifi™ HD Media Router 3000
- 2013: DGL-5500

## CES Innovation

- 2012: DIR-636L 11N USB 1000M
- 2013: DIR-508L
- 2014: DCS-825L / DCS-2136L
- 2016: DCH-S165 / DKT-891
- 2017: None

## Taiwan Excellence Awards

- The 22nd Taiwan Excellence Awards: 19 of D-Link's products won the Taiwan Excellence Awards.
- The 23rd Taiwan Excellence Awards: Eight of D-Link's products won the Taiwan Excellence Awards.
- The 24th Taiwan Excellence Awards: 11 of D-Link's products won the Taiwan Excellence Awards.
- The 25th Taiwan Excellence Awards: Eight of D-Link's products won the Taiwan Excellence Awards.

## iF Product Design Awards

- 2014: The HD network camera for babies Mommy-

Eye DCS-825L and the 4G LTE cell site DWR-930.

## Red Dot Design Award

- 2013: The power line network bridge for WiFi switching DMG-304P HomePlugAV and the portable WiFi router DWR-730 HSPA+.

## Japanese Industrial Design Promotion Association

- 2013: The wireless extender DAP-1320 won the Good Design Award with its light weight, simple, and fashionable appearance.

## PC Magazine, an Authoritative American IT Magazine

- 2016: The dual-core tri-band gigabit wireless router AC5300 DIR-895L was rated as the best product of the year in the Netcom category.
- 2017: The AC3150 dual-band gigabit wireless router (DIR-885L/R) was rated as the best choice of Netcom products.

## Cite Publishing Ltd.- PCHome Publication Group "TechBang Gold Awards"

- 2016: The dual-core tri-band gigabit wireless router AC5300 DIR-895L won the Gold Award for Outstanding Technology in the wireless router category; The folded HD wireless network camera DCS-936L won the Gold Award for Outstanding Technology in the network camera category; and the world's first 4T4R AC2600 Wi-Fi extender DAP-1860 won

the Gold Award for Special Recommendation in the wireless router category.

- 2017: The home WiFi full coverage system COVR-3902, Omna super wide-angle network camera DSH-C310, and the portable wireless router COVR-3902 won Gold Award for Outstanding Technology and the Gold Award for Special Recommendation.

## HWM Magazine, Singaporean Professional Computer Publication

- 2017: The AC1900 dual-band USB wireless network card (DWA-192) won the gold medal of HWM Indonesia Magazine, AC1900 dual-band gigabit wireless router (DIR-880L) won the silver medal of HWM Indonesia Magazine, and the home media storage device DNS-340L won the silver medal of HWM Indonesia Magazine.

## Other Winning Records are Stated Below:

- 2017: The integrated wireless AC router DSR-1000AC was voted as the best network product of SMEs by the UK's professional online technology magazine TechRadar. The intelligent management PoE switch (DGS-1100-05PD) won the 2017 annual new product award held by the authoritative security product magazine Security Today, the 2017 Integrated Network Excellence Brand Award held by China Intelligent Building Brand Awards, and the Top Corporate Network Award from the Vietnamese Economic Times.

## Customer Privacy Management

### Adopting ISO 27001 Information Security Management System

In 2014, we adopted the ISO 27001 Information Security Management System to ensure the stability, confidentiality, and usability of our global business operations, sales, accounting, and other information systems, as well as to minimize risks and establish preventive measures to make sure that our business runs in a sustainable manner. The following are categories of information security threats. Each year, the asset stocktaking and identification of risk levels are implemented to prevent risks effectively. The categories include natural threats (such as flooding, earthquakes, typhoons, and thunder strikes), environmental threats (such as conflagrations, pollution, explosions, and riots), man-made threats (such as illegal eavesdropping, operational negligence, and hacking), and technical threats (such as computer crashes, bugs, and Internet disconnections).

### BSIMM (Building Security in Maturity Model)

In response to the US Federal Trade Commission's (FTC) improvement measures for information security of products, D-Link implemented an improvement program in 2017 in line with the FTC orders and requirements. In August 2017, an external audit was completed by a third-party auditing agency Bureau Veritas.

In addition to D-Link and its U.S. subsidiary, relevant personnel, manufacturers, and service providers all participated in this improvement Program. Products involved included routers or other network devices sold by D-Link directly and indirectly, all network cameras, and the products provided by D-Link directly and indirectly, as well as relevant software, websites, apps,

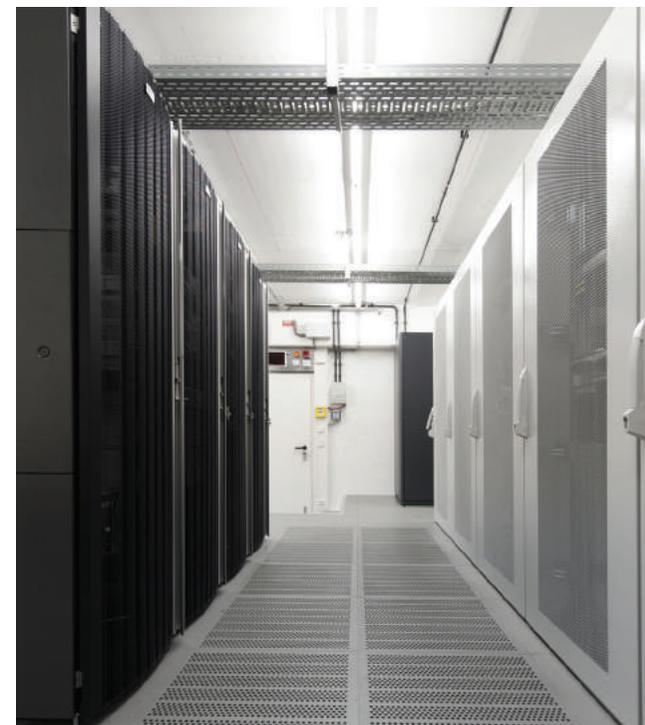
and any relevant online service products. Information involved included consumers' personal information collected, accessed, stored, and transmitted by D-Link through the aforementioned products, software, or relevant channels.

### Product Security Task Teams

Five task teams were established:

- Product Security Center is responsible for the establishment of a "holistic security mechanism" and continuous improvement.
- Security Program Management Office (SPMO) is responsible for identifying security risks and planning security strategies and policies, including management, technology, and physical protection, to protect the security, confidentiality, and integrity of information. Meanwhile, it is responsible for enhancing relevant personnel's knowledge of safety, improving the quality of product security, ensuring that the implementation process and results are in line with the requirements of the organizational information security policies, and information security regulations, as well as responding and addressing information security-related incidents and problems.
- Information Security Team (IST) is responsible for the development of security process for the information involved in accordance with ISO 27001, establishing and providing strategies and guidelines for all the information involved, and continuously improving and ensuring the effectiveness of implementation of security protection of the information involved.
- Device Security Team (DST) is responsible for establishing and providing strategies and guidelines for equipment/software security development, continuously improving and establishing security develop-

- ment plans in accordance with BSIMM, managing supplier security, implementing security development plans and processes, including security strategies and indicators, new-type risk and threat analysis, architectural security analysis, and penetration testing.
- Security Compliance Team (SCT) is responsible for coordination and communication regarding complaints from external security incidents, assisting U.S. legal compliance issues, developing legal guidelines, mainly including security and privacy, and continuously improving, assisting, and ensuring that the security of the products and information involved meet the requirements of legal security and privacy, as well as assisting the education and training in security awareness.



# Operating Revenue

The Company's consolidated revenue in 2017 was NT\$19,316,079 thousand, the gross profit was NT\$5,198,754 thousand, and net value per share was NT\$13.97.

For more information regarding the operational performance and finance of the Company, please refer to the "2017 D-Link Annual Report" or the Market Observation Post System.

## ▼ Operational Performance (Unit: NT\$ Thousand)

	2013	2014	2015	2016	2017
Capital	6,475,803	6,477,557	6,769,961	6,519,961	6,519,961
Consolidated Revenue	30,558,474	30,305,802	26,614,479	22,921,798	19,316,079
Gross Profit	8,067,782	8,273,704	6,433,117	6,016,963	5,198,754
Income Tax Expenses (Benefits)	69,971	31,996	(266,263)	120,292	46,854
Consolidated After-Tax Profit	676,280	111,461	(1,825,737)	(909,666)	(172,082)
Earnings per Share After Tax	1.04	0.09	(2.9)	(1.5)	(0.3)
Net Value per Share (NT\$)	21.86	19.8	16.46	14.95	13.97
Employee salary and benefits	3,832,874	3,901,198	4,042,139	3,623,934	3,021,414
Payment Made to Investors	730,527	310,474	189,841	192,607	Note

Note: The 2017 dividends are still awaiting the resolution of the shareholders' meeting.



