

Synology®

Corporate Sustainability



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About the Report

Synology Inc. (hereinafter referred to as "Synology" or "the Company") is pleased to present its inaugural Sustainability Report. This report comprehensively discloses the Company's initiatives, performance, and future strategies pertaining to the three core pillars of sustainability: Environmental, Social, and Governance (ESG). Through this report, we aim to offer stakeholders valuable insights into our unwavering commitment to sustainable development, corporate social responsibility, and continuous improvement.

Reporting Period

This report is prepared and published annually. The present report covers the 2023 calendar year, from January 1, 2023, to December 31, 2023.

Report Boundary and Scope

The data disclosed within this report focuses on Synology Inc.'s headquarters in Taiwan and does not encompass its overseas subsidiaries. Any information pertaining to other subsidiaries will be explicitly stated within the report.

Data Calculation Basis

The financial data presented in this report is

derived from information audited by a certified public accountant and is expressed in New Taiwan Dollars (NTD). All other data is collected through internal and external surveys, as well as internal statistics. Statistical data is uniformly presented in metric units.

Reference Guidelines

This report is meticulously prepared in accordance with the 2021 GRI Standards, published by the Global Reporting Initiative (GRI). Furthermore, the report takes into account the Task Force on Climate-related Financial Disclosures (TCFD) framework and integrates sustainability indicators from the Sustainability Accounting Standards Board (SASB) for comprehensive disclosure. The Appendix provides a detailed GRI Standards Content Index and SASB Index for your reference.

Publication Date

January 2025

Contact Information

<https://sy.to/corporate>



A Message from the Chairman

Since our inception in 2000, Synology has been relentlessly pursuing the development of superior data management and protection solutions. Our unwavering commitment remains steadfast in delivering a comprehensive IT ecosystem for our customers.

The fiercely competitive market presents numerous challenges, yet it unlocks many opportunities. We have long recognized the importance of data management, especially as new technologies like GenAI and new demands emerge. It's no exaggeration to say that data is the very lifeblood of AI, fueling the training and continuous improvement process. As humanity continues advancing technology, the demand for data storage, management, and protection will only expand.

In this dynamic environment, Synology has consistently charted steadfast development. Adhering to a core philosophy of innovation that focuses on robustness and longevity, Synology has always designed its products with sustainability in mind. This year marks a significant milestone as Synology publishes its first Sustainability Report, signifying a momentous step forward in our corporate journey. Synology has already undertaken a comprehensive greenhouse gas inventory to understand our organization and product's carbon emissions and footprint. Using this information, we aim to minimize any environmental impacts.

Looking ahead, we remain committed to providing users with superior storage solutions and leading the ongoing progress of the digital age in a sustainable manner.



Philip Wong, Chairman

Introduction

synology®

1.1 Company Overview

Founded in 2000, Synology Inc. is headquartered in Banqiao District, New Taipei City, Taiwan. The Company's core focus is delivering secure and efficient IT solutions spanning data management, protection, and more. Synology is empowering businesses to seamlessly navigate the exponential growth of data, while minimizing the challenges and risks associated with it.

Business Philosophy - Your Success is Our Success

Synology firmly believes that "Growing Together with Users" is our defining characteristic. We value user feedback, and continuously leverage the diverse industry experiences and application scenarios of our enterprise users to collaboratively explore a wider spectrum of possibilities in data management.

Core Values - Safeguarding Your Data is Our Mission

Synology products have been deployed across diverse industries worldwide, including critical services with tens of thousands of concurrent users, and serving as the lifeblood of numerous organizations. We recognize the significance of our

commitment to our customers, which requires our products to perform reliably and efficiently across diverse environments, while ensuring meticulous management and protection of every piece of data.

Main Products and Services

Our main products consist of data management solutions. More than providing just fast and dependable data storage, Synology solutions emphasize ease of use, data protection capabilities, and scalability. Synology's solutions offer our customers privacy and full data ownership.

This applies even to Synology's cloud and hybrid cloud services. Operated by ourselves, Synology's cloud infrastructure is engineered for privacy by leveraging client-side and real end-to-end encryption.

In the video surveillance domain, Synology offers video management software, AI-powered network recorders, and AI-enabled cameras that enable our customers to easily and cost-effectively secure their premises.

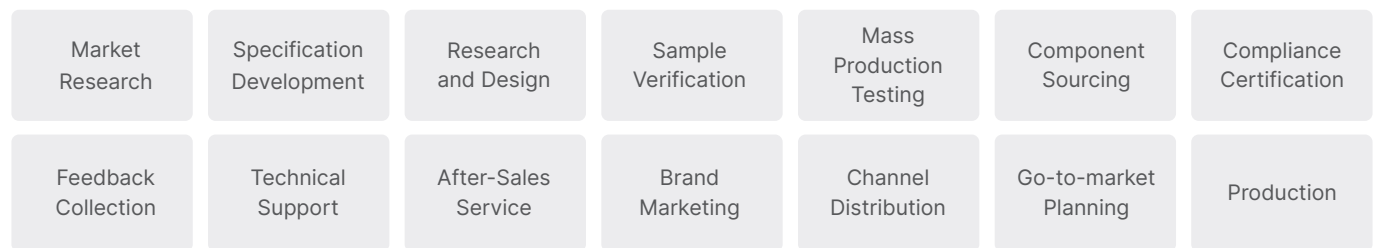
Company Information

Item	Details
Founded	March 17, 2000
Headquarters	9F, No. 1, Yuandong Rd., Banqiao Dist., New Taipei City 220, Taiwan
Paid-in Capital	NTD 398,823,180
Locations	Taiwan, USA, UK, Germany, France, China, Japan
Global Users	Over 10 million

Industry Value Chain

Upstream (Component Manufacturers)	Midstream (System Manufacturers)	Downstream (Channel Distributors)
<ul style="list-style-type: none"> • Central Processing Units (CPUs) • Memory • Motherboards • Heat Sinks • Power Supplies • Casing • Electronic Components 	<ul style="list-style-type: none"> • Network Attached Storage (NAS) • Storage Area Network (IP SAN) • Routers • Network Servers • Backup Equipment • Personal Cloud Devices 	<ul style="list-style-type: none"> • Subsidiaries • IT Agents • Retailers Direct e-commerce • System Integrators • Value-Added Resellers • Managed Service Providers (MSP)

Supporting Processes



1.2 Sustainability Governance

The Board of Directors oversees sustainable development as the highest decision-making body, with each department responsible for implementing initiatives within their scope and reporting to the CEO. In cases of significant risks or incidents, department heads report to the CEO immediately.

The Board monitors progress through regular CEO updates, annual sustainability performance and key incident reviews, and major strategy and proposal approvals. External consultants are engaged to assess sustainability practices, identify gaps, and recommend improvements.

To implement the concept of sustainability development, we aim to disclose important sustainability issues and report on our sustainability strategies, reporting guidelines, and impacts on the environment, society, and governance aspects.

Sustainability Reporting Process

Discussion and Gathering

The legal department will convene with department heads and external consultants to discuss and obtain information needed based on reporting requirements.



Drafting the Report

The legal department and external consultants will consolidate relevant information and draft an initial version of the report, based on supervision from the legal team and external consultants.



Report Review

The heads of key departments, along with experts and consultants, will review the draft, provide feedback, and make necessary corrections.



External Confirmation

Engage a third-party external assurance provider to conduct assurance procedures and obtain a third-party assurance report.



Finalization and Publication

After completing the report, it is submitted to the Board of Directors for review and approval before publication.

1.3 Stakeholder Identification and Engagement

Synology has identified seven types of stakeholders both internal and external to the Company. We ensure that broad and open communication channels are in place to meet their needs.

Stakeholders	Key Concerns	Communication Channels/Frequency
Employees	<ul style="list-style-type: none"> • Human rights protection • Employee satisfaction • Legal and ethical business practices • Occupational health and safety 	<ul style="list-style-type: none"> • Employee Welfare Committee / Annually • Employee education and training / As needed • Internal announcements / As needed • Performance reviews / Annually
Shareholders and Investors	<ul style="list-style-type: none"> • Corporate governance structure • Legal and ethical business practices • Innovation and research • Product quality and safety 	<ul style="list-style-type: none"> • Shareholder meetings / Annually • Board meetings / Annually • Financial reports / Annually • Company website / As needed
Customers	<ul style="list-style-type: none"> • Innovation and research • Product quality and safety • Human rights protection 	<ul style="list-style-type: none"> • Customer service hotline / Immediate • Customer satisfaction surveys / As needed • Technical exchanges / As needed • Customer visits / As needed • Trade shows / As needed
Suppliers	<ul style="list-style-type: none"> • Supply chain management • Legal and ethical business practices 	<ul style="list-style-type: none"> • Supplier meetings / As needed • Supplier exchange visits / As needed • Supplier audits / Annually • Supplier guidance / As needed
Government Agencies	<ul style="list-style-type: none"> • Legal and ethical business practices • Product quality and safety • Occupational health and safety 	<ul style="list-style-type: none"> • Public announcements / As needed • Electronic notifications / As needed
Media	<ul style="list-style-type: none"> • Product quality and safety • Innovation and research • Legal and ethical business practices 	<ul style="list-style-type: none"> • Press releases / As needed • News articles / As needed • Interviews / As needed
Local Communities and Social Groups	<ul style="list-style-type: none"> • Human rights protection • Climate change-related topics 	<ul style="list-style-type: none"> • Company website / As needed • Community activities / As required

Procedures for Remedying Negative Impacts

The Company actively identifies and assesses actual or potential negative impacts on the economy, environment, and people (including their human rights) through regular evaluations, stakeholder communication, and grievance mechanisms.

In the event that the Company identifies actual or potential negative impacts, it will diligently provide mitigation or

remediation measures for the actual negative impacts and prevent potential negative impacts from occurring through corresponding response measures.

Contact Channels for External Stakeholders

<https://sy.to/corporate>

1.4 Materiality Assessment

Identification Process

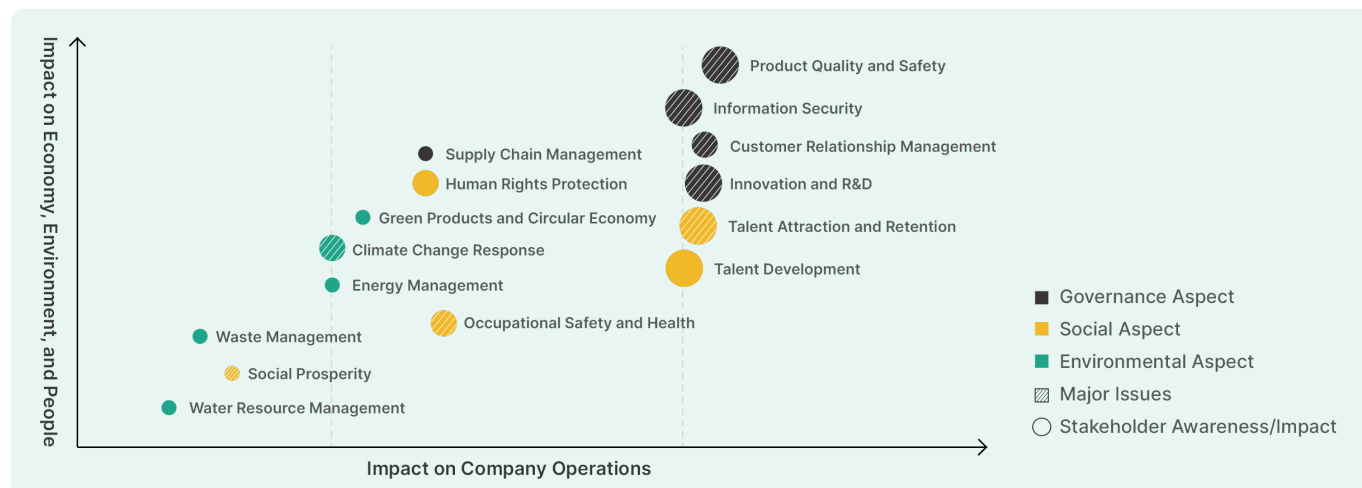
Through internal company discussions and with the assistance of external experts, referring to the GRI Standards published by the Global Reporting Initiative (GRI) and important domestic and international industry trends, Synology collected various sustainability topics. In 2023, using systematic analysis methods, including departmental interviews and questionnaires, a survey on the impact level of each topic was conducted among management. This survey assessed the impact of each topic on the economy, environment, and people, as well as the impact on the Company's operations.

Additionally, a questionnaire on the level of concern for material topics was distributed to major stakeholders, with a total of 208 valid questionnaires collected. We identified sustainability topics that stakeholders are concerned about and used this information to create a materiality matrix. The x-axis of the matrix represents "impact level on company operations," the y-axis represents "impact level on economic, environmental, and social aspects," and the bubble size represents "stakeholder concern level."

Based on the scores, topics were evaluated for their materiality and categorized as either material topics or general topics. After an integrated analysis and confirmation with senior management, Synology identified nine material topics for 2023: product quality and safety, customer relationship management, information security, innovation and R&D, talent attraction and retention, talent development, human rights protection, occupational health and safety, and climate change response. These topics serve as the foundation for the disclosures in this report and will continue to guide our efforts toward improvement.



Material Topics Matrix



List of Material Topics

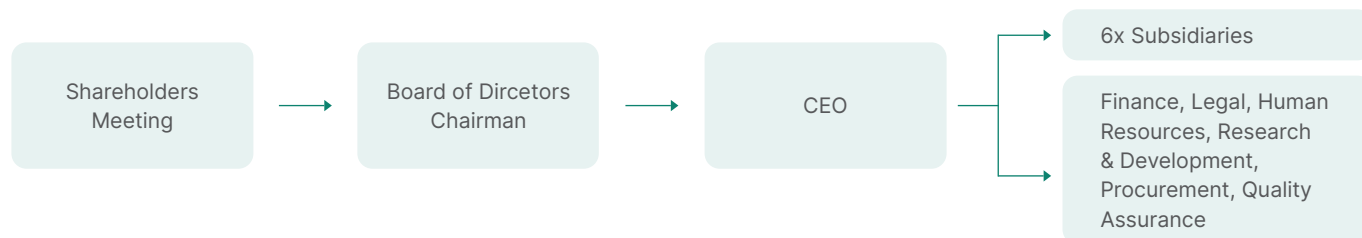
Aspect	Material Topic	Description	Corresponding Chapter
Governance	Information Security	Building high-quality, secure products to ensure user information security.	2.4 Information Security Management
	Product Quality and Safety	Building dependable and high-quality solutions to meet stringent customer demands.	2.5 Product Quality and Safety
	Innovation and R&D	Synology emphasizes "Growing Together with Our Users", leveraging customer feedback and industry know-how to create class-leading solutions.	2.6 Product Development and Innovation
	Customer Relationship Management	Helping our customers succeed through better products, technical support, and a positive feedback loop.	2.7 Customer Relationship Management
Social	Talent Attraction and Retention	Building and sustaining a team of passionate innovators.	3.1 Workplace Management
	Occupational Safety and Health	Ensuring work environments are safe with proper equipment and procedures.	3.2 Occupational Safety and Health
	Human Rights Protection	Enforcing policies that promote and protect human rights.	3.3 Human Rights Protection
	Social Prosperity	Sustainable initiatives that promote social welfare and positivity.	3.4 Social Prosperity
Environment	Climate Change Response	Responses to emerging environmental and sustainability-focused regulations and initiatives.	4.1 Climate Change Response

Sustainable Governance



2.1 Corporate Governance Framework

Organizational Structure Chart



Subsidiary	Responsibilities
Synology GmbH	Each subsidiary is responsible for regional sales and marketing activities. Regional offices work together with Synology headquarters to provide localized technical support.
Synology UK	
Synology France	
Synology CN	
Synology Japan	
Synology America Corporation	

Board of Directors

The Board of Directors is the highest governing body of Synology Inc. Currently, the Chairman of the Board also serves as the CEO, ensuring that the company’s development aligns with the expectations of the Board and enhancing decision-making efficiency. This structure allows the company to respond promptly to external risks and adjust its development strategies accordingly. The Board includes a supervisor who acts as the company’s oversight body. In cases of conflicts of interest, the supervisor has the authority to conduct an independent investigation to protect the company’s interests.

