



2021

Alpha Networks Corporate Sustainability Report

www.alphanetworks.com

Table of Contents

About this Report


About this Report	3
From the Chairman	4
Alpha Policies	7
Sustainable Development Operational Framework	9
Stakeholder Communication and Identification of Issues of Concern	10
Stakeholder Communication Mechanism	20



1 Sustainable Development

1.1 Company Operations and Development	22
1.2 Operating Performance	28
1.3 Sustainable Products and Services	30
1.4 Manufacturing and Quality Services	35
1.5 Intellectual Property and Information Security	36
1.6 Corporate Governance	38
1.7 Ethical Management and Legal Compliance	42
1.8 Risk Analysis and Management	45

3 Environmental Protection

 2021 Annual Performance	68
3.1 Green products Management	70
3.2 Environmental Management	76
3.3 Greenhouse Gas Inventory	83
3.4 Supply Chain Management and Social Relations	86
3.5 Conflict Minerals Due Diligence	89
3.6 Green Production and Continuous Improvement	90
3.7 Customer satisfaction Survey	93



2 Social Responsibility

2.1 Implementation of Human Rights	50
2.2 Recruitment	52
2.3 Compensation and Benefits	55
2.4 Talent Development	57
2.5 Safety and Health	60
2.6 Social Participation	66



4 Appendix

4.1 GRI Standard Index	95
4.2 Accuracy of Disclosure	101



Sustainability Report of Alpha Networks

About this Report



Alpha Networks Inc. (hereinafter referred to as “Alpha”) has published the annual corporate social responsibility (CSR) report since 2018. The CSR report will present to all stakeholders the investments and accomplishments made by Alpha in terms of business operations, corporate governance, environmental protection, employee rights and community involvement.

This CSR report is available in both Chinese and English. Stakeholders can download the contents of this publicly available report from <https://www.alphanetworks.com/en/download>.

Publication

The report was published in June 2022. Alpha published the inaugural CSR Report (is now called as Sustainability Report) in 2018 and the company’s sustainable development-related performance is disclosed in the report in June every year.

Scope and Boundary

This Report discloses the measures implemented by Alpha Networks in the ESG domain and their outcomes. In addition to Alpha Networks (Hsinchu), parts of the Report also encompass the following factories located in China but not its sites in Chengdu (China), Japan, the U.S. and other corporate entities not directly controlled by Alpha.

1. Alpha Networks Inc.: Corporate Headquarters. Known as Alpha Networks (Hsinchu) for short
2. Alpha Networks (Dongguan) Co., Ltd.: Known as Alpha Networks (Dongguan).
3. Alpha Networks (Changshu) Ltd.: Known as Alpha Networks (Changshu).

Guidelines and Principles

This report has been prepared in accordance with the GRI Standards : Core option as the basic framework for the disclosure of 2021 sustainability issues and information at Alpha. The GRI Standards [reference table](#) is also provided in full as an index to the contents of each section.

Report Assurance

In order to ensure the transparency and reliability of information disclosure, the report has received type 1, medium level assurance from a third party TÜV (hereinafter referred to as TÜV Rheinland) based on AA1000 AS(2008), as well as the GRI Standards : Core option. The Independent Verification Statement is attached in the appendix of this report.

Contact Information

Please do not hesitate to contact us with any questions or suggestions :

Alpha Networks Inc.

📍 Address : No. 8, Li-shing 7th Road, Science-based Industrial Park, Hsinchu 30078, Taiwan

📞 Contact : Jerry Tsai

☎ Telephone : + 886-3-563-6666 ext. 6045

📠 Fax : + 886-3-567-8124

🌐 URL : <https://www.alphanetworks.com/index.php/en>

✉ E-mail : public@alphanetworks.com

From the Chairman

Refine core value of ESG from humanism.

Promotion of human well-being is the core value of technology.

“Forging the Internet to Connect People and Things” represents our corporate vision. We strive to make valuable contributions to human well-being by harnessing our forward-looking technologies. As a global professional developer, manufacturer, and service provider in the field of networking solutions, Alpha Networks is actively engaged in R&D and innovation in the face of rapid industrial progress and lifestyle changes. Our deployment strategy encompasses Wireless Technology (4G/5G/6G), Wired Technology (Fiber), and Edge Computing/AI. In 2021, we submitted a total of 25 patent applications, which represents an increase by 108% YoY. Awarded patents cover core networking communication technologies such as 5G, Small Cell, IoV, and cloud technologies. We have successfully completed 5G peer-to-peer vertical market solutions in Taiwan and overseas areas and have become a member of Team Taiwan LEO (LowEarth-Orbit) Satellite.

The core ESG concepts originated in a genuine concern for humanity

Environmental protection (E) - Climate change is a global issue that affects all of us. We are jointly engaged in environmental conservation tasks ranging from water and power conservation to carbon and waste reduction. Green product concepts are realized through a hazardous substance management platform and the procurement of raw materials that conform to green laws. We also implement strict controls on noise, waste gas, and effluents generated in manufacturing processes on an ongoing basis. In

addition to minimizing environmental burdens, we actively adopt a friendly attitude based on mutually beneficial co-existence with neighboring communities.

Social responsibility (S) - Talent and human resource is Alpha networks’ most precious assets. Employee care not only fuels our growth momentum but also constitutes the first step toward fulfillment of our social responsibility. We are fully committed to creating positive labor conditions and high-quality work environments. In addition to providing labor-friendly welfares and salary levels, we place strong emphasis on our leave system and a wide variety of employee activities. We do our utmost to maintain food safety and hygiene in our staff canteens and adopt health promotion measures including regular health checks and on-site consultation services by physicians. We are deeply convinced that the mental and physical health of our employees is a key prerequisite for enhanced corporate performance and a healthy society. Alpha Networks spares no effort in the field of talent cultivation. We have a sound training system and learning channels in place to meet the needs of our employees at different stages of their career. Total training hours and the number of trainees increased by 6% and 3%, respectively, in 2021 compared to 2020. This training system is complemented with a performance and promotion system to give all employees a chance to unlock their career potential.

Social responsibility (S) - Talent and human resource is Alpha networks’ most precious assets. Employee care not only fuels our growth momentum but also constitutes the first step toward

fulfillment of our social responsibility. We are fully committed to creating positive labor conditions and high-quality work environments. In addition to providing labor-friendly welfares and salary levels, we place strong emphasis on our leave system and a wide variety of employee activities. We do our utmost to maintain food safety and hygiene in our staff canteens and adopt health promotion measures including regular health checks and on-site consultation services by physicians. We are deeply convinced that the mental and physical health of our employees is a key prerequisite for enhanced corporate performance and a healthy society. Alpha Networks spares no effort in the field of talent cultivation. We have a sound training system and learning channels in place to meet the needs of our employees at different stages of their career. Total training hours and the number of trainees increased by 6% and 3%, respectively, in 2021 compared to 2020. This training system is complemented with a performance and promotion system to give all employees a chance to unlock their career potential.

Alpha Networks strives to make a valid contribution to a friendly society by creating a friendly workplace. As the pandemic is still raging, we harness our technological capabilities in the field of network communications to ensure continuous learning during in-person class suspension in remote townships by relying on our ESG policy paired with the support of the Alpha Networks Foundation. We further provide networking routers and online resources to enable underprivileged students to reestablish contact with their teachers and classmates and continue to engage in distant learning. Finally, we strive to familiarize seniors

with the online world and enhance their life quality by utilizing the convenience of the Internet. Our determined efforts in the provision of tangible and intangible care bear testimony to our unwavering commitment to giving back to society.

Corporate governance (G) - Alpha Networks believes that enterprises are an organism composed of and operated by humans. We espouse the principle of “Ethical Management” to ensure Alpha Networks are sustainable. We have formed an Ethical Corporate Management Task Force to root the ethical management policies in corporate culture. In addition, we are committed to ongoing implementation of corporate governance and optimizing the effectiveness of the Board of Directors. In November 2020, the board ratified the Rules for Performance Evaluation of the Board of Directors to prescribe regular annual performance assessments. A Risk Management Committee (RMC) was established in 2021 for identifying and managing risks that impact the achievement of operational objectives. In addition to risks with a potential effect on financial performance, we place high priority on physical risks that pose a hazard for personal safety. Under the premise of implementation of a sound occupational health & safety policy, no work-related injuries and deaths occurred in 2021.

Stakeholder inclusion and stakeholder engagement.

Alpha Networks set up a CSR Committee in 2018 to facilitate promotion of relevant policies. This committee also reports its current state of operations to the Board of Directors on a regular basis. In 2021, the committee was reorganized and renamed to Sustainable Development Committee (below referred to as

“ESG Committee”). In addition to the planning of sustainable development-related strategies, cross-departmental discussion and deliberations with senior executives, and integration of sustainable development strategies and guidelines, the ESG Committee is responsible for the promotion and implementation of relevant policies and the incorporation of ESG concepts into the corporate operations of Alpha Networks.

In 2021, the ESG Committee revised the original stakeholder questionnaire. The number of issues of concern was increased from 21 to 31. The purpose of stakeholder engagement lies in the extensive consideration of stakeholder demands in the process from policy formulation to implementation. We strive to achieve stakeholder inclusion and classification and organization of various communication and interaction channels and thereby ensure immediate and adequate responses to stakeholder opinions and suggestions. With a view to strengthening the disclosure of sustainability information, the CSR section of the official Alpha Networks website was renamed to ESG section. The quality of disclosures and interactivity have been significantly enhanced through revamping and editing of our website. The ESG Committee has set up a separate Sustainability Report Compilation Task Force. In contrast to the ESG Committee, which is responsible for policy formulation, the Compilation Task Force focuses on report contents and quality. The ultimate goal lies in the full and transparent disclosure of the Company’s sustainable development-related information.

Customer value is one of the core values of Alpha Networks. Over a period of almost 20 years since its inception, we have consistently provided our customers with highly competitive

products of exceptional quality. We firmly believe that the implementation of sustainability policies in the environmental and social dimensions creates shared value for Alpha Networks and its customers. We also incorporate environmental and social policies into our supplier management strategies and thereby facilitate intensified cooperation between up- and downstream industries or ecosystems. This approach is not only in sync with corporate sustainability trends but is also a key prerequisite for the profitability of professional OEM manufacturers. In addition to placing equal emphasis on the demands of investors in the ESG and EPS dimensions, it also allows all staff members to enjoy the benefits derived from corporate growth and profitability. In other words, rather than stressing specific issues or indicators in the promotion of sustainable development, Alpha Networks strives to deepen its 5 organizational culture and pursues maximization of mutual benefits for different parties.

Making strides in both business performance and sustainable development.

As the COVID-19 pandemic ravaged the whole world and business operations were affected by unfavorable factors such as port congestion and shortage of materials in 2021, we overcame various setbacks. In addition to offering human warmth and concern, we are firmly committed to ensuring the personal safety of our employees and customers and protecting them against this terrible disease. As a direct result of our comprehensive epidemic prevention measures, none of our staff members contracted the virus in 2021. Through the adoption of WFH (Work from Home) measures, we discovered new business opportunities associated

with networking products and detected social issues generated by in-person class suspension. We therefore decided to provide assistance to school children in remote townships to ensure continuous learning during school suspension periods. These experiences coupled with new technology trends such as the rising popularity of new standards such as Wi-Fi 6 and 5G have underscored our mission of making lives more convenient through the development of network communication technologies. As vaccination rates began to rise, the pandemic was gradually abating and the light at the end of the tunnel became visible. All these trials and challenges have made us even stronger and bolder. Looking ahead to 2022, we will forge ahead united and confident as the storm finally subsides.

Chairperson
April Huang

黄文若



Alpha Policies

Integrity, fairness, legal compliance and abiding by business ethics

Sustainability Policy

Alpha upholds the following principles in the practice of sustainability :



RBA Policy

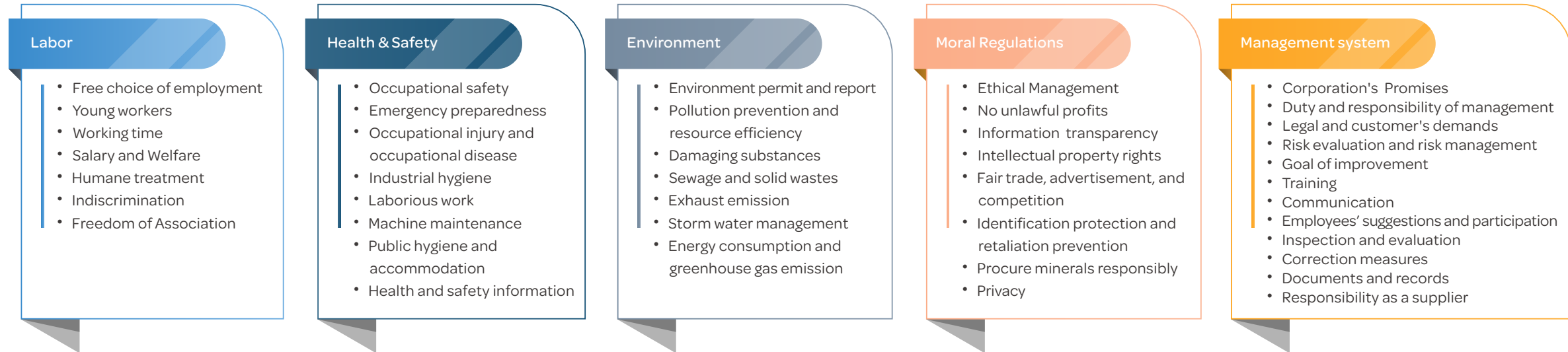
Alpha actively supports the Code of Conduct - Responsible Business Alliance, RBA Version 7.0, (previously known as the EICC) to ensure a safe working environment throughout the entire supply chain and for sub-contractors, every employee is treated with respect and dignity, business operations are environmentally friendly and ethical.

We conduct self-evaluations on an ongoing basis in accordance with the RSA (Responsible Business Alliance) Code of Conduct to determine our progress in the labor, health & safety, environment, and ethics. Social, environmental, and ethics risks that are present in the Company's business operations are identified autonomously by relying on the Self-Assessment Questionnaire (SAQ) designed by RBA.

In 2017, the SAQ assessment score for Company HQ and the plant in Changshu, China exceeded 91. Comprehensive audit reports are disclosed on the RBA-Online platform to facilitate perusal by our customers. RBA VAP (Validated Audit Program) audits are conducted by a thirdparty. The Changshu Plant achieved Silver Status in the Validated Audit Process, which was completed in 2020. Alpha Networks requires all its sales & manufacturing locations and suppliers to strictly abide by all RBA standards.

We embrace integrity and take an uncompromising stance on ongoing advances in the field of RBA-related policies. This firm stance is paired with an unwavering commitment to safeguarding the rights and well-being for practitioners and communities of the network communications industry.

RBA code of Conduct



Ethics Policy

Alpha Networks has upheld integrity, fairness and legitimacy, as well as business ethics in conducting business activities. The company employees are prohibited from bribery, corruption, receiving or giving of gifts and hospitality out of proportion to business etiquette from/to suppliers, customers and stakeholders. We strive to protect the confidential information of Alpha, our clients and suppliers, their assets, intellectual property rights and trade secrets.

Alpha Networks has adopted Guidelines for Ethical Conduct. All employees of the Company and its subsidiaries are required to comply with relevant ethical requirements.

Alpha believes strongly in ethical business management and all forms of inappropriate behavior are banned. A system for protecting the identity of whistleblowers and the accused has been put into place.

A channel for complaints is provided if any illegal behavior is detected. A thorough investigation will be carried out by Alpha with protection given to the whistleblower. The content and outcome of the investigation will also be strictly protected to avoid harming the rights and interests of relevant personnel.

About the details, please refer to 1.7 Ethical Management and Legal Compliance.

Sustainable Development Operational Framework

Investing diverse resources into corporate sustainability

The ESG Committee has been authorized by Chairperson April Huang to analyze key issues in the dimensions of corporate governance, environment, and society and unify all sustainable development strategies with reference to the Company's operational objectives and global sustainability trends. It also integrates diversified resources of all internal units including the President Office, Legal Affairs Office, Auditing Office, Finance & Accounting Center, Manufacturing Center, QC Center, Occupational Safety Division, HR Division, Alpha Foundation, and all business units, and invests them in various corporate sustainability tasks. Regular reports on the current state of corporate sustainability are submitted to the management level.

The Sustainability Report team compiles and releases Alpha Networks Sustainability Reports on an annual basis in compliance with the corporate sustainability information disclosure principles set out in the corporate sustainability policy of the Company. The goal lies in the full disclosure of corporate sustainability information. In addition, the report contents are verified by third-party and audited by the Committee prior to release and publication.

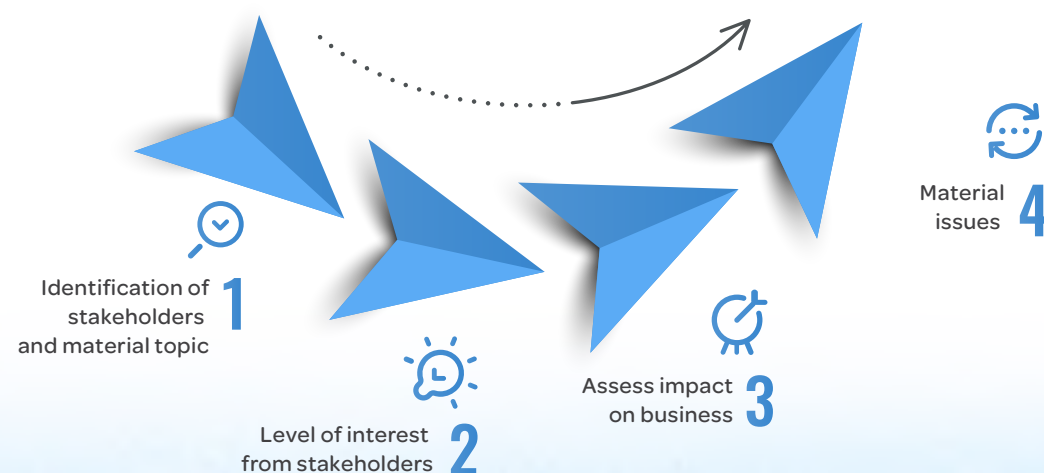
The ESG Committee structure and operational framework are shown in the image below :



Stakeholder Communication and Identification of Issues of concern

Understanding the stakeholders' expectations towards Alpha through diverse communication channels

Alpha Networks places high emphasis on stakeholder engagement. In order to gain a full understanding of all concerned issues of all stakeholders for as a reference for corporate sustainability strategies and compilation of report contents, ESG Committee implements relevant procedures pertaining to stakeholder identification and investigation of issues of concern in a comprehensive and proper manner.



Identification of stakeholders

The Sustainable Development Committee has consulted the opinions of departments that have dealings with stakeholders including Finance, Investor Relations, Marketing, Customer Relations Management, Human Resources, Employee Relations, and Supplier Management. Upon discussion and analysis, the following potential stakeholders were identified: Employees, suppliers, customers, shareholders/

investors, media, government agencies, societies and associations, contractors, scholars, job seekers, and neighboring communities. The following material stakeholders were identified based on the five major principles of AA1000 Stakeholder Engagement Standard 2015 (Dependency, Responsibility, Tension, Influence, Diverse Perspectives) in meeting discussions: Customers, employees, investors, suppliers, and competent authorities. We provide diversified communication channels for different stakeholder categories and strive to gain a clear understanding of stakeholder demands and expectations through intensive interactions with the goal of facilitating review and planning of sustainable development strategies and creating value for stakeholders.

Attributes of stakeholders :

Dependency

groups or individuals who are directly or indirectly dependent on the organisation's activities, products or services and associated performance, or on whom the organisation is dependent in order to operate.

Responsibility

groups or individuals to whom the organisation has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.

Tension

groups or individuals who need immediate attention from the organisation with regard to financial, wider economic, social or environmental issues.

Influence

groups or individuals who can have an impact on the organisation's or a stakeholder's strategic or operational decision-making.

Diverse perspectives

groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.

Identification of material topics

The Alpha Networks ESG Committee not only maintains positive interactions with all stakeholders in its daily operations but also casts its net wide to identify issues of concern to stakeholders through collection of internal and external information by consulting reports on international trends in the field of sustainability, customer requirements, and high priority issues of industry circles and third-party evaluation bodies. 31 sustainability issues have been determined in the general, economic (corporate governance), environmental (environmental protection), and social dimensions with reference to the definitions and categories set out in the GRI Standards.

Internal : Corporate culture, business philosophy, work plans of different units, CSR Best Practice Principles, employee communication.

External : International trends, customer requirements, industry practices, third-party bodies, selection criteria for awards such as TCSA and Commonwealth Magazine Excellence Corporate Social Responsibility.



Corporate governance

- | | |
|--|----------------------------------|
| ① Financial/Economic Performance | ⑨ Whistle blower mechanism |
| ② Business Continuity Management | ⑩ Technology and quality |
| ③ Corporate culture | ⑪ Marketing and Labeling |
| ④ Industry localization | ⑫ Protection of customer privacy |
| ⑤ Environmental Protection Investments | ⑬ Shareholder protection |
| ⑥ Supply Chain Management | ⑭ Customer satisfaction |
| ⑦ Innovation and R&D | |
| ⑧ Information Security Management | |



Environment Protection

- | | |
|-----------------------------|--------------------------------------|
| ⑮ Green product | ⑳ Supplier environmental assessments |
| ⑯ Energy Management | ㉑ Emissions |
| ⑰ Water Resource Management | ㉒ Conflict minerals |
| ⑱ Carbon management | |
| ⑲ Waste Management | |
| ㉓ Regulation Compliance | |



Social Responsibility

- | | |
|---|----------------------------------|
| ㉔ Talent Attraction and Retention | ㉙ Child labor |
| ㉕ Employee Relations | ㉚ Forced or compulsory labor |
| ㉖ Career Development and Training | ㉛ Occupational Safety and Health |
| ㉗ Staff diversity and equal opportunities | |
| ㉘ Community Care and Participation | |

Importance of issues to key stakeholders

Dimension	Material issue	Employees	Suppliers	Customers	Investors	Authorities
Corporate governance	① Financial/Economic Performance	●	●		●	
	② Business continuity management	●	●	●	●	
	③ Corporate culture	●	●	●	●	
	④ Industry localization					●
	⑤ Environmental Protection Investments		●			●
	⑥ Supply chain management		●	●		
	⑦ Innovation and R&D	●	●	●	●	
	⑧ Information security management	●	●	●	●	●
	⑨ Whistle blower mechanism		●			●
	⑩ Technology and quality	●	●	●	●	
	⑪ Marketing and labeling		●	●	●	
	⑫ Protection of customer privacy	●	●	●		
	⑬ Shareholder protection		●		●	●
	⑭ Customer satisfaction	●	●	●		

Dimension	Material issue	Employees	Suppliers	Customers	Investors	Authorities
Environmental protection	⑮ Green product	●	●	●		●
	⑯ Energy management		●			●
	⑰ Water resource management		●			●
	⑱ Carbon management		●	●		●
	⑲ Waste management		●	●		●
	⑳ Regulation Compliance	●	●	●		●
	㉑ Supplier environmental assessments		●	●		
	㉒ Emission		●	●		●
	㉓ Conflict minerals		●	●		

Dimension	Material issue	Employees	Suppliers	Customers	Investors	Authorities
Social responsibility	②4 Talent Attraction and Retention	●	●		●	
	②5 Employee Relations	●	●	●		●
	②6 Career Development and Training	●	●	●		
	②7 Staff diversity and equal opportunities	●	●	●		
	②8 Community Care and Participation					
	②9 Child labor		●	●		●
	③0 Forced or compulsory labor	●	●	●	●	
	③1 Occupational Safety and Health	●	●	●		●

Importance of issues to company operations and the value chain

Dimension	Material issue	Upstream	Company operations		Downstream	Operational importance				
		Procurement	Design	Production	Sale/shipping	Revenue	Profit	Customers Satisfaction	Employees Approval	Risks
Corporate governance	① Financial/Economic Performance	●	●	●	●	●	●	●	●	●
	② Business continuity management	●	●	●	●	●	●	●	●	●
	③ Corporate culture							●	●	
	④ Industry localization	●	●	●	●	●	●			●
	⑤ Environmental Protection Investments						●	●		●
	⑥ Supply chain management	●	●	●		●	●	●		●
	⑦ Innovation and R&D		●	●		●	●	●		●
	⑧ Information security management		●	●			●	●		●
	⑨ Whistle blower mechanism	●						●	●	●
	⑩ Technology and quality	●	●	●		●	●	●	●	●
	⑪ Marketing and labeling				●	●	●	●		●
	⑫ Protection of customer privacy				●	●	●	●		●
	⑬ Shareholder protection					●	●		●	
	⑭ Customer satisfaction	●	●	●	●	●	●	●		●
Environmental protection	⑮ Green product	●	●	●	●		●	●		●
	⑯ Energy management		●	●			●			●
	⑰ Water resource management			●			●			●
	⑱ Carbon management	●	●	●	●		●	●		●
	⑲ Waste management	●	●	●			●			
	⑳ Regulation Compliance		●	●			●			●
	㉑ Supplier environmental assessments	●								●
	㉒ Emission		●	●						●
	㉓ Conflict minerals	●	●							

Dimension	Material issue	Upstream	Company operations		Downstream	Operational importance				
		Procurement	Design	Production	Sale/shipping	Revenue	Profit	Customers Satisfaction	Employees Approval	Risks
Social responsibility	②4 Talent Attraction and Retention					●	●		●	●
	②5 Employee Relations								●	
	②6 Career Development and Training					●	●		●	
	②7 Staff diversity and equal opportunities								●	
	②8 Community Care and Participation								●	
	②9 Child labor								●	●
	③0 Forced or compulsory labor								●	●
	③1 Occupational Safety and Health			●	●				●	●

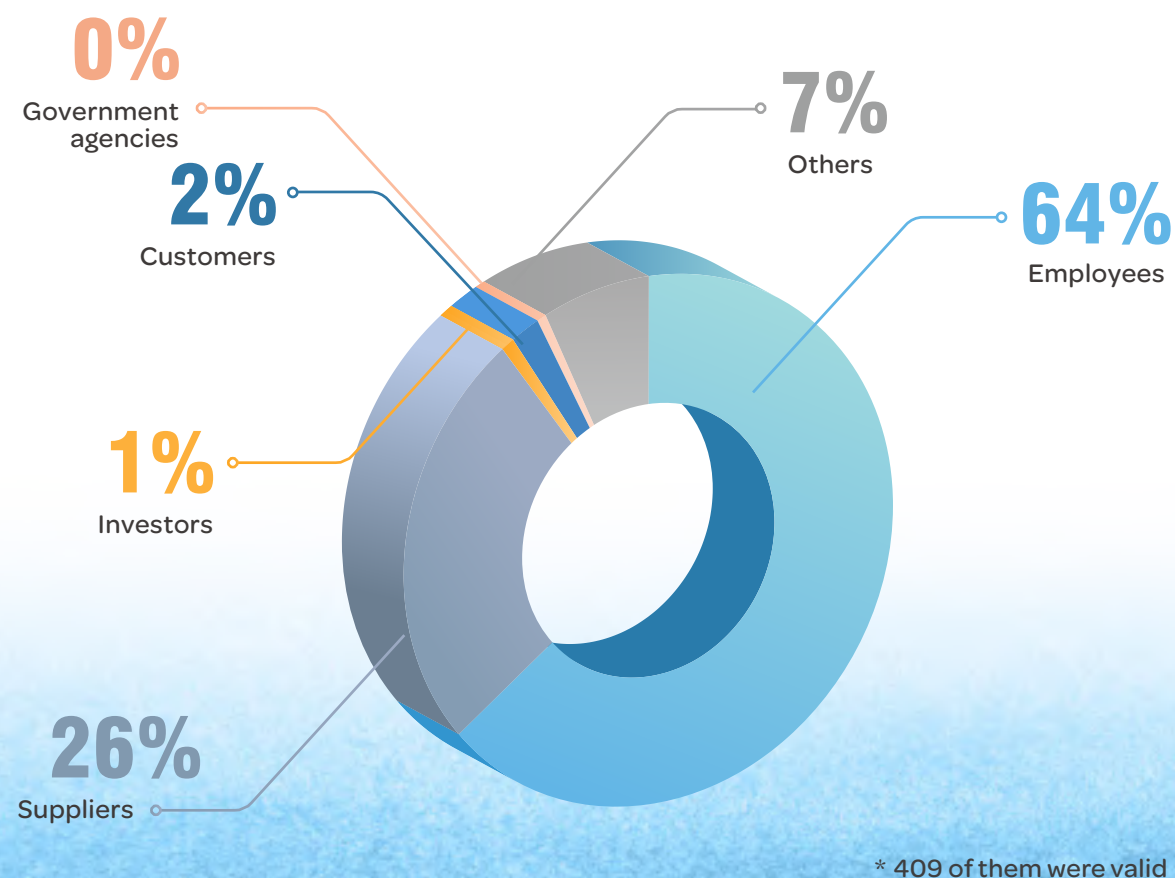
Alignment of issues with SDGs and GRI

Dimension	Material issue	SDGs	GRI
Corporate governance	① Financial/Economic Performance	Decent Work and Economic Growth	201-1、201-2、201-3、201-4
	② Business continuity management		102-15
	③ Corporate culture		205-1、205-2、205-3
	④ Industry localization	Reduce Inequality	204-1
	⑤ Environmental Protection Investments	Climate action	
	⑥ Supply chain management	Partnerships for the Goals	308-1、308-2、414-1、414-2
	⑦ Innovation and R&D	Industry, Innovation and Infrastructure	
	⑧ Information security management		
	⑨ Whistle blower mechanism		RBA
	⑩ Technology and quality	Responsible Consumption and Production	102-2
	⑪ Marketing and labeling		417-1、417-2、417-3
	⑫ Protection of customer privacy		418-1
	⑬ Shareholder protection	Decent Work and Economic Growth	102-18
	⑭ Customer satisfaction		
Dimension	Material issue	SDGs	GRI
Environmental protection	⑮ Green product	Responsible Consumption and Production	302-1、302-3、302-4、302-5
	⑯ Energy management	Responsible Consumption and Production	
	⑰ Water resource management	Responsible Consumption and Production	303-1、303-2、303-3、303-4、303-5
	⑱ Carbon management	Responsible Consumption and Production	
	⑲ Waste management	Climate action	305-1、305-2、305-3、305-4
	⑳ Regulation Compliance	Responsible Consumption and Production	306-1、306-2、306-3
	㉑ Supplier environmental assessments	Responsible Consumption and Production	307-1
	㉒ Emission	Responsible Consumption and Production	308-1、308-2
	㉓ Conflict minerals	Reduce Inequality	

Dimension	Material issue	SDGs	GRI
Social responsibility	㉔ Talent Attraction and Retention	No Poverty	401-1、401-2、401-3
	㉕ Employee Relations		402-1
	㉖ Career Development and Training	Quality Education	404-1、404-2、404-3
	㉗ Staff diversity and equal opportunities	Gender Equality	405-1、405-2
	㉘ Community Care and Participation		
	㉙ Child labor	Reduce Inequality	408-1
	㉚ Forced or compulsory labor	Reduce Inequality	409-1
	㉛ Occupational Safety and Health	Good Health & Well-being	403-1-403-10

Issues of concern to stakeholders

Alpha Networks relies on questionnaire surveys. Units that have dealings with stakeholders including Finance, Investor Relations, Marketing, Customer Relations Management, Human Resources, Employee Relations, and Supplier Management distribute questionnaires to their corresponding stakeholders. 450 questionnaires were received (409 of them were valid).



Level of concern

ESG Committee conducts weighted calculations of the level of concern (high/medium/low/none) for each issue based on the information provided by stakeholders in the collected questionnaires. It keeps comprehensive statistics of the weighted levels of concern of all stakeholders.