Corporate Governance

# 4

# Well-Rounded Corporate Governance System Maximizes All Shareholders' Interests

## Well-Rounded Corporate Governance System Maximizes All Shareholders' Interests

We firmly believe that excellent corporate governance will establish a sound basis for business development, introducing high-quality products and services to the market and bringing the best returns for shareholders as well. A well-structured Board of Directors benefits shareholders' equity and is also the cornerstone of sustainable management. The Company's Board of Directors takes the Company and its shareholders' long-term interests as top priority, guides the Company's business strategies, and functions in an objective and independent manner. Throughout the years, we have adhered to our corporate governance principles. Based on a transparent management model that separates ownership and management through the shareholding system, the Board of Directors is formed by the management team that is elected by shareholders and investors in a transparent process. The Company maintains high standards of corporate governance and ensures the effective operation of the Board of Directors to protect the interests of shareholders in line with a basis that is superior to the laws and

regulations.

The Board of Directors is the the Company's highest governance unit and major operational decision-making center, which consists of nine Directors, including three Independent Directors. The responsibilities of the Board of Directors include the appointment and dismissal of the Company's supervisors and managers, monitoring and auditing business performance, discussing and deciding various business strategies or development issues proposed by the management, and guiding the management to identify the major business directions based on the shareholders' biggest benefits. The Board of Directors must hold a meeting at least once every quarter; seven meetings were held in 2017 and the overall attendance rate was 94.92%.

Important resolutions passed by the Board of Directors are released on the MOPS website after a board meeting is held for investors' reference. The Company's Chief Executive Officer, General Manager, financial supervisors, accounting supervisors, and audit supervisors have all attended the regular board meetings for reporting and Q&A sessions as required. Other managers or

accountants and legal consultants have the regular board meetings for reporting and question-and-answer sessions according to the needs of each case to enable full communication between the Board of Directors and the management.

## ▼ Board Diversity Index

Item	Title	Name	Gender	More than 50 Years Old
1	Chairman	Gao Ju Investment Co., Ltd. Representative: Hsueh Hu	N/A	N/A
2	Vice Chairman	John Lee	Male	●
3	Director	Yun-Wei Investment Co., Ltd Representative: Howard Kao	N/A	N/A
4	Director	Alpha Networks Inc. Representative: Yu-Chin Lin	N/A	N/A
5	Director	Kenneth Tai	Male	●
6	Director (Note 1)	Douglas Hsiao	Male	●
7	Director (Note 2)	Shih-Yao Investment Co., Ltd. Representative: Jui-Shu Che	N/A	N/A
8	Director (Note 3)	Shi-Guo Lin	Male	●
9	Independent Director	Hsiang-Feng Chung	Male	●
10	Independent Director	Chung-Peng Feng	Male	●
11	Independent Director (Note 4)	Tony Huang	Male	●
12	Supervisor (Note 5)	Soonest Investment Co., Ltd Legal representative: Feng-Yun Zou	N/A	N/A

Note 1: Resigned on June 6, 2017. Note 2: Retired on April 28, 2017. Note 3: Retired on April 28, 2017.

Note 4: Resigned on May 15, 2017. Note 5: Retired on April 28, 2017.

The Board of Directors is accountable to the Board of Shareholders, and submits reports on the Company's performance and proposals for dividend distribution to the latter each year. Remuneration for the Directors and supervisors is stipulated in the Company's Articles of Association. The Company's profits are calculated at the end of each fiscal year. After the deduction of taxes and various surpluses, one percent of the balance will be paid to the Directors and supervisors after being validated by the annual shareholders' meeting, in accordance with the Company's "Remuneration Policy for Directors and Supervisors". The Company also schedules regular training courses for its Directors and supervisors in the areas of corporate governance, securities regulations, business practices, and so forth. A list of training courses attended by the Directors and supervisors during the reporting period is available in the Market Observation Post System.

### Avoiding Conflicts of Interest

Clauses of recusal of conflict of interest for Directors are clearly set forth in the Company's "Rules and Procedures for Meetings of the Board of Directors." Should any Directors or their related parties have interests in the subject of discussion, they shall be present at the meeting to present their views and

respond to any queries. The Directors shall recuse themselves when the board is discussing or voting on the matter, and shall not exercise voting rights on behalf of other Directors. Details of the recusal of conflict of interest shall be recorded in the meeting minutes. In addition, should a Director be engaged in any businesses that are similar to the scope of the Company's businesses or similar actions, for personal benefit or otherwise, the Director shall clarify it in the annual shareholders' meeting after being elected to seek the shareholders' permission to rescind the no-compete clause and disclose the information on the MOPS website for investors' reference. Furthermore, to effectively safeguard the Company's interests, various regulations on recusal of conflicts of interest are clearly listed in the Company's Code of Conduct, including the non-compete clause, transactions with related party, nepotism, investing in suppliers, customers, or competitors, inappropriate benefits or gains through the course one's work.

### The Internal Auditing Office and Audit Committee are Established, and the Remuneration Committee is Put into the Organization to be in Line with the International Standards

To ensure the sound operation of our internal control system, we set up the

Auditing Office in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies formulated by Financial Supervisory Commission. To continually strengthen corporate governance in line with the international standards, since 2011, our Board of Directors has set up the Remuneration Committee, which consists of the Company's Independent Directors and three university professors. The Remuneration Committee is responsible for developing and regularly reviewing policies governing Directors' and supervisors' performance evaluation and remuneration, as well as reward systems, salary structures, and standards. According to the "Article of Association of the Remuneration Committee," the Remuneration Committee shall not consist of fewer than three members; the members shall be appointed by the Company's Board of Directors with the term as the same as that for the Board of Directors. Currently, the committee members include Mr. Chung-Peng Feng, Independent Director, Mr. Hsiang-Feng Chung, Independent Director, Professor Chyan Yang, Emeritus Professor from National Chiao Tung University, and Professor Sue-Fung Wang, Associate Professor at the Institute of Finance, National Chiao Tung University, and Mr. Chung-Peng Feng serve as the convener of the committee.

### The Remuneration Committee Held Three Meetings in Total in the Year of 2017.

To enhance the quality and integrity of the Board of Directors's supervision of the Company's accounting, auditing, financial reporting process, and financial control. D-Link set up the "Audit Committee" in April 2017, consisting of three Independent Directors, to replace supervisors' duties, and Mr. Hsiang-Feng Chung served as the convener of the committee. The Audit Committee held three meetings in total in the year of 2017.



## Ethical Management

# Top-level Management has Set an Example to Lead All Employees to Implement Ethical Management

All employees are required to adhere to the highest standards of business ethics. Through an annual online survey system, employees are required to examine their colleagues' concept of integrity and practical results. Integrity is one of D-Link's core values and is the value and work attitude that our employees shall hold as well as their method and principle when carrying out their duties. D-Link's businesses are distributed worldwide, and our global customer base includes local government agencies and large telecom operators. Not only would bribery tarnish the Company's image and compromise employees' morale, it would also affect our customers' trust in the Company. Therefore, it is an area of major concerns to our stakeholders.

D-Link strictly prohibits bribery of any sort, and relevant anti-bribery regulations are clearly stated in relevant documents, such as D-Link's "Code of Conduct" and "Procedures for Gift Acceptance". It is also incorporated into the Company's training courses to make sure all employees understand Company's rules of and regulations on integrity. The annual assessment of the level of knowledge and the application of relevant regulations among our employees is carried out through online surveys. Meanwhile, cooperative partners are required to abide by relevant laws and are prohibited from improper interests, bribery, or corruption, to maintain the

highest standards of business ethics when interacting with manufacturers.

As of this report, there has been no instance of bribery or corruption involving any of the Company's Directors, managers, or employees. Furthermore, all the Company's donations to third-party organizations are solely for charitable purposes. To ensure that donations and sponsorship will not be abused and used as a disguise for bribes, all donations are executed by specially appointed personnel and are planned by D-Link's Charitable Foundation and Care Club.

### Anti-bribery Code of Conduct

The Company complies with all applicable anti-bribery laws. All employees are made aware that bribery is in violation of laws and are prohibited from engaging in any illegal or inappropriate behavior involving bribery, kickbacks, inappropriate rebates, or provision of gifts of cash or valuables to any other party in order to obtain or secure business favors related to D-Link's products or services. The aforementioned "any party" may refer to officials, employees, or representatives of governments, companies, public organizations, or international organizations, or any third party. The aforementioned illegal behavior or misconduct refers to the situation when there are appropriate reasons to believe that



the act(s) of offering inappropriate pecuniary or other benefits to a person involved in the commercial decision-making process has substantially influenced the person's good judgment and decision-making. To maintain the Company's honesty and operational efficiency, all our employees are required to comply with the following rules: All employees are prohibited from receiving improper benefits from the Company or from any third party in the course of their work, or having their family members and friends accept the aforementioned benefits in disguise. All employees are prohibited from offering kickbacks, bribes, and other benefits in the form of cash or goods to any of our business partners in order to obtain or secure business favors related to D-Link's products or services. All employees are strictly prohibited from manipulating, withholding, or abusing any information obtained in their course of work, and from making untruthful statements regarding important issues so as to obtain improper benefits.

