

D-Link's FY2025 Sustainability Report: Materiality Assessment and Management Approach

I. 2025 ESG Related Risk Assessment

Aligning with global trends and stakeholder concerns under GRI Universal Standards 2021 (understanding context and identifying actual/potential impacts), the Company evaluated the significance of impacts across economic/governance, environmental, and social dimensions. 11 material ESG risks have been identified as priorities for sustainability strategy and management. The latest assessment completed in late 2024 carried over into 2025 using stricter calculation criteria for impact scale accuracy. The next assessment is scheduled for 2026.

▼ Changes in Material ESG Risks

ESG Risk	Ranking		
	2024	2025	Change
Talent Selection, Recruitment and Retention (S)	1	1	-
Supply Chain Management (G)	4	2	↑
Information Security (G)	7	3	↑
Business Performance (G)	10	4	↑
Green Products (E)	5	5	-
Sustainable Development Strategy (G)	2	6	↓
Customer Relationship Management (S)	-	7	New
Risk Management (G)	-	8	New
Social Engagement (S)	9	9	-
Climate Change Response Actions (E)	8	10	↓
Governance and Ethical Management (G)	3	11	↓
Product Quality (G)	6	-	General Disclosure

Note: The changes in ranking in this table reflect the results of methodological revisions and should not be used for trend comparisons.

II. ESG Risk Management for 2025

ESG Risk	Potential Operational Impacts	Risk Management Strategies	Risk Management Actions	Timeframe*	Goals
Talent Selection, Recruitment and Retention	D-Link, being a knowledge-intensive technology company, places significant importance on human resources, which play a pivotal role in enhancing the competitiveness of its products and services. Furthermore, with its global expansion and substantial organizational scale, the Company also assumes a crucial responsibility in nurturing key talents.	1. D-Link has built an all-round learning education and training system based on the Company's strategy, vision and values. At the same time, it recruits potential talents through various campus cooperation programs, and uses a market-competitive salary policy and benefit system to provide outstanding talents, so that talents continue to grow together with the Company.	D-Link helps recruit talents, develop employee capabilities, and discover senior management through diversified talent recruitment channels, employee training plans, succession plans, education and training, as well as remuneration and performance appraisal, among other measures, while facilitating the development of employees’ professional skills. 1.	Short-term	● Formulate management trainee plans for key positions.
				Medium-term	● Optimize the salary competitiveness.
				Long-term	● Build an attractive and inclusive career development environment, enhance talent competitiveness and organizational resilience, and become an employer brand that employees trust and identify with in the long term.
Supply Chain Management	Implement due diligence responsibilities and exert market influence to strengthen the	1. Formulate the <i>D-Link Sustainable Procurement Policy</i> and <i>Supplier Code</i>	1. Issue the ESG Self-Assessment Questionnaire to regularly survey suppliers and encourage disclosure.	Short-term	● Build supply chain sustainability resilience. ● Maintain the integrity of quality management procedures. ● Maintain a pass rate higher than 90% in annual shipment inspections for key suppliers.

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	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. Product quality and stability are directly linked to customer losses and corporate reputation, impacting market share and competitiveness.	<i>of Conduct</i> as top principles. 2. Regularly evaluate suppliers' social and environmental impacts. 3. Continuously increase the proportion of local procurement. 4. Appoint management representatives, establish quality policies, and conduct regular reviews for continuous improvement.	Conduct on-site audits for key suppliers using RBA-referenced criteria. 2. Implement risk-graded assessments and schedule distinct audit strategies to mitigate operational risks. 3. Set annual customer satisfaction, vendor management, and manufacturing quality targets per the quality policy, submitted to Management Review Meetings. 4. The President serves as the ISO Management System representative, reviewing quality policies annually.	Medium-term	- Understand the extent of supplier ESG management through supplier survey. - Conduct sustainable procurement education and training for procurement personnel. 100% of suppliers comply with ISO 14001 Environmental Management System and obtain third-party certification.
				Long-term	- Incorporate ESG performance into vendor selection criteria. - Maintain a pass rate higher than 95% in annual shipment inspections for key suppliers.
Information Security	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. We are committed to mitigating information security risks and maintaining customer trust, the company 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	- Upgrade wireless network equipment in office spaces, enhance management, and improve availability. - Introduce the HSM product key management system for all new products. - Introducing cloud solutions for source code scanning systems, integrating third-party software component security monitoring and SBOM functions. - In response to EU CE RED cybersecurity regulation EN 18031, obtain certification for all products exported to Europe.
				Medium-term	- 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. - Strengthen the automated analysis function of the product information security management platform: periodical information security reports, automated risk and authorization type analysis of SBOM, and correlation of detection reports and product versions.
				Long-term	- Gradually build a joint defense system for group information security. - Purchase insurance coverage based on business needs. - Adjust internal safety regulations and product specifications immediately to comply with the latest information security regulations of each country. - Establish the D-Link product information security testing team, to cultivate the professional skills and professional certifications over the long term, and actively participate in international information security organization activities and resource sharing.
Business Performance	Pursuing business and financial performance and achieving profitability is the foundation of the Company's sound operation. The economic value generated from the Company's activities will directly impact shareholders' rights, investment scale, growth rate, and social contributions.	1. Continue to expand production capacity, create product and service features, and build diversified product capabilities. 2. Reduce the total inventory through the risk mitigation measures, and in the future, the Company will formulate separate	1. Regularly hold business review meetings, track business performance, fully grasp the operating status and monitor the progress. 2. The Board of Directors Meetings are held every quarter to ensure the forward-looking and feasibility of business strategies.	Short-term	Optimize supply chain layout & cost structure: Partner with quality group vendors and leverage Mainland China's supply chain advantages to build flexible production. Ensure supply stability, reduce manufacturing/procurement costs, and boost operational flexibility. Re-establish brand value & market positioning: Optimize brand positioning across three key pillars—pricing/specifications, functional differentiation, and corporate identity—to enhance brand recognition and value. Deepen solution-oriented product portfolio: Continue developing industrial M2M and 4G/5G solutions while integrating peripheral products to build AI-driven solution capabilities.
				Medium-term	Achieve by the end of 2033:

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		action plans for inventory with longer inventory ages.		Long-term	● Drive AI- and cloud-focused product upgrades: Focus on AI and cloud computing to simplify networking deployment and management, improving efficiency and reducing customer operational costs. ● Leverage Group synergies for one-stop services: Integrate internal R&D, manufacturing, and supply chain resources to accelerate co-development and deliver end-to-end design-to-service solutions. ● Strengthen telecom partnerships & local market footprint: Deepen ties with Tier 2 and Tier 3 carriers through localized, flexible solutions to secure long-term contracts and expand regional growth.
Green Products	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. By launching environmentally friendly products in synch with our time, D-Link maintains its competitiveness in the international 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	● Plastic-free product packaging: Remove plastic bags from product packaging or replace them with non-plastic packaging materials. ● Continuously introduce recycled plastics for plastic-casing products. ● Introduce recycled metals for metal-casing products. ● Introduce eco-friendly woodfree paper for printed product documents.
				Medium-term	● Sustainable performance is enhanced in product design. ● Discuss a product recycling plan. ● Strive for international awards for sustainable products. ● Assessment of the introduction of ISO 14067 product carbon footprint standard.
				Long-term	● Continuously strengthen the influence of D-Link sustainable products.
Sustainable Development Strategy	The foundation of sustainable business operations lies in the sustainable development of the environment and society. A stable environment and society are essential for sustainable business operations. Therefore, while pursuing operational profits, D-Link also values a balance of all aspects of ESG to mitigate related risks and derived operational challenges, financial losses, goodwill impact, litigation, and market changes, and to seize possible turning points and opportunities.	A dedicated unit has been established to formulate the Company's sustainable development strategies, implement the promotion of sustainable development policies, and track and manage the results thereof.	Establish the ESG Office under the Committee to hold meetings flexibly based on operational needs, working with center heads and key colleagues to review core capabilities and optimize ESG strategies.	Short-term	● Through international ESG assessments and comparisons, we grasp global sustainable development trends and continuously review the suitability of our sustainable development strategies and goals. ● Incorporate ESG-related indicators into the KPIs of units and employees. ● Proactively provide sustainability/ESG updates and resources to stakeholders to leverage brand influence and strengthen sustainability momentum. ● We Proactively respond to government policies, plan diversified cooperation with the cultural industry, build a cross-domain sustainable ecosystem, and expand corporate sustainability influence.
				Medium-term	● Implement the sustainable development strategies through the sustainable development program and combining the seven sustainable management capabilities, so as to create culture internally and image externally. ● Link the sustainable development performance with each employee's KPI.
				Long-term	● Link the functions and industrial characteristics of the networking equipment industry, leading smart living, creating sustainable value together. ● Gradually achieve the goal of net zero emissions by 2050.
Customer Relationship Management	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 and market share may be affected.	Develop standard operating procedures, perform regular surveys of customer satisfaction and reviews of various service management indicators to protect customer rights and increase trust.	Established the “1-3-7 Service Level Agreement (SLA)”, conducted monthly surveys on customer satisfaction, reviewed various service management indicators, and set up a customer complaint handling authority to properly manage customer relations.	Short-term	● Consistently achieve a customer satisfaction score of 85 or higher.
				Medium-term	● Continuously improve customer satisfaction rating to over 90 points.
				Long-term	● Maintain a high level of customer satisfaction of over 90 points every year.

