

PRIMAX

2018
CSR
REPORT



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Message from the Chairman



Message from the Chairman

The ultimate commitment to corporate social responsibilities

At Primax Group, we uphold our corporate culture and values and are constantly searching for ways to perfect corporate governance and enforce environmental protection from within. We believe that care for society begins with care for our employees; only when employees are satisfied may we extend our care to society and support the underprivileged.

Corporate governance – the foundation for sustainability at Primax Group

Sound corporate governance is all about setting high standards for our performance and fulfilling our duties to all stakeholders, which provides the foundation for sustainable business. This has been the rationale behind Primax's devotion to CSR and making ongoing improvements with regards to corporate governance. In 2018, the Company introduced an enterprise risk management solution aimed at reviewing sustainability risks, and assembled a project team to make pro-active improvements to existing practices.

Not only do we look up to the nation's leading businesses, we also observe world's top corporate governance performers when setting long-term strategies and short-term execution plans.

Having earned top 5% ranking in Financial Supervisory Commission's Corporate Governance Evaluation in 2016 and 2017 is a testament to our persistence in sound corporate governance. In 2018, we submitted our entry to "Taiwan Corporate Sustainability Awards (TCSA)" for the very first time and won Gold in the 2018 "IT & IC Manufacturing" category. Corporate Governance Evaluation is just the beginning of our future efforts, because although it provides us with an ideal environment and system to learn from reputable businesses locally, I expect Primax to look up to businesses from around the world for higher standards of corporate governance, both in terms of spirit and practice.

Embracing challenges and changes amidst economic uncertainty

Uncertainties associated with the trade war between USA and China had undermined global demand and performance of the manufacturing industry worldwide in 2018. The impact was especially significant for electronics exporters with production facilities based in China. Nevertheless, Primax's long-established product portfolio has provided us the stability and growth prospect to overcome prevailing challenges and even outperform the competition.

As for Tymphany, increasing popularity and evolution of smart speakers in both technological complexity and features have contributed significantly to revenues and profits of the acoustic portfolio. The subsidiary will continue its expansion efforts in this respect in the foreseeable future. As for auto electronics, one of our long-established product lines, Primax Electronics received certification from major international auto manufacturers last year that enabled the Company to begin mass production and shipment of multi-lens automobile camera modules during the year. This certification represents Primax's successful entry into the field of intelligent drive. With regards to Computer accessories, the e-sports market continued to exhibit growth in 2018, an advantage that Primax Electronics has capitalized by collaborating with major e-sport brands to introduce newer products into the market for more significant revenue and profit contributions. This accomplishment is a testament to Primax's ability to explore new technologies and applications in what has been perceived as a matured product and a saturated market.

Environmental protection begins from within

Primax Group produces less impact on the environment compared to other industries, given its operations and production nature. But even so, Primax continued to enforce green production practices and adopt plans in anticipation of tightened environmental laws in China as well as customers' requirements. These efforts were rewarded with government approvals in various environmental assessments in 2017, which we responded by expanding our influence to supply



Message from the Chairman

chain management. As a commitment to mitigating climate changes, Primax not only set reduction goals for greenhouse gas emission and waste, but also began surveying its water footprint in 2018. Findings of this survey will provide the basis for water resource management in the future. Owing to our investment of additional resources and efforts, we were able to achieve stunning results across all reduction targets in 2018.

Primax is equally devoted to green design as it is in green production. After being awarded the carbon label by the Environmental Protection Administration (EPA) for our mouse in 2016, the Company earned the first "carbon reduction label for wireless mouse" in Taiwan from EPA later in 2017. Primax Electronics also submitted its entry to EPA's Low-carbon Incentive Program in 2018, and became the first electronics manufacturer to win.

Care for employees' welfare, health and work-life balance

Primax Group has been enforcing a "people-oriented" corporate culture by introducing new care packages and benefits to employees, which makes us a frequent winner of titles including "Best Company," "Healthy Workplace" and "Taiwan iSport." Sense of belonging and workplace health are the two main strategies adopted by Primax Group when managing employees. Through hobby clubs, hiking and other health promotion activities, we encourage employees to manage their own health conditions. In 2018, Primax introduced an employee assistance program along with dedicated helpline, lifestyle seminars and awareness campaigns that are aimed at improving work-life balance across all employees.

From employees to society

Education and care for elders are two social issues that Primax has committed ongoing attention to. In addition to sponsoring non-profit organizations (NGOs) that share similar values, the Company also instructs managers to lead their subordinates in educational programs and care-for-elder events. In 2018, we joined our sponsored NGOs in a number of charity events where we made group purchases, arranged visits for children in remote areas, raised donation, organized charity sale, and accompanied elders to outdoor activities. We also invited employees and their families to join our care for disadvantaged children and elders, and hope that they may support our cause and contribute in their own way to the NGOs in need.

Employee and society care at production sites

China has been a main production site for Primax, and unlike the headquarter that has matured in practice over several years, the production sites are relatively inexperienced. Nevertheless, we still invested significant resources into organizing campaigns such as "Wechat account," "Primax Comes Home," "Star Volunteer" and "Hope for Pearl" to care for employees and bring them satisfaction outside of their work duties.

Chairman of Primax Electronics
Raymond Liang



Principles of Report Preparation



About the report

This is the 5th "CSR Report" of Primax Electronics Ltd. (which may be referred to as Primax Electronics, Primax, the Company or "we" below)^{Notes 1 and 2}. This report has been prepared in accordance with the core option of GRI Standards published by Global Reporting Initiative. It is divided into four main chapters titled [Relentless leader in sustainable practices], [Discipline, compliance and consistency], [Green management and partnership], and [People-oriented value], and discloses sustainability issues, management approaches, practices and performance of Primax Electronics on economic, environmental and social aspects (including product responsibilities) in 2018. Relevant statistics have been presented for reference. Through the publication of this report, we hope to communicate with the public and our stakeholders about the efforts and outcomes that Primax Electronics has committed and earned with respect to sustainability.

Note 1: Primax Electronics Ltd. includes Primax Electronics Taipei Headquarters/Taipei R&D Center, and Dongguan Primax, Chongqing Primax and Kunshan Primax in China.

Note 2: The term "Primax Group" or "Group" is used for disclosures that include subsidiaries such as Huizhou Tymphany (formerly known as Huizhou Loudspeaker), Dongguan Tymphany and Dongcheng Tymphany.

Scope of report

This report discloses information from January 1 to December 31, 2018, and covers operations including Primax Electronics Taipei Headquarters/Taipei R&D Center, and Dongguan Primax, Chongqing Primax, Kunshan Primax, Huizhou Tymphany, Dongguan Tymphany and Dongcheng Tymphany^{Note 3} in China.

Economic data was sourced from consolidated financial statements published as part of the organization's 2018 annual report, which covered the operational headquarter of Primax Electronics Ltd. and performances of manufacturing sites and R&D centers worldwide. All financial data in the report was presented in NTD (NTD 4.5 = RMB 1). Based on GRI's materiality principles, we have decided to make environmental and social disclosures separately for our key operations by assessing how each topic affects the various operations. Furthermore, for the completeness of this report, certain contents have been disclosed from the perspective of Primax Group and to include occurrences before and after 2018. There is also some mentioning of subsequent strategies, goals and plans in this report.

Note 3: The scope of this report was broadened to include economic, environmental and social information of "Dongcheng Tymphany."

Basis of report data

All data disclosed in the report was gathered and compiled by Primax Electronics, and presented in globally recognized indicators. Any use of estimate will be explained in the respective chapters. Financial data was sourced from consolidated, NTD-denominated financial statements that KPMG had prepared in accordance with International Financial Reporting Standards (IFRS). Disclosures relating to management systems including OHSAS 18001 - Occupational safety and health Management System, ISO 14001 - Environmental Management System, IECQ QC080000 - Hazardous Substance Process Management (HSPM), ISO 14064-1 - Greenhouse Gas Inventory, ISO 14046 - Water Footprint and ISO 27001:2013 - Information Security Management System have been verified by third-party certifiers.

Edit, review and assurance of report

We have performed systematic analyses and determined the priority of stakeholders' sustainability concerns to provide the basis for contents disclosed in this report. The CSR Office first prepared an initial draft of the report and then disseminated it to members of the preparation team for reviews, additions and



amendments within their areas of responsibility. The revised report was later sent to SGS, an independent third-party certifier, which issued AA1000AS (2008) Type 1 high assurance with 2018 Addendum with respect to the inclusivity, materiality, responsiveness and impact of this report. Please refer to Appendix 1 for detailed SGS assurance report and statement, and Appendix 2 for GRI Index.

Restatements of information

Primax Electronics has adopted more stringent practices in preparing this report, and is constantly improving and reviewing the process and scope by which data is gathered, as well as the quality of data presented. Some historical data has been restated in this report to accommodate the broadened scope of report and external assurance; details of which will be explained throughout the chapters. We have emphasized on explaining management guidelines under the new GRI standards, and made more in-depth responses to material topics to more closely address stakeholders' concerns. We have also addressed non-material topics in separate chapters to complement the overall disclosure. Layout of the report is also being constantly improved upon so that stakeholders can more clearly and quickly understand Primax's efforts and performance with regards to sustainability issues. Primax Electronics encountered no significant changes regarding the organization's size, structure, ownership, or its supply chain in 2018.

Time of report publication

Primax Electronics will prepare CSR reports on a yearly basis and publish them over the Company's website.

Previous issue: published in June 2018

Current issue: published in June 2019

Contact information

Please contact us for any queries or suggestions you may have with regards to the content of this report. Contact information is as follows:

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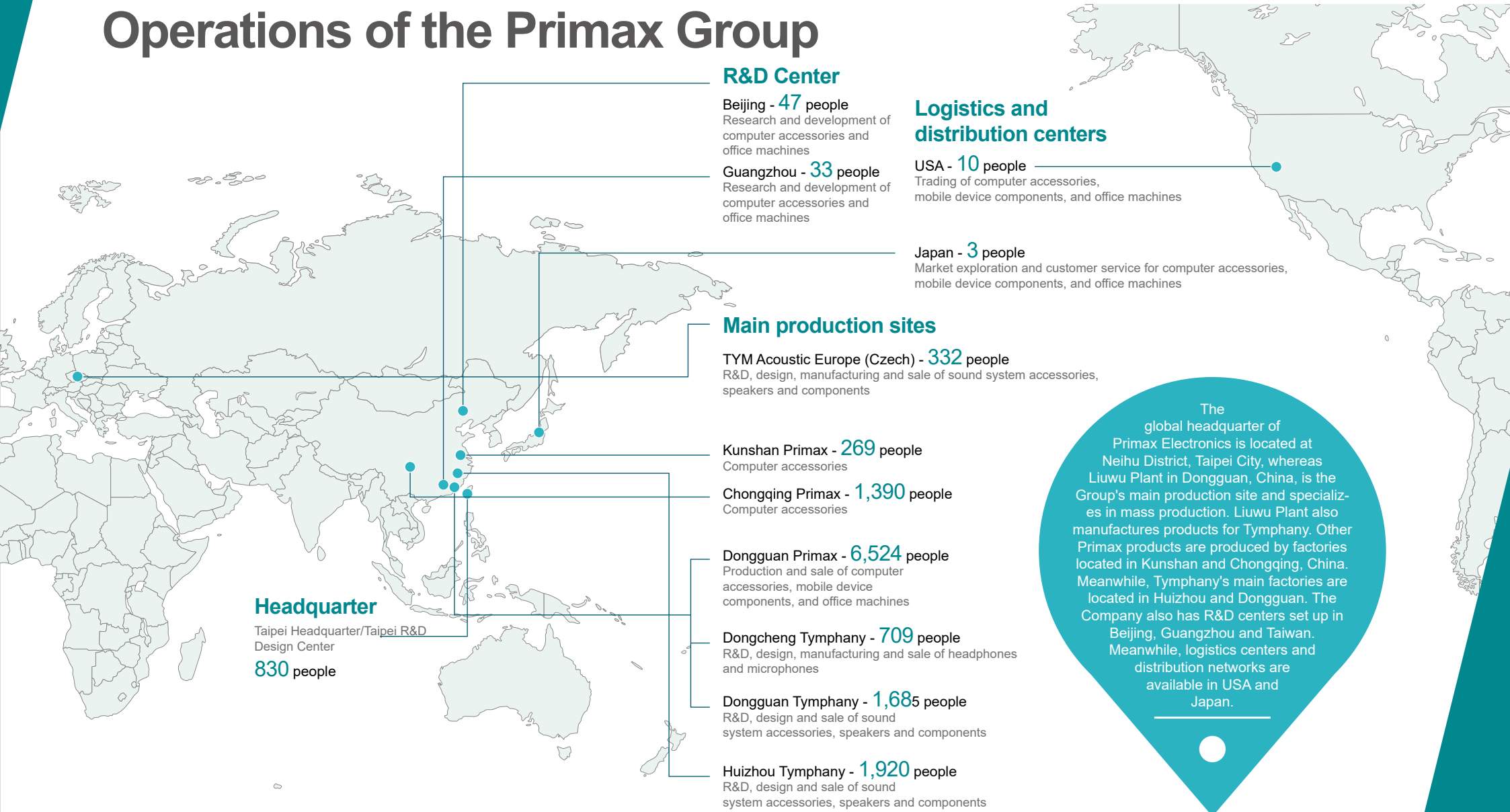
Company website: <http://www.primax.com.tw/index.aspx>



Primax Electronics Sustainability action roadmap



Operations of the Primax Group



The global headquarter of Primax Electronics is located at Neihu District, Taipei City, whereas Liuwu Plant in Dongguan, China, is the Group's main production site and specializes in mass production. Liuwu Plant also manufactures products for Tymphony. Other Primax products are produced by factories located in Kunshan and Chongqing, China. Meanwhile, Tymphony's main factories are located in Huizhou and Dongguan. The Company also has R&D centers set up in Beijing, Guangzhou and Taiwan. Meanwhile, logistics centers and distribution networks are available in USA and Japan.



Sustainability action roadmap of Primax Electronics

Company profile

Primax Electronics Ltd. was incorporated in Taiwan in March 1984, and after more than 30 years, Primax has grown into a renowned public-listed company. Primax produces a wide variety of products that can be classified into the four main categories:



PC Peripherals

Mouse, keyboard, trackpad, camera module etc



Mobile device components

Camera module, Bluetooth headphone, cellphone and mobile device accessories etc



Office machines

Printer, multi-function printer, scanner, shredder, laminator etc

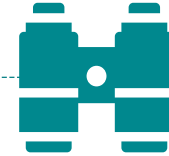


Acoustic products (Tymphy)

Wireless audio system, wireless headphone, speaker etc

Primax has operation and R&D headquarters setup in Taiwan, and production sites and 3 R&D centers deployed in China. Dongguan Primax represents the main production site of the Group and specializes in mass production, whereas other products are manufactured at the Kunshan and Chongqing Plant. As for subsidiaries, Tymphony has its main production plants set up in Huizhou and Dongguan, whereas the main production facility of TYM Acoustic Europe is located in the Czech Republic. Meanwhile, we have logistic centers and sales offices established in USA and Japan to serve the world's major consumer markets and provide better and faster service to customers. Overall, we envision ourselves as a supplier of IT, electronic and consumer product solutions.

In terms of business philosophy, Primax considers employees to be its greatest advantage, and prides itself for having creative and pro-active employees as well as a top-performing management team. Primax has a multi-national management team that brings global and industry visions to help Primax expand and globalize.



Vision

To coordinate the efforts of all employees into making Primax the world-class supplier of all products it makes.



