

Ufi Space 2022

Sustainability Report

Executive Summary

ufiSpace

Nov. 2023

Highlights of 2022

Integrity and Governance

- Established The Sustainable Development Committee
- Published internal integrity rules on the company's official website.
- All new colleagues signed the letter of commitment to integrity and honesty when onboarding.
- No reports of breach of integrity.

Operating Performance

- FY2022 revenue was approximately NTD 4.5-5.5 billion, and the compound annual growth rate of revenue in the past three years (FY2020-FY2022) exceeds 50%.
- No major security incident occurred.
- Invested NTD 3.61141 million per person in research and development expenses, and successfully applied for 12 patents.
- Received full score for customer satisfaction.
- No customer complaints occurred.

Green Sustainability

- Conducted ISO 14064-1 greenhouse gas inventory with and obtained the statement of verification.

Highlights of 2022

Employee Care

- Male and female employees receive equal pay for equal work.
- 1 person applied for childcare leave and 1 person stayed on after reinstatement.
- The average number of hours of education and training for an employee is 3.6 hours.
- No occupational hazards occurred.
- Held regular labor-management meetings quarterly.

Social Participation

- The company and colleagues jointly donated NTD 315.6 thousand and 174 food boxes to the Andrew Charity Association.
- The company and colleagues jointly donated NTD 440.8 thousand and 736 boxes of fruits to Waiting Children Council of Social.
- Supported 23 students from Bethany Children's Home with care.
- Donated 30 thousand NTD to Butterfly Conservation Society of Taiwan and together held 2 ecological restoration events to support ecological maintenance in Tucheng, New Taipei City.

Awards & Recognition

2022

- Received The 1st New Taipei City Enterprise Classic Award for High Potential Enterprises
- Received Bronze Medal Award of EcoVadis Sustainability Assessment and ranked PR 69
- Received The 29th Taiwan SMEs Innovation Award
- Received a subsidy of Innovation Optimization Plan from the Industrial Innovation Platform of the Industrial Bureau of the Ministry of Economic Affairs, Taiwan

2021

- Received The 44th Model of Entrepreneurs Award

2020

- Received a subsidy of Innovation Optimization Plan from the Industrial Innovation Platform of the Ministry of Economic Affairs, Taiwan
- Received a subsidy of research and development foundation project from the Ministry of Economic Affairs, Taiwan
- Received investment from the National Development Fund of Executive Yuan, Taiwan



Message from the Chairman

Ufi Space is a global networking equipment supplier specializing in innovative internet solutions. As we actively pursue operational excellence and rapid growth, we are committed to fostering a corporate culture where "Quality, Business, and ESG (Environmental, Social, Governance)" matter to every team member. We aspire to make a positive impact on the sustainable development of the environment, society, and the industry as a whole through every aspect of our business operations, ensuring the well-being of stakeholders such as shareholders, employees, customers, suppliers, the community, the nation, and the environment.

Ufi Space is dedicated to advancing its sustainability journey. On the environmental front, we have surpassed legal requirements by introducing ISO 14064 ahead of schedule in 2022 and undergoing third-party verification. This forms the basis for our energy-saving and emissions reduction plans. In particular, we are committed to energy-efficient product design and process optimization in our product development, significantly enhancing power conversion efficiency, reducing product energy consumption, extending product life cycles, and minimizing adverse environmental impacts.

In the social aspect, we have consistently regarded our employees as the company's most valuable assets. We create a conducive career environment and a friendly workplace that encourages continuous learning and self-fulfillment among our team. Through various employee welfare policies, we enhance the well-being of our employees and enrich their personal and family lives. Our care for employees and their families extends to community engagement through charitable initiatives, harnessing our employees' goodwill to bring warmth to society.

On the economic front, our focus on exceptional product technology and continuously improved integrated services has won the trust of international-tier telecommunications clients. We continue to allocate resources for research and development, delivering the best products and comprehensive one-stop services to our customers. We also aggressively expand our presence in domestic and international markets to seize market opportunities, building upon a foundation of stable operations.