### **Integrity and Honesty of Suppliers**

D-Link's expectations of its suppliers' integrity and honesty are clearly stated in the contracts. It is stated in all our contracts that "In the event of any of the following conditions, D-Link has the right to rescind or terminate the contract with immediate effect if the Supplier attempts to offer any of D-Link's employees (including employees of our branch offices, subsidiaries, or affiliates) an improper benefit, including but not limited to agreed benefits, gifts, or bribes, or has engaged in a similar activity for his/her personal or the Company's interest." None of our suppliers has been found to be involved in any illegal acts in 2017.

### **Procedures for Gift Acceptance**

The "Procedures for Gift Acceptance" is applicable to all employees, and explicitly prohibits any individual or group from improper behavior, including but not limited to offer/receipt of bribes, unreasonable gifts, hospitality, or other improper benefits, and sets forth relevant countermeasures and handling for all people involved to abide by. The channels for misconduct reporting: Internal line: ext. 1444; External line: +886-2-66000123 ext. 1444. E-mail address for misconduct reporting: coc@dlinkcorp.com. Personal E-mail address of the Chairman of the Disciplinary Committee: coc.chair@dlinkcorp.com. We accept both anonymous and non-anonymous reporting. The Company shall ensure the confidentiality of the reported content and identity of any whistleblower.

### **Fair Competition**

D-Link fully complies with all applicable business transaction laws and regulations, including the Fair Trade Act, anti-trust laws, and unfair competition laws. When competing for business opportunities, all of D-Link's employees are prohibited from manipulating, withholding, and abusing any information obtained in their course of work, and from making untruthful statements regarding important issues in order to obtain improper benefits. The Company's policies on ensuring fair competition include:

1. As D-Link has businesses worldwide, local laws vary in scope and stringency in different regions, in the event of legal disputes, it is our local branches/subsidiaries that consults with local legal consultants to seek solutions that can best protect the Company's interests.
2. Should any dispute involves the Company's headquarters, the headquarters may also collaborate with its local branches/subsidiaries to settle the dispute.

As an international company, D-Link, in addition to pursuing business growth, is committed to complying with laws and regulations governing fair competition both in Taiwan and around the world; meanwhile, it maintains the balance between all stakeholders' interests and social responsibility to uphold social and substantial justice. To ensure that the Company does not breach any principles of fair competition, we have always required our overseas subsidiaries to report any act or case involving violations of fair competition to the headquarters in the first place. The headquarters' appointed personnel will notify our legal and other relevant departments immediately, who will then discuss, investigate, and confirm the scope of the reported case. The case may be addressed through negotiation or litigation, depending on the situation. In the future, if there is any violation of fair competition and will have an impact on D-Link's business, operations, and prospects, the situation will be assessed and handled in an appropriate manner. As of the end of 2017, there had been no report of any such related cases.

## Disciplinary Committee

To ensure that all our employees' conduct is in line with the principles of integrity and honesty, D-Link has set up the Disciplinary Committee to implement relevant practices. The chairperson of the Disciplinary Committee is appointed by the Chairman of the Board of Directors, and the committee shall comprise no fewer than seven members. Members of the Disciplinary Committee are elected from the human resources, legal, audit, business, research and development, and administrative departments. Responsibilities of the Disciplinary Committee include:

1. Notification, receipt, evidence collection, investigation, and handling regarding illegal matters. This applies to reported cases and autonomous investigations.
2. Monitoring any abnormal interaction between our procurement, technology, business, marketing, or other departments and our manufacturers.
3. Establishing employee reward and penalty systems, and disseminating related information.
4. Explaining legal sources, providing consultation on laws and regulations, and liaising with legal agencies.
5. Monitoring and investigating any abnormal business activities with manufacturers.
6. Making regular and unscheduled announcements on relevant regulations and policies.
7. Taking action once required by competent authorities and stakeholders.

There was no instance regarding breaches of integrity in 2017.

## Corporate Social Responsibility Working Group

Since 2008, the Board of Directors has established a part-time working group dedicated to corporate social responsibilities. The CEO serves as the convener and brings together all the departmental heads for task grouping; group members are supervisors from the stock services, marketing, finance, R&D, procurement, business, human resources, and other departments. The Working Group holds a review meeting once a year to propose, implement, and present the corporate social responsibility policies, guidelines, and relevant action plans to the Board of Directors.

# 5

## Environment Category





## Leading the Industry with Dual Certification SGS ISO 9001:2015 and ISO 14001:2015

The new editions of ISO 9001/ ISO 14001 are performance-oriented management systems, and are designed with a particular focus on high-level management participation, leadership and communication, interest groups' expectations, paying attention to the handling and environmental changes in management processes, as well as identifying risk and opportunities to promote a management system that rapidly adapts to changes in the business environment. The revision this time covers three major aspects, including substantial deregulation on documentary control, paying more attention to the or-



ganization's external business environment, and the integration of higher-level management and quality systems, to enhance performance and execution.

### Compliance with International Standards, Toxin-free Raw Materials

D-Link's products are made of/from safe and nontoxic raw materials, without containing lead, mercury, cadmium, or other hazardous substances. Currently, we have audited and analyzed raw materials of tens of thousands of the components, and the recorded data have been accumulated in the system.

We exclude the use of toxic substances from each of our products and items. As of now, all raw materials containing lead or mercury have been phased out, and we have complied with the EU RoHS restriction of hazardous substances. In fact, in our supplier management process, records of the traceability of raw materials have been developed for a long time, so as to show the chemical substances of each material and each part of every product. This also helps us do a better job in reducing and eliminating toxic substances.

Our design and development team has adhered to EU environmental standards, developed green products in line with EU's Eup, RoHS, WEEE and REACH directives, in response to the green

product development trends. Meanwhile, we have developed ecological norms for a number of products to help the business, project development units, and customers confirm green product eco-friendly specifications, as well as help the research and development personnel assess the product life cycle to obtain relevant environmental standards based on customers' requirements and to reduce the impact on the environment.

We have complied with and adopted various international standards and regulations as our best practice guide for identifying raw materials for our products, including the EU's Restriction of Hazardous Substances Directive (RoHS) that took effect in 2006, and Registration, Evaluation, Authorization and Restriction of Chemicals (...REACH). Evaluating various chemicals in these components helps us understand the impact these parts have on our health and the environment, so as to realize green product design.

We have managed the hazardous substances of our products in accordance with IECQ HSPM QC 080000 (Electrica and Electronic Components and Products Hazardous Substance Process Management System Requirements) in the aspects of regulations and customers' requirements, approval of parts, supplier management, material

inspection, production and manufacturing, inventory, shipments, and relevant training.

Upon identifying toxic substances in our products, we will reduce and eliminate these toxic substances immediately or select new suppliers as well as seek more new sources of safer materials. These efforts have helped us remove toxic substances from the process, which not only protects our employees and consumers from health hazards, but also protects the Earth and prevents air and water pollution.

In addition, in terms of examination and supervision, through the RoHS Hazardous Substances analysis table and third-party chemical laboratory test reports, we have examined the content of the regulated substances listed and conducted regular and unscheduled spot checks on suppliers' incoming inspection reports and examination data on the production process. The bilateral cooperation with our suppliers, rather than just one-way evaluation and supervision, has significantly increased their qualification rate. Since our operation process does not involve any use of toxic items, there are no toxic waste, transportation, or leakage problems. In 2017, there had been no violation of any environmental laws and regulations; hence, no penalties or administrative fines had been imposed.

▼ D-Link's products are made of/from safe and nontoxic raw materials, without containing lead, mercury, cadmium, or other hazardous substances.



Lead (Pb)



Mercury (Hg)



Cadmium (Cd)  
Maximum content of 0.01%  
(100ppm)



Hexavalent  
chromium (CrVI)



Polybrominated  
biphenyls (PBB)



Polybrominated diphenyl  
ethers (PBDE)  
Maximum content of  
0.1%(1000ppm)

Case of Energy Efficient Product

# D-Link's Wireless 4G LTE Router A 23.47% Reduction of Electricity Consumption

The new generation C1 version of D-Link's Wireless 4G LTE Router 2017 features an electricity consumption reduction to 14.54W, saving 4.46W compared to the previous generation, a 23.47% reduction.



Case of Energy Efficient Product

# D-Link's Layer 2 Gigabit DGS-1210-28

## A 20% reduction in electricity consumption

The electricity consumption of D-Link's new generation of intelligent network management switch Layer 2 Gigabit DGS-1210-28 has reduced to 18.84W, saving 5.1W compared to the previous generation, a 27% reduction in electricity consumption. Meanwhile, the new generation is equipped with combo ports, which is more optimized in the product specification than the previous generation. The energy consumption efficiency of the new generation is 85%, which is 5% higher than the previous generation.

