

## I. 2023 ESG Related Risk Assessment

D-Link analyzed global trends, collected sustainability issues of concern to stakeholders, followed the GRI General Criteria 2021 and AA 1000 criteria and materiality principles, and evaluated the significance of major themes in terms of economic and governance, environmental, human and social impacts by understanding the organizational context, identifying actual and potential impacts, and identifying the following 11 material topics/ESG risks as a basis for sustainable development strategy planning.

| Ranking | 2022 ESG Risk Assessment |                                   | Change of Ranking | 2021 ESG Risk Assessment |                                      |
|---------|--------------------------|-----------------------------------|-------------------|--------------------------|--------------------------------------|
| 1       | Governance (G)           | Innovation and R&D                | ▲                 | Governance (G)           | Corporate Governance                 |
| 2       | Governance (G)           | Business Performance              | ▲                 | Governance (G)           | Ethical Management                   |
| 3       | Governance (G)           | Product Quality                   | ▲                 | Governance (G)           | Information Security                 |
| 4       | Governance (G)           | Supply Chain Management           | New               | Governance (G)           | Business Performance                 |
| 5       | Governance (G)           | Information Security              | ▼                 | Governance (G)           | Innovation and R&D                   |
| 6       | Governance (G)           | Governance and Ethical Management | ▼                 | Governance (G)           | Intellectual Property                |
| 7       | Environmental (E)        | Green Products                    | New               | Governance (G)           | Compliance with Laws and Regulations |
| 8       | Social (S)               | Corporate Image                   | New               | Governance (G)           | Risk Management                      |
| 9       | Governance (G)           | Risk Management                   | ▼                 | Social (S)               | Talent Cultivation and Retention     |
| 10      | Governance (G)           | Sustainable Development Strategy  | New               | Governance (G)           | Product Quality                      |
| 11      | Social (S)               | Customer Relationship Management  | New               | Environmental (E)        | Greenhouse Gas Emissions Management  |
| 12      |                          |                                   |                   | Environmental (E)        | Energy Management                    |

## II. 2023 ESG-related Risk Management Policies and Goals

| Material Topics/ESG Risks         | Corporate Business Related Risk Assessment   | Risk Management Strategies   | Risk Management Actions  |  | Goals  |
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| <b>Innovation and R&amp;D (G)</b> | Continue to innovate D-Link's products and services to create value and to meet customers' expectations for products and services in the new era.<br><br>In response to the speed of technological change, it is necessary to maintain the momentum of innovation. Failure to understand technology trends will impact competitiveness, affect market share and harm investors' interests. | Committed to develop and utilize new technologies to provide quality and convenient products and services to customers.  | Enhanced D-Link's products with new AI functions as the direction of innovation at this stage and continued to create product differentiation and market segmentation through its industry-leading cloud service platform and forward-looking innovative products. | Short-term<br>(by the end of 2023)           | 1. Completed the EAGLE PRO AI series products, and plan to launch a new generation of brand and product series with the product AI function as the appeal.<br>2. Filed at least 5 patent applications.   |
|                                   |  |  |  | Medium- to long-term<br>(by the end of 2028) | In the application of networking products, it leads the trend of providing networking integration solutions, and proposes corresponding solutions in various applications such as smart home, enterprise network, cloud management, multi-machine integration, etc., to meet the market of network applications.   |
| <b>Business Performance (G)</b>   | Pursuing business and financial performance and achieving profitability is the foundation of the Company's sound operation. The ability of a company to generate economic value from its operations will affect shareholders' equity and economic development.   | Continue to expand production capacity, create product and service features, and build diversified product capabilities. | 1. Regularly hold business review meetings, track business performance, fully grasp the operating status and monitor the progress.<br>2. Quarterly hold board meetings to ensure the foresight and feasibility of business strategies.                             | Short-term<br>(by the end of 2023)           | 1. Work with high-quality ODMs to build a controllable supply chain system with close relationships.<br>2. Reestablish D-Link's brand image and enhance brand value from three aspects: cost, scalable functions and performance, and corporate identity.<br>3. By combining with various industries, D-Link provides the specifications and functions required by each industry and expands its market share to reduce competition from general specification products. |
|                                   |  |  |  | Medium- to long-term<br>(by the end of 2028) | 1. Achieve management and provisioning minification of networking products with cloud computing as the main pillar.<br>2. Create stable and advanced networking products with excellent radio frequency and high-speed signal technology.  |