Based on a statistical analysis of the questionnaire contents, the following ranking of issues has been determined based on level of concern :

Ranking	Issues of concern	Ranking	Issues of concern
1	③ Occupational safety and health	17	① Financial/Economic Performance
2	② Employee Relations	18	② Child labor
3	③ Forced or compulsory labor	19	⑥ Supply chain management
4	③ Corporate culture	20	② Emission
5	② Staff diversity and equal opportunities	21	① Water resource management
6	④ Customer satisfaction	22	② Supplier environmental assessments
7	⑩ Technology and quality	23	⑤ Environmental Protection Investments
8	⑧ Information security management	24	① Energy management
9	④ Talent Attraction and Retention	25	② Community Care and Participation
10	⑥ Career Development and Training	26	① Marketing and labeling
11	⑫ Protection of customer privacy	27	⑨ Whistle blower mechanism
12	② Business continuity management	28	① Carbon management
13	② Regulation Compliance	29	③ Shareholder protection
14	⑦ Innovation R&D	30	③ Conflict minerals
15	⑤ Green product	31	④ Industry localization
16	① Waste management		

Level of impact

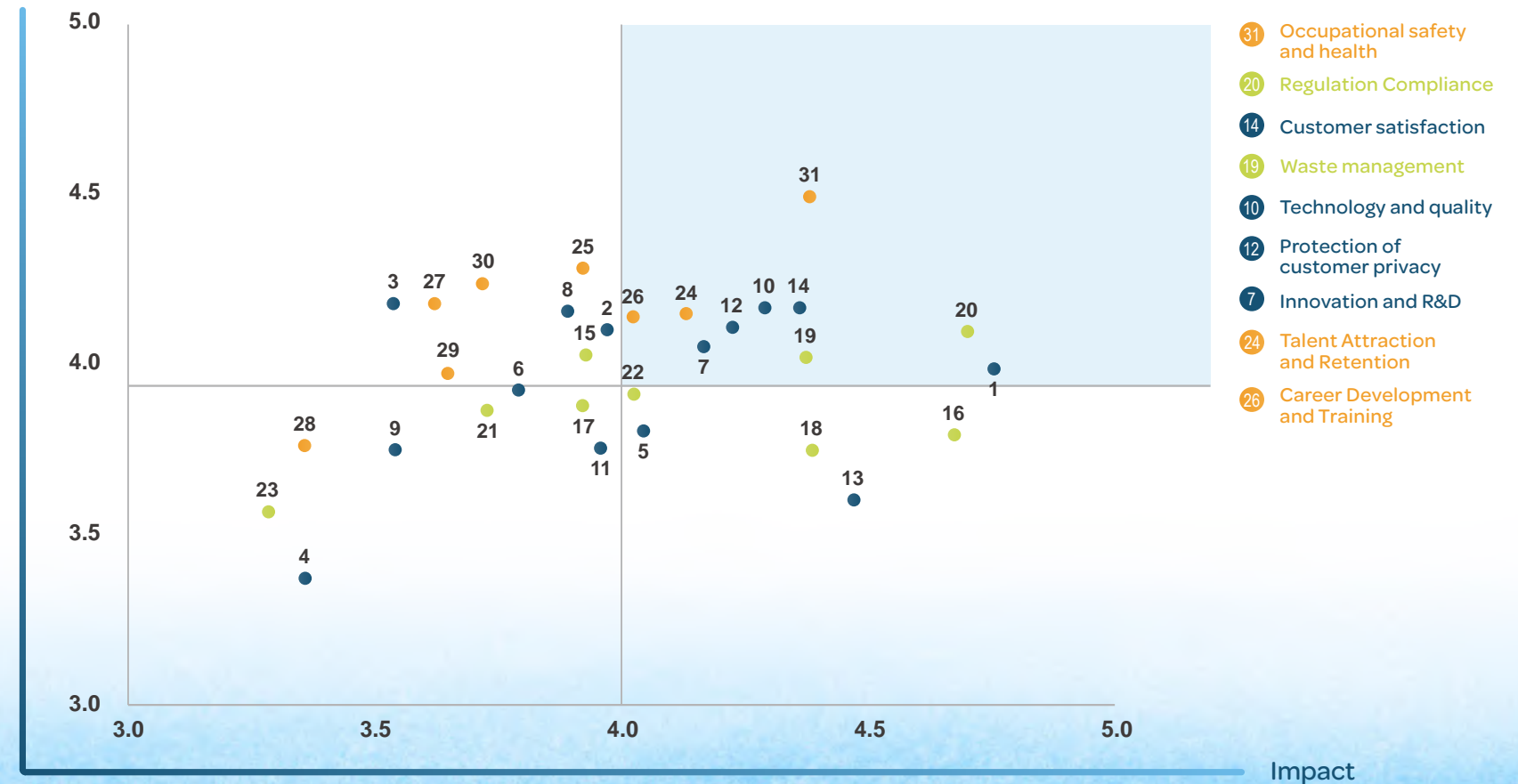
The impact of each issue on the business operations of the Company has been analyzed based on a comprehensive assessment of management level views, issue-related insights of relevant departments, and industry opinions in consideration of factors such as revenues, costs, business reputation, legal compliance, and risks. Corresponding scores ranging from 1 (low impact) to 5 (high impact) were awarded after discussion.

The distribution of issues of concern on the Y-axis (stakeholder level of concern) and X-axis (level of impact on business operations) can be gleaned from the chart below. The following nine material issues of concern with average scores above 4.0 in both dimensions (level of concern and level of impact) have been identified : ③① occupational safety and health, ②① compliance with environmental laws, ①④ customer satisfaction, ①⑨ waste management, ①⑩ technology and quality, ①② customer privacy, ⑦ innovative R&D, ②④ talent recruitment and retention, and ②⑥ training and education.

Despite the fact that our stakeholders do not view ①⑥ energy management and ①⑧ carbon emissions as issues of general concern as evident from the received questionnaires (weighted score of less than 4.0 in the level of concern dimension), it has been determined that these issues which represent key international trends are of high importance for the company and have considerable impact on its operations. They have therefore been listed as material issues of concern.

Prioritization of Topics

Level of concern



Stakeholder Communication Mechanism

Responding to the stakeholders' expectations towards Alpha

Alpha assigned a corresponding internal unit or working group to each issue of concern for communicating and responding to stakeholders through a variety of channels in order to understand stakeholders' expectations of Alpha, and to compile them in a systematic manner to serve as an important reference for compiling the CSR report for next year.

The Alpha website (<http://www.alphanetworks.com>), public e-mail address (see Alpha website < ESG > Stakeholder Contact Information), annual report, and market observation post system (<http://mops.twse.com.tw>) serve as our routine channels for communication. Stakeholders can use the above channels to find out about important Alpha information and contact the relevant units. The communication channels and frequency for issues of concern to stakeholders have been collated in the following table.

	Material Issue of Concern	Communication Channel and Frequency
Customers	<ul style="list-style-type: none"> Business Continuity Management Information Security Management Environmental Compliance Employee diversity and equal opportunities 	<ul style="list-style-type: none"> Customers satisfaction survey (annual) Quarterly business review (quarterly) Customer complaints management system (ad hoc) Supplier conference (ad hoc) Client information security questionnaire survey (ad hoc) Issues of concern survey (annual)
Employees	<ul style="list-style-type: none"> Employment relations Talent Attraction and Retention Education Training 	<ul style="list-style-type: none"> Employer-Employee Meeting (quarterly) Employee Welfare Committee (monthly) Education Training Platform (ad hoc) Company Website (ad hoc) Company Intranet (ad hoc)

Investors	<ul style="list-style-type: none"> Operating performance Business Continuity Management Research and Development 	<ul style="list-style-type: none"> Shareholders' Meeting (annual) Investor conference (annual) Market Observation Post System (ad hoc) Company Website-IR (ad hoc) Issues of concern survey (annual)
Suppliers	<ul style="list-style-type: none"> Business Continuity Management Company Culture Supply Chain Management 	<ul style="list-style-type: none"> Supplier platform (ad hoc) Supplier evaluation (ad hoc) Supplier conference (ad hoc) Supplier visit (ad hoc) Issues of concern survey (annual)
Government agencies	<ul style="list-style-type: none"> Business Continuity Management Energy Resource Management Water Resource Management Product Carbon Management Waste Management Environmental Compliance Occupational Safety and Health emission management 	<ul style="list-style-type: none"> Official document (ad hoc) Company website (ad hoc) Issues of concern survey (annual)
Media	<ul style="list-style-type: none"> Operating performance Business Continuity Management Company Culture 	<ul style="list-style-type: none"> Press release (ad hoc) Press conference (ad hoc) Company website (ad hoc) Issues of concern survey (annual)
Neighboring communities	<ul style="list-style-type: none"> Water Resource Management Product Carbon Management Waste Management Environmental Compliance Occupational Safety and Health 	<ul style="list-style-type: none"> Company website (ad hoc) Issues of concern survey (annual)

1

Sustainable Development

Global professional developer, manufacturer, and service provider for networking solutions

- 1.1 Company Operations and Development
- 1.2 Operating Performance
- 1.3 Sustainable Products and Services
- 1.4 Manufacturing and Quality Services
- 1.5 Intellectual Property and Information Security
- 1.6 Corporate Governance
- 1.7 Ethical Management and Legal Compliance
- 1.8 Risk Analysis and Management



1.1 Company Operations and Development

Using advanced technology to provide customers with outstanding solutions at the best value.

1.1.1 About Alpha

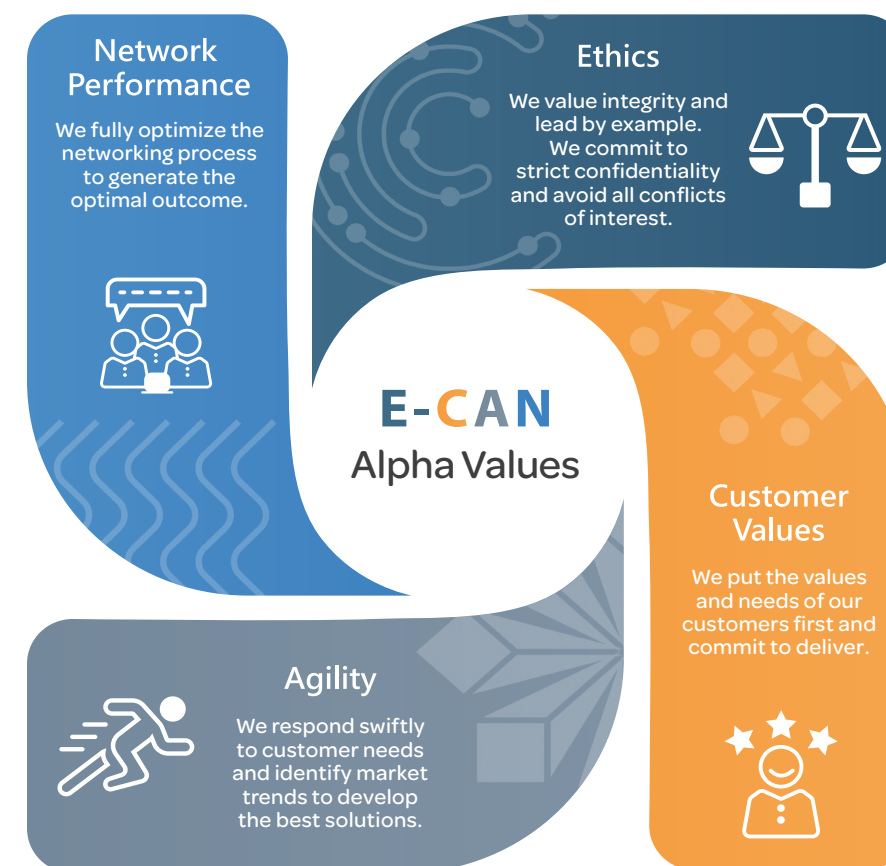
Alpha Networks Inc. was established in September, 2003. After D-Link split the branded and OEM businesses in 2003, Alpha focused on the design, development and manufacturing of network communication products. Alpha now provides customer the full range of DMS services spanning product software/hardware design, system integration, mechanical design, product testing and certification. For more details on the company profile and evolution of Alpha Networks, please refer to the please refer to the "[Company](#)" section of the [corporate website](#).

Vision

Forging the Internet to connect people and things

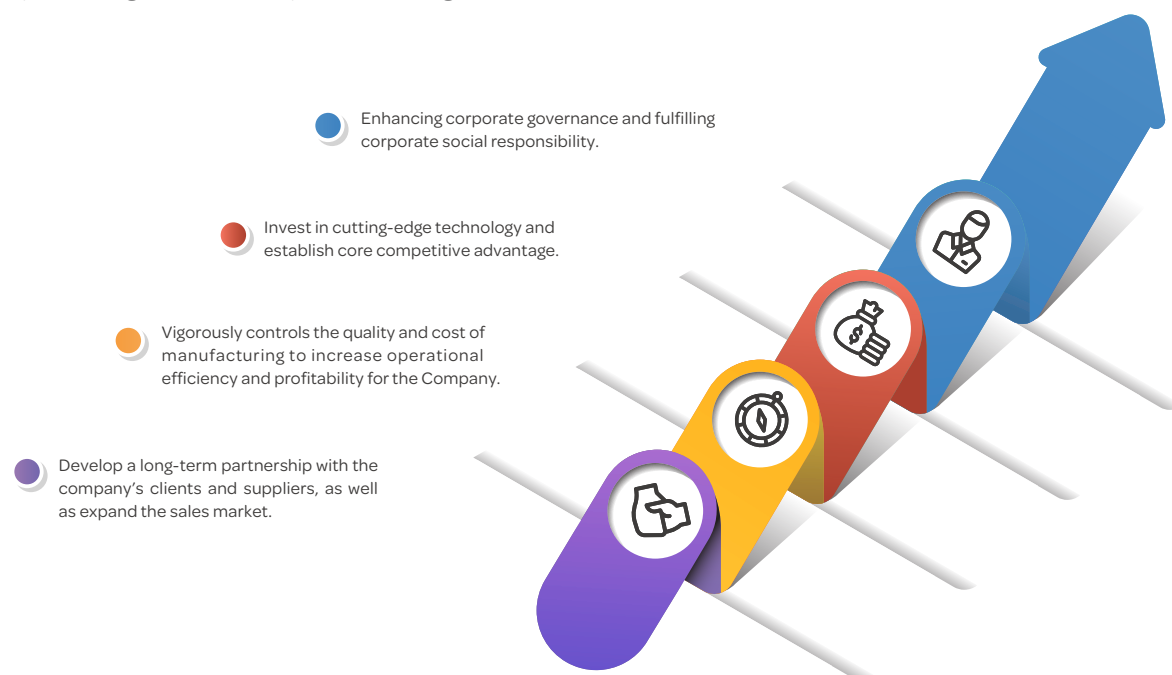
Mission

Alpha Networks is a globally recognized, professional networking DMS supplier. We use advanced technology to provide our customers with outstanding solutions at the best value.



Alpha Networks possesses the most comprehensive product line in the network communication industry including LAN/MAN, wireless broadband, digital multimedia and mobile enterprise solutions. Despite a high degree of uncertainty in the global economy due to the factors such as the raging pandemic, lingering supply chain bottlenecks, inflation spikes, and interest rate hikes affecting the business environment, the cycle of panic and overreaction is expected to subside significantly as a result of rapid development of COVID vaccines and new medications, successive vaccination mandates, and the global economy and humanity gradually learning how to live with the virus. This is projected to potentially buttress future economic recovery and the global economic outlook. The improved economic climate paired with the accelerated development of 5G, IoT, and AI technology applications and the inexorable trend of remote work and work from home policies, will create growth opportunities for the network communications industry.

In order to increase profitability and ensure sustainability, Alpha's long-term development strategies are :



● Basic Information

Company Name	Alpha Networks Inc.
Chairman	April Huang
Headquarters	Hsinchu, Taiwan
Establishment Date	2003/09/04
Public Listing Date	2004/12/20 (TWSE: 3380)
2021 Capital	NT 5.417 billion
2021 Revenue	NT 27.86 billion (consolidated revenues)
2021 Earnings per Share	NT 0.8
2021 Total workforce	Over 3,000 (worldwide)

Providing comprehensive service and efficient local support

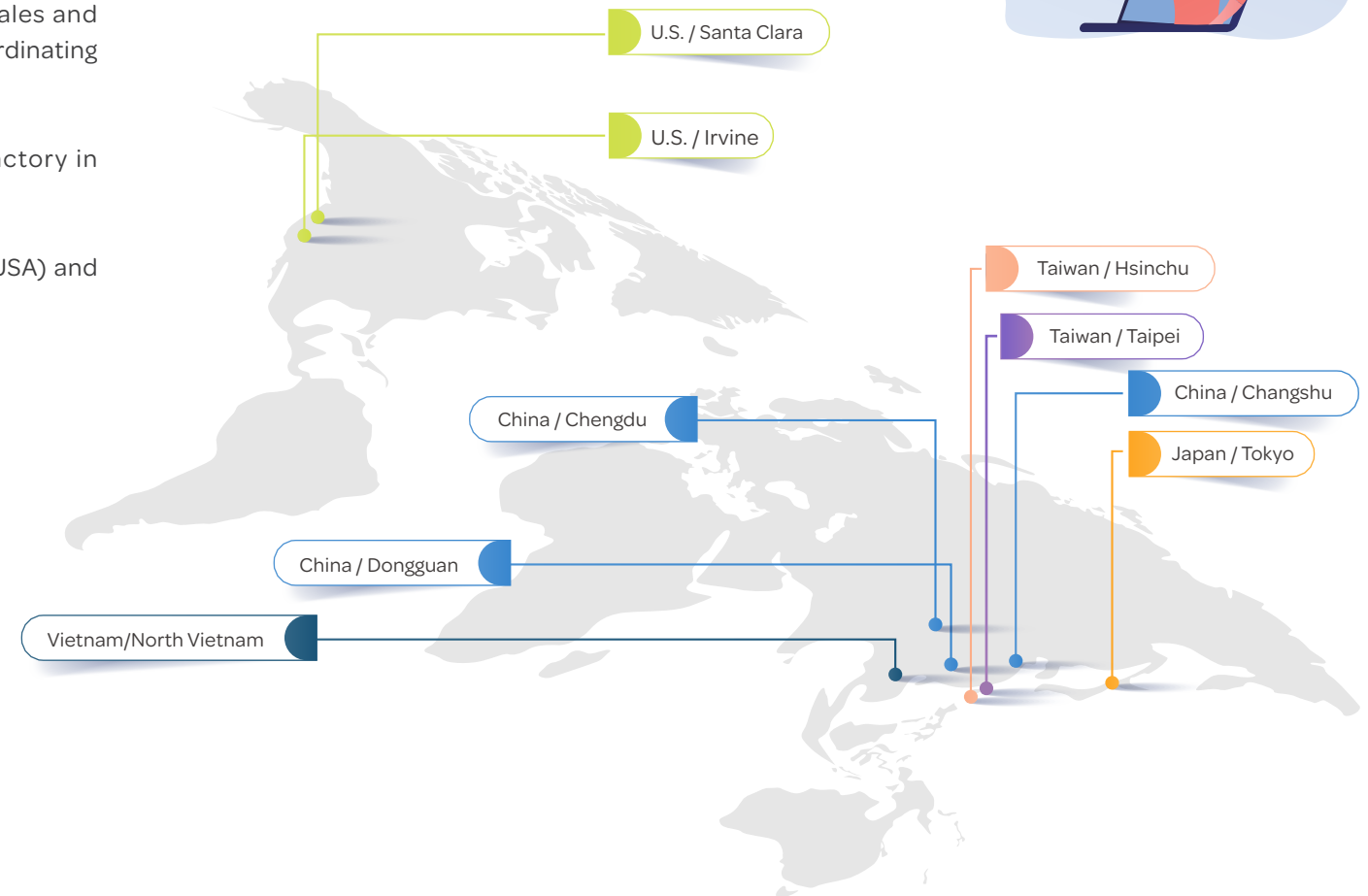
1.1.2 Global Presence

Alpha headquarters is located at Hsinchu Science-based Industrial Park in Taiwan. We have established service or manufacturing sites in the U.S., Japan and China to provide the full spectrum of services and efficient localized support.

The combination of offices and workshops at Alpha headquarters support R&D, testing, sales and services, supply chain, manufacturing and RMA services. Headquarters is responsible for coordinating customer requirements and the allocation of resources.

Our primary manufacturing sites are located in China. They consist of the Dongguan Factory in Guangdong Province, and the Changshu Factory in Jiangsu Province,

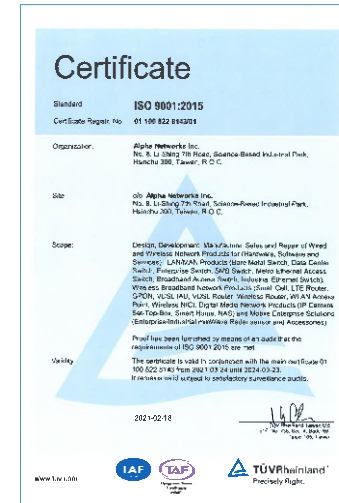
Sales subsidiaries have also been established in Tokyo (Japan), Irvine (southern California, USA) and Santa Clara (northern California, USA), and Dongguan (China) to better serve our customers.



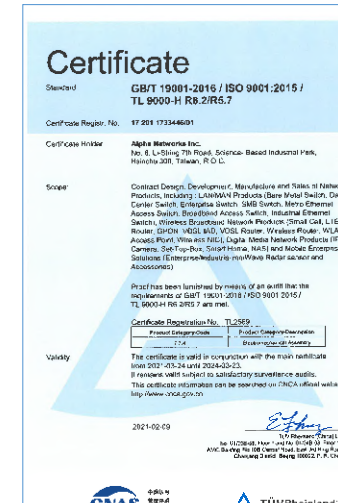
1.1.3 Management System

International management system certifications such as ISO 19001, TL9000, IATF-16949, ISO 14001, IECQ QC080000, ISO 14064-1 and AEO were actively introduced at the three Alpha manufacturing sites.

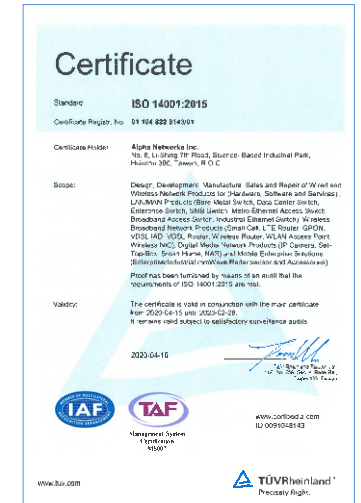
System/Factory	Alpha Networks (Hsinchu)	Alpha Networks (Dongguan)	Alpha Networks (Changshu)
ISO 9001:2015	●	●	●
TL 9000 R6.2 / R5.7	●	●	●
IECQ QC080000:2017	●	●	●
ISO 14064-1:2006	●		
ISO 14001:2015	●	●	●
IATF 16949:2016	●		●
AEO	●		
C-TPAT		●	●
ISO 45001:2018		●	
ISO 27001:2013	●		



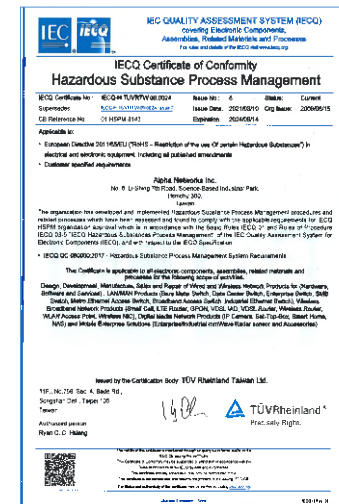
ISO 9001



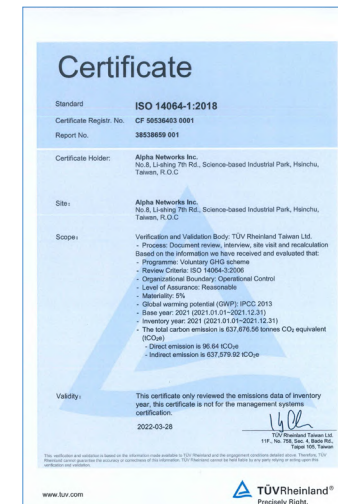
TL 9000



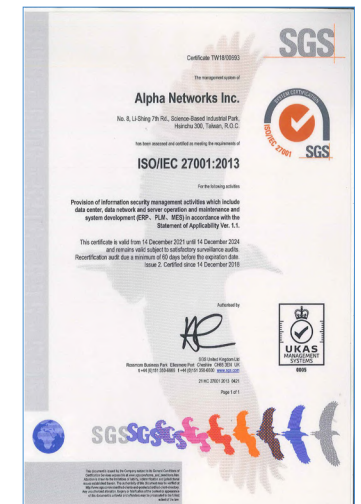
ISO 14001



IECQ QC080000



ISO 14064-1



ISO 27001

1.1.4 Memberships

Alpha actively participates in network communications industry associations and technology alliances. We hope to stay on top of industry trends through frequent networking with members of the industry.

We are involved in the following organizations :

Business Unit	Associations and Technology alliances.	Type	Note
LAN MAN BU	25G/50G Ethernet Consortium	Adopter	
	Telecom Infrastructure Project	Member	
	OCP (Open Compute Project)	Member	
	DENT	Member	DENT aims to consolidate chip and system integrator, OEM and ODM to develop a standardized network operating system. In the early stages, the application targets include dispersed enterprises, factories, remote offices, subsidiaries and retailers, etc.
	The Linux Foundation	Member	The Linux Foundation promotes, protects, and standardizes the Linux operating system and ensures successful competition with closed platforms by providing unified resources and services needed for the open-source model.

Business Unit	Associations and Technology alliances.	Type	Note
DM BU	HDMI (High-Definition Multimedia Interface)	Adopter	
	Dolby Laboratories	Authorized Manufacturer	
	Apple Authorized MFi Manufacturing Licensee	Authorized Manufacturer	

Business Unit	Associations and Technology alliances.	Type	Note
WB BU	Wi-Fi Alliance	Member	Can obtain Wi-Fi Alliance-related Wi-Fi Logo certification.
	Taiwan Association of Information and Communication Standard	Member	May make proposals and speak.

Business Unit	Associations and Technology alliances.	Type	Note
MES BU	Driver Information Platform Development Alliance (DIPDA)	Member	
	Taiwan Vehicle Team	Member	
	Autonomous Driving Systems Industrial Platform	Member	

Unit	Associations and Technology alliances.	Type	Note
QAC	QuEST Forum	Member	Joined the organization in conjunction with the TL9000 system, Alpha pays annual member fees and submit monthly statistics.

Unit	Associations and Technology alliances.	Type	Note
HCF	Association Connecting Electronics Industries	Member	

1.1.5 Participation in trade shows

In 2021, the COVID-19 pandemic was still ravaging the world, accelerating digital transformation processes of enterprises, lifestyle changes, and group interaction adjustments which further underscores the importance of 5G deployment. Against this backdrop, Alpha Networks seizes every opportunity to demonstrate its capabilities as the pandemic is abating with the goal of boosting its promotion efforts and maintaining its corporate image and positive energy. In 2021, Alpha Networks participated in the 2021 Smart City Summit & Expo, the Big 5G Event 2021, and the press conference for the presentation of 5G achievements titled “5G Businesses Conquer Global Markets with the Active Support of MOEA ” to raise its brand awareness and increase its visibility in Taiwan and abroad.

At the 2021 Smart City Summit & Expo in March, Alpha Networks joined hands with Chunghwa Telecom and National Chiao Tung University to exhibit its private 5G network application services with the aid of Autonomous Mobile Robots (AMR). The Company’s private 5G network solutions include radio units (RU), distributed units (DU), and centralized units (CU), which have been linked to Chunghwa Telecom’s “5G Intelligent A+” edge computing system and the “free5GC” core 5G network of National Yang Ming Chiao Tung University to demonstrate the capability to meet relevant requirements in the fields of large bandwidth, low latency, and enhanced data transmission security.

In August, Alpha Networks participated in the Big 5G Event 2021 in the US. The Company linked up with AEWIN Technologies, a member of the Qisda Group, to maximize promotion effects for jointly marketed DDoS Protection products through a private 5G network solution-themed display by integrating AEWIN’s DDoS Protection services. The goal lies in the provision of diversified vertical or customized private 5G network application services which can be utilized in the fields of smart healthcare, smart factories, smart cities, smart transportation, smart agriculture, and public safety. Physical display modes were alternated with virtual display techniques to enhance product visibility and promotion effects.

At the end of 2021, Alpha Networks attended the press conference for the presentation of 5G achievements held by the Department of Industrial Technology of the Ministry of Economic Affairs to present its 5G peer-to-peer solutions. Alpha Networks offers one-stop purchasing services for hard- and software equipment to enable autonomous network assembly ranging from 5G base station to core networks. The Company also provides customization and flexible adjustment services to meet the needs

of various application areas and proprietors. Starting in 2020, it has earned the recognition of numerous international customers and gained a foothold in the European, North American, and Japanese markets. Alpha Networks products have been successfully deployed in over 40 application areas starting in 2020. The Company provides all-in-one solutions with high cost-performance ratios in the field of 5G peer-to-peer solutions encompassing a wide range of key technologies ranging from wireless/wired communication to edge computing and AI by relying on an integrated IT, OT, and CT architecture. Alpha Networks has consolidated its position as an industry leader in Taiwan by harnessing the system integration services of its subsidiary Transnet Corporation.

● Smart City Summit & Expo



● Press conference for the presentation of 5G achievements



1.2 Operating Performance

Transparent Operating Performance and Financial Information

Looking back on the past year, Alpha Networks was able to achieve a consolidated annual revenue of NT\$ 27.86 billion despite numerous unfavorable factors such as the impact of the COVID-19 pandemic, material and container shortages, port congestion due to the dedicated joint efforts of the management team and all staff members. The consolidated gross margin of 16.5% marks an increase by 0.9% over last year's rate of 15.6%. Net operating profit, net income, profit attributable to owners of the parent, and EPS amounted to NT\$ 710 million, 540 million, 427 million, and 0.8, respectively.

The consolidated operating performance, related financial information, profit analysis of Alpha over the last five years as well as its 2021 revenue portfolio are presented below in graph form. For more information about Alpha's operating performance and finances, please refer to the "Alpha Networks Inc. 2021 Annual Report" or check with the Market Observation Post System.

● Income Statement

Unit : Thousand NTD

Item/Year	2017	2018	2019	2020	2021
Operating revenue	19,057,109	15,608,222	15,825,808	32,170,649	27,862,336
Operating costs	16,164,744	13,504,544	13,211,807	27,164,356	23,276,437
Gross profit	2,892,365	2,103,678	2,614,001	5,006,293	4,585,899
Operating expenses	2,280,474	2,303,706	2,381,896	4,108,686	3,876,226
Operating profit & Loss	611,891	(200,028)	232,105	897,607	709,673
Non-operating income and expenses	84,463	115,742	107,688	21,899	45,189
Income (loss) before tax	696,354	(84,286)	339,793	919,506	754,862
Income tax expenses	147,816	3,723	100,890	194,403	214,450
Income (loss) after tax	548,538	(88,009)	238,903	725,103	540,412

● Related Financial Information

Unit : Thousand NTD

Item/Year	2017	2018	2019	2020	2021
Total assets	13,724,615	14,929,075	25,000,368	27,005,583	24,730,784
Ordinary share capital	4,443,967	5,435,172	5,425,901	5,417,185	5,417,185
Total equity	8,694,960	10,393,751	14,047,294 (Note3)	12,738,331	12,559,104
Cash dividend (Note 1)	451,630	543,743	- (Note2)	238,692	108,344
Book value per share/ Dollar	19.58	19.12	18.39	17.91	17.73
Cash dividends per share/ Dollar (Note 1)	1.04	1.00	- (Note2)	0.44	0.20
Average closing price per share/ Dollar	23.80	19.88	21.08	25.26	30.34

Note 1 : The information of cash dividend and cash dividends per share is show the information of previous year.

Note 2 : The difference to the 2019 report lies in the presentation of cash dividends instead of capital reserve issuance

Note 3 : The main difference to the 2019 report is that the TWD 9,980,798,000 originally disclosed were equity attributable to the stockholders of the Company was adjusted as non-controlling interests.



Profitability

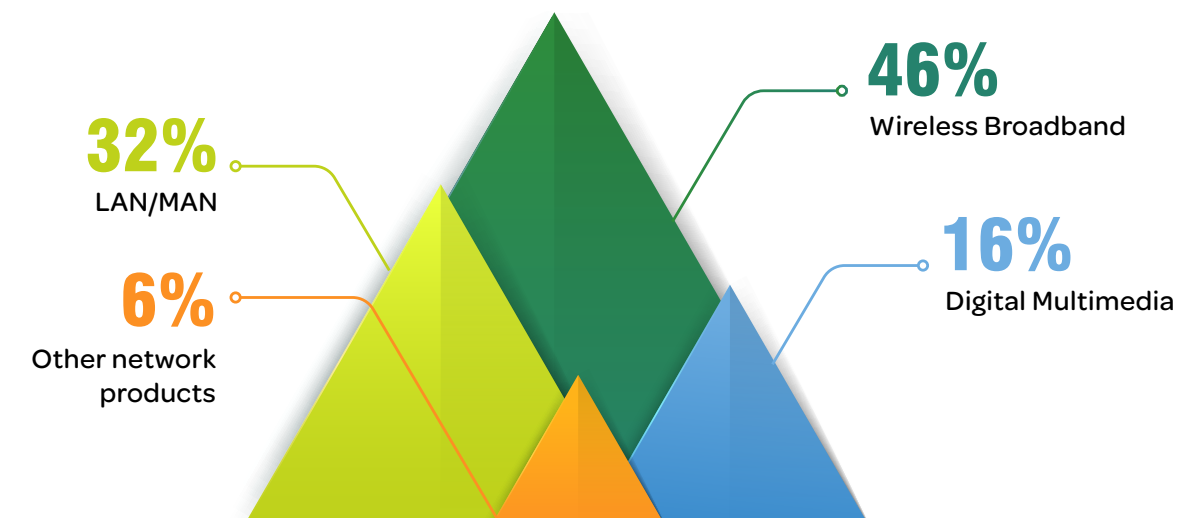
Item/Year	2017	2018	2019	2020	2021
Return on assets (%)	4	(1)	1	3	2
Return on equity (%)	6	(1)	2	5	4
Profit Before Tax to Capital Stock (%)	16	(2)	6	17	14
Net profit ratio (%)	3	(1)	1	2	2
Earnings per share (NTD)	1.26	(0.17)	0.44	1.03	0.80

Project Grants

Technology development at Alpha focuses on the development, manufacturing and support for network communications equipment. Alpha is now actively engaged in the development of 5G mobile communications technologies and products. Alpha is now leveraging its outstanding R&D and technology integration capability along with support for the government's "industrial innovation upgrade" policy to secure related grants and tax deductions from the government.