In accordance with the Company Act, the Board must have no fewer than three members, appointed by the shareholders’ meeting from among candidates with legal capacity. The Chairman is elected by the Board members through a majority vote, requiring the presence of at least two-thirds of the directors and approval by more than half of those present. The current Board

consists of three directors, with an additional supervisor. Among the three directors, two are male and one is female, with women representing 33% of the Board. The average age of the directors is between 60 and 65.

Conflict of Interest

If any director or manager engages in activities within the company’s business scope for themselves or others, they must first obtain approval from either the shareholders’ meeting or the Board, as required by law. In 2023, there were no significant conflict of interest incidents within the company.

Director Competency and Performance Evaluation

The company has hired external expert consultants to assess its sustainability initiatives. Board members can gain a deeper understanding of sustainability trends and knowledge, enabling them to make appropriate adjustments and improvements.

2.2 Compliance and Ethical Operations

Synology is committed to ensuring that the Company, along with all employees, contract workers, and external consultants—regardless of position—strictly abide by company guidelines that adhere to applicable laws, regulatory requirements, and industry standards. This approach is intended to safeguard the Company's legitimate interests and promote positive impacts on the environment and society. This policy applies to all of Synology's global operations. Legally, we maintain open communication with shareholders, customers, and the public, providing truthful and accurate information on the Company's compliance status.

In the event of any regulatory violations, the company first assesses the potential impact its customers and will prioritize ensuring the integrity of its products and services. In 2023, Synology did not experience any major regulatory violations.

Code of Ethical Conduct

Synology has always upheld the principle of operating ethically, emphasizing the importance of corporate integrity and morality. We comply with all government regulations and diligently fulfill our corporate responsibilities and mission. Synology has established a "Synology Code of Conduct", accessible to all employees on the Company intranet. This code mandates that all employees uphold fairness, honesty, and respect in all business dealings and job duties, treating all parties with fairness and impartiality. This commitment extends to customers, suppliers, and all other relevant stakeholders.

Whistleblowing and Complaints

If employees discover any misconduct or potential violations of the Synology Code of Conduct, the Company provides a dedicated grievance mailbox to encourage reporting of unlawful incidents. Upon receiving a report, the relevant department investigates and takes appropriate action in accordance with the law and company regulations. In 2023, Synology did not receive any related reports or grievances.

Training and Promotion

To ensure that all employees understand the latest regulations and abide by the Synology Code of Conduct, Synology plans to implement regular awareness campaigns for existing employees. In the future, we will also incorporate training sessions on regulatory compliance and ethical operations for all new employees as part of the onboarding process. Our goal is to establish a corporate culture of integrity, with all employees working together to uphold the highest ethical standards.



2.3 Supply Chain Management

Supplier Overview

Synology's IT-focused solutions are available in over 100 markets around the world, necessitating a stable and high-quality supplier network. Synology has prioritized selecting domestic suppliers in Taiwan to reduce transportation costs and achieve positive environmental and societal impacts.

Synology primarily sources materials from upstream component suppliers and outsources production to contract manufacturers. Subsequent processes such as component placement, assembly, testing, and packaging of finished products are then shipped to distributors and resellers.

Supplier Local Procurement Ratio

Year	Local Supplier	Non-Local Supplier
2023	96%	4%

Supplier Management Policy

We regard our suppliers as long-term partners. We expect our suppliers to adhere to the similar-or-higher ethical business standards as ourselves, encompassing integrity, fair competition, transparency, protection of intellectual property rights, and strict compliance with contractual commitments.

In addition to essential requirements such as quality consistency, on-time deliveries, and competitive costs, we expect and encourage suppliers to grow alongside us. We pay close attention to the improvement efforts of suppliers who have demonstrated shortcomings, working collaboratively to mitigate future risks.

All Synology suppliers are required to be certified to ISO 9001 Quality Management System and ISO 14001 Environmental Management System standards. They must also sign a declaration affirming that their product raw materials do not contain conflict minerals.

Supplier Evaluation

At the end of each year, we conduct a comprehensive review of the performance of suppliers.

Quality

Upon arrival, all materials provided by suppliers undergo Incoming Quality Control (IQC) inspection to ensure compliance. If any quality discrepancies are identified, we collaborate closely with the Quality Assurance Department to guide the supplier in implementing necessary improvements. For plastic parts, the purchasing department conducts monthly on-site inspections and audits of supplier documentation.

Delivery

We meticulously track on-time delivery rates. If a supplier consistently exhibits poor delivery performance, we will engage in discussions with the development team during the development of new models to evaluate the feasibility of discontinuing the use of materials from that supplier.

Pricing

We evaluate whether the goods or services provided by the supplier is at a competitive price. It is in Synology and its stakeholders and customers' best interest for the company to continuously review and optimize costs.

ESG

Synology continuously monitors each supplier's commitment and performance to ESG-related goals, ensuring that downstream products and services are compliant with Synology's ethical standards, ESG commitments, and regulatory requirements.

Conflict Minerals Management

Synology mandates that all suppliers adhere to the guidelines of not utilizing conflict mineral raw materials, ensuring joint compliance and emphasizing the critical importance of this requirement.

2.4 Information Security Management

Impact Assessment

Information security management affects business operations, customer trust, and compliance. We view it as essential to our development and continuously enhance our measures to combat evolving threats.

Business Reputation and Trust

Failures in information security management carry the potential to damage Synology's business reputation and erode customer trust.

Legal and Compliance Requirements

With increases in legal and regulatory requirements for data privacy and security, Synology needs to ensure that its information management practices align with all relevant laws and regulations or face potentially substantial penalties.

Data Breaches and Loss

Failures in information security management can lead to breaches and/or loss of sensitive data, impacting previously mentioned customer trust and legal requirements.

Business Continuity

Security vulnerabilities or attacks may lead to system downtime or irrecoverable data loss, directly impacting Synology's business operations. Without a proper contingency plan and recovery strategy, this could have a serious impact on business continuity.

Competitive Advantage

Strong information security management can serve as a significant competitive advantage for Synology. Demonstrating that its products and services are more secure and reliable than those of competitors can be a market differentiator.

Policy Commitments

We recognize the critical importance of information security and are committed to taking the following steps to protect the security of our customers, partners, and employees.

Customer Trust and Privacy

- We respect customer privacy and stringently uphold and protect data confidentiality.
- Customer data and any personally identifiable information is accessed and used only when absolutely necessary and with consent, such as during a customer support session.

Compliance and Regulatory Requirements

- We fully comply with all applicable laws, regulations, and industry standards.
- Our policies are regularly reviewed and updated to ensure ongoing compliance.

Security Measures and Technical Protection

- We implement technical and organizational measures to prevent unauthorized access, data breaches, or financial damage.
- This includes the use of modern and industry-approved encryption, access control, firewalls, and intrusion detection systems and methods.

Emergency Preparedness and Recovery Plans

- We have established robust emergency preparedness and recovery plans to respond to emergency incidents.
- In the event of a catastrophic event, recovery plans prioritize restoring customer-facing services, product access, and the availability of other capabilities that our customers and partners depend on.

Continuous Assessment and Improvement

- We conduct regular operational risk and security assessments to identify potential weak spots and fix vulnerabilities.
- Our information security configurations, policies, and strategies are continually monitored, evaluated, and improved upon.

Transparent Communication Policy

- As a CVE Numbering Authority (CNA) member, we handle security vulnerabilities in a timely and transparent manner.
- We will notify users of high-impact or critical vulnerabilities via available communication methods that Synology has for its customers, including supplementary information on potential fixes, mitigation, and impact.

Security Awareness and Training

- We invest in employee security awareness training to improve overall security posturing, reducing the chances of common phishing and infiltration methods from affecting the Company.
- We are continuously investing in offensive security capabilities to improve our organizational, product, and service security.

Enhanced Data Protection

- We encrypt data using secure cryptographic algorithms.
- We have implemented a role-based permission control system that minimizes access to only relevant data and systems.

Cooperation with the Security Community

- We have become members of the Forum of Incident Response and Security Teams (FIRST) to share security related research and best practices.
- We continue to operate and sponsor security researchers via our security bug bounty program and at similar external competitions and events.

Incident Response Plan

- We are committed to providing timely, typically within 24 hours, product and service updates that resolve or mitigate critical zero-day vulnerabilities.
- We are committed to informing relevant regulatory authorities upon detecting breaches affecting employee or customer data, in a timely manner as defined by applicable regulations.

Actions Taken

Product Security Incident Response Team

1. Security Training

- We are promoting the principles of Secure by Design among developers, ensuring they understand the key considerations during the software design process and know the appropriate contacts for discussing these matters.
- Through regular security training programs, we are ensuring that developers understand and can identify common security threats, such as Command Injection, SQL Injection, XSS, etc., and know how to take appropriate preventive measures.
- We regularly review and ensure that outdated cryptography or insecure implementations are deprecated and/or removed.

2. Bounty Programs

- We are strengthening collaboration with external security researchers and will continue to adapt our rewards to reflect increased security needs.
- We continued sponsoring or participating in external security events such as Pwn2Own, HITCON, and more.

Computer Security Incident Response Team

1. Strengthening Access Controls

- We implement multi-level authentication mechanisms, such as two-factor authentication, to ensure that only authorized personnel can access sensitive information.
- Employees are granted only the necessary access rights, and these rights are regularly reviewed and updated to prevent insider threats and misuse.

2. Infrastructure Security

- We continue to maintain firewalls to monitor and block network traffic from unknown sources.
- Modern intrusion detection systems are deployed, and continuous monitoring and alerts are in place to detect and respond to possible intrusion incidents.
- Server and endpoint activity monitoring and tracking are regularly updated to detect and automatically address irregularities in usage.
- Monitoring and alert systems were set up and maintained to enable clearer and faster communication during security incidents.

3. Vulnerability Scanning

- We regularly conduct vulnerability scans of systems and applications to identify and promptly fix potential security vulnerabilities.
- Security tests, including penetration testing and red-blue team exercises, are conducted to simulate real attack scenarios and improve response capabilities.

4. Preparedness

- Detailed emergency preparedness and recovery plans have been established, including procedures for responding to various security incidents.
- We regularly conduct drills and tests to verify the effectiveness of plans and train employees to respond to different threat scenarios.
- We provide regular email phishing simulations to raise employee awareness of information security.

Results

- Enhanced network segmentation and monitoring successfully blocked and contained intrusion incidents from vulnerabilities in third-party devices by isolating network segments.
- Statistics show that the improved XDR system is effectively mitigating known malware and phishing attacks.
- Over 90% of software developers participated in enhanced security training courses.
- Two separate company-wide email phishing simulations were conducted, with 40 and 33 employees failing to pass the drills in each campaign. Employees were provided with additional training in recognizing and on how to properly handle phishing attempts.

2.5 Product Quality and Safety

Impact Assessment

Product quality is a paramount standard for Synology. Any lapse in quality management can result in higher costs for channel partners handling after-sales services and disruptions to end-user information services. This can affect business productivity or diminish the user experience, ultimately impacting brand reputation and customer loyalty.

Policy Commitments

Synology is committed to providing safe, reliable, and high-quality products and services. We steadfastly adhere to relevant quality and safety laws and standards, ensuring that the production and use of our products or services do not negatively impact the environment or society.

Actions Taken

Establishing Quality Standards

Defining specific quality standards and specifications for our products, clearly outlining what constitutes a high-quality product.

Quality Planning

Developing detailed quality plans that clearly describe how quality management will be implemented, including resource allocation, timelines, and testing plans.

Quality Control

Monitoring and inspecting the product manufacturing process to ensure adherence to quality standards throughout production.

Inspection and Testing

Conducting thorough inspections and tests on products to ensure compliance with quality standards. This includes raw material inspection, in-process inspection, and final product inspection.

Problem Resolution

Promptly addressing and resolving any product quality issues, including analyzing defects, identifying root causes, and implementing appropriate measures to prevent recurrence.

Continuous Improvement

Continuously improving our products and production processes through feedback collection and product reviews, aiming for higher quality.

Training and Education

Providing employees with quality management training and education, enhancing their quality awareness and skills, and ensuring the effective implementation of quality management practices.

Partnership Management

Establishing strong collaborative relationships with suppliers and partners, ensuring their adherence to quality standards and requirements.

Quality Auditing

As mentioned in Chapter 2.3 Supply Chain Management, we require all manufacturing plants to possess ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications. We regularly audit how our suppliers handle processes such as raw material procurement, production process monitoring, product inspection, safety testing and documentation, and more. All these aspects must strictly adhere to the requirements outlined in ISO standards to ensure product quality traceability and continuous improvement.

Sustainability Audits

In supply chain management, we implement a strict hazardous substance-free procurement policy to ensure that all raw materials and components meet international environmental standards. We require suppliers to provide relevant test reports and certification documents.

On the manufacturing side, all our production facilities have obtained ISO 14001 Environmental Management System certification and established a comprehensive environmental management framework. This framework includes pollution prevention, resource efficiency enhancement, and waste management. Through regular audits and continuous improvement mechanisms, we consistently optimize our environmental performance, advancing toward more eco-friendly manufacturing practices.

Stakeholder Engagement

In 2023, we worked with our suppliers to collect energy and resource data, confirm quality management procedures, promote a circular economy, and conduct a sustainability training program involving 30 participants.

Quality Management Policy

Stringent Quality Control Standards

We implement stringent quality control standards throughout the production process, ensuring that each product meets established specifications and standards. We employ a range of quality inspections and tests, from raw materials to final product assembly, to ensure that every aspect of the product meets requirements.

Continuous Improvement and Innovation

We are constantly dedicated to improving and innovating our products to enhance quality and performance. We invest significant resources in research and development, exploring new technologies and production processes to ensure our products remain competitive in the market.

Customer Feedback and Tracking

We actively collect customer feedback and consider it an invaluable source for product quality improvement. We communicate with customers

through various channels, including customer service and online forums, and promptly respond to and address their questions and feedback.

Supply Chain Management

We establish close collaborative relationships with our supply chain partners, ensuring that the entire supply chain, from raw material procurement to final product delivery, meets quality requirements. We rigorously audit and manage our supply chain to ensure supplier compliance with quality standards.

Quality Certification and Standards Compliance

Our product manufacturing plants comply with various international quality certifications and standards, such as the ISO 9001 Quality Management System certification. By adhering to these certifications and standards, we ensure that our products consistently maintain high-quality levels globally.

Quality Inspection Process

Software Process

Quality inspection is an integral part of the software product development process, tightly integrated to ensure the quality of the final product.