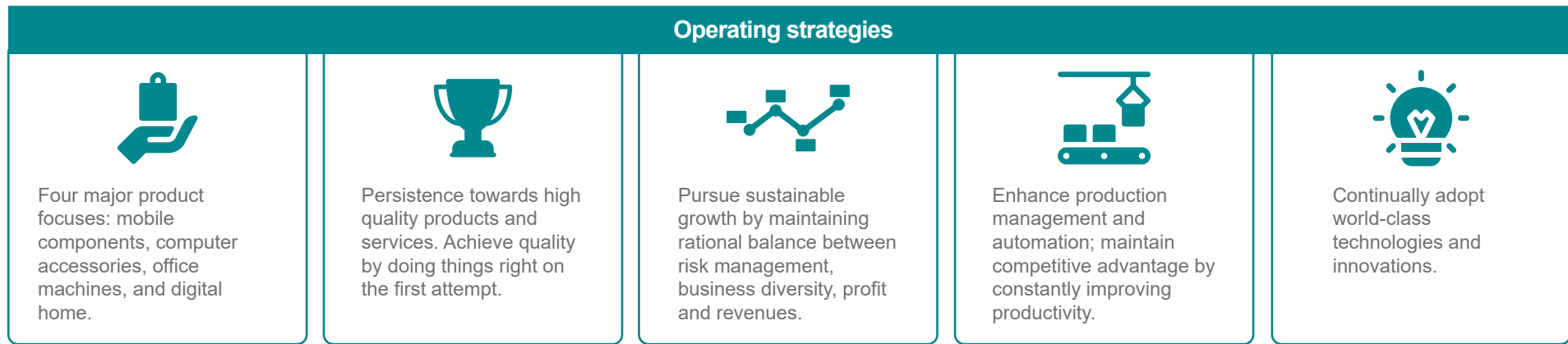
Values

Fairness, integrity, modesty, pragmatism, respect, credibility, sharing



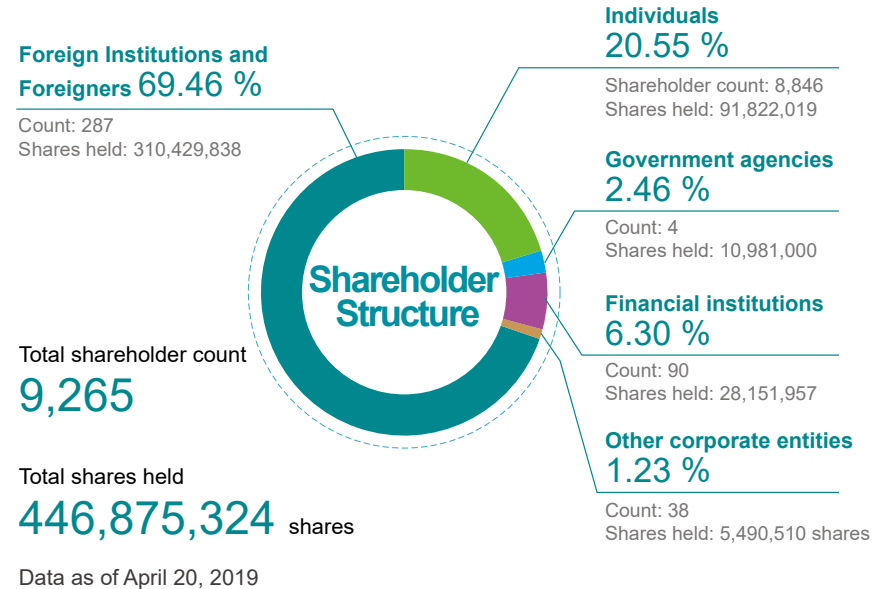
Corporate culture

Humanity, teamwork and service



Company profile

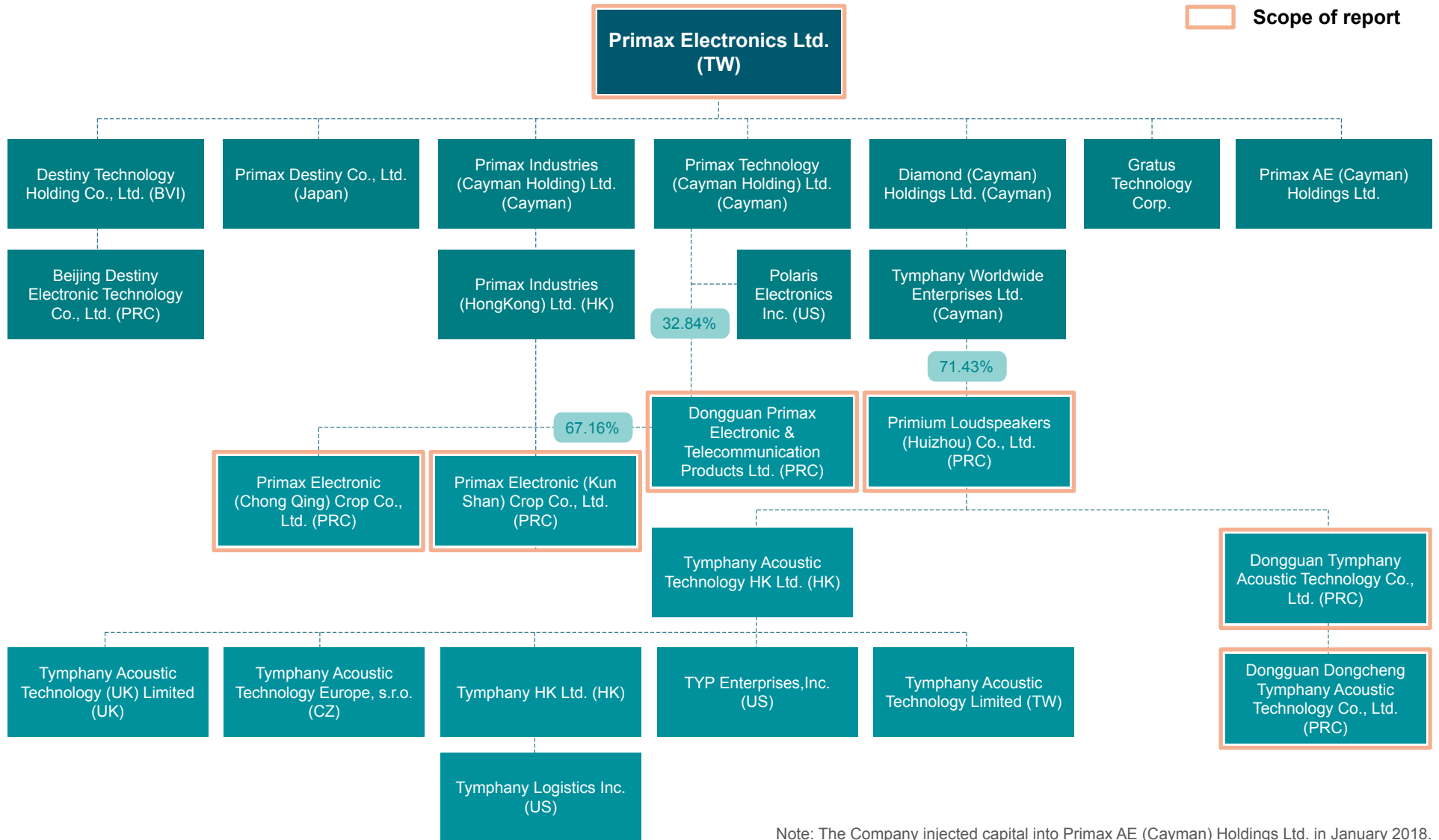
Company name	Primax Technology Co., Ltd.
Nature of corporate ownership	Openly issued and publicly listed company (stock ID: 4915)
Capital	NT\$4,474,523,000
Main products	Design, development, manufacturing and sale of computer accessories, mobile device components, office machines, communication accessories, Smart Home, acoustic products, and automobile electronics.
Date of establishment	2006 (initially founded in 1984)
Chairman/General Manager	Raymond Liang
Headquarters	No. 669, Ruiguang Road, Neihu District, Taipei City
Consolidated revenues - 2018	NT\$64,811,408,000
Total group head count (scope of disclosure of this report)	13,327





Sustainability action roadmap of Primax Electronics

Affiliated Enterprises Chart for Primax Electronics



Note: The Company injected capital into Primax AE (Cayman) Holdings Ltd. in January 2018.



Primax's honors



"Environment-friendly Business" - blue certification

Dongguan Primax was one of the first companies to be named "Environment-friendly Business" by Dongguan Environmental Protection Bureau in 2009; it passed subsequent review in 2013 and has since retained blue certification for Environment-friendly Business for 6 consecutive years.



Won Information Security Contribution Award from BSI TW



Participated in the EPA's Low-carbon Incentive Program and received award of excellence

Primax Electronics submitted its entry in 2018 on the basis of its carbon reduction label and became the first electronics manufacturer to win this award.



During the 2018 "Taiwan Corporate Sustainability Awards (TCSA)," Primax won Gold in the "IT & IC Manufacturing" category for the first time.



National Home of Role Model Employees

Primax Electronics continues to uphold a corporate culture of "humanity, teamwork and service" and make ongoing improvements to the union system. Its Dongguan Plant has been awarded the title - "National Home of Role Model Employees" by "All-China Federation of Trade Unions," which is the highest honor among unions in China.





Sustainability performance

Corporate Governance Team

Electronic voting

has been adopted in shareholder meetings. A candidate nomination system has been adopted for all director elections



Established Nomination Committee



Enforced nomination review standards and procedures

For 2 consecutive years,

shareholder meetings were convened before the end of May so that minority shareholders may execute their rights more easily

External evaluation of board performance

has been completed with outcomes disclosed in the annual report and on the Company's website

Information such as financial announcements, material information, shareholder meeting minutes, investor seminars etc. is released in both



Chinese and English

Adoption of Industry 4.0

Assembled an Industry 4.0 project team that began creating benchmarks to serve as baseline for production upgrade at various sites



Enforcement of Enterprise risk management

Adopted enterprise risk management according to ISO 31000 - Risk Management



Ongoing product innovation

Mouse, keyboard and trackpad are being designed more towards games and optical applications, whereas camera modules are being designed towards 3-dimensional sensory applications



100% of new Primax employees were subjected to integrity and ethics training

Passed certification for ISO27001

Passed ISO 27001:2013 - Information Security Management System in February 2018, followed by subsequent review in November the same year

Average attendance rate of directors in board meetings was concluded at 87.06 %

Zero violation



The Group received no complaint internally, externally or from the local authority concerning violation of customers' privacy

20 sessions of information security training



Total participation count: 909

Consolidated net revenues compared to 2017 were



↑ 6.7 %



Optimized communication with stakeholders



Green Operations Team

Primax Group
passed certification for ISO 14064-1 Greenhouse Gas Inventory
 Dongcheng Tymphany passed certification for ISO14064-1:2006 in 2019

Primax Group
passed certification for ISO14046 Water Footprint
 All 7 major sites of Primax Group passed certification for ISO14046:2014 in 2019

Energy intensity reduction project
 Replaced old chiller and installed an online monitoring system

Primax Group's energy intensity compared to 2017 was
 **↓ 11.04 %**


GHG emission intensity compared to 2017 was
 **↓ 15.91 %**

GHG emission from business flight by Taiwanese employees, compared to 2017, was
 **↓ 28.28 %**

In 2018, Primax Group shortlisted **224** suppliers to undergo risk assessment


A total of **190** supply partners were communicated on corporate social responsibility management and compliance issues that they are bound to obey.

Environmental protection spending compared to 2017 was
↑ 45.09%

In 2018, Primax Group identified **11** suppliers that exhibited potential risks and engaged an independent third party to perform inspections on-site as well as assist them in making improvements.


Between 2015 and 2018, **more than 300** suppliers actively participated in the annual supplier social responsibility training

Dongguan Tymphany adopted **Material Flow Cost Accounting (MFCA)**

Zero violation
 No product or service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.
Primax Group's emissions were 100% compliant with law

Rated 4-star **"Green Supply Chain Business"** by Dongguan City Government


Products made by Primax Group are **100% compliant** with laws and customers' requirements on health and safety.


Total waste volume compared to 2017 was
 **↓ 7.83%**

Primax Group's water intensity compared to 2017 was
 **↓ 10.42**

"Environment-friendly Business" - blue certification 
 Dongguan Primax was awarded the title of "Environment-friendly Business" - blue certification for 6 consecutive years



Social Engagement Team

Donated
NT\$7 million to
educational institutions




Ongoing
TW/CN internship program

Above local minimum salary

There is no gender discrepancy in the salary of entry-level employees across Primax Group, and all employees are compensated at levels higher than the local minimum salary.

Continued elder companion events with other institutions (NGOs/government agencies)

 **Established**
volunteer club management and incentive systems

Created
Line@ and Wechat accounts and used them for communication with employees

NT\$700,000 of allowances were paid to employees to support childcare



Employees and charity partners in 1+1>2 program

A sum of **NT\$148,369** was raised

Zero violation

Primax Group found no discrimination or use of child/forced labor

Proposal through union and employee grievance mailbox

 Response rate -
100%

Received
Taipei City Certificate
for **Top Nursery Facility**

Employee salary and welfare expenses totaled
NT\$7,815,311,000, representing approximately
12.06% of revenues.



Training hours by Primax Electronics, compared to 2017, were
+35,912.6 hours

Average training hours per employee of Primax Electronics were **+4.92** hours higher than 2017


Primax Group's total training expenses amounted to
NT\$9,976,000

100% of new Primax Group employees were subjected to human rights training

Primax Group's charity involvements
Total participation count: **2,724**

Primax Group encountered
no incident of occupational illness



 Primax Group's charity budget
NT\$10,410,486

1

Relentless leader in sustainable practices



1.1 Corporate social responsibility management

Management framework and organization

The CSR Office was established under the authority of the board of directors of Primax Electronics to enforce corporate social responsibilities with particular regards to corporate governance, sustainable environment, public welfare, and information disclosure. Under the CSR Office, a Corporate Governance Team, a Green Operations Team and a Social Engagement Team have been assembled to address issues concerning economic, environmental and social impacts, respectively. They respond to external initiatives by gathering economic, environmental and social information relating to operating activities, and by reviewing the action plan, division of responsibility, and outcome of the overall execution. The CSR Office reports to the board of directors at least once a year on past performance and future plans for key issues, and its presence is an indication of the Company's strong resolve towards sustainability.

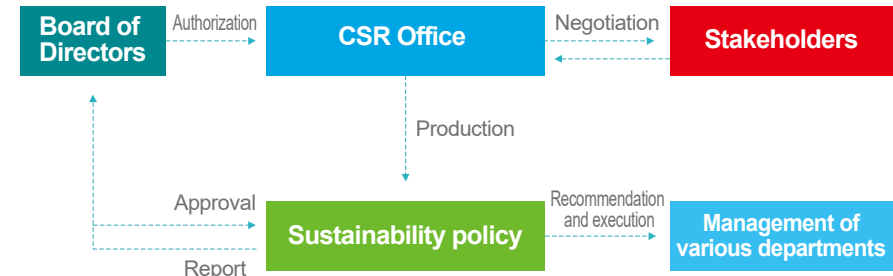
Organization of the CSR Office



Guidelines and procedures

Each year, the CSR Office is responsible for engaging stakeholders, ranking material issues, proposing CSR missions, visions or roadmaps to the board of directors, and establishing CSR-related policies, systems or guidelines according to Article 8 of "Primax Electronics Corporate Social Responsibility Principles." Plans proposed by the CSR office are executed with the board's approval.



Under the authority and vision of the board of directors, the CSR Office is required to assist fellow departments and units in the implementation of CSR projects in a manner that conforms with the Company's economic, environmental and social efforts. The CSR Office is also responsible for gathering information such as stakeholders' feedbacks on issues of concern, local and global sustainability trends, and best practices of industry leaders, as well as offering suggestions and guidance to departments for the sustainability of the Company. Visit the Company's website for disclosures regarding corporate social responsibility code of conduct and management policies: <http://www.primax.com.tw/article.htm>





Solid sustainability performance

In 2018, the board of directors approved “Robust governance & sustainable operations,” “Best workplace & satisfied employees,” “Education & community care” and “Green operations & protection of the Earth” as the three ESG policies and set medium to long-term goals toward achieving them. With defined strategies in place, the board is able to review and discuss progress of sustainability solutions regularly, and guide Primax towards improving its practices through action. In addition, Taipei Headquarters organized a seminar in December 2018 to announce the results of its corporate social responsibility efforts for year 2018. It was a cozy environment where employees could learn the Company’s CSR progress in the last year and identify themselves with Primax’s CSR philosophy.

CSR policy		Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2018
 G	Robust governance Sustainable operations	Corporate governance	Maintain top 5% ranking in corporate governance evaluation	Top 6~20% ranking in corporate governance evaluation
			Enforcement of enterprise risk management	Performed risk assessment and produced risk roadmap
			Performed supply chain SER management	Performed risk assessment on key suppliers; for suppliers that exhibited higher risk, the Company engaged third-party institutions to conduct inspections on-site and demanded improvements to be made within the given timeframe
			Optimized communication with stakeholders	Optimized the online stakeholder questionnaire and added videos to the CSR section of the official website
		Ongoing innovation	Adoption of Industry 4.0	Outline of Industry 4.0 development roadmap. Assembled an Industry 4.0 project team that began creating benchmarks to serve as baseline for production upgrade at various sites
			Product innovation project	Mouse, keyboard and trackpad are being designed more towards games and optical applications, whereas camera modules are being designed towards 3-dimensional sensory applications
 S	Best workplace Satisfied employees	Safe and friendly environment	Optimized environment/safety/health/fire system	Optimized the management and monitoring system; duly executed the inspection - account - construction - management - performance assessment process
			Diverse employee communication channels	Corporate announcements are being disseminated through social media (Line@ and Wechat) so that employees may receive them on mobile devices at any time. The Chinese operations even distribute salary slips over the Wechat account
			Enhanced childcare/maternity protection	In Taiwan, NT\$700,000 of subsidies were paid to employees to support care for 105 children aged 0-6
		Balanced and healthy lifestyle	Sports club / ongoing health promotion events	Dongguan Primax created a new outdoor activities club, whereas the Taipei Headquarters collaborated with Sports Administration to organize a series of fitness tests and health seminars
			Expanded and standardized EAP (Employee Assistance Program)	Taipei Headquarters collaborated with external institutions to provide toll-free employee helpline, which received 30 calls during the year. 3 awareness campaigns were held during the year
			Workplace adaptation and care for new Primax recruits	Taipei Headquarters optimized its initiation procedures and updated the Primax benefits handbook
			Employees and charity partners in 1+1>2 program	Primax Taipei Headquarters coordinated with Tao-Yuan Elementary School in hosting an afternoon concert, and worked with House Of Dreams on Christmas gift gathering and charity sale that raised NT\$86,530 in funds. Meanwhile, Tymphany held a concert/charity sale event that raised NT\$61,839 in funds
			Primax comes home	In 2018, Dongguan Primax traveled to Pubei County and Lingshan County, Guangxi, and paid visit to the families of 8 employees. These visits brought joy and satisfaction to employees and their families back home



1. Relentless leader in sustainable practices

CSR policy		Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2018
 S	Education	Promoting diverse education	Regular donation to educational institutions	The Company donated NT\$2 million to Junyi Academy, NT\$2 million to House of Dreams, NT\$2 million to Cheng Zhi Education Foundation, and NT\$1 million to Rong Wu Foundation
	Community care		Ongoing internship program in TW/ CN	A total of 72 students applied for internship in Taiwan and China in 2018, 46 of whom were accepted and 37 were retained as permanent employees
		Accompanying community elders	Elder companion events with other institutions (NGOs/government agencies)	Taipei Headquarters collaborated with Hondao Senior Citizen's Welfare Foundation and organized 4 events that cost NT\$129,018 and achieved a total participation count of 156. Meanwhile, Dongguan Plant collaborated with Shijie Town Government and organized 2 events that incurred a total budget of NT\$138,996
			Volunteer club management and incentives	Dongguan Plant has implemented a Star Volunteer system that commends and rewards employees for completing more than 30 hours of volunteer service. A total of 13 employees were commended in 2018.
 E	Green operations	Green production	Water footprint certification	Water footprint survey has been implemented organization-wide at all plant sites, and the organization passed ISO 14046:2014 certification in 2019
	Protection of the Earth		Energy intensity reduction project	Replaced old chiller and installed an online monitoring system
			Development of a paperless system	Except for information that has to be presented in printed documents under prevailing accounting laws, all other documents are now exchanged electronically

Primax Electronics submitted its very first entry to "Taiwan Corporate Sustainability Awards (TCSA)" organized by Taiwan Academy of Corporate Sustainability during the year, and won Gold in the "IT & IC Manufacturing" category. The TCSA was rated by 435 volunteer juries including 343 trained professionals and 92 renowned experts and scholars, who reviewed corporate sustainability reports for completeness, credibility and communication in reference to GRI Standards and ACCA Awards criteria. Meanwhile, to ensure the applicability and quality of the contents disclosed, the juries also performed their review on five main aspects: relevance, transparency, timeliness, completeness and interactivity. By applying the two main standards and fair, just, open and robust procedures, TCSA aims to commend businesses for directing attention towards sustainability issues, making complete, credible and effective disclosure of governance information, and taking step to fulfill social responsibilities.



Commendation of Taiwan Corporate Sustainability Awards



1.2 Stakeholder engagement

Identification of stakeholders

We have devised robust methods to identify Primax's stakeholders. First, members of the CSR Office engaged themselves in a series of discussions to brainstorm possible stakeholders. The CSR Office then adopted the 2015 AA1000 Stakeholder Engagement Standard (AA1000 SES 2015) established by AccountAbility, a non-government organization, and followed its 5 principles: dependency, responsibility, influence, diverse perspective, and tension to identify stakeholders that each department is likely to engage or influence, and rate their significance to the Company. Through the identification procedures, Primax Electronics has identified the following six main categories of stakeholder for 2018: investors, employees, clients, suppliers, government agencies, and non-profit organizations.



Stakeholder communication channels




Primax Electronics places great emphasis on stakeholders' rights and opinions, and engages them in ongoing communication to learn their concerns and expectations. In addition to surveying stakeholders for concerned issues, we also engaged them using different approaches including unilateral, bilateral, one-to-many and many-to-one. See the Stakeholder Engagement Table for details on the method, frequency and procedures used.