Location	Project	Grant Type	Grant Basis
Alpha Networks	Investment credit	Tax credits obtained	Statute for Industrial Innovation - Industrial Development Bureau, MOEA
Alpha Networks	Technology development project: R&D project "Subsidy Program for Creating a Work from Home Advanced Infrastructure Using-5G Mobile and Wireless Broadband"	Acquire grant of NT 8,828 thousand	Statute for Industrial Innovation - DOIT, MOEA

● 2021 Revenues by Product Categories



● 2021 Reveune By Region



1.3 Sustainable Products and Services

Investing in advanced technology and reinforcing core competitiveness

5G has become the key technology in the network communication industry that in turn facilitates developments in various vertical application services as well as digital transformation in different industries. The Company strives to achieve record highs in the field of revenues and profits by harnessing the momentum generated by the launch of the private 5G network and IoV and flagship products in the fields of network switches, Wi-Fi, and 5G.

1.3.1 Products and Services

I. Current product (service) lineup

 For more details and specifications of Alpha Networks product series, please refer to the “Products” section of the [corporate website](#).

LAN MAN Product Line

- 5G core network Fronthaul / Middlehaul / Backhaul High Speed Switch
- 10G / 25G / 40G / 100G / 200G / 400G Data Center Switch
- Enterprise / Campus Ethernet Switch
- SMB Ethernet Switch
- Carrier-Grade Ethernet Switch
- IoT Ethernet Switch



LAN / MAN

Wireless Broadband Product Line

- VDSL / G.fast Router / IAD
- GPON / 10G-PON ONT / ONU
- 5G / LTE Router / IAD
- 5G RRH / LTE Small Cell
- G.fast + LTE MPTCP Hybrid IAD
- NB-IoT Industrial Sensor
- Wi-Fi 5 / Wi-Fi 6 Access Point
- Wi-Fi 5 / Wi-Fi 6 Router
- Wireless LAN Module



Wireless & Broadband

Digital Multimedia Product Line

- Video Surveillance System & IP Camera
- NAS
- PLC
- Smart Home IoT Devices



Digital Multimedia

Mobile Enterprise Solutions Product Line

- 24GHz Smart Radar Sensor
- 77GHz Smart Radar Sensor Sensor
- 79GHz Smart Radar Sensor Sensor



Mobile Enterprise Solutions

II. New products and technologies under development

LAN MAN Product Line

- Cloud Native base SDN Switch
- Multi-Giga (1G / 2.5G / 5G / 10Gbps) PoE (802.3bt) Ethernet Switch
- 5G Mobile Fronthaul / Backhaul Ethernet Switch
- Network Function Virtualization Platform Technology
- Multi-access Edge Computing Platform
- XGS-PON OLT



LAN / MAN

Multimedia Product Line

- Smart Surveillance solution
- Intelligent Video and Audio Analytics



Digital
Multimedia

Mobile Enterprise Solutions Product Line

- mmWave Radar with Image Fusion Technology
- AVM & Radar Sensor System
- AVB Ethernet Gateway



Mobile Enterprise
Solutions

Wireless Broadband Product Line

- G.fast + Wi-Fi 6 CPE
- Wi-Fi 6 & 6E Access Point
- Wi-Fi 6 Mesh AP/ Router
- 5G RAN End-to-End Solution
- 5G FWA CPE
- 5G Small Cell
- NB-IoT Industrial Sensor Module



Wireless &
Broadband



1.3.2 Industry Competition

Global advances in technology have led to breakthroughs in wired and wireless product technologies. The rapid evolution of new technology also translates into shorter product life cycles and uncertainty during new product development. To lower costs or simplify product functionality, many vendors have now adopted a strategy of competing on price.

Alpha has a complete product range of any network equipment maker in Taiwan. Our many years of experience with product development and design means we can provide a one-stop solution for large international brands. The network communications industry will continue to develop in the direction of smart applications and integration in the future. Networking technology will become faster as well. Only vendors capable of developing the full range of network communications software and hardware technologies will be equipped to provide customers with the latest and the most complete solution.

1.3.3 Product Development Trends

1. Mobile broadband roll-out and upgrade

More global users enjoy mobile broadband service and the streaming of videos on the go, thereby increasing the demand for high-speed mobile Internet access. As the 4G LTE market continues to exhibit high levels of growth, 2018 saw the first commercial deployment of 5G networks, and the 5G mobile communication network will be commercialized in 2020.

2. Demand for fixed bandwidth to continue increasing

Copper line broadband has been upgraded from ADSL to VDSL and G. fast, while fiber optics broadband has been upgraded from GPON to 10G PON. Since the users' need for the network applications has expanded from simple data transmission to mobile audio-video content and interaction, therefore the demand for higher bandwidth has increased as well. Moreover, MSO operators will expedite the deployment of fiber optical networks based on 10G-PON technology.

3. Ethernet switches with even faster transmission speeds

The demand for high-speed switching equipment from enterprise users will continue to increase. Growth in cloud computing services and high-quality multimedia content traffic will drive the construction and

upgrading internal networks at data centers. The bandwidth requirements of switches will be upgraded from 10Gbps and 40Gbps to 25Gbps and 100Gbps. Demand for a new generation of Ethernet networking technology with speeds of up to 400Gbps will also be increased.

4. Increase in Wi-Fi transmission speed and applications

Wi-Fi 5 (802.11ac) has become the mainstream market standard, and the trend is developing towards the higher speed Wi-Fi 6 (802.11ax) standard. As the mobile data traffic increases rapidly, the ratio of bypassing mobile data traffic via Wi-Fi will rise along with the need to deploy Wi-Fi hotspots.

5. Smart home development trends

The incorporation of artificial intelligence into the design of smart home products will become a trend in home security surveillance and smart homes. Advances in voice control and image recognition will also lead to even more smart applications.



1.3.4 Research and Development Focus

1. LAN/MAN Business Unit

Alpha's developments in Ethernet switches span across switches designed for data centers, corporations, telecommunication operators, or industries. The enormous data traffic at datacenters stimulates an increase in the number of 25G and 100G switches, while the demand for 400G high-speed switches is also emerging. With developments in 5G edge computing and IoT, the company has not only developed switches supporting 5G mobile network needs but also the MEC software integration platform. As wireless Internet ushers in the age of Wi-Fi 6 high-speed transmission, the demand for 2.5G switches will also rise. On the other hand, with more power-hungry network equipment and applications required, the need for switches with high-power power over Ethernet (PoE++) capability will also increase.

2. Wireless Broadband Business Unit

As global 5G network deployment accelerates, telecommunication operators have also deployed Fixed Wireless Access (FWA) applications that will, in turn, generate demand for the company's routers and small base stations. In the 5G corporate vertical market, Alpha has developed radio unit (RU) and end-to-end solutions that can be customized and applied flexibly to a wide range of vertical scenarios. While telecommunication operators are expediting upgrades in fixed network infrastructure, Alpha has upgraded copper line VDSL to G. fast in terms of FTTx OLT and terminal equipment development, and the demand for 10G-PON fiber optics broadband will also increase gradually. Also, the increase in the number of high-speed Wi-Fi 6 terminal devices will foster new demands in the company's Wi-Fi 6 corporate wireless AP and home routers.

3. Digital Multimedia Business Unit

Development trends in security surveillance and AI have generated needs in IP-Cams and IVA (Intelligent Video Analysis) applications. Alpha's digital multimedia network product line will continue to focus energy on the development of IP-Cams, smart identification, and analysis applications. In the home security surveillance market, outdoor battery-powered IP-Cam, and smart doorbell surveillance application will provide the most momentum for growth. Besides continuing to focus on smart home applications, the company will develop corporate security surveillance solutions to provide our clients with competitive

and differentiated products.

4. Mobile Enterprise Solutions Business Unit

With developments in the Advanced Driver Assistance Systems (ADAS) market, Alpha's 24GHz mmWave radar sensors have successfully achieved mass production and are now marketed overseas, while the mmWave radar technology is currently being applied to smart parking. The company will keep on developing 77GHz and 79GHz radars in conjunction with the passenger car Automatic Vehicle Monitoring System (AVM) to improve sensing precision. Alpha possesses proprietary mmWave radar development and algorithm technologies that can be used to create customized products for our clients. Furthermore, the company will consolidate radar sensing, IP-Cam, and network communication technologies in a bid to capitalize on the IoV market opportunities.



1.3.5 Approved patents of the year

Since its inception, Alpha Networks has acquired nearly 3 decades of expertise in network communication product manufacturing. This is combined with innovative technical thinking and ongoing research and development in core network communication to create the lineup of network communication products that include LAN/MAN, wireless broadband, digital multimedia network and corporate mobile solutions, coupled with a key technology-driven patent strategy that is applied to: Core technology areas such as wireless technology (4G/5G/6G), wired technology (Fiber), and edge computing/AI. Alpha Networks patent achievements this year include core network technologies such as 5G(HETEROGENEOUS NETWORK AGGREGATION STARTING METHOD AND RELATED MOBILE COMMUNICATION BASE STATION DEVICE) 、Small cell (Multi Antenna Network System, Base Station, Server and Signal Processing Method Thereof) 、IoT (MOBILE NAVIGATION METHOD AND SYSTEM) and cloud technology (CLOUD RADIO ACCESS NETWORK SYSTEM AND CONTROL METHOD THEREOF), demonstrating the Company's industry-leading R&D capability and its ability to protect core technologies with patents.

In 2021, Alpha Networks submitted a total of 25 patent applications (12 more than in 2020), which represents an increase by 108% YoY. Approved patents in 2021 (incl. applications submitted prior to 2021) are shown in the table below :

Patent name	Country	Category	Certificate issuing date	Certificate number
MOBILE NAVIGATION METHOD AND SYSTEM	Germany	Invention	2021.09.08	3276373
MOBILE NAVIGATION METHOD AND SYSTEM	France	Invention	2021.09.08	3276373
MOBILE NAVIGATION METHOD AND SYSTEM	UK	Invention	2021.09.08	3276373
ARRAY ANTENNA	China	Invention	2021.04.09	ZL201711294506.8
Multi Antenna Network System, Base Station, Server and Signal Processing Method Thereof	China	Invention	2021.09.17	ZL201711104885.X
SYSTEME DE RESEAU A ANTENNES MULTIPLES ET PROCEDE DE TRAITEMENT DE SIGNAL ASSOCIE	France	Invention	2021.11.19	3071989

Patent name	Country	Category	Certificate issuing date	Certificate number
ANTENNA ASSEMBLY WITH COMPACT LAYOUT TRACES	USA	Invention	2021.08.10	11,088,445
ARRAY ANTENNA AND ANTENNA SYSTEM WITH VARIABLE SENSING DIRECTION	China	Invention	2021.04.09	ZL2018113318111.4
DYNAMICALLY ADJUSTED ANTENNA SYSTEM AND ANTENNA ARRAY INCLUDED THEREIN	Europe	Invention	2021.07.07	3621155
CLOUD RADIO ACCESS NETWORK SYSTEM AND CONTROL METHOD THEREOF	Taiwan	Invention	2021.06.01	I729304
HETEROGENEOUS NETWORK AGGREGATION STARTING METHOD AND RELATED MOBILE COMMUNICATION BASE STATION DEVICE	Taiwan	Invention	2021.02.21	I719359
LOAD-SHARING POWER SYSTEM	USA	Invention	2021.05.04	US10998722
Network transmission test system	Taiwan	Invention	2021.02.11	I718623
INTERLACED ARRAY ANTENNA	Taiwan	Invention	2021.10.01	I741722

1.3.6 Marketing and Labeling

Alpha Networks puts clients' values and needs first and commits to deliver and refrains from engaging in false marketing. As an OEM manufacturer of network communications products, Alpha Networks is not involved in the sale of products to end customers and has no direct contact with them. Product labels are manufactured and attached in accordance with clients' requirements in compliance with applicable laws and regulations. No violations of regulations governing product and service information and labeling or marketing communication laws (incl. advertising, promotion, and sponsorship) occurred in 2021.

1.4 Manufacturing and Quality Services

At Alpha, we believe in “getting quality right the first time.”

Before the product enters production, in order to ensure the competency of the colleagues who have a direct influence over the product's quality, the company will provide related training and re-training to make sure of their qualifications. This is to guarantee that the production line colleagues will be able to manufacture products of exceptional quality.

All products undergo rigorous and thorough design validation before the start of mass production, including quality testing, product safety certification, electromagnetic interference, and resistance testing, compatibility certification testing, environmental and reliability testing, and more. All products go through a series of checks to ensure compliance with international standards.

Before products enter production, all parts go through exhaustive incoming material inspection to keep defective parts out of the production line.

Quality on the production line is constantly monitored by quality control personnel during the production process.

Once production is complete, final products are sample tested by quality control personnel to ensure that their functionality and appearance are up to standard.

An electrostatic protection policy is implemented throughout the material transport, R&D, production, production process control, inspection, testing, and repair processes to ensure that sensitive parts are not damaged by static electricity.

Comprehensive after-sales support is provided by Alpha once a product has been shipped.

We are therefore committed to the following :

- 1 Make it a matter of honor to get quality right the first time.
- 2 The pursuit of excellence through continuous review and improvement.
- 3 Manufacture the products that customers need and provide customers with satisfactory service.

Alpha will continue to enforce the above principles in the spirit of sustainable development and educate all of our employees accordingly. Quality-related feedback from within the company and from customers shall all be handled swiftly and appropriately.

 For more details on the Company's quality policy, please refer to the [“Superior Quality Control”](#) section on the [corporate website](#).



1.5 Intellectual Property and Information Security

Alpha Networks respects intellectual property and adequately protects confidential and sensitive information.

1.5.1 Intellectual Property Rights

Education and training

Through regular and irregular, training and internal announcements, the company will instill the concept of intellectual property rights, trade secret-related laws and regulations, as well as the importance of using authorized software, together with its legal implications. For new employees, Alpha will promote intellectual property rights and trade secret-related management and principles during orientation and the legal implications will be clearly stated in the employment contract. Online training courses on intellectual property rights held in 2021 were attended by 196 employees. Total training hours amounted to 44.6.

Respect for Intellectual Property and Boosting Competitiveness

In the early stages of R&D, prior to formally committing the company's resources, a patent search of innovative technologies will be conducted in order to minimize the risk of infringement. Besides avoiding committing duplicate resources, Alpha can also obtain information on the competitors through the patent search, thereby adjusting the company's R&D direction. During the R&D process and output, Alpha will apply for patent, trademark and copyright in order to protect innovative technology and R&D output, in turn elevating the company's competitiveness and the values of our intangible assets. No instances of customer complaints, information leakage or theft, or loss of customer data were occurred in 2021.

Management and Protection of Confidential Information

To ensure the reasonable protection of the company's and clients' confidential information, non-disclosure agreements are signed with external customers and business partners while employees undergo regular education and training on laws governing the protection of trade secrets. Employees are

required to adhere to the terms of non-disclosure agreements in their use of confidential information. Messages shall also be transmitted through the legal and proper use of e-mail or other methods to ensure. These are to ensure confidential information owned by the company and clients are used legally during business activities without violating any of the relevant laws.



1.5.2 Information security management

In protecting the information security of the company, our clients and partners, Alpha is committed to building a secure information environment. On December 14, 2019, the company passed the ISO/IEC27001 information security management system certification, and relevant security policies and regulations were stipulated in accordance with the management system. Information security is implemented and improved through the ongoing internal audit mechanism in order to effectively preserve the confidentiality, integrity and availability of the information asset.

Information security management framework

Alpha Networks established an information security system in 2019 with the CIO serving as management representative. Internal and external information security risks are assessed and corresponding information protection measures are adopted in information security management & review meetings are convened annually. Information security functions are performed by the Information Security Management & Execution Section, Technology Management Section, Incident Response Section, and Information Security Audit Section. Dedicated task force leaders have been assigned to ensure effective implementation of information security management policies.

Information security policy

Internal and external issues are analyzed annually in accordance with the ISO/IEC27001 Information Security Management System. Special attention is paid to requirements and expectations in the field of information security. Information security management system parameters and objectives and risk improvement opportunities are defined and identified based on risk assessments and business impact analysis.

Information security control procedures

Information security control procedures encompass protection systems such as external firewalls and third-party information security vulnerability scanning systems to prevent the risk of external intrusions. Internal control procedures include management and control processes for IT equipment usage, network communications, account permissions, removal of computer equipment, physical printing and remote

connections to ensure rigorous management of information at each stage of use and to reduce risks in the fields of operational data leakage and information security.

Encrypted connections are used throughout internal and external information systems to ensure the security of information system connections and transmissions. Transmissions are logged for traceability and particular emphasis placed on the protection of personal information defined in the Personal Information Protection Act to avoid the inappropriate use or compromise of confidential company and customer data.

For physical security, environmental control systems provide real-time monitoring of the information system's environmental status and effectively maintain the stability of data center operations. An enterprise cloud platform was also set up to centrally protect the information security of our company's R&D, manufacturing and business systems. A redundancy mechanism is also in place for the cloud system to ensure the continuity of the information system. In addition, Business Continuity Planning (BCP) was carried out in accordance with ISO 22301 specifications to ensure the security of information systems and data. Regular backups and disaster recovery drills are conducted, and backup data stored off-site at a third-party data center to ensure that company data is not lost due to human action or natural disasters.

A software asset audit system has been introduced to ensure compliance on “intellectual property Rights”. “Software real-name system” management along with quarterly user audits are used to effectively enforce proper software licensing; to strengthen information security awareness, we not only hold information security classes for employees but also continue to use internal information security bulletins to distribute information on information security and software licensing. We hope these efforts will realize the goals of enterprise information security and continuity of operations.

Reinforcement of information security awareness

Alpha Networks educates its employees on information security policies and regulations and conveys relevant information and security incident reports on an ongoing basis via its internal website. Professional training courses for information security personnel and general courses on information security issues for all staff member are organized on an annual basis. The company also conducts social engineering drills to heighten the alertness and awareness of staff members to information security risks in their daily operations. Online training courses on information security held in 2021 were attended by 215 employees. Total training hours amounted to 107.5.

1.6 Corporate Governance

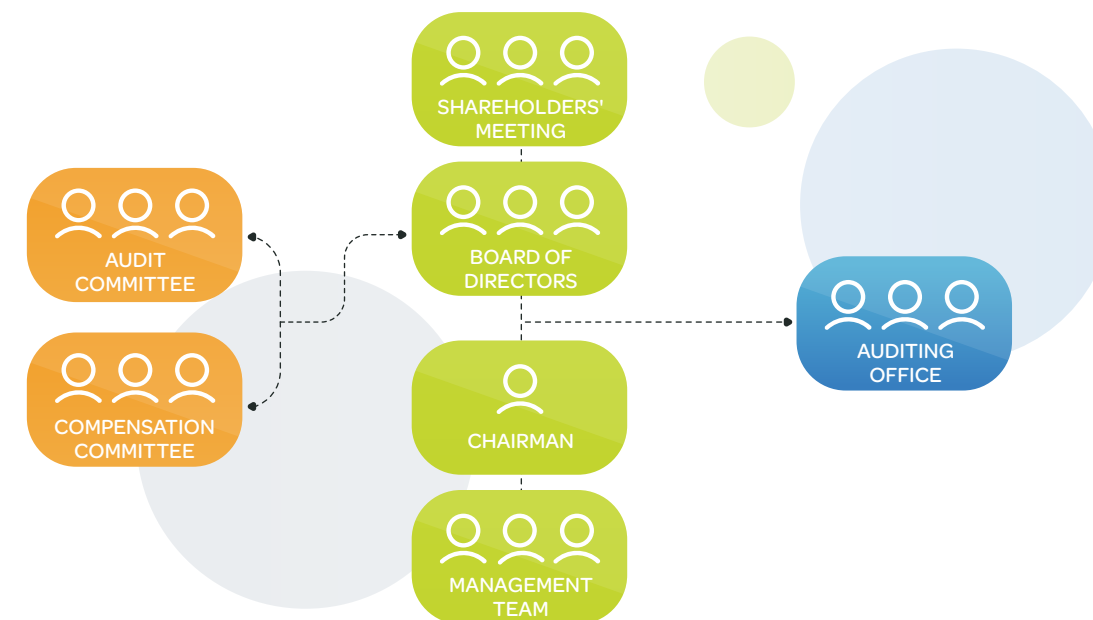
Alpha Networks is firmly committed to operational transparency and ongoing advances in the field of corporate governance. In addition to the establishment of a rigorous corporate governance framework, the Company directs its efforts in strengthening functionality of Board of Directors and building of a supply chain characterized by a strong emphasis on social responsibility, labor rights, safety, health, and sustainable development. Alpha Networks implements its business strategies, optimizes its corporate risk management mechanism, and strengthens operational monitoring at each level of the organization with the ultimate goal of ensuring compliance with the code of business conduct and ethics and realization of the core value of honesty and integrity. The Company also place high priority on the protection of shareholders' equity and achievement of its corporate vision.

Based on these principles, the Alpha Networks Board of Directors authorizes the Audit Committee and Compensation Committee, which are directly subordinate to the board, to assist in the fulfillment of its supervisory responsibilities. Both committees submit regular reports on its activities and resolutions to the Board of Directors.

 For more details on the Company's corporate governance strategies and achievements, please refer to the "Corporate Governance" section on the [corporate Website](#) or the section titled "Corporate Governance Practices" in the [annual report](#).



1.6.1 Governance Structure



1.6.2 Members of the Board of Directors

Board members

All board members are elected by vote of all shareholders in a shareholders' meeting pursuant to applicable laws and the Articles of Incorporation of the Company in accordance with the Guidelines for Election of Directors. The members of committees subordinate to the board are nominated and selected by board resolution pursuant to organizational charters. The three independent directors conform to relevant provisions governing professional qualifications, work experience, concurrent appointment limitations, and independence as set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

● Board members

Job title	Full name	Basic information			Professional background			Attendance rate
		Nationality	Gender	Age	Concurrent employment at this Company	Industry or Technology	Commerce/Law/Finance	
Chairperson and CSO	Qisda Corporation Representative : April Huang	R.O.C.	Female	50 or above	●	●	●	100%
Vice Chairperson Juristic person director representative	Qisda Corporation Representative : Peter Chen	R.O.C.	Male	50 or above		●		100%
Director and President	Qisda Corporation Representative : Yu-Chin Lin	R.O.C.	Male	50 or above	●	●	●	100%
Director	Qisda Corporation Representative : Jasmin Hung	R.O.C.	Female	50 or above			●	100%
Independent Director Audit Committee Convener Compensation Committee member	Shu-Hsing Li	R.O.C.	Male	50 or above			●	100%
Independent Director Audit Committee member Compensation Committee Convener	Ming-Der Hsieh	R.O.C.	Male	50 or above		●		100%
Independent Director Audit Committee member Compensation Committee member	Cheng-Jong Chiang	R.O.C.	Male	50 or above		●		100%

A candidate nomination system is clearly stipulated in the Articles of Incorporation. It is further stated in Article 20 of the Corporate Governance Best Practice Principles that “the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as managerial officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated.”

The board is composed of seven members (incl. three independent directors and two female directors). The Chairperson is elected by the directors. All directors have at least five years’ work experience. The professional fields encompass commerce, legal and financial affairs, accounting, or other kinds of expertise required for the Company operations. The Company arranges continuing professional education for its board and management team members on economic, environmental, and social issues every year with the goal of increasing professional expertise of its highest governance body. Continuing education and training conditions are disclosed in the special chapter on corporate governance in the annual report.

Board performance evaluation

The Company has set performance targets to facilitate implementation of corporate governance, strengthen the functions of its Board of Directors, and enhance board efficiency. On November 9, 2020, the board approved the Rules for Performance Evaluation of Board of Directors. The scope of annual performance evaluations encompasses the Board of Directors and its functional committees. The evaluation period last from January 1 to December 31 of the respective year. The evaluation results must be reported to a board meeting in Q1 of the following year and disclosed in the Company’s annual report. In 2021, board and functional committee performance received an excellence rating, which clearly indicates that board functionality and efficiency were outstanding.

In addition to self-evaluations, external evaluation bodies are engaged to conduct regular board performance evaluations every three years. For a description of the results of performance evaluations in 2021, please refer to the annual report.

Director compensation is issued by the Board of Directors per authority of the Articles of Incorporation based on level of participation in Company operations and the value of director contributions and the

Director pursuant Functional Committee Compensation Guidelines which have been formulated with reference to industry standards in Taiwan and overseas. In case of surpluses, the Board of Directors awards director additional remunerations as per board resolution pursuant to the provisions set forth in the Articles of Incorporation. Independent directors are ex officio members of the Audit Committee. In addition to general director compensations, they are awarded different reasonable remunerations in consideration of their responsibilities, assumed risks, and invested time. Performance appraisals and reasonableness of compensation are reviewed by the Remuneration Committee and the Board of Directors. Timely reviews are carried out as required in line with actual operating conditions and applicable laws to maintain a healthy balance between sustainable operations and risk control.

Conflict of interest management

Avoidance of conflicts of interest is clearly stipulated in the Rules of Procedure for Board of Directors Meetings and the organizational charters of the Audit Committee and Nomination Committee. If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting.

When the relationship is likely to prejudice the interest of this Corporation, that director shall not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item. Said director may also not exercise voting rights as proxy for another director. The name of said director, a description of relevant contents, and details pertaining to the recusal shall be clearly recorded in the meeting minutes.



1.6.3 Audit Committee

The Audit Committee mainly assists the board in the execution of supervisory functions and performs its duties as prescribed in the Company Act, the Securities and Exchange Act, and other applicable laws. Alpha Networks set up an Audit Committee on June 15, 2012. The committee is composed of no less than 3 independent directors of the Company, one of whom must have accounting or financial expertise. The term of office is three years, and members may serve consecutive terms if reelected.

The Audit Committee convenes at least once a quarter. The average attendance rate of independent directors in the four convened meetings in 2021 was 100%. The Audit Committee mainly plays a supervisory role. It reviews the execution of duties by the Company and the Board of Directors in a meticulous manner. This involves the monitoring of the presentation of financial statements, appointment (dismissal), independence, and performance of CPAs, effective implementation of the internal control system, compliance with applicable laws and regulations, and control of existing or potential risks to the Company.

1.6.4 Auditing Office

The Auditing Office is an independent unit that reports to the Board of Directors. Auditors carry out the annual auditing plan approved by the Board. They also review compliance with internal controls by Alpha Dongguan and Alpha Changshu and its subsidiaries to ensure their continued effectiveness and to provide a basis for further revisions to the internal controls.

The head of auditing shall not only brief the Audit Committee regularly on auditing affairs but also attend Board of Directors meetings to present reports as well. Any defects or potential risks identified during the audits may also be immediately reported if necessary.

Alpha embraces ethical business practices and adheres to the law. Effective internal controls and a dedicated enforcement unit have been put into place and are now implemented throughout Alpha including Alpha Dongguan and Alpha Changshu.

The internal control system at Alpha is based on the relevant regulations of the “Standards for Publicly Held Companies to Internal Control Systems.”

In addition to annual self-reviews of internal control systems, the effectiveness of Alpha's internal controls are constantly being reviewed and revised in response to changes in the internal and external environments. Such revisions are then evaluated by the Audit Committee and Board of Directors.

1.6.5 Compensation Committee

Compensation Committee was established by Alpha on December 23, 2011. The Committee is responsible for formulating and regularly reviewing the policies, systems, standards and structure of governing executive performance evaluation and compensation. The Committee also assesses and sets the compensation for directors and executives. Our Articles of Incorporation cap directors' compensation at no more than 1% of the annual profits (profit before tax minus employee and directors' compensation) and these are paid in cash. Executive compensation includes fixed components such as base salary, bonuses, and benefits as well as variable components in the form of bonuses, dividends (cash/stock), stocks (restricted stock/treasury stock) and stock options. The fixed components shall, in principle, maintain the average competitiveness of the company in the industry. The variable components shall be based on company and individual performance as well as their personal contributions. Assessment items, goals and weightings are set at the start of each year based on internal and external business developments. Performance targets and industry compensation standards are then taken into account and reviewed by the Compensation Committee. It is then submitted to the Board of Directors for approval and implementation. The committee currently consists of three independent directors.

The Compensation Committee convenes at least biannually and a meeting may be convened at any time if necessary, 2 meetings were held in 2021. Members may invite the Chairman or CEO to attend meetings of the Committee. They shall however recuse themselves if there is a conflict of interest and not participate in the discussion. Directors, internal auditors, accountants, legal advisors and other personnel may be invited to attend the meetings to provide any necessary information.



1.7 Ethical Management and Legal Compliance

Commitment to ethical management and legal compliance

1.7.1 Ethical Management Policy

Ethical management is not only conducive to business operations and long-term growth but also represents the most fundamental social responsibility of an enterprise. Unethical conduct results in losses for the enterprise, low moral standards of its employees, and mistrust between the enterprise and its clients and partners. Even worse, it is often associated with illegal conduct such as influence peddling or bribery, damage to the corporate governance mechanism, and deteriorating business environments.

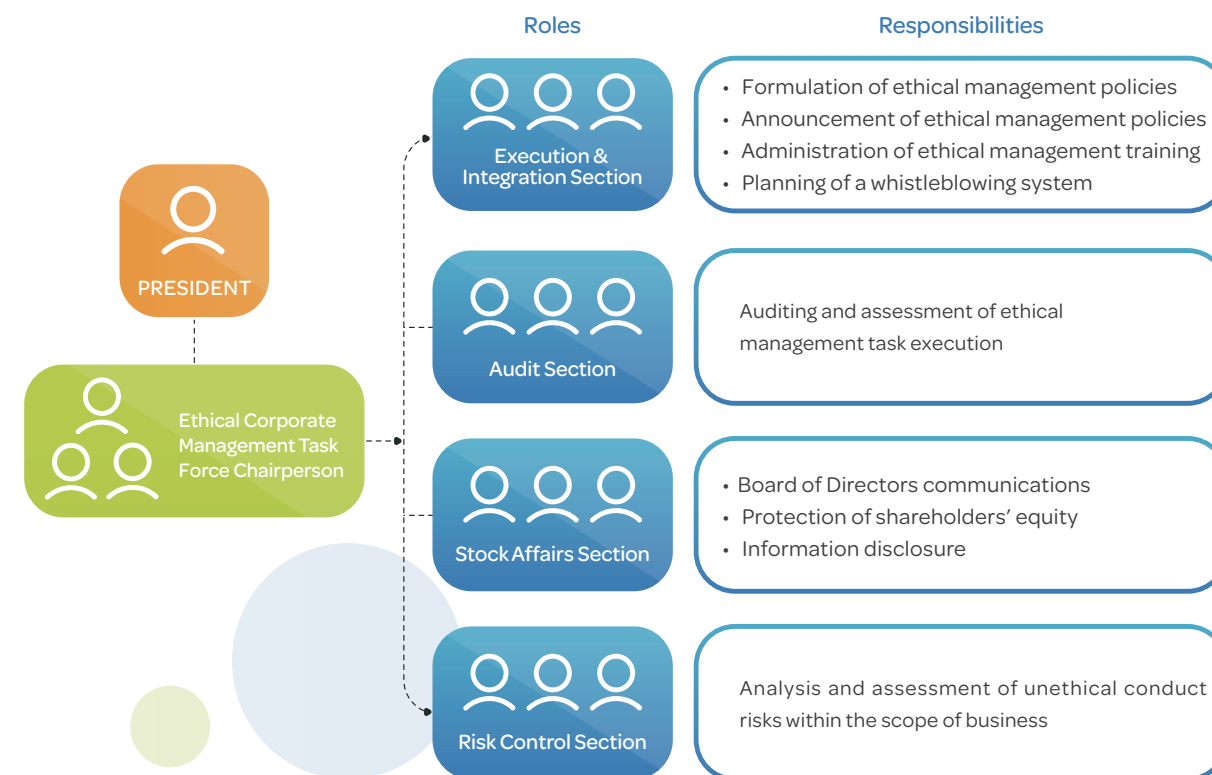
The Board of Directors must exercise the due care of a good administrator in monitoring the prevention of unethical conduct by the Company and thereby ensure the implementation of ethical management policies. Alpha Networks has adopted Ethical Corporate Management Best Practice Principles and a Code of Ethical Conduct by board resolution as a reference for employee behavior and to ensure honest and sincere treatment of customers, suppliers, creditors, shareholders, and the general public by the Company and its employees. Adoption, amendment, and annulment of these regulations is subject to board approval.