1. Product Specification Design Phase

- **Defining Requirements:** When planning product specifications, we simultaneously define quality requirements, including the expected performance, functionality, usability, and security requirements.
- **Inspection Planning:** A quality inspection plan is developed, outlining how to test and verify whether the product meets the requirements defined during the specification design.

2. Development Phase

- **In-Development Testing:** Based on the inspection plans, we will execute review processes at multiple development milestones, such as regular functional testing and code reviews.
- **Completion Testing and Review:** Upon completion of software functionality development, we conduct another round of testing to determine if the completed software

matches the original specifications and requirements.

3. Release Phase

- **Pre-Release Testing:** We conduct comprehensive pre-release testing to ensure that the to-be-released software meets the necessary quality standards across a multitude of possible configurations, ensuring it is ready for real-world deployment. Certain products may be supplemented with community-driven public testing.
- **Post-Release Review:** After the product release, we conduct a quality review, analyze user feedback and problem reports, and update the quality inspection plan as needed to continuously enhance product quality.

Hardware Process

Raw Material Inspection

Before production, we conduct thorough inspections of all raw materials entering the factory, which include electronic components, casings, power supplies, and connectors via visual checks, dimensional measurements, and functional testing.



In-Process Inspection

We conduct in-process inspections on semi-finished products, functional testing during assembly, and visual inspection on all parts. Products that fail to meet standards are repaired or remanufactured.



Final Product Inspection

Once manufacturing is complete, we perform a final product inspection. This encompasses visual inspections, functional testing, performance testing, and reliability testing.



Sampling Inspection

In addition to comprehensive inspection, we use the MIL-STD-105E standard for sampling inspection and set the Acceptable Quality Level (AQL) at 0.65 (0.65 defective units per 100 units inspected).



Recording and Tracking

All inspection results are meticulously recorded and tracked, including raw material inspection reports, in-process inspection records, and final product inspection reports.

Identifying and Addressing Product Data Security Risks

As detailed in the previous section, Synology has a dedicated Product Security Incident Response Team (PSIRT) to manage product data security risks. PSIRT is responsible for monitoring, analyzing, and responding to security vulnerabilities and threats related to company products. PSIRT tracks CVEs (Common Vulnerabilities and Exposures) for all in-use open-source software to ensure that the Company can identify security vulnerabilities in its products promptly and deploy necessary remediation measures rapidly, effectively mitigating data security risks associated with products.

Product Development

We follow the Secure Development Lifecycle (SDL) for our product development. This process is grounded in the Secure Software Development Framework (SSDF) created by the National Institute of Standards and Technology (NIST). We ensure data protection by implementing security at every stage of our software development—such as requirements analysis, design, implementation, testing, and deployment—and by employing secure cryptographic algorithms. This approach lays a strong security foundation for our products throughout the development process and effectively reduces the number of security vulnerabilities.

Software Supply Chain Management

We maintain a Software Bill of Materials (SBOM) for all our products, which includes a comprehensive list of all open-source software utilized and their respective version information. The SBOM enables Synology PSIRT to swiftly identify and address any open-source components that may be impacted by known security vulnerabilities, thereby minimizing potential security risks.

Bug Bounty Program and CNA

We have launched a Bug Bounty Program to invite external security researchers and ethical hackers to identify and report security vulnerabilities in our products. This program allows us to tap into the expertise of the broader security community, enabling us to proactively discover and address potential security issues, thereby reinforcing the security of our products.

Additionally, Synology is the first Taiwanese company authorized by MITRE to become a CNA (CVE Numbering Authority). This designation gives us the authority to assign CVE numbers to security vulnerabilities found in our products. This process facilitates more efficient public disclosure of these vulnerabilities and enhances awareness and resolution efforts within the security community.

Product Certifications

To uphold our quality standards and ensure product safety, Synology requires its manufacturing plants to obtain certifications in the ISO 9001 Quality Management System and ISO 14001 Environmental Management System.

All our products undergo stringent safety compliance testing and receive the necessary certifications to ensure they meet or exceed safety standards and pose no risk to customer health. In 2023, Synology maintained full compliance with all health and safety regulations and voluntary codes regarding our products and services.

Synology Product Certifications

Certification Name	Description
FCC (Federal Communications Commission)	Ensures that electronic products do not cause harmful interference to radio communications and meet US electromagnetic interference and electromagnetic compatibility standards.
CE (European Conformity)	Indicates that products meet EU safety, health, and environmental protection requirements, allowing them to be freely sold within the European Economic Area (EEA).
RoHS (Restriction of Hazardous Substances)	Limits the use of hazardous substances (e.g., lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers) in electronic products to protect the environment and human health.
REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)	Ensures the safe use of chemicals and requires manufacturers and importers to assess and manage risks associated with chemicals to human health and the environment.
UL (Underwriters Laboratories)	Conducts product safety testing and certification, ensuring that products meet safety standards and reduce the risk of fire, electric shock, and other hazards.
WEEE (Waste Electrical and Electronic Equipment)	Promotes the recycling and reuse of electronic products, minimizing the environmental impact of electronic waste.
CCC (China Compulsory Certification)	Ensures that products comply with Chinese safety, environmental protection, and performance standards, serving as a mandatory certification mark for the Chinese market.
KC (Korea Certification)	Ensures that products meet Korean safety, health, and environmental protection standards, reducing risks to consumers.
VCCI (Voluntary Control Council for Interference)	Ensures that the electromagnetic interference emitted by information technology equipment complies with Japanese standards, protecting the normal operation of other electronic devices.
BSMI (Bureau of Standards, Metrology and Inspection (Taiwan))	Ensures that products meet Taiwanese safety, health, and environmental protection standards and promote product quality improvement.

Product and Service Information and Labeling

All Synology products have passed safety regulations and carry the corresponding certification markings. Digital copies of product specifications and user manuals are available to ensure the safety of our customers during product use. In 2023, Synology did not encounter any violations of regulations related to product and service information labeling or marketing communications regulations.

2.6 Product Development and Innovation

Innovation and research and development (R&D) are crucial for maintaining the Company's competitiveness in the market. If these aspects are not managed effectively, the Company may struggle to develop new products that align with market trends and satisfy consumer demands. Additionally, improper R&D efforts can lead to unnecessary costs. Such mismanagement could not only impact the Company's operations but also damage its brand reputation and public image.

Policy Commitment

Synology firmly believes that "Growing Together with Our Users" sets us apart. Since our founding in 2000, we have continuously empowered users with innovative technologies to manage their data and meet increasingly complex needs. At the same time, we actively listen to customer feedback and leverage our diverse industry experience and real-world applications to create new solutions to solve IT challenges. Synology also employs multiple processes to ensure the security and confidentiality of Synology technologies and competitive product secrets.

Actions Taken

Synology maintains and consistently improves its product development environments, ranging from equipment upgrades and process improvements to maintaining and recruiting new talent.

- Partnering with top university computer science departments to attract highly skilled interns.
- Frequently organizing technology forums to foster cross-departmental collaboration and knowledge exchange.
- Facilitating internal platforms for creativity to motivate employees to contribute ideas and innovative concepts.

Evaluation Mechanisms

The CEO directly supervises the product development process. R&D managers regularly report product development status to the CEO, enabling the Company to make well-informed and quick adjustments as needed.

Goals

Short-Term Goals	Mid- to Long-Term Goals
Attract talent who share similar values to participate in internship programs or join the Company as employees, contributing to our valuable talent pool.	<ul style="list-style-type: none"> • Encourage innovation by fostering collaboration among talented individuals, and the continuous release of innovative products. • Drive internal process innovation, maintaining market competitiveness, increasing revenue, net profit, market share, and building a positive brand image.

Results

In addition to updates to existing products and services, Synology additionally launched several new product categories in 2023.

- Synology Cameras: A more user-friendly, intelligent, and secure one-stop surveillance solution.
- Synology BeeDrive: Targeting personal data management needs, while offering professional-grade backup capabilities.
- Synology Plus Hard Drives: Reliable hard drives suitable for home and small office environments.

Stakeholder Engagement

Exhibitions and Market Feedback

Synology is committed to innovation and R&D, and actively participates in exhibitions to showcase our products and technologies and expand our market presence. We host professional conferences to

engage with security experts, partners, and clients on technology trends and market dynamics. These interactions keep us informed about customer demands and enables prompt strategic responses. Our goal is to provide high-quality solutions that meet customer needs while enhancing user experience and product competitiveness.



- Synology attended GITEX 2023, which is a major exhibition focusing on the latest technological trends such as AI, 5G, cybersecurity, and promotes startup and investment opportunities.
- At GISEC 2023, the Middle East's premier cybersecurity event, Synology showcased its secure storage, identity management, and backup and recovery solutions.
- During Cloud Expo Asia 2023, hosted in Singapore, Synology showcased its wide array of solutions that are designed to work in both private and hybrid cloud architectures.
- In 2023, we hosted the Enterprise Data Management Conference, attracting nearly 600 enterprise IT professionals. Attendees learned about Synology's latest data management solutions, encompassing storage, data protection, surveillance, and productivity, and discussed their deployment needs.
- At the 2023 Taiwan Cloud Summit, Synology showcased various C2 cloud services that enable businesses to fully leverage the flexibility and ease of deployment offered by cloud solutions to protect their critical data.
- In collaboration with Hsuan Yuan Tech (HY Tech), a Taiwanese drone system company, we participated in the 2023 Taipei Aerospace & Defense Technology Exhibition, organized by the Taiwan External Trade Development Council (TAITRA), showcasing video and data management and integration capabilities.
- We participated in the CYBERSEC 2023 cybersecurity conference, demonstrating a multi-layered, hybrid cloud-based disaster recovery protection architecture, multi-factor authentication (MFA), and secure access solutions with end-to-end encryption. We actively engaged with attendees, exchanging practical experiences.
- In 2023, we held the inaugural "2023 SynoSec Day," focusing on data security governance. We engaged in discussions with hundreds of attendees about the challenges businesses face in achieving sustainable operations and practical steps to overcome data protection obstacles. We invited security experts from TeamT5 and Acer Information Security Inc. to join us, collaborating to enhance operational resilience for Taiwanese enterprises.
- During COMPUTEX 2023, we hosted the independent exhibition "Synology Solution Exhibition 2023." We showcased our globally recognized data management solutions, from storage devices, productivity suites, cloud-based backups, and intelligent surveillance. Our goal is to provide cost-effective solutions that offer ease of management, security, and continue to assist businesses in expanding the value and application scope of their data.

Research and Development Investments

Synology places a strong emphasis on research and development, as evidenced by our substantial R&D team. Our focus on data management has resulted in leading solutions across various sectors, including file servers, data backup, video surveillance, and network communications. We cater to a diverse range of users, from those with little technical expertise to large global enterprises, by integrating hardware and software to ensure stable, high-quality products that support critical applications.

Our commitment to innovation and enhancing user experience drives us to continually refine our offerings and surpass expectations. We actively engage with customers worldwide to understand their needs and incorporate them into our ecosystem.

R&D Personnel

Year	Developers/Engineers
2022	419
2023	474
Growth Rate	13%

R&D Initiatives

- **Internal Employee Creativity Showcase**

We regularly organize an internal creativity showcase platform, encouraging employees to share their creative and innovative ideas. This approach fosters employee creativity and helps us uncover valuable innovation projects from within. By encouraging brainstorming and peer learning, we not only enhance employee engagement and a sense of belonging but also contribute to building an open and innovative corporate culture.

- **Technology Forum**

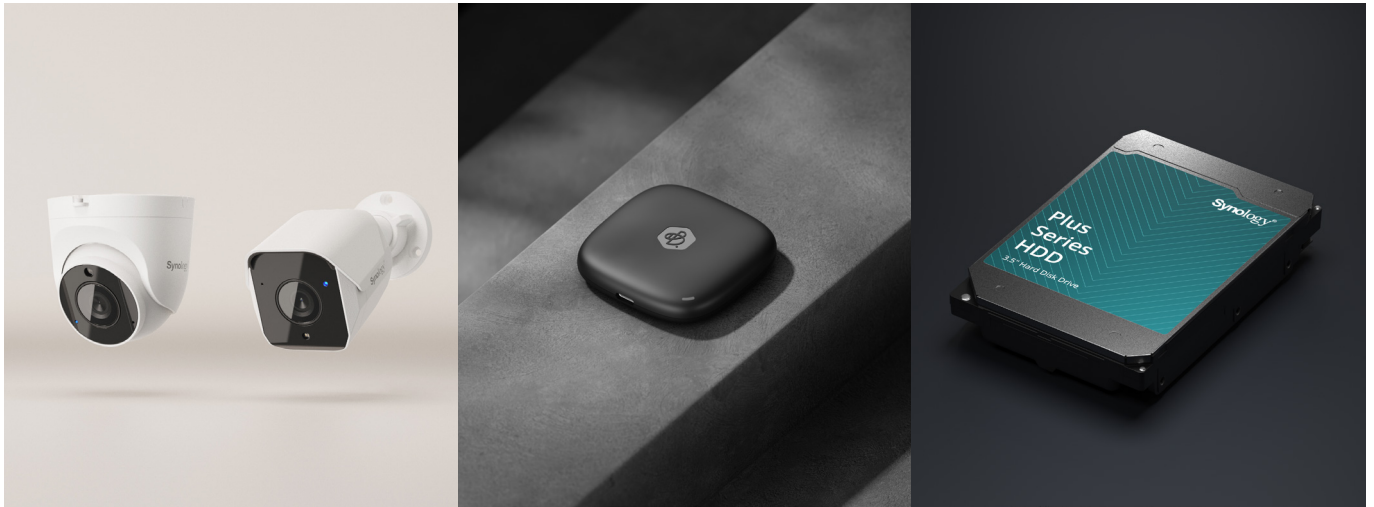
To promote cross-departmental collaboration and knowledge sharing, we regularly host new technology forums, inviting employees from various departments to share their technical discoveries and innovations in different fields.

This exchange platform facilitates collaboration among different teams, accelerating the application and implementation of new technologies and generating more competitive advantages for the company. Many of our software features and UI/UX (User Interface/ User Experience) elements have been enhanced through these forums, demonstrating our commitment to innovation and providing a space for employees to learn from each other.

- **Collaboration with Universities**

To attract more outstanding R&D talent, we have initiated an R&D intern program. This collaboration allows us to establish close ties with academia, attracting more high-caliber talent to our team and achieving breakthroughs in innovative research while staying at the forefront of technology trends. In 2023, we recruited a total of 21 R&D interns from Purdue University, National Taiwan University, National Tsing Hua University, National Chiao Tung University, National Yang Ming Chiao Tung University, National Chengchi University, and National Taipei University.

2023 Highlight Products



Synology Cameras

In March 2023, Synology launched the BC500 (bullet-type) and TC500 (turret-type) network cameras for intelligent surveillance. Both models feature advanced AI capabilities, excellent image quality, and seamlessly integrate with the Surveillance Station video management system. Coupled with diverse storage, backup, and intelligent analytics hardware devices, Synology's one-stop surveillance architecture encompasses a complete hardware and software solution to meet a wide range of scenarios.

Our BC500 and TC500 network cameras comply with NDAA and TAA standards, signifying that both products meet the standards and security requirements of US federal government procurement, making them ideal choices for surveillance service providers and security system integrators.

Synology BeeDrive

Synology is dedicated to developing cutting-edge data management solutions accessible to all, which has led to the creation of the BeeDrive personal cloud device.