Stakeholders' concerned topics and communication channels

Stakeholders	Significance to Primax	Concerned topics	Communication methods and channels	Frequency of communication	Relevant records
<p>Investors</p>	Primax Electronics maintains productive interaction with investors and implements robust supervision to ensure sustainability of the business.	Anti-competition Anti-corruption Supplier environmental assessment Child labor Forced or compulsory labor Human rights assessment	Annual general meetings	Once a year	Shareholder meeting registry and minutes
			Quarterly performance seminar and phone conference	Once a quarter	Information published in investor seminars, available from MOPS
			Monthly revenue announcements	Once a month	Monthly revenues and news releases, available from MOPS and company website
			Domestic interview sessions	4 sessions a month	E-mail, on-site visit, and phone interview



1. Relentless leader in sustainable practices

Stakeholders	Significance to Primax	Concerned topics	Communication methods and channels	Frequency of communication	Relevant records
 Investors	Primax Electronics maintains productive interaction with investors and implements robust supervision to ensure sustainability of the business.	Anti-competition Anti-corruption Supplier environmental assessment Child labor Forced or compulsory labor Human rights assessment	Overseas investor forums	4 times a year	Information published in investor seminars, available from MOPS
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of completed and recovered questionnaires
 Employee	"People" is one of Primax's core values. We view employees as the most important capital, and make it our responsibility to care for their well-being.	Employment Occupational safety and health Training and Education Labor-Management Relationship Compliance of economic and social regulations	Labor-Management meeting	Once a quarter	Labor-management meeting minutes
			Interview for employee's performance	3 times a year	Employee performance evaluation worksheet
			Communication meetings between departments	Unscheduled	Communication meeting minutes
			Meeting of employee welfare committee	Once a month	Welfare committee meeting minutes
			Opinion surveys	Unscheduled	No employee opinion survey was conducted in 2018
			Internal communication channels	Immediate	Mail, electronic bulletin, elevator
			Grievance and consultancy channel	Immediate	CSR mailbox, employee assistance hotline, grievance mailbox
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of completed and recovered questionnaires
 Clients	Primax Electronics earns the trust of its customers through innovative technologies, high-quality products and services. Customers' opinions and feedbacks provide direction for our ongoing improvements and efforts.	Emission Effluent and waste Occupational safety and health Supplier social assessment Compliance of environmental protection laws	GP, CSR, RBA, QPA/QSA audits	Once a year	Customers' audit records
			Customers' GP/environmental protection requirements	Once a year	Customers' specifications
			Satisfaction survey to clients	Once a year	Customers' response records
			Convention of clients and suppliers	Once a year	Meeting records
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of completed and recovered questionnaires
			Product RFQ	Case-by-case basis	RFQ



1. Relentless leader in sustainable practices

Stakeholders	Significance to Primax	Concerned topics	Communication methods and channels	Frequency of communication	Relevant records
 Suppliers	Primax Electronics aims to work hand-in-hand with its suppliers in a mutually beneficial relationship, and collaborate and learn from each other towards fulfilling corporate social responsibilities.	Child labor Supplier environmental assessment Labor-Management Relationship Anti-corruption Economic performance	New AVL appraisals/ declaration	One per entity	QCDS record/declaration
			Environmental requirement of Primax and clients	Unscheduled	E-supply/GP Portal /correspondence
			Annual audit	Once a year	Supplier audit records
			Training for suppliers (GHG/CFP/GP)	Unscheduled	Training materials
			Convention of suppliers	Once a year	Meeting records
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of recovered questionnaires
 Government	As a corporate citizen, Primax Electronics fully supports government policies and maintains good relationship with local authorities by complying with rules.	Compliance of economic and social regulations Occupational safety and health Diversity and equal opportunity Economic performance Employment	Official correspondence	Immediate	Correspondence
			MOPS	Immediate	http://mops.twse.com.tw/mops/web/index
			Company website	Immediate	http://www.primax.com.tw/index.aspx
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of completed and recovered questionnaires
 Non-profit organizations	Non-profit organizations are independent third parties that assist government authorities and businesses in various sustainability issues. By communicating and collaborating with non-profit organizations, Primax hopes to contribute efforts to these issues.	Compliance of economic and social regulations Customer health and safety Customers' privacy Forced or compulsory labor Occupational safety and health	Phone interview	Once a year	Phone interview records
			Face to face interview	Once a year	Interview records
			CSR mailbox: CSR@primax.com.tw	Immediate	E-mail
			Questionnaire survey for degree of concern on CSR material topics	Once a year	Analysis of completed and recovered questionnaires

Stakeholders' inquiries and complaints

A "Stakeholders" section has been created on the website while a mailbox (CSR@primax.com.tw) has been provided exclusively to communicate with stakeholders on any doubts, suggestions or even complaints they may have for Primax Electronics on any issue. This open communication ensures timely response, communication and sound interaction with stakeholders. Primax Group encountered no grievance concerning environmental or customer affairs in 2018.

Internally, employees are entitled to report any violation of law or the code of conduct to the head of department, the human resource department, the legal department, or to email addresses: impeach@primax.com.tw or ER.HR@primax.com.cn. All above reporting channels have been made accessible on the Company's intranet. For employees' protection, the names and identities of informants and investigators are kept strictly confidential. As an encouragement for voicing out, the Company rewards informants a minimum of NT\$1,000 or equivalent for reporting misconducts that are proven to be true. If the reported misconduct is proven to be beneficial to the



1. Relentless leader in sustainable practices

Company and helps reduce losses, the informant may be rewarded an equivalent of NT\$3,000 or above plus a merit of equivalent weight. Employees are encouraged to seek advice and assistance from a line manager, the human resource department, or the legal department if they are unsure whether a behavior constitutes a violation against laws, policies, or internal rules. Primax Group encountered no grievance concerning employees' ethics and integrity in 2018.

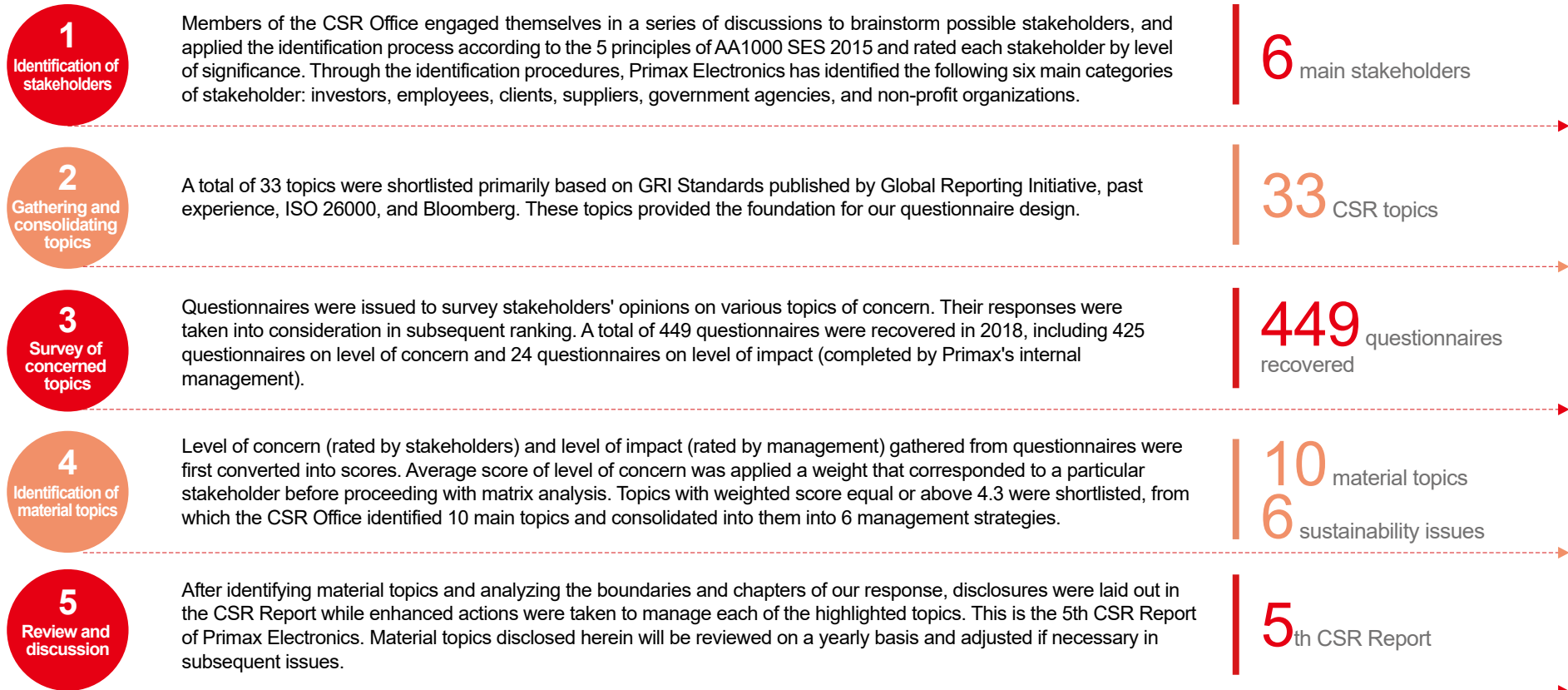
Office location	Grievance channels	Grievance cases and progress	
		Case count and details	Progress and prevention measures
Primax Electronics	Internal channels: <ul style="list-style-type: none"> • impeach@primax.com.tw • ER.HR@primax.com.cn • or report to department head, human resource department, and legal department • Regular communication meetings, labor-management meetings, welfare committee meetings or union proposals • "Line@ account," "Wechat account" 	Taipei Headquarters: 0 Plants in China: employees raised a total of 29 recommendations through unions; 18 of which were accepted	Taipei Headquarters: 0 Plants in China: 100% of recommendations raised by employees through unions were improved upon
Primax Electronics	External channels: <ul style="list-style-type: none"> • Grievance hotline: +886-2-27989008 ext: 1046 • Email: tina.lee@primax.com.tw • CSR mailbox: CSR@primax.com.tw 	Taipei Headquarters: 0 Dongguan Primax: 0 Chongqing Primax: 0 Kunshan Primax: 0	Any complaint received from an external party will be assigned to relevant departments depending on the nature of the case involved; alternatively, the Company may assemble a special unit to respond and make improvements within a specified timeframe
Tymphony	Internal channels: <ul style="list-style-type: none"> • Grievance channels for employees: Violation and sexual harassment grievance hotline - 31995 and mailbox - 31995@umc.com • CSR mailbox: csr@umc.com • E R (employee care) hotline: 12885 • Fraud and unethical conduct reporting mailbox: whistleblower@umc.com (The mailbox will automatically forward mails to the Audit Committee and to level-1 managers of the Audit Office, the Human Resources Department and Intellectual Property Rights Division). 	A total of 21 grievances concerning work hours, corporate activities, employee training and employee welfare were raised by employees.	All of which have been responded with improvement measures implemented
	External grievance hotline: <ul style="list-style-type: none"> • 0800-024-399 (toll-free) • CHO MailBox • Information security and confidentiality-related: Infosec@umc.com • Grievance hotline: 03-5782258 ext: 31425 	Huizhou Tymphony: 0 Dongguan Tymphony: 0 Dongcheng Tymphony: 0	Any complaint received from an external party will be assigned to relevant departments depending on the nature of the case involved; alternatively, the Company may assemble a special unit to respond and make improvements within a specified timeframe



1.3 Management of material topics

Primax Electronics has adopted materiality analysis according to the reporting guidelines in its preparation of the 2018 CSR report. Through systematic analysis, the Company hopes to identify material sustainability issues that are of concern to stakeholders, and make relevant disclosures in this report as a means of effective communication, thereby facilitate ongoing improvement of sustainability performance. A 5-step materiality analysis was used to determine sustainability topics for this report.

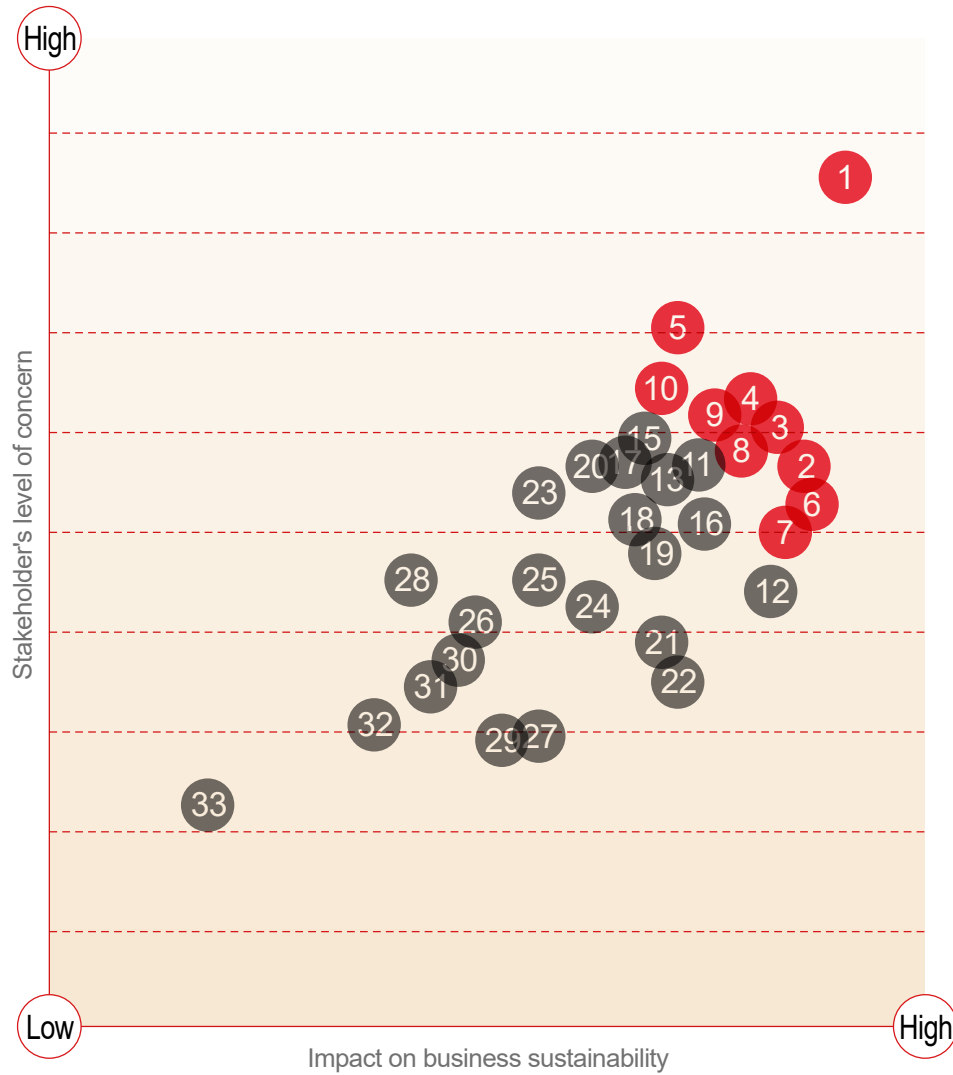
Steps of CSR materiality analysis





1. Relentless leader in sustainable practices

Material topics matrix



1. Compliance of economic and social regulations	12. Forced or compulsory labor	23. Material
2. Anti-corruption	13. Non-discrimination	24. Anti-competition
3. Occupational safety and health	14. Supplier social assessment	25. Indirect economic impacts
4. Economic performance	15. Child labor	26. Water
5. Customer health and safety	16. Supplier environmental assessment	27. Human rights assessment
6. Effluent and waste	17. Labor-Management Relationship	28. Local communities
7. Compliance of environmental protection laws	18. Diversity and equal opportunity	29. Security
8. Employment	19. Marketing and Labeling	30. Procurement practice
9. Energy	20. Market presence	31. Rights of indigenous people
10. Emission	21. Freedom of association and collective bargaining	32. Biodiversity
11. Customers' privacy	22. Training and Education	33. Public policies

Note: Material topics are highlighted in pink



1. Relentless leader in sustainable practices

Management approach	Significance	GRI material topic	Boundary of value chain impact of the material topic											Corresponding chapter/page
			Within the organization							Outside of the organization				
			Primax Electronics				Subsidiaries			Upper-stream		Downstream		
			Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Huizhou Tymphony	Dongguan Tymphony	Dongcheng Tymphony	Suppliers	Contractors	Clients	Consumers	
Integrity, discipline and compliance	Primax Electronics upholds "integrity" at the core of its business practices. In addition to complying with laws, the Company also requires all its employees to uphold integrity, credibility and discipline in all commercial activities, and thereby facilitate future business growth.	Compliance of economic and social regulations	•	•	•	•	•	•	•					2.1 Full empowerment and responsible governance P31 3.3 Partnering towards a sustainable supply chain P74
		Anti-corruption	•	•	•	•	•	•	•	•				
Safe and healthy workplace	Primax never compromises on employees' safety. We believe that only a healthy and safe work environment is able to support a healthy, secured and happy work force, which in turn improves loyalty and output.	Occupational safety and health	•	•	•	•	•	•	•	•	•			4.4 4.4 Eliminating hazards P109
Consistent operations	Maintaining corporate competitiveness and stable work environment are the keys to sustainability.	Economic performance	Entities included in the consolidated statements of Primax Electronics										2.4 Continuous revenue growth P43	
Green production management	Environmental issues have always been critical to electronics manufacturers. Through risk management practices, Primax Electronics has anticipated potential changes in GHG regulations due to climate change, and considers them to be of material impact on operations.	Effluent and waste	•	•	•	•	•	•	•	•	•			3.1 Green production - the ultimate goal P53 3.3 Partnering towards a sustainable supply chain P74
		Compliance of environmental protection laws	•	•	•	•	•	•	•	•	•			
		Energy	•	•	•	•	•	•	•	•	•			
		Emission	•	•	•	•	•	•	•	•	•			



1. Relentless leader in sustainable practices

Management approach	Significance	GRI material topic	Boundary of value chain impact of the material topic											Corresponding chapter/page
			Within the organization							Outside of the organization				
			Primax Electronics				Subsidiaries			Upper-stream		Downstream		
			Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Huizhou Tymphony	Dongguan Tymphony	Dongcheng Tymphony	Suppliers	Contractors	Clients	Consumers	
Green product management	We consider delivering products that are of high quality, safety and free of hazard to consumers to be critical to meeting customers' requirements, and form an essential part of our corporate social responsibilities.	Customer health and safety	•	•	•	•	•	•	•	•				3.2 Quality management and green product at source P67
Fair and friendly workplace	We strive to create a sound work environment where employees may work with passion and grow over time, and contribute back to corporate performance. We consider it to be the foundation for corporate sustainability.	Employment	•	•	•	•	•	•	•	•				3.3 Partnering towards a sustainable supply chain P74 4. People-oriented value P78

Note: "•" denotes a material topic that has relatively greater impact on the supply chain

In addition to disclosing stakeholders' concerned issues and policies on material topics, Primax also responds to the United Nation's Sustainable Development Goals (SDGs). After discussion among members of the CSR Office, we were able to identify SDGs and sub-goals that are relevant to Primax and take corresponding actions. The SDGs should largely determine Primax's future sustainability strategies and actions. Please see "3. Green management and partnership" and "4. People-oriented value"





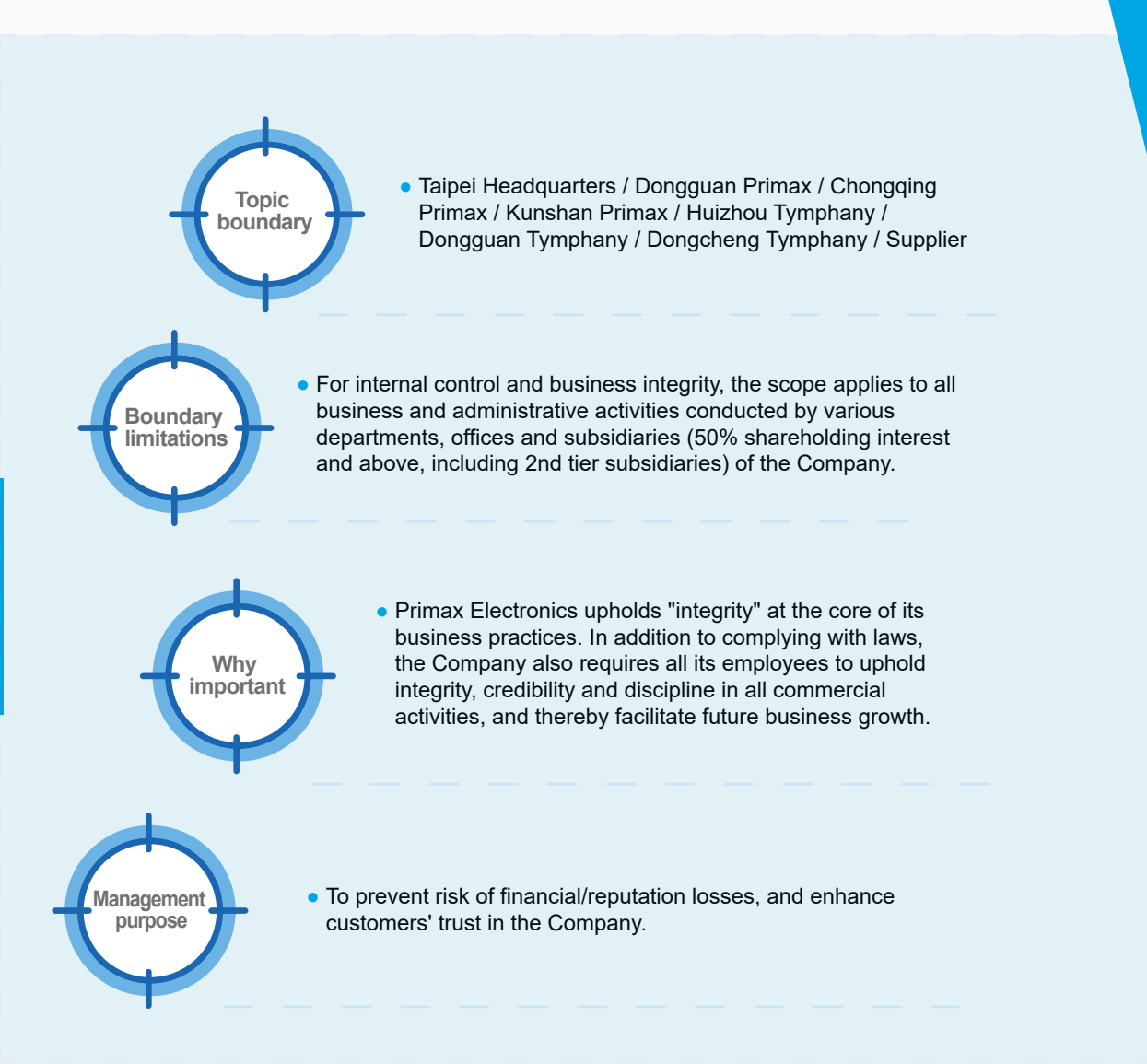
Discipline and compliance Consistent operations

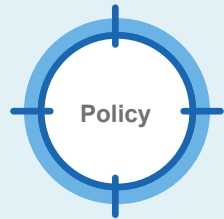


Responsibility management through integrity

Integrity, discipline and compliance

GRI Material topic	Anti-corruption, compliance of economic and social regulations
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- We have implemented a set of "Primax Electronics Integrity Policy" based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and "Corporate Governance Self-evaluation Criteria" developed by TWSE Corporate Governance Center to enforce business integrity from the top-down.