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|                                    |  |   |   |                                     | 3. Propose all-in-one solutions for enterprises based on the needs from SOHOs and SMBs.<br>4. Strengthen partnerships with Tier 2 and Tier 3 carriers to win long-term contracts with localized services.   |
| <b>Product Quality (G)</b>         | Provide quality products and services to customers and become a leading brand of networking equipment through various stages of control.<br><br>Quality and stability are closely related to customer losses and reputation, which directly affect market share and competitiveness.   | Set up management representatives, establish quality policies, set management goals in accordance with the quality policies and review them regularly for effective management and continuous improvement.                | The President serves as the management representative of the ISO management system. The quality policy direction is reviewed in the annual management review meeting, and the quality policy is followed every year. Formulate customer satisfaction surveys, supplier management surveys, and product manufacturing quality assessment quality goals, and submit annual quality goals to the management review meeting to implement the resolutions. | Short-term<br>(by the end of 2023)  | Maintain the completeness of quality management procedures.   |
|                                    |  |   |   | Medium-term<br>(by the end of 2026) | 80% of the Company's suppliers are externally certified to ISO 9001 and have obtained the certificate.  |
|                                    |  |   |   | Long-term<br>(by the end of 2031)   | D-Link's suppliers are 100% compliant with ISO 9001 management procedures and have obtained external certification.   |
| <b>Supply Chain Management (G)</b> | Implement due diligence responsibilities and exert market influence to strengthen the sustainability value of the overall industry chain and continuously refine the value chain management strategies of upstream/downstream partners to mitigate the risk of various negative impacts on suppliers, including the ongoing operational management of suppliers, which will directly impact the company's operations and commitments to customers. | 1. Establish supplier Management guidelines, incorporate ESG-related impacts and risks, and regularly evaluate the impact of suppliers on society and the environment.<br>2. Increase the percentage of local purchases.  | Implement risk-graded assessment of suppliers, regularly schedule different audit strategies according to different levels, and conduct regular investigations or audits to eliminate system risks.   | Short-term<br>(by the end of 2023)  | Suppliers accounting for 87% of the total purchase amount were the main target of the evaluation.   |
|                                    |  |   |   | Medium-term<br>(by the end of 2026) | Understand the extent of supplier ESG management through supplier survey.   |
|                                    |  |   |   | Long-term<br>(by the end of 2031)   | Suppliers' ESG performance is included in the vendor selection criteria.  |
| <b>Information Security (G)</b>    | Continue to improve the Company's information security management system and strengthen its protection capabilities to comply with domestic and international information security-related regulations and to implement them in daily operations. If a major information security incident occurs, it will affect customer trust and the company's reputation and market competitiveness.  | Formulate the "Information Security Management Policy" and establish the "Information Security Management Committee", in order to understand information and communication security according to international standards. | Continue to optimize and regularly perform audit on information security management.  | Short-term<br>(by the end of 2023)  | 1. Establish information security management system.<br>2. Fully introduce a digital signature system for product, software, and firmware, and apply HSM management keys.<br>3. Revamped SIM system and integrated into the new information security management platform.<br>4. Activate product certification mechanism according to ETSI EN 303 645.<br>5. All employees completed at least one hour of information-related education training per quarter. |
|                                    |  |   |   | Medium-term<br>(by the end of 2026) | 1. Pass the ISO/ISO 27001:2022 Information Security Management System before the end of 2024.<br>2. Establish effective anti-hacking and anti-weak measures on external services or websites, regularly entrust third-party external experts to conduct penetration tests, and continuously optimize the system.  |
|                                    |  |   |   | Long-term<br>(by the end of 2031)   | 1. Gradually build a joint defense system for group information security.<br>2. Purchase insurance coverage based on business needs.<br>3. Adjust internal safety regulations and product specifications  |