BeeDrive addresses the issue of fragmented file and photo storage across multiple devices by centrally collecting those files, freeing up valuable storage space on mobile phones and significantly reducing the cost of monthly cloud storage subscriptions. Furthermore, BeeDrive enables seamless file synchronization between work and home computers.

Synology Plus Drives

Hard drives are essential components for data storage. With the launch of the Plus Series drives, Synology provides a seamless plug-and-play experience that eliminates compatibility issues. This improvement enhances overall system stability and component compatibility. Additionally, it allows for firmware updates through the software interface, significantly reducing system downtime during hard drive updates. Finally, it creates a comprehensive single-window service for an improved after-sales user experience.

2.7 Customer Relationship Management

Impact Assessment

Poor customer relationship management can lead to customer churn, declining satisfaction, and negative word-of-mouth, damaging the corporate image and brand value, and affecting market share and competitive positioning. It is essential for businesses to prioritize customer relationship management to ensure customer satisfaction and loyalty, driving business growth.

Policy Commitments

At Synology, "customer-centricity" is our core business philosophy. In addition to creating great products, we firmly believe that exceptional customer service is the key driver to sustained business growth and high retention rates. We have established a comprehensive customer service organization to support the millions of customers we have around the world.

The Company focuses on supporting our customers and understanding and fulfilling their needs. We aim to continuously improve our products, services, and the trust our customers place in us.

Actions Taken

We have established a global technical support organization, where technicians and developers provide support through phone, email, and online chat. Additionally, our robust user-driven community and AI-assisted customer service offer always-available self-service resources.

Synology has designed its support services to be secure and minimizes the amount of data that is retained on our systems to protect the privacy of our customers.

Through customer feedback, we turn suggestions and critique into actual improvements and constantly optimize our support channels.

Goals

Short-Term Goals	Mid- to Long-Term Goals
<ul style="list-style-type: none"> Maintain a customer satisfaction score of 90% or higher within the next 1-2 years. Reduce the monthly customer complaint rate, aiming for a reduction of at least 5% each month. Enhance customer service training, optimize service processes, and improve problem-solving efficiency. 	<ul style="list-style-type: none"> Maintain a customer satisfaction score of 90 or higher over the next 3-5 years. Gradually reduce the customer complaint rate, aiming for a quarterly reduction of at least 10% over the next two years. Strengthen customer engagement and interaction, increasing customer participation and loyalty through regular customer events and feedback gathering.

Evaluation Mechanisms

- We use customer surveys, questionnaires, or customer feedback systems to gather customer feedback and opinions.
- We collect and analyze monthly customer complaint data to determine the current complaint rate. We identify the primary causes and trends of complaints to develop and implement appropriate solutions and improvement measures, such as improving product quality and optimizing service processes.

Results

We use customer surveys, questionnaires, or customer feedback systems to gather customer feedback and opinions.

Satisfaction Survey Results (out of 5):



Customer Services and Resources

Synology places great importance on communication with our customers. We have established a diverse and comprehensive range of communication channels. Through these channels, we respond to customer needs and issues promptly and also gather valuable feedback to inform the continuous improvement of our products and services.

Synology Global Technical Support Network

- Globally distributed technical support centers offer localized support services via Synology-employed or Synology-trained support engineers.
- Synology offers multiple communication methods, including phone, online support tickets, and online live chat.
- We support multiple languages to ensure that customers worldwide receive timely and high-quality service.

Synology Community and Self-serve Resources

- Synology Community - Bringing together Synology users worldwide to discuss and provide assistance in a friendly peer to peer environment.
- Synology regularly runs pre-release programs on Synology Community to engage with regular users to test drive new features.
- AI-powered intelligent customer service system offers 24/7 self-service chat support.
- We maintain a comprehensive knowledge base to provide product information, support troubleshooting, and tutorials for our customers to quickly find the answers they need.

Customer Insights Drive Continuous Innovation

- We collect and process customer feedback from multiple channels, at events and tradeshows, from online forums and our community members, and from our partners and both existing and prospective customers.
- Synology product managers and developers regularly receive direct feedback through our online inquiry forms and during technical support processes. Product teams also regularly engage with customers when available, enabling them to better organize, clarify, and implement suggestions.

Data Security and Privacy Protection

- Synology Secure Development Lifecycle (SDLC) integrates security into every stage of product development. Synology regularly works with third-party security researchers to ensure the security of our products and services.
- We strictly adhere to data protection regulations such as GDPR and CCPA to safeguard customer data privacy.

Additional Customer Engagement Channels

Social Media

- We manage major social media platforms such as Facebook, LinkedIn, and YouTube.
- We use social media to share product information, technical tutorials, and company news, allowing customers to stay updated on the latest developments at Synology.

Newsletters

- We manage major social media platforms such as Facebook, LinkedIn, and YouTube.
- Newsletters are our primary medium for keeping our customers informed about important changes and software updates for their products. Synology will also send out important security notifications to customers.

User Surveys

- We periodically conduct user surveys to gain a deeper understanding of customer needs and pain points. Through these surveys, we gather feedback on product functionality, user experience, and service quality.

Offline Events

- We host a variety of offline events, such as product launches, technical seminars, and user meetups. These events provide excellent opportunities for face-to-face interaction with customers, allowing us to get feedback and market insights.
- Offline events are also important platforms for showcasing our latest technologies and products. Many of Synology's newest products, software releases, and new cloud services have been first revealed and introduced at these events.

Customer Success Stories

- We actively collect and share success stories from customers. These stories demonstrate the practical applications of Synology products across various industries and are published in our marketing materials.
- We invite valued customers to share their stories and solutions to IT challenges at events we host or co-host.

Partner Network

- We have established close relationships with partners worldwide, including distributors, system integrators, and technology service providers.
- Through collaboration with our partners, we extended the reach of Synology products and solutions to a wider customer base, providing localized support and service.
- Our partners are also essential for gathering customer feedback. As they directly engage with end users, they can capture real-time customer needs and pain points.

Developer Community

- Synology Developer Platform - Providing developers with APIs, SDKs, and other development resources to assist them in integration and customization needs.
- The developer community brings fresh perspectives and ideas, allowing us to continuously expand our products and services, such as introducing new API functionality, support for more interoperability with 3rd-party services, and to support new standards.

In summary, Synology maintains close contact with customers through a comprehensive, multi-channel customer communication strategy. We actively listen to their feedback and strive to understand their needs.

Complaint Handling Process

Synology has established a robust and efficient complaint handling mechanism to ensure that customer issues are addressed promptly and effectively. We highly value customer feedback and have dedicated teams to handle questions and concerns related to product functionality, configuration, and technical support.

Receive and Record Customer Complaints

- Receive customer feedback through various channels (e.g., phone, email, online customer service).
- Provide an initial response within 24 hours to acknowledge receipt of the complaint.
- Categorize and prioritize complaints based on their nature and severity.

Investigation and Analysis

- A dedicated team thoroughly investigates the issue, communicating further with the customer if necessary.
- Determine whether the problem stems from a defect in Synology's products or services.
- Assess the impact of the issue on the customer.

Cross-Departmental Coordination and Discussion

- If the problem originates internally, convene a cross-departmental meeting.
- Identify the root cause of the issue and develop solutions and improvement measures.
- Clearly define responsibilities and propose concrete action plans for approval by management.

Timely Feedback and Resolution

- Set a reasonable resolution timeframe based on the severity of the issue.
- Maintain close communication with the customer, providing regular updates on the progress of the case.
- After resolving the issue, contact the customer to confirm their satisfaction with the outcome.

Continuous Tracking and Optimization

- Regularly review customer complaints to learn and improve.
- Incorporate frequently encountered issues as references for product development and service optimization.
- Continuously enhance customer service quality to increase customer satisfaction.

Workplace and Social Prosperity



3.1 Workplace Management

Impact Assessment

A robust framework encompassing recruitment, selection, development, and retention is crucial. Inadequate policies can hinder employees from realizing their full potential, leading to wasted company resources and potentially generating the following negative consequences.

Talent Loss

Unattractive benefits and limited development opportunities can lead to the departure of talented individuals, increasing employee turnover.

Decreased Competitiveness

If salary levels or benefits are not competitive with industry rivals, the company's competitiveness in the talent market will be compromised, hindering its ability to attract top talent.

Declining Work Performance

Employees may lack motivation, leading to reduced work performance and impacting overall company performance.

Increased Recruitment Costs

Frequent talent loss inevitably increases recruitment and training costs as the company needs to continually search for and develop new talent.

Damaged Company Reputation

Employee dissatisfaction can spread throughout the industry, tarnishing the company's reputation and discouraging potential candidates.

Weakened Team Stability

Frequent personnel changes can destabilize teams, hindering collaboration and work efficiency.

Policy Commitments

Synology treats its employees as invaluable assets. We not only cultivate and enhance employee skills but also tailor career development plans based on their specific professional needs. We actively nurture high-potential talent and prioritize placing the right people in the right roles for mutual growth.

Actions Taken

Synology continues to provide a friendly workplace environment that is beneficial to its employees and offers competitive employment benefits.

Workplace policies and recruitment goals are tailored to incentivize creative and constructive growth for the entire company, with emphasis placed on individual skillset and career development.

Additionally, Synology continues to provide and expand its available training programs for different roles and departments.

Evaluation Mechanisms

Each year, each department conducts quantitative surveys and, when necessary, qualitative interviews to assess the effectiveness and quality of our workplace environment, benefits, and training programs.

Goals

Initiatives

We aim to promote continuous learning to enhance employee competitiveness and personal growth.

- Implement self-study and learning programs
- Create book reading and knowledge-sharing programs
- Host talks done by external speakers

Results

In 2023, available training courses scored 4 out of 5 (with 5 being the highest score).

- Self-study program: 5,269 articles read, totaling over 639 hours.
 - Study groups: Over 572 employees participated throughout the year.
 - Hosted four guest speaker events, including two cross-disciplinary sharing sessions to broaden employee perspectives, with a total of 120 in-person attendees. We also organized two health workshops to promote employee awareness of health issues and incorporate stress relief and relaxation techniques, with 193 in-person attendees. The satisfaction rate for these workshops exceeded 90%.
-

Employee Demographics

We bring together talented individuals to make technology accessible. We value employee feedback and continuously strive to optimize our working environment and benefits package, promoting employee growth alongside Synology's growth in a transparent, fair, and mutually beneficial manner.

In 2023, Synology Inc. (Taiwan) had 938 full-time employees, including 112 in management and 826 in non-management roles. 97.3% of our full-time

employees are Taiwanese citizens and 64.5% of our employees are between 30 and 50 years old, with an average age of 32.2 years.

Software developers and engineers make up more than half of Synology's workforce. Including quality assurance teams, the number of product development personnel exceeds 80%. Similar to many companies in our industry, our female to male employee ratio currently stands at approximately 2:5.

Employee Headcount

Job Title	Male	Female
Senior Management Role	4	0
Management Role	83 (76.9%)	25 (23.1%)
Non-management Role	592 (71.7%)	234 (28.3%)
Total	679 (72.4%)	259 (27.6%)
Employment Type	Male	Female
Permanent Employees (Note 1)	669	253
Temporary Employees (Note 2)	10	6
Total	679	259
Work Type	Male	Female
Full-time Employees (Note 3)	667	252
Part-time Employees (Note 4)	12	7
Total	679	259
Age Group	Male	Female
Under 30 years old	233	95
30-50 years old (inclusive)	442	163
Over 50 years old	4	1
Total	679	259

Identity Metrics	Male	Female
Indigenous Peoples	0	0
People with Disabilities	3	0
People with Disabilities (Part-time/Non-Permanent)	3	0
Total	6	0

Scope of data: Synology Inc. (Taiwan) / Percentage: (Number of employees in the category / Total number of employees) x 100%.

Notes:

1. Permanent Employees: Full-time or part-time employees with open-ended (i.e., indefinite) contracts.
2. Temporary Employees: Employees with fixed-term contracts.
3. Full-time Employees: Employees who work more than 40 hours per week.
4. Part-time Employees: Employees who work fewer hours per week than full-time employees and are compensated on a per-hourly basis.

Retention Rate

In 2023, Synology maintained a full-time employee retention rate of approximately 93%. After each exit interview, HR conducts both qualitative and quantitative analyses of annual employee turnover rates and reasons, providing insights into workforce trends during the Company's growth. Through multifaceted analyses of departures, we identify primary reasons for employee departures and uncover any existing management issues, enabling us to propose effective solutions. Synology follows local regulations for providing notice periods for business changes and layoffs.

2023	Joined				Exited			
	Male		Female		Male		Female	
Age	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
<30	97	39	32	13	15	37	4	10
30-50	25	0	11	1	31	0	13	1
>50	0	0	0	0	1	0	0	0
Total	122	39	43	14	47	37	17	11

Board of Directors Composition

2023	Male	Female	Total
<30	0	0	0
30-50	0	0	0
>50	2	2	4
Total	2	2	4

Non-Employee Workers

Job Type	Contract Type	Number of People
Air Conditioning Maintenance and Repair	Dispatch	4
Telephone Maintenance	Dispatch	1
Cleaning	Dispatch	8
	Self-Employed	1

Job Type	Contract Type	Number of People
Plant Maintenance	Self-Employed	1
Coffee Machine Maintenance	Dispatch	1
Carpet Cleaning and Maintenance	Dispatch	1
Lighting Equipment Maintenance	Dispatch	2
Datacenter Maintenance	Dispatch	3
Accountant	Dispatch	3
Fire Safety	Dispatch	1
Printer Maintenance	Dispatch	1
Photographer	Self-Employed	4
Total		31

Talent Recruitment

We target talented individuals from diverse backgrounds through a variety of channels. Synology is actively looking for both seasoned professionals as well as developing talent through programs focused on student interns and recent graduates.

Recruitment Programs

- In 2023, we held two on-site campus recruitment and speed interview events at National Taiwan University and National Yang Ming Chiao Tung University. These events facilitated direct interaction and in-depth conversations with outstanding students in electrical engineering and computer science fields, deepening their understanding of Synology's corporate culture and brand identity. The events demonstrated a high level of student interest in joining Synology, and we will continue to expand our efforts in campus recruitment.
- We launched a summer internship program, providing students with opportunities to gain practical experience during their summer break. The internship program enhances student engagement and encourages them to consider joining Synology upon graduation. Interns also play a valuable role in campus activities, assisting with internal promotion and effectively building a positive reputation.

Employer Branding

- We optimized the interface and functionality of our recruitment page, making it more intuitive and straightforward for potential candidates to submit applications directly through our official website.
- We leveraged social media to showcase specific job roles. This not only attracted talented individuals to apply but also strengthens brand awareness among potential candidates.

Recruitment Outcomes

- Through various recruitment channels and employer branding initiatives, we successfully recruited 165 individuals from different fields in 2023, resulting in an approximate 12% increase in our total workforce. The number of software developers hired was 75, representing approximately 46% of new hires.
- Our on-site campus recruitment efforts in 2023 led to 66 interviews and 14 hires, all of whom were outstanding graduates from National Taiwan University and National Yang Ming Chiao Tung University with backgrounds in electrical engineering and computer science. The acceptance rate was 21%.



Training and Skill Development

Providing diverse learning channels to support their growth is a top priority for us. Each department tailors its own learning programs to fit their unique requirements.

In 2023, employees indicated that the Company's training programs were mostly relevant to their work, positively helped with their efficiency, and provided an overall satisfaction rate of 86.61%. Looking ahead, we want to further align training with employee needs and expectations by providing more course options for all roles.