The Company has formed an Ethical Corporate Management Task Force, which is composed of professionals in the fields of finance, HR, and auditing. In accordance with the duties and responsibilities of each unit, it assists the Board of Directors and each management level in the monitoring and execution of corporate governance-related matters including the Ethical Corporate Governance Best Practice Principles, anti-corruption, anti-bribery, legal compliance, and prevention plans with the goal of guarding against unethical conduct and ensuring the implementation of Ethical Corporate Management Best Practice Principles. The Task Force reports the implementation status and results to the board on a regular basis.

Corporate governance is the cornerstone of corporate operations. Alpha Networks is fully committed to the disclosure of corporate governance information and the enhancement of management performance transparency. Organizational activities are promoted and monitored on an ongoing basis pursuant to national and international laws to ensure sound organizational development and safeguard stakeholders' interests.

1.7.2 Organization and Operations

Ethical management framework :



Whistleblowing system/grievance mechanism

Alpha Networks persist in ethical management and strictly prohibits any form of improper conduct. With a view to safeguarding legitimate stakeholder rights and interests, dedicated personnel have been assigned to correspond and communicate with stakeholders and whistleblowing channels and grievance mechanisms have been established pursuant to the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct. Where stakeholders detect any activities in violation of corporate governance or any illegal conduct, they may file reports via available channels.

The Company has assigned dedicated personnel to handle stakeholder reports submitted via the whistleblowing mailbox and relevant complaint channels. Whistleblower identities and report contents are kept strictly confidential to protect whistleblowers/grievants. Where illegal conduct is detected, Alpha Networks conducts rigorous reviews and ensures strict confidentiality of investigation contents and results to guarantee that personnel rights and interests are not prejudiced in any way. Relevant mechanisms and procedures can be described as follows :

a. Contact person or channel :

Any conduct in violation of integrity or business ethics can be reported via the employee grievance mailbox (talk@alphanetworks.com) or the stakeholder whistleblowing mailbox (improvement@alphanetworks.com) or they can report the matter to the HR unit (anonymous reporting allowed).

b. Investigation procedures :

- Upon receipt of reports/grievances, the contact person initiates investigations of the report incident and determine the report/grievance category.
- Relevant units are summoned, a project task force is formed, and corresponding investigation procedures are established.
- Where reports implicate directors or senior executives, the matter is immediately forwarded to the independent directors.
- Records pertaining to the handling, investigation procedures and results, and relevant documentation of reported incidents are fully preserved.

c. Reply method :

- Upon completion of investigations, the task force submits the investigation details to the President for final decision including the handling of external related parties and units responsible for follow-up processing.
- Where material violations are detected or the Company is in danger of sustaining material losses, the management level and all independent directors should be notified immediately (the Board of Directors should also be informed in writing). A report should be submitted to the competent authority or the matter should be handed over to judicial authorities for investigation if deemed necessary.

d. Incentive measures :

Upon verification of reported matters, the whistleblower/grievant should be rewarded accordingly to encourage reporting of any improper conduct.

Status of operations in 2021 :

A description of the implementation status of ethical corporate management is provided below in 2021. It is also planned to report it to the Board of Directors in March 2022 and made public on the corporate website for viewing by the general public.

1. Training and Education :

In 2021, the Company organized a 20-minute training course on the Staff Code of Conduct and Ethical Management, which was attended by 2,796 employees.

2. Employee Pledge :

All employees signed the Honesty & Integrity Statement during onboarding in 2021.

3. Employee Education :

Employees are educated on the concept of integrity and their confidentiality responsibilities through internal informational materials.

4. No whistleblower reports/grievances were received in 2021.



1.7.3 Regulation Compliance

Ethics, fairness, compliance and adherence to business ethics have always been the overriding principles in the business activities of Alpha. Company employees are prohibited from bribery, corruption, receiving or giving of gifts, and hospitality out of proportion to business etiquette from/to suppliers, customers and stakeholders. In addition to complying with the laws on labor, labor safety, information security, environmental protection, finance, intellectual property rights, and trade secret as well as business regulations in Taiwan where we are headquartered, Alpha also applies the same standard to comply with the laws and regulations of the country where our factories or offices are located during our business activities. Alpha has established a legal affairs office for legal compliance and advice. Proper compliance is enforced in concert with professional advice from external consultants and quarterly internal updates on regulations, as well as education from time to time in order to reduce and control the risks in company operations. The aim is also to protect the rights and interests of our employees and shareholders.

1.7.4 Respect for Market Mechanisms

As a global network communications DMS provider, Alpha Networks strictly abide by laws of nations and industry regulations. We further comply with market mechanisms and refrain from engaging in improper and unfair anti-competitive practices in the face of market competition. With a view to ensuring compliance with laws by the Company and its employees in the performance of duties, Alpha Networks embraces a philosophy of social responsibility characterized by integrity and self-discipline. Its Ethical Corporate Management Best Practice Principles contain clearly formulated provisions in the fields of anti-corruption, anti-trust, data protection, and political participation. All these concepts and provisions serve as the primary code of conduct that informs all business activities engaged in by Company members. In 2021, no anti-competitive or anti-trust practices or incidents occurred. In addition, Alpha Networks maintains political neutrality and encourages its staff members to fulfill their civic duties without engaging in political PR or make any political contributions under the Company's name. No expenses associated with political contributions were incurred in 2021.

As a listed company on the Taiwan Stock Exchange, Alpha Networks strictly abides by the listing regulations and capital market rules. It has adopted Procedures Governing the Handling of Insider Trading-Related Material Information and Prevention of Insider Trading. Incumbent directors, managerial officers, and rank-and-file staff are provided with training and education on the Regulations Governing

the Prevention of Insider Trading and relevant laws on an annual basis. Newly appointed directors and managerial officers are provided with information pertaining to relevant regulations when they assume office.

In 2021, all incumbent directors, managerial officers, and rank-and-file staff were provided with training and education in this field. Contents of courses for related personnel included confidentiality procedures for material information, causes and identification processes for insider trading, and trading examples. 32 staff members completed insider trading-related training.

Review procedures for the scope, representative character, and contents of public statements or disclosure of information on the Company, markets, products, services, customers, or suppliers are determined pursuant to Procedures Governing the Handling of Insider Trading-Related Material Information and Prevention of Insider Trading. Alpha Networks not only relies on its spokesperson system but also discloses the latest Company news and material information in the fields of finance and sustainable development and other areas in its annual reports, meeting handbooks, sustainability reports, and in the [Investor Relations](#) section of [corporate website](#) in a transparent manner.



1.8 Risk Management

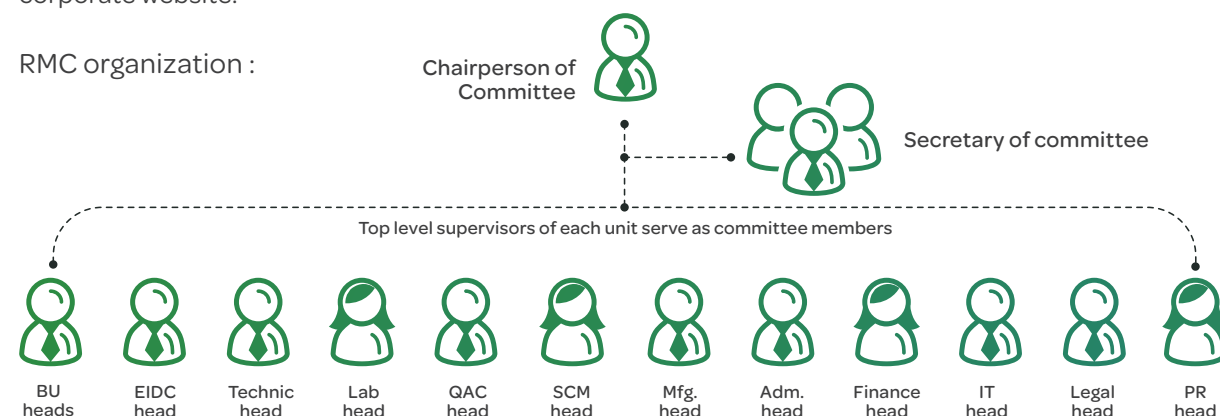
Identification and management of corporate risks

Alpha Networks risk management operations focus on risk identification, risk mitigation, and risk transfer planning. Alpha Networks Risk Management Committee (RMC), as core unit in this field, utilize strategic analysis tools to assess the impact of various risks and achieve effective risk prevention and control. The goal lies in the effective management of risks above the tolerance level through the most cost-effective methods. RMC identifies and manages risks in the four major dimensions of strategy, finance, operations, and hazards.

1.8.1 Risk Management Policy and Operations

The Board of Directors has ratified the Risk Management Vision, Policy, and Procedural Guidelines. In 2021, the Company formally established a Risk Management Committee (RMC) with the President serving as Chairperson. Committee members consists of head of all units RMC serves as committee members. Top level supervisors of each unit serve as committee members in charge of assessment of risk items affecting each unit by relying on a Risk Checklist, identification of high-risk items, and proposal of concrete risk improvement plans. A newly established administrator section is responsible for the monitoring of internal and external incidents, identification of potential risks, the overall planning of risk management meetings, and tracking of risk items and the achievement status of management plans. RMC convenes to formulate risk management strategies, define annual objectives and risk performance indicators, and request confirmation of Company-level Top Risks each year. RMC operations and risk management results are reported to the Board of Directors on an annual basis and made public on the corporate website.

RMC organization :



Risk management operations :

Quarterly risk management meetings are convened by the chief secretary of RMC. Extraordinary meetings may be added in accordance with actual needs.

Risk identification

1. All committee members identify risks affecting their units by relying on a Risk Checklist. They also propose risk response strategies.
2. Risk radar charts are created based on the four major risk categories (strategy, finance, operations, hazards) and compilation of internal and external risk factors.
3. RMC committee members engage in reporting, discussions, decision-making, and tracking of implementation results during meetings. The RMC chairperson is requested to determine Company-level Top Risks on an annual basis.

Risk mitigation

Affected units are requested to adopt corresponding risk mitigation measures and business continuity plans (BCP) in line with identified top risk scenarios. Business continuity is ensured through ongoing updates of risk scenarios and organization of drills. The Company harnesses the joint defense mechanism of over 170 members of the Qisda Group, which encompasses regular meetings, project discussions, sharing of relevant practices, reporting channels, and information exchange platforms. The goal is to minimize the impact of operational hazards in the ESG and natural disaster dimensions and thereby realize the goal of effective risk control through the integration of loss prevention resources of the Group.

In 2021, Alpha Networks participated in 10 regular meetings convened by Qisda Group. Agenda items included earthquake reporting, storm precautions, drought responses, power outage responses, power consumption inventories, electric shock prevention, flame operations, aerial work platform operations, radiation machinery inventories, risk maturity assessment, carbon emissions, carbon footprint, and effective reduction of the impact of natural disasters and operational risks.

1.8.2 Risk Identification Results

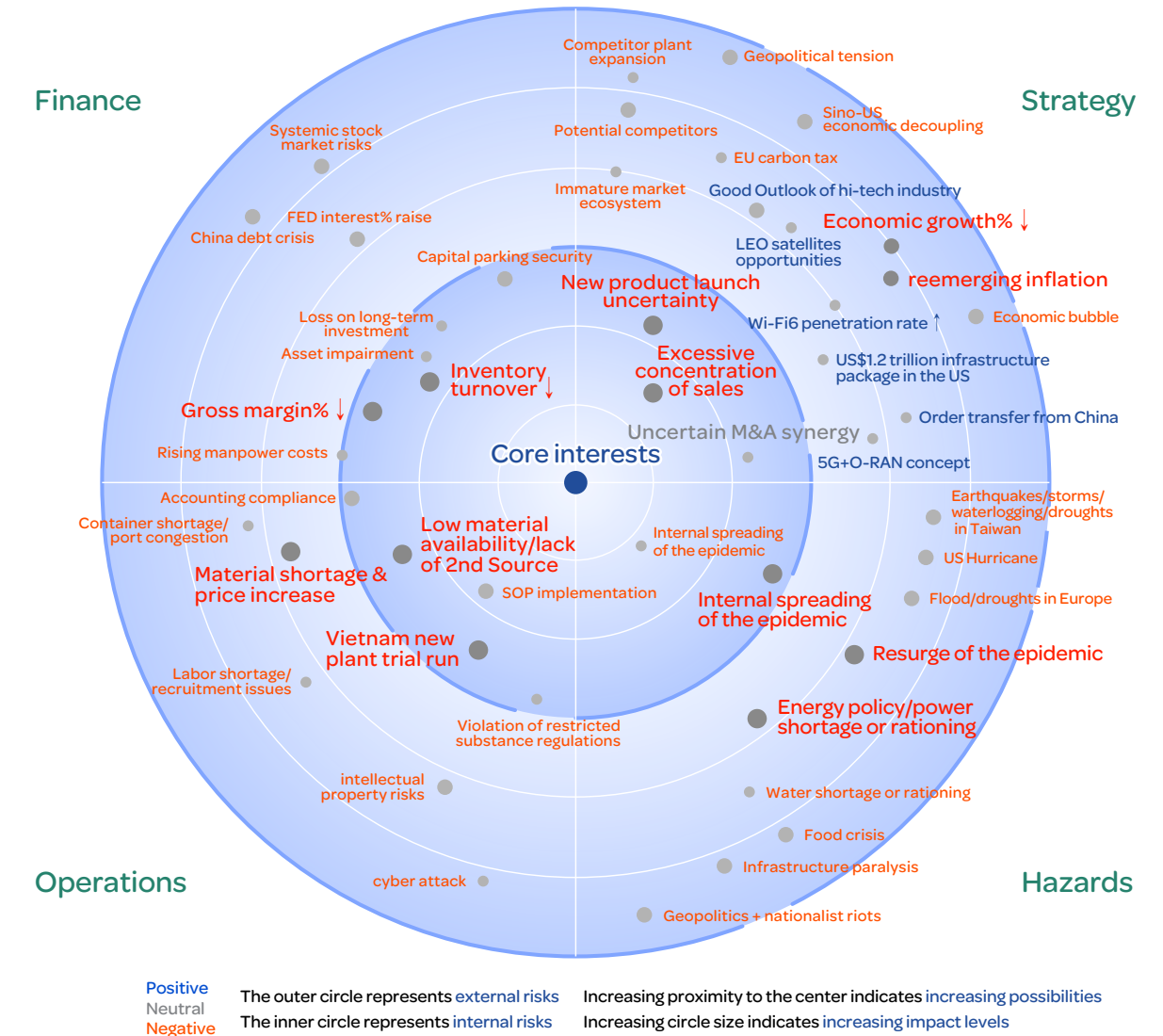
RMC has assessed and identified various risks with a potential impact on KPI achievement in 2022 based on the Risk Checklist and collected data. Analyses are conducted, countermeasures are adopted, and risk radar charts are created on this foundation. The following main risks in the four major dimensions have been assessed in 2022.

Risk identification

- (1) Strategic risks : Uncertainty of new products, macroeconomic volatility (GDP%↓/inflation↑), high revenue concentration
- (2) Operational risks : Material shortage/low material availability rate, new plant operations in Vietnam, information security and cyber attacks
- (3) Financial risks : Gross margin↓, inventory turnover↓, exchange losses
- (4) Hazard risks : Resurge and internal spreading of the epidemic, energy policy/power shortage concerns, natural disasters (storms/waterlogging/droughts/earthquakes)



Risk Radar Charts



Top Risks and countermeasures

After a comprehensive assessment of major risks in the four dimensions, the RMC chairperson is requested to confirm Company-Level Top Risks each year, which is followed by the proposal of risk countermeasures.

Top Risks	Description/ Countermeasures
Material shortage / low material availability rate	<p>In 2021, shortages and seizing of materials affected OFR (order fill rates) and shipping, which in turn resulted in revenue fluctuations. It is expected that supply chain bottlenecks in 2022 will ease as the pandemic abates. It is however impossible to predict the extent and timeline of supply chain relief. Current estimates regarding the supply and demand conditions of key components (IC etc.) are still rather conservative.</p> <p>Countermeasures ▶ Cross-departmental project team intensified inventories of material shortages, harnessing of all methods available to minimize the impact of material shortages (e.g., search for 2nd source or substitutes)</p>
Uncertainties associated with new products	<p>Despite the presence of several favorable factors in the network communications industry, a firm grasp of mainstream standards and specifications and product positioning in line with market demands are the key prerequisites for converting these factors into real revenues. Relevant strategies are formulated based on current grasp of relevant conditions. Successful launch of new products is affected by market variables.</p> <p>Countermeasures ▶ BU conduct regular reviews of market developments, specifications, and product positioning in addition to the implementation of the PDCA cycle.</p>
New plant operations in Vietnam	<p>Large-scale investments in a plant in Vietnam in recent years represent a key initiative to satisfy demands of new clients against the backdrop of the Sino-US trade war. If production capacities cannot be rolled out as planned or operations hit a snag, the willingness of clients to place orders and the recovery of invested capital will be seriously affected.</p> <p>Countermeasures ▶ Vietnam Plant Task Force regularly reviews work progress and current state of the project</p>
Macroeconomic volatility	<p>OECD and IMF have downgraded their projected global economic growth rate for 2021 and forecast a slow recovery for 2022. A return to pre-pandemic levels is not expected until 2023. In addition, macroeconomic variables including inflation could suppress industry development.</p> <p>Countermeasures ▶ Close monitoring of domestic and international economic developments including changes in the economic climate and inflation pressure and their impact on the industry</p>
Resurge / internal spreading of the epidemic	<p>Despite the fact that the COVID-19 pandemic shows signs of abating, the emergence of drug-resistant variants still poses a significant threat. Particular attention must be paid to the risk of a resurge and internal spreading of the epidemic.</p> <p>Countermeasures ▶ Alpha Networks Epidemic Prevention Task Force plans comprehensive epidemic prevention measures and constantly monitors changes in the epidemic situation. Epidemic prevention mechanisms are launched immediately if required.</p>

Risk mitigation

1. Labor safety & health measures

- New hires receive safety-related training during onboarding. In addition, general safety & health-related OTJ training is organized annually for current employees. A total of 2,014 training hours were provided for 995 employees in 2021.
- Internal fire drills, emergency response drills, and internal firefighting teams are organized on a semiannual basis
- The Company has made an ongoing commitment to providing its employees with a safe & healthy work environment. Automatic inspections are carried out as prescribed by law (daily prior to operations, weekly, quarterly, annually).
- OTJ training on ionizing radiation is scheduled annually. Qualified testing and certification providers are commissioned to conduct environmental monitoring on a semiannual basis. Due to the adoption of comprehensive labor safety & health measures, no occupational injuries and accidents occurred in 2021.

2. Epidemic prevention measures

In response to the COVID-19 epidemic, the Company has adopted various epidemic prevention measures and implemented epidemic prevention controls for staff members, suppliers, and customers including wearing of face masks, filling out of the epidemic prevention questionnaire, temperature measurements, quarantines, adoption of video conferencing or conference calls, policy announcements, and disinfection of public environments twice a day.

A Communicable Disease Response Plan was launched prior to the lunar new year to confirm relevant scenarios and unit tasks. An extraordinary RMC meeting on epidemic prevention was convened immediately after resumption of business operations to determine response strategies in line with the epidemic status and integrate group resources including the unified purchase of epidemic prevention supplies, manpower retention, and stocking/seizing of materials.

Due to the adequate planning and execution of epidemic prevention measures, there were no production line stoppages and confirmed positive COVID-19 cases among staff members in 2021.

3. For more details on BCP drills please refer to [3.6.2](#)

Other identified risks and response measures :

Potential Risks	Risk Sources	Response Measures
Natural disasters	<ul style="list-style-type: none"> • Earthquake, power outage, fire, Notifiable infectious diseases 	<ul style="list-style-type: none"> • Biannual fire safety education and training is held • BCP drills are conducted annually based on the risk assessment results • Carry out disaster recovery in accordance with the disaster recovery regulations
Information security	<ul style="list-style-type: none"> • System functionality crash / malfunction • Hacker attack • Protection of customer privacy 	<ul style="list-style-type: none"> • Obtain ISO/IEC27001 information security management certification • Construct a comprehensive data center environmental monitoring system to ensure the security of physical environment for information systems. • Perform regular backups of information and data, set up off-site backup and recovery system, and in accordance with the integrity and availability of data. • Set up information security systems such as firewalls, network anti-virus and mail filtering. Define rules governing the use of network and computer equipment to prevent information security risks. • Preventive measures are implemented with regards to potential information security risks and internal information communication management is conducted in conjunction with the Legal Affairs Department per the requirements by the clients.
Financial risk	<ul style="list-style-type: none"> • Bad debt • Exchange rate 	<ul style="list-style-type: none"> • Conduct general risk assessments for related businesses on correspondent banks, customers and suppliers. Implement any necessary controls to reduce credit risk. • Establish a currency hedging mechanism to avoid risks from currency rate fluctuations.
Regulations Compliance	<ul style="list-style-type: none"> • Legal policy / standard changes 	<ul style="list-style-type: none"> • Establish dedicated unit • Ad hoc / regular updating of regulatory information and hosting of education & training
Product development trends	<ul style="list-style-type: none"> • New technology changes the demands in the consumer market. • Schedule and changes for stipulating new technology specifications, as well as the restrictions of the telecommunication laws in various countries. 	<ul style="list-style-type: none"> • Regularly convenes strategy meetings to discuss the digitization of the business model and production automation with the product planner of various business groups in order to confirm the accuracy of technology R&D, product development and design, and market needs. • Maintain close collaboration and contact with relevant certification laboratories in accordance with the laws of various countries in order to respond to the future market developments in network communication applications such as 5G, AI and IoT.



Social Responsibility

Building a Friendly Workplace and Promoting Social Welfare

- 2.1 Implementation of Human Rights
- 2.2 Recruitment
- 2.3 Compensation and Benefits
- 2.4 Talent Development
- 2.5 Safety and Health
- 2.6 Social Participation



2.1 Implementation of human rights

Alpha Networks Inc. sets great store with human rights

Alpha Networks Inc. abides by the United Nations' Universal Declaration of Human Rights and the International Labor Convention, and follows standards that align with the Responsible Business Alliance (RBA) Code of Conduct, abides by the laws and regulations of the jurisdictions around the world where it operates, and respects and protects the human rights of employees. Alpha Networks Inc. has policies and other internal management measures in place that clearly declare commitment to protecting the rights of employees and taking proper care of them.

 For the principles of human rights protection that Alpha Networks Inc. is committed to, please refer to the Corporate website > [ESG](#) > [Social Responsibility](#)

2.1.1 Prohibition of Child Labor and Protection of Underage Employees

Alpha Networks Inc. does not employ youth under the legal minimum employment age (i.e. under the age of 16) at its Taiwan headquarters or its overseas branches. According to the RBA Code of Conduct Manual, the "prohibition of child labor" is the standard, and our internal regulations are clearly laid down in the "Administrative Measures for the Appointment of New Personnel". When new staff reports for their first day at work, they must present proof of identity so the Company may verify it does not employ anyone under the age of 16.

In 2021, Alpha Networks Inc. conducted an internal audit and found that no minors were employed at any of its locations.

2.1.2 Elimination of forced labor

Alpha Networks Inc. does not use forced, bonded, indentured or involuntary labor, and is committed to providing employees with good working conditions and reasonable working hours. For the work content, employees' wishes are taken into account. All employees have the right to resign freely under the law. All Alpha Networks Inc. locations are required to maintain work hours in accordance with the labor standards laws of the jurisdiction where the plant or operation is located. Alpha Networks Inc. reminds

supervisors and staff that work overtime or work without days off for too long through its "Announcement regarding Overtime Working Hours" and "Announcement regarding False Work Hour Reporting", and will also send "Monthly Abnormal Working Hours Reports" to unit supervisors to remind them to take care of their staff working conditions. Production lines will also conduct quarterly management-labor meetings and weekly foreign staff life quality seminars, and disseminate information on overtime working hours and labor laws to supervisors.

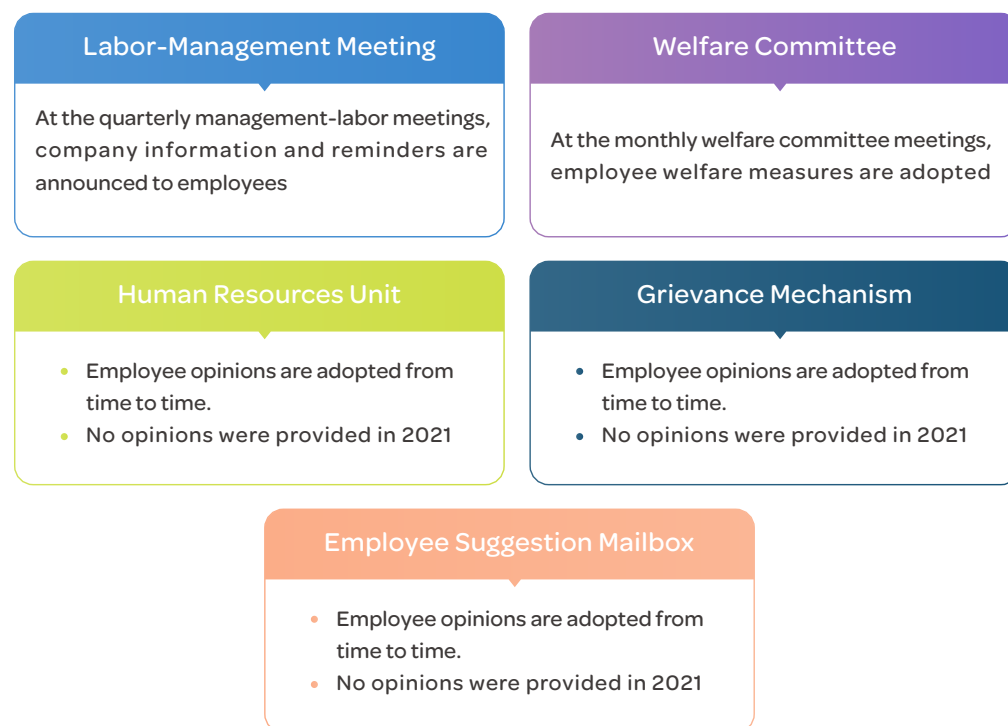
2.1.3 Gender Equality

In accordance with the "Labor Standards Act" and the "Act of Gender Equality in Employment", to promote gender equality at work and prevent gender discrimination and pregnancy discrimination, female staff may apply for menstrual leave, pregnancy check-up leave, maternity leave, abortion leave and breastfeeding leave according to their physical needs. Male staff can apply for paternity leave as needed, and the number of applicants for parental leave without pay ("parental leave" for short), i.e. staff who need to take care of infants and young children, can be viewed in detail in Section 2.3. The Company will inquire about the employee's intention to return to work one month before the parental leave is to expire, and assist with the return. Alpha Networks Inc. provides measures in compliance with laws and regulations, such as setting up a breastfeeding room and external childcare companies for the needs of staff with regard to pregnancy and nursing. Other friendly measures, such as parking spaces for pregnant staff, nursing care, occupational medical consultation services and maternal care measures, etc., furthermore help provide staff with a safe working environment.



2.1.4 Proposals and Communication Channels

Alpha Networks Inc. provides equal job opportunities to applicants and employees, and does not discriminate against employees based on race, skin color, age, gender, sexual orientation, race, disability, pregnancy, religion, political convictions, membership or marital status. The Company is committed to fairly treating and respecting every employee, and does not treat employees in inhumane, cruel, degrading or abusive ways. We respect employees' legal rights to freedom of association and protect employees who wish to communicate openly with management about working conditions without fear of reprisal, intimidation or harassment.



Alpha Networks Inc. provides employees with diverse, open and transparent channels for proposals and communication. In addition to reporting to the HR unit in person, the Company provides convenient communication channels for staff such as management-labor meetings, welfare committee meetings, and physical and electronic mailboxes, to strengthen two-way, real-time communication with staff. The main communication channels of the Taiwan headquarters are the management-labor meetings, the welfare committee and physical suggestion boxes.

In 2021, in response to proposals from the management-labor meetings and the welfare committee, the Company carried out measures such as improving employee meals and beverages and optimizing the working environment.

 For more detail on those communication channels, please refer to Corporate website > [ESG](#) > [Stakeholders Engagement](#).



2.2 Recruitment

Attract, develop and engage global talent needed by Alpha Networks Inc.

Alpha Networks Inc. was established in Hsinchu Science Park in 2003, and its locations have expanded to North America, Japan, China and other places. As of the end of 2021, its number of employees worldwide was approximately 3,040.

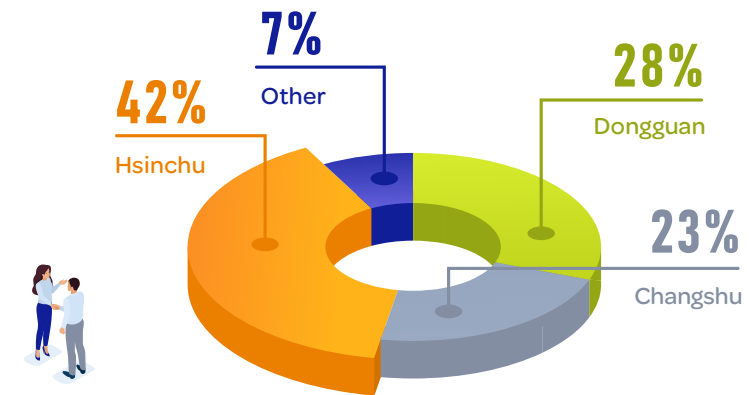
As we believe that talents are our most valuable assets, Alpha Networks Inc. is committed to a diverse and equal workplace internally and competitive organizational power externally, to attract and recruit the talents it needs for its sustainable development and global expansion.

2.2.1 Manpower Allocation

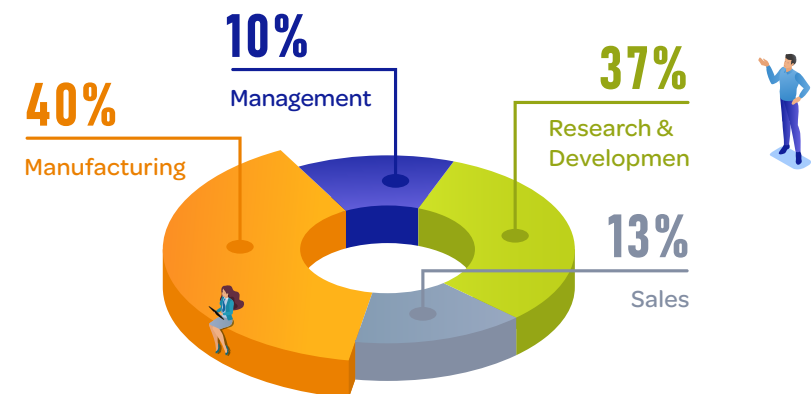
The Alpha Networks Inc. headquarters are located in Hsinchu Science Park. Staff at headquarters, accounting for about 42% of total manpower, is responsible for product design and development, marketing and daily operations. Alpha Networks Inc. is committed to staying in Taiwan, and thus has its main R&D base in Taiwan; its R&D manpower accounts for about 37%. The main production plants, located in Dongguan and Changshu, China, account for about 51% of our workforce, while other overseas offices account for about 7% of our workforce. The overall workforce distribution is as follows.