In the governance aspect, we have established internal control systems, formulated and implemented nine key cycles ahead of organizational growth. We have also introduced ISO 27001 to enhance information security management. We have adopted the "Code of Conduct for Integrity Operation" to ensure the steady development of our organization.

Along with the advancement of internet and communication technology, we hope that Ufi Space's steady growth and sustainable operations will continue to have a positive impact on the world. We are committed to following trends of sustainable development, making pledges in co-prospering with the environment and society, and collaborating with partners from all walks of life as we move towards a sustainable future.

Chairman of Ufi Space



Company Profile



Company name	Ufi Space Co., Ltd.
HQ Location	10F., No. 300, Jianguo 1st Rd., Xinzhuang Dist., New Taipei City 242047, Taiwan
Equity e proportion	53.22% of domestic legal persons, 46.78% of foreign institutions and foreign individuals
Amount of capital (thousand NTD)	311,395 thousand NTD
Employee information	<ul style="list-style-type: none"> 147 employees with among 5 foreign nationals
Operating sites	<ul style="list-style-type: none"> HQ in New Taipei City: 10F., No. 300, Jianguo 1st Rd., Xinzhuang Dist., New Taipei City 242047, Taiwan Office in Hsinchu: 4F., No. 5, Xin'an Rd., East Dist., Hsinchu City 300, Taiwan
Industry	SASB’s Sustainable Industry Classification System: Technology & Communication/ Hardware
Main product/service provided	Provide professional services for open network equipment solutions
Revenue of the year (thousand NTD)	About 4,500,000-5,500,000 thousand NTD
Proportion of revenue by region	North & South America: 70-80% APAC: 10-15% EMEA: 5-10%

Environment

TCFD

Energy Conservation

Sustainable Supply Chain

Carbon Management (GHG)



TCFD (Task Force on Climate-Related Financial Disclosures)



Core Objective:

Ufi Space responds to environmental policies, regularly reviews the company's policy on combating climate change, and applies the TCFD framework to identify climate risks and opportunities. Based on the results, we establish measurement indicators for target management in order to reduce the financial impact of climate risk.

Governance	Strategy	Risk Management	Metrics and Targets
<p>Under the supervision of the Chairman, the General Manager’s Office (GM office) regularly reviews company strategies, policies and implementation of important climate and environmental matters. The Chairman regularly receives the GM office’s climate risk assessment and plans, and identifies and manages to decide on climate action plans in accordance with Ufi Space's Risk and Opportunity Management Procedure (ROMP) at the Board of Directors (BOD) every year.</p> <p>The GM office arranges annual meetings for ESG-related and important climate issues discussion, and reports to the BOD during scheduled meetings. The discussed topics are researched and analyzed by the sustainability team under the GM's office in advance.</p>	<p>The assessment of climate-related risks and opportunities are separated into short-term (0-3 years), medium-term (3-10 years), and long-term (10-30 years). Ufi Space identifies, asses and controls climate-related risks and opportunities in accordance with the ROMP, assessing potential financial impacts, and formulate response measures.</p>	<p>According to the ROMP, risk probability and impact assessments are carried out in accordance with the risk identification and assessment standard. The assessment scope includes events that affect the company's management system. The GM's office and risk assessment team members are responsible for the assessment. The team members are composed of the representative of each department, or selected by the managers, following the risk assessment mechanism of TCFD to conduct assessments on specific climate change issues to understand the specific potential financial impacts to adopt relevant response strategies.</p>	<p>In order to reduce the impacts related to climate change and achieve environmental sustainability goals, we use indicators to manage climate-related risks and opportunities. Relevant indicators and measures are :</p> <ul style="list-style-type: none">• Promote long-term energy conservation and carbon reduction measures• Increase the use of renewable energy• Optimize energy management• Emergency response plan for extreme climate• Reduce greenhouse gas emissions• Reduce energy consumption rate per unit product• Improve supply chain resilience to mange climate risk• Submit CDP disclosure

Energy saving & Sustainable supply chain



Core Objective:

Ufi Space integrates green management and energy saving plans into corporate operations to achieve sustainable environmental development. Our product production aims at a green supply chain. Through product design optimization and process quality control, we strengthen green environmental considerations related to key components, material selection and product functions.