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|  |   |  |   |                                     | immediately to comply with the latest information safety regulations of each country.   |
| <b>Governance and Ethical Management (G)</b> | A sound governance structure and good integrity management are the foundation of sustainable business operations. An imbalance in corporate governance or corruption may not only affect operational stability and corporate reputation but may also result in financial losses.  | <ol style="list-style-type: none"> <li>1. The Board of Directors oversees the strategic plan and performance of the organization's operations, and continues to strengthen corporate governance and risk and opportunity management through internal audits and external verification mechanisms.</li> <li>2. Create a quality culture of integrity and compliance to ensure the long-term interests of all stakeholders.</li> </ol> | <ol style="list-style-type: none"> <li>1. Regularly convene the Board of Directors and shareholders' meetings, re-elect directors every three years, and ensure the professionalism and diversity of directors.</li> <li>2. Voluntarily participate in the evaluation of international corporate governance, and incorporate the indicator requirements into the corporate governance improvement plan.</li> <li>3. There are internal rules and regulations such as "Code of Conduct", "Ethical Corporate Management Best Practice Principles" and "Implementation Measures for the Whistleblowing System", and abide by and continue to promote a high-standard business ethics culture.</li> </ol> | Short-term<br>(by the end of 2023)  | <ol style="list-style-type: none"> <li>1. Develop a succession plan for board members and key management to maintain the professionalism and experience of board members and key management.</li> <li>2. Regularly arrange diversified courses for directors and senior managers to learn to implement the director's diversity policy, improve decisionmaking quality and strengthen functions.</li> <li>3. At least one member of the Board of Directors shall be a woman to implement the gender equality policy.</li> <li>4. Prepare a directors' handbook to familiarize new board members with the Company's business and directors' duties.</li> <li>5. There are no related cases involving violations of ethical management and will continue to be maintained.</li> </ol> |
|  |   |  |   | Medium-term<br>(by the end of 2026) | <ol style="list-style-type: none"> <li>1. Set up a "Nomination Committee" to assist the board of directors to develop and manage a fair and transparent process to formulate human resource strategies for directors, supervisors and senior managers.</li> <li>2. Provide complete education and training of "Ethical Corporate Management Best Practice Principles" for all employees. The overall training completion rate is over 95% and continues to improve.</li> </ol>  |
|  |   |  |   | Long-term<br>(by the end of 2031)   | <ol style="list-style-type: none"> <li>1. Continue to enhance corporate governance evaluations and elevate the evaluation results to the top 5% of rankings, forming the corporate governance culture.</li> <li>2. Increase the proportion of female directors to over 1/3 of the Board of Directors.</li> <li>3. Implement a natural person director system that can better consider the interests of the company and shareholders.</li> <li>4. Internalize the integrity management into the philosophy of all employees and the Company's DNA, so that the "Ethical Corporate Management Best Practice Principles" has been highly recognized by the stakeholders and become the highest standard.</li> </ol>  |
| <b>Green Products (E)</b>                    | In response to the rising awareness of green consumption, D-Link combines the functions of the industry to develop products with high efficiency, energy saving, disaster prevention, and packaging reduction, so that customers can respond to environmental protection with every purchase and use. If the Company does not keep up with the times and introduce environment-friendly products, it will not be able to enter the international market and weaken its competitiveness in the market. | Develop a project plan and increase the proportion of green products year by year, and reduce the impact on the environment by continuously developing green design and reducing resource consumption.   | Launched the "D-Link Green" program to realize the concept of environmental protection from product design, function, material and packaging.   | Short-term<br>(by the end of 2023)  | Streamline product packaging, reduce material usage and improve transportation efficiency.  |
|  |   |  |   | Medium-term<br>(by the end of 2026) | <ol style="list-style-type: none"> <li>1. Reach more than 30% for the proportion of recycled plastics used in plastic cases.</li> <li>2. D-Link's product packaging is moving towards plastic-free, with recyclable/decomposable materials replacing them if it is necessarily required.</li> </ol>   |
|  |   |  |   | Long-term<br>(by the end of 2031)   | Introduce ISO 14067 product carbon footprint.   |
| <b>Corporate Image (S)</b>                   | Through corporate image management, D-Link makes stakeholders feel good and   | Set up a brand center and consult with   | Shared a common goal from internal employees to external  | Short-term<br>(by the end of 2023)  | <ol style="list-style-type: none"> <li>1. Position the corporate direction and focus on the value of enhancing corporate image.</li> </ol>  |