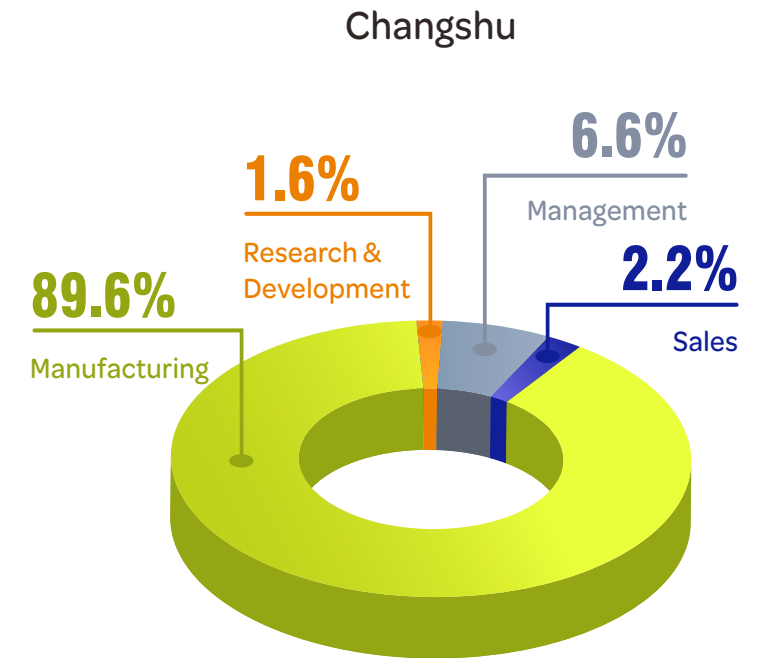
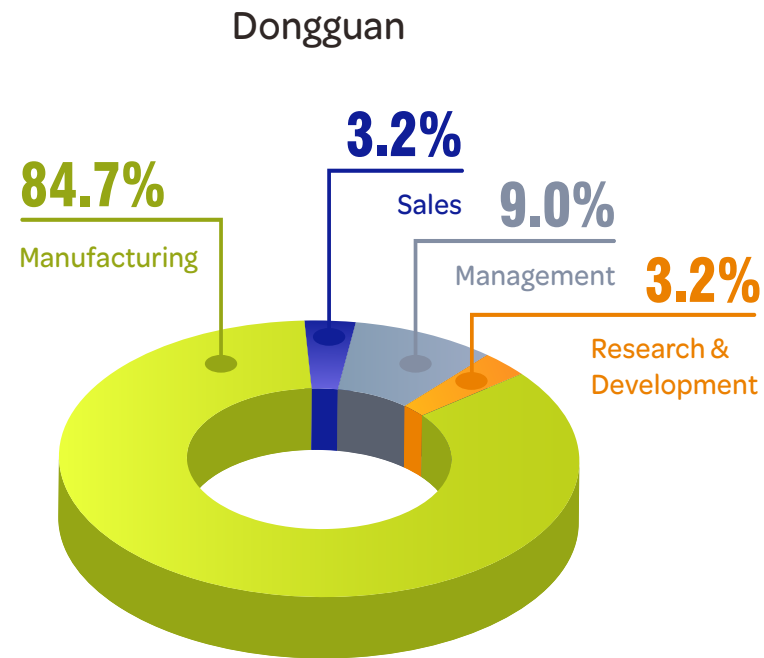
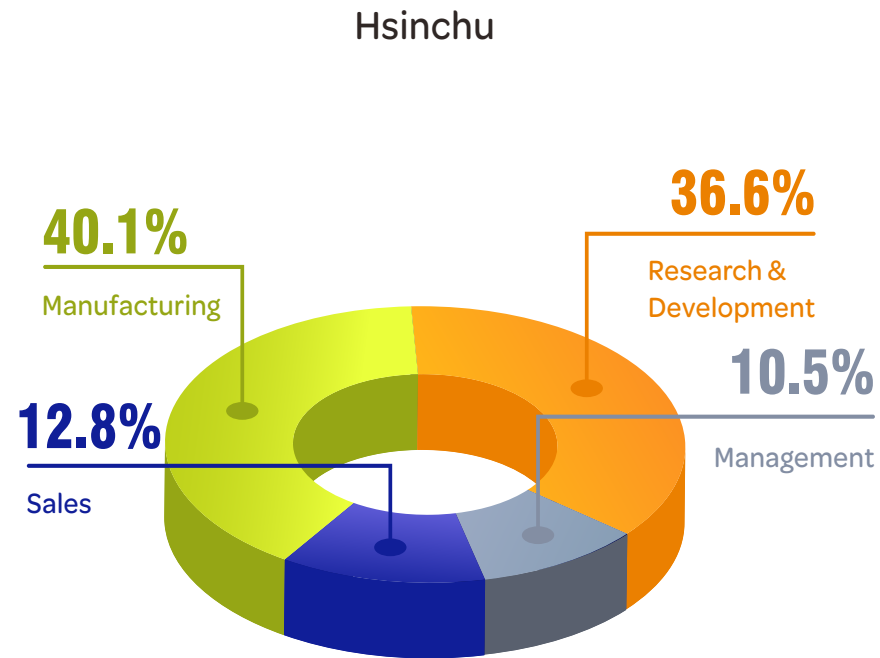
● 2021 Manpower Distribution per Plant



● 2021 Manpower Distribution per Job Function



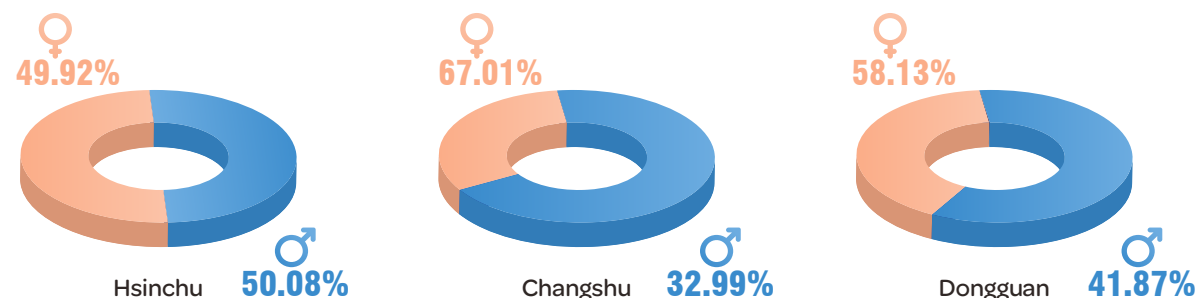
● 2021 Job Distribution per Factory



Alpha Networks uphold the spirit of the "Responsible Business Alliance's Code of Conduct" to formulate the factory hiring policy according to the "New Employee Hiring Regulations 6.0" to make sure that our employees are not discriminated against based on "ethnicity, skin color, age, gender, sexual orientation, race, religion, pregnancy and other conditions protected by the law." Alpha Networks Inc. male employees account for 56.57% employees, and female employees account for 43.43%. The gender ratios at Hsinchu headquarters and the Dongguan Plant have balanced gender ratios, while the Changshu Plant has a higher proportion of males.

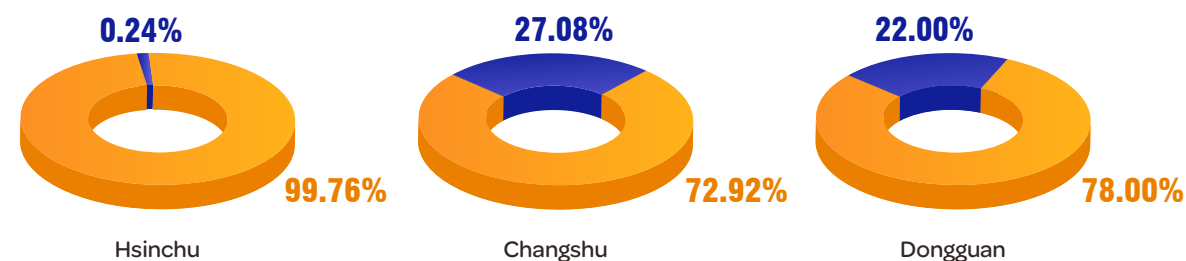
● 2021 Distribution of Gender

● Female ● Male



● 2021 Distribution of Permanent and Contractor

● Contractor ● Permanent



2.2.2 Talent recruitment and retention

● 2021 The age distribution of new staff joining Alpha Networks Inc. in 2021 is as follows :

New	Number	Age					
	%	18-20	21-30	31-40	41-50	51-60	60+
Hsinchu	Number	0	69	70	72	23	1
	%	0%	29%	30%	31%	10%	0%
Changshu	Number	1	40	54	1	0	0
	%	1%	42%	56%	1%	0%	0%
Dongguan	Number	4	13	16	6	0	0
	%	10%	33%	41%	15%	0%	0%
Permanent employees	Number	5	122	140	79	23	1
	%	1%	33%	38%	21%	6%	0%

● 2021 The distribution of ages for permanent employees that separated from Alpha during 2021 are as shown in the following table :

Leave	Number	Age					
	%	18-20	21-30	31-40	41-50	51-60	60+
Hsinchu	Number	0	128	128	70	25	2
	%	0.00%	36.26%	36.26%	19.83%	7.08%	0.57%
Changshu	Number	1	42	77	5	0	0
	%	0.80%	33.60%	61.60%	4.00%	0.00%	0.00%
Dongguan	Number	17	24	19	1	0	0
	%	27.87%	39.34%	31.15%	1.64%	0.00%	0.00%
Permanent employees	Number	18	194	224	76	25	2
	%	3.34%	35.99%	41.56%	14.10%	4.64%	0.37%

2.3 Compensation and Benefits

Improve the salary and welfare system to retain talent for the Company's development

2.3.1 Salary Standards

To recruit and retain outstanding talent, Alpha Networks Inc. takes into account market standards and compliance with labor laws and regulations of the jurisdictions where its plants are located, regularly reviews its salaries and welfare measures in relation to the market to remain competitive in the labor market. Alpha Networks Inc. adheres to a fair salary and welfare policy. Salaries and rewards are not affected by such personal factors as gender, race, nationality, and age. Salaries upon joining are determined on the basis of ability, education, and experience. In addition to the three festival bonuses, salary adjustments and dividends are given every year. In accordance with the Company's overall operating conditions and individual performance.

 Alpha Networks Inc. Salaries, for information on welfare, holiday system and more, please refer to the Corporate website > [Career](#).

● Distribution of Average Salaries among New Alpha Employees

Region	Type	Female	Male
Taiwan	Direct employees	1.10	1.10
	Indirect employees	1.66	1.66

Note : Starting salary for new employees / Statutory minimum wage

● Distribution of Starting Salaries among New Alpha Employees

Region	Type	Female	Male
Taiwan	Direct employees	1	1
	Indirect employees	1	1

Note : Distribution of starting salaries for new employees = Starting salary of new female employees / Starting salary of new male employees



To improve the quality of corporate governance information disclosure and fulfill its social responsibility, Alpha Networks Inc. discloses the "average" and "median" salaries of its full-time employees who are not in supervisory positions, to make its employee salary statistics more informative, reliable, and comparable.

In 2021, the number of non-supervisory full-time employees was 1,249, with an average salary of TWD 902,000 and a median salary of TWD 825,000. These statistical items are shown for last year and the year before:

Type	2020	2021
Total number of non-executive full-time employees	1322	1249
Mean salary of non-executive full-time employees	NT\$856,000	NT\$902,000
Median salary	NT\$775,000	NT\$825,000

Remarks : The above information has not yet been reviewed and signed off by our accountants. The accountants will review and report this by April 2022. The information reported to the Taiwan Stock Exchange and signed off by the accountants at that time will prevail.

2.3.2 Welfare Measures

Alpha Network' Welfare Committee Three Festivals Gift Vouchers for employees, which can be redeemed at multiple channels. Staff have a balance between work and life, and employees travel subsidies are disbursed every year. Free indoor parking spaces for cars and motorcycles, so that staff do not have to worry about the weather when they commute. The staff restaurant provides varied and nutritiously balanced meals. there are chain convenience stores in the plants.

Through these welfare measures, we aim to provide our staff with life conveniences after work.

2.3.3 Employee Insurance

Alpha (Hsinchu plant) carries out retirement and the application thereof according to the Labor Standards Act and Labor Pension Act. Furthermore, where a fixed percentage of the employees' salaries is contributed to the pension account every month as per required by the law. The employer will contribute 6% and 2% of the employees' salary in accordance with the new and old labor pension system respectively. According to the Labor Pension Act, only vocational school students and foreign colleagues do not require contributions to the pension account, all permanent employees are required to participate in the retirement plan. In particular, only 9 people chose the old labor pension system. In addition, the permanent and contract employees at Alpha (Hsinchu plant) join the coverage of group insurance that is superior to the insurance required by the law since their first day at work in order to protect the safety of their work and life. For overseas Alpha plants (Dongguan plant and Changshu plant), all employees join the coverage of social insurance according to the local regulations since day one, and other social security measures such as monthly contribution to retirement pension and medical care are also implemented.

2.3.4 Leave System

In order to implement the leave management system at Alpha (Hsinchu plant), employee annual leave and remaining compensatory time notification will be delivered at the beginning of each month to remind the employees to plan their leave accordingly, thereby promoting the concept of a healthy workplace. For overseas plants, leaves are granted in accordance with local regulations.

At Alpha (Hsinchu plant), pregnant employees are offered parking space, breastfeeding room, prenatal examination leave, paternity leave, family leave, marriage leave, and maternity subsidy in order to encourage our employees to get married and have children. At the same time, the company complies with the labor rights stipulated by the Act of Gender Equality in Employment, where both male and female employees are entitled to apply for maternity leave and paternity leave. Fifteen female employees applied for maternity leave in 2021, and 80.0% of them will return to work after their leaves expire. Two of them will apply for parental leave afterward. Nine male employees applied for paternity leave, and 89% of them returned to work after the leave expired.

Hsinchu	Female				
	Number of People on Maternity leave	Number of People on Returned to work after Maternity leave	Percentage of Returned to work after Maternity leave	Number of People on leave without pay after maternity leave / Resignation	Number of leave without pay after maternity leave / Resignation
2020	17	8	47.1%	9	52.9%
2021	15	12	80.0%	3	20%

Hsinchu	Male		
	Number of People on Paternity leave	Number of People on Returned to work after Paternity leave	Percentage of People on Returned to work after Paternity leave
2020	15	15	100%
2021	9	8	89.0%



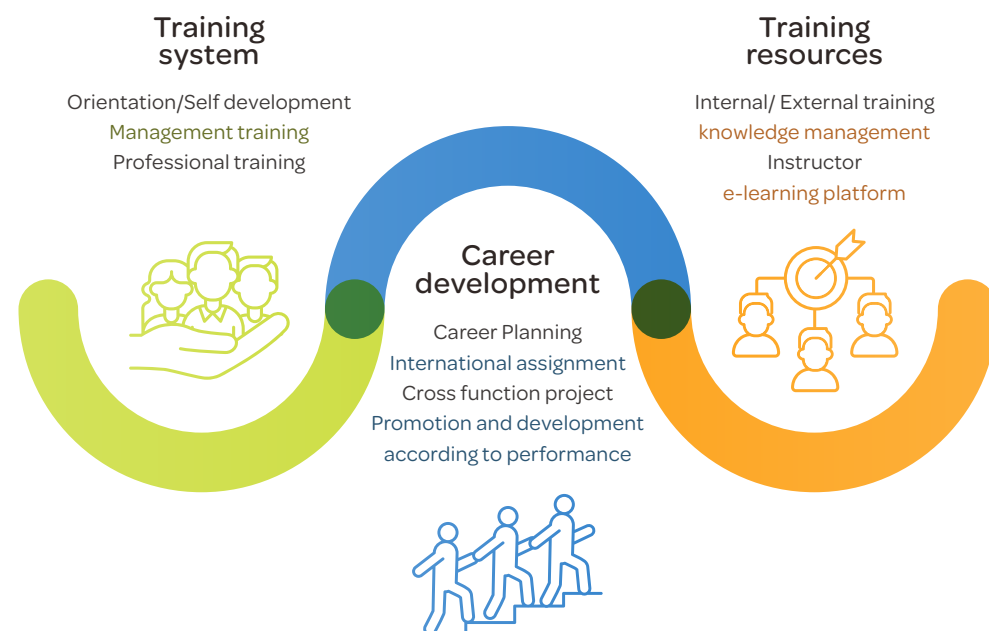
2.4 Talent Development

Our growth as a company depends on the development of our talents

2.4.1 Training and Development

The sustainable development of the Company is based on continuous talent development. Alpha Networks Inc. is aware that training and development is essential for the long-term thriving of any enterprise, and talents are its most valuable asset. So the Company spares no effort in employee training and career planning. Every year, we invest a tremendous amount of time, money and manpower in providing them with the best learning opportunities, resources and development platform, while comprehensive training systems are designed to cater to the needs of our colleagues during various stages :

 Alpha Networks Inc.'s talent development related information and more, please refer to the Corporate website > [Career](#).



A comprehensive training system supports the learning needs of employees at different stages. Based on their roles, we create learning blueprints for our staff :

Newcomer Induction Training :

This offers new employees complete guidance and training on our organization, core values, internal systems, environmental safety, hygiene, etc., to help them quickly understand the Company and integrate into its organizational culture.

Management training :

In accordance with the organization's business strategy and management goals, we offer management courses to managers at all levels to strengthen their management competences.

Core skills training :

Alpha Networks Inc. believes that alignment with organizational beliefs and developing employees' integrity, positive mindset and friendliness are essential to driving our long-term development. Therefore, we offer employees courses and seminars on positive thinking and self-motivation every year.

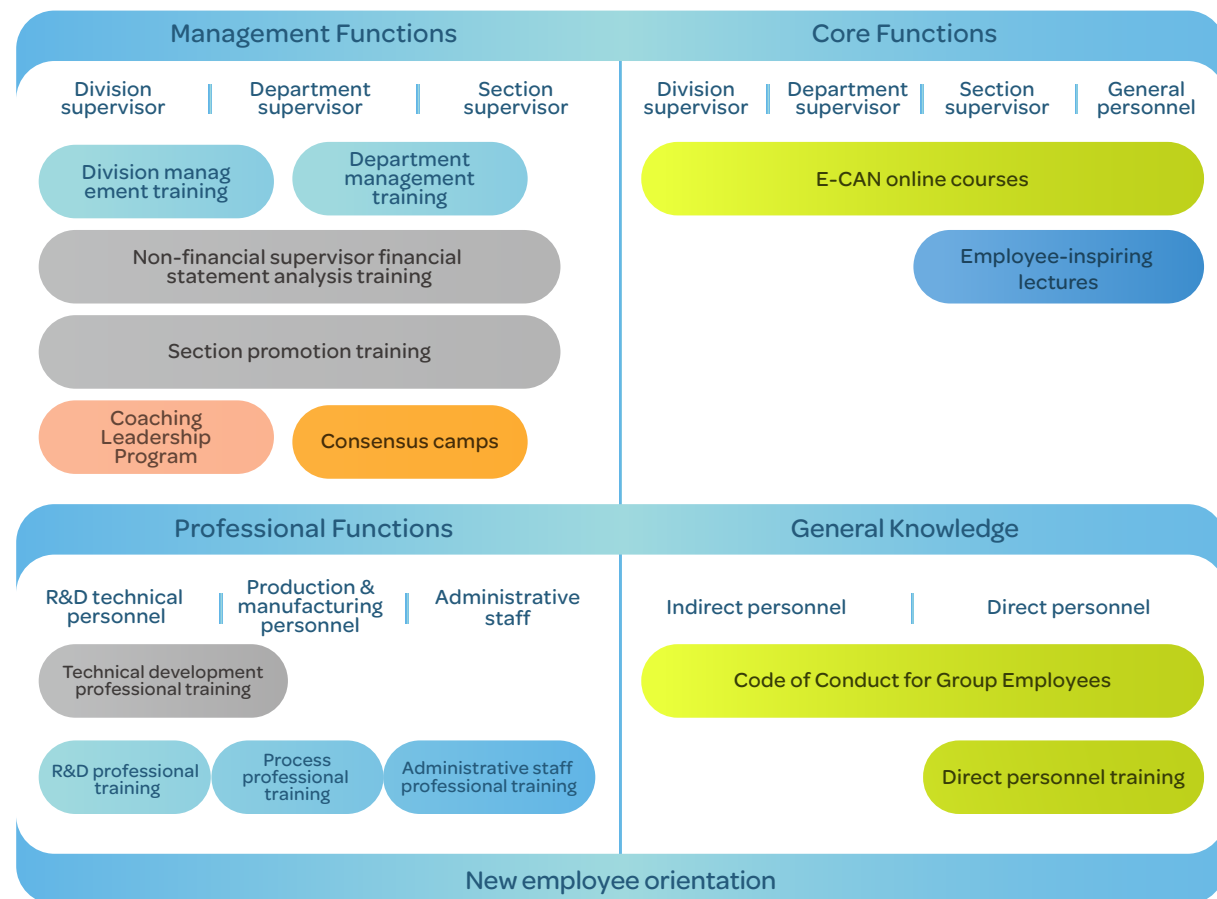
Specialized training :

In response to the coming 5G era and to disseminate and retain internal knowledge and skills, we offer various specialized skills courses to develop skill sets and interdisciplinary and cross-unit technical exchanges and thus build a learning organization. We also collaborate with academic research institutions to offer technical courses, so that our staff can keep abreast with the latest trends and keep evolving our cutting-edge vision.

General education and training :

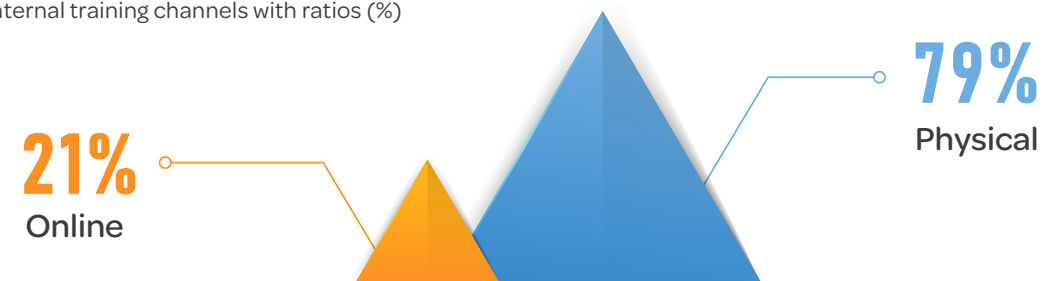
We offer general education courses to enable employees to have a consistent understanding of workplace behavior. For our own staff, we also offer regular courses every year to strengthen operational proficiency and the necessary knowledge and skills to ensure safe operations and stable production quality.

● Training roadmap of Employees



Between 2020 and 2021, due to the outbreak of the Wuhan virus (Covid-19), people's daily lives, work and study patterns were forcibly changed. Over the past year, Alpha Networks Inc. has integrated some hitherto physical courses into its digital learning platform to enable employees to continue their training while adhering to the epidemic prevention measures. Facing the challenges of the post-epidemic era, Alpha Networks Inc. will leverage its own advantages to improve the proportion and quality of its digital courses.

● 2021 Internal training channels with ratios (%)



In 2021, 22,064 employees took 24,655 hours of training.

To encourage staff to pass on their professional knowledge and valuable experience, Alpha Networks Inc. runs an internal lecturer system. Every year on the anniversary of Confucius's Birthday in September, lecturer awards are held to encourage internal talents to join the lecturer system.

Alpha Networks Inc. encourages self-study. In addition to the "Alpha Networks Academy" at headquarters, an annual budget enables the purchase of best-selling books and management magazines, which are available to staff for free to enrich themselves after work. Fixed rewards are given for foreign language test qualifications.

● Group discussions during management courses



● We use digital technology to teach staff overseas and at headquarters



2.4.2 Performance Management

A comprehensive performance management scheme and system has been set up to improve employee performance and ability. The system is used to measure the accomplishment of the company's short, medium and long-term goals, and to provide a basis for internal assignments, promotions, salary adjustments, prizes, bonuses, training, and development.

Performance management at Alpha includes the measuring of tangible work targets as well as assessments of conduct. At the start of the year, supervisors interview employees based on organizational business strategy and the department's annual targets. The interviews are used to set each employee's targets, action plans, and personal development plan. Half way through the year, the progress is jointly reviewed by the supervisor and employees to see if the targets need to be adjusted. For the end-of-year performance evaluation, employees shall first complete their assessment of the work targets, core competencies, and personal development plan. The supervisor then provides the employee with feedback based on performance interviews. The feedback is incorporated into the work targets for the coming year or into the employee's personal development plan to boost their ability. Alpha places a strong emphasis on communication between the supervisor and employee as well as communication frequency during the initial target setting, interim performance review, and end-of-year performance evaluation phases. This is to ensure that both parties are on the same page when it comes to the targets set and achieved.

2.4.3 Promotion Management

Alpha offers both management and non-management tracks to personnel that demonstrate outstanding performance and potential. Those willing to take on greater challenges and responsibility can do so, while specialists can also demonstrate their skills in their chosen field.

Alpha provides supervisors with a list of personnel who satisfy the criteria for performance and seniority. Supervisors can then nominate candidates for promotion. The candidates are then reviewed by the authorized manager. Supervisors will arrange for employees slated for promotion to attend management competency courses if they are suitable for management roles.

2.4.4 Employee Activities

With diverse employee activities such as year-end banquets, birthday parties, and clubs, the company also organizes various lectures from time to time, covering popular topics such as workplace communication, parenting, investment and financial management, and art appreciation. Alpha (Hsinchu plant)'s welfare committee hosts company trips to bring employees closer to one another, allowing them to strike a balance between work and personal life.

- Vitality Galore - Boxing Cardio Club



- Passionate - Pop Dance Club



- Soulful-Ukulele Club



- Safe online learning - Japanese Culture Club



- Experiencing beauty - Floral Arts Club



- Strength and agility - Badminton Club



2.5 Occupational Safety and Health

We focus on safety and hygiene to provide a good working environment

2.5.1 Safety and Health Policy :

Alpha Networks Inc. puts much store by safety and health. To offer staff a good working environment, these five safety and health policies have been formulated :

- Each unit supervisor participates in daily safety and health management.
- We prevent occupational disasters to protect employee safety and health.
- We comply with domestic safety and health regulations and other relevant norms.
- We continuously review and improve the efficacy of our safety and health management.
- Safety, production and quality are equally important.

To promote the above policies, Alpha Networks Inc. Hsinchu Plant has a Safety and Health Committee in accordance with the "Occupational Safety and Health Management Measures". The committee meets every quarter with formal worker representatives from internal operations and workers accounting for 100%. These meetings are the channels for safety and health communication between staff and the Company to maintain and improve its safety and health management.

The Changshu Plant has a Production Safety Committee, which holds quarterly production safety management meetings. Unit supervisors attend the meeting to discuss occupational safety and health management issues. All units must appoint staff to serve as safety officers, participate in externally approved safety officer training courses, and obtain safety officer certificates to ensure that they have sufficient occupational safety and health knowledge and competences.

Each unit of the Dongguan Plant appoints a staff member as a volunteer firefighter to participate in training from the Labor Safety Department to ensure that the volunteer firefighters have sufficient firefighting knowledge and competences.

In 2021, the Alpha Networks Hsinchu Plant focused on the following safety and health management items:

Automatic inspections :

The environment, facilities and special operations of each unit are automatically inspected on a regular basis.

Safety observation and audits :

Safety observations and audits are carried out from time to time to reduce unsafe situations and behaviors to protect employee safety and prevent occupational incidents.

Chemical classification management :

In accordance with hazardous chemicals assessment and classification management methodology, we carry out chemical investigations, classify and manage chemicals according to their health hazards, and arrange hazard courses to strengthen safety awareness around working with chemicals.

Determination of hazard factors in the plant area :

In accordance with our labor operating environment measurement management procedures, we monitor the working environment in the plant, evaluate employee exposure situations and compliance laws and regulations. Every six months, Alpha Networks' Hsinchu Plant commissions a qualified company to inspect the plant's environmental status (including the offices and the production area), covering carbon dioxide emissions, organic solvents and other concentrations, illuminance and noise levels to ensure employee safety and health.

The Dongguan Plant and Changshu Plant conduct labor safety management in accordance with the Chinese government's "Atmospheric Pollution Prevention and Control Law" and "Law on Prevention and Control of Occupational Diseases", and conduct on-site hazardous substance monitoring and environmental monitoring occupational once a year.

2.5.2 Safety & Health Training:

To comply with laws and regulations on safety and health, Alpha Networks Inc. gives various types of safety and health training every year :

1. Fire Prevention Training :

Fire disaster prevention, emergency response drills and internal firefighting team exercises are held every quarter. Seminars and practical drills are used to prevent disasters.

2. Trespassing and Suspicious Mail Package Simulation Exercise :

For staff engaged in security, warehousing and shipping, simulation drills for trespassing and suspicious mail packages are held to improve employees' ability to prevent and deal with disasters.

3. Safety and Hygiene Training for New and Current Employees :

Safety and hygiene training helps strengthen safety and health awareness among new and existing employees, prevent disasters, implement safety and health management regulations, and develop occupational safety and health management knowledge and competences.

4. Emergency team training :

To strengthen their safety awareness, staff on the emergency response team participate in emergency response training every year to enhance their emergency competences.

5. On-the-job training on ionizing radiation :

To increase the safety awareness among ionizing radiation operation staff, specific ionizing radiation training is given every year.

● Statistics on safety and health education and training at Alpha Networks Inc. Hsinchu Plant in 2021 :

Type	People
Safety and hygiene training for new employees	191
On-the-job employee safety and health training	15
Fire (Evacuation) Training	501
Emergency response team training	55
On-the-job training on ionizing radiation safety	12

● Record of safety and hygiene education and training :

Emergency response team training



Fire extinguisher usage training



Evacuation drill training



● Statistics on safety and hygiene education and training at overseas plants in 2021 :

Type	Plant	People
Hazardous Chemical Handling Training and Drills	Dongguan	28
	Changshu	6
Safety training for new employees	Dongguan	4,650
	Changshu	63
Evacuation drill training for all employees	Dongguan	1,080
	Changshu	52

2.5.3 Occupational Accidents

Alpha Networks Inc. has a system to report, handle and investigate occupational incidents. It conducts investigations into the root causes and potential causes of occupational injuries, diseases and incidents, to identify failures of the safety and health management system and take corrective and preventive measures to prevent reoccurrence.

In 2021, no employee in the Hsinchu, Dongguan or Changshu plants suffered any disabling occupational injury.

- The statistics of occupational injuries in each plant in 2021 are as follows :

Type / Plant	Hsinchu		Dongguan		Changshu	
	Male	Female	Male	Female	Male	Female
Amount of disabling occupational injury	0	0	0	0	0	0
Lost days of disabling occupational injury in total	0	0	0	0	0	0
I.R.	0	0	0	0	0	0
L.D.R.	0	0	0	0	0	0
.D.R.	0	0	0	0	0	0
A.R.	1.17	0.6	3.04%	2.80%	2.47	3.54
Amount of death on duty	0	0	0	0	0	0

Note 1 : The Occupational Accidents Industrial Injury Records describe occupational incidents occurred during operations at the plant, and exclude employees' traffic accident injuries during their commute.

Note 2 : Injury/Illness Rate (I.R.) = number of incapacitating injuries/total working hours × 200,000

Note 3 : Long-Term Disability Rate (L.D.R.) = Total Lost Days of Disabling Injury / Total Working Hours × 200,000

Note 4 : Occupational Disability Rate (O.D.R.) = total number of occupational diseases/total working hours × 200,000

Note 5 : Absence rate (A.R.) = total absence hours (sick leave and personal leave) / total working hours × 100%

2.5.4 Contractor Safety & Health

During 2021, the safety and health management outcomes of Alpha Networks Inc.' contractors were as follows :

Hsinchu Plant Construction Case Applications 144, of which 84 were for high-risk construction operations at the plant. 159 persons that entered the plant for the first time received hazard notifications and safety and health training. For the Dongguan and Changshu plants, 11 companies applied for construction entry permits, 12 of which were for high-risk construction operations at the plant. Forty persons that entered the plant for the first time received hazard notifications and safety and health training. During 2021, there were no occupational accidents with losses of more than one day across all Alpha Networks' plants.

2.5.5 Food Safety and Hygiene

To provide safe, hygienic and healthy meals for staff, all plants of Alpha Networks Inc. implement a number of food safety management measures :

- A "Food Committee" reviews and improve staff meals and supervises food safety and hygiene.
- Meal contracts specify management rights, responsibilities and measures, from food ingredients, food processing, tableware safety, management of kitchen and canteen personnel and environmental equipment maintenance and management.
- Qualified food companies are selected as catering partners. The internal food chain is inspected every day, and compliance with relevant laws and regulations on food safety and hygiene is strictly maintained.
- Kitchen and canteen staff health is regularly checked, to prevent infectious disease risks and ensure food safety.
- Meals offer healthy side dishes, include fewer fried dishes, and are prepared with vegetable oil. The suppliers are encouraged to adopt healthier cooking methods, to provide staff with safer and healthier meals.
- Anti-Covid measures: To cater to the fear of infection from colleagues sitting nearby in the canteen, the number of seats has been reduced, partitions have been added, and disinfection and cleaning has been stepped up, all in order to lure employees back to the company to have their take-away meals there.
- The Food Committee and the Work Safety Unit conduct monthly inspections of kitchen safety and hygiene, and announce the results to confirm compliance with food safety and hygiene standards. safety.