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Risk Management	Establish proactive mechanisms to identify emerging environmental, social, and geopolitical risks early. Formulate response strategies to mitigate impacts, demonstrate resilience, and enhance brand reputation and investor trust.	Establish an independent risk management system, integrating sustainability risks and opportunities into overall corporate processes to broaden decision-making perspectives and ensure sound operations.	- Highest Leadership and Oversight: Establish a "Risk Management Taskforce" with the President as convener to coordinate risk management policies across the Company. - Routine Management: Hold quarterly Risk Management Taskforce meetings for planning, execution, and dynamic monitoring of Key Risk Indicators (KRIs). - Governance Level Reporting: Fulfill Board oversight duties by reporting risk management execution status and optimization effectiveness to the Audit Committee and Board of Directors at least once a year to ensure governance grasps key risk dynamics.	Short-term	● Link risk to strategy by identifying, analyzing, and measuring potential risk events for D-Link. ● Develop the risk responding measures, the risk management procedures and their operations. ● Organize risk management education and professional training for the Chairman, CEO, and responsible officers to stay updated on regulatory trends and emerging risks. ● Risk management meetings are held every quarter to review KRI key risk indicators and track risk implementation. ● Report the risk management operations to the Board of Directors every year.
				Medium-term	● Use dynamic risk matrix analysis to implement mitigation plans for significant risks, reducing residual risks to acceptable levels. ● Enhance detection of potential risk events to trigger response procedures immediately and minimize operational losses. ● Provide risk management training to all employees.
				Long-term	● 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.
Human Rights and DEI	As a global enterprise, D-Link values DEI and anti-discrimination to ensure fair workplace opportunities. We also strengthen supply chain human rights management to mitigate risks and promote value chain sustainability.	- Formulate the "Human Rights Policy & Management Plan" aligning with international standards. - Promote DEI policies to safeguard employee labor rights. - Provide mandatory human rights training for new hires.	- Conduct regular human rights due diligence: Identify internal and external human rights risks and formulate mitigation measures. - Maintain accessible grievance channels: Ensure all reported cases are investigated, responded to, and tracked according to established procedures to protect whistleblowers' rights and fulfill human rights commitments.	Short-term	● Participate in DEI initiatives: Continuously join DEI initiatives (e.g., <i>Talent in Taiwan</i>) to expand corporate influence. ● Promote multicultural awareness: Host cultural events and management sessions for foreign employees to build a respectful workplace.
				Medium-term	● Implement mitigation & remediation measures: Formulate mitigation and remediation plans based on human rights due diligence results to reduce potential risks.
				Long-term	● Promote human rights risk assessments: Continuously drive sustainable human rights risk evaluations. ● Build an inclusive culture: Shape a diverse, equal, and safe workplace culture that respects differences and enables joint growth.
Climate Change Response Actions	Climate change and carbon management issues are the most urgent and important environmental issues in this era. Global transnational organizations and governments are all trying to strengthen regulations. D-Link is an international brand and we must consciously use the market resources and influence we have, to actively drive the low-carbon transition of the value chain.	Commit to the 2050 net-zero goal and set 2030 mid-term targets. Formulate corresponding strategies, track KPIs, and leverage brand influence across the value chain.	Introduce the TCFD structure, regularly disclose climate change response performance, and set relevant indicator targets for continuous tracking and management.	Short-term	● Continue executing energy-saving projects. ● Obtain ISO 46001 Water Efficiency Management System certification.
				Medium-term	● Complete the carbon inventory and verification of consolidated subsidiaries. ● Reduce power consumption by 4.5% and water consumption by 2.5% by 2026 (baseline year: 2021). ● Drive carbon reduction across the supply chain.
				Long-term	● Pass ISO 50001 energy management system certification. ● Install solar photovoltaic equipment. ● Achieve 17.5% green power procurement by 2030. ● Reduce power consumption by 30% by 2030 (baseline year: 2021). ● Reduce GHG emissions by 30% by 2030 (baseline: 2021) and progress toward 2050 net-zero.

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Ethical Management	Sound ethical management is the foundation of sustainable operations. Risk events may impact operational stability and corporate reputation, leading to actual financial losses.	Create a culture of ethical management and compliance to ensure long-term stakeholder interests.	Maintain internal regulations including the <i>Code of Conduct, Ethical Corporate Management Best Practice Principles</i> , and <i>Implementation Measures for the Whistleblowing System</i> to uphold business ethics.	Short-term	● Maintain a record of zero cases involving violations of ethical management, and continuously maintain this standard.
				Medium-term	● Provide complete training on the <i>Ethical Corporate Management Best Practice Principles</i> to all employees, achieving a completion rate above 95% and continuously improving.
				Long-term	● Internalize ethical management into corporate DNA, making the <i>Ethical Corporate Management Best Practice Principles</i> the highest recognized standard by stakeholders. ● Evaluate introducing ISO 37001 Anti-Bribery Management Systems certification.

* Short-term: By the end of 2025. Medium-term: By the end of 2028. Long-term: By the end of 2033.