- The Company specifically prohibits offering and acceptance of improper gains and lobbying. Meanwhile, political donations, charitable donations and sponsorships are subject to comply with the stated procedures. The Company also requires integrity assessment procedures to be undertaken by suppliers before establishing business relationship. The Company avoids dealing with dishonest counterparties, and includes integrity clauses in business contracts signed with others.



- Enhance board functionality for protection of shareholders' interest.
- Comply with laws.



- Supervised by functional committee that reports to the board of directors.
- Each business department is required to follow the internal control system and conduct self-assessments accordingly.



- 100% of new Primax Group employees were subjected to integrity and ethics training.
- A Nomination Committee was established to enforce nomination review standards and procedures.
- Electronic voting has been adopted in shareholder meetings, whereas a candidate nomination system has been adopted for all director elections.
- A total of 10 board of directors meetings were held in 2018; average attendance rate of directors was concluded at 87.06%.
- 100% of the Company's directors have completed the mandatory training hours in 2018, and complied with the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."
- The operation audit unit had completed inspection of all internal departments according to the 2018 internal inspection plan.
- Primax Electronics has been able to improve its Corporate Governance Evaluation ranking from the 21~35% tier in 2015 and 2016 to the top 5% tier in 2017, and settled in the 6~20% tier in 2018.
- The board of directors and the management review self-assessment results of individual departments on a yearly basis, and the internal audit department's audit reports on a quarterly basis.
- Effectiveness of internal control system is determined with the opinion of more than half of Audit Committee members, and is subject to board resolution.





2.1 Full empowerment and responsible governance

Corporate governance framework

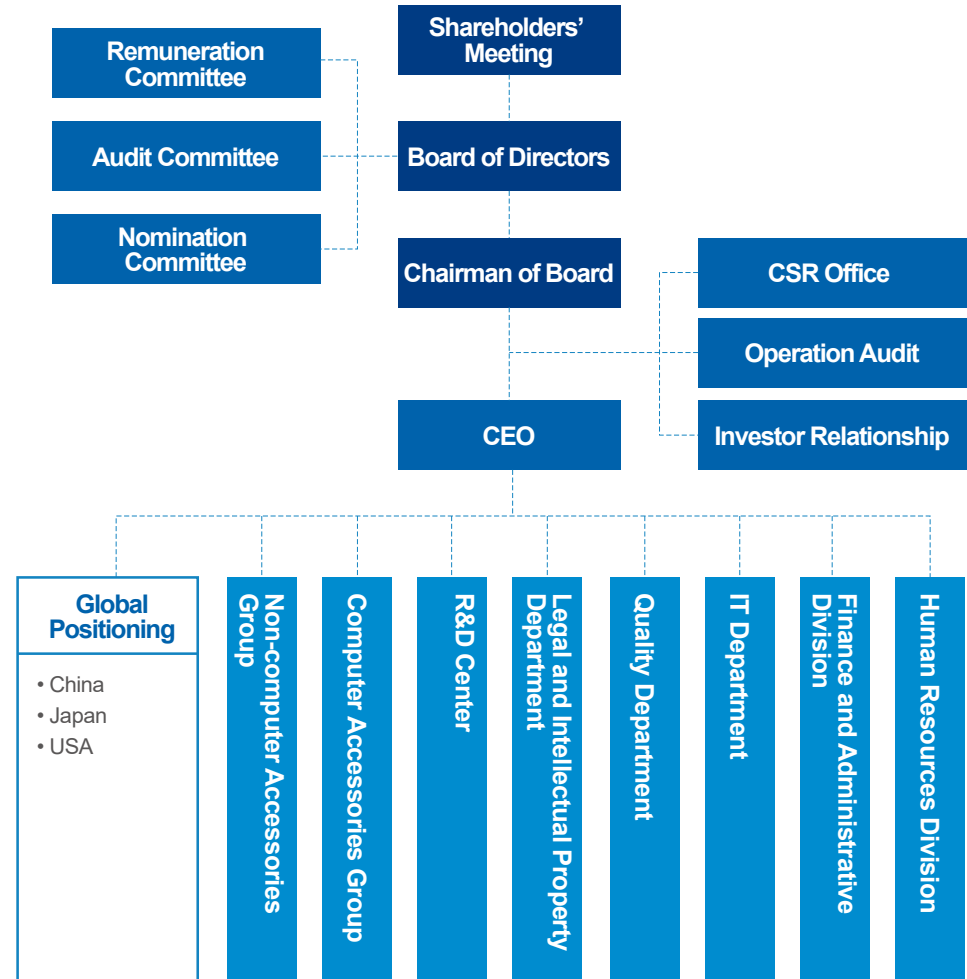
The board of directors of Primax Electronics has long adopted high standards of corporate governance, even higher than what some laws require, as the foundation of its operations. This high level of corporate governance ensures the efficiency of board functions, protects shareholders' interests, and provides the critical foundation to the Company's sustainability.

To further enhance the structure and functionality of the board of directors, functional committees including a Remuneration Committee, an Audit Committee and a Nomination Committee (March 7, 2017) have been assembled under the board of directors. Together, they assist the board in various responsibilities. The size, term, responsibilities and conference rules of Audit, Remuneration and Nomination Committees are governed by "Primax Electronics Audit Committee Foundation Principles," "Primax Electronics Remuneration Committee Foundation Principles," and "Primax Electronics Nomination Committee Foundation Principles," which are available at the Company's website and on MOPS. Details of committee activities have been disclosed in "P19~P33 of the 2018 Annual Report."

Composition of the board of directors

Board members at Primax Electronics are chosen through nomination and elected by all shareholders in a transparent, electronic voting session. All members possess adequate capacity, knowledge and experience to accomplish the required duties and obligations. All directors have placed the Company's and shareholders' long-term interests at the top of their priority, and formulated strategies in an objective manner. The board of directors convenes meetings at least once per quarter. A total of 10 board meetings were held in 2018 with an average attendance rate of 87.06%.

The board of directors of Primax Electronics comprised 9 seats in 2018 (including 3 independent directors), all of whom serve a term of three years. Director/General Manager Yang, Hai-Hung resigned on October 1,





2018 due to personal reasons, and the General Manager role was succeeded and concurrently undertaken by Chairman Raymond Liang. The one open seat of director is scheduled to be elected during the annual general meeting dated June 18, 2019, at which time the director position will be changed into independent director to enhance board functionality while the Chairman concurrently assumes the role of General Manager.

Amongst the 8 directors currently on the board, 2 of whom were in the 71~80 age group and 6 were in the 61~70 age group. The board is already considered diversified in terms of age distribution, and is currently undergoing transition into new generation. However, given the fact that the board still lacks a female member, the Company expects to nominate a female candidate when by-election is held during the 2019 annual general meeting to increase the diversity of its board members.

Introduction to board members

Title	Name	Gender	Major Experience/Education Background	Position(s) concurrently held in the Company or other companies	Remarks on board meeting attendance rate
Director/ General Manager	Raymond Liang	Male	Major in Business Administration, Tamkang University Chairman of Primax	Primax Tech.(Cayman Holding) Ltd. Director, Polaris Electronics, Inc. Director, Destiny Tech Holding Co., Ltd. Director, Primax Ind.(Cayman Holding) Ltd. Director, Primax Ind (HK) Ltd. Director, Chairman of Beijing Destiny Electronic Technology Corporation, corporate director representative of Diamond (Cayman) Holdings Ltd., corporate director representative of Tymphony Worldwide Enterprises Ltd., Director of Alpine Asia Investment Limited, Director of Gratus Technology Corp. Director of Tymphony Logistics, Inc. (Cayman) Holdings Ltd.	100%
Director/ General Manager	Yang, Hai-Hung	Male	Master of Mechanical Engineering, University of Texas General Manager of Products Division of Primax Electronics	Primax Ind.(Cayman Holding) Ltd. Director, Polaris Electronics, Inc. Director, Primax Tech.(Cayman Holding) Ltd. Director, Primax Ind (HK) Ltd. Director, legal representative and managing director of Primax Electronics (KS) Corp., Ltd., legal representative and managing director of Primax Electronics (Chong Qing) Corp., Ltd., Director of Beijing Destiny Electronic Technology Corporation, corporate director representative of Tymphony Worldwide Enterprises Ltd., corporate director representative of Global Tek Fabrication Co., Ltd., Director of Campbell Technology Corporation, and Director of Gratus Technology Corp. (Cayman) Holdings Ltd.	77.8% Resigned on 2018/10/1, 9 meetings were held during active duty.
Director	Yang, Chi-Ting	Male	MBA, University of South California, U.S. Chief Auditor, Chailease Finance Co., Ltd.	Chairman and President of Chailease Auto Rental Inc., Chairman and President of Apex Credit Co., Ltd., Supervisor of Fina Finance & Trading Co., Ltd, Chairman of ASK, and Chairman of Bangkok Grand Pacific Lease Public Co., Ltd.	80%
Director	Pan, Yung-Chung	Male	Major in Electronic Engineering, Feng Chia University General Manager of Business Department, Primax	Primax Ind.(HK) Ltd. Director, Primax Tech.(Cayman Holding) Ltd. Director, Primax Ind.(Cayman Holding) Ltd. Director, Director/ Legal Representative of Tymphony Worldwide Enterprises Ltd., Director of Tymphony HK Ltd., Director, Director and General Manager of Tymphony Acoustic Technology(Huizhou) Co., Ltd, Executive Director and General Manager of Dongguan Tymphony Acoustic Technology Co., Ltd., Executive Director and General Manager of Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd., Director of Tymphony Acoustic Technology HK Limited, Director of Tymphony Acoustic Technology Limited, Director of Gratus Technology Corp., and Director of ALT International Co., Ltd	90%
Director/ General Manager of Business Department	Pan, Yung-Tai	Male	Major in Mechanical engineering, Chung Yuan Christian University General Manager of Business Department, Primax	Corporate director representative of Tymphony Worldwide Enterprises Ltd., Vice Chairman of Tymphony Acoustic Technology Limited, and Director of ALT International Co., Ltd.	90%



2. Discipline, compliance and consistency

Title	Name	Gender	Major Experience/Education Background	Position(s) concurrently held in the Company or other companies	Remarks on board meeting attendance rate
Director	Sunshine Coast Services Limited	-	-	-	100% Onboard since 2018/5/30, 5 meetings were held during active duty.
	Representative: Chen, Chieh-Chi	Male	EE, Master of Science, Illinois Institute of Technology	Chairman of ALT International Co., Ltd, Director of ALT International Co., Ltd, Chairman of De Amertek Technology, Chairman of Advanced Leading Technology Co., Chairman of Advanced Micro Electronics Co., Ltd., and Chairman of Advanced Leading Technology Co.	
Director and Vice General Manager	Tsao, Chung-Feng	Male	EMBA, National Taiwan University Vice General Manager of Primax Electronics	Group Operations Vice General Manager of Belfast Limited	80% Service ended on 2018 / 5 / 30, 5 meetings were held during active duty.
Independent Director	Ku, Tai-Chao	Male	Bachelor of Business, Law School, National Taiwan University Vice President, Taiwan Securities Exchange	None	70%
Independent Director	Wei, Yung-Tu	Male	MBA, University of Georgia President of Deloitte Taiwan	Cathay Financial Holdings Co., Ltd. - Independent Director, Cathay United Bank Company Limited - Independent Director, Synnex Technology International Corporation - Independent Director, Far Eastern Department Stores Co. Ltd. - Independent Director, MiTAC Holdings Corporation - Corporate director representative, Vanguard International Semiconductor Corp. - Director, Chilisun Electronic Corp. - Corporate supervisor representative, Iron Force Industrial Co., Ltd. - Director, Yung Chin Enterprise Co., Ltd. - Chairman, Jamicon Corporation - Corporate supervisor representative.	100% Service ended on 2018/5/30, 5 meetings were held during active duty
Independent Director	Cheng, Chih-Kai	Male	Graduate School of Management Science, National Chiao Tung University Senior Vice President, Synnex U.S.,	Crown Bioscience Inc. - Director, Eureka Therapeutics (California) - Director, B Current Impact Investment Inc. - Chairman, Social Enterprise Insights - Director, Gaatu Holding - Director, H3 Platform - Director, B Current 2 Impact Investment Inc. - Chairman. Director of Eureka Therapeutics (California), Chairman of B Current Impact Investment Inc., Director of Social Enterprise Insights, Director of H3 Platform, Chairman of Living Spring 2 Impact Investment Inc., and Partner of Acorn Pacific Ventures.	90%
Independent Director	Wu, Chun-Pang	Male	MBA, University of Missouri, U.S. President, Taiwan Branch, Deutsche Bank	Director of Far Eastern International Commercial Bank.	100% Onboard since 2018/10/25, 1 meeting was held during active duty.



Directors' ongoing education

To improve performance of board members, the Company arranges training courses in accordance with "Primax Electronics Corporate Governance Principles" and rules of the authority on economic, environmental and social topics including: finance, risk management, business, commerce, accounting, law, corporate governance, integrity, ethics, and corporate social responsibilities. In doing so, we hope to assure the adequacy of board members' values, professionalism and capabilities. Director training courses totaled 18 enrollments and 54 hours in 2018. All directors have 100% complied with requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Re-elected directors are required to undergo 6 hours of training during term of service, while newly elected directors are required to undergo 12 hours of training. Details of directors' training are available in "P27~28 of the 2018 Annual Report."

Furthermore, a total of 3 board members (38%) were subjected to anti-corruption courses including: "Director and Supervisor Duty in Risk Management and Crisis Resolution," "Case Studies on Directors'/Supervisors' Breach of Trust and Special Breach of Trust" and "Case Study and Prevention of Common Financial Fraud and Scam."

Directors' remuneration

A Remuneration Committee has been created directly under the board of directors in accordance with "Primax Electronics Remuneration Committee Foundation Rules" to review remuneration policies, systems, standards and structures, and to approve and evaluate performance target for all directors, executives, and managers. None of the committee members undertook concurrent role within the Company during their service.

Directors' remuneration is paid according to the Company's Articles of Incorporation. Executives and managers are remunerated with a combination of fixed salary, year-end bonus, and variable bonuses determined based on yearly performance results. Fixed salary is set at a level deemed competitive within the industry, whereas variable bonus is calculated in the beginning of each year based on a number of factors including the overall business environment, company growth, performance targets and weights, and how these targets are accomplished. These sums are reviewed by the Remuneration Committee and

executed with the approval of the board of directors. The Company may issue stock options, restricted shares or use other incentives of material effect to retain managers that exhibit long-term potentials. These incentives are also reviewed by the Remuneration Committee and executed with the board's resolution.

Board performance evaluation

For sound corporate governance and improvement of board functionality, Primax Electronics has implemented a board performance evaluation policy since November 10, 2016 and disclosed it on the corporate website and MOPS. According to the policy, the Company is required to conduct internal board performance evaluation at least once a year, and engage an independent institution or expert team from outside the organization to conduct evaluation at least once every three (3) years. Performance evaluation for the current year needs to be completed by no later than the end of the year.

The evaluation covers not only the board's overall performance, but the performance of individual members and functional committees as well. Performance evaluation is conducted by way of board internal self-assessment, individual members self-assessment, or other methods deemed appropriate. Outcome of the evaluation is rated using a 5-grade scale: Excellent, Good, Adequate, Improvement Needed, and Major Improvement Needed. Evaluation results will also be reported to the board of directors for review and improvement. Results of individual member assessment are completed before the 1st board meeting of the following year, and will serve as reference when electing directors or nominating independent directors.

At the end of 2018, the Shareholders Service Department issued questionnaires to evaluate board performance, performance of individual board members, and performance of functional committees including the Audit Committee and Remuneration Committee. Outcome of the survey was reported during the board of directors meeting held on January 22, 2019, and the directors gave an average score between 4 (agree) to 5 (highly agree), meaning that they were satisfied with the current performance of the board and functional committees.



2. Discipline, compliance and consistency

Performance evaluation criteria

Assessed subject	Board of Directors	Director members	Audit Committee	Compensation Committee
Aspect of assessment	<ul style="list-style-type: none"> (1) Construction of a Board with efficacy. (2) Effective operation of the Board. (3) Professional development and continuing educations. (4) Vision of the company. (5) Fulfillment to the duties. (6) Management of the operating level. (7) Creation of the corporation culture. (8) Communications to the stakeholders. (9) Performance assessment 	<ul style="list-style-type: none"> (1) Comprehension of the Company's targets and missions. (2) Awareness of the authorities and duties as a director. (3) Professional development and continuing educations. (4) Fulfillment to the duties. (5) Engagement to the operation of the Company. (6) Internal relationship management and communications. 	<ul style="list-style-type: none"> (1) Construction of an Audit Committee with efficacy. (2) Effective operation of the Audit Committee. (3) Professional development and continuing educations. (4) Fulfillment to the duties. (5) Establishment of the complaint channel. (6) Relationship with the Board (7) Performance assessment. 	<ul style="list-style-type: none"> (1) Construction of a Compensation Committee with efficacy. (2) Effective operation of the Compensation Committee. (3) Professional development and continuing educations. (4) Fulfillment to the duties. (5) Relationship with the Board (6) Performance assessment.
Assessment criteria	89	27	88	54

Suggestions have also been made with respect to areas of improvement, including the addition of female independent directors to the board for diversity and enhanced corporate governance in 2019, which may be accomplished by increasing the size of independent directors. The Company has accepted the suggestion and expects to elect one female independent director during the 2019 annual general meeting. For more details on board performance, please see "P22~ P24 of the 2018 Annual Report" and the Company's website.

Avoidance of conflicting interests

The Company has a set of "Directors Ethical Code of Conduct" in place that strictly enforces avoidance of conflicting interests. According to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," directors are required to disassociate from discussion and voting of decisions that pose conflict between their own interests and interests of the Company. They are also prohibited from exercising voting interest on behalf of other directors on conflicting-interest decisions. All of the Company's directors are highly disciplined in their conducts, and have managed to disassociate themselves from agendas that present conflicting interest. For more disclosures regarding avoidance of conflicting interests by the highest governance body, please refer to the corporate governance chapter in "P19~P20 of the 2018 Annual General Meeting Report."