Core Courses

Program Topics	Target Group	Duration	Attendees	Average Satisfaction
Executive Leadership and Emotional Intelligence	Management	7 hours	38	91.94%
PDCA Operational Management	Management	4 hours	100	N/A
Conflict Resolution and Negotiations	Management	2 hours/session (3 sessions)	103	N/A
Public Speaking and Presentations	Sales, Marketing, Product/Project Managers	7 hours	36	97.10%
Company Basics: Policies, Values, Products, Market	New Employees	2 hours/session (12 sessions)	208	83.05%
Team Building Activities	All	7 hours/session (3 sessions)	824	N/A
Professional Communications	All	3 hours	238	N/A
General Workplace Safety and Health	All	3 hours	858	N/A
First Aid Training	Medical Staff	16 hours	2	74.36%

Total Hours of Training Received

Employee Category	Management	Non-management	Total Training Hours
Total Hours	1,884	8,744	10,628

Total Hours of Training Received

Employee Category	Senior Management	Middle Management	Non-Management
Average Hours	11.50 hours	17.02 hours	10.59 hours

Additional Programs

Manager Self-Learning Program

This program provides managers with on-demand access to the reports on industry trends and management techniques. Monthly curated content and access to online discussions aim to expand each manager's domain knowledge and perspective.

Offline Studies

Each department is incentivized to purchase physical books as long as they pertain to professional/beneficial topics. These books are available to borrow and exchange between employees. Each team is encouraged to host recap and sharing sessions.

Technical Sharing

Development-focused teams incorporate technical/specialized sharing sessions into their weekly or monthly agendas, encouraging the exchange of ideas, methods, and lessons learned.

Guest Speaker Events

Synology regularly invites guest speakers to share their expertise and insights with employees.

New Employee Training

Onboarding personnel receive an introduction to company policies, systems, and the work environment. During their first month, new hires receive an overview of the Company's organization and products.

Synology HR teams conduct interviews with new hires at the three-month mark to identify and assist with any concerns.

Performance Evaluation

The performance management process for general employees involves an annual evaluation conducted for employees who joined before May 1st. The performance evaluation takes place between November to December. The performance evaluation process consists of three stages:

- **Initial Goal Setting**

Employees and their direct supervisors discuss annual work goals and career development plans. Performance indicators, individual training needs, and development plans are established as benchmarks for performance evaluation and personal growth. Outside the official evaluation period, supervisors can adjust performance goals after discussing them with employees, as needed. Any modifications are made during the official evaluation period.

- **End-of-Year Performance Evaluation**

Employees conduct self-evaluations and document their progress toward annual goals. Supervisors evaluate employees based on their actual performance compared to predetermined goals, schedule performance review meetings for open communication, and set goals for the following year.

- **Performance Coaching and Improvement**

For employees who did not perform well during the evaluation period, supervisors and employees collaboratively develop improvement plans. Supervisors provide guidance to employees to help them successfully complete these plans.

Supervisor Goals

The performance evaluation process for supervisors is not limited to a single point in time but involves continuous assessment and observation through the following methods.

- **Goal Achievement**

Clear goals and indicators are set to measure progress toward achieving business objectives and departmental targets.

- **Leadership and Collaboration Skills**

Supervisors are evaluated on their ability to lead teams effectively and collaborate, including their capacity to motivate, guide, and support team members.

- **Problem-Solving and Decision-Making Abilities**

Supervisors' performance in addressing challenges, solving problems, and making sound decisions is closely reviewed.

Employee Benefits

At Synology, the well-being of every employee is integral to our sustained success and thriving workplace culture. Recognizing that our people are our greatest asset, we are committed to fostering an environment that supports their financial, emotional, physical, and overall well-being. Through close collaboration between managers and HR, we proactively identify and address employee needs, ensuring comprehensive support for their professional and personal growth.

Baseline Benefits

Synology Inc. meets or exceeds local Taiwanese labor requirements.

- National Health Insurance
- Labor insurance
- Labor pension
- Insurance for field personnel
- Travel accident insurance while on business trip
- Two-hour flexibility for working hours
- Paid time off, 15/15 days of paid/partially paid sick leave, paid parental leaves
- Industry-competitive salaries

Compensation, Perks, and Bonuses

- Holiday bonuses
- Performance-based bonuses
- Retention-based bonuses
- Seasonal holiday gifts
- Congratulatory gift for marriages
- Complimentary breakfast and dinner
- Employee lounges: Fruits, espresso-based coffee, tea, soft drinks, desserts, and assorted snacks and candies
- Subsidies for employee clubs and group activities
- Up to 40% off company products and service
- Discounts and extra benefits at partnered restaurants, gyms, hotels, and more

Health and Personal Growth Initiatives

- Annual health check-ups
- On-site massages
- Nursing rooms
- On-site professional nurses for medical

emergencies and health consultations

- Health workshops and regular visits by external physicians for consultations
- Additional subsidies for sports-related events and clubs
- Variety of optional activities, such as family-friendly gatherings, endurance and fitness challenges, treasure hunts, volunteering for environmental cleanup, and more
- Annual off-site retreats to foster teamwork, communications, and cross-departmental collaboration. Activities and challenges include puzzle/riddle-solving, sports challenges, cultural/art appreciation, and other team building activities.

Support for Family Building

Our professional nurses provide regular check-ups and support for female employees during pregnancy, ensuring their physical and mental well-being. We also arrange on-site consultations with physicians to provide guidance and answer any questions they may have about their pregnancy. This allows pregnant employees to receive appropriate healthcare and medical support during work hours, reducing their worries and helping them have a smooth and healthy pregnancy.

The company provides supportive measures for employees during this important life transition, offering parental leave options in accordance with regulations. The return rate of the employees that took parental leave and were expected to return in 2023 was 87%. Of the employees that returned in 2022 after taking parental leave, the retention rate was 100%.

Labor-Management Meetings

We have established a labor-management meeting forum and a labor-management opinion mailbox, providing a platform for employees to discuss public issues. Labor-management meetings are held regularly.

Internal Communication Channels

To ensure the safety and well-being of all employees and protect them from physical or psychological harm, the company encourages employees to utilize internal grievance resolution communication channels.

3.2 Occupational Safety and Health

Impact Assessment

Providing a safe and secure working environment is Synology's responsibility. Employee well-being is the driving force behind the company's growth and occupational safety and health incidents can lead to employee injuries or illnesses, disrupting operations.

Policy Commitments

For workplace safety, Synology has implemented four key programs: prevention of ergonomic hazards, prevention of diseases caused by abnormal workloads, protection of maternal health, and prevention of unlawful harm while performing work duties.

Actions Taken

- We partner with multiple hospitals and healthcare agencies to provide employees with annual health check-ups aimed at pre-emptively identifying employee health and safety concerns.
- On-site health consultation services are offered quarterly.

Evaluation Mechanisms

The HR Department conducts annual statistical surveys and verifies the implementation and effectiveness of occupational safety and health measures.

Goals

Short-Term Goals	Mid- to Long-Term Goals
Zero major occupational injury incidents.	<ul style="list-style-type: none"> • Maintain zero major occupational injury incidents. • Achieve a Lost Time Injury Frequency Rate (LTIFR) of less than 1 per 200,000 work hours.

Results

In 2023, there were no major occupational safety accidents or occupational illnesses.

Stakeholder Engagement

Occupational safety and health information is communicated to employees through internal announcements, emails, and new employee training.

Office Health and Safety Management

Synology's Taipei headquarters primarily comprises office environments that do not pose significant health or safety risks. Nonetheless, we are committed to implementing safety measures where necessary. We have assigned management personnel to oversee laboratories and computer rooms, established safe operating procedures, and provided protective equipment for employees. With 19 trained first aid responders available, we maintain a ratio of one responder for every 50 employees, ensuring a focus on workplace health and safety.

Additionally, we promote the division of safety responsibilities and conduct regular safety inspections. Each area has designated personnel tasked with identifying and addressing safety concerns promptly.

In the event of a hazard, employees are encouraged to leave the area without penalty and report the situation. If an injury occurs, it must be reported immediately to HR and rescue personnel, who will investigate the incident and issue a work-related injury medical certificate. HR will follow up on the employee's condition and collaborate with on-site nurses and supervisors to improve workflows and prevent future injuries.

Emergency Handling

- We employ a registered nurse and have a contract with a physician from National Taiwan University Hospital, in accordance with legal requirements.
- We maintain first aid supplies, blood pressure monitors, forehead thermometers, and an Automated External Defibrillator (AED).

Occupational Diseases and Injuries

Dedicated management personnel supervise work conditions and implement measures to minimize identified risks. Synology collaborates with occupational medicine specialists from National Taiwan University Hospital for regular assessments of workplace environments and employee health, aiming to prevent occupational illnesses. An internal occupational health nurse

provides ongoing care for employees under various work conditions, and annual risk assessments for work-related diseases are conducted, including monitoring cardiovascular disease risk scores from health check-ups.

Hardware Soldering

Soldering is mainly used for testing in our hardware and customer service repair departments. We have Xytronic HV-2 fume extractors (200 CFM or 5.67 CMM) for localized ventilation and recommend using them during soldering. The noise level is around 50 decibels, which is considered safe even with prolonged usage. However, soldering can cause wrist discomfort, as it requires holding the iron in an extreme wrist position. While the current soldering frequency poses a low risk for musculoskeletal disorders, we advise employees to be mindful of their soldering duration. Synology provides work gloves and encourages regular breaks to alleviate physical discomfort.

Testing and Equipment Environments

When devices are placed in thermal shock chambers, temperatures can exceed 100°C and drop below -40°C, but the external temperature remains unaffected. Employees wait for the chamber to return to normal room temperature before loading or unloading equipment to avoid thermal hazards.

The noise level of testing chambers and data centers is typically kept below 70 decibels, but when combined with other sources or certain combinations of equipment, it may reach up to 90 decibels. Synology provides personnel that are authorized to enter these areas with 3M™ PELTOR™ Optime™ 105 earmuffs for hearing protection (NRR value of 30 dB) and strongly recommends that they are used in the environment.

Occupational Injury Statistics

In 2023, there were six occupational injury incidents at Synology, all of which were commuting accidents or minor finger cuts. There were no major occupational injuries or occupational diseases reported during the year.

Facility		Taiwan
Total Work Hours (hours)		1,981,056.00
Occupational Injuries (Commuting Accidents, Finger Cuts)	Number of General Occupational Injuries (Lost Work Days ≤ 180 days)	0
	Number of Serious Occupational Injuries (Lost Work Days > 180 days)	0
	Number of Recordable Occupational Injuries	6
	Number of Occupational Injury Fatalities	0
	Lost Work Days (Note 1)	10.375
	Severe Injury Rate (Note 2)	0
	Recordable Injury Rate (Note 3)	0.61
	Fatality Rate Due to Occupational Injuries (Note 4)	0
Occupational Diseases	Number of Occupational Diseases	0
	Number of Occupational Disease Fatalities	0
	Fatality Rate Due to Occupational Diseases (Note 5)	0
	Number of Recordable Occupational Diseases	0

Notes:

1. Lost Work Days: The total number of days lost due to a single case, calculated from the date of injury. It refers to the number of days an injured person is temporarily (or permanently) unable to return to work, excluding the day of the injury and the day of return to work, but including all intervening days (including Sundays, holidays, or business closure days) and any days of inability to work after returning to work due to the injury.
2. Severe Injury Rate: $[\text{Number of Serious Occupational Injuries (excluding fatalities)} \times 200,000 \text{ work hours}] / \text{Total Work Hours}$.
3. Recordable Injury Rate: $(\text{Number of Recordable Occupational Injuries} \times 200,000 \text{ work hours}) / \text{Total Work Hours}$.
4. Fatality Rate Due to Occupational Injuries: $(\text{Number of Occupational Injury Fatalities} \times 200,000 \text{ work hours}) / \text{Total Work Hours}$.
5. Fatality Rate Due to Occupational Diseases: $(\text{Number of Occupational Disease Fatalities} \times 200,000 \text{ work hours}) / \text{Total Work Hours}$.

Internal Training and Initiatives

To improve employee emergency response skills, our Taipei office regularly conducts fire safety, first aid, and evacuation drills for the entire facility. These drills provide employees with practical experience and highlight the importance of fire safety, thereby fostering a culture of safety awareness. In 2023, two comprehensive drills covering fire safety, first aid, and evacuation procedures were held for the entire facility.

To disseminate information about occupational safety and health, we leverage internal communication channels such as the employee resources webpage, discussion boards, emails, and in-person safety training events. Every employee undergoes at least three hours of safety-related training and receives regular refreshers and updated guidance.

- Current employees participate in on-site occupational safety and health lectures aimed at providing general safety and health education. In 2023, a total of 857 employees completed this training.
- New hires have access to an online occupational safety and health digital learning platform, where they complete general occupational safety and health education courses. Additionally, we organize on-site lectures that focus on first aid. In 2023, 127 new employees completed this training.
- Refresher training for first aid personnel was conducted in 2022 to ensure compliance with the requirement for re-training every three years. The next first aid training session is scheduled for 2025.

We work with our contracted physicians to hold regular health promotion workshops that raise employee awareness and improve health outcomes. These workshops cover topics such as COVID-19 and flu prevention, promoting healthier diets and lifestyles, and other health-related topics.

- We regularly publish health promotion articles on current events, providing information on topics such as measles, influenza prevention, mycoplasma, and other relevant health issues.

- On-site health services are offered regularly, allowing occupational physicians to conduct one-on-one consultations with nurses. This helps address employee health concerns and provides guidance on preventing workplace hazards.
- Synology partners with hospitals and clinics to offer annual health check-ups for all employees. These check-ups include various diagnostic examinations, tumor marker screenings, and other occupational health assessment items.
- Following the health check-ups, we implement a tiered management system based on individual assessments. Employees with abnormal results receive consultations with our contracted physician and regular follow-ups from our nurse. Additionally, we offer voluntary one-on-one health consultations with a health management specialist.

Synology provides additional on-site benefits that are aimed at promoting employee health and wellbeing.

- On-site massage services are available three days a week.
- We publish articles on low-carb diets and have also provided weight loss incentives to encourage employees to lead healthier lifestyles.
- We support sports clubs to promote healthy exercise habits among employees.
- Healthy meal options are provided to encourage balanced and nutritious eating habits.

3.3 Human Rights Protection

At Synology, we recognize that respect for human rights is integral to responsible business operations. Guided by internationally recognized standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO Conventions, we are committed to fostering an inclusive and equitable environment for all stakeholders.

Our Human Rights Policy establishes a robust framework built upon the Plan-Do-Check-Act (PDCA) cycle. This ensures continuous evaluation and enhancement of our practices. The policy encompasses our employees, suppliers, and business partners, reinforcing our commitment to a respectful, safe, and discrimination-free workplace.

Due Diligence Framework

We conduct annual human rights risk assessments using a comprehensive Human Rights Risk Matrix to identify and address potential vulnerabilities across our operations and supply chain. Key risks are categorized based on severity and likelihood, enabling targeted interventions. Focus areas include:

Labor Practices

Ensuring compliance with wage regulations, working hours, and fair treatment.

Workplace Safety

Implementing stringent health and safety standards to minimize occupational hazards.

Supply Chain Transparency

Requiring suppliers to adhere to our Supplier Code of Conduct, with periodic audits to verify compliance.