Policy & Commitment	Short Term Goals	Medium & Long Term Goals	Input Resources
<ul style="list-style-type: none">• Optimize energy and resource utilization efficiency and build low-carbon offices• Comply with domestic environmental protection laws and regulations• Consider environmental impact in product design and material selection• Deepen employees’ awareness of sustainable development• Echo the United Nations’ “Sustainable Development Goals ” and refer to the ISO 20400 Guidance	<ul style="list-style-type: none">• Conduct organizational greenhouse gas inventory• Promote green design in product development• Implement green supply chain management• Implement sustainable supply chain management in accordance with Ufi Space policies such as "Sustainable Development Policy", "Sustainable Supply Chain Policy", "Policy to Eliminate the Use of Conflict Minerals".	<ul style="list-style-type: none">• Carry out product carbon footprint inventory• Planning of reduction measures• Reduce Scope 2 carbon emissions by 5% before 2030 (2021 as the base year) and achieve carbon neutrality by 2050• Work together with partners to build a sustainable supply chain	<ul style="list-style-type: none">• Conduct GHG inventory in accordance with ISO 14064-1: 2018• Use 80 Plus certified power supplies to actively optimize product energy efficiency in product design• Establish “Supplier Management Procedure” in accordance with ISO 9001• Conduct conflict minerals investigations on suppliers, with high-risk suppliers listed as priority audit targets

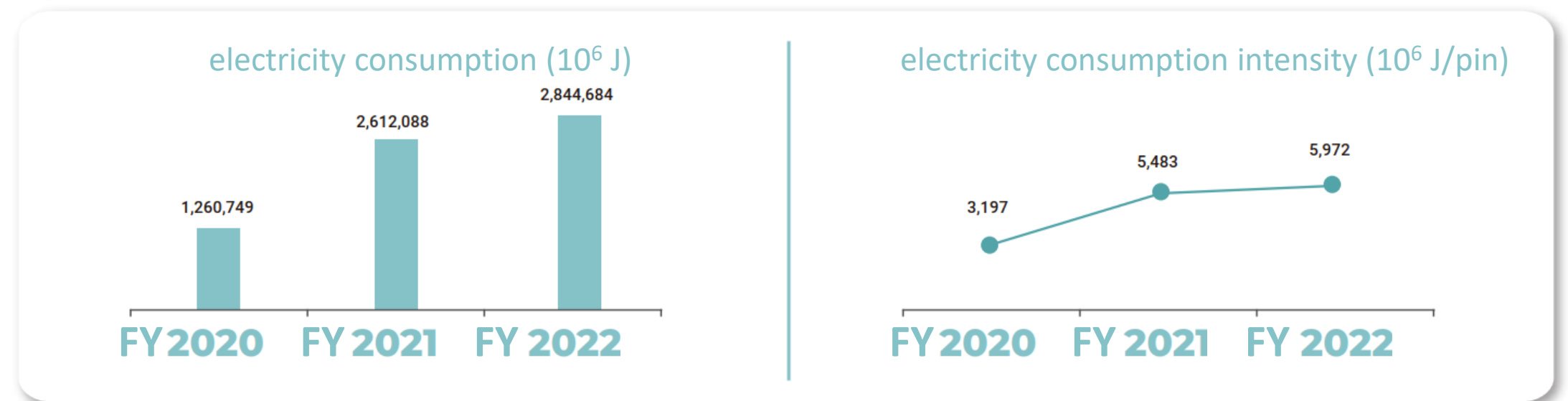
Specific Environmental Outcome

- Improved product PSU performance.
- Completed conflict minerals survey of 100% suppliers.
- Key suppliers audit rate is 100%.
- Products are all in compliance with EU environmental protection directives and regulations such as RoHS, REACH, and WEEE.
- No use of lead-containing materials.
- Extending product life to 10 years, effectively reducing waste disposal.
- All products shipped in flat packaging to reduce carbon footprint.

Carbon Management

Completed greenhouse gas(GHG) inventory and obtained ISO 14064-1: 2018 third-party certification.

Electricity Consumption



GHG Emission

We set the 2021 as the base year of carbon reduction.