Enhancing board functionality
Improving corporate governance

► **Assembled Nomination Committee + strong ranking in corporate governance evaluation**

Primax's efforts to improve board functionality and management are being carried out in six main directions: "Effective corporate governance framework," "Protection of shareholders' interests," "Board empowerment," "Empowerment of functional committees," "Attention to stakeholders' interest," and "Information transparency." Primax's attention to corporate governance is evident in the attempts it has taken to improve board efficiency/diversity and support the government's governance initiatives.

The Company assembled a "Nomination Committee" in March 2017 in accordance with "Primax Electronics Nomination Committee Foundation Principles." The committee has 5 members including the Chairman, the General Manager, and 3 non-managing directors (including at least 2 independent directors) recommended by the board of directors. If the Chairman concurrently serves as the General Manager, the board of directors will recommend one senior manager to the committee.

Director/General Manager Yang, Hai-Hung resigned on October 1, 2018 due to personal reasons, and the General Manager role was succeeded and concurrently undertaken by Chairman Liang, Li-Sheng. Members of Primax's Nomination Committee in 2018 are as follows:

List of Primax Electronics Nomination Committee members



Job role	Name	Gender	Academic and career background
Convener	Raymond Liang	Male	Department of Business Administration, Tamkang University / Chairman of Primax Electronics
Member	Yang, Chi-Ting	Male	MBA, University of Southern California / Chief Auditor of Chailease Holding Company Limited
Member	Ku, Tai-Chao	Male	Bachelor of Law, National Taiwan University / Vice President of Taiwan Stock Exchange Corporation
Member	Cheng, Chih-Kai	Male	Postgraduate Institute of Management Science, National Chiao Tung University / Senior Vice President of Synnex USA

Main responsibilities of the Nomination Committee are to search for suitable director and senior manager candidates, propose a list of nominees for the Company's directors, General Manager, CEO, CFO, and directors and supervisors of subsidiaries, perform preliminary review on the list of candidates recommended by shareholders or the board for eligibility, education, career background and conditions listed in Article 30 of The Company Act, and report review results and recommended candidates to the board of directors. The committee also reviews the eligibility of nominees on a yearly basis or at times deemed necessary, and recommends replacement to the board of directors. The committee convenes meetings at least twice a year. A total of 5 meetings were held in 2018, and average attendance rate of committee members was concluded at 88%.

Furthermore, owing to the efforts and contribution of employees and board members, Primax Electronics has performed exceptionally in the Corporate Governance Evaluation organized by Financial Supervisory Commission, and was able to improve its ranking from the 21~35% tier in 2015 and 2016 to the top 5% tier in 2017, and settle in the 6~20% tier in 2018.





2.2 Compliance - the ultimate guiding principle

Robust internal control system

We believe "integrity, credibility and compliance" to be the foundation for sustainable business, which is why we have enforced external regulations in all of our business activities to ensure honest, transparent and responsible management. To enforce corporate governance and self-monitoring, Primax Electronics has developed an internal control system based on operating activities of the Company and subsidiaries and Regulations Governing Establishment of Internal Control Systems by Public Companies that incorporates five main elements: "Environment control," "Risk assessment," "Activity control," "Information and communication," and "Supervision."

The Company also has an operation audit unit and personnel available to ensure the effectiveness of internal control system in accomplishing the Company's operational goals, and the effectiveness of self-inspection practices across all units. Primax's Chairman serves as the convener of this unit and is fully empowered to inspect and evaluate the internal control system for defects and efficiency. In doing so, we ensure that design and implementation of the system continue to remain effective in helping the board of directors and the management fulfill their duties and supporting sound corporate governance practice.

The operation audit unit had completed inspection of all internal departments according to the 2018 internal inspection plan. Departments are being required to make improvements to the various defects highlighted during inspection, whereas the chief auditor engages independent directors in meetings at least once per quarter to report the current progress of internal audit and control, and reply to whatever queries that independent directors may have. Each independent director is constantly updated on internal audit issues, and may call meetings or contact the chief auditor by phone at any time under exceptional circumstances.

Integrity, credibility, and compliance

Primax Electronics has implemented a set of "Business Integrity Procedures and Behavioral Guidelines" that emphasizes integrity in business dealings. Employees are prohibited from accepting inappropriate gains or engaging in improper competition, and are required to enforce information transparency, respect intellectual property rights, protect the privacy of every business partner, and act responsibly when procuring supplies. The Company protects informants and has many different communication channels in place that allow employees to voice out freely without fear of retaliation. The Company contributes to cultural development and cares for the socially disadvantaged; it is actively involved in charity and constantly strives for improvement and compliance as a means of fulfilling social responsibilities.

Furthermore, the Company's "Work Rules" and "Employee Code of Conduct" require all employees to comply with laws and ethical guidelines when performing business activities, whereas suppliers and business partners are bound to sign a "Supplier Statement" in order to create a fair, honest, trustworthy and transparent trade environment.

Meanwhile, positions of special nature including but not limited to procurement, quality control, administration, warehousing and raw material control are rotated on a regular basis. The Company has a job rotation panel available to determine which positions are subject to rotation and how the rotation should be arranged. The panel announces its rotation guidelines in the beginning of each year, the Human Resources Department then follows and coordinates job rotation across departments, and produces an "Annual Job Rotation Plan" detailing the positions and the personnel involved for review by the panel. This practice works in favor of reducing risks of improper gain, and keeps the organization active at the same time.



Compliance with fair trading

The Company competes fairly and honestly by leveraging its ability to provide exceptional goods and services.

Individual moral standards

All conduct must be based upon integrity and respect; acts of violence/discrimination/sexual harassment/fraud/deception are strictly prohibited.

Rules on gifts and treatments

Employees are prohibited from accepting cash kickbacks, gifts, vouchers and improper gains or any kind.

Avoidance of conflicting interests

Employees must not abuse their job authorities to seek gains for self or for any third party.

Whistleblowing and disciplinary principles

Integrity and respect are the basic principles that all employees are bound to adhere. Violators will be subject to disciplinary actions, and employees are encouraged to report misconducts in this regard.

Protection of business secrets

Business secrets are key to the Company's competitiveness, and therefore must be protected against infringement or improper disclosure.



Employee code of conduct

Business integrity training

Primax Electronics organizes communication meetings, promotional videos and fun activities each year to convey integrity values in a comprehensive yet easily understandable manner. The Company also arranges for employees to undergo anti-corruption training.

Currently, all new recruits are required to undergo 8 hours of orientation within the first month onboard, which includes a 1-hour introduction to business integrity and ethics. Primax received a total of 12,214 new recruits in 2018 and delivered 12,214 hours of integrity/ethics training, which covered 100% of new recruits. Training for existing employees are still in the planning stage, and the Group plans to introduce online courses as a means of training. Meanwhile, Huizhou Tymphony arranged a 1-hour RBA basic training for a total of 1,342 employees in 2018, including 542 indirect staff and 800 direct staff, which represented 70% of Huizhou Tymphony's total employee count. 1,342 hours of RBA basic training were delivered by Huizhou Tymphony in 2018.

Compliance of economic and social regulations

Primax Electronics has taken the path of sustainability in all its business activities. The Company observes the Fair Trade Act, competitive regulations, TWSE/TPEX rules and laws on commercial conducts as the fundamental principles for business integrity. The Group encountered 1 count of violation against social/economic regulations in 2018. The following is a list of improvements and precautions made in response:

Overview of compliance with economic and social regulations by Primax Electronics

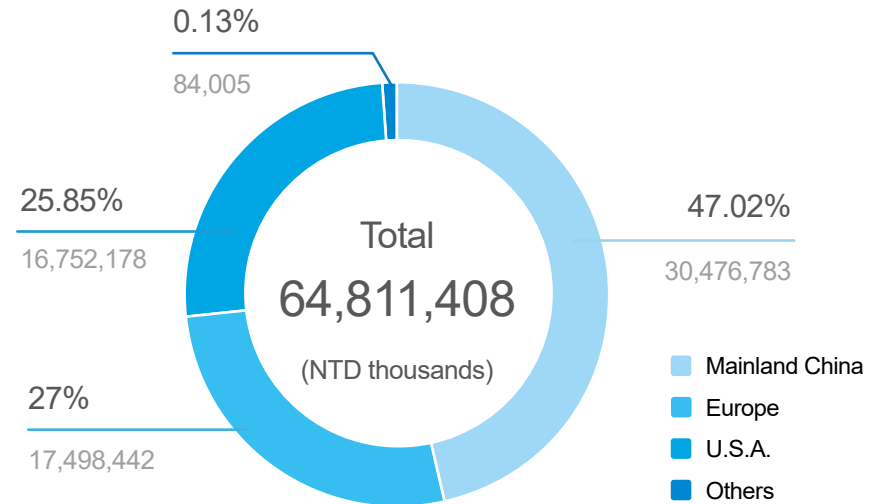
Time	Case description	Penalties	Improvements and precautions
2018/5/15	Primax Group's overseas subsidiaries, Tymphony Worldwide Enterprise Ltd. and Diamond (Cayman) Holding Ltd., violated Subparagraph 1, Paragraph 1 and Paragraph 5, Article 30 and Paragraph 1, Article 33 of "Acquisition and Disposal Guidelines"	Financial Supervisory Commission Securities and Futures Bureau Fined NT\$240,000	Enhanced measures have been taken to train group subsidiaries on the timing and circumstances of material information release. By helping overseas subsidiaries familiarize with regulations in Taiwan, the Group should be able to avoid violations in the future.



2.3 Trend-capturing and consistent operations

Primax Electronics is a world-class ODM of I/O equipment and consumer electronics. We specialize in integrating and producing complex products, such as advanced mice and keyboards, multifunctional printers, cellphone camera modules, automobile camera modules, smart speakers and acoustic products. The Group sells its products mainly to world-renowned brands. It has developed strong business relationship with upstream and downstream partners, and is recognized as an important business associate by the major brands it works with. The Group also collaborates with its customers on the research, development, design and manufacturing of various products, accessories and components.

The Group's two core product categories are computer accessories and non-computer accessories. Computer accessories is a relatively mature industry, and its applications are no longer limited to conventional computers, but are expanding towards new high-end technologies such as touch control, voice control, hand gesture, wearable devices and e-sports. Non-computer accessories, on the other hand, focuses development efforts on capturing market trends and consumers' needs particularly with regards to cloud computing, mobile device, Smart Home and Internet of Things. The Group's existing product strength also gives it a strong position in exploring applications in the field of automobile electronics.



Revenue weight	Production volume (thousands)	Category	Product	Development focus	
33%	71,481	Computer accessories	Mouse, keyboard, stylus, game controller, presentation remote, pen tablet	High-end e-sports, AR, VR	
67%	202,409	Non PC Peripheral Products	Mobile device components	Camera module, fingerprint module	High resolution, high sensitivity, fast focus, image stabilization, thin form factor, auto focusing, dual lens
			Office machines	Scanner, printer, all-in-one equipment, cashier, webcam	High-speed multifunctional all-in-one module, mobile printer
			Smart Home and acoustics	Speaker, sound system, earphone, NAS (network-attached storage), wireless thumbdrive, wireless hard drive	Wireless high-speed storage, smart sound system
			Wearable device	Sports watch, smart watch	Thin form factor, long battery life



2. Discipline, compliance and consistency

In terms of business strategy and product planning, the Group will continue to focus on growing overall revenues and optimizing the product portfolio. As Industry 4.0 emerges, the Group will adopt new technologies such as smart manufacturing and increase R&D spending into the development of new products and technologies to support future operations and secure the Company's competitive advantage. R&D expenses totaled NT\$2,664,477,000 in 2018, which represented 4.11% of operating revenues.

R&D results of Primax Group in 2018

R&D results of Primax Group in 2018	
Design and development for matrix micro-phones comprising various microphone mixes	Design and development for compounded mechanical keyboards
Design and development for array speakers	Design and development for new generation high speed wireless signal input design, 15 Qi-certified quick charging wireless pad for Samsung and iPhone
Design and development for structured light face recognition modules	
Design and development for depth recognition modules	Design and development for 1-15W wireless chargers for head-sets, wearable devices, and intelligent shoes
Design and development for ultra-mini packaging camera modules	Design and development for 15W wireless charging modules with quick charge for iPhones
Design and development for triple camera varying focuses modules	Design and development for 15W wireless charging pads/docks with quick charge for iPhones
Design and development for triple camera modules for cars	Design and development for 15W wireless charging car racks with quick charge for iPhones
Design and development for new generation of A3 DADF scanners	Design and development for 15W wireless smart charging car racks with quick charge for iPhones
Design and development for mini LED multi-color backlighting modules for keyboards	Design and development for 60W~120W high power wireless chargers



Mouse



Game controller



AR/VR



Multi-function printers



Mobile printing



Gaming keyboard



Action videography



Acoustics (Tympany)



2. Discipline, compliance and consistency

Customer satisfaction

Primax Electronics is persistent in delivering high-quality products and services, and dedicated to ensuring total customer satisfaction. It strives to maintain technological and manufacturing capacity at levels that are adequate to deliver high-quality products and services to customers. Every employee is motivated by the initiative and teamwork to "do things right on the first try," "eliminate waste," and make continuous improvements to internal procedures.

The Company has service procedures, satisfaction surveys and complaint handling procedures in place to investigate customers' complaints, identify the cause of problem and distinguish areas of responsibility. Customer satisfaction survey is conducted on a yearly basis to obtain customers' opinions with regards to "quality," "price," "R&D and technology capacity," "delivery and control," and "overall performance." The findings help us assure the best services to customers. 72% of customers were satisfied with Primax's products and services in 2018. This improvement is a testament to Primax's respect for customers' opinions and its initiative in making ongoing improvements.

Protection of customer privacy

Customers' privacy and confidential information are important issues of concern to Primax Group, which is why the Group is dedicated to protecting customers' privacy, confidential information and interests. Having recognized them as the most important IT security management goal is one of the reasons that many of our customers have chosen to work with us over the years.

All of customers' private and confidential information is disclosed on a need-to-know basis, and the Group has implemented three different types of control: People, Process and Technology to ensure the security of customers' private and confidential information. Below is a summary of the three controls:

People

- New recruits are required to undergo IT security awareness training, while all other employees are subject to regular re-training of information security. The purpose of these training is to enhance employees' awareness towards customers' private and confidential information.
- A corporate security organization has been assembled directly under the General Manager. It is responsible for incorporating people, process and technology into safeguarding customers' private and confidential information at the highest level. This organization exists to ensure that the various activities and measures are implemented properly, and that customers' private and confidential information is protected at all times.

Process

- All employees are required to sign a confidentiality agreement before commencing or terminating employment.
- Employees are prohibited from disclosing sensitive information to any internal or external party without the consent (or authorization) of customer's project manager. Access to such information should be granted only to the extent needed to serve the purpose.
- Customers' private and confidential information is protected before, during and after project until product is discontinued.

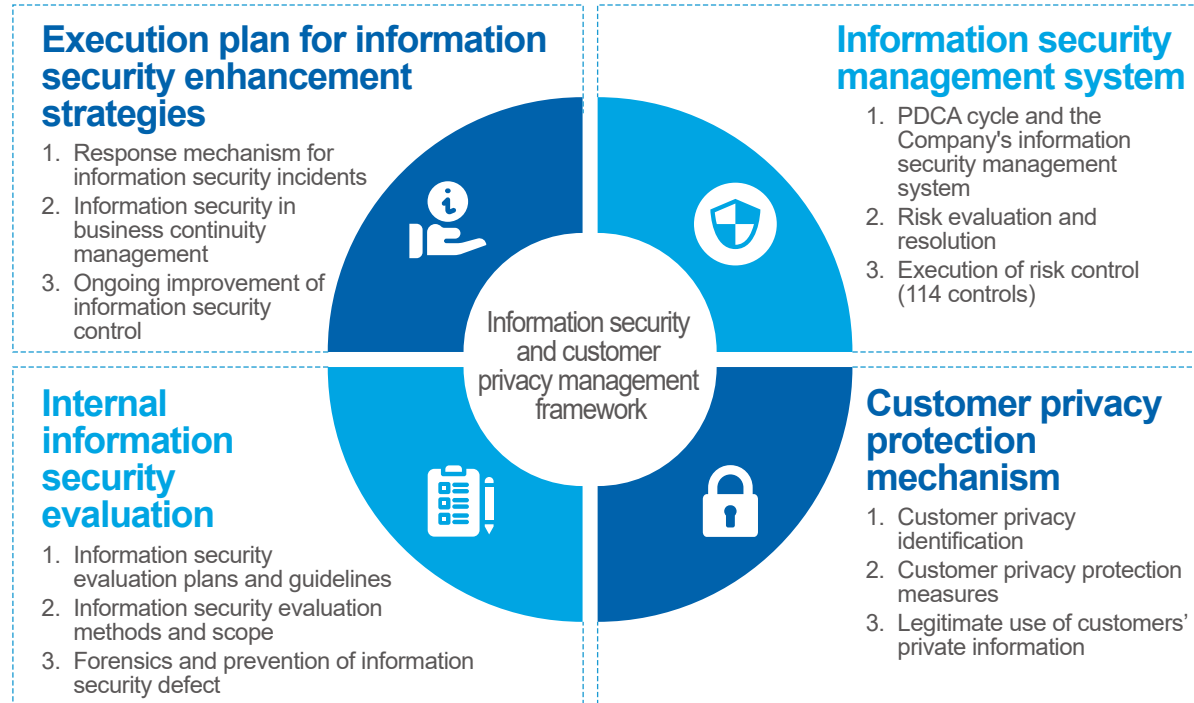
Technology

- Network security equipment, software and anti-virus measures are constantly being enhanced to repel information security threats such as malware, botnet, virus, worm and hack. Anti-virus and anti-hack platforms are being implemented throughout the Company.
- All systems and customer information are subject to access control. Only authorized personnel may access information for work-related purpose.



2. Discipline, compliance and consistency

In an attempt to implement a strong IT security framework that protects customers' private and confidential information, Primax Electronics began developing an ISO27001:2013-compliant IT security management system in 2017 that passed certification in February 2018 and a follow-up review in November the same year. Today, the Company continues to adopt the PDCA cycle (Plan, Do, Check and Action) and make ongoing improvements and enhancements to information security and customer privacy management.



2018 actions

- Access control for corporate secrets and customer privacy
- Backup and recovery of corporate secrets and customer privacy
- Information security and customer privacy training for new recruits and general employees
- Remote working and remote access management
- System security update and patching
- Network segregation and control



2018 progress

- Primax Electronics organized 20 information security training sessions in 2018 and delivered 22 hours of training to 909 people.
- Won Information Security Contribution Award from BSI TW
- Passed certification for ISO 27001:2013
- No complaint concerning violation of customers' privacy was received
- No complaint from external parties or the authority was received



2019 management plan

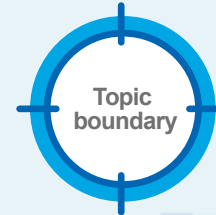
- Access log to corporate secrets and customer privacy is monitored constantly
- User activity analysis and monitoring
- Supervision and management of subcontractors
- Optimization of information security goal
- Enhancement of customer privacy protection
- Enhancement of terminal control



2.4 Continuous revenue growth

Consistent operations

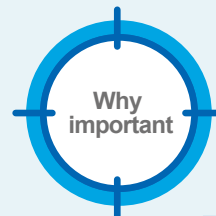
GRI Material topic	Economic performance
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- Entities included in the consolidated statements of Primax Electronics



- Make disclosures on all entities that the Company has included in the consolidated financial statements according to International Financial Reporting Standards (IFRS).



- Maintaining corporate competitiveness and stable work environment are the keys to sustainability.



Management purpose

- Create value for shareholders.



Goals

- Deliver consistent business and profit growth.



Policy

- Extend products and technologies to different applications and platforms to create new product lines.
- More efficient assessment and management for all investments.
- Continue increase market share and reduce costs across all product lines.