Impact Assessment

Failing to establish comprehensive human rights protections can lead to the following negative consequences:

Reputational Damage

Neglecting human rights can significantly damage a company's reputation. If social and media attention persists, the lack of human rights protections can lead to public disapproval and criticism, negatively impacting brand image.

Legal Risks

Ignoring human rights can increase the risk of lawsuits. As laws and regulations concerning human rights continue to evolve globally, companies that do not meet standards may face fines and legal action.

Declining Employee Morale

The absence of human rights protections can negatively affect the company's internal work environment and culture, leading to decreased employee satisfaction. This can further result in high turnover rates, labor disputes, and reduced productivity.

Supply Chain Risks

A company's supply chain can be vulnerable to human rights issues. If suppliers or partners violate human rights during the production process, it can raise ethical and legal concerns and create a ripple effect throughout the entire supply chain.

Consumer Backlash

Companies that disregard human rights can face consumer backlash. As consumers become increasingly aware of corporate social responsibility, dissatisfaction with a company's practices can lead them to choose not to support its products or services.

Actions Taken

Our commitment is exemplified through concrete actions, including:

Establishing a Human Rights Management System

To strengthen our corporate culture of integrity and promote healthy organizational development, ensuring that employees conduct daily business with honesty and integrity, we have established a comprehensive Code of Conduct. In the future, we will develop a dedicated "Synology Human Rights Policy" and provide human rights training to enhance employee awareness of equality and multiculturalism.

Protecting Labor Rights

We ensure that employees have freedom of association, the right to collective bargaining, and access to support for vulnerable groups. We have zero tolerance for child labor, prohibit all forms of forced labor, and actively eliminate discrimination in hiring and employment. Synology is committed to fulfilling its social responsibility and strives to be a global leader in diversity and inclusion, providing employees with equal opportunities and a rich and diverse environment for development.

Publishing Relevant Policies

We have publicly posted our "Statement Prohibiting Workplace Violence," "Procedures for Handling Physical or Psychological Harm Suffered While Performing Work Duties," and "Measures for the Prevention, Complaint, and Investigation of Sexual Harassment." These documents clearly demonstrate our commitment to protecting employee human rights, including compliance with laws and regulations, humane treatment, prohibition of unlawful discrimination and harassment, and the right to file complaints.

Strengthening Labor-Management Communication Channels

We actively promote human rights equality, foster labor-management communication through effective channels, and remind employees daily of their work hours to prevent excessive overtime. Performance evaluations serve to gather employee feedback and expectations, guiding ongoing improvements. Weekly Employee Welfare Committee meetings and quarterly labor-management meetings provide platforms for employees to voice suggestions and collaborate with the company. Based on these discussions, we develop and implement actionable plans to address employee needs and enhance workplace harmony.

Emphasizing a Diverse Corporate Culture

We prioritize measures based on individual contributions, including talent recruitment, promotion, and compensation, to ensure equal opportunities for all. We do not discriminate against any employee or applicant based on race, class, language, thought, religion, political stance, national origin, place of birth, gender, sexual orientation, age, marital status, appearance, physical or mental condition, astrological sign, blood type, or any other discriminatory factor in matters of employment, compensation, benefits, training opportunities, promotions, termination, or retirement.

Creating a Safe Workplace

We employ on-site physicians and a dedicated nurse to provide regular health consultations, alongside offering safety and health training, including first aid, and preventive measures to reduce workplace hazards. Our ergonomic hazard prevention program minimizes repetitive musculoskeletal injuries, while another initiative addresses diseases caused by abnormal workloads, reducing risks from shift work, night work, and extended hours. To protect maternal health, we support pregnant employees, recent mothers, and those breastfeeding through dedicated physical and mental well-being programs. Collectively, these efforts aim to safeguard employees from physical and mental health risks associated with overwork and demanding job conditions.

Evaluation Mechanisms

The Human Resources Department utilizes various survey methods and has established clear grievance channels to understand stakeholder concerns regarding human rights issues. Through communication and negotiation, we strive to resolve these issues, closely monitoring implementation progress and effectiveness.

Goals

Short-Term Goals	Mid- to Long-Term Goals
<ul style="list-style-type: none"> • Ensure that no human rights violations occur throughout the year, with consistent implementation across all areas. • Increase workforce diversity by ensuring employees with disabilities constitute at least 1% of the team, with accessible workplace enhancements and accordance with the "Disability Rights Protection Act" of the Ministry of Health and Welfare. 	<ul style="list-style-type: none"> • Eliminate human rights violations entirely. • Create a culture of transparency by publishing annual human rights impact assessments and progress on resolving systemic risks. • Ensure every identified human rights incident has documented resolution procedures with verifiable outcomes.

Evaluation Mechanisms

The Human Resources Management Department is committed to providing effective and appropriate grievance mechanisms to ensure a fair and transparent complaint process. We have established clear reporting channels and are committed to responding appropriately to employee complaints.

- As of 2023, we have not received any complaints related to human rights or sexual harassment.

2023 Human Rights Due Diligence (Human Rights Risk Assessment Results)

To ensure alignment with global human rights standards, Synology conducted a comprehensive risk evaluation involving 554 questionnaires distributed across employees, suppliers, and key stakeholders. The analysis identified no medium or high-risk human rights violations—a testament to our rigorous policies and proactive oversight.

The questionnaire assessed the "probability of occurrence" and "severity" of each human rights risk issue. The probability of occurrence was scored as follows: 0 = Will not occur, 1 = Low probability (1%-30%), 2 = Moderate probability (31%-60%), and 3 = High probability (above 61%). Severity was scored as follows: 0 = No impact, 1 = Not serious, 2 = Serious, and 3 = Very serious.

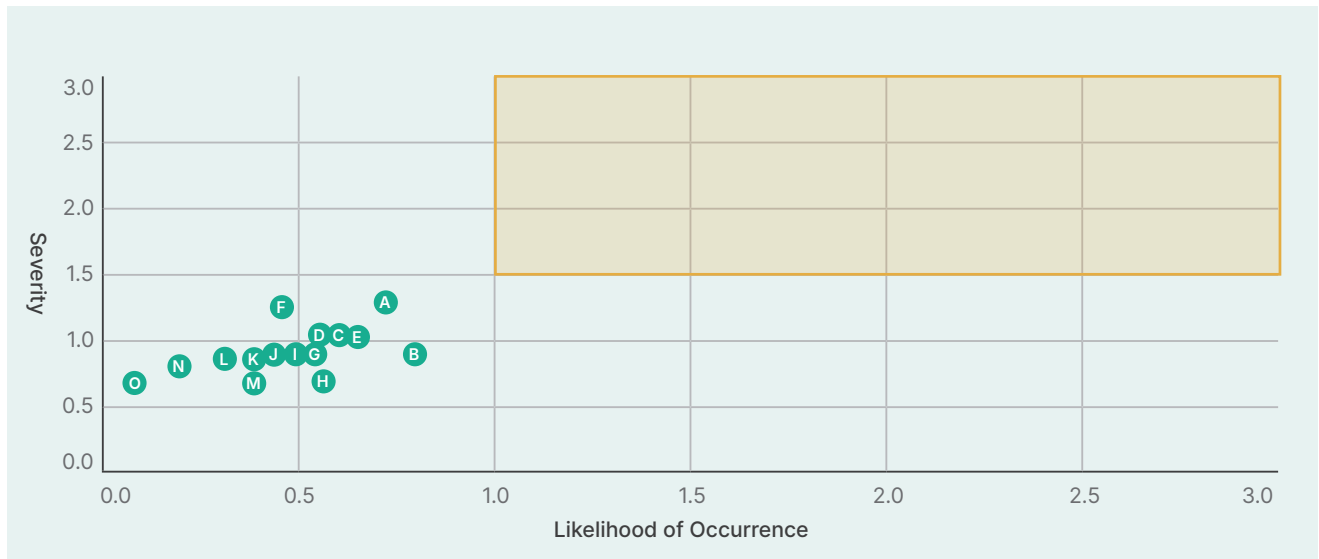
Based on the survey results, a "Human Rights Risk Matrix" was generated, and human rights risks were classified into three levels according to the following criteria:

- High Risk: Probability of occurrence is 1 or higher, and severity is 2 or higher.
- Medium Risk: Probability of occurrence is 1 or higher, and severity is less than 2.
- Low Risk: Probability of occurrence is less than 1.

Code	Risk Topic	Score	Rank
A	Privacy Protection	0.76	1
B	Freedom of Expression - Providing Channels for Expression and Access	0.71	2
C	Right to Health - Providing Health Safeguards	0.57	3
D	Work Environment and Labor Conditions Protection	0.55	4
E	Family Life - Ensuring Family Life Rights	0.51	5
F	Personal Liberty and Safety	0.49	6
G	Non-Discrimination - Promotion	0.48	7
H	Freedom of Association - Establishing Collective Bargaining Mechanisms	0.45	8
I	Family Life - Providing Parental Support and Welfare	0.44	9
J	Right to Health - Providing Workplace Education and Training	0.41	10

Code	Risk Topic	Score	Rank
K	Non-Discrimination - Recruitment	0.33	11
L	Freedom of Expression - Ensuring Freedom of Speech and Expression	0.32	12
M	Freedom of Assembly and Association - Safeguarding Assembly Rights	0.3	13
N	Forced Labor	0.23	14
O	Child Protection	0.04	15

Employee Human Rights Risks



While no critical risks emerged, the survey highlighted areas where we can enhance stakeholder engagement and employee training, including strengthening supply chain audits and refining grievance mechanisms. These insights guide our ongoing commitment to fostering a safer, more inclusive work environment globally.

Human Rights Policy

Our Human Rights Policy establishes the principles and measures that ensure the company's adherence to ethical and legal standards and protects and promotes human rights in our business operations.

Equal Opportunity

We are committed to fostering an inclusive workplace by ensuring fair practices in recruitment, promotion, and training. We strictly prohibit discrimination based on race, gender, age, religion, disability, or any other legally protected characteristic, aligning with international human rights principles.

Safe Working Conditions

Our policies prioritize creating a secure, respectful, and equitable work environment. We uphold labor rights by providing fair wages, reasonable working hours, and healthy, safe conditions, regularly audited to maintain compliance with global standards.

Open Communication

We foster a culture of transparency by encouraging employees to voice feedback and suggestions through secure and anonymous channels. These channels ensure their concerns are heard and addressed without fear of bias or retaliation, enhancing mutual trust.

Supply Chain Ethics

Our suppliers and partners must adhere to stringent ethical and human rights standards. We evaluate their compliance through regular assessments and align with global frameworks such as the UN Guiding Principles on Business and Human Rights to uphold responsible practices across our value chain.

Diversity and Inclusion

We embrace all forms of diversity, including cultural, gender, and neurodiversity, to cultivate a workplace where everyone can excel. By promoting equal opportunities and inclusive leadership pathways, we empower all employees to thrive.

Education and Training

To build a culture of awareness and accountability, we conduct regular human rights training sessions to ensure employees understand their rights, responsibilities, and the importance of upholding ethical policies.

Community Engagement

We actively contribute to social and community initiatives, promoting human rights values and supporting charitable and social responsibility activities that align with our corporate values.

3.4 Social Prosperity

Synology remains committed to addressing sustainability issues. Guided by the principle of “contributing with care,” we actively engage in philanthropic activities, social concerns, and environmental conservation. We prioritize the United Nations Sustainable Development Goals (SDGs), particularly SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), and SDG 14 (Life Below Water).

Through sustainable initiatives, including environmental activities, donations, and the promotion of sustainable practices, we aim to enhance sustainability awareness among our employees. We extend this awareness to our surrounding stakeholders, creating a ripple effect of positive change. We strive to foster harmonious coexistence with local communities, leveraging our resources to generate positive energy and promote a spirit of mutual growth, ultimately fostering a supportive and virtuous environment.

Social Initiatives (2022-2023)

Focus Area	Project	Beneficiaries	Action Plan	Impact
SDG 10 Reduced Inequalities	Social Welfare Support Program	Sunshine Foundation	Sourced company gifts and certain items from a company partnering with the Sunshine Foundation.	Promoted social welfare awareness with small but consistent contributions to underprivileged groups.
SDG 11 Sustainable Cities and Communities	Accelerating a Low-Carbon Lifestyle	Synology Employees	Encouraged employees to bring their own reusable tableware and reduce single-use plastics. Removed availability of single-use utensils and tableware in the lounge areas. Instead, washing facilities were expanded with.	Reduced approximately 50,000 pieces of disposable tableware waste.
SDG 12 Responsible Consumption and Production	2023: Spreading Love and Sustainability	Synology Employees, Bethany Children's Home	<ul style="list-style-type: none"> Promoted mindful consumption and the reuse of items through a second-hand market, emphasizing the importance of recycling. Support charity and local organizations through a circular economy. 	<ul style="list-style-type: none"> Collected over 10,000 items for sale, with all proceeds donated to Bethany Children's Home. Approximately 800 unsold items from the market were donated to the Stray Animal Rescue Association of Taiwan.
SDG 14 Life Below Water	Protecting Our Rivers and Land	Synology Employees, Employee Families, Taipei City Environmental Protection Bureau	We organized a river cleanup activity, "Protecting Our Rivers and Land," in collaboration with the Taipei City Environmental Protection Bureau to clean the Tamsui River, inviting employees and their families to join as volunteers.	Over 160 participants removed approximately 230 kg of pollutants.

Social Welfare

Synology actively engages in social welfare initiatives by giving back to the community. Since 2022, we have been sharing quarterly articles on social welfare and environmental conservation issues with employees through company bulletin boards, raising awareness and encouraging employee-led initiatives.

This program aligns with SDG 10 (Reduced Inequalities), specifically Target 10.2: "Promote social, economic, and political inclusion for all," which we strive to achieve. Earlier this year we purchased employee gifts through a company partnering with the Sunshine Foundation, an organization that supports and helps rehabilitate individuals with facial disfigurement, commonly caused by severe burns, cancers, hemangioma, and neurofibromatosis.

Reducing Plastic Use

Plastic has become ubiquitous in our daily lives and its proliferation is causing negative side-effects for our environment and physical health. While providing convenience, plastic is generally non-biodegradable and microplastics are an increasingly concerning issue, affecting the health of both wildlife and humans. In addition to reducing the amount of plastics used in product packaging, Synology began phasing out single-use plastic items, tableware, and paper cups at its offices.

This initiative aligns with SDG 11 (Sustainable Cities and Communities), specifically Target 11.5: "Reduce the adverse impacts of natural disasters" and Target 11.6: "Reduce the environmental impact of cities," both of which we aim to address through everyday actions.

Studies have shown that by skipping meat in just one meal can reduce carbon emissions by 760g, equivalent to the emissions produced by driving four kilometers. To effectively implement environmental protection, we invited our employees to experience a more sustainable lifestyle by voluntarily participating in "Meatless Wednesday," where meat-free options are provided for breakfast to dinner.

Second-Hand Market for Charity

Synology collaborated with other tenants of the office building, Taipei Far East Telecom Park (TPKA), to organize a second-hand market and blood donation drive. Over 2,000 people attended the event, giving a new purpose to thousands of items, reducing excessive waste, and promoting a circular economy.

Unsold items, including appliances, clothing, electronic devices, books, and toys, were donated to social welfare organizations, ensuring efficient resource circulation.

This initiative aligns with SDG 12 (Responsible Consumption and Production), specifically Target 12.5: "Substantially reduce waste generation" and Target 12.8: "Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles," both of which we aim to convey through this event.