Category	2022 Carbon Emission (tCO2e)
Category 1	25.4047
Category 2	391.1444

Category	2021 Carbon Emission (tCO2e)
Category 1	24.9825
Category 2	369.3205

Social

Employee Caring

Talent Cultivation

Social Engagement



Employee Caring and Social Engagement



Core Objective:

Take care of the family and health of colleagues with competitive salaries and comprehensive welfare policies, and enhance employee competitiveness with a complete talent training and development mechanism. Extending its emphasis on the family happiness and career development of its colleagues, we also actively participates in social and environmental charity activities to co-prosper with the local community.

	Policy & Commitment	Short Term Goals	Medium & Long Term Goals	Input Resources
Salary and Benefit	<ul style="list-style-type: none">Formulate human rights policies.Provide employees competitive salary, comprehensive benefits system and sufficient leave policies.	<ul style="list-style-type: none">Optimize incentive mechanisms based on periodical review on salary levels.Improve employees’ health and well-being.	<ul style="list-style-type: none">Raise the visibility and reputation of the company to attract top talent to join the organization.Foster employee loyalty.	<ul style="list-style-type: none">Competitive salaryComprehensive benefits systemFlexible working hoursUnique welfare planning
Talent Cultivation	<ul style="list-style-type: none">Implement a hybrid and microlearning approach to provide employees at various levels and job positions with full-time and corresponding skill development resources.Optimize the employee experience, emphasizing measures for recruitment, nurturing, talent utilization, and retention while offering diverse, personalized, and flexible career development pathways.	<ul style="list-style-type: none">Achieve a 100% annual training rate for strategic core courses.Foster up to 10 internal technical professional instructors to support the elevation the technical skills of the entire technical team.Strengthen leadership management capabilities for supervisors to meet future challenges and growth.Redefine learning objectives and development blueprints for various levels to cultivate leadership talent capable of addressing future challenges in organizational growth.Offer professional skill training courses for employees to support their career development.Organize ESG activities to encourage sustainability thinking.Conduct employee assistance activities to provide support in various aspects of family, work, life, and physical and mental health.	<ul style="list-style-type: none">Maintain a retention rate of new qualified employees and talents above 95%.Expand the pool of internal instructors in all departments to transfer knowledge.Enhance the leadership of potential talents and managers via competency development-focused leadership training programs.Continuously organize advanced technology forums and industry trend sharing sessions to foster innovative thinking and competitiveness among all employees.Improve professional, technical, and management capabilities of employees and managers to maintain the company's leadership in the industry.	<ul style="list-style-type: none">Knowledge Transfer: Record technical and specification meetings with supervisors and make them available for all colleagues to view on the company's internal website. Provide simple explanations during new employee training to enhance new employees' familiarity with company products and reduce the need for repetitive training.Learning Platform Revamp: Record and edit physical courses into online courses for all colleagues to view. Distinguish between basic and advanced courses, and plan to introduce an education and training system in 2023 to enhance user experience and convenience.High-Potential Talent: In addition to organizing management education and training over the years, specific theme-based education and training programs are held for specific departments to strengthen partner job skills that can be practically applied in the workplace and lead to corresponding promotions.

Employee Caring and Social Engagement-Outcome

Core Objective:

Take care of the family and health of colleagues with competitive salaries and comprehensive welfare policies, and enhance employee competitiveness with a complete talent training and development mechanism. Extending its emphasis on the family happiness and career development of its colleagues, we also actively participates in social and environmental charity activities to co-prosper with the local community.