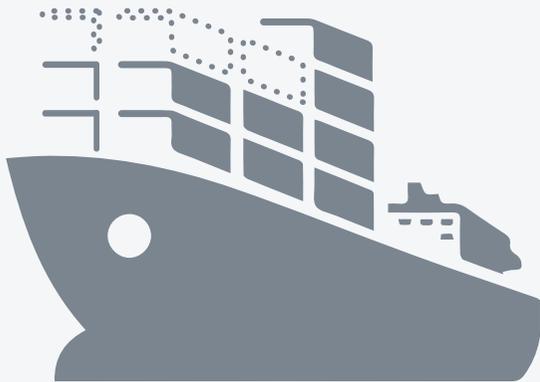


## Green Packaging

# We Always Put Packaging Materials to the Best Use

D-Link has been seeking smarter ways to make product packaging more lightweight. Meanwhile, we continue developing new technologies, allowing the raw material resources used in packaging materials can be effectively utilized. With depleting global resources, we are committed to conservation and are always economical on raw materials. In recent years, our efforts have paid off by effectively reducing the con-

sumption of raw materials. On the other hand, the reduction of the use of consumable supplies has also reduced the transportation costs, creating great economic benefits. We have launched a series of packaging reduction programs to effectively reduce the volume and weight of packaging materials in order to scale down the carbon footprint generated by international shipping.



After improving the packaging design of D-Link's DSL-2500U/BRU, a popular export product in Europe, the volume is reduced by up to 22%, equivalent to **ten** 20-foot containers a year.

The re-design of D-Link's inner box Type A has resulted in a **32%** volume reduction and a **48%** weight reduction.

The re-design of packaging for D-Link's best-selling DIR-615, has reduced **10 metric tons** of plastic raw materials a year.

Climate change is really happening.

D-Link has been exploring all kinds of ways to save energy and reduce carbon emissions.

## Cherish Natural Resources and Protect the Earth

# Input and Output of Energy and Water Resources

D-Link records the use of electricity purchased externally and water resources through the disclosure of the input and output quantitative statistics of environmental information. The long-term records and disclosure of information will help us examine whether our eco-friendly measures have achieved the set targets every year. For more information on D-Link's responses to climate change and the action plans for reducing the consumption of natural resources, please refer to the chapter of GHG Emission Solutions and Performance.

## ▼ Energy and Water Consumption

Category	Unit	2014	2015	2016	2017
Externally Purchased Electrical Power	kWh	3,304,600	3,304,600	3,123,400	3,065,600
Water Resources	m3	12,561	12,504	10,888	11,468

## ▼ Gas, Waste Water, and Waste Emissions

Scope	Regulations or International Standards Identification	Item	Unit	2014	2015	2016 (Note)	2017
Green-house gases	ISO 14064-1	Scope I: Direct emissions Plants generate electricity through burning of coal, natural gas, etc.	ton CO2e	10.34	10.09	192.76	193.19
		Scope II: Indirect emissions Plants purchase electrical power externally.	ton CO2e	1707.15	1,686.42	1,637.40	1,607.10
Effluents	Water Pollution Control Act	Domestic Effluents	m3	11,305	11,254	9,799	10,321
Wastes	Waste Disposal Act	General Waste Consumption	ton	14.68	13.32	11.85	11.8

Note: 2017 data have not been verified by a third-party certification body.





Climate change is a fact, and we have been exploring various ways in saving energy and reducing carbon emission.

We have identified the risks derived from climate change, including the increase in energy cost and carbon tax. We have continued to manage energy, improve energy efficiency, and implement low-carbon procurement and transportation at main operating bases. Meanwhile, we have continually paid attention to the development of climate change and have closely monitored and controlled the risks derived from climate change. In response to the global environmental protection trend, we have strived to seek various measures to reduce energy consumption. We have started with reduction of electricity consumption in the workplace to reduce our impact on the environment effectively. We have developed a specific energy-saving plan for the future. In the next five years, the lighting of D-Link's operation headquarters in Taipei will be replaced by energy-saving LED lights in a comprehensive manner. With 2016 as the base year, it is estimated to save 2.5% of electricity consumption.

▼ D-Link's operation headquarters in Taipei will change to energy-saving LED lights in the next 5 years, and it is expected to save 2.5% of electricity consumption.



▼ GHG Emission Solutions and Performance

Item	Year	Description	Electricity Saved a Year Unit: kWh	Expenditure on Energy Conservation and Carbon Reduction Unit: NT\$
1	Year of 2017	RF toilet / 6F circulation fans have been installed on the office ceilings of the east and west wings of the building on the sixth floor to reduce electricity for air conditioning.	3,612	61,350
2	Year of 2017	1F PL-C downlight fixtures of the corridors in the east and west wings on the ground floor have been replaced with LED ones.	2,365	4,200
3	Year of 2016	Installation of LED lights in RF/6F (female toilet) / 5F (female toilet) / 4F / 3F / 2F / 1F toilets and 1F pantry/4F Administration Department/1F warehouse T8	5,087	35,764
4	Year of 2016	Installation of automatic lighting sensors in 6F/5F/4F/3F/2F toilets	1,371	35,764
5	Year of 2015	Installation of LED lights in B1+B2 parking/ 1F cafe/ 5F & 6F male toilets/ B2 lobby/passenger elevators + freight elevators	16,120	78,795
6	Year of 2015	Toilet aspirator/exhauster outage at night/on holidays	11,690	2,500
7	Year of 2014	Installation of LED lights to replace indicator fluorescent lamps at emergency stairs	2,575	8,500
8	Year of 2013	Installation of timers to save energy consumption on 1F meal box steamers and RF water heaters	3,285	20,000
9	Year of 2013	Lighting adjustments in underground parking garages for energy efficiency	15,577	5,000
10	Year of 2013	Light adjustments at emergency stairs in east and west wings for energy efficiency	3,110	10,000
11	Year of 2013	Installation of LED lights in 1F meeting rooms and RF	3,283	25,200
12	Year of 2013	Installation of LED projection lights at 1F walkways in the east wing	1,364	9,000
13	Year of 2012	Reduction of energy consumption in 600RT cooling water tower	439	20,000

Total Expenditure on Environmental Protection over the Years

316,073 (NT\$)

## Supplier Management

# Improvement of Suppliers' Performance

### Supplier Management Policy

D-Link has been developing the brand in 60 countries around the world for more than 30 years and set up more than 140 sales centers. In 2017, our stable co-operative suppliers are from three major categories, namely (1) raw material suppliers, (2) transportation contractors, and (3) final assembly suppliers. Therefore, we boast a solid foundation for green manufacturing so that we can provide training to local suppliers and guide them to meet the requirements of global environment protection in terms of products and processes. Hence, local suppliers themselves have also continued to improve their skills and knowledge, while improving their employees' traditional skills and training their procurement departments to select eco-friendly non-toxic raw materials, which indirectly promotes a new learning cycle. This has, in turn, driven the factories in local supply chain to create an S-curve growth for network hub and switch industry in Taiwan.

We developed the "D-Link Supplier Management Regulations" for our Quality Control Department and Department of Procurement to evaluate suppliers and assess the industry. When new suppliers join the Company's supply chain, they must first accept our evaluation. Thereafter, as formal suppliers, they must receive our regular annual assessments. Assessment items include Quality, Cost, Delivery, and Service (QDCS), as well as various environmental regulations.

Therefore, we employ an audit system to promote our suppliers' QCDS capabilities, and we have developed an audit procedure in each stage to help them comply with the "D-Link Supplier Management Regulations". Furthermore, we also recognize and have signed the environmental initiatives that are developed by external entities, while requiring our suppliers' commitments to these rules and regulations. The following are the environmental initiatives and regulations signed and agreed upon between the Company and the suppliers.

### Suppliers Need to Meet the Requirements of WEEE, RoHS, HSF Environmental Directives Published by the EU.

We boast a solid foundation for green manufacturing technology and knowledge, and are capable of providing training to local suppliers. So far, the rate of selecting new suppliers based on environmental initiatives and standards has been 100%. All suppliers are required to comply with the EU Hazardous Substance Free (HSF), and shall sign the Restriction of Hazardous Substances Directive 2002/95/EC (RoHS) as well as make a commitment to the Waste Electrical and Electronic Equipment (WEEE) Directive. Among them, RoHS strictly controls the maximum amount of hazardous substances contained in suppliers' raw materials. The following six chemical substances shall not be used: hexavalent chromium (CrVI), lead (Pb), mercury

(Hg), and polybrominated biphenyl (PBB); the maximum allowable content of polybrominated diphenyl ether (PBDE) is 0.1% (1000 ppm) and the maximum allowable content of cadmium (Cd) is 0.01% (100 ppm). The Material Safety Data Sheet (MSDS) that records the chemical substances used in processing production for items as well as notary third party inspection reports must also be provided.

### Suppliers are Requested to Sign and Make a Commitment to the EU's REACH Regulations

The European Union's Registration, Evaluation, and Authorization of Chemicals is referred to as the EU's REACH regulations. In comparison with the RoHS Directive for the control of electrical and electronic products, REACH regulates chemical raw materials. Since the EU was aware that in the process of electrical and electronic products and their raw material sources, chemical products were used, such as plastic, rubber, organic or inorganic chemical raw materials. Thus, the EU promulgated these regulations in 2008. Suppliers are required to make a commitment and guarantee that their products comply with the EU's REACH. If suppliers' products contain substances of very high concern (SVHC), they have to perform their duty to communicate.