Environmental Maintenance

Countless tons of garbage pollute our oceans each year, destroying natural habitats and ruining the environment for ourselves and future generations. To reduce the amount of debris entering the ocean, Synology organized a river cleanup activity, "Protecting Our Rivers and Land," on September 17, 2022, in collaboration with the Taipei City Environmental Protection Bureau. We invited employees and their families to clean the Tamsui River, the largest in the Taipei metropolitan area.

This initiative aligns with SDG 14 (Life Below Water), particularly Target 14.1: "Prevent and significantly reduce marine pollution," which was our primary focus. The volume of waste entering the ocean through rivers each year is staggering, and we are taking action to intercept it at the source, safeguarding marine ecosystems. This effort also supports Target 14.2: "Protect and restore ecosystems." Proper waste management is the first step towards ecosystem restoration.

Over 160 participants removed approximately 230 kg of trash and debris from the river and its surrounding embankments.

Environmental Sustainability



4.1 Climate Change Response

Governance

The Board of Directors serves as the highest governance body overseeing sustainability and ESG issues, ensuring that environmental, social, and governance considerations are embedded in the company's strategic and operational decisions. Each department within Synology is tasked with managing sustainability within its respective domain, providing regular updates to the CEO, who ensures coordination across departments. Weekly executive meetings ensure alignment with sustainability goals, and any significant risks—economic, environmental, or social—are reported immediately to the CEO to facilitate timely decision-making.

The Board, regularly briefed by the CEO, oversees the company's sustainability performance, reviewing progress on annual targets, addressing material issues, and tracking the execution of sustainable development strategies. Policies, performance metrics, and reporting mechanisms are systematically reviewed at the board level to ensure transparency and accountability in governance.

Synology collaborates with external experts to evaluate its sustainability practices, identify gaps, and implement necessary adjustments. The company is also considering forming a "Sustainability Promotion Task Force" to lead policies and action plans, aligned with the TCFD framework, to assess risks and opportunities while strengthening climate resilience and long-term sustainability.

Strategy

Synology's approach to managing climate-related risks and opportunities integrates climate considerations across all departments, each responsible for addressing these issues within their areas. These departments provide regular reports to the Board of Directors, ensuring effective oversight of the company's climate strategy.

Risk and Management

Synology performs annual risk identification, analysis, and assessment activities, collaborating with external experts to evaluate the impact of climate-related risks and opportunities. In 2023, we initiated a comprehensive assessment of these risks, categorizing them into short-term (2023-2025), mid-term (2026-2027), and long-term (2028-2030) timeframes. This approach allows for proactive risk management and the development of strategies to mitigate potential impacts on our business operations and financial performance.

A key focus is strengthening the connection between climate-related risk assessments and financial reporting, enabling better decision-making and adaptive capacity in response to emerging risks.

Identification of Climate-Related Risks and Opportunities

Climate Risk and Opportunity Identification Process

- **Step 1: Gathering Climate Risk and Opportunity Issues**

We meticulously research global climate change trends and related concerns within our industry. This includes analyzing past and projected climate changes, policy and regulatory shifts, market trends, and technological advancements, all of which can potentially impact Synology's business and financial performance.

- **Step 2: Identifying Physical and Transition Risks and Opportunities**

We conduct interviews across various departments to compile a comprehensive list of climate risk and opportunity issues that could affect our operations. This information is used to design a climate change risk and opportunity assessment questionnaire.

- **Step 3: Analyzing Financial Impact**

We assess the specific impact of these climate-related trends and issues on Synology's business operations. This includes identifying potential risks to our physical assets, supply chain, operations, and market position, while also identifying potential opportunities for transformation.

- **Step 4: Developing Response Measures**

We propose appropriate response measures for the key risks and opportunities identified, aiming to effectively address potential risks and capitalize on opportunities to achieve business objectives. We regularly review and evaluate the effectiveness of our management approach, monitoring the implementation and results of these response measures, and making necessary adjustments in a dynamic manner.

Transition Risks

Risk Aspect	Risk Event and Description	Probability of Occurrence and Impact	Potential Financial Impact
Policies and Regulations	<p>Increased Pricing of Greenhouse Gas Emissions</p> <p>In 2023, Taiwan's Climate Change Response Act was passed, introducing carbon pricing. Initially, the Act will primarily apply to major emitters and electricity consumers. The Environmental Protection Administration will begin levying a carbon fee on companies with annual emissions exceeding 25,000 metric tons of CO₂e starting in 2026, with the scope gradually expanding in the future.</p>	<p>Timeframe: Short-term</p> <p>Probability: High</p> <p>Impact: Medium</p>	<p>Increased operating costs:</p> <ul style="list-style-type: none"> • Increased costs for energy efficiency measures. • Increased costs for renewable energy deployment.
	<p>Strengthened Emission Reporting Obligations</p> <ul style="list-style-type: none"> • The Financial Supervisory Commission announced in 2022 that listed and over-the-counter companies with a paid-in capital of less than NT\$5 billion are required to complete greenhouse gas inventories for their consolidated subsidiaries by 2027 and obtain verification by 2029, expanding the scope of greenhouse gas inventory and verification. • The Taiwan Stock Exchange mandates that companies disclose ESG-related information, including greenhouse gas emissions, energy management, water resources, waste, human resources development, board governance, and investor communication. • Customers require all their suppliers to provide information on greenhouse gas emissions. 	<p>Timeframe: Short-term</p> <p>Probability: High</p> <p>Impact: Medium</p>	<p>Increased operating costs:</p> <ul style="list-style-type: none"> • Increased inventory and verification costs. • Early planning of emission reduction measures based on greenhouse gas inventory to identify emission hotspots, potentially reducing greenhouse gas emissions costs.

Risk Aspect	Risk Event and Description	Probability of Occurrence and Impact	Potential Financial Impact
Technology	<p>Transition Costs Associated with Replacing Existing Products and Services with Low-Carbon Alternatives</p> <p>The company is exploring the use of energy-efficient and high-performance equipment and peripheral devices for product manufacturing.</p>	<p>Timeframe: Mid-term</p> <p>Probability: Medium-high</p> <p>Impact: High</p>	<p>Increased operating costs:</p> <ul style="list-style-type: none"> • Increased R&D expenses. • Increased raw material, equipment, and procurement costs.
Market	<p>Changes in Customer Behavior</p> <p>The global trend toward net-zero carbon emissions and various national policies and regulations have increased uncertainty in the supply chain layout for customers. Customers may prioritize companies with lower carbon footprints, requiring Synology to invest in researching emerging green energy technologies.</p>	<p>Timeframe: Long-term</p> <p>Probability: Medium-high</p> <p>Impact: High</p>	<p>Decreased revenue</p> <p>Increased operating costs:</p> <ul style="list-style-type: none"> • Increased procurement costs. • Increased costs for acquiring green energy technologies.
	<p>Rising Raw Material Costs</p> <p>Suppliers, in order to meet local government carbon emission standards and regulatory requirements, must invest more in energy-efficient processes. In addition, global economic instability has led to inflation and rising electricity costs.</p>	<p>Timeframe: Short-term</p> <p>Probability: High</p> <p>Impact: High</p>	<p>Increased operating costs:</p> <ul style="list-style-type: none"> • Increased procurement costs. • Increased energy consumption and carbon credit allocation costs.

Physical Risks

We recognize that extreme weather events (typhoons, droughts, and heavy rainfall) can damage equipment at our contract manufacturing facilities and disrupt logistics, potentially impacting our business operations.

Typhoons and Heavy Rainfall

Synology's Taiwan office in Banqiao is a critical operational hub. According to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), under the RCP 6.0 scenario, the change rate for consecutive rainy days in northern Taiwan is higher than under the RCP 8.5 scenario (the most severe warming scenario by the end of the century). Based on RCP 6.0, consecutive rainy days in northern Taiwan are projected to increase by 9% by the end of the century, from the current average of 12 days to 13.1 days. However, Synology's Banqiao office is not located in a low-lying area, and according to the 3D Disaster Potential Map from the National Science and Technology Center for Disaster Reduction (NCDR), there is no flood hazard potential for the office location.

Drought

According to the TCCIP, under the RCP 8.5 scenario (the most severe warming scenario by the end of the century), the dry season in northern Taiwan is projected to increase by 13% by the end of the century, from the current average of 52 days to 58.7 days. However, according to the World Resources Institute's Aqueduct Water Risk Atlas, Synology's Taiwan office in Banqiao is situated in a low-to-medium risk area for water stress. We assess this as having no significant impact on future operations.

Metrics and Targets

Greenhouse gas emissions are a major contributor to the climate emergency, and corporate greenhouse gas management is a key concern for stakeholders. Starting in 2023, Synology has established a standardized mechanism for greenhouse gas inventory, adhering to ISO 14064-1 and the Taiwan EPA's Greenhouse Gas Verification Guidelines. We conduct annual inventories of greenhouse gas emissions from all our facilities.

2023 Greenhouse Gas Emissions

Item	2023
Scope 1: Direct Greenhouse Gas Emissions	631.2248
Scope 2: Indirect Greenhouse Gas Emissions	2,822.4407
Total Emissions = Scope 1 + Scope 2	3,453.6655

Notes:

- Unit: Metric tons CO₂e
- Based on 2023 emission data.
- The emissions factor for electricity is 0.495 kg CO₂e per kWh. The GWP values for the above emissions are based on the IPCC Sixth Assessment Report.
- The scope of the aforementioned total emissions inventory includes Synology's headquarters office and the operational sites of its global subsidiaries.

Source:

Bureau of Energy, Ministry of Economic Affairs, Taiwan <http://www.moeaboe.gov.tw/>

Emission Reduction Strategies and Targets

Synology is committed to reducing our carbon footprint by focusing on energy conservation, emissions reductions, and the transition to renewable energy sources. In 2023, we evaluated emissions across all production stages, identifying key sources of carbon emissions, particularly from electricity usage, which accounts for over 80% of our total emissions. We are implementing targeted measures to reduce Scope 1 and Scope 2 emissions, with ongoing initiatives to increase energy efficiency and invest in low-carbon technologies.

4.2 Energy Management

Synology is committed to adopting innovative and sustainable energy management strategies, reducing energy consumption, improving energy efficiency, and minimizing our carbon footprint.

2023 Energy Consumption

Offices	2023
Total Energy Consumption	21,872.5
Energy Intensity - Energy Used per Employee	32.2128

(Unit: GJ)

Energy-Saving Measures

Paperless Office

We have already introduced electronic forms and related systems to dramatically reduce paper and printer usage. Over 90% of our internal forms and approval processes are digitized, significantly reducing paper consumption.

HVAC Maintenance

The office’s heating, ventilation, and air conditioning systems are regularly maintained. Clean air intake filters ensure optimal efficiency.

Automation

We have programmed our lighting and air conditioning systems to automatically shut off at pre-determined times or to be switched to a motion-activated mechanism.

Windows

A combination of UV-blocking window tints and opaque window coverings significantly reduces the amount of heat that enters the building, reducing cooling needs.

Campus

The main office building is Taiwan EEWB certified and features 1,511 m² of rooftop greenery to reduce cooling needs and to capture and recycle rainwater. The office building is part of an environmentally-friendly campus that features

additional LEED-gold certified buildings and vast open areas featuring parks to balance human traffic with trees, lakes, and open areas. The campus features an innovative rainwater capturing system that filters it through the ecological environment before release.



4.3 Water Resource Management

Water is an indispensable resource for human survival. Synology is committed to improving water use efficiency. Apart from the contracted manufacturing sites, we do not operate factories, and our product assembly processes are relatively simple and does not require significant water consumption. Our primary water usage is for general human usage and essential facility operations.

Based on water risk assessments using Aqueduct, a water risk analysis tool developed by the World Resources Institute (WRI), Taiwan's water resources face low to medium risks. Therefore, Synology is not situated in a high-water-risk region.

In 2023, our total water consumption was approximately 12.86 million liters, and the total water discharge was also 12.86 million liters. Our water usage is entirely supplied by the municipal water supply. We have implemented measures to reduce water consumption, including setting water reduction targets for production units and continuously lowering water usage per unit of production. We also cooperate with building management company, on their water conservation policies, actively reducing resource consumption

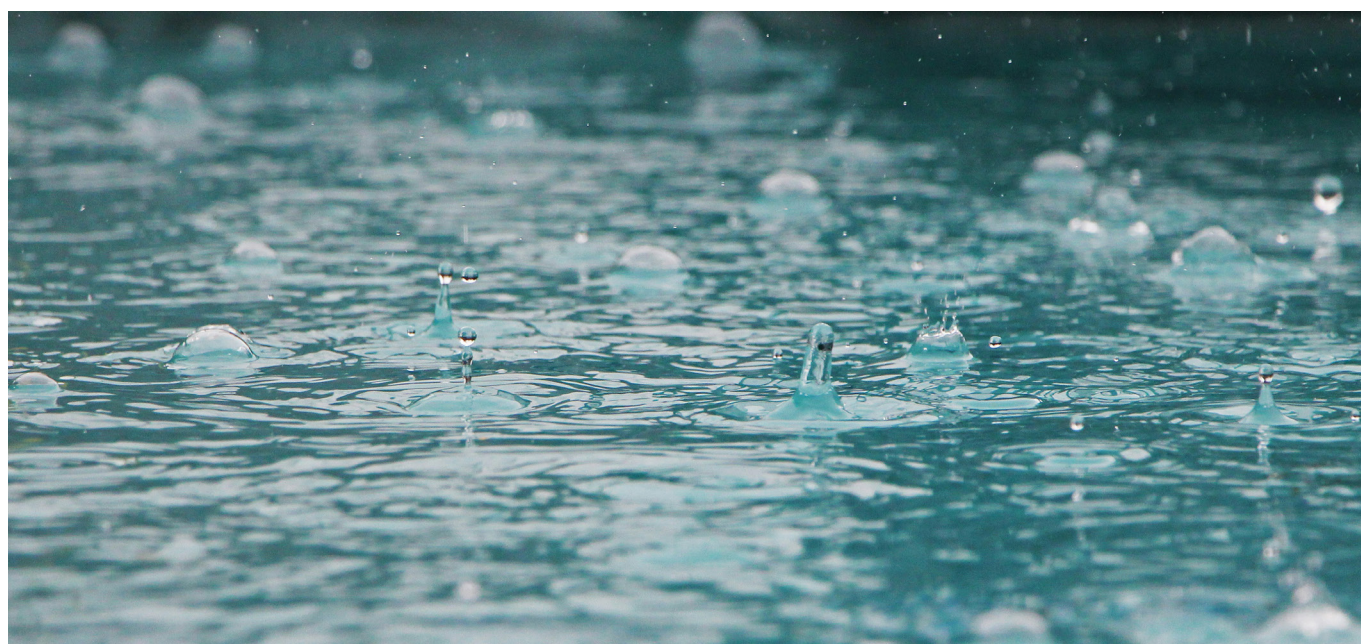
and maximizing water storage and utilization efficiency. Some of these efforts include installing water limiters in sinks and toilets.

Regarding wastewater discharge, all our wastewater is discharged into the sewage system, so our water usage does not directly impact water bodies or land. All Synology wastewater is considered domestic sewage, which is discharged into the underground sewage system in accordance with local regulations. This practice does not negatively affect the environment surrounding our operational sites and does not require us to conduct water quality testing.