Formulate human rights policies to protect labor rights and interests of colleagues	Employee health and occupational safety management to protect the health and well-being of colleagues	Combining digital tools to build a complete talent training and development mechanism	Take care of employees’ families and provide maternity cash gifts and childcare allowances	Actively participate in social actions
<ul style="list-style-type: none">Formulated and implemented norms such as "Prohibition of Employment of Child Labor", "Prevention and Control of Sexual Harassment in the Workplace", "Prevention and Control of Discrimination and Harassment in the Workplace", and "Freedom of Association".No record of being fined by the competent authority or failing in customer audits due to human rights violations in 2022.	<ul style="list-style-type: none">Formulated "Employee Health, Safety and Health Promotion Management Procedure" to manage occupational safety and health, and occupational disaster prevention.No occupational injuries or diseases occurred during 2019 to 2022.A health lecture was held in 2022 with 15 people participating.Subsidizing employees’ health check-up by 10K-50K NTD per year, superior to the local labor regulations.	<ul style="list-style-type: none">As of March 3, 2023, a total of 5 teaching videos have been announced on the company’s internal website.In 2022, a total of 3 educational training sessions were held according to the needs of the department.In 2022, the average training hours per employee were 3.6 hours, with total 541 hours.	<ul style="list-style-type: none">Provide group insurance which includes employees themselves, their spouses and children.If an employee or his/her spouse gives birth to a child, a gift for each child is 66K NTD. If him/her has been employed for less than one year, the gift is 36K NTD.If an employee or his/her spouse gives birth to a child, the allowance will be paid for two years from the date of childbirth. For the first child 6K NTD per month will be given, for the second child is 8K NTD, and the third child and above is 15K NTD. If him/her has been employed for less than one year, 80% of the subsidy amount will be given.	<ul style="list-style-type: none">Carried out charity cooperation with 4 non-profit organizations and donated a total of 599K NTD to support local ecological restoration and help children in need overcome difficulties.

Business and Corporate Governance

Operation Performance

Product Responsibility

Customer Relationship

Information Security

Core Objective

To operate with integrity and provide innovative services to global customers with excellent technology, establishing long-term mutually beneficial partnerships to achieve a common vision.

	Policy & Commitment	Short Term Goals	Medium & Long Term Goals	Input Resources
Operation Performance	<ul style="list-style-type: none">Develop domestic and international customer bases, actively position ourselves in both domestic and overseas markets.	<ul style="list-style-type: none">Expand domestic and international markets and enhance product and brand visibility.Ensure stable product quality and on-time delivery.	<ul style="list-style-type: none">Meet the diverse needs of different customers by developing diverse versions based on existing products, strengthening the breadth of product applicationsOptimize integrated services to foster long-term mutually beneficial partnerships with customers.	<ul style="list-style-type: none">Aggressively expand domestic and international business.Apply for domestic awards, enhance visibility in the domestic market.Participate in international exhibitions to increase international brand recognition.Promote online marketing and community management.Regularly assess the operational status of outsourcing factories.
Innovation, Research & Development/Green Product	<ul style="list-style-type: none">Dedicated to research and technological innovation in high-speed network packet transmission equipment.	<ul style="list-style-type: none">Build products that offer a balance between performance and price to ensure market competitiveness.Extend the product lifecycle.	<ul style="list-style-type: none">Enhance the competitiveness of customer adoption of white-box products, creating a one-stop solution and progressing towards becoming a global leader in high-end product offerings.Ensure products are highly efficient, energy-efficient, and recyclable to reduce environmental impact.	<ul style="list-style-type: none">Invest NT\$361,141 million in research and development in 2022.Expand R&D team, resulting in a 40% growth in R&D personnel from 2020 to 2022.
Product Responsibility	<ul style="list-style-type: none">Meet diverse cloud product requirements of our clients.Employ products compliant with the European Union's Restriction of Hazardous Substances Directive (RoHS)Strive to incorporate environmentally-friendly components, contributing to energy conservation and environmental sustainability.	<ul style="list-style-type: none">Focus on modular design to provide a wider array of products catering to different client needs.Ensure compliance with our product responsibility policies through practical implementation.	<ul style="list-style-type: none">Deliver user-friendly and high-quality products.Support partner manufacturers simultaneously enhance product quality, thereby offering our clients more competitive cloud products, resulting in mutual profitability.	<ul style="list-style-type: none">In 2022, we conducted health and safety impact assessments for 64% of our suppliers.

Core Objective

To operate with integrity and provide innovative services to global customers with excellent technology, establishing long-term mutually beneficial partnerships to achieve a common vision.