### **International Management System Certification**

In addition to the aforementioned environmental initiatives and regulations, the suppliers are also required to introduce the international management system certification, and be certified by a third-party validation unit to ensure that their management processes and environmental policies are in line with international standards. During this reporting period, 100% of final assembly suppliers passed the QCDC Quality Review, 100% passed the ISO 9001 Quality Management System, 100% signed the Conflict-free Mineral Declaration, 30% passed the ISO 14064-1 Greenhouse Gas Inventory Standard, and 70% passed the ISO 14001 Environmental Management System.

### **Supplier Rights and Social Responsibility Practice**

Looking to the future, D-Link will be upholding the principle of business integrity and abiding by national laws and regulations, as well as working with its suppliers to enhance the awareness of social responsibility. Besides the general business activities and conditions set forth in the contract with the suppliers, D-Link will include the Supplier's Code of Conduct in the management process to require them to perform corporate social responsibility. In the report for next year, we will disclose more more social responsibility training and assessment results in addition to suppliers' quality and environmental management.

**D-Link**  
Building Networks for People

**e-Waste**  
Collection Center

**Nurturing Nature for a better future!**

A long journey begins with a single step. Together, through small, individual steps, we can make a big difference to the environment.

eWaste management is a small step in the direction, in order to save the environment from the hazards of electronic waste.

**Three easy steps towards saving our nature**

- Scrap Collection**  
D-Link old/ obsolete products are collected at D-Link Authorized Scrap Collection Center
- Recycle/ Dismantle**  
All old/ obsolete products are dismantled/ recycled through Govt. Authorized e-Waste Partner
- Save Environment**  
Post segregation, the residuals are disposed as per environment friendly practices

D-Link Supports Electronic Waste Management & adherers to government guidelines. Our customer can drop obsolete/ scrap D-Link products at the Collection center.

Visit <http://service.dlink.co.in/>

D-Link India Electronic Waste Disposal Publicity Poster ▲

Waste Material Management

# D-Link India Established Electronic Waste Collection Center

D-Link continues supporting the local government’s e-waste management programs. Taking D-Link India for example, D-Link India has adhered to the Principle of Extended Producer Responsibility and established an e-waste collection center in several locations in Pan-India.

D-Link India’s e-waste management is to establish an effective system to manage the generation, collection, storage, transportation, import, export (eco-friendly) recycling, disposal, and disposal of e-waste. The same e-waste collection centers established D-Link also collect scrapped parts/products, non-repairable products, defective parts, and other e-waste generated during the sales and service process. All the e-waste collected will be processed by authorized recyclers afterwards.

The D-Link India Electronic Waste Collection Centers and the D-Link Service Network were jointly established; they basically need D-Link Service Centers, which are the collection points for authorized service partners and shipping partners. D-Link has 109 collection points across India. All D-Link’s customers can drop the old/scrapped D-Link products directly at the nearest center to support this measure.



We have the responsibility to protect the environment for our next generations. D-Link firmly believes in the need to protect nature from the dangers of e-waste in a sustainable manner. Therefore, we have introduced e-waste collection centers throughout India and are committed to supporting this measure.

▼ The e-Waste Handled by D-Link India over the Past Four Years

Financial Year	Invoice 1(KG)	Invoice 2(KG)	Invoice 3(KG)	Total in Kgs
2014-2015	3756	1293	0	5049
2015-2016	2118	644.4	2032	4794.4
2016-2017	1252	907	860	3019
2017-2018	438	619.8	0	1057.8
Total				13920.2

Balgound Chougula, Vice President of Customer Support and Returned Goods Authorization (RMA), D-Link India



Employee Care

6

# Equal Employment Policy

In 2017, we continued to invest heavily in our employees, cultivating and training them through an excellent working environment and a variety of training programs that attract and retain excellent talents. D-Link believes in “building networks for people,” with people being our key focus. As a member of society, we believe that our employees are the very foundation of corporate values and corporate sustainable development. D-Link has always believed in treating our employees in a friendly manner, openly and equally. We are committed to creating safe and secure workplaces and working environments. We respect diversity and gender equality, so that our employees are free from any form of bias. We value employee development and provide training specific to each employee’s position and career developmental needs. Our aim is to nurture each employee to meet their full potential based on their areas of strength. D-Link is well aware that a company’s well-being is tied to that of its employees. We believe that only by promoting mutual understanding between the company and its employees through good management practices of capital-labor relations can the company and its employees work together toward mutual benefits. For our senior and highly-experienced employees who have contributed tirelessly to the Company, we provide them with preferential retirement policy in compliance with the relevant laws and regulations as an expression of our care for them and our appreciation of their long-term service.

For recruitment, the department that requires new staff will first prepare an annual manpower plan. After as-

essment of the plan during the annual manpower budget meeting, a formal application for manpower based on actual needs is submitted to the Human Resources Department. Information on the available job openings will then be disseminated through local recruitment channels. All recruitment procedures are in compliance with relevant local regulations and standards, and we adopt a fair and equitable approach when scouting for talent. We have a long-term interest in helping the following groups of people, and offer them priorities in employment if their qualifications and professional experiences fulfill the required criteria: people with mental or physical impairments, indigenous groups, women who are the main breadwinners for their families, families on social assistance, and other comparatively disadvantaged groups.

In order to provide a warm, friendly and harmonious working environment that meets the expectations of current regulations that balance within body and mind, family and career, D-Link facilitates nursing rooms with refrigeration equipment for the storage of breast milk, we also ensure strict access control to these rooms to protect the privacy and safety of our female employees at our headquarters in Taiwan. Furthermore, based on our internal evaluation and the recommendations from our employees, we partnered with competent nurseries/day-care centers in the neighborhood to provide enhanced nursery options to our employees. In Taiwan, in accordance with the “Act of Gender Equality in Employment” and the “Regulations for Implementing Unpaid Parental Leave for Raising Children,” any em-

ployee who worked a full year in Company with at least one child below the age of three may apply for unpaid parental leave for up to two years. Upon expiration of the unpaid parental leave, we will arrange for the employee to be reinstated in original department position.

## Defending Employees’ Human Rights

D-Link advocates freedom of employment, which means all work should be done voluntarily. No employee should be forced to work against their will through coercion, mortgages, unreasonable contracts, or non-voluntary physical restraint. It is clearly stated in D-Link’s CSR Code of Conduct that child labor is strictly prohibited; the employment of children below the minimum legal age is forbidden. Furthermore, to protect the mental and physical health of minors, it is also prohibited to force minors to work in difficult or dangerous conditions. There was no report of slavery or human trafficking in 2017. Moreover, we have extended human rights issues to suppliers year after year and asked them to abide by our human rights policy:

- Integrity: Make no attempt to seek, agree on, offer, accept or deliver bribes or other improper business interests.
- Ensure all work is done voluntarily and no employees have been forced or coerced into employment.
- Eliminate child labor and prohibit any worker under the age of 18 from engaging in risky tasks.
- Ensure all employees are entitled to at least one day off each week, and the weekly working hours comply

with the stipulations of local laws and regulations.

- Provide our employees with a reasonable salary and benefits. Wages will be paid in accordance with relevant local laws, and wage deduction as a form of disciplinary penalty is prohibited.
- Provide employees with diversity and equal employment opportunities, and protect employees from all forms of harassment, including sexual harassment, obscenity, physical punishment, mental or physical coercion, verbal abuse, etc.
- Ensure that no employee is discriminated or treated unfairly due to his/her race, color, religion, nationality, age, gender, religion, disability, citizenship, prior experiences, or other grounds that are protected by statutory regulations.
- Respect our employees' freedom of association, and their right to participate in labor organizations and to elect representatives.
- Ensure that all employees have equal access to education, training, and other career development opportunities.

# Human Resources Structure



Number of D-Link's  
Employees Worldwide

# 2,172

D-Link has been developing our human resources strategy in response to market changes. The Company currently employs 2,172 people worldwide. Our operation in Taiwan combines the concept of smart home, uses cloud technology services, and invests in designing and developing related cloud platforms, applications, software, and hardware. In 2017, the number of employees in Taiwan was 621. All 621 employees are formal employees (100% formal employees), as there are zero informal employees. The number of male employees is 358, accounting for 57.65%, and the number of female employees is 263, accounting for 42.35%.

To attain our strategic goals in business, we are currently building up our strength in software for products and cloud services. With our headquarters based in Taiwan, D-Link is constrained by Taiwan's human resources structure. In 2017, research staff accounted for 47% of our total employees. We insist on meritocracy and allocate jobs based on suitability and capabilities. As such, a good balance in gender ratio is maintained at the management level.