Performance and adjustment

- 2018 consolidated net revenues grew 6.7% compared to 2017.
- Compound annual growth rate (CAGR) of consolidated revenues for 2013~2018: 8.9%.
- Compound annual growth rate (CAGR) of consolidated net income for 2013~2018: 23.4%.
- Government subsidies totaling NT\$29,044,158 were received in 2018.
- Adopted enterprise risk management according to ISO 31000 - Risk Management.

Accomplishment of performance indicators (mainly comprise revenues, gross profit, operating profit, pre-tax profit and net income) are monitored on a monthly and quarterly basis against annual budgeted figures of various business departments/product lines/subsidiaries. The General Manager is responsible for the implementation and execution of the overall operational plan.



Assessments

- The General Manager is responsible for the planning and execution of performance plans, while shareholders, board of directors, and the Audit Committee supervise and audit the General Manager's performance.



2. Discipline, compliance and consistency

In recent years, branded manufacturers around the world have found themselves in need to concentrate resources on brand management and R&D and reduce production costs at the same time. As a result, they gradually outsourced production activities to OEMs, which also reduces complexity of management. This business model has become the norm for all major branded manufacturers in the world, and given rise to enormous OEM opportunities. The Group's recent success in the establishment of Chinese production facilities at locations such as Dongguan, Kunshan, Chongqing and Huizhou has enabled it to serve customers up close and reduce production costs, which worked in favor of securing OEM relationships with renowned global brands.

Evolution of consumer electronics in recent years has shortened the lifespan of electronic products, which leaves shorter time for the design, development and mass production of new products. Meanwhile, intensified competition makes products susceptible to price pressure, causing the price of consumer electronics to fall over time and erode profits. The Group has developed strong, long-term business relationships with many renowned brands local and abroad. This relationship enables us to communicate with customers thoroughly during product development for a full understanding of their needs and market trends, so that products can be developed and mass-produced in time to meet market demands. We apply stringent control over inventory of special raw materials to prevent obsolescence loss. During the product design stage, we strive to make improvements to the production process that would minimize material wastage, and explore opportunities to improve production efficiency by introducing advanced equipment. In terms of product portfolio management, we constantly search for high-end and higher margin products that can add value and differentiate ourselves from competitors.

Wages in China have risen across many provinces in recent years, meanwhile, rapid economic growth in inland areas also discourage workers from staying in the coastal regions. This shortage of labor combined with rising personnel costs have significantly increased operating costs for businesses alike. The Group has assembled a specialized department responsible for the design and production of precision molds and automated assembly equipment. Additionally, modular automated production equipment and processes are being introduced into the organization to improve and simplify production procedures for further reduction of manual labor costs. One of the Group's significant developments in recent years is the highly automated production and testing equipment, which has the potential to raise production efficiency and lower costs.

The Group continues to apply its expertise in developing advanced technologies and efficient production models that work in favor of reducing production costs and creating new opportunities in the OEM market.

Economic performance

Primax Group has adhered to its existing strategy of stability and directed focus towards maintaining revenue growth and optimizing its product portfolio. In terms of business performance, increasing popularity and evolution of smart speakers in both technological complexity and features have contributed significantly to Tymphany's revenues and profits. As for auto electronics, one of our long-established product lines, Primax Electronics received certification from major international auto manufacturers, which enabled the Company to begin production and shipment of multi-lens automobile camera modules and contribute revenues during the year. This certification represents Primax's successful entry into the field of intelligent drive. With regards to Computer accessories, the e-sports market continued to exhibit growth during the year, an advantage that Primax Electronics has capitalized by collaborating with e-sport brands to introduce newer products into the market. Today, e-sport continues to drive transformations of the Computer accessories sector, aside from its significant revenue and profit contributions.

Overall, the Group generated NT\$64,811,408,000 of consolidated net revenues worldwide in 2018, up 6.7% from the NT\$60,741,692,000 concluded in 2017; consolidated net income totaled NT\$1,913,975,000 in 2018, representing an 11.8% reduction compared to the NT\$2,168,981,000 in 2017.





2. Discipline, compliance and consistency

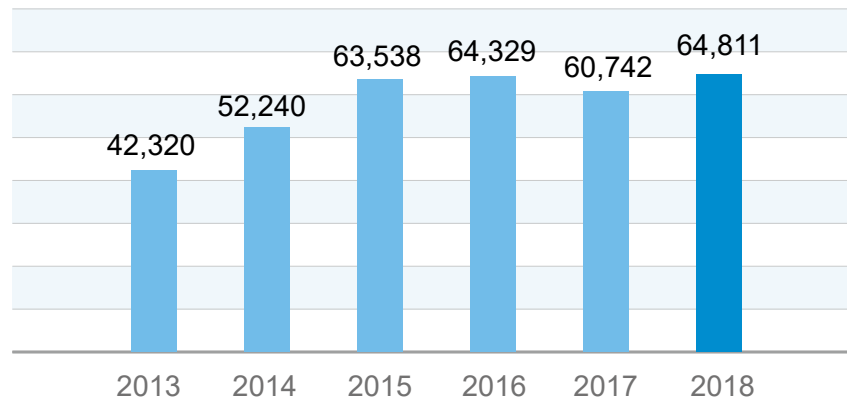
2018 consolidated revenues and profit of Primax Group		Unit: NTD thousands	
Net revenues	64,811,408	Employee salary and welfare	7,815,311
Operating Costs	57,021,985	Payments to capital contributors (dividends)	1,430,068
Gross Profit	7,789,423	Payments to government (income tax, sales tax, VAT etc)	411,108
Operating Profit	1,942,514	Community investments, such as donation to charity organizations (donation)	9,829
Operating Expenses	5,846,909	Undistributed earnings	5,038,483
Non-Operating Income and Expenses	421,688		

Primax consolidated revenues and net income chart

Consolidated revenues

Unit: Million NTD

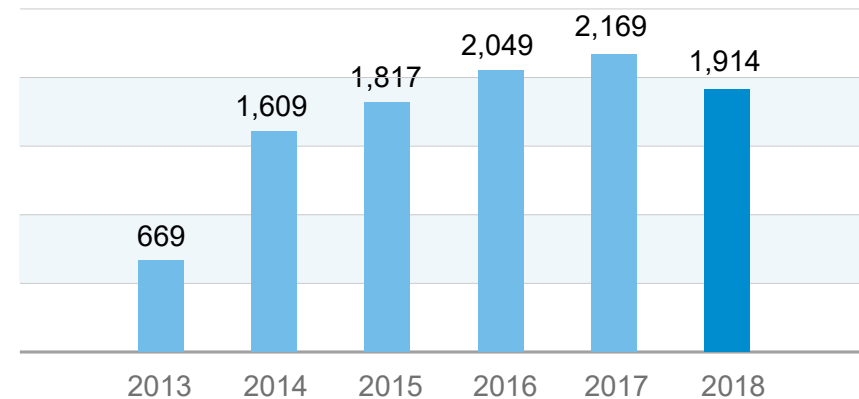
CAGR = 8.9 %



Consolidated net income

Unit: Million NTD

CAGR = 34.2 %





2. Discipline, compliance and consistency

Government subsidies

Office location	Name of subsidy/year	2018 subsidy amount (NTD)
Taipei Headquarters	Child care subsidy from the Ministry of Labor	225,000
	Subtotal	225,000
Dongguan Primax	Dongguan Service Voucher subsidy	1,551,600
	Tax collection commission rebate (municipal tax)	1,238,400
	Shijie Innovative Development Project Subsidy (Municipal patent-dominant business)	135,000
	Subtotal	2,925,000
Chongqing Primax	2017 Q2 smart terminal logistics subsidy	5,265,000
	2017 Jan~Jun development support for industry leaders	2,520,000
	Subtotal	7,785,000
Huizhou Tymphony	Human Resources & Social Security Administration of Huiyang District\Enterprise Security Subsidy\ 2018	631,079
	Huiyang Tax Administration\Individual income tax collection commission rebate\ 2017 2nd-half to 2018 1st-half	427,152
	Huiyang Bureau of Finance\Export Credit Subsidy\ 2018	450,000
	Huiyang Bureau of Finance\Export Credit Subsidy\ 2018	737,604
	Huiyang Bureau of Finance\Export Credit Subsidy\ 2018	900,000
	Huiyang Bureau of Finance Treasury Payment Center\Patent Subsidy\2018	89,100
	Huiyang Bureau of Finance\Technology Subsidy\ 2017	1,193,850
	Huiyang Bureau of Finance\Innovative Enterprise Subsidy\ 2017	450,000
	Huiyang Bureau of Finance\Technology Project Funding Subsidy\ 2017	270,000
	Patent subsidy from Bureau of Finance\ 2017	23,850
	Bureau of Finance\ 2017 Subsidy for Chinese High-tech Enterprise	900,000
Huizhou Tymphony	Bureau of Finance\ 2017 R&D Subsidy	8,047,350



Office location	Name of subsidy/year	2018 subsidy amount (NTD)
Subtotal		14,119,986
Dongguan Tymphany	Warehouse Subsidy/ 2018	103,815
	2017 Shijie "Expansion" project incentive/ 2018	2,700,000
Subtotal		2,803,815
Dongcheng Tymphany	2017 Dongcheng Street Transformation Incentive	1,410,357
Subtotal		1,410,357
Total		29,269,158

Note: 1. NTD 4.5 = RMB 1.

2. Kunshan Primax had no government-subsidized project in 2018.

2.5 Controlling risks and improving flexibility

Enterprise risk management

In an attempt to reduce potential risks associated with corporate operations, Primax adopted "Enterprise Risk Management" (ERM) in accordance with ISO 31000 - Risk Management in 2018, and assigned the CSR Office to serve as consultant and the COO Office to oversee execution. A task force comprising representatives from IT, legal & intellectual property rights, quality assurance, human resources, finance, supply chain management, public relations, procurement and internal audit has been assembled to perform regular analysis and review of operational risks. The task force produces risk management plans for review by the COO, who then reports to the board of directors. Through the

above risk assessment and management practices, we aim to identify risks that may impact business continuity and take pro-active measures to mitigate or eliminate risks over the long term.

Primax's main purpose for implementing ERM was to develop a robust system that supports its sustainability goals, addresses aspects of customers' concern and conforms with international trends. A risk management execution task force was subsequently assembled under board of directors' authority to perform operational risk assessments and devise response strategies according to the requirements of ISO 31000.



2. Discipline, compliance and consistency



The risk management team discusses and proposes possible sources of risk



Adopt requirements and framework of ISO 22301
Analyze department risks based on possibility and impact



Produces a risk map that incorporates risk issues from all departments
Defines standards of material risk



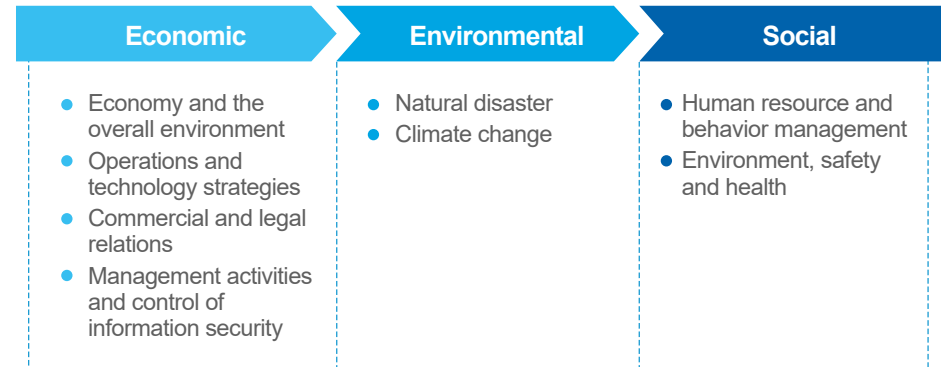
With respect to material risks
Departments are requested to propose improvement plans



Improvement reports
Executed with the approval of the board of directors



Re-evaluation and review are scheduled every 1-2 years



After going through the risk management process, we have identified the following risks that Primax is currently susceptible to: (1) Information security and customers privacy control, (2) Product and production procedures, and (3) Workplace fire safety measures. The risks identified and corresponding response plans are presented in the following table. For operational risks and response strategies, please refer to "P82~P85 of the 2018 Annual Report."

Significant risks	Improvement plan
Information security and customers Privacy control	<ul style="list-style-type: none"> The Company introduced ISO 27001:2013 and passed validation of BSI (British Standards Institute) The Company continues to adopt the PDCA cycle (Plan, Do, Check and Action) and make ongoing improvements and enhancements to information security and customer privacy management
Product and production procedures Competitiveness	<ul style="list-style-type: none"> The R&D center continues to develop innovative technologies for products such as camera systems, auto electronics, keyboards and mice Adopted Industry 4.0 into production
Workplace fire safety Safety measures	<ul style="list-style-type: none"> Perform inspections on fire safety, air pollution, industry effluent and machinery/equipment safety and undertake improvements



Risk of climate change

In recent years, there has been news about business operations being disrupted by major disasters that arise as a result of climate change. Due to this rising threat, it is increasingly important for businesses to explore ways of mitigating and adapting to climate change. We view climate change as one of the significant risks in corporate operations, and has established operating procedures relating to the issue. We first try to identify sources of climate change risk, and then assess the different sources of risk and implement mitigation or adaptation measures where appropriate to mitigate the many impacts of climate change. The Company joined and became an official member of BCSD Taiwan. We have been actively involved in sustainability and climate change campaigns organized by BCSD Taiwan and other related associations, and are currently working with Taiwan Environmental Management Association on the establishment of EPA product rules for mice and keyboards.

Sources and opportunities of climate change risk

Risk aspect	Impact intensity	Risks	Possible opportunities
Regulation	Medium	Implementation of global (Paris Agreement) and regional GHG regulations (such as: Greenhouse Gas Reduction and Management Act in Taiwan, Climate Change Response Act (draft) in China) signifies more stringent environmental controls in the future. Aspects of corporate operation such as cost, supply chain, emission etc., may all be impacted. We will actively monitor changes in regulatory requirements and devise responsive strategies accordingly.	<p>1. Improving corporate image</p> <p>We will analyze internal and external risks arising from climate change and include them as part of our enterprise risk management. Meanwhile, mitigation and control measures will be implemented based on characteristics of the risks involved, so that we may earn investors' and customers' trust and support for the Company's growth.</p> <p>2. Developing better management and increasing operational performance</p> <p>Pro-active actions will be taken to manage product design, production process and supply chain risks that are within our control. While fulfilling our duties to protect the environment, we shall also improve operational performance internally.</p>
Geographic location	Low	Most of Primax Group's suppliers are located in Dongguan and Shenzhen. These areas are neither close to shore nor situated on fault zone, and hence are less susceptible to typhoon, flood, earthquake or climate changes.	
Suppliers	Low	Suppliers may be forced to disrupt supply or cause other material impacts to the Company's operations due to natural disaster or climate change.	
Clients	Low	Currently, there are some customers that request the Company to take steps toward saving energy, reducing carbon and using green energy. Since our business activities consist entirely of assembly, a non-energy intensive process, electricity makes up the majority of energy consumed.	

A small, brown and orange frog sitting on a green leaf. The frog is facing left and is the central focus of the image. The background is a blurred green, suggesting a natural environment.

Green Management and Partnership



Protecting the environment through action



SDG 12 - Ensure sustainable consumption and production patterns

Sub-goal: 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Actions:

- Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018.
- Primax Group produced 3,030,567.1 kg of waste in 2018, down 7.83% from 2017.
- Unwanted cloths are being recycled, cleaned, and reused. 86,756 sheets of unwanted cloth (approximately 9,750kg) were recycled and reused during the reporting period.
- Recycling and reuse of unwanted containers by suppliers. 3,165 unwanted containers were recycled and reused during the reporting period.
- Reduction of activated carbon waste - The introduction of UV photodegradation reduced the use of activated carbon by 1,200 kg during the reporting period.
- The cafeteria no longer provides plastic bag for employees, and uses unwanted cartons instead of plastic bags.
- Use of disposable utensils is prohibited at employees' dining area.
- Garbage sorting at plant sites for ease of recycling.
- The mid-sized, diesel-based shuttle buses were replaced with mid-sized, electrical shuttle buses.
- Starting from 2016, all annual reports and conference manuals used in annual general meetings are being printed on FSC-certified paper using soy-based ink for environmental protection.
- The volume of hazardous waste is being reduced by 5% per year.
- Hazardous waste is properly classified, weighed, stored and managed
- UV photolysis was introduced to the gluing process to extend the potency of active carbon and reduced the volume of waste carbon
- Alcohol wipes were recycled and reused to reduce waste



SDG 13 - Take urgent action to combat climate change and its impacts

Sub-goal: 13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Actions:

- ISO 14064-1 - Greenhouse gas inventory.
 - ISO/TS 14067 & PAS 2050 - Carbon footprint survey.
 - ISO 14046 - Water footprint standards
 - ISO 14001 - Environmental management system.
 - Energy consumption is being reduced by 5% per year
 - Energy conservation measures undertaken by Primax Group were estimated to have reduced carbon emission by 5,623,260.916 kgCO₂e in 2018.
 - The reduction measures included:
 - Replaced old chillers with magnetic bearing chillers
 - Implemented online smart control for air conditioning system
 - Replacement of central air conditioning with variable-frequency, energy-saving model
 - Use of LED lighting at plant and office premise
 - Enhanced power-saving awareness among employees
- See "3.1 Green production - the ultimate goal"



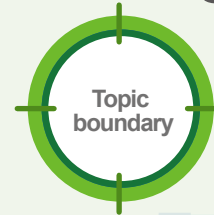
3.1 Green production – the ultimate goal

Protecting Earth through action Complying with global environmental protocols Green production management

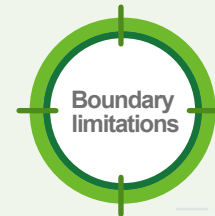
GRI
Material topic

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

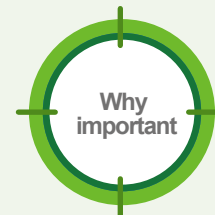
Compliance of environmental protection laws/ Energy/ emission/ effluence and waste



- Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Supplier



- Dongguan Primax is the Group's main production site. It accounts for more than 60% of the Group's total employees, therefore additional disclosures have been made in this report.



- As an electronics manufacturer, Primax is well-aware of the importance of adopting Earth-friendly practices and minimizing impacts to the environment. We fulfill our duties by complying and enforcing local environmental regulations, and take further steps toward improving the environment. By applying proper risk management, Primax has identified the impact of climate change and new GHG regulations on its operations. Absence of pro-active management may undermine the Company's public image, or even constitute regulatory violations and lead to work suspension, losses and negative impacts to sustainability efforts.



- Climate change presents both risks and opportunities for Primax. We should take this opportunity to raise our management capacity and business performance, while at the same time improve corporate image by fulfilling our duties to society.



3. Green management and partnership



1. Introduce environmental management systems and assemble an environmental safety management committee for the execution of this system.
2. Propose new climate change strategies by adopting standards above state regulations and industry norms:

Prevention: Obtain GHG emission for the entire Primax Group. Actively participate in technological collaboration with government agencies and external institutions to further enhance environmental management. Study local and global regulatory trends; take preemptive responses toward upcoming changes.

Reduction: Implement energy conservation and carbon/waste reduction measures throughout Primax Group on an ongoing basis.

Operation: Realize goals toward green operation, green production and green supply chain on an ongoing basis.



1. Energy and greenhouse gas: Continue exploring ways to improve energy efficiency and reduce GHG emission.
 - Primax Group expects to reduce GHG emission intensity (CO₂e/revenue) by 25% in 2020, as compared to the base year (2013).
2. Exhaust, wastewater, noise and solid waste: To maintain discharge/transfer at consistent levels over the long term.
 - To reduce the volume of hazardous waste by 5% per year.
 - To reduce energy (including electricity) usage by 5% per year.
 - To water reduce by 5% per year.