	Policy & Commitment	Short Term Goals	Medium & Long Term Goals	Input Resources
Customer Relationship	<ul style="list-style-type: none">Establish a customer-centric operational model to provide products and services tailored to meet customer needsImplement a post-sales service mechanism to address customer complaints, identify problems, and track improvements.Pledge to adhere to customer return and repair timelines, ensuring that repaired items are dispatched within the stipulated timeframe.Create a service-oriented operational model and optimized our service processes while also enhancing digitalization of our systems.	<ul style="list-style-type: none">Build mutually beneficial service partnerships with customersSet a customer satisfaction survey standard of 90 points	<ul style="list-style-type: none">Align with the time zones of our international customers, conduct regular meetings with customers, and swiftly provide solutions to address their needs, issues, and feedback.	<ul style="list-style-type: none">Establish internal processes and Customer Relationship Management (CRM) system for customer service, allowing us to promptly address component problems and provide real-time information to our manufacture engineers for analysis and review.Establish the Redmine project management system internally, tracking and managing technical issues.
Information Security	<ul style="list-style-type: none">Follow ISO 27001 standards and develop 19 policies and management practices to ensure the confidentiality and integrity of our information assets.	<ul style="list-style-type: none">Ensure the confidentiality of the company's information assets to prevent unauthorized access.Ensure the integrity of the company's information assets to prevent unauthorized alterations or incorrect content.	<ul style="list-style-type: none">Ensure the availability of the company's information assets and maintain uninterrupted business operations relying on information systems.Ensure compliance with relevant legal requirements and contractual obligations in all information operations.	<ul style="list-style-type: none">Establish functional teams such as Information Security Promotion Team, Information Security Implementation and Emergency Response Team and Information Security Audit Team to plan, execute and audit various information security operations, handling significant information security incidents.

Core goals:

To operate with integrity and provide innovative services to global customers with excellent technology, establishing long-term mutually beneficial partnerships to achieve a common vision.

Open telecommu ications market	Investment in Research and Development	Product Responsibility and Quality Assurance	Technical Service System	Integrity Code Of Conduct and Anti-fraud Whistleblowing System	Information Security Management System
<ul style="list-style-type: none">Received the 2022 1st "New Taipei City Business Excellence Award - Outstanding Potential Enterprise."	<ul style="list-style-type: none">In 2022, Ufi Space obtained 7 new patents, representing a significant 75% increase from the previous year, with a total of 12 effective patents.New innovative products in 2022 contributed to 12.9% of the total revenue.Received the 29th SME Innovation Research Award.	<ul style="list-style-type: none">Products are designed with compliance to the European Union's Restriction of Hazardous Substances Directive (RoHS). In 2022, 64% of suppliers were assessed for health and safety impacts, and there were no violations of related health and safety regulations and voluntary agreements concerning products and services from 2020 to 2022.Developed a "Conflict Minerals Usage Policy," regularly reviewing material sources to ensure that metals like Gold (Au), Tantalum (Ta), Tungsten (W), Tin (Sn), etc., are not sourced from conflict areas controlled by armed groups or illegal organizations. Partners are required to adhere to this policy. In late 2022, a conflict minerals investigation was conducted on suppliers, with 100% compliance from 136 self-assessed companies.	<ul style="list-style-type: none">Achieved the expected results in the 2022 customer satisfaction survey (above 90 points).	<ul style="list-style-type: none">In 2022, the internal regulations for the "Integrity Code of Conduct" were formulated and approved by the Board of Directors. The latest version of the Code of Conduct was revised in 2022, with a 100% staff signing rate.Established an anti-fraud whistleblowing email: ethic@ufispace.com, with no reported cases as of February 2023. In 2022, integrity and anti-corruption materials were developed and made available on the company's internal website for all employees to review. No illegal incidents or penalties occurred in 2022.	<ul style="list-style-type: none">In the first quarter of 2022, Ufi Space obtained ISO 27001 Information Security Management System certification, undergoing annual third-party inspections, with no major deficiencies identified in internal or external audits.No major information security incidents occurred in 2022.

Open to Connect

See the full Ufi Space 2022 Sustainability Report (Chinese version) at
<https://www.ufispace.com/uploads/cert/62145dd1a0822d60c60580e0edfaf7cc.pdf>

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