2.5.6 Health Promotion

• Employee Health Management

Setting much store with employee health, the Company promotes health promotion measures and activities in a planned and organized manner.

• Employee Health Check-ups

Alpha Networks Inc. collaborates with National Taiwan University Hospital Hsinchu Branch, Taoyuan Minsheng Hospital and staff clinics to conduct health examinations of general new staff, general current staff and special current staff. The health checks for existing general and special workers check more health items than required by law, with a check-up rate of 97%.

• Workplace Health Care

1. Our medical room has two occupational health nurses and three times a month specialist physicians come to the plant to promote health care, health promotion and special protection.
2. The nurses analyze abnormal patterns and manage personal health in a tiered system based on the results of health inspections. They also hold health care and health promotion activities to help staff improve the health awareness and healthy lifestyles. Based on the inspection results, which are divided into five grades from 1 to 5, different management measures are taken, from regular tracking, plant health and safety education, plant physicians' consultations or outpatient and emergency re-examinations. 57 people consulted visiting physicians.
3. Special health management: Every year, personnel in units exposed to special health hazards, including noise and ionizing radiation, the industrial safety staff must submit a list of at-risk staff and their operation categories, and provide physical and health examinations to monitor the hazards in their workplaces. By the end of 2021, the inspection rate was 100%.

• Health Promotion and Care

Two seminars on cardiovascular prevention were held in 2021, with a total of 93 participants and a satisfaction score of 4.72 (out of 5).

To help employees identify potential health problems, we offer cancer screening services (such as abdominal ultrasonography) to enable "early detection and early treatment" and reduce the severity and impact of the disease on people's lives.

In addition to caring for the physical health of staff, we also offer health education, care and notifications for staff suffering from occupational or private injuries and illnesses, including injury / illness tracking, advice on reasonable days of rest and recuperation, return to (different) work assessment, and assistance with reintegration in the workplace.

• Maternal Healthcare and Protection

The Company provides exclusive parking spaces for female staff over six months pregnant. We have a "Maternal Health and Protection Regulation", and offer maternal health protection and care to female workers from pregnancy until one year after giving birth or as long as they breastfeed. We offer private rooms for breastfeeding or milk expression with facilities (refrigerator/sterilizer// electric heater, etc.), to offer peace of mind to working mothers.

• Infectious Disease Prevention and Care

As Covid-19 was raging around the world, we announced the Company's epidemic prevention measures in a timely manner, and provided safety suggestions based on domestic and foreign epidemic information. In addition, we collected the footprints of confirmed cases every day, issued online questionnaires, and screened and isolated high-risk cases as soon as possible (i.e. persons or their close contacts with a travel history in an epidemic area, suspected contact history, return from business trips, etc.), through 100% tracking and management. We tracked the status of those risk cases. In 2021, 131 cases were tracked and we had zero confirmed cases in our plants, a relatively safe working environment. We purchased and used ear/forehead thermometers, infrared thermometers, automatic thermometers, 75% alcohol, medical masks and other anti-epidemic materials to prevent COVID-19. We shared information on Covid-19. The Company's first-dose vaccination rate reached 95%, the second dose reached 90%. Self-funded influenza vaccination activities are held every year, and in 2021 the number of participants was 112.

• Emergency Rescue Mechanism

Our plants have three AED devices, the use of which is included in the evacuation drills to train, audit and replenish the supplies of the emergency cabinets and medicine cabinets in the staircases. We signed a contract for an ambulance service with the staff clinic to ensure prompt ambulance service in case of emergency.



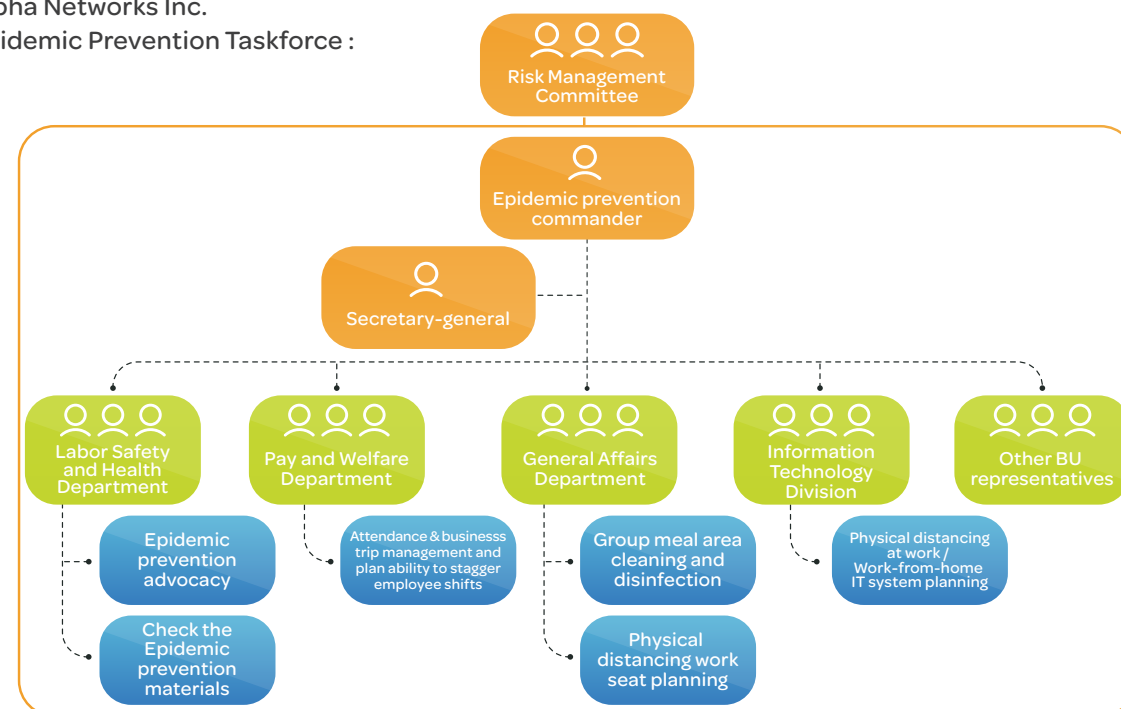
2.5.7 Epidemic Prevention Measures

Covid-19 greatly affected the global economy, society, and human physical and mental health. Maintaining the health and safety of our staff was our priority, which is why we set up a Covid-19 epidemic prevention task force. The general manager served as the commander, leading the epidemic prevention team and all staff, fully collaborating with the competent authorities to contain the worldwide epidemic.

In accordance with the "Response Plan for the Severe Special Infectious Pneumonia Epidemic" issued by the Central Epidemic Command Center of the Ministry of Health and Welfare of Taiwan, we adopted a tiered management of the epidemic situation, formulated and implemented epidemic prevention measures, including personnel access control, strengthening personal cleaning and protection, environmental cleaning and disinfection, and reduced group activities, all to protect the employee health. Under the tiered management and control, our epidemic prevention measures were adjusted as the epidemic situation changed.

Alpha Networks Inc.

Epidemic Prevention Taskforce :



Epidemic prevention focus :

- **Control personnel access :**
Control all incoming personnel, measure their body temperature, customers fill in health declaration forms and have their temperature measured when they enter the plant.
- **Avoid gatherings :**
 1. The restaurant seats use plum blossom seats (empty seats), tabletop partitions, meal time slots, and box meal style.
 2. Wear a mask in public areas.
 3. The meeting rooms were fitted with partitions, meetings were held online.
 4. Limited number of people per elevator.
 5. During working hours, except for emergencies, elevators would not stop at levels B1-B3, to encourage staff to take the stairs to the temperature measurement station (at 1F elevator entrance).
 6. When the epidemic level went above level 3, floor partitions and elevator separation were used. Working hours were divided into different time periods to prevent people on the same floor getting in contact with one another. The delivery of items across areas was done through a buffer zone by a special person.
- **Enhanced staff cleaning and maintenance :**
Hand sanitizers were placed at the elevator entrance, and the elevator button film was regularly replaced.
- **Enhanced environmental disinfection :**
Bleach disinfection by cleaning staff three times a week, disinfection of the entire plant once a month.
- **Epidemic prevention information :**
Daily regular monitor messages reminded staff to wear masks at the Company. Through online questionnaires, the travel history, contact history, and abnormal health conditions of staff and visitors was collected. If necessary, high-risk cases were isolated as soon as possible, and their subsequent health status was tracked. Staff could also check the latest epidemic prevention knowledge and epidemic news through the internal website, email, etc.

- Wear masks in public areas and hand sanitizers placed at the elevator entrance



- The seats in the staff restaurant use plum blossom seats, partitions, and meals by timeslots.



- Employee Footprint Survey



2.6 Social Participation

We leveraged our Internet presence to implement our corporate social responsibility throughout the "epidemic"

As the Covid-19 epidemic swept the world, many countries imposed lockdowns, closing schools and even cities in response to the epidemic. In Taiwan, the epidemic was well controlled in the early stage, and school closures were not long or serious, nor did it particularly affect children's learning. However, with the outbreak of the second wave of the epidemic, schools at all levels and after-school care institutes across the country had to suspend classes and activities, and students had to take online learning at home, creating big challenges for poor families in remote areas.

The Alpha Networks Inc. Science and Technology Cultural and Educational Foundation adheres to the concept of social engagement and giving back to society. In view of the insufficient public education funds allocated to remote areas, students cannot have the same learning environment as in of urban schools. In these trying times, we harnessed the power of IT to assist remote villages to keep learning during school closures. Therefore, the foundation and the TSMC Charity Foundation jointly donated thousands of Internet routers and Internet resources to help students who needed remote learning through collaboration with city/county-level education bureau heads and school principals.

Since last year, the TSMC Charity Foundation joined hands with Alpha Networks Inc. to support rural education and enable rural students to enjoy the conveniences brought by network technology. Therefore, we built a borderless online classroom and donated an online sharing device to Shuanglong Elementary School in Xinyi Township, Nantou County. Volunteers of our foundation participated in a learning and sharing meeting on 17 March 2021.

Meanwhile, the foundation continued serving the elderly as usual as well. The foundation teamed up with the Hsinchu City East District Senior Citizens Center, where senior gather for classes and socializing. We taught those elderly basic Internet skills and how the Internet can improve their quality of life.

Our foundation has a "focus on mobile communication". To bridge the information divide between urban and rural areas and the shortage of resources in remote rural areas, the foundation continues to foster

equality in education and fairness of society. By providing Alpha Networks Inc. products and enthusiastic volunteer services, we helped students in remote areas to continue learning through various means, and we helped science and technology education in remote areas catch up with the rest of the world.

 For more information on communication channels, please refer to the Corporate website > [ESG](#) > [Alpha Foundation](#).

- Sponsoring diverse learning for students from remote areas



- Digital Mobility Course for Seniors





Alpha Networks values environmental sustainability

Environmental protection activities are the focus of ALPHA's business operations



- 3.1 Green products Management
- 3.2 Environmental Management
- 3.3 Greenhouse Gas Inventory
- 3.4 Supply Chain Management and Social Relations
- 3.5 Conflict Minerals Due Diligence
- 3.6 Green Production and Continuous Improvement
- 3.7 Customer satisfaction Survey

Alpha Networks Inc. emphasizes the issue of environmental sustainability during the process of our business operations. Internally, we have stipulated the environmental and HSF policy, GHG inventory policy, as well as relevant activities and measures. In recent years, extreme climate's impact on the environment has reached a critical level, and in an attempt to lower carbon emissions, countries around the world have proclaimed the "Net-Zero Emissions by 2050" goal.

Alpha Networks Inc. places tremendous emphasis on ESG (Environmental, Social, and Governance). In conforming to international trends, we have taken the Task Force on Climate-related Financial Disclosures (TCFD) into consideration to identify the risks and opportunities associated with our operations and activities through more specific and quantifiable measures, thereby achieving the goal of sustainable corporate development.



2021 Annual Performance



Electricity

2021 power saving
(compared with 2020)

Hsinchu Plant
-2.7%
Dongguan Plant
-10.0%
Changshu Plant
-2.9%



Water Resources

2021 Water Saving
(compared to 2020)

Hsinchu Plant
-12.1%
Dongguan Plant
-27.7%
Changshu Plant
-3.0%



Waste

Hsinchu Plant
Hazardous industrial waste
-34.96%
Dongguan Plant
general industrial waste
-13.33%
Changshu Plant
Hazardous industrial waste
-2.32%



Environmental Protection

Scope 2 greenhouse
gas emission intensity
decreased by **3.6%**
compared
with 2020

Greenhouse gas (GHG)
emission reduction
≥ 3%




Hazardous Substance Management

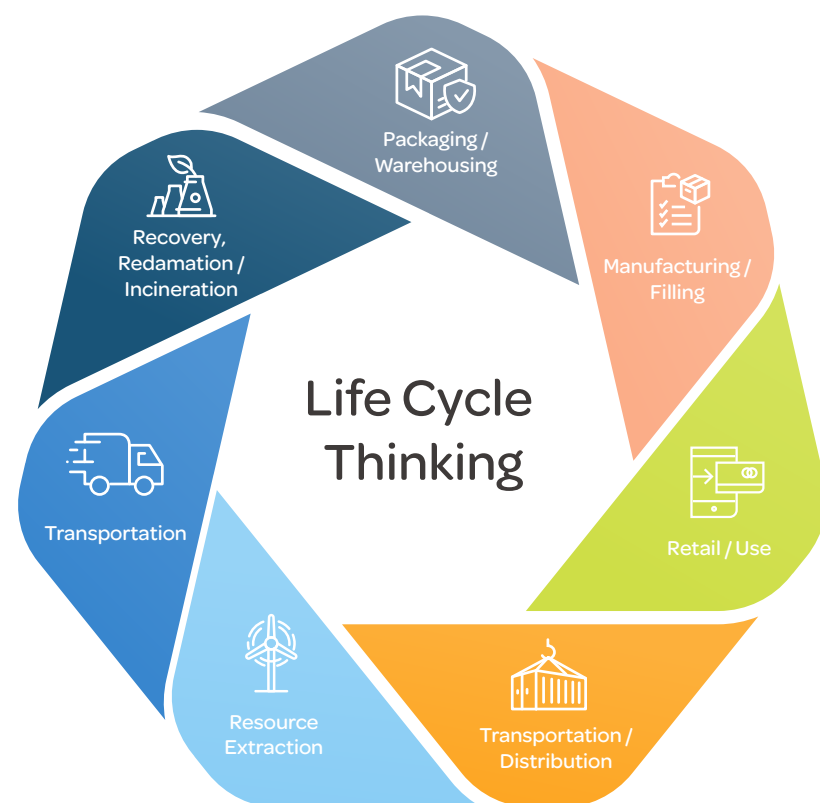
Exacutive rate	100%	Hazardous Substance Management
Achievement rate	100%	Hazardous Substance Risk Assessment
Achievement rate	100%	Product Integrated Report Making into the 2021
Compliance rate	100%	RoHS Directive and REACH Regulation
RoHS Directive Exemptions Due Date	≤ 1	one year



Sustainable Environment Development

Under strict control, all products of Alpha Networks Inc. comply with EU RoHS, REACH, WEEE and other directives, and continue to promote product performance improvement to comply with the EU's ErP Directive, the US' DoE & CEC and Canada's NRCAN and other relevant regulations of countries around the world. In the product development stage, Life Cycle Thinking (LCT) and green design are used, and adjustments are made throughout the design process in line with the latest international environmental protection regulations.

 For more details on the company profile and evolution of Alpha Networks, please refer to the "[Capability/Environmental sustainability](#)" section of the corporate website.



Design and recyclable for disassembly

In accordance with the EU WEEE product design principles, components are made from materials that can be recovered and reused where possible. Design that hampers disassembly such as paint coatings, welding and adhesives are avoided where possible. Technical documents such as product isassembly manuals and WEEE 3R report are also produced. The goal of achieving a high product recycling rate has now been achieved.



Energy conservation

Product energy efficiency is based on the guidance of the EU ErP, the (EU) 2019/1782 implementing directive for Parliament and of the Council with regard to Ecodesign requirements for standby and off mode electric power consumption of el ctrical andelectronic household and office quipment, and (EC) No.278/2009 implementing directive for external power supplies.



Pollution prevention

LCT is introduced at the product development phase in the hopes of identifying a product's key environmental considerations and minimizing its environmental impact during resource extraction, manufacturing, distribution and sale, use, disposal and recovery.



Low toxicity

In addition to the introduction of leadfree production processes through the green product management platform and strict internal controls, all parts manufactured by Alpha comply with the requirements of EU RoHS directive and REACH regulations.



3.1 Green products Management

Alpha purchases and manages legal raw materials through the hazardous substance management platform.

3.1.1 Green Purchasing

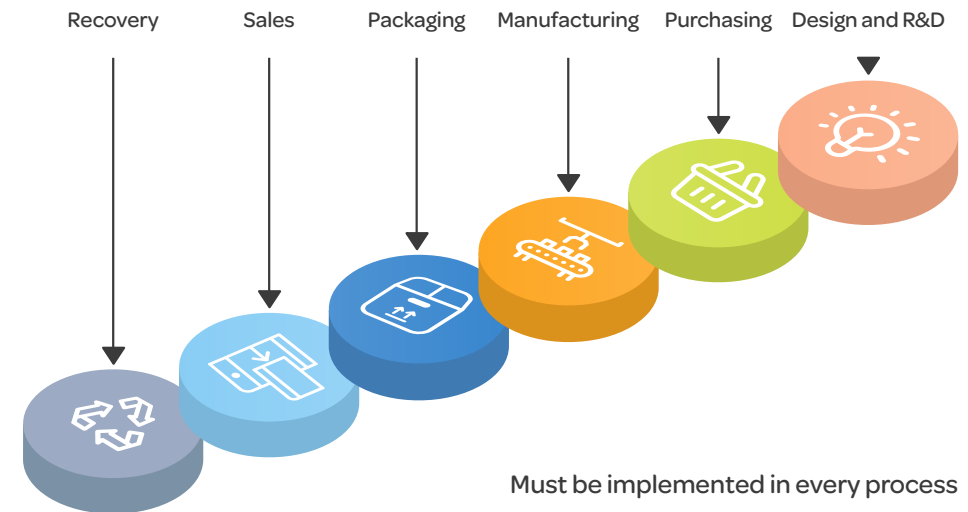
To fulfill our environmental responsibility as a global citizen, Alpha Networks Inc. has reduced the use of natural resources and toxic substances, practiced green procurement, requiring suppliers to sign the "Non-Use Guarantee" specifications, to achieve sustainable operation of green products and implement green production and green consumption.



3.1.2 Green Regulation and Database Establish

International Green Regulations

Rules banning the use of hazardous substances and on waste recovery have been imposed by international regulations such as the "Waste Electrical and Electronic Equipment" (WEEE) directive and the "Restriction of the use of certain hazardous substances in electrical and electronic equipment" (RoHS). The use of six kinds of hazardous substances was specifically banned from July, 2006 and add 4 new hazardous substances under control form July 22, 2019, for a total of 10 banned hazardous substances. And the importation of noncompliant electronic, information and communication products was prohibited as well. With the Ecodesign principles were therefore incorporated into the design and manufacture of products during manufacturing, recycling and export.



● 2021 Updated Green Environmental Protection Regulations

In 2021, nineteen green and environmental protection-related regulations were updated, including five environmental protection regulations in Taiwan and regulations regarding hazardous substances : seven in Europe, three in Asia, and four in North America.

Regulation	Content	Effective date
UK REACH	From 1 January 2021, the UK officially implemented a separate chemical regulation: UK REACH. The overall framework, registration process and requirements of UK REACH are basically in line with the current EU REACH.	2021/01/01
USA TSCA	The Toxic Substances Control Act (TSCA) announced that raw materials and finished products containing five PBTs are prohibited from importation into the United States.	2021/01/06
Korea RoHS/ ELV	Korea OSHA / ISHA amended SDS obligation to disclose 100% ingredient information.	2021/01/16
(EU) REACH	On January 19, 2021, the European Chemicals Agency (ECHA) released two new chemical substances to be included in the 24th batch of the SVHC List (substances of very high concern). The SVHC List contains 211 items.	2021/01/19
Taiwan Noise Control Act	This revision mainly concerns Article 37 of the Civil Aviation Act, with regard to compensation for civil aviation noise. The noise prevention measures that should be implemented at military airports have been revised to “prevention or compensation measures” to further improve the ambient noise volume of airports.	2021/01/20
(EU) REACH	REACH Annex XVII (Restricted Substances List) was updated. This list has been revised 36 times, and 69 items have been added to the list of restricted substances	2021/01/25
Taiwan Industrial Waste Storage, Removal and Disposal Methods and Facility Standards	New management regulations such as environmental monitoring have been added to strengthen landfill management and prevent the impact of landfill operations on adjacent areas.	2021/02/22
USA TSCA	The EPA released final rules for five PBT substances in December 2020 to reduce exposure to certain persistent, bioaccumulative and toxic chemicals, along with 180-day “No Action Assurance” measures.	2021/03/08
USA California Proposition 65	California’s Office of Environmental Health Hazard Assessment, (OEHHA) has included molybdenum trioxide and indium tin oxide in the California Bill 65 control list.	2021/03/19
(EU) RoHS	2021/03/30 EU RoHS Exemption Pack 24 Evaluation Program started, 5(b), 18(b), 18(b)-I, 24, 29, 32 and 34 ended on June 8, 2021	2021/03/30
Taiwan Fire safety equipment standards for various places	The standards for the installation of fire safety equipment in various types of venues have been formulated by the Ministry of the Interior pursuant to Article 6, Paragraph 1 of the Fire Services Act, forming the basis for the venue and the installation of fire safety equipment.	2021/06/25
Taiwan Standards for Air Pollutant Emission from Stationary Pollution Sources	The “Standards for Air Pollutant Emission from Stationary Pollution Sources” were amended while separate “Standards for the Emission of Harmful Air Pollutants from Stationary Pollution Sources” was formulated for harmful air pollutants to strengthen the emission control of harmful air pollutants.	2021/06/29
SASO RoHS	On November 20, 2020, the Saudi Standards, Metrology and Quality Organization (SASO) issued a new technical regulation to develop and enforce the Restriction of Hazardous Substances Directive 2002/95/EC (RoHS) for electrical and electronic products.	2021/07/01
(EU) REACH	On July 8, 2021, the European Chemicals Agency (ECHA) released eight new chemical substances for inclusion in the 25th SVHC List (substances of very high concern).SVHC contains 219 items.	2021/07/08
Taiwan Lighting sources waste recycling, storage, and disposal methods and facility standards	This revision strengthens the prevention of mercury escape and adds new negative pressure on management specifications.	2021/07/14
(EU) REACH	The European Union has published Regulation (EU) 2021/1297, adding restrictions on perfluorocarboxylic acids (PFCAs) containing 9-14 carbon atoms into item 68 of REACH Annex XVII.	2021/08/04
USA TSCA	The TSCA PIP (3:1) Regulation of the US EPA was enforced again from September 8, 2021	2021/09/08
The China National Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants	China's implementation plan clearly states that starting from December 26, 2021, the production, use, import and export of hexabromocyclododecane (HBCD) are completely banned. It remains permitted only for use in laboratory research or as a reference standard for production, use, import and export	2021/12/26
UK CA	The UK Department for Business, Energy & Industrial Strategy (BEIS) released the latest guidelines for the use of the UKCA logo on its official website on August 24, 2021.	2023/01/01

Building a Regulatory Database

Alpha clearly defines hazardous substance usage standards for products able to and environment-related control requirements by regularly updating the green product control guidelines. Alpha is therefore fulfilling its commitment to social responsibility by ensuring product compliance with all the relevant requirements. Apart from complying with existing standards on restricted, banned and controlled substances, Alpha monitors international regulations and requirements on environmental substances including regional or national laws and regulations restricting or banning the use hazardous substances. In keeping with Alpha's commitment to environmental protection, suppliers are asked to conform to and adhere to the relevant laws and regulations as well as their reporting obligations. To strengthen the enforcement of relevant regulations, a fast and detailed regulatory management database has been set up to improve company personnel's understanding of enforcement efforts and progress.

For substances whose use may be restricted or banned in the future, we will continue to evaluate our options where the technology does not impact product quality, safety reliability, human health and increase environmental impact. We will consider revising the timetable for restricted/banned substances, and look at alternatives or improvements that will reduce the level of environmental impact and effect in order to comply with customer requirements as well as international, regional, and national green regulations. An “Alpha Regulatory Database” has been set up for storage and queries to facilitate effective communication.

Statistics In 2021 Alpha Networks Inc. has not been subject to lawsuits or major fines for violating laws and regulations related to green products.



3.1.3 Hazardous Substance Management

In response to the environmental protection laws of various countries and customer requirements, Alpha Networks Inc. runs a Green Product Management System (GPM), that employs control procedures and requires suppliers to sign a Guarantee, submit a third-party test report to ensure that a product complies with the list of controlled substances, avoids the impact of harmful substances, and ensures that the product complies with the spirit of green environmental protection from development to production.

 For more details on the GPM of Alpha Networks, please refer to "[GPM Platform](#)"



Statistics on 3,312 MCD audits in 2021 are shown per month in the table below. Confirmation that the raw materials from the supplier meet the standards for controlled substances.

● MCD Audit

Number / Month	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Audited Number	200	111	173	134	82	121	299	397	425	504	427	439	3312

Compliant with hazardous substance regulations

All Alpha products, semi-assemblies, raw materials, packaging and auxiliary materials conform to current EU RoHS directive and REACH international regulations. All chemical substances used in products, parts and components as well as during the production process are strictly managed in accordance with the usage, restricted use or banned use requirements for hazardous substances through the GPM system. The GPM system's management mechanism ensures that all products are in compliance. Product Integration Report According to Management Mechanism, Products Declaration submitted to the customer, to prove product compliance with regulations on hazardous substances.

The number of completed cases in 2021 is shown in the table below.



Custom form process (GPM)

- Inspection form designed by central factory
- Online communication and interaction with suppliers
- Upload of specification documents by suppliers
- Verify compliance with requirements



Green investigation process

- Compile materials database
- Version control for specifications and regulation
- Investigation of restricted substances
- Review verification and audit
- Tracing of green materials and BOM

● Product Integration Report

Number / Month	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Monthly target %	95	95	95	95	95	95	95	95	95	95	95	95	95
Achievement rate%	100	100	100	100	100	100	100	100	100	100	100	100	100
Number of cases to be completed	24	12	74	34	92	118	58	20	84	25	12	49	602
actual number of cases completed	24	12	74	34	92	118	58	20	84	25	12	49	602

● Product Declaration

Year	Type	Number
2021	RoHS	166
	REACH	45
	VoC	1
	PoPs	8
	SS00259	1



System certification

The Electrical and Electronic Components and Products Hazardous Substance Process Management System Requirements (HSPM) were issued by the International Electrotechnical Commission (IEC) in October 2005. Alpha has obtained the latest IEC QC 080000:2017 system certification.

● System Target

HSF Policy	No	Objective	2021 Goal	Achievement rate
Comply with and follow the environmental laws and regulations on the restriction of hazardous substances.	1	The RoHS Directive 2011/65 EU, EU2015/863, Packaging Directive 94/62/EC, and Battery Directive 2013/56/EU were fully implemented, and the GPM system card control and maintenance management must be accurate	Achievement rate 100%	100%
	2	One year before the expiry of the exception clause	Exception expiry date \leq 1 year	100%
	3	Review of MCD data accuracy in the GPM system	Quarter/times	100%
	4	Regulation collection	Quarter/times	100%
Research and develop green products to pursue the completion HSF products.	5	The GPM system control objects did not meet the green material number of cases = 0 cases	Per year = 0 cases	100%
	6	Regulatory requirements were communicated to staff through the platform	100% execution rate	100%
	7	Hazardous substance risk assessment	100% execution rate	100%
	8	Integrated report production	Achievement rate 92%	100%

3.1.4 Product disassembly and recycle design

ALPHA consider the product disassembly and recovery design at the design stage. Product assembly design does not use complex tools and linking processes for production. Plastic components weight 25g or more should also marked .The use of more than two types of materials should also be avoided. Recovery and disassembly (3R) and EU WEEE directive (WEEE) all form the basis of green product design. Recyclable materials are therefore chosen by Alpha during system design to better comply with EU environmental requirements.

3.1.5 Product energy-saving design

ALPHA in product design stage, consider energy efficiency and reduction of energy consumption. While product in standby and off modes, compliance EU related Product directive (EC) No.1275:2008 and (EU) No.801:2009 the networks equipment standby and off modes energy consumption requirement.

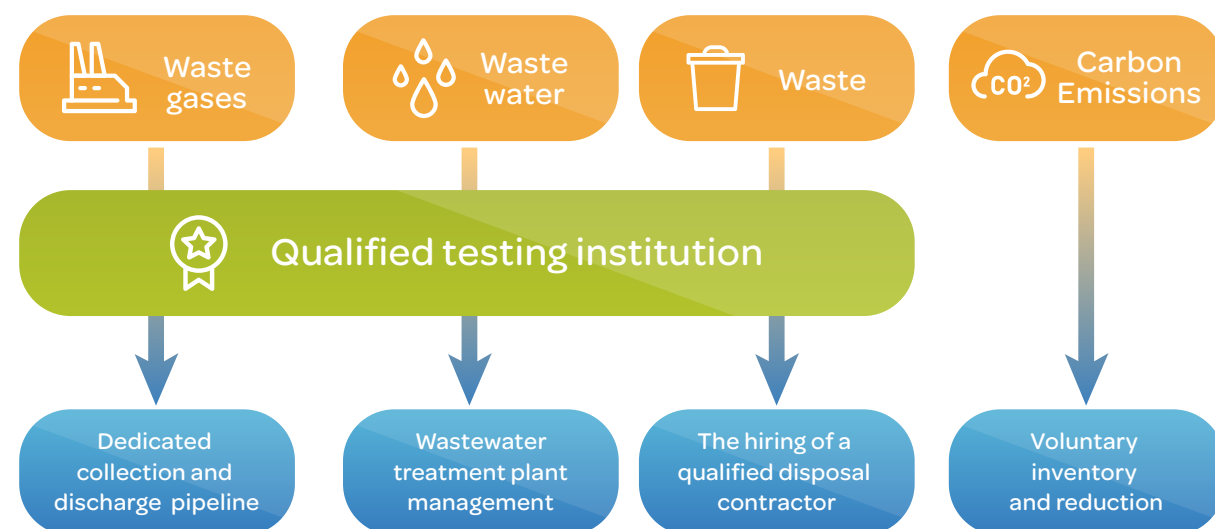


3.2 Environmental Management

Launching environmental protection activities to mitigate the environmental impact

Environmental Policy / HSF Policy

- Adhere and comply with environmental laws and the RoHS directive
- Develop green products with fully HSF products as the ultimate goal
- Promote recycling of resources and waste reduction
- Continue to improve processes to reduce their environmental impact
- Improve environmental awareness among employees and to participate directly in environmental protection initiatives.
- Conserve energy and improve energy efficiency.



Environmental goals

● Alpha Environmental goals

Environment Policy	No	Objective	2021 Goal	Achievement rate
1. Improve employees' awareness of environmental protection, and join in environmental protection work.	1.1	ALPHA Green website update	per year ≥ 1 time	100%
	1.2	Biodiversity-related activities (e.g.: beach cleaning, mountain cleaning, tree planting, ecofriendly farmland maintenance...)	per year ≥ 1 time	100%
2. Conserve energy and improve energy efficiency.	2.1	Monitor 'green' laws and regulations	per year = 4 time	100%
	2.2	Carbon Footprint Inventory	per year = 1 time	100%
	2.3	Number of products noncompliant with international energy-related regulations (e.g.: ErP Directive, DoE, CEC, NRCan)	0 cases per year	100%

Alpha Networks Inc. did not violate any environmental regulations in 2021, and all was in compliance with local regulations. The relevant items are described in the following section.

3.2.1 Wastewater Management

Wastewater produced by Alpha consists of domestic wastewater and kitchen wastewater. As the wastewater is not from the production process so voluntary disclosure covers only domestic wastewater.

Discharge Testing :

Environmental testing organizations accredited by the Environmental Protection Administration of the Executive Yuan are commissioned every year to carry out testing and keep a record of the test results. All wastewater discharges comply with the rules of the Regulation for the Use and Management of Wastewater Treatment and Sewage System in the Science Park, where the sampling well is cleaned and the flow meter is calibrated annually.