1. Engage third-party institutions for regular audits to ensure ongoing effectiveness of the management system.
2. Actively participate in environmental performance assessments organized by external institutions.
3. Regular internal assessments on whether the reduction target is met.



1. There had been no violation of environmental protection law or penalty imposed by environmental protection authority in 2018.
2. All gas emitted by Primax Group in 2018 was 100% compliant with regulations.
3. Third party assurance - environmental category:
 - ISO 9001 - Quality management system
 - ISO 14064-1 - Greenhouse gas inventory
 - ISO 14046 - Water footprint standards
 - ISO / TS 14067, PAS 2050 - Carbon footprint survey standards
 - ISO 14001 - Environmental management system
 - IECQ QC080000 HSPM - Hazardous substance process management

- OHSAS 18001 - Occupational health and safety management system
- Carbon Level Certificate for Mouse - by Environmental Protection Administration of the Republic of China
- Carbon Reduction Certificate for Mouse - by Environmental Protection Administration of the Republic of China

4. Environmental performance rating:
 - Dongguan Primax was awarded the title of "Environment-friendly Business" - blue certification for 6 consecutive years
 - Primax received award of excellence in EPA's Low-carbon Incentive Program in 2018

These environment-friendly CSR practices have proven valuable to our business activities. In addition, they also help us accomplish many of our goals in response to world's changing environment.



3. Green management and partnership

Primax joined and became an official member of BCSD Taiwan in October 2016. We have been actively involved in sustainability and climate change campaigns organized by BCSD Taiwan and other related associations. We also use DJSI sustainability questionnaire to check conformity internally, and identify areas to improve upon. With respect to greenhouse gases, we coordinate annually with our customers for supply chain survey of greenhouse gas and water resource in accordance with the Carbon Disclosure Project (CDP), and for which we have obtained ISO 14064-1 certification. In 2018, we created an internal water footprint survey and management system based on ISO 14046 Water Footprint standards, and used this system to gather water information and devise water-saving measures. We have also obtained third-party certification for water footprint in 2019.

As an electronics manufacturer, energy efficiency, greenhouse gas reduction, effluent/waste management and green product are all major issues in the environmental category. During the reporting period, we have set goals to "reduce energy intensity and minimize discharge of hazardous waste," both of which were approved by the executive management and are being enforced as a major part of the Company's environmental guidelines. Furthermore, we engage third-party institutions to examine our greenhouse gas emission and survey carbon footprint on a yearly basis. Because of our efforts, there had been no violation against environmental laws or related fines during the reporting period.

In 2016, Primax began exploring energy conservation solutions at various plant sites, and made adjustments based on the outcome. We also embrace opportunities given rise by climate change, and have dedicated ourselves to low-carbon design and production. Establishing carbon footprint rules and obtaining carbon label and reduction certificate will boost image of Primax Group, and even open up new opportunities.

Starting from 2019, we will make use of renewable energy and evaluate possibilities to implement solar power as a means of reducing greenhouse gas emission and energy consumption.

Energy management

Effective use of energy; lesser environmental impact

Energy consumption is a main cause of climate change, because the combustion of non-renewable fuel creates greenhouse gas (GHG) among other environmental impacts. Making efficient use of energy is key to mitigating climate changes, and is a goal we strive to achieve by continually improving our production procedures. Each year, Primax gathers more sophisticated data to enhance its existing energy strategies.

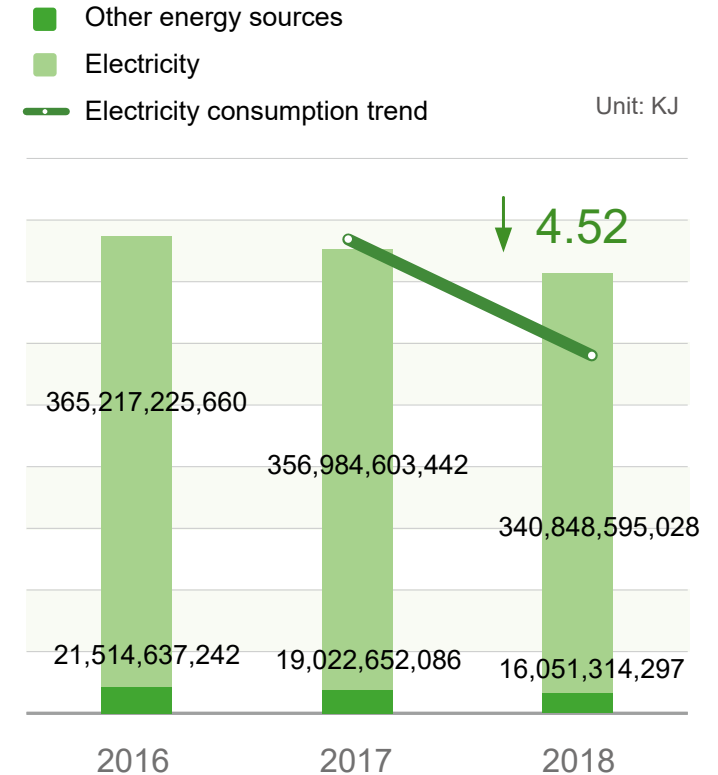
To facilitate proper energy management, we continued to gather and present energy statistics at the group level in 2018 (compared to 2017, the scope of this year's report has been broadened with the inclusion of Dongcheng Tymphany). For comparability with the previous year, we have restated past energy data to as early as 2016.

Primax Group had consumed the following types of energy in 2018: (1) Gasoline, (2) Diesel, (3) Natural gas, (4) Purchased electricity, and (5) Liquid petroleum gas. Amounts consumed during the year were: (1) Gasoline - 1,364,471,802 KJ, (2) Diesel - 1,298,837,371 KJ, (3) Natural gas - 13,358,633,444 KJ, (4) Purchased electricity - 340,848,595,028 KJ, and (5) Liquid petroleum gas - 29,371,680 KJ. Overall energy consumption during the reporting period amounted to 356,899,909,325 KJ, which was equivalent to an intensity level of 55,067.5 KJ / NT\$10,000. Compared to 2017, gasoline consumption reduced by 7.43%, whereas diesel reduced by 43.67%, natural gas reduced by 12.23%, electricity reduced by 4.52%, liquid petroleum gas increased by 34.48%, total energy reduced by 5.08%, and energy intensity reduced by 11.04%.



Energy consumption statistics of Primax Group

Energy	2016	2017	2018	Compared to the previous year
Liquid petroleum gas (Unit: KJ)	21,840,480	21,840,480	29,371,680	+34.48%
Natural gas (Unit: KJ)	18,029,099,823	15,220,861,427	13,358,633,444	-12.23%
Diesel (Unit: KJ)	1,919,547,610	2,305,940,394	1,298,837,371	-43.67%
Gasoline (Unit: KJ)	1,544,149,329	1,474,009,785	1,364,471,802	-7.43%
Electricity (Unit: KJ)	365,217,225,660	356,984,603,442	340,848,595,028	-4.52%
Total energy consumption (Unit: KJ)	386,731,862,932	376,007,255,529	356,899,909,325	-5.08%
Energy intensity (Unit: KJ/NT\$10,000)	60,117.4	61,902.7	55,067.5	-11.04%



- Note:
1. Source of data: Electricity/natural gas volume was derived by summing the figures shown on monthly statements/payment slips across all plants; liquid petroleum gas, diesel and gasoline volume was based on the actual amount collected.
 2. Minor discrepancies in energy consumption volume for 2018 were caused by rounding errors.
 3. The scope of this year's report has been broadened to include Dongcheng Tymphany, and past energy data was restated to as early as 2016 to facilitate comparison. This was the reason why energy consumption data for 2016 and 2017 was different from the previous report.
 4. Liquid petroleum gas was used only at Huizhou Tymphany and Dongcheng Tymphany; calorific value = 12,000kcal/M³
 5. Natural gas is used only by plants in China; calorific value = 9,310kcal/M³
 6. Calorific value of diesel: Taiwan = 8,400 kcal/L; China = 10,200 kcal/kg
 7. Calorific value of gasoline: Taiwan = 7,800 kcal/L; China = 10,300 kcal/kg
 8. Electricity: 1kWh=3,600KJ



3. Green management and partnership

GHG emission management

Primax Group operates in Taiwan and China, and has ensured 100% compliance with local environmental regulations. The "Greenhouse Gas Reduction and Management Act" has been implemented in Taiwan. Although Primax Group does not operate any production facility in Taiwan and is not subject to GHG emission reporting and control, we still take the initiative to survey GHG emission and pay close attention to regulatory requirements. China has begun implementing the carbon trade system, while provincial governments are starting to introduce control over carbon emission. We are starting to evaluate the implications of future regulations and how they may affect operations of Primax Group.

Starting from 2016, we have set clear goals to reduce GHG emission intensity (CO₂e/revenue) by 25%, as compared to the base year (2013), before 2020.

In 2018, the Group generated revenues totaling NT\$64,811,408,000 while GHG emission volume reduced by 10.28% and emission intensity reduced by 15.91% compared to the previous year. Further comparison with the base year (2013) shows Primax Electronics having reduced emission intensity by 24.26%.

Electronic manufacturing runs the risk of emitting GHG, nitrogen oxides (NO_x), sulfur oxides (SO_x) and other gases that have significant impacts on the environment. In light of this threat, we have undertaken a number of solutions to reduce GHG emission. Since 2010, we have been working with SGS, a third-party institution, to identify and measure GHG emitted by our plants, which helped enforce our GHG control strategies. The measurements cover direct GHG emissions, indirect GHG emissions, other indirect GHG emissions, and GHG emission intensity. By disclosing energy indicators, we intend to show the world how far we have accomplished in mitigating environmental impacts, and our ability to respond to carbon controls, rising operating costs, and changes in energy supply and prices.

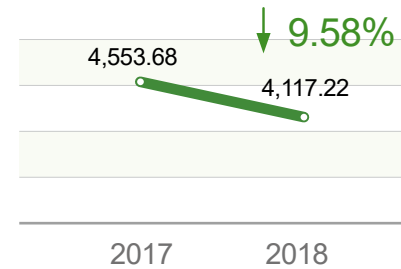
To fully enforce GHG management, we continued to present GHG emission data for Primax Group as a whole in 2018. For comparability of information with the previous year, we have also restated the 2017 GHG emission data on a group scale.

We began surveying other indirect GHG emissions in 2017, starting with business flights taken by employees of Taipei Headquarters. We used the ICAO (International Civil Aviation Organization) carbon emission calculator to determine

carbon emission of aircrafts, and obtained third-party certification for the above calculations. In the future, we will expand emission survey of employees' business flights to the rest of the group, while at the same time introduce GHG emission survey for waste transportation and disposal.

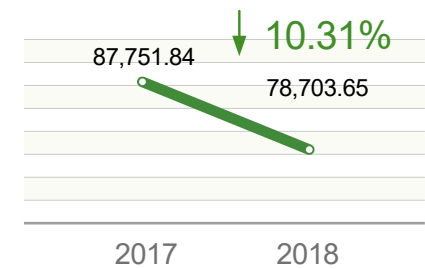
Direct GHG emissions (Scope 1)

Unit: TCO₂e



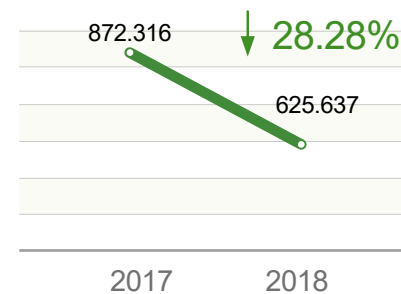
Indirect GHG emissions (Scope 2)

Unit: TCO₂e



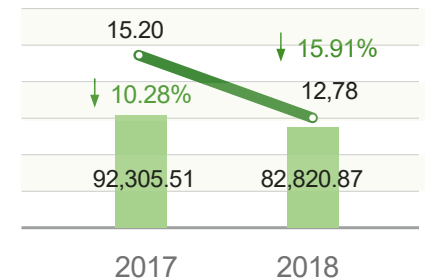
Other GHG emissions (Scope 3)

Unit: TCO₂e



Total GHG emissions (Scope 1 + 2)

■ Total GHG emissions (TCO₂e)
 — Emission intensity (kgCO₂e/NT\$10,000)

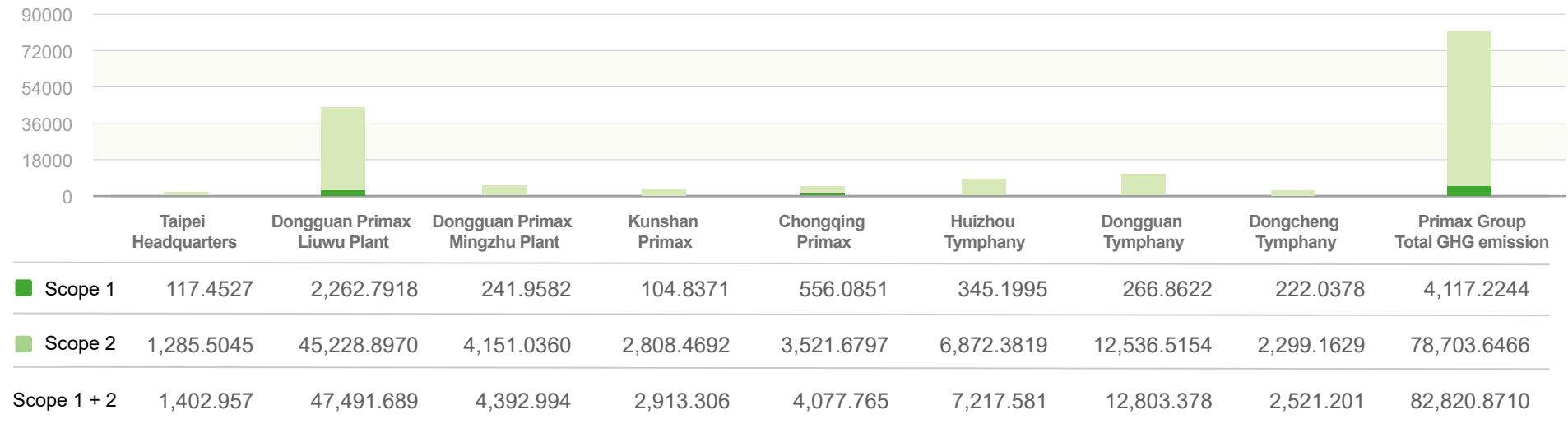




3. Green management and partnership

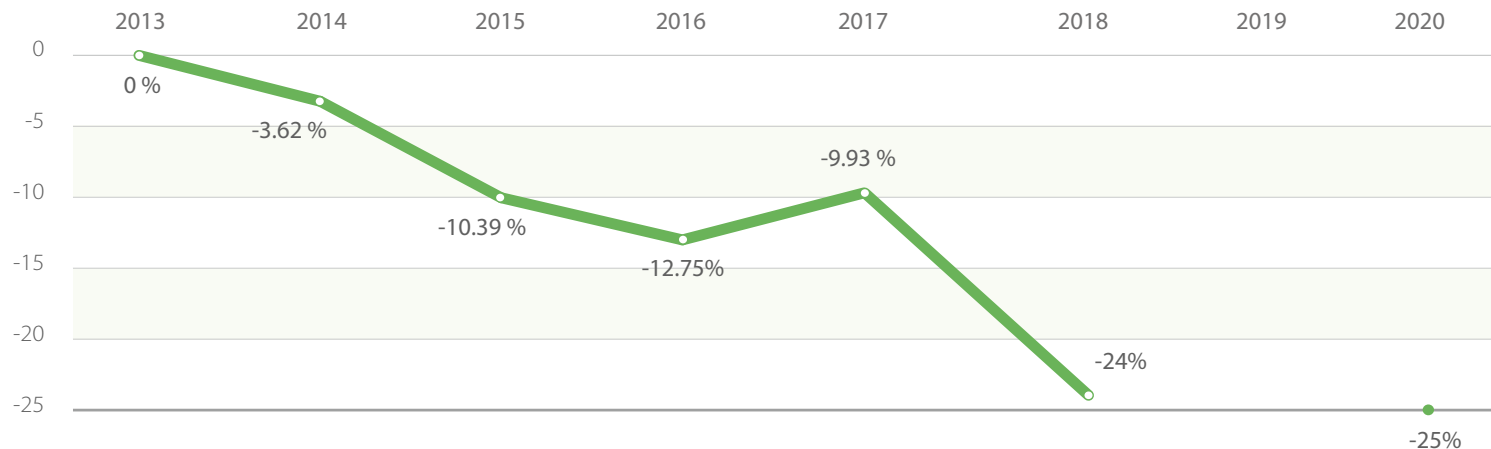
GHG emission statistics of Primax Group – 2018

Unit: tonnes CO₂e /year



Note: 1. Scope 1 includes: liquid petroleum gas, diesel, gasoline, natural gas, refrigerant, and septic tank (BOD). Disclosures were made based on GWP value taken from IPCC 2007 4th evaluation report.
 2. Scope 2 includes: purchased electricity. The emission coefficients used were 0.554 kg CO₂e /KWH for Taiwan, 0.8367 kg CO₂e /KWH for Southern China, 0.9014 kg CO₂e /KWH for Central China, and 0.8046 kg CO₂e /KWH for Eastern China.
 3. The scope of this year's report has been broadened to include Dongcheng Tymphany, and the 2017 GHG emission data was restated to facilitate comparison. This was the reason why GHG emission data for 2017 was different from the previous report.

GHG intensity reduction by Primax Group - 2018





3. Green management and partnership

Measuring air pollution and complying with legal standards

Air pollution poses adverse impacts on climate, ecosystem, air quality, habitat, agriculture, and human and animal health. Ongoing threats such as deterioration of air quality, ocean acidification, deforestation and public health issues have awoken law makers local and abroad to regulate gas emissions. For this reason, we regularly measure emission data that is relevant to causing air pollution, and strive to reduce emission of such gases.

We have summarized 3 main points from the air pollution data:

1. No ozone depleting substances (ODS) were emitted from the Company's productions. However, air conditioning equipment used at Taipei Headquarters and Tymphany's server room do utilize small amounts of R22, a refrigerant restricted under the Montreal Protocol. We expect to replace R22 with an environment-friendly refrigerant by the time it is due.
2. The Company is primarily involved in assembly works, which is less prone to air pollution. No NOx or SOx is released from production activities.
3. Other air pollutants are entirely compliant with local regulations. According to local regulations applicable to Primax plants, production processes that involve coating and surface mount technology (SMT) are subject to environmental tests once a year. For the coating process, substances of the most concern

include benzene, toluene, xylene, and volatile organic compounds (VOC); for the injection molding process, substances of the most concern are non-methane hydrocarbons; and for the SMT process, substance of the most concern is tin.

In terms of air pollution control, the main types of pollutant generated from plants include: volatile organic compounds (VOC), benzene, toluene, xylene, non-methane hydrocarbons (NMHC), lead and lead compounds, and tin and tin compounds. To treat the above air pollutants, Primax first collects organic and particulate pollutants separately from exhaust in an enclosed environment, then uses the appropriate air pollution control equipment to treat the respective pollutions until they conform with emission standards. Our exhaust treatment process has been improved by adding UV photodegradation to existing water-sprinkling and activated carbon absorption. These three processes have effectively enhanced Primax's exhaust treatment capabilities at various plants.

Chinese regulations have made benzene, toluene, xylene and VOC part of mandatory emission management, while NMHC, lead and lead compounds, and tin and tin compounds are excluded from mandatory emission management, hence no calculation was made on the latter this year. All gas emitted by Primax Group in 2018 was 100% compliant with regulations. Please see "Air pollutant emission statistics" for details.