Water Resource Usage

Item	Taiwan
Municipal Water Intake	12.86
Groundwater Intake	0
Surface Water Intake	0
Seawater Intake	0
Total Water Intake	12.86
Water Discharge	12.86

(Unit: Millions of liters)



4.4 Waste Management

Synology does not operate any facilities that generate hazardous waste. Our waste primarily consists of discarded electronic products and general office and warehouse waste, such as computer equipment, ICs, cardboard boxes, packaging materials, and paper. The majority of our waste is classified as general household waste.

We comply with local and central government regulations for waste recycling, management, and disposal. We have not encountered any instances of non-compliance or violations. All waste disposal contractors we engage are approved by the local Environmental Protection Bureau.

Starting from 2023, Synology began to offer refurbished products for sale. These are used systems that were returned to Synology for repair, as a cancelled order, or through other means via our partners. Synology meticulously examines and replaces components as needed to ensure that these products can continue providing value to

our society rather than being thrown out. In 2023, Synology refurbished over 1,000 systems, reducing over two metric tons of waste generation.

To reduce overall waste generation, we prioritize recycling, maximizing resource utilization, and minimizing consumption in our daily operations, such as restricting the use of single-use plastic items, tableware, or paper cups.

As Synology does not engage in waste processing and recycling operations, we entrust these tasks to external contracted companies.

We classify our waste into two main categories: general household waste and recyclable business waste (including paper, plastic, metal, and discarded electronic components). General household waste is collected by the building management committee and transported to incineration plants by their designated contractors. For recyclable materials, we implement educational campaigns and clear labeling, sorting and collecting them for delivery to recycling facilities. Industrial waste, such as foam, waste paper, and scrap metal, is collected and processed by certified and contracted companies.

Waste Disposal Data (Unit: metric tons)

Waste Type	Waste Name	2023	Disposal Method
General Industrial Waste	Plastics	1.2	Collected for recycling and reuse
	Metal	4	Collected for recycling and reuse
	Paper	4	Collected for recycling and reuse
	Foam (expanded plastics)	4.62	Depending on the type, either collected for recycling or crushed and then incinerated
	PCB Boards	0.8	Collected for recycling and reuse
General Household Waste	Bottles and Cans	Not calculated	Collected for recycling and reuse
	Paper	Not calculated	Collected for recycling and reuse
	Glass	Not calculated	Collected for recycling and reuse
	Other Recyclables (e.g. batteries)	Not calculated	Collected for recycling and reuse
	Food Waste	Not calculated	Collected for composting
	General Waste	Not calculated	Incinerated

4.5 Environmentally Friendly Products and Circular Economies

Environmentally Friendly Materials

Synology is committed to promoting a circular economy to minimize waste generation. Since November 2018, we have been using post-consumer recycled (PCR) plastics as one of the raw materials for our products. By 2023, Synology incorporates around 30% PCR into its plastic use.

Since 2019, Synology has been using easier-to-recycle PET non-woven fabric to replace PE bags and has replaced expanded polystyrene foam (Styrofoam) cushioning materials with recyclable alternatives, such as cardboard. Moreover, we have significantly increased the proportion of recycled pulp used in our packaging, reaching 90%. Our goal is to maximize the use of renewable or recycled materials in our manufacturing processes to reduce our environmental impact.

Minimizing Wasteful Packaging

Beyond using environmentally friendly materials, we are also committed to reducing waste generation. Since 2018, we have discontinued printed user manuals and transitioned to providing concise installation guides. Users can instead utilize our video and digital manuals by scanning the included QR codes, significantly minimizing paper waste while also ensuring our customers get the most up-to-date information.

By optimizing the internal space design of our packaging, we have reduced the quantity and volume of packaging materials. This extends to efficient stacking during transportation to minimize wasted space for products of different sizes. These measures greatly improve transportation efficiency and reduces the energy needed to produce and transport our products.

Efficient and Durable Products

Synology's products are designed to be in continuous use, seldomly powered off. As such, we place increased importance on designing products to be energy efficient, minimizing wasted energy,

both directly and through heat generation.

Energy-efficient design

Our products, primarily data management and storage servers, incorporate multiple energy conservation design considerations. Synology incorporates low-power but high-performance processors that are optimized for the form factor of the product. Other components of the systems are considered and optimized for energy consumption, ranging from the system fans, power supply, motherboard power delivery circuitry, and even the aerodynamics for dissipating heat.

On the software level, Synology provides varying energy-usage options for device administrators to utilize. Functionalities that directly affect operational efficiency include the ability to spin down the system when idling for extended periods of time and scheduled power on and off capabilities. Other ways that Synology enhances energy efficiency is through software optimization. Synology's operating system, DSM, is featured on the majority of its product line. Within DSM, performance and various management capabilities are optimized to require fewer resources, while still providing useful and class-leading capabilities.

Product Lifecycle

Synology products are designed for reliable long-term usage, with hardware and software "lifespans" that greatly exceed comparable electronic device lifespans. Synology incorporates considerable design expertise and considerations into designing and producing systems that can last, reducing waste.

- **Material Selection**

We prioritize environmentally friendly materials and strive to increase the proportion of recycled materials used. We also carefully manage the materials supplied by our suppliers to ensure compliance with relevant chemical substance restriction standards.

- **Product Design**

We prioritize efficiency in our product design, aiming to minimize the number of parts, decreasing complexity, and incorporating recycled content wherever possible. We strive to design products for maximum durability, extending their lifespan and reusability. This

includes enhancing serviceability and access to user-replaceable parts, such as the system fans and memory modules.

- **Packaging and Shipping**

We actively utilize recycled and recyclable packaging materials and focus on improving packaging and shipping efficiency to minimize our environmental impact.

- **Usage**

We stand behind our products by providing class-leading product warranties. Synology products

receive long-term software and security updates, ensuring that our customers can continue to use our products with confidence. Depending on the product, Synology may also provide options for extended warranties and servicing options.

- **Recycling**

We adhere to local regulations for product recycling and collaborate with our distribution network to ensure the effective implementation of recycling services. Synology began rolling out refurbished product offers in 2023 to further reduce waste.

Recycling Volume

Year	Paper	Plastics	WEEE	Cables	Adapters and Power Cords	Total Recyclable Content Collected
2023	33.2	5.6	115.2	2.6	15.7	172.3

Unit: Metric tons

Appendix: GRI Guidelines Table

Usage Description	The company has followed the GRI Standards for reporting for the period from January 1, 2023, to December 31, 2023.
GRI 1 Applied	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable GRI sector standards

GRI Standard	Disclosure Item	Disclosed Section / Notes	Page Number
GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
GRI 2: General Disclosures 2021	2-1 Organizational Details	1.1 Company Overview	6
	2-2 Entities included in the organization's sustainability reporting		3
	2-3 Reporting period, frequency and contact point		3
	2-4 Restatements of information	No restatements	NA
	2-5 External assurance	Appendix: Limited Assurance by Auditors	71
Activities and workers			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	1.1 Company Overview 2.3 Supply Chain Management	7, 15
	2-7 Employees	3.1 Workplace Management	35
	2-8 Workers who are not employees		37-38
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	2.1 Corporate Governance Framework	13
	2-10 Nomination and selection of the highest governance body		13
	2-11 Chair of the highest governance body		13

GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Governance	8
	2-13 Delegation of responsibility for managing impacts		8
	2-14 Role of the highest governance body in sustainability reporting		8, 13
	2-15 Conflicts of interest	2.1 Corporate Governance Framework	13
	2-16 Communication of key concerns	1.2 Sustainability Governance	8
	2-17 Collective knowledge of the highest governance body	2.1 Corporate Governance Framework	13
	2-18 Evaluation of the performance of the highest governance body		13
	2-19 Remuneration policies	3.1 Workplace Management	42
	2-20 Process to determine remuneration		41
	2-21 Annual total compensation ratio	Not disclosed to public	NA
Strategies, Policies, and Practices			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	A Message from the Chairman	4
	2-23 Policy commitments	3.3 Human Rights Protection	47
	2-24 Embedding policy commitments		48
	2-25 Processes to remediate negative impacts	1.3 Stakeholder Identification and Engagement	9
	2-26 Mechanisms for seeking advice and raising concerns		9
	2-27 Compliance with laws and regulations	2.2 Compliance and Ethical Operations	14
	2-28 Membership associations	Not disclosed due to no significant roles	NA
Engagement with Stakeholders			
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	1.3 Stakeholder Identification and Engagement	9
	2-30 Collective agreements	Not disclosed due to no collective agreements	NA

GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.4 Materiality Assessment	10
	3-2 List of material topics		11
	414-2 Negative social impacts in the supply chain and actions taken	Not disclosed due to negligible social impacts	NA
Information Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.4 Information Security Management	16
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy		18
Product Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.5 Product Quality and Safety	19
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of products and service categories		22
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		22-23
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		23
	417-2 Incidents of non-compliance concerning product and service information and labeling		23
	417-3 Incidents of non-compliance concerning marketing communications		23
Innovation and Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.6 Product Development and Innovation	24
Customer Relationship Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.7 Customer Relationship Management	28

Workplace and Social Prosperity			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.1 Workplace Management	33
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		42
	401-3 Parental leave		42
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed due to confidentiality	NA
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.1 Workplace Management	40
	404-2 Programs for upgrading employee skills and transition assistance programs		40
	404-3 Percentage of employees receiving regular performance and career development reviews		41
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		37
	405-2 Ratio of basic salary and remuneration of women to men	Not disclosed due to confidentiality	NA
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Occupational Safety and Health	43
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		44
	403-2 Hazard identification, risk assessment, and incident investigation		44
	403-3 Occupational health services		46
	403-4 Worker participation, consultation, and communication on occupational health and safety		46
	403-5 Worker training on occupational health and safety		46

GRI 403: Occupational Health and Safety 2018	403-6 Promotional of worker health	3.2 Occupational Safety and Health	46
	403-8 Workers covered by an occupational health and safety management system		44
	403-9 Work-related injuries		45
	403-10 Work-related ill health		45
Human Rights Protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	3.3 Human Rights Protection	47
Climate Change Response			
GRI 3: Material Topics 2021	3-3 Management of material topics	4.1 Climate Change Response	55
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		56
General Topics			
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	2.3 Supply Chain Management	15
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		15
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		15
	308-2 Negative environmental impacts in the supply chain and actions taken		15
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		15
	414-2 Negative social impacts in the supply chain and actions taken		15

Energy Management			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2 Energy Management	59
	302-3 Energy intensity		59
	302-4 Reduction of energy consumption		59
	302-5 Reductions in energy requirements of products and services		59
Water and Effluents			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.3 Water Resource Management	60
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	4.3 Water Resource Management	60
	303-3 Water withdrawal		60
	303-4 Water discharge		60
	303-5 Water consumption		60
Waste Management			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	61
	306-2 Management of significant waste-related impacts		61
	306-3 Waste generated		61
	306-4 Water diverted from disposal		61
	306-5 Waste directed to disposal		61

Appendix: SASB Metrics Comparison Table

Category: Hardware

Disclosure Topic	Code	Accounting Metric	Unit of Measure	Explanation / Reference
Product Safety	TC-HW-230a.1	Description of methods to identify and resolve product and data security risks	N/A	2.5 Product Quality and Safety
Employee Development	TC-HW-330a.1	Percentage of employees: (1) management, (2) technical staff, and (3) all other employees by gender and racial/ethnic group	Percentage (%)	3.1 Workplace Management
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that meet IEC 62474 reporting requirements for hazardous materials	Percentage (%)	Full calculation not yet executed
	TC-HW-410a.2	Percentage of eligible products, by revenue, certified to meet EPEAT or equivalent standards	Percentage (%)	Certification not yet conducted; future plans for execution
	TC-HW-410a.3	Percentage of eligible products, by revenue, certified to meet Energy Star or equivalent standards	Percentage (%)	Certification not yet conducted; future plans for execution
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Metric tons (t), Percentage (%)	Confidential company data; not disclosed
Supply Chain Management	TC-HW-430a.1	Percentage of tier 1 suppliers that have undergone a Validated Audit Process (VAP) or equivalent	Percentage (%)	VAP audit requirements or SGS certifications in place for supplier products
	TC-HW-430a.2	Tier 1 suppliers' non-conformance rates identified through VAP or equivalent audit, and associated corrective actions	Rate	Not all suppliers currently require certification; corrective action plans ongoing
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	N/A	Suppliers must comply with government sourcing regulations; aligned with responsible sourcing requirements

Code	Activity Metric	Unit of Measure	Explanation/Reference
TC-HW-000.A	Number of units produced, by product category	Number	Company reserves confidentiality; not disclosed
TC-HW-000.B	Total area of manufacturing facilities	Square meters (m ²)	Company reserves confidentiality; not disclosed
TC-HW-000.C	Percentage of production from owned facilities	Percentage (%)	Company reserves confidentiality; not disclosed

Appendix: Independent Assurance Statement



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INDEPENDENT LIMITED ASSURANCE REPORT

To Synology Inc.:

We have been engaged by Synology Inc. (“Synology”) to perform assurance procedures on the sustainability performance information identified by Synology and reported in 2023 Sustainability Report of Synology (“the Report”), and have issued a limited assurance report based on the result of our work performed. Regarding the sustainability performance information chosen by the Synology and its applicable criteria, please refer to Appendix 1.

Management’s Responsibilities

Management of Synology is responsible for the preparation of the sustainability performance information disclosed in the Report in accordance with Global Reporting Initiative (GRI) Standards issued by Global Sustainability Standards Board, and establishing and maintaining internal control relevant to the preparation and presentation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We planned and conducted our work on the sustainability performance information in the Report in accordance with the Standard on Assurance Engagement TWSAE 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” to issue a limited assurance report on whether the sustainability performance information is free from material misstatement. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

Limited Assurance Procedures

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report;
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report;
- Performing analytical procedures on the sustainability performance information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

Quality Management and Independence

We apply Statement of Quality Management Standard 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, and accordingly requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements: professional standards, and applicable legal and regulatory requirements. In addition, we have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles.

Inherent Limitations

As the non-financial information contained in the Sustainability Report is subject to more inherent limitations compared to financial information. The disclosure of this information may involve significant judgments, assumptions, and interpretations made by the management of Synology. As a result, different stakeholders may interpret this information differently.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe the sustainability performance information chosen by Synology in the Report, in all material aspects, has not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change by Synology of the sustainability performance information or the criteria applied after the issuance date of the Report.

The engagement partner on the assurance resulting in this independent limited assurance report is Lin, Pin Yen.

Crowe (TW) CPAs

Taipei City, Taiwan (Republic of China)

January 3, 2025

Notice to Reader

For the convenience of readers and for information purpose only, the independent limited assurance report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent limited assurance report shall prevail.

APPENDIX 1**SUMMARY OF SUSTAINABILITY PERFORMANCE INFORMATION**

#	Indicator Description	Corresponding Section	Applicable Criteria
1	Status of Parental Leave Without Pay for Full-Time Employees	3.1 Workplace Management	Total number of parental leave without pay for full-time employees in 2023
2	Employee Training Expenses and Satisfaction Levels	3.1 Workplace Management	Per-session employee training expenses and satisfaction levels in 2023
3	Number of Employees with Disabilities	3.3 Human Rights Protection	Total number of employees with disabilities in 2023
4	Total Water Consumption	4.3 Water Resource Management	Monthly office building bills and Taiwan Water Corporation periodic bills in 2023
5	Recyclable Waste from Products Made with Recyclable Materials	4.4 Waste Management	Weight of recyclable materials for each product listed in the company's internal system in 2023

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