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|   | identify with it, enhances trust and loyalty, and then drives investment cooperation or consumer choice, forming a positive cycle. Without a consistent brand attitude, the Company will not be able to accumulate market reputation and recognition, and failure to respond to crises in a timely manner will undermine customer trust and, in serious cases, affect revenue.   | professional brand consultants to create and implement a new brand strategy.  | partners by extending the brand spirit to all operational details (production line, sales channel, website, social media, product packaging, aftersales service, promotional activities, etc.), and enabled the customers to experience a consistent and quality brand image at every point of contact.   |                                     | 2. Establish a dedicated department to develop corporate brand communication and marketing strategies.  |
|   |  |   |   | Medium-term<br>(by the end of 2026) | 1. Convey the brand concept and strengthen the corporate image.<br>2. Build brand recognition and manage customer relationships.  |
|   |  |   |   | Long-term<br>(by the end of 2031)   | 1. Expand corporate image to lead the industry.<br>2. Execute brand responsibility and sustainable development.   |
| <b>Risk Management (G)</b>                  | The integrity and strength of risk management is the key to sustainable business operation. In the face of various emerging risks, the company strives to identify them early and formulate appropriate and feasible response strategies that can significantly mitigate their impact, while demonstrating corporate resilience and operational stability, thereby strengthening business relationships and enhancing market trust.                                | Improve the risk management system to effectively monitor and enhance the effectiveness of risk management implementation.                              | Establish the Risk Management Taskforce, with the President as the convener, and the risk management taskforce meets quarterly to plan, execute and supervise risk management-related matters, and report to the Audit Committee at least once a year on the implementation of risk management.   | Short-term<br>(by the end of 2023)  | Link risk to strategy by identifying, analyzing and measuring potential risk events for D-Link and developing risk response measures.   |
|   |  |   |   | Medium-term<br>(by the end of 2026) | Reduce identified significant risks in the risk matrix through effective risk response measures, and identify and resolve potential risk events in a timely manner.   |
|   |  |   |   | Long-term<br>(by the end of 2031)   | Establish a comprehensive risk management framework, integrate risk management into D-Link's strategy, operations and management, and shape D-Link's risk management culture.   |
| <b>Sustainable Development Strategy (G)</b> | Sustainable development is an altruistic and self-beneficial business strategy that can reduce costs, increase revenue and create financial value for the company; it can also create a culture internally and an image externally, creating priceless non-financial value. Keep abreast of sustainable development trends and manage them through the PDCA cycle to avoid financial losses or impact on the company's reputation due to inappropriate strategies. | Establish a dedicated unit to manage the Company's sustainable development strategy and to implement the promotion of sustainable development policies. | Establish the ESG Committee to assist the Board of Directors in continuously promoting sustainable corporate development and achieving sustainable business objectives. Establish the ESG Office, hold monthly meetings with senior executives from various departments through functional working groups to review and discuss the Company's core operating capabilities and set the direction for ESG development and optimization. | Short-term<br>(by the end of 2023)  | 1. Integrate networking equipment industrial functions and formulate sustainable development strategies.<br>2. Review and manage sustainability goals and performance through external evaluations and assessments.<br>3. Link sustainable development performance to supervisor KPI.<br>4. Initiate green energy procurement program.<br>5. Launch the Arts and Culture Link Project.<br>6. Organize in-house sustainability education courses and workshops to strengthen the sustainability literacy of the employees. |
|   |  |   |   | Medium-term<br>(by the end of 2026) | 1. Implement D-Link's sustainable development strategy through sustainable development plans and by combining the Company's seven sustainability management capabilities to create an internal culture and an external image.<br>2. Link sustainable development performance with each employee's KPI.<br>3. Plan and execute internal ESG proposal competitions.   |
|   |  |   |   | Long-term<br>(by the end of 2031)   | 1. Link the functions and industrial characteristics of the networking equipment industry, leading smart living, creating sustainable value together.<br>2. Set the goal to achieve net zero emissions by 2050 gradually.   |
| <b>Customer Relationship Management (S)</b> | D-Link's commitment to customers is to provide quality products and services; the customers' trust and satisfaction are the motivation for its continuous growth. If customer concerns or needs are not addressed in a timely manner, brand trust  | Develop standard operating procedures, performed regular surveys of customer satisfaction and reviews of various service                                | Established the "1-3-7 Service Level Agreement (SLA)", conducted monthly surveys on customer satisfaction, reviewed various service management indicators, and  | Short-term<br>(by the end of 2023)  | Consistently achieve a customer satisfaction score of 85 or higher.   |
|   |  |   |   | Medium-term<br>(by the end of 2026) | Continuously improve customer satisfaction rating to over 90 points.  |
|   |  |   |   | Long-term<br>(by the end of 2031)   | Maintain a high level of customer satisfaction of over 90 points every year.  |

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|  | and market share may be affected. | management indicators to protect customer rights and increase trust. | set up a customer complaint handling authority to properly manage customer relations. |  |  |
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