Flow meter calibration :

A calibration rule is used to measure and record the overflow height of the triangular weir conduit at the site. The flow rate shown on the display is then compared against the flow rate calculated using the formula.

● Factory Wastewater Discharge, 2019 ~ 2021 (Tonnes)

Factory \ Year	2019	2020	2021
Hsinchu Factory	257,61	27,749	22,193
Dongguan Factory	44,739	71,805	48,908
Changshu Factory	88,275	81,319	79,787

Note 1 : Source - Hsinchu Factory – Meter readings reported to the Science Park Administration's sewage treatment factory each month.

Note 2 : Source - Changshu Factory and Dongguan Factory – Data is based on tap water consumption statistics (local regulations do not require the tracking of sewage volume so the sewage discharge figures are based on tap water consumption)

● 2021 Discharger water quality test result (depending on the test schedule of respective plants)

Factory \ Test item	pH	COD	BOD	SS	Oil	MBAS	Ammonia Nitrogen	Phosphate
Hsinchu Actual value	7.7	480mg/l	136mg/l	26.2mg/l	33.7mg/l	0.12mg/l	-	-
Hsinchu Controlled value	5.0~9.0	500mg/l	300mg/l	300mg/l	15mg/l	100mg/l	-	-
Dongguan Actual value	7.1	484	184	61	10.8	-	4.41	3.7
Dongguan Controlled value	6~9	500mg/l	300mg/l	400mg/l	100mg/l	-	-mg/l	-mg/l
Changshu Actual value	7.48	280mg/l	-	40mg/l	ND	1.02mg/l	51mg/l	6.03mg/l
Changshu Controlled value	6~9	500mg/l	-	400mg/l	100mg/l	20mg/l	-mg/l	-mg/l

Note : Source - Discharge water test report

Sewage from various plants is collected by sewer pipes and channeled to the sewage treatment plant for processing. The sewage is only discharged to the environment after making sure that it complies with the regulations stipulated by various authorities.

3.2.2 Drinking Water Maintenance Management

Alpha takes measures to ensure that the quality of drinking water is up to standard to protect the safety and hygiene of all employees' water supply. Water dispenser equipment is maintained in-house or by contractors every month. An environmental testing organization accredited by the EPA is retained to test the quality of the treated water for level of E.coli and total bacteria count every three months. Maintenance tasks and water quality test results are recorded in the "Water Dispenser Water Quality Testing and Equipment Maintenance Record Form" and posted prominently near the water dispensers.

HsinChu : According to the Enforcement Rules of the Act Governing Drinking Water

Management : e.coli count \leq 6 CFU/100mL

Total bacteria count \leq * CFU/mL

Changshu plant : Compliant with GB 5749-2006 (Standards for drinking water quality)

Dongguang plant : Compliant with CJ 94-2005 (Water quality standards for fine drinking water)

● 2021 Drinking water quality test results (based on the data from the 4th Quarter)

Factory \ Test item	E.coli count (Unit : CFU/100mL)	Total bacteria count (Unit : CFU/mL)
Hsinchu Factory	< 1	-
Dongguan Factory	-	-
Changshu Factory	Not detected	59

Note: Source - Alpha Networks drinking water quality test report



3.2.3 Waste Management

A waste management procedure has been formulated by Alpha to establish an effective internal waste management system to prevent the polluting of the environment through improper waste management. Waste is divided into general waste, hazardous industrial waste and general industrial waste. Hsinchu plant is equipped with a compliant waste storage area, and a waste disposal company approved by the government and with no fines over the past year is hired to dispose of Alpha's waste. To reduce waste, the Hsinchu Plant has since 2017 classified and labeled its waste. According to statistics, the output of general industrial waste in 2021 increased significantly compared with 2020, mainly due to increased production in some months, which increased the process packaging material waste by 10,520 kg.

The company keeps strengthen its waste classification, labeling and posting instructions to achieve the goal of waste reduction.

● Waste Output of Each Factory Between 2019 ~ 2021 year (Kg) :

Type		Factory	2019	2020	2021	Method of disposal
General waste	Resource waste	Hsinchu	91626.3	221430.5	194832	Recycle
		Dongguan	206219.73	184664.69	156162.1	Recycle
		Changshu	275866.1	289240	283807	Recycle
Hazardous industrial waste		Hsinchu	33453.1	27327.4	17774	Incineration/Physical Disposal
		Dongguan	600	1000	1000	The Environmental Protection Bureau issues qualified manufacturers for recycling
		Changshu	24973.18	30478	29770	Scrap materials (recycling) Waste organic solutions (incineration) Waste oil-stained rags (incineration)
		Hsinchu	14380	39750	50270	Incineration
General industrial waste		Dongguan	160	150	130	ncineration
		Changshu	202475	108000	109500	Recycling by the manufacturer

3.2.4 Noise Control

Noise control at Alpha (Hsinchu) is divided into a work area and surrounding environment in accordance with Occupational Safety & Health Act and Noise Control Act regulations.

For noise control in the surrounding environment, the Noise Control Zone Designation

Guidelines require class 3 controls at the Alpha (Hsinchu) site as it is located within science park. If a significant noise source is installed or moved around the site then the noise level must be measured by an outside contractor to ensure compliance with control standards.

There were no significant noise sources in the Hsinchu Factory's surrounding area. No protests were received from neighboring factories or residents either.

3.2.5 Emission Control

Industrial emissions can be divided into particulate emissions and gaseous emissions. To ensure the effective control and reduction of emissions from the production process, Alpha (Hsinchu) retains an EPA-accredited environmental testing organization to measure the composition of emissions from the production process and reduce their environmental impact. All emissions must conform to the discharge standards set by law.

● 2021 Flue Exhaust Inspection Result

Hsinchu Factory					
	Lead		Particulate pollutant		Total Hydrocarbons
Flue No. P002	Actual value	ND (mgNm ³)	Actual value	<1 (mg/Nm ³)	Actual value 62 (ppm)
	Emission standard	10 (mgNm ³)	Emission standard	100 (mgNm ³)	Emission standard *
	Lead		Particulate pollutant		Total Hydrocarbons
Flue No. P003	Actual value	ND (mgNm ³)	Actual value	1 (mg/Nm ³)	Actual value 10 (ppm)
	Emission standard	10 (mgNm ³)	Emission standard	100 (mgNm ³)	Emission standard *
	Lead		Particulate pollutant		Total Hydrocarbons
Flue No. P004	Actual value	ND (mgNm ³)	Actual value	<1 (mg/Nm ³)	Actual value 11 (ppm)
	Emission standard	10 (mgNm ³)	Emission standard	100 (mgNm ³)	Emission standard *

Note : Source - Alpha (Hsinchu Factory) flue exhaust test report

Dongguan Factory							
	Test Item	Emission concentration (mg/ m³)	Emission limit mg/m³		Test Item	Emission concentration (mg/ m³)	Emission limit mg/m³
SMT workshop exhaust 1#	Benzene	<0.01	12	SMT workshop exhaust 2#	Benzene	<0.01	12
	Toluene	<0.01	40		Toluene	<0.01	40
	Xylen	<0.01	70		Xylen	<0.01	70
	Lead	<0.002	0.70		Lead	<0.002	0.70
	Tin	<0.002	8.5		Tin	<0.002	8.5
	Test Item	Emission concentration (mg/ m³)	Emission limit mg/m³		Test Item	Emission concentration (mg/ m³)	Emission limit mg/m³
SMT workshop exhaust 3#	Benzene	<0.01	12	SMT workshop exhaust 4#	Benzene	<0.01	12
	Toluene	<0.01	40		Toluene	<0.01	40
	Xylen	<0.01	70		Xylen	<0.01	70
	Lead	<0.002	0.70		Lead	<0.002	0.07
	Tin	0.004	8.5		Tin	0.003	8.5
	Test Item	Emission concentration (mg/ m³)	Emission limit mg/m³		-	-	-
SMT workshop exhaust 5#	Benzene	<0.01	12		-	-	-
	Toluene	<0.01	40		-	-	-
	Xylen	<0.01	70		-	-	-
	Lead	<0.002	0.70		-	-	-
	Tin	<0.002	8.5		-	-	-

Note : Source - Alpha Networks (Dongguan Factory) environmental testing report

Changshu Factory			
	Item	Tin and its compounds	Non-methane hydrocarbon (counted as carbon)
Flue No. 1	Emission concentration (mg/ m ³)	0.0068(mg/ m ³)	24.5(mg/ m ³)
	Limit value (mg/ m ³)	8.5	120
	Item	Tin and its compounds	Non-methane hydrocarbon (counted as carbon)
Flue No. 2	Emission concentration (mg/ m ³)	0.0004(mg/ m ³)	1.63(mg/ m ³)
	Limit value (mg/ m ³)	8.5	120

Note : Source - Alpha (Changshu) Emissions test report



3.2.6 Fire Safety Equipment Inspection and Reporting

The three types of maintenance cycle for fire safety equipment at Alpha (Hsinchu Factory) are monthly maintenance, quarterly maintenance, and annual inspection/registration. For monthly and quarterly inspections, the condition of the equipment is recorded by the inspection personnel in the inspection form. Annual inspections of fire safety equipment are contracted to fire safety companies and registered in accordance with the Operational Criteria for the Inspection and Registration of Fire Safety Equipment in All Premises.

3.2.7 Building Public Safety Inspection, Certification and Registration

Alpha (Hsinchu) not only complies with the relevant laws and regulations but also attach great importance to the working and living environment of employees. Every effort is made to create a workplace where employees can feel safe.

2021 Fire Safety Equipment Maintenance Results

Note : Source - Fire safety equipment inspection and registration form

2021 Building public safety maintenance inspection labels and declarations - Results

Note : Source: Alpha (Hsinchu Factory) - Alpha (Hsinchu Factory) building public safety inspection, certification and registration form

3.2.8 Energy Resource Management

Alpha is committed to promoting energy conservation and carbon reduction, making improvements to energy-intensive equipment, as well as upgrading environmental safety and health facilities of the company. This will not only improve the software and hardware for energy conservation and carbon reduction at Alpha (Hsinchu Factory) but also achieve the goals of energy conservation, GHG reduction, and safety & health management.

Loading adjustment of chillers and related equipment

Objective : Automatic adjustment according to the ambient temperature to achieve energy conservation and carbon reduction.

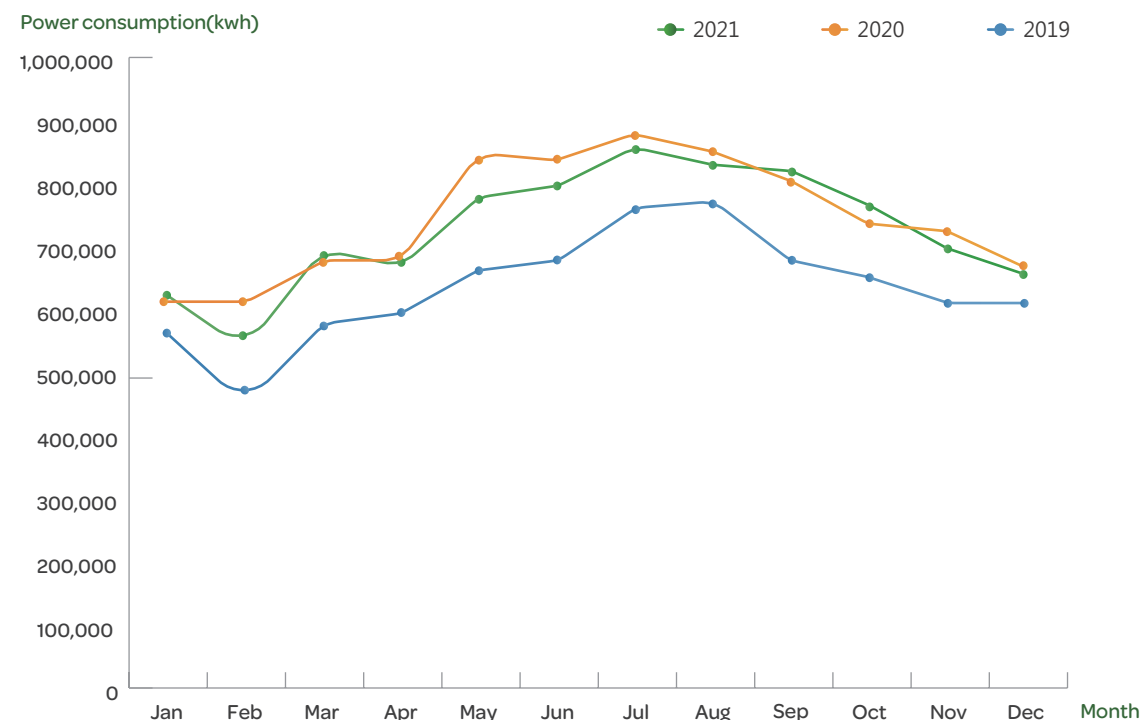
M e t h o d : The loading of the chillers and related equipment is adjusted automatically based on the ambient temperature and the desired temperature in order to attain optimal system stability, efficiency, and minimal energy consumption.

Benefits :

Annual power consumption/Month	Jan.	Feb.	Mar.	Apr.	May.	Jun.
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2019	107,600	114,410	160,510	196,850	207,100	248,180
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2020	115,630	159,450	146,690	266,180	234,700	272,660
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2021	115,650	176,740	166,530	251,200	273,430	306,900
Annual power consumption/Month	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2019	264,630	209,090	160,910	142,280	117,640	124,150
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2020	308,970	245,210	183,160	182,480	150,250	124,330
The actual electricity consumption of water-cooled servers and auxiliary equipment in 2021	289,000	270,100	221,500	156,400	130,700	130,700

Note : Source: Digital power meter

● Power consumption management at Hsinchu Factory



Month	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Y2019	556,000	446,800	578,800	594,800	663,200	682,400	764,000	774,000	682,000	649,600	612,000	616,400
Y2020	614,400	612,400	677,600	680,800	846,800	838,400	878,800	852,000	804,000	735,600	724,400	672,400
Y2021	626,400	538,800	694,800	668,000	774,400	796,800	858,000	835,200	820,400	766,000	702,000	656,800

● Internal energy consumption details (kWh)

Month	Jan.				Feb.				Mar.			
	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption
2019	458,400	0	107,600	0	332,390	0	114,410	0	418,290	0	160,510	0
2020	498,770	0	115,630	0	452,950	0	159,450	0	530,910	0	146,690	0
2021	510,750	0	115,650	0	518,060	0	176,740	0	528,270	0	166,530	0

Month	Apr.				May.				Jun.			
	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption
2019	397,950	0	196,850	0	456,100	0	207,100	0	434,200	0	248,180	0
2020	414,620	0	266,180	0	612,100	0	234,700	0	565,740	0	272,660	0
2021	416,800	0	251,200	0	500,970	0	273,430	0	489,900	0	306,900	0

Month	Jul.				Aug.				Sep.			
	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption
2019	499,370	0	264,630	0	564,910	0	209,090	0	521,090	0	160,910	0
2020	569,830	0	308,970	0	606,790	0	245,210	0	620,840	0	183,160	0
2021	569,000	0	289,000	0	565,100	0	270,100	0	598,900	0	221,500	0

Month	Oct.				Nov.				Dec.			
	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption	Power Consumption	Heating Power Consumption	Refrigeration Power Consumption	Steam Power Consumption
2019	507,320	0	142,280	0	494,360	0	117,640	0	492,250	0	124,150	0
2020	553,120	0	182,480	0	574,150	0	150,250	0	548,070	0	124,330	0
2021	609,600	0	156,400	0	571,300	0	130,700	0	526,100	0	130,700	0

Note : Date source – Monthly power consumption statement and electricity bills throughout the year (including external units such as convenience stores and telecom companies)

3.2.9 Enhance environmental awareness

On top of the statutory environmental protection activities, Alpha Networks Inc. regards environmental protection as its own responsibility, and actively responds to international trends and customer needs. We actively participate in environmental protection training courses, and promote and encourage staff to practice environmental protection through internal gatherings, so that they understand the relationship between people and the environment, and take practical action to fulfil their environmental protection responsibilities. In 2021, the environmental protection training courses were as follows. Through bathroom posters, employees' awareness of environmental protection was strengthened.

● Environmental protection training courses

Course title	Organizer	Date
ISO 14067:2018: Differences and integration of Organizational reenhhouse Gas Inventories and Product Carbon Footprints (PCF)	TUV	2021/03/10
ISO 14064-1:2018: Setting reporting boundaries and indirect emission materiality criteria	TUV	2021/03/15
ISO 50001:2018: Measuring energy performance with energy baselines and performance parameters	TUV	2021/03/22
Practical Education and Training on the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB)	Taiwan Stock Exchange	2021/06/18
Enterprises reduce carbon and enhance sustainable competitiveness (electrical and electronic enterprises)	Bureau of Foreign Trade, Ministry of Economic Affairs	2021/08/24
Opportunities and Challenges of the European Green Deal & CBAM 2021	Co-hosted by the Circular Economy Promotion Office (CEPO), Taiwan Electrical and Electronic Industry Association (TEEMA) and European Chamber of Commerce Taiwan (ECCT, Low Carbon Initiative)	2021/09/07
Introduction to and Analysis of European ERP Energy Consumption of Information Products	SGS	2021/09/17
Enterprises Deploying ESG and Creating Sustainable Competitiveness – Part I of a webinar on sustainable development : ESG information disclosure and evaluation indicators	SGS	2021/09/30
Enterprises Deploying ESG and Creating Sustainable Competitiveness – Part II of a webinar on sustainable development : The challenge of identifying sustainable opportunities amid climate change risks	SGS	2021/10/20
Qisda Seminar - Product Carbon Footprint	Unity Sustainability Services Co., Ltd.	2021/10/22
In line with the carbon neutrality trend, we must conserve energy and use low-carbon materials	TUV	2021/10/27

● Green news in restroom

To enhance employees' awareness of environmental protection, Alpha Networks Inc. launched Green News in its bathrooms with the theme of green consumption to encourage employees to integrate environmental protection into their lives.



● Committed to Biodiversity

Alpha Networks Inc. supports earth-friendly farming, and together with the Group enterprise BenQ Foundation, it has guided its staff to support Taiwan's agricultural products and support Taiwan's small farmers through concrete action. In 2021, it launched employees' group purchases of agricultural products including pineapples, peaches, and dragon fruit, to help preserve biological diversity.




3.3 Greenhouse Gas Inventory

Conduct greenhouse gas (GHG) emissions audit to monitor the effect of the greenhouse effect

The impact of global climate change is obvious. Early 2021, a large-scale drought occurred due to lack of rainfall in Taiwan. The resulting water shortage crisis led to reduced water supply, water restrictions, farm and business closures in various regions. In July, floods in Germany, Belgium, the Netherlands, Switzerland and Luxemburg in western Europe caused widespread power outages and even necessitated evacuations in some countries. In some affected area, infrastructure and agricultural facilities were damaged, especially in Germany the situation was relatively serious. Experts believe extreme weather has now begun to manifest itself in every corner of the planet.

To reduce carbon emissions, countries around the world have announced that they will achieve the goal of "Net Zero by 2050". Emphasizing environmental, social and corporate governance (ESG), Alpha Networks Inc., in view of international trends and the Task Force on Climate-related Financial Disclosures (TCFD), use specific and quantitative methods to monitor and understand the risks and opportunities from its own operations and activities, to achieve sustainable development as an enterprise. Due to the increasingly serious global warming, the international community promotes energy conservation and Greenhouse Gas (GHG) reduction. In response to global climate change, Alpha Networks Inc. has joined the Carbon Disclosure Project (CDP), committing ourselves to carbon emission disclosure (ISO 14064-1) as an enterprise and product carbon footprint (PCF; ISO 14067) to monitor, understand, control and reduce our GHG emissions in a timely manner.

 For more details on the company profile and evolution of Alpha Networks, please refer to the "[Capability/Environmental sustainability](#)" section of the corporate website.



3.3.1 Greenhouse Gas Inventory and Policy Statement

Climate anomalies caused by global warming is now threatening our living environment. As a leading network communications equipment maker, we fulfill our social responsibility by creating a toxin-free, healthy and sustainable living environment for future generations. To this end, we promise the following :

- Facilitate the tracking of internal carbon emissions by committing to the disclosure of enterprise carbon emissions.
- Work with our business partners to expand the scope of reduction initiatives.
- Provide our consumers and users with more low-carbon options.
- Increase transparency and reduce product carbon footprints.

3.3.2 Carbon Disclosure



Since 2013, Alpha has participated in the Carbon Disclosure Project (CDP) by registering a GHG emissions audit on the project website (<https://www.cdproject.net>). After completing the disclosure, CDP will announce the company's annual disclosure score and performance for the reference of our clients and related stakeholders. In 2020, the project consists of disclosure items such as climate change, water, and supplier engagement. Security Score B – a decrease from the previous year, mainly due to raised annual assessment criteria. Subsequent internal reviews were carried out to improve and continue tracking. Alpha Networks Inc. will continue to pay attention to global climate change and related issues, and work together with other to improve the situation.

- Alpha disclosure and performance in recent 3 years

Result / Year	2019	2020	2021
Climate Change	C	B-	B-
Water Security	B-	B	B-
Supplier Engagement Rating	B-	C	C

Note : Data courtesy of CDP official website

3.3.3 Greenhouse Gas Emissions

As a global citizen, Alpha Networks Inc. is very much willing to contribute to the protection of the global environment and to the reduction of greenhouse gas emissions. In 2008, the ISO 14064-1:2006 greenhouse gas inventory standard was adopted, and the greenhouse gas emissions of that year were set as the base year. We remain committed to greenhouse gas emissions investigation, slowing down global warming, controlling and managing greenhouse gas emissions, and fulfilling our corporate responsibility for the global green new deal and the green economy. Alpha Networks Inc. The trend of greenhouse gas emissions from 2008 to 2020, as shown below :


● Greenhouse gas emissions from fiscal 2008 to fiscal 2020



In response to the requirements of the new version of ISO 14064-1:2018, on 2021/12/8 Alpha Networks' Hsinchu Factory completed the inspection of the new version of ISO 14064-1:2018 Computational training, and updated the base year to 2021. Alpha Networks' Hsinchu Factory follows the guidelines of the Intergovernmental Panel on Climate Change (IPCC) regarding inventory statistics and the "Greenhouse Gas Reduction and Management Act" published by the Taiwan Environmental Protection Agency, and conducts greenhouse gas identification according to the Kyoto Protocol control mechanism, which covers seven greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆), nitrogen trifluorides (NF₃). The operating boundary of Alpha Networks' Hsinchu Plant includes direct Tonnes CO₂e/Year greenhouse gas emission sources (Category 1) and indirect greenhouse gas emission sources (Category 2, Category 3, Category 4, Category 5, Category 6). The types of greenhouse gases identified by our company : carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), among which the greenhouse gases PFCs, SF₆, NF₃ and biomass controlled by the Kyoto Protocol. No emission source has been identified for projects such as carbon.

The inventory of direct greenhouse gas emission sources (Category 1) includes methane produced by kitchen gas, company vehicle gasoline/diesel, generator diesel, process equipment refrigerants, fire extinguishers and septic tanks, emissions amounted to 96.64 metric tons of CO₂e, accounting for 0.02% of our emissions. Indirect greenhouse gas emission sources (Category 2. The contents of the inventory of Category 3, Category 4, Category 5, Category 6) are: Category 2 - indirect greenhouse gas emissions from input energy (purchased electricity used within the organization's boundaries), emissions amounted to 4327.42 metric tons of CO₂e, accounting for 0.68% of our emissions. Category 3 - indirect greenhouse gas emissions from transportation (including raw material transportation, external transportation of company products, employee commuting and waste material removal and transportation), emissions amounted to 875.30 metric tons of CO₂e, accounting for 0.14% of our emissions. Category 4 - from products used by the surveyed organization / Indirect greenhouse gas emissions from services (materials purchased and used and waste/wastewater treated), emissions amounted to 14537.48 metric tons of CO₂e, accounting for 2.28% of our emissions. Category 5 - Indirect greenhouse gas emissions (products used and disposed of), emissions amounting to 617,839.73 metric tons of CO₂e, accounting for 96.89% of our emissions. Category 6 - indirect GHG emissions from other sources (there were no indirect GHG emissions from other sources).

2021 Annual external verification : The greenhouse gas report was verified by TÜV Rheinland Taiwan Ltd.

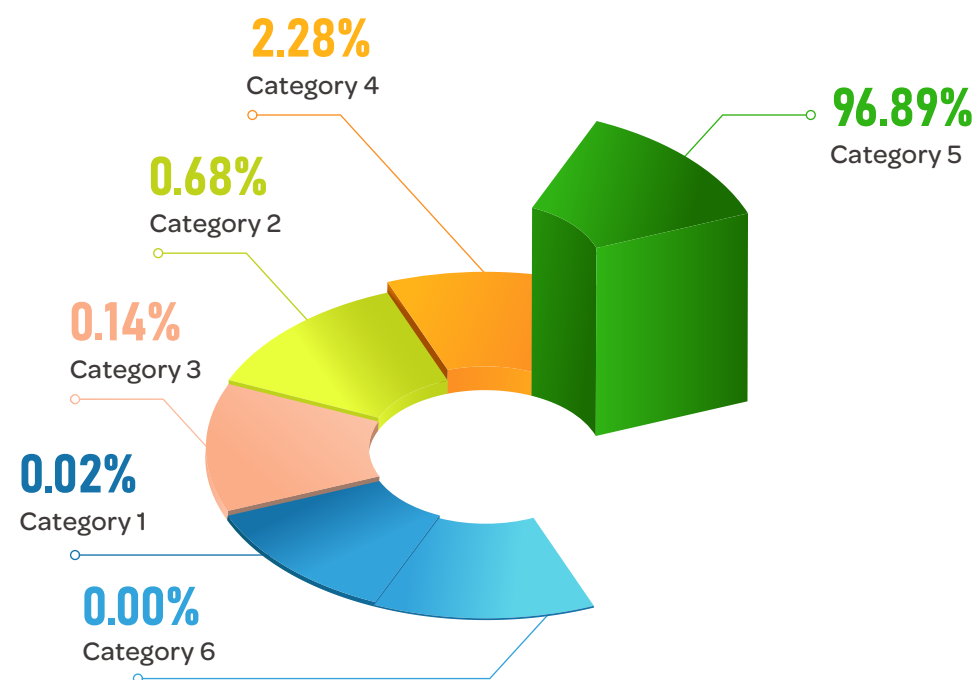
 For more details on the company profile and evolution of Alpha Networks, please refer to the ["Capability/Environmental sustainability"](#) section of the corporate website.

Total emissions of greenhouse gas on 2021 of Alpha Networks' Hsinchu Factory achieve 637,676.56 ton CO₂e. The emissions per category were as follows :

● 2021 Greenhouse Gas Emissions and Percentages

Category	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6	Total emissions
Emissions (ton CO ₂ e)	96.64	4,327.42	875.30	14,537.48	617,839.73	0.00	637,676.56
Percentage (%)	0.02%	0.68%	0.14%	2.28%	96.89%	0.00%	100.00%

● Proportion of greenhouse gases emitted per emission source in 2021



3.4 Supply Chain Management and Social Relations

Implement supplier management to fulfill corporate social responsibilities

Supplier Management

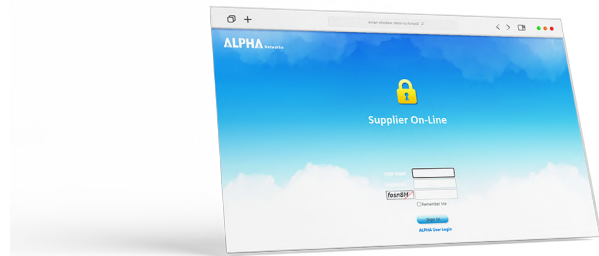
Alpha requires all local suppliers to comply completely with all relevant laws and regulations. Alpha also takes a close interest in the management of labor rights, environmental protection, safety and health risks by the supply chain.

Alpha used the Code of Conduct - Responsible Business Alliance (RBA) to develop the Basic Supplier Code of Conduct. All suppliers are required to comply with the relevant commitments on social responsibility and ethics. Alpha conducted annual audits and introduced new suppliers. A total of 10 companies were found to be compliant with the standards on labor rights, health and safety, environmental protection, ethics, management systems and social impact.

Suppliers are not only required to conduct quality, cost, delivery, service and technical assessments but to also practice purchasing management based on the Green Supply Chain. Hazardous substance controls have also been incorporated into the incoming material verification procedure. For raw materials that violate the controlled substance rules, suppliers are required to propose corrective and preventive measures right away.

Supplier order management

Alpha has developed its own supplier transaction platform. We adhere rigorously to privacy laws and confidentiality agreements in order to create a secure and smooth-running platform environment.



3.4.1 Supplier Management

Supplier Selection / Evaluation / Reward and Punishment

The selection of suppliers is based on set criteria. Qualified suppliers must also undergo onsite audits or host review meetings to examine their performance. A high-priority supplier management list is maintained by Alpha based on each department's evaluation of vendor performance in five domains: quality, cost, delivery, service and technical. The evaluation outcomes are used as the basis for adoption of key parts and to motivate suppliers.

Monthly / Quarterly Supplier Evaluations

1. Supplier Quality Performance Evaluation

Evaluation time: List of manufacturers by supplier status rating , an evaluation of supplier performance during the preceding month is provided by the 15th day of each month. Supplier evaluation standard: Supplier quality is graded in the following manner as defined in the "Incoming Material Management Procedure" :

Excellent (Grade A) : ≥ 95

Good (Grade B) : 94 ~ 90

Acceptable (Grade C) : 89 ~ 85

Inferior (Grade D) : 84 ~ 80

Poor (Grade E) : < 80, A supplier quality evaluation score of 80 is required for a qualified supplier.

In 2021, the average ratio of excellent (A) and good (B) suppliers was 97.40%, and the ratio of inferior (E) suppliers was 0.65%. Alpha offered guidance to these poor (E) grade suppliers and demanded them to make improvements, while ongoing guidance was also provided to acceptable (C) and inferior (D) grade suppliers to address their problems in order to improve the overall quality of delivered products.

2.2. Supplier Status Evaluation

The Supplier Evaluation Operation Guidelines set the quarter as the statistical interval. The evaluation results are reported in the following month of each quarter.

All key Alpha suppliers (involving large quantities and transaction amounts) are evaluated by the Purchasing, Engineering, and QA units in terms of quality, cost, delivery time, service, and technical capability (see table below). Those with a score of less than 60 will be listed as disqualified suppliers.

If the score was lower than 60 points, it was listed as Non- recommended supplier.

In 2021, 154 suppliers were evaluated, and 0 suppliers were listed as non-recommended suppliers.

In 2021, no suppliers were suspended from new material transactions.

● Supplier Quality Performance Evaluation Form

Content	Score distribution			Total score
	SQE	Supply Chain Management	Engineering Technology	
Quality	30	-	-	30
Cost	-	20	-	20
Delivery	-	15	-	15
Service	-	5	-	5
Technical	-	-	30	30
Total score	30	40	30	100

Supplier Education and Training

In order to let the suppliers accurately deliver the green Material Composition Declaration (MCD) information, quarterly supplier training course “GPM Green Product Management Information Platform : Completing and Uploading the Declaration Form, Test Report, and Material Composition Form” is conducted at Alpha (Hsinchu plant), Alpha (Dongguan plant), Alpha (Changshu plant). The supplier is expected to upload the MCD with Alpha in order to comply with international regulations.



● 2021 Training Schedule for Suppliers

Class location / time	Q1	Q2	Q3	Q4
Alpha Networks (Hsinchu Factory) No. 8 Li-hsing 7th Rd., Science-based Industrial Park, Hsinchu City	3/17 (Wed)	6/16(Wed)	9/15 (Wed)	12/15 (Wed)
Alpha Networks (Dongguan Factory) Xingang Road, Xin'an Area, Chang An, Dongguan City Guangdong Province)	3/19 (Fri)	6/18 (Fri)	9/17 (Fri)	12/17 (Fri)
Alpha Networks (Changshu Factory) No.369, Yintong Road, Southeast Development Zone Changshu, Jiangsu Province)	3/19 (Fri)	6/18 (Fri)	9/17 (Fri)	12/17 (Fri)

Supplier training is conducted once quarterly at the Hsinchu, Dongguan, and Changshu Factory. In 2021, a total of 44 employees from 31 suppliers were trained at the said factories.

Supplier Purchasing Contract

To build a green supply chain, Alpha suppliers are required to adhere strictly to our “Hazardous Substance Guidelines.” Test report from independent third-party bodies must be submitted where necessary. Source management is practiced for supplier production processes, green product design and hazardous substances. Green management principles have also been incorporated into the supplier management system. In 2021, material suppliers signed a "Supplier Procurement Contract" with 34 companies. In the future, Alpha will continue to sign purchasing contract guarantees with the suppliers that we deal with to ensure the products we design and manufacture can also comply with customers' RoHS-related international regulatory requirements and fulfill the goal of building a Green Supply Chain.