## ▼ By Age

	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Under 30	42	6.76%	34	5.48%	76	12.24%
31 to 50 years old	292	47.02%	206	33.17%	498	80.19%
Over 50	24	3.86%	23	3.70%	47	7.57%
Subtotal	358	57.65%	263	42.35%	621	100.00%

## ▼ By Nationality

	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Native	347	55.88%	263	42.35%	610	98.23%
Foreign national	11	1.77%	0	0.00%	11	1.77%
Subtotal	358	57.65%	263	42.35%	621	100.00%

Note 1: Based on the number of employees in office as of the last day of the fiscal year 2017.

### ▼ Total Number and Percentage of New Employees and Employee Turnover by Age Gender, and Location

		Male		Female		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
New Employees	Under 30	25	4.03%	22	3.54%	47	7.57%
	Age 31 to 50	68	10.95%	34	5.48%	102	16.43%
	Over 50	3	0.48%	2	0.32%	5	0.81%
	Subtotal	96	15.46%	58	9.34%	154	24.80%
Employee Turnover	Under 30	9	1.45%	5	0.81%	14	2.25%
	31 to 50 years old	51	8.21%	40	6.44%	91	14.65%
	Over 50	10	1.61%	1	0.16%	11	1.77%
	Subtotal	70	11.27%	46	7.41%	116	18.68%

Note: As of the last day of the fiscal year 2017, the number of full-time employees is 612.

### ▼ Return to Work and Retention Rates After Parental Leave, by Gender

	Code	Male		Female		Subtotal
		Number	Percentage	Number	Percentage	Number
Employees with rights of parental leave in 2017	A	-		-		-
Employees who exercised their rights of parental leave in 2017	B	0	0%	6	100%	6
Expected number of reinstatement in 2017	C	0	0%	11	100%	11
Actual number of reinstatement in 2017	D	0	0%	11	100%	11
Total number of reinstatement using parental leave in 2016	E	2	15%	11	85%	13
Among the employees reinstated using parental leave in 2016, the number of who is still on duty after 12 months	F	2	29%	5	71%	7
Reinstatement rate	D/C	-		100%		100.00%
Retention rate	F/E	100%		45.45%		53.85%

# Salary and Benefits

## Reasonable and Equitable Salary Policy

D-Link believes that the Company's greatest assets are its employees, and salary standards are assigned based on educational background, professional knowledge, professional experience and individual performance. All salaries are in compliance with local laws and regulations. Gender, race, religion, political affiliation, marital status and labor unions have no bearing on salary standards.

## Implementing Performance Management

For performance management, D-Link conducts performance appraisals in July each year and in January of the subsequent year based on an open and clear performance appraisal system. The appraisal is

applicable to all our employees, regardless of gender, age, race, color, religion, nationality, sexual orientation, religion, disability, citizenship, experience, or political standing, and will serve as the assessment criteria for staff appointment, evaluation, and promotion. With the performance management system, we aim to establish common working goals and consensus between our employees and their supervisors. In addition, we hope that through these appraisals, our employees and their superiors can work together to improve on the inadequacies identified so as to assist the employee and the organization to learn and grow from experience, and ultimately implement the optimization of work process to be part of the daily tasks. We hope to this action will help us nurture and develop the talents of each employee, and thereby raise the overall competitiveness and efficiency of our organization.

## Retirement Plan

In Taiwan, the Labor Standards Act and the Labor

Pension Act stipulate that any employee who joined the company prior to June 30, 2005 (inclusive) is eligible for the old pension system; however, employees who voluntarily chose to switch to the new pension system should follow the new pension system of their personal account. Under the old pension system, the employer will deposit an amount equivalent to 2% of an employee's monthly salary to their old pension system retirement fund accounts, managed by the Trust Department of the Bank of Taiwan. Currently, the total retirement fund is valued at NT\$100 million. Only the employer can make deposits and withdrawals, and the employees are not in these affairs. Under the new pension system, for each eligible employee, the employer will deposit an amount equivalent to 6% of the employee's monthly salary toward the employee's personal retirement fund account each month. On top of the employer's contribution, the employee can opt to contribute another 0% to 6% to his/her personal retirement fund account each month. In appreciation of our employees' long-term



The welfare committee carefully prepared afternoon tea for colleagues.

contributions to the Company, we offer a retirement scheme with superior benefits for employees who draw relatively high wages under the old pension system. This is an expression of our care and respect for those employees who have served D-Link well over a long career.

### A Variety of Welfare Programs

D-Link values the need of our employees and wish to accomplish the goal of “Enjoy Your Work, Enjoy Your Life”, and therefore the Company offers various employee welfare programs. For example, our employees in Taiwan benefit from labor insurance and National Health Insurance, childbirth subsidies/parental leave, and labor pension (through both the new and old systems) as stipulated by laws and regulations. Additionally, employees (including full-time, part-time, and temporary) are covered by group insurance from the day he/she reports for duty. Employees can also opt to extend the coverage of the group insurance to their family dependents at their own costs. For our employees in other regions, their insurance programs apply to the local laws and regulations. We also provide our employees with a leave system beyond the stipulations of the Labor Standards Act. Our employees are entitled to annual full-pay for the first 7 days of their medical or menstrual leave, and 3.5 days of special leave in advance since the first day on board. This arrangement will allow both the body and the mind to be adequately rested and relaxed when needed.

The 2017 welfare committee activities and afternoon tea included following items corresponding to seasonal festivals

- Donuts

- Mother’s Day Cake with Drinks
- Movie Day
- Ice and Puffs
- Mid-Autumn Festival Buffet
- Luwei
- Tangyuan and Christmas Package

### Subsidizing NT\$1 Million in Club Activities

We encourage employees to organize clubs. Currently, D-Link Taiwan Headquarters has 21 clubs, including Talent Club, Health Promotion Society, Baby Club, and Badminton Club, etc. The number of participants is 827. In 2017, a total of NT\$1 million was subsidized to all clubs. For an enterprise, the association enhances the cohesiveness of employees and promotes horizontal contact between teams. For employees, participating in the clubs after work not only cultivates healthy and leisure, but also networking with work contacts and colleague.

#### ▼ List of D-Link Clubs in 2017

	Name of the Club		Name of the Club
1	Art and Culture Society	12	Taipei Swimming Club
2	Yoga Club	13	Badminton Club
3	Talent Club	14	Table Tennis Club
4	Aerobics Club	15	Golf Club
5	Traditional Dance Club	16	English Club
6	Baby Club	17	Survival Game Club
7	Fitness Club	18	Basketball Club
8	Health Promotion Club	19	Board Game Club
9	Mountaineering Club	20	Taichung Swimming Club
10	Love heart	21	Kaohsiung Swimming Club
11	Photography Club		



The welfare committee carefully prepared afternoon tea for colleagues.

# Promoting Healthy and Positive Labor-Management Communication

To build a congenial relationship between labor and management, and to promote mutual collaboration and cooperation, D-Link in Taiwan developed the “Regulations Governing the Implementation of Labor-Management Meetings” as stipulated in Article 83 of the Labor Standards Act. Labor representatives are openly elected according to aforementioned Regulations procedures for three years a term, and they may be re-elected. Labor-Management meetings are held once a quarter and are chaired in rotation to discuss issues related to labor-management negotiations. All employees are welcome to offer suggestions for improvement through the labor representatives. We hope to create a caring corporate environment based on human rights with respect. By protecting the rights of labor organization and collective bargaining, we can create a healthy and positive labor-management communication. In the event of a major change in the Company’s operations, notice periods will be served in accordance with local regulations on top of labor-management negotiations through the local channels of communication.

D-Link is committed to safeguarding the rights of our employees. In addition to providing a positive environment to facilitate communication with our employees, we also have a report management system that handles general and sexual harassment complaints, as well as various report channels for communication and complaints (hotline: 02-6600-0123 ext.1850; private

mailboxes: [dlink850@dlink.com.tw](mailto:dlink850@dlink.com.tw), [dlink850@yahoo.com.tw](mailto:dlink850@yahoo.com.tw)). Confidentiality is strictly observed to protect the privacy of the employees involved in complaints and other incidents. In 2016, there was neither breach in any labor rights as laid out by the labor authority nor public or legal incident involving human rights violation. In the event of any incident involving a violation of human rights or mismanagement, our employees are

encouraged to voice their concerns via the available channels of communication; confidentiality of personal information is strictly observed to protect our employees. We are committed to ensuring that every employee is treated fairly by eliminating bonded labor, underage workers or indulging in overtime work. In the future, we will work with all suppliers to continually promote our human rights policy.



# Responding to Organizational Change Focusing on Employees' Basic Training

The sustainable development of a company depends on long-term individual talent learning and the development. The training and development of our employees is of prime importance to D-Link. As such, our Human Resources Department assists each of our new employees in familiarizing with the Company's policies, operations, and the environment from their first day of work. Orientation training sessions are also conducted bi-monthly to help new employees understand the Company's products, organization, business direction and philosophies. In order to cater to different areas of specialization, the department heads and the Human Resources Department will arrange for employees to undergo on-the-job training and internal training, including common core functional training, such as DC/BC/KC courses, management training programs (MTP), and management skills training (MST). Based on the needs of each department and its professional skills requirements, our employees are also selectively chosen for specific training (e.g., marketing, business, labor safety, fire safety, and specialization-related) through external agencies. Furthermore, to better respond to rapidly changing industry trends, our employees may also be required to attend external seminars or lectures to learn about the latest trends and developments. Annual training sessions are also provided according to organizational goals and employees' developmental needs. Through these actions, we hope to encourage

mutual learning and growth among our employees that will then be internalized as a driving force for overall corporate growth. Annual training sessions are also provided according to organizational goals and employees' developmental needs. Each department proposes a specific training program, which will then be organized and executed by the Human Resources Department.

Our employees have equal access to education and training regardless of gender. A total of 362 employees received training in 2017, with an average number of training hours of 6.19 per employee. If further differentiated by gender, the average number of training hours that male employees receive is 6.40 hours per year, and 5.84 hours per year for female employees.

## ▼ Average Hours of Training per Year per Employee, by Gender and by Employee Category

		Code	Male	Female	Subtotal
Management	Actual number of people during the reporting period	A1	53	31	84
	Hours of training during the reporting period	B1	240	131	371
	Average number of hours of training during the reporting period	$C1 = B1 / A1$	4.53	4.23	4.42
Non-management	Actual number of people during the reporting period	A2	170	108	278
	Hours of training during the reporting period	B2	1188	681	1869
	Average number of hours of training during the reporting period	$C2 = B2 / A2$	6.99	6.31	6.72
Total	Person	P	223	139	362
	Hour	Q	1428	812	2240
The total number of employees at the end of reporting period	Person	R	358	263	621
Average Hours of Training per Employee	Hour	$S = Q / R$	3.99	3.09	3.61

# Management by Object

Since 1992, D-Link has introduced the concept of “Management by Objectives” to systematically integrate the Company’s vision, strategic objectives, and employees’ work goals with the Company’s development and needs. To this end, we facilitate communication and feedback through preliminary setting, mid-term review, and final assessment. In addition, different aspects of functional assessment of managerial/non-managerial employees are carried out to help the organization develop and use human resources properly. With the integration of the organization’s business performance and the performance management system, the results of performance assessment are reflected in the promotion and reward system to motivate every employee with the growth of the Company. Except for contractors and employees who were reinstated for less than three months after taking leave

of absence, all employees who have served for three months or more (after probation) are required to participate in the regular performance and career development reviews.

579, or 93% of all employees, received regular performance and career development reviews in 2017. If further differentiated by gender, 333 male employees (93% of all male employees at the end of reporting period) received regular reviews. 246 female employees (94% of all female employees at end of reporting period) received regular reviews. In addition, more information on the regular reviews by employment position during the reported period is available in “Percentage of Employees Receiving Regular Performance and Career Development Reviews by Gender and Employment Position”.



## ▼ Employees Receiving Regular Performance and Career Development Reviews, by Gender and Employment Position

Item	Male			Female			Subtotal		
	Total number of employees at end of report	Number of employees receiving regular reviews	Percentage	Total number of employees at end of report	Number of employees receiving regular reviews	Percentage	Total number of employees at end of report	Number of employees receiving regular reviews	Percentage
Code	A	B	C=B/A	D	E	F=E/D	G	H	I=H/G
Management	358	70	19.55%	263	45	17.11%	621	115	18.52%
Non-management		263	73.46%		201	76.43%		464	74.72%
Subtotal	358	333	93.02%	263	246	93.54%	621	579	93.24%

Note: The following personnel has not received the regular performance and career development reviews: (1) contract employees, (2) employees still on probation by the deadlines of the reviews, and (3) employees reinstated from leave of absence for less than three months by the deadlines of the reviews. The deadlines of the reviews are June 30 and December 31.

# Occupational Safety and Management

We have formed the Occupational Safety and Health Committee based on Article 23 of the Occupational Safety and Health Act to discuss and review issues related to occupational safety. Labor representatives dedicated to supervising and giving advice on occupational health and safety make up to one-third of the Occupational Safety and Health Committee. Also, our employees have not engaged in any work that is risky for their safety or health.

## ▼ Work Injury Types, Work Injury Frequency, Occupational Disease, Days Lost and Absentee Rate during Reported Period

Item	Formula	Work Injuries		Commute	
		Male	Female	Male	Female
Number of people	None	2	1	2	1
Work hours lost	None	64	248	56	208
Working days lost	None	8	31	7	26
Absentee Rate (AR)	Total number of days absent / Total number of days worked × 200,000* (*The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.)	10.7	41.4	9.3	34.7
Integrated Absentee Rate (AR)	Same as above	96.1			
Disabling Injury Frequency Rate (FR)	Number of people injured ×10 <sup>6</sup> / Total person-work hours	5			
Disabling Injury Severity Rate (SR)	Number of days charged for disabling injury ×10 <sup>6</sup> / Total person-work hours	60.05			
Frequency-severity Indicator (FSI)	(FR × SR) / 1,000	(5 × 60.05) / 1000 = 0.30			

Note 1: Total number of days worked: 149,863

Note 2: Total person-work hours: 1,198,904



▲ Advise Colleagues to Engage in Correct Postures of Human Factors Engineering and Avoid Potential Physical Injury Caused by Improper Posture.

# 7

## Social Participation



# For the Pass 20 Years, We Have Proposed Smarter Methods to Assisting Disadvantaged Groups to be Self-Sufficient and Help More People

## D-Link Charitable Foundation Founded at 1994

In 1994, D-Link set up the D-Link Charitable Foundation to provide social assistance, care and feedback for those who are in need. Its goal was to invest long in social welfare activities, such as child and youth welfare, welfare for the elderly, disability assistance, women's welfare, and medical welfare. The Charity Club was established to strengthen the participation of colleagues. It is currently still in operation, bringing together the care from our colleagues for those who are in need. D-Link has cumulatively donated over NT\$16.7 million since 2011. In 2016, the proportion of recipients was 68% for children welfare, 15% for youth welfare, 11% for the elderly, and 5% for others.

## D-Link's Starlight Classroom

D-Link has set up the "Starlight Classroom" in remote areas and within disadvantaged communities to provide care and giving at a local level. The Company provides subsidized meals and after-school tuition for children from first grade in elementary school (first grade) to third grade in junior high school (ninth grade) in Keelung, New Taipei City, Hualien, Taitung, and other areas. In addition, we also provide talent and skill development courses, such as computing, painting, kendo, cooking, etc. We hope to support both knowledge and character development in children by expanding their learning scope with diverse curriculum.

### Other Benefits

5%

### Elderly Welfare

11%

### Youth Welfare

15%

### Child Welfare

68%

### ▼ Donation Recipients of 2017

- Taipei City Haoran Senior Citizens Home
- Taipei Spinal Cord Injury Foundation
- Asia-Pacific Diversified Learning Association
- Hualien County Holistic Care Association
- Seed Charity Association

# New Strategy for Solution

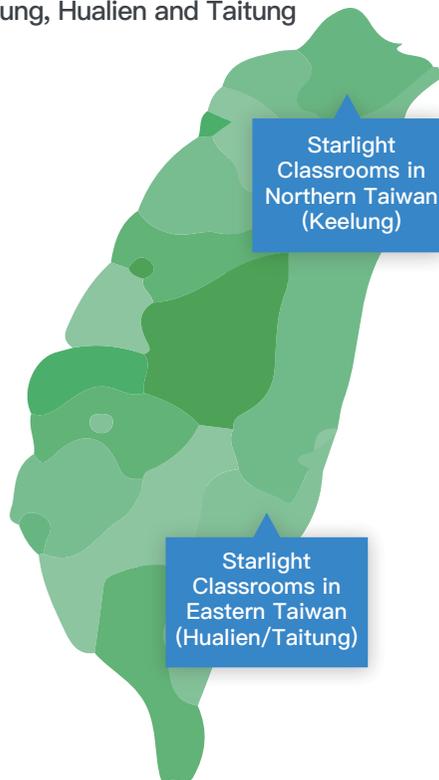
Children from Starlight Classrooms are economically, culturally, and educationally disadvantaged or grow up in a dysfunctional family. Among them, the proportion of children from economically disadvantaged families in remote areas is the highest, and it is increasing annually. In order to reduce the number of children who need assistance, and also considering that the parents are the most suitable caregiver of their children, the D-Link Charitable Foundation therefore works with non-profit groups to promote the industry development in remote tribes. We hope that we can help increase the income of tribes and families so that adults do not have to leave their home to find jobs. This will solve social problems caused by the lack of proper care for children.

The project is carried out in three stages, including:

- Preliminary stage: Provide tutoring and dinner. Through local public welfare groups, we aim to solve the urgent problem that children lack academic counseling and that there is no one to prepare dinner for them.
- Intermediary stage: Promote the “Charity-based Agriculture Project. We wish to solve economic issues that separated families and caused social problems of children lacking of proper care by assisting parents to cultivate organic or toxin-free produce with better unit price to increase household income. This also in line with D-Link’s corporate social responsibility goal of encouraging the production of green products.