3.4.2 Corporate Social Responsibility Audit

Alpha Networks aspires to form a sustainable partnership with our suppliers; besides valuing the suppliers' product quality, shipping date, and price, we also stipulated the Supplier Corporate Social Responsibility Management Operational Regulations based on the Code of Conduct - Responsible Business Alliance (RBA), hoping to fulfill corporate social responsibilities with our suppliers, implement risk management and operational sustainability. New suppliers must sign a supplier statement of commitment to ensure compliance with RBA requirements and fill in the Supplier RBA Self-Evaluation Questionnaire. The aim is to understand the suppliers' performance in labor, health and safety, environmental protection, management system, and business ethics before launching on-site audits according to the supplier category and follow-up supervision, in turn making sure that the shortcomings are adequately improved. In 2021, Alpha Networks conducted a supplier audit on 28 suppliers.

3.4.3 Supplier Partnerships

Alpha Networks value the interactions and learning with our suppliers. Besides routine business review meetings, we also organize supplier conventions from time to time to present awards to outstanding suppliers or suppliers that have made special contributions in order to thank the suppliers for their support. At the same time, we conduct reviews and future outlooks of our suppliers' product and service quality, as well as update the latest industry information with each other in a bid to unveil products and services that cater to the market's needs.



3.5 Conflict Minerals Due Diligence

Disclose the source of raw materials – Banning the use of conflict minerals

Conflict Minerals Policy

Alpha is committed to monitoring the issue of conflict minerals, and to investigate the sources of gold (Au), tin (Sn), tantalum (Ta), Tungsten (W), Cobalt (Co) and Mica minerals to ensure they are “conflict-free.” We promise to form long-term partnerships for mutual success with our suppliers. We expect and require suppliers to disclose the refineries and mines they work with. Suppliers are also asked to comply with the RBA Code of Conduct in fulfilling their corporate environmental and social responsibilities together.

Suppliers have been required to sign the “Declaration on Non-use of Conflict Minerals” since 2013. The 2021 survey started in April 2021. By the end of December, 381 suppliers had responded, making for a response rate of 63.39%. The recovery rate of those materials was 85.95%, sufficient to sign the declaration and complete the CMRT questionnaire.



3.6 Green Production and Continuous

Investing in the R&D and manufacturing of green products and implementing ongoing improvement Improvement

3.6.1 Green Commitment

Alpha Networks proactively engages in green product R&D and manufacturing process in order to promote environmental concepts to the entire workforce. During the product manufacturing process, ISO 9001, TL 9000, IATF16949, ISO 14001, QC 080000, ISO14064-1 and AEO management system-based measures are implemented to various production activities to unleash the maximum potential of the green movement and generate the greatest benefits.



ISO9001 / TL9000/ IATF16949 Quality Policy

- Do the right things at the first time.
- Time continuous improvement for better quality.
- 100% Customer Satisfaction.



AEO Authorized Economic Operator Safety Policy

- All employees and suppliers must adhere to the policy to ensure the safety of Alpha and related business partners' assets.
- **Practice risk management Policy statement** : Strengthen supply chain security management through the identification of threats to security, risk assessment and risk management process so that the necessary risk reduction and control measures can be implemented.
- **Supply chain security performance Policy statement** : Improve employee abilities and understanding through education and training. Enforce management reviews and continuous improvement to ensure the applicability and validity of the supply chain security system.



Environmental Policy / HSF Policy

- Obey and meet environmental regulations and restricted instructions for harmful substance.
- Research and develop green products to pursue the goal of perfection in HSF product.
- Advance levels of resource recycling and promote decrement of waste amount.
- Continually improve production processes and mitigate negative environmental impacts.
- Promote knowledge of environmental protection to all employees to ensure us fulfill our mission.
- Save energy and enhance the rates of resource utilization efficiency.

Note :
QC 080000 (Hazardous Substance Management System) HSF (Hazardous Substance Free)



Greenhouse Gas Inventory and Policy Statement

Everyone at Alpha is committed to fulfilling our corporate environmental and social responsibility as a quality contract manufacturing enterprise for networking products against a backdrop of global warming. For this reason, we hereby declare that we will :

- Committed to make Carbon Disclosure, in order to facilitate the corporate really grasp the situation.
- Facilitate the tracking of internal carbon emissions by committing to the disclosure of enterprise carbon emissions.
- Work with our business partners to expand the scope of reduction initiatives.
- Provide our consumers and users with more low-carbon options. Increase transparency and reduce product carbon footprints.

Note : Greenhouse Gases (GHG) ISO14064-1: Guidelines for the quantification and reporting of GHG emissions and reductions at the organizational level.

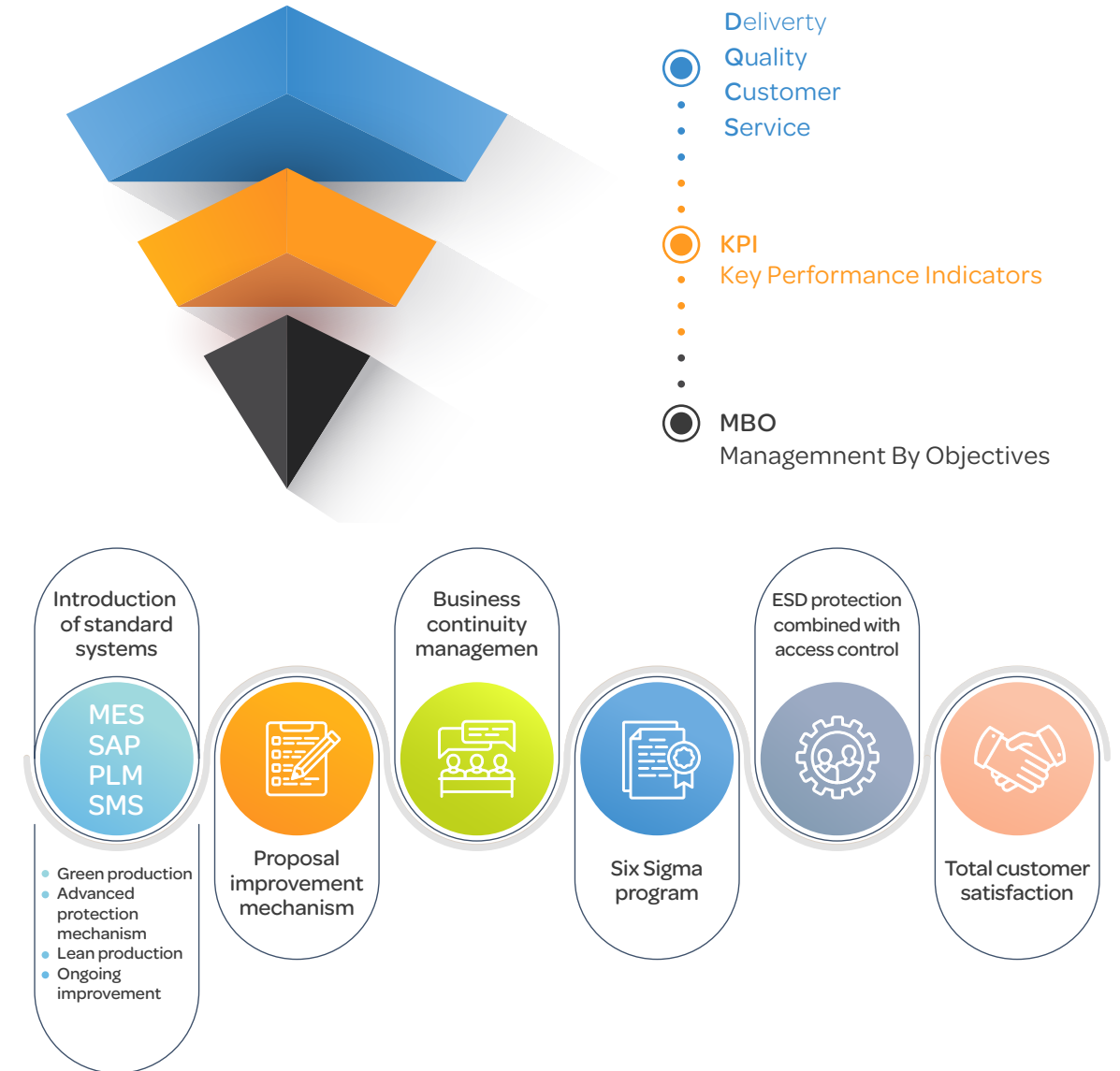
To meet our Delivery, Quality, Customer satisfaction and Service goals, Alpha develops our corporate vision, unit organizational goals (KPI, MBO) and employees' individual performance goals from the top to down every year. Different quality techniques, tools and systems are introduced around our corporate values of "Integrity", "Customer Value", "Agility" and "Collaboration" to ensure compliance with the quality management standards of green production from product development through to production and manufacturing.

The same set of manufacturing system and quality management standards are used at all Alpha production sites, including Manufacturing Execution System (MES), SAP, PLM, e-JIT (Just-in-Time) and Supplier Management System (SMS). Each production site collaborates with the Quality Center on the promotion of continuous improvement projects and the introduction of performance management such as Total Productive Management (TPM), Total Customer Satisfaction (TCS), 6 Sigma, Quality Control Cycle Circle (QCC), Quality Improvement Team (QIT) and the improvement proposal mechanisms. Everyone participates in the analysis and discussion to prevent the same problems from happening again. The registration and tracking of the Key Performance Indicators (KPI) and Management by Objective (MBO) set by each unit each year is also used to predict potential risks so that preventive mechanisms can be planned in advance. Continuous improvement through the PDCA cycle is used to do our part in corporate responsibility.

To ensure proper anti-static protection measures and mechanisms are in place for all parts and products during the manufacturing process, all sites including Alpha (Hsinchu), Alpha (Dongguan), and Alpha (Changshu) follow the ANSI/ESD 20.20 electro-static discharge protection certification standard. An access control system also permits only authorized personnel to enter the site after passing ESD measurement to ensure that ESD protection is fully enforced.



The quality goals are expanded from the top-down



3.6.2 Business Continuity Management

Business continuity management policy

Alpha Networks Inc. strives to provide quality networking products and to form partnerships for mutual growth with our customers. The top priority in our business continuity management is to provide customers with diverse, high-quality and uninterrupted manufacturing services for networking products.

- Conduct business impact analysis and risk assessment. Formulate business continuity strategy and restore operations to normal as quickly as possible.
- Allocate and invest the necessary resources in the event of a disaster or impact. Continue to review further improvements.
- Protect the interests of customers and stakeholders as much as possible.

To ensure the continuity of operations and reduce the impact of major faults or disasters on critical business processes, Alpha introduced the Business Continuity Management (BCM) in 2014. Two disaster drills (including power outage, natural disaster, infectious diseases, IT failure, supply chain interruption and major accident on production line, etc.) are conducted at different times each year to contain operational impact of any disasters.

At the 2021 annual disaster event drill, the outcomes were all in line with the goals. To implement Business Continuity Management (BCM), a Business Continuity Plan (BCP) was formulated in response to various environmental impacts. If hit by natural or manmade disasters, our company can restore a certain degree of operations in a short time. Statistics of Alpha Networks' Hsinchu Plant in 2021, Dongguan Plant, Changshu Plant Total 8 BCPs and complete walkthroughs are shown below.

Hsinchu Factory :

- A typhoon interrupted production operations
- The products could not be delivered on schedule due to products being insufficiently waterproof.
- The interruption of public facilities (Taiwan power outage) led to the interruption of production activities.
- A strike of production line staff interrupted production operation.

Dongguan Factory :

- Key IC was out of stock and could not be shipped on time.
- The spread of the coronavirus made some staff unable to go to work.

Changshu Factory :

- Shanghai Airport closed and general products could not be transported.
- The influenza virus caused production line interruption.



3.7 Customer satisfaction Survey

Listening to the voices of the customers through the customer satisfaction survey

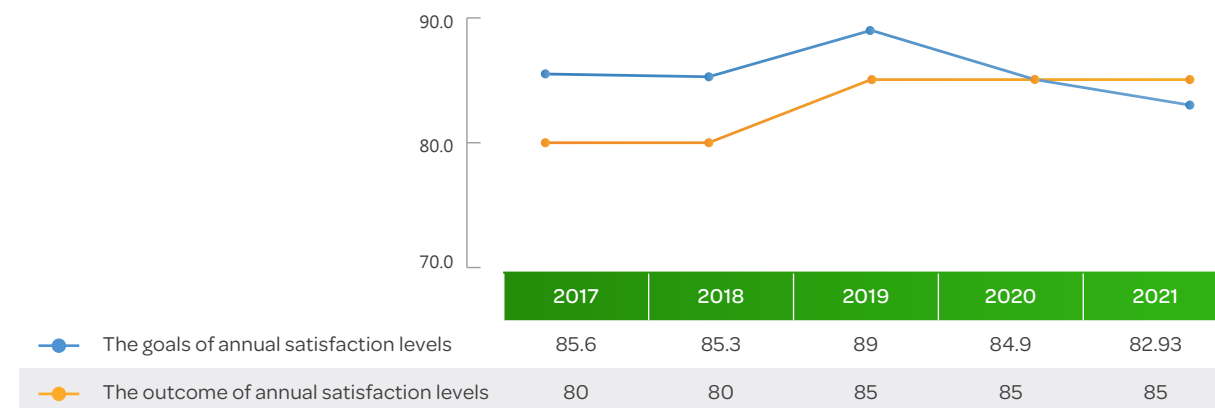
Alpha conducts customer satisfaction surveys to establish a customer need oriented quality system, where objective techniques are applied to evaluate the level of customer satisfaction towards the company's products or services. The aim is to ascertain the gap between customer needs and expectations in order to use it as the basis for improving the quality system, ultimately achieving the objective of sustainability.

3.7.1 Survey result analysis

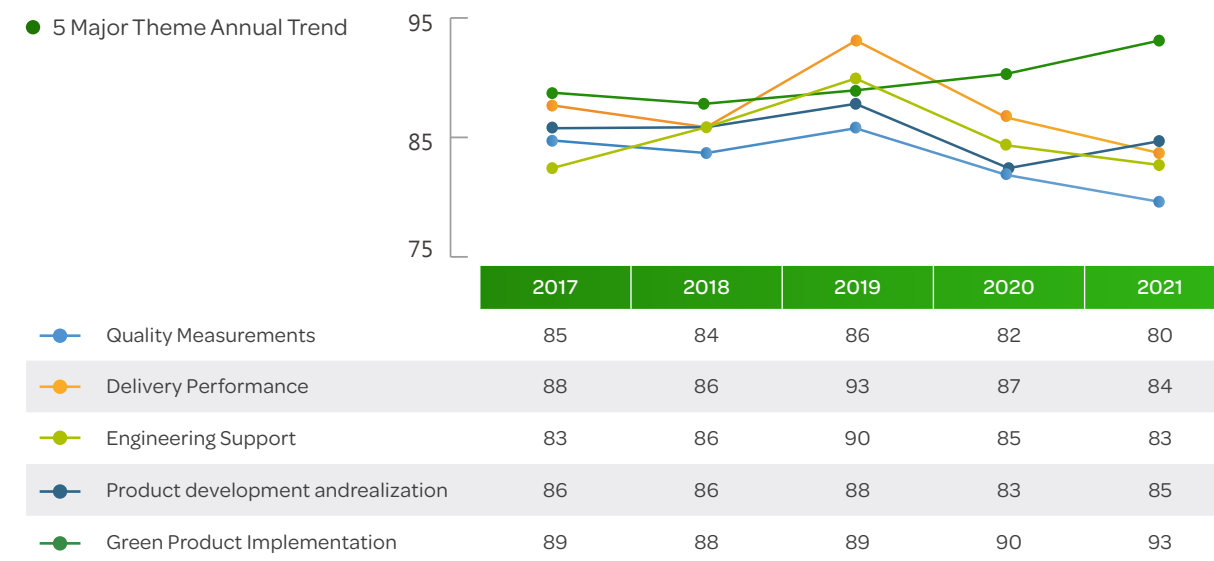
The questionnaire includes Quality Measurements, Delivery Performance, Engineering Support, Product Development and Realization, as well as Green Product Implementation, totaling 19 questions across 5 sections. Sampling survey will be conducted. The respondents are asked to express their satisfaction level for each question. Each question can receive a maximum weighted score of 5 (excellent) and a minimum weight score of 0 (very poor). Alpha hopes to ascertain whether or not the products and services provided by the Company cater to the needs of different customer groups and use the information as the basis for ongoing improvements.

The goals and results of the annual satisfaction survey from 2017 to 2021 are tabulated below :

● 2017 - 2021 Customer Satisfaction Chart



● 5 Major Theme Annual Trend



It can be determined from the above charts that the customer satisfaction levels towards services provided by the Company in 2021 have declined. For items of the survey that fail to reach a score of 85 points, the responsible unit will propose improvement measures and follow through to resolve the customers' dissatisfaction. The trends on this chart show that customers' satisfaction with the services provided by our company declined in 2021. The responsible units will propose and implement improvement measures to solve customer dissatisfaction. However, customers 5 Major Theme Annual Trend The goals of annual satisfaction levels The outcome of annual satisfaction levels 2017-2021 Customer Satisfaction Chart highly appreciated our Green Product Implementation, and will continue to monitor customer needs and international regulations to meet those demands.

3.7.2 Continuous Improvement

Through the customer satisfaction survey, the aim is to objectively assess whether Alpha's products and services can meet the needs of our diverse clients' and new clients, so as to achieve the objective of ongoing improvement and sustainable management.

4

Appendix

4.1 GRI Standard Index

4.2 Accuracy of Disclosure



Appendix

4.1 GRI Standard Index

General Disclosures

Topic	Disclosure Title	Chapter	Page	Remark
Organization Information	102-1 Name of the organization	1.1.1 About Alpha	#21-23	
	102-2 Identifying and selecting stakeholders	1.1.1 About Alpha	#21-23	Alpha products and services have not been barred from certain markets
	102-3 Location of headquarters	1.1.1 About Alpha	#21-23	
	102-4 Location of operations	1.1.1 About Alpha	#21-23	
	102-5 Ownership and legal form	1.1.1 About Alpha	#21-23	
	102-6 Market served	1.1.1 About Alpha	#21-23	
	102-7 Scale of organization	1.1.1 About Alpha	#21-23	
	102-8 Information on employees and other workers	2.2.1 Manpower Allocation	#52-54	
	102-9 Supply chain	3.4 Supply Chain Management and Social Relations	#85-87	
	102-10 Significant changes to the organization and its supply chain		N/A	No significant changes
	102-11 Precautionary Principles or approach	1.8.1 Risk Management Policy and Operations	#45	
	102-12 External initiatives	Alpha Policies	#7	
	102-13 Membership of associations	1.1.4 Memberships	#26	
Strategy	102-14 Statement from the senior decision-maker	From the Chairman	#4-6	
Ethics	102-16 Values, principles, standards and norms of behavior	Alpha Policies 1.1.1 About Alpha	#7-8 #22	
Governance	102-18 Mechanisms for advice and concerns about ethics	1.6.1 Governance Structure	#38	
	102-19 Delegating authority	Sustainable Development Operational Framework	#9	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainable Development Operational Framework	#9	
	102-21 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Communication and Identification of Issues of concern	#10-19	
	102-22 Composition of the highest governance body and its committees	1.6 Corporate Governance	#38-41	

Topic	Disclosure Title		Chapter	Page	Remark
Governance	102-24	Nominating and selecting the highest governance body	1.6.2 Members of the Board of Directors	#38-40	
	102-25	Conflicts of interest	1.6.2 Members of the Board of Directors	#38-40	
	102-28	Evaluating the highest governance body's performance	1.6.2 Members of the Board of Directors	#38-40	
	102-32	Highest governance body's role in sustainability reporting	Sustainable Development Operational Framework	#9	
	102-33	Communicating critical concerns	Sustainable Development Operational Framework	#9	
	102-35	Remuneration policies	1.6.5 Compensation Committee	#41	
	102-36	Process for determining remuneration	1.6.5 Compensation Committee	#41	
	102-38	Annual total compensation ratio	1.6.5 Compensation Committee	#41	
Stakeholder Communication	102-40	List of stakeholder groups	Identification of stakeholders	#10	
	102-41	Collective bargaining agreements		N/A	No union organization at present
	102-42	Identifying and selecting stakeholders	Identification of stakeholders	#10	
	102-43	Approach to stakeholder engagement	Stakeholder Communication Mechanism	#20	
	102-44	Key topics and concerns raised	Issues of concern to stakeholders	#18-19	
Reporting practices	102-45	Entities included in the consolidated financial statements	1.2 Operating Performance	#28-29	
	102-46	Defining report content and topic boundaries	About this Report Stakeholder Communication and Identification of Issues of concern	#3 #10-19	
	102-47	List of material topics	Issues of concern to stakeholders	#18-19	
	102-48	Restatements of information		N/A	There is no restatements of information to previous reports
	102-49	Changes in reporting	Issues of concern to stakeholders	#18-19	
	102-50	Reporting period	About this Report	#3	
	102-51	Date of the most recent report	About this Report	#3	
	102-52	Reporting cycle	About this Report	#3	
	102-53	Contact point for questions regarding this report	About this Report	#3	
	102-54	Claims of reporting in accordance with GRI Standards	About this Report	#3	
	102-55	GRI Content Index	GRI Content Index	#95-100	
	102-56	External assurance	Accuracy of Disclosure	#101	

Material Topics

Topic		Disclosure Title		Chapter	Page	Remark
GRI 201 Economic Performance	Topic disclosures	201-4	Financial assistance received from government	1.2 Operating Performance - Project Grants	#29	
GRI 202 Market Presence	Topic disclosures	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	2.3.1 Salary Standards	#56	
GRI 203 Indirect Economic Impacts	Topic disclosures	203-2	Significant indirect economic impacts	1.8.2 Risk Identification Results	#46-48	
GRI 205 Anti-corruption	Topic disclosures	205-2	Communication and training about anticorruption policies and procedures	1.7.1 Ethical Management Policy	#42-43	
		205-3	Confirmed incidents of corruption and actions taken		N/A	No incidents of corruption
GRI 206 Anti-competitive Behavior	Topic disclosures	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practice	1.7.4 Respect for Market Mechanisms	#44	No anti-competitive behavior
GRI 301 Materials	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.1 Green products Management	#70	
		103-2	The management approach and its components	3.1 Green products Management	#70	
		103-3	Evaluation of the management approach	3.1.2 Green Regulation and Database Establish	#70-72	
GRI 302 Energy	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.1 Green products Management	#70	
		103-2	The management approach and its components	3.1 Green products Management	#70	
	Topic disclosures	302-1	Energy consumption within the organization	3.2.8 Energy Resource Management	#80-81	
GRI 303 Water	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.2.1 Wastewater management	#76	
		103-2	The management approach and its components	3.2.1 Wastewater management	#76	
		103-3	Evaluation of the management approach	3.2.1 Wastewater management	#76	
	Topic disclosures	303-4	Water withdrawal	3.2.1 Wastewater management	#76	
GRI 304 Biodiversity	Topic disclosures	304-2	Significant impacts of activities, products and services on biodiversity	3.2.9 Enhance environmental awareness	#82	
GRI 305 Emissions	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.3 Greenhouse Gas Inventory	#83	
		103-2	The management approach and its components	3.3 Greenhouse Gas Inventory	#83	
		103-3	Evaluation of the management approach	3.3 Greenhouse Gas Inventory	#83	


Topic		Disclosure Title		Chapter	Page	Remark
GRI 305 Emissions	Topic disclosures	305-1	Direct (Scope 1) GHG emissions	3.3.3 Greenhouse Gas Emissions	#84-85	
		305-2	Energy indirect (Scope 2) GHG emissions	3.3.3 Greenhouse Gas Emissions	#84-85	
		305-3	Other indirect (Scope 3) GHG emissions	3.3.3 Greenhouse Gas Emissions	#84-85	
		305-4	GHG emissions intensity	3.3.3 Greenhouse Gas Emissions	#84-85	
GRI 306 Waste	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.2.3 Waste Management	#78	
		103-2	The management approach and its components	3.2.3 Waste Management	#78	
		103-3	Evaluation of the management approach	3.2.3 Waste Management	#78	
	Topic disclosures	103-3	Waste generated	3.2.3 Waste Management	#78	
		103-5	Waste directed to disposal	3.2.3 Waste Management	#78	
GRI 307 Environmental Compliance	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	Sustainable Environment Development	#69	
		103-2	The management approach and its components	Sustainable Environment Development	#69	
		103-3	Evaluation of the management approach	Sustainable Environment Development	#69	
	Topic disclosures	307-1	Non-compliance with environmental laws and regulations	3.1 Green products Management	#70	
GRI 308 Supplier Environmental Assessment	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.4 Supply Chain Management and Social Relations	#86	
		103-2	The management approach and its components	3.4 Supply Chain Management and Social Relations	#86	
		103-3	Evaluation of the management approach	3.4 Supply Chain Management and Social Relations	#86	
	Topic disclosures	308-1	New suppliers that were screened using environmental criteria	3.4 Supply Chain Management and Social Relations	#86	
		308-2	Negative environmental impacts in the supply chain and actions taken	3.4 Supply Chain Management and Social Relations	#86	
GRI 401 Employment	Topic management disclosures	103-2	The management approach and its components	2.1.1 Prohibition of Child Labor and Protection of Underage Employees 2.1.2 Elimination of forced labor 2.1.3 Gender Equality	#50	
		401-1	New employee hires and employee turnover	2.2 Recruitment	#52-54	
	Topic disclosures	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.3 Compensation and Benefits	#55-56	
		401-3	Parental leave	2.3.4 Leave System	#56	

Topic		Disclosure Title		Chapter	Page	Remark
GRI 402 Labor/Management Relations	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	2.3 Compensation and Benefits	#55-56	
		103-2	The management approach and its components	2.1.4 Proposals and Communication Channels	#51	
GRI 403 Occupational Health and Safety	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	2.5 Occupational Safety and Health	#60	
		103-2	The management approach and its components	2.5.1 Safety and Health Policy	#60	
		403-1	Occupational safety and health management system	2.5 Occupational Safety and Health	#60	
		403-3	Occupational health services	2.5.6 Health Promotion	#63	
		403-5	Worker training on occupational health and safety	2.5.2 Safety & Health Training	#61	
		403-6	Promotion of worker health	2.5.6 Health Promotion	#63	
	Topic disclosures	403-9	Work-related injuries	2.5.3 Occupational Accidents	#62	
		403-10	Work-related ill health	2.5.3 Occupational Accidents	#62	No occupational accident in 2021
GRI 404 Training and Education	Topic management disclosures	103-2	The management approach and its components	2.4.1 Training and Development	#57	
GRI 405 Diversity and Equal Opportunity	Topic management disclosures	103-2	The management approach and its components	2.1.4 Proposals and Communication Channels	#51	
GRI 406 Non-discrimination	Topic management disclosures	103-2	The management approach and its components	2.1.3 Gender Equality	#50	
GRI 408 Child Labor	Topic management disclosures	103-2	The management approach and its components	2.1.1 Prohibition of Child Labor and Protection of Underage Employees	#50	
	Topic disclosures	408-1	Operations and suppliers at significant risk for incidents of child labor		N/A	No incident of child labor
GRI 409 Forced or Compulsory Labor	Topic disclosures	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.1.2 Elimination of forced labor	#50	No incident of forced or compulsory labor
GRI 411 Rights of Indigenous Peoples	Topic disclosures	411-1	Incidents of violations involving rights of indigenous peoples		N/A	No incident of violation involving rights of indigenous peoples
GRI 412 Human Rights Assessment	Topic management disclosur	103-2	The management approach and its components	2.1 Implementation of human rights	#50	
GRI 414 Supplier Social Assessment	Topic management disclosures	103-1	Explanation of the material topic and its Boundary	3.4 Supply Chain Management and Social Relations	#86-88	
		103-2	The management approach and its components	3.4 Supply Chain Management and Social Relations	#86-88	
		103-3	Evaluation of the management approach	3.4 Supply Chain Management and Social Relations	#86-88	
	Topic disclosures	414-1	New suppliers that were screened using social criteria	3.4 Supply Chain Management and Social Relations	#86-88	
		414-2	Negative social impacts in the supply chain and actions taken	3.4 Supply Chain Management and Social Relations	#86-88	

Topic		Disclosure Title		Chapter	Page	Remark
GRI 415 Public Policy	Topic disclosures	415-1	Political contributions	1.7.4 Respect for Market Mechanisms	#44	No political contribution
GRI 416 Customer Health and Safety	Topic disclosures	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	No incident of non-compliance concerning the health and safety impacts of products and services
GRI 417 Marketing and Labeling	Topic disclosures	417-2	Incidents of non-compliance concerning product and service information and labeling	1.3.6 Marketing and Labeling	#34	No incident of non-compliance concerning product and service information and labeling
		417-3	Incidents of non-compliance concerning marketing communications	1.3.6 Marketing and Labeling	#34	No incident of non-compliance concerning marketing communications
GRI 418 Customer Privacy	Topic disclosures	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Intellectual Property and Information Security	#36-37	No substantiated complaints concerning breaches of customer privacy and losses of customer data
GRI 419 Socioeconomic Compliance	Topic disclosures	419-1	Non-compliance with laws and regulations in the social and economic area	1.7.3 Regulation Compliance	#44	No non-compliance with laws and regulations in the social and economic area

4.2 Accuracy of Disclosure

This Report was prepared in accordance with the GRI Standard issued by the Global Reporting Initiative. Independent verification was conducted by TÜV Rheinland Taiwan Ltd. in accordance with the AA1000 Account Ability Assurance Standard and GRI Standard. The report has been certified to AA1000 Type 1 with a moderate level of assurance. The Assurance Statement is included in the Appendix for reference.



TÜVRheinland®
Precisely Right.

Independent Assurance Statement

Introduction:
TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of Alpha Networks Inc. (Alpha, the Company) to conduct independent assurance of Alpha Corporate Social Responsibility Report 2021 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of Alpha. Our task was to give a fair and adequate judgment on the Alpha Report 2021.

The intended users of this assurance statement are stakeholders having relevance to the Alpha overall Sustainability Performance and impacts of its business activities during 2021 (January 2021 ~ December 2021). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard:
The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA1000 Assurance Standard v3 and related standards AA1000 AccountAbility Principles (2018), AA1000 SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI), 'In accordance'-Core option" reporting guidelines as per GRI-Standards.

Scope & Type of Assurance:
Our Assurance engagement covers the following:

- Alpha Corporate Sustainability performance as described in the report 2021 in accordance with GRI reporting guidelines and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate Level as per AA1000 Assurance Standard v3

Limitation: The assurance engagement was carried out at Alpha Hsinchu Headquarters at Hsinchu Science Park, Hsinchu City, Taiwan. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by Alpha, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party in annual report.

Assurance Methodology:
TÜV has challenged the report contents and assess the process undertaken by Alpha from source to aggregate in disclosure of information related to Sustainability performance. Our judgment is based on the objective review of reported and based on the principles defined in the assurance standards, the principles of inclusiveness, materiality, responsiveness and impact, and the integrity of the data provided in the report.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Alpha Corporate Social Responsibility strategy (CSR) as mentioned in the report. Our work included consultation with over 15 Alpha representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

1

Adherence to AA 1000 principles:
Inclusivity: Alpha has continually sought the engagement of its stakeholders, identify and understand their stakeholder, and use the communication mechanism to identify the material issues and achieve an accountable response.


Materiality:
Alpha has implemented the material issues identification processing. The identification was based on the requirements and focus of attention of the stakeholder, the consideration of the company internal policy, shareholders meeting, questionnaires and the understanding and communication on the sustainable development content. The sustainability information disclosed enables its stakeholders to make informed judgements about Alpha's management and performance.

Responsiveness:
Alpha has implemented the policy including environment and safety, hazardous substances, quality, and corporate social responsibility. The report 2021 disclosed the management system of the company and stakeholder engagement, responding to their stakeholders against material issues of the sustainable development.

Impact:
Alpha has identified and fairly represented impacts that were measured and disclosed in effective way. Alpha has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization.

Conclusion:
In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- Alpha Corporate Social Responsibility Report 2021 meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS v3 and Global Reporting Initiative (GRI), 'In accordance'-Core option" reporting guidelines as per GRI-Standards.
- The Report includes statements and claims that reflects Alpha achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about Alpha based on this Assurance Statement.



AA1000
Licensed Assurance Provider
000-188

For TÜV Rheinland Group

Vito Lin

Vito C. C. Lin
Lead Verifier

Taipei, April 13, 2022

2

ALPHA Networks