- Long-term stage: As the saying goes, “Give a man a fish and you feed him for a day; teach a man how to fish and you feed him for a lifetime.” D-Link is fully aware that charitable organizations depend on external donations to support their social work. However, the sustainability of social work is often affected by instability and a lack of funds. For this reason, we hope to help charitable organizations become “social enterprises” to achieve the goal of increasing funds for those NPOs.

## ▼ D-Link’s Starlight Classrooms Located in Keelung, Hualien and Taitung



## Success Story of Starlight Classrooms 2017

In 2017, we founded small-class IT classroom to provide 10 hours of basic level computer and internet-themed course. There are 10 student from first to six grade attending this course. The course proceed with snacks provided during the class, in the hopes of developing a open-minded learning attitude and willing to learn new knowledge.

### ▼ IT Class Course Syllabus

Item	Courses
1	Google Form
2	Internet Basics – Basic knowledge of IP router setting and wired/wireless internet introduction.
3	IoT applications – Simple basic IP Cam settings; the basic concepts of the near-end, far-end, and cloud of the Internet of Things (IoT).
4	Network security – USB wireless adapter settings; wired and wireless cross-use and the PC experience.
5	Link to website back-end
6	Collaborative writing



# Setting up a Sales Platform under the Guidance of Charity-based Agriculture Project

This project aims to promote the transformation of farming of the parents of the Starlight Classrooms, and adopts natural farming methods that do not apply chemical fertilizers and pesticides to produce toxin-free products to increase product prices. D-Link is also the first to purchase toxin-free products from the assistance project. At the same time, we work with public welfare groups to establish an online sales platform. The profits are used to provide assistance for children in need. The effectiveness of the public welfare agricultural project: (1) Purchasing the toxin-free rice of the Starlight Classrooms as a gift for the D-Link shareholders' meeting. (2) Initiating the "Adopting Organic Pomelo Tree" charity event and inviting the general public to support the environmental friendly pomelo farmers against the destruction caused by typhoons.

## Assisting Non-profit Organizations in Transforming into Social Enterprises

D-Link hopes to help social enterprises become self-sufficient by generating income through the sale of organic or toxin-free products. Social Enterprise is an

organization that uses business models to solve social or environmental problems. For example, providing products and services that fulfill social responsibility, environmental protection and comply with food safety regulations; creating employment opportunities for the disadvantaged groups. Its organization exists as an enterprise. Any surplus earned is mainly reinvested in the social enterprise to continue addressing issues of public concern. Currently, we have successfully transformed the Seedinland Charity into the Seedinland Social Enterprise.

### ▼ Number of Toxin-free Rice Purchased (Unit: Package)

2013	2014	2015	2016	2017
35,000	54,000	32,648	32,408	32,000

### ▼ Results of Seeds Social Enterprise Counseling: the Number of Pomelo Trees Adopted

2013	2014	2015	2016
300 Boxes 9 Trees	1,200 Boxes 18 Pomelo Trees	900 Boxes 36 Pomelo Trees	800 Boxes 80 Pomelo Trees



### Huashan Loving the Elderly Sports Competition Invited Everyone to Accompany Them with Love

D-Link participated in the Huashan Social Welfare Foundation's annual "Loving the Elderly Sports Competition" and serve as volunteers. Huashan Social Welfare Foundation held Taipei session in Nangang CITYLINK with near 300 attendants including the elders and volunteers. A total of 6 interesting activities such as body painting, free clinic, and massage brings the elders a good time with the help from volunteers. They had a fantastic day together.

### Blood Donation from Colleagues

D-Link responded to the Taiwan Blood Service Foundation and called on employees to make blood donation. In 2017, thanks to our 247 donors, 381 bags of blood were collected. This will not only help solve the blood shortage problem, but also contribute to the society, increase the body's metabolism and make the body healthier.





Appendix

# 8

# GRI Standards

## Appendix: GRI Standards

GRI Guideline Number	Material Topics	Disclosed Item Number	Disclosed Item Title	Page Number
GRI 102 : 2016				
GRI 102	Organizational Profile	102-1	Name of the organization	11
GRI 102	Organizational Profile	102-2	Events, brands, products, and services	11
GRI 102	Organizational Profile	102-3	Location of headquarters	11
GRI 102	Organizational Profile	102-4	Operational locations	11
GRI 102	Organizational Profile	102-5	Nature of ownership and legal form	11
GRI 102	Organizational Profile	102-6	Markets served	11
GRI 102	Organizational Profile	102-7	Scale of organization	11
GRI 102	Organizational Profile	102-8	Information on employees and other workers	11
GRI 102	Organizational Profile	102-9	Supply chain	37
GRI 102	Organizational Profile	102-10	Material changes to the organization and its supply chain	3
GRI 102	Organizational Profile	102-11	Precautionary principles or guidelines	28
GRI 102	Organizational Profile	102-12	External initiatives	30
GRI 102	Organizational Profile	102-13	Association membership	11
GRI 102	Strategy	102-14	Decision maker's statement	2
GRI 102	Ethics and Integrity	102-16	Values, principles, standards, and codes of conduct	25
GRI 102	Governance	102-18	Governance structure	23
GRI 102	Stakeholder communication	102-40	Stakeholder groups	7
GRI 102	Stakeholder communication	102-41	Group agreements	7
GRI 102	Stakeholder communication	102-42	Identify and select stakeholders	7
GRI 102	Stakeholder communication	102-43	Policy on communication with stakeholders	7
GRI 102	Stakeholder communication	102-44	Key subjects and concerns raised	7

## Appendix: GRI Standards

GRI Guideline Number	Material Topics	Disclosed Item Number	Disclosed Item Title	Page Number
<b>GRI 102:2016</b>				
GRI 102	Reporting Practices	102-45	The entities included in the consolidated financial statements	3
GRI 102	Reporting Practices	102-46	Defining report content and subject boundary	3
GRI 102	Reporting Practices	102-47	Material subject list	3
GRI 102	Reporting Practices	102-48	Recompilation	3
GRI 102	Reporting Practices	102-49	Reporting changes	3
GRI 102	Reporting Practices	102-50	Reporting period	3
GRI 102	Reporting Practices	102-51	Date of the last report	3
GRI 102	Reporting Practices	102-52	Reporting cycle	3
GRI 102	Reporting Practices	102-53	Contacts who can answer questions related to this report	3
GRI 102	Reporting Practices	102-54	Declaration in accordance with the GRI guidelines	3
GRI 102	Reporting Practices	102-55	GRI content index	3
GRI 102	Reporting Practices	102-56	External guarantee/Assurance	3
<b>GRI 103: 2016</b>				
GRI 103	Governance Guidelines	103-1	Explain material subjects and their boundaries	6
GRI 103	Governance Guidelines	103-2	Management policy and its elements	2/28/40
GRI 103	Governance Guidelines	103-3	Management policy assessment	2/28/40
<b>GRI 200: 2016</b>				
GRI 201	Economic performance	201-1	Direct economic value generated and distributed by the organization	21
GRI 201	Economic performance	201-3	Define benefit plan obligations and other retirement plans	43
GRI 203	Indirect Economic Impact	203-1	Development and impact of infrastructure investments and supporting services	49
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	25

## Appendix: GRI Standards

GRI Guideline Number	Material Topics	Disclosed Item Number	Disclosed Item Title	Page Number
<b>GRI 300:2016</b>				
GRI 301	Materials	301-2	Renewable materials used	33/38
GRI 301	Materials	301-3	Recycled products and their packaging materials	33/38
GRI 302	Energy	302-1	Energy consumption within the organization	34
GRI 302	Energy	302-4	Reduction of energy consumption	36
GRI 302	Energy	302-5	Reduction in energy requirements of products and services	31-32
GRI 303	Water	303-1	Amount of water withdrawal by source	34
GRI 305	Emissions	305-2	Indirect emissions (Scope 2) of greenhouse gas energy	34
GRI 306	Effluents and Waste	306-2	Waste sorted by category and treatment method	34
GRI 308	Supplier environmental assessment	308-1	Environmental criteria adopted to screen new suppliers	37
<b>GRI 400: 2016</b>				
GRI 401	Employment Relationship	401-1	New employees and departing employees	42
GRI 401	Employment Relationship	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	44
GRI 401	Employment Relationship	401-3	Parental leave	42
GRI 403	Occupational Safety and Health	403-1	Workers representation in formal joint labor-management occupational health and safety committees	48
GRI 403	Occupational Safety and Health	403-2	Type of injury, rate of injury, occupational disease, number of days lost to work, and absenteeism, and number of work-related deaths	48
GRI 403	Occupational Safety and Health	403-3	Workers with high incidence and high risk of diseases related to their occupations	48
GRI 404	Training and Education	404-1	Average hours of training received by each employee per year	46
GRI 404	Training and Education	404-3	Percentage of employees who regularly receive performance and career development evaluations	47
GRI 405	Employee Diversity and Equal Opportunities	405-1	Diversification of governance units and employees	41
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken by the organization	40

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