Primax Group air pollutant emission statistics – 2018

Plant	Item	Benzene	Toluene	Xylene	Total VOCs
Dongguan Primax Liuwu Plant	Emission concentration (mg / m ³)	0.130	1.325	1.781	1.545
	Emission (kg)	2.3296	23.6676	31.8058	275.8754
Dongguan Tymphany	Emission concentration (mg / m ³)	0.095	0.854	0.298	5.307
	Emission (kg)	11.7638	105.6940	36.9279	656.9089
Chongqing Primax	Emission concentration (mg / m ³)	/	/	/	7.710
	Emission (kg)	/	/	/	1512.4143

- Note: 1. Dongguan Primax Liuwu Plant added two coating lines between January and March 2018, and emission data was calculated based on the actual number of days in production.
 2. Dongguan Primax's Liuwu Plant had 3 emission outlets, calculation was based on 8 hours per day, 6 days a week, and 52 weeks a year.
 3. Dongguan Tymphany's plant had 5 emission outlets in total, calculation was based on 8 hours per day, 6 days a week, and 52 weeks a year.
 4. Chongqing Primax only had gluing and drying processes that emit VOCs. Emission data was calculated based on 8 hours a day, 6 days a week, and 52 weeks a year.



Energy conservation & carbon reduction measures

Ongoing renewal of plant facilities for high-efficiency, low consumption alternatives

In order to make production sites more energy-efficient, we have been exploring all solutions possible to reduce energy consumption. One of the methods we have taken towards achieving this goal is to continually replace old and power-hungry equipment. Some of the actions taken by the Company include: replacing motors with energy-efficient models, optimizing air compressor utilization, improving efficiency of chillers, connecting cool water pipes, replacing lighting equipment with LED alternatives for offices, plants, warehouses and road lamps, and replacing air compressors with variable-frequency models. For more details, please see "Energy-saving Solutions at Main Production Sites - 2018."

Energy-saving solutions at main production sites - 2018

Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits (KJ)	Carbon reduction benefits (kg CO ₂ e)
Dongcheng, Dongguan	Lighting	Replacement with LED lighting at employee dormitory	12,180	43,848,000	10,191.006
Huizhou Tymphony	Lighting	Replacement with LED lighting	125,550	451,980,000	105,047.685
	Lighting	Replacement with energy-saving light tubes	138,890	500,004,000	116,209.263
	Air compressor	New generation upgrade of air compressor	72,000	259,200,000	60,242.4
Chongqing	Lighting	Luminance control for road lamps	3,078	11,080,800	2,575.3626
	Air conditioning	Change of chiller fan control from manual to automated, water temperature-controlled	11,700	42,120,000	9,789.39
Chongqing	Air conditioning	Chiller pump frequency adjustment	10,920	39,312,000	9,136.764
	Air conditioning	Temperatures are lower in spring and winter, and by using air for cooling and heat pump for heat, we are able to shorten the cooling time. The air conditioning has been configured to activate only when indoor temperature exceeds 26°C and provide heat from 10:00 until 22:00, and shut down at all other times	267,072	961,459,200	223,459.142
	Ventilation	Installation of timer control for ventilation fans in office toilet	4,118.4	14,826,240	3,445.865
Dongguan Plant (includes Dongguan Liuwu and Minhzhuzhu, and Dongguan Tymphony)	Air conditioning system	On-site confirmation and analysis of chiller efficiency at LW plant and monitoring of energy measures	2,649,192	9,537,091,200	2,216,578.946
	Air conditioning system	Introduction of energy-saving chillers	769,079	2,768,684,400	643,488.399
	Air conditioning system	Intelligent online monitoring of air conditioners	593,679	2,137,244,400	496,731.219



3. Green management and partnership

Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits (KJ)	Carbon reduction benefits (kg CO ₂ e)
Dongguan Plant (includes Dongguan Liuwu and Minhzhu, and Dongguan Tymphany)	Air conditioning system	Improvement of variable-frequency pump for central air conditioning at PH5	416,880	1,500,768,000	348,803.496
Dongguan Plant (includes Dongguan Liuwu and Minhzhu, and Dongguan Tymphany)	Water supply		3,744	13,478,400	3,132.6048
	Ventilation	Installation of timer on the ventilation system used in plant restrooms	188,112	677,203,200	157,393.31
	Lighting	Acoustic control for lighting in stair areas	3,067	11,041,200	2,566.1589
Kunshan Plant	Lighting	1. Workshop team leaders have been assigned to manage energy usage and to turn off lighting and valves at production lines 2. Replaced T8 tubes with LED alternatives	3,005	10,818,000	2,514.2835
	Air conditioning	Conducted total inspection of pipelines and repaired/replaced leaking pipes	338,400	1,218,240,000	283,139.28
Kunshan Plant	Air compressor	1. Inspected workshop equipment for gas leakage and made modifications to solenoid valve, three-element device, and solenoid valve base 2. Checked gas-consuming equipment at KBM and TP workshops 3. Used 55KW instead of 110KW for night productions	48,470	174,492,000	40,554.849
Taipei Headquarters	Lighting	Replacement with LED lighting	98,966	356,279,040	51,561.49
Total			6,758,102.4	24,329,170,080	5,623,260.916

Note: 1. Emission coefficient of purchased electricity: Southern China = 0.8959 kg CO₂e/KWH; Central China = 0.9515 kg CO₂e/KWH.
2. The above data was estimated based on equipment specifications.



Magnetic liquid chiller



Magnetic liquid chiller



Rotary liquid chiller



Rotary liquid chiller



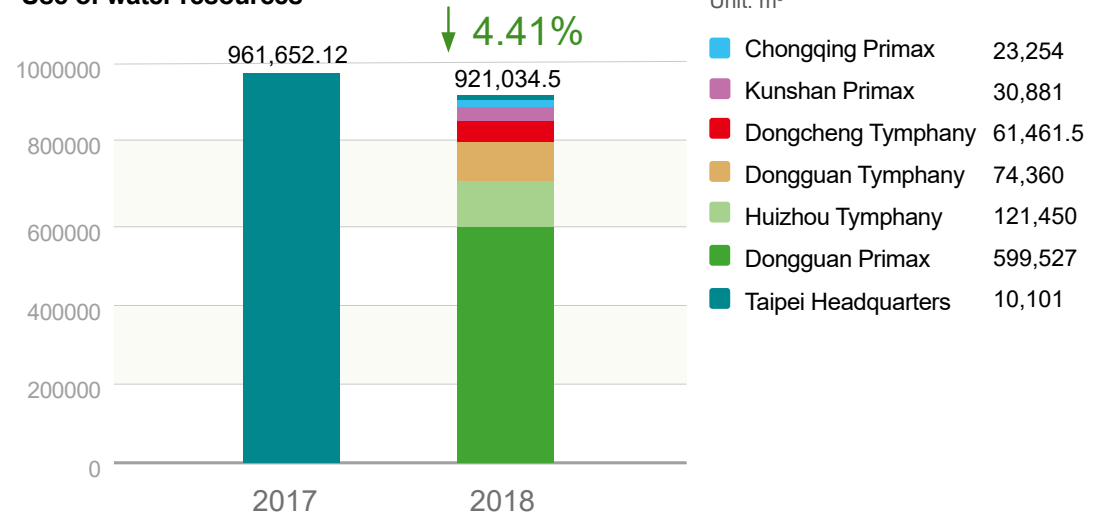
Rotary liquid chiller



Water resource management

Clean water is a precious resource because of its rarity. We have long been monitoring the volume of water used at our production plants, and are dedicated to reducing water volume where possible. In 2018, we were able to collect water data in much greater detail and accuracy than we did in previous years. This increased precision has helped us produce a water balance chart, obtain certification for ISO 14046:2014 and enhance water-saving strategies. For comparability of information, we have also restated the 2017 water consumption data and used it for the calculation of water intensity. While implementing energy-saving projects at various plant sites, we also paid attention to water usage and avoided unnecessary wastage. We have taken practical steps to reducing water usage, and one example of the measures we have taken was the installation of water purifier at the Liuwu Plant. The purifier recycles and filters effluents, making them suitable for watering plants and flushing toilets. The volume of recycled water in 2018, based on designed capacity, was estimated at 44,398m³, which represented 4.82% of total water used by the Group.

Use of water resources



ISO 14046 - Water footprint project

Water usage and management have emerged to become two critical issues in business operations, given the increasing scarcity and rising demand for water. In an attempt to enhance management of water resources, Primax Group introduced ISO 14046 - Water Footprint standards in 2018 to 7 main operational sites including Primax Taipei Headquarters, Dongguan Primax (Liuwu and Mingzhu), Chongqing Primax, Kunshan Primax, Huizhou Tymphany, and Dongguan Tymphany. We consider water assessment to be one of the ways to evaluate future management risks, and by adopting water footprint, we were able to collect water data in much greater detail and accuracy than we did in previous years. This increased precision has helped us produce a water balance chart, identify ideal water meter locations and improve water resource management practices at various operations of Primax Group. We have even obtained certification for ISO 14046:2014 in 2019, which is a testament to Primax's resolve in conserving water resource and protecting the environment.





3. Green management and partnership

Wastewater management

Acquiring test equipment for control of effluent quality

River not only serves as a source of water, but also provides habitat that is vital to creating biodiversity. For this reason, we have devoted part of our environmental focus to keeping rivers clean. By tracking the volume of water discharged, we are able to ensure effective management of production effluents. In addition to the improvements made in 2016, the Company also implemented a number of environment-friendly measures this year, such as: (1) Construction of reclaimed water pool for production activities of three coating lines, (2) Auto sediment filtering for water recycling and minimization of effluent discharge, (3) Improvement of proprietary water treatment station with PH monitors/sampling pools for automatic monitoring of water quality data, and (4) More robust response measures.

With the exception of the Liuwu Plant, all other plants of Primax Group draw water only for living and public uses. All water is discharged into local sewage according to policy. Water treatment facilities of the Liuwu Plant treated 93,612m³ of effluent in 2018, whereas 310 m³ of effluent produced from the coating process was treated by locally licensed water treatment contractors during the year. By deducting the volume of effluent and water evaporated from cooling tower and public usage, we estimated water usage for general living activities at approximately 259,651m³. Effluent from general living activities is legally discharged into the local sewage system, as do other plant sites. Primax's Liuwu Plant expects to implemented a reclaimed water system in 2019 to recycle and reuse production effluents. This addition will reduce the volume of fresh water used and effluents produced for less environmental impact.

Effluent test results – Dongguan Primax Liuwu Plant

Unit: mg/L (except for pH value)

Measurement	pH	Suspended Solids (SS)	Chemical oxygen demand COD	Biochemical oxygen demand BOD5	Ammonia	Phosphate	Oil-related
Statutory standard	6~9	60	90	20	10	0.5	5
Results	6.76~7.69	6~18	6~25	1.5~8.1	0.249~3.15	0.04~0.13	0.06~0.23

Waste management

Waste produced by Primax Group can be classified into general waste (including living waste), recycled waste and hazardous waste. Waste volume data has been restated to as early as 2016 to accommodate the Group's new reporting scope and to facilitate comparison. Total waste volume in 2018 was calculated at 3,030,567.1 kg, down 7.83% from the previous year. A more in-depth analysis of the waste showed general waste (including living waste) amounting to 1,519,311.0kg, representing 50.13% of total waste and down 18.37% compared to the previous year. This reduction was due to: placement of waste-sorting bins, banning of plastic bags at the commissary, and banning of disposable utensils at employee diner. Recycled waste amounted to 1,423,417.5 kg, representing 46.97% of total waste and up 7.02% from the previous year. This increase was due to enhanced propaganda that raised employees' awareness towards waste sorting. Hazardous waste amounted to 87,838.6kg, representing 2.9% of total and down 9.19 % from the previous year. This reduction was largely due to the introduction of UV photolysis to the gluing process, which extended the potency of active carbon and reduced the volume of waste carbon. For more details, please see "Primax Group Waste Chart"

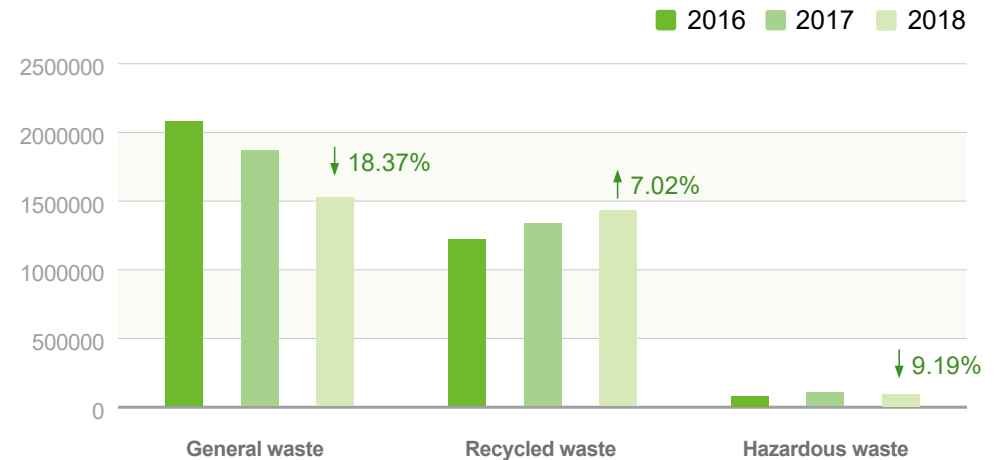


3. Green management and partnership

Primax Group Waste Chart

Waste category	2016	2017	2018
General waste (kg)	2,068,625	1,861,325.0	1,519,311.0
Recycled waste (kg)	1,210,315	1,330,059.5	1,423,417.5
Hazardous waste (kg)	68,261	96,730.72	87,838.61
Total	3,347,201	3,288,115.2	3,030,567.1

Note: Total waste volume represents actual measurement.



All plants have properly stored their industrial waste, they also engage licensed contractors to incinerate waste. Waste is legally transferred to an industrial waste processing station located in Shenzhen. Primax Group has managed all types of waste properly in manners that conform with laws in Taiwan and China. No significant leakage of waste had occurred in 2018.

We try not to dispose or bury our obsolete equipment; instead, we do what we can to make them reusable one way or another. We have gone to great extent in making sure that equipment is recycled in a proper manner that poses no threat to employees' health or the environment. A series of resource and product recycling activities have been coordinated in support of the above initiatives, and the following are the results we had achieved during the reporting period.

- Unwanted cloths are being recycled, cleaned, and reused. 86,756 sheets of unwanted cloth (approximately 9,750kg) were recycled and reused during the reporting period.
- Recycling and reuse of unwanted containers by suppliers. 3,165 unwanted containers were recycled and reused during the reporting period.
- Reduction of activated carbon waste - The introduction of UV photodegradation reduced the use of activated carbon by 1,200 kg during the reporting period.
- The cafeteria no longer provides plastic bag for employees, and uses unwanted cartons instead of plastic bags.
- Use of disposable utensils is prohibited at employees' dining area.
- Garbage sorting at plant sites for ease of recycling.
- The mid-sized, diesel-based shuttle buses were replaced with mid-sized, electrical shuttle buses.
- Starting from 2016, all annual reports and conference manuals used in annual general meetings are being printed on FSC-certified paper using soy-based ink for environmental protection.



3. Green management and partnership

Active environmental protection spending and ongoing assessment of environmental measures

By leveraging its professional advantage, Primax Group has excelled in all assessment indicators and continues to be pro-active in improving production procedures and reducing energy consumption. Owing largely to our dedication in environmental protection, we have established our reputation as a role model business characterized by sound financial position, advanced technology, low resource consumption, low pollution, and high potentials.

Environmental protection expenditure helps us determine the efficiency of our environmental measures, and provides useful information for cost analysis. We will be keeping track and analyzing these expenses in a continuous and thorough manner so that the executive management may have a better understanding to the value of investments made for the purpose of mitigating environmental impacts. Meanwhile, we will continue to develop a comprehensive environmental accounting system to track a broader variety of information. Waste treatment, emission treatment, remedial costs, and prevention/environmental management costs are being monitored closely. Environmental protection expenditure in 2018 was spent on 6 main categories: environmental equipment and construction, management system, human resource, testing equipment, energy conservation investment, and information system. Environmental protection expenses in the reporting period amounted to NT\$81,595,690, up NT\$25,356,161 or 45.09% from 2017 mainly due to acquisition of additional environmental protection and testing equipment and increased personnel expenses.

"Environment-friendly Business" - blue certification

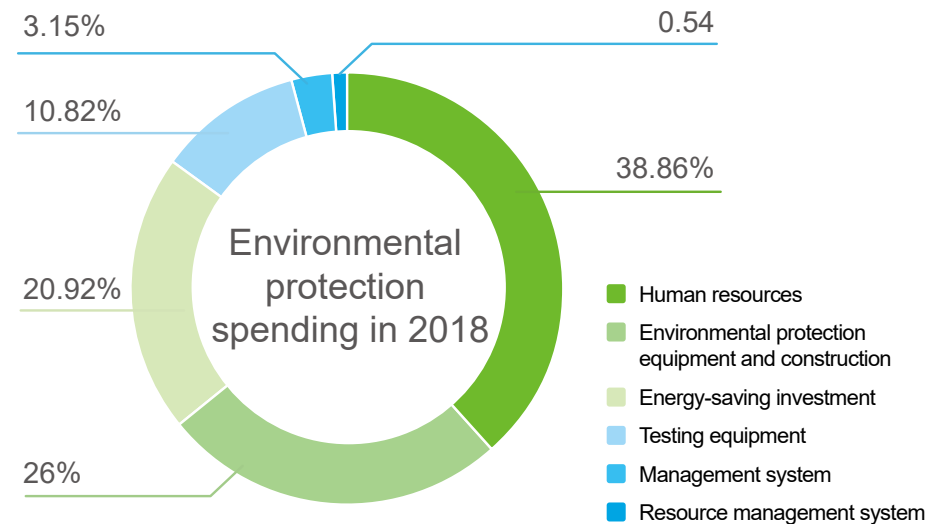


Dongguan Primax was one of the first companies to be named "Environment-friendly Business" by Dongguan Environmental Protection Bureau in 2009, and it retained this title following the 2013 review. Dongguan Primax was later awarded the title of "Environment-friendly Business" - blue certification in 2017 for the following reasons:

1. The Company's environmental protection documents are (environment inspections/pollution permit) complete and valid.
2. Having maintained discharge/transfer of exhaust, wastewater, noise and solid waste at consistent levels for a long period of time.
3. The Company has been exploring and adopting environment-friendly practices since incorporation, and constantly strives to achieve the ideal balance between corporate performance, environmental impact and social influence.

Source: "Dongguan City 2016 Announcement on Corporate Environmental Credit Evaluation.doc" by Dongguan Environmental Protection Bureau: <http://dgepb.dg.gov.cn/publicfiles/business/htmlfiles/dgepb/tzgg/201706/1135430.htm>

Environmental protection spending of Primax Group – the last 2 years





Item	Category	Table of Contents	2017 Expenses (NTD)	2018 Expenses (NTD)
1	Environmental protection equipment and construction	Waste treatment	2,750,287	7,002,613
		Water treatment	1,665,506	495,135
		Air treatment	3,257,100	1,645,286
		Equipment maintenance/consumables	6,581,444	2,860,740
		Environment inspection	614,214	594,864
		Acquisition of environmental protection equipment	126,000	8,379,000
2	Management system	Certified for SO 14001, OHSAS 18001, ISO 14064-1, and IECQ QC080000	1,138,624	1,601,213
		Environmental impact assessment	1,127,250	972,000
3	Human resources	Employee salary (including GP)	24,265,547	31,708,106
4	Testing equipment	Acquisition of environment and GP testing equipment	1,805,850	7,083,000
		Maintenance/consumables expense	991,980	1,745,618
5	Energy-saving investment	Systems, constructions and materials	11,427,728	17,065,901
6	Management information system	GP Portal maintenance expense	488,000	442,215
Total			56,239,529	81,595,690



3.2 Quality management and green product at source

Supply chain management at the source
Assuring customers' health and safety at the source of the supply chain
Green product management

GRI Material topic	Health and safety of customers
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- To achieve this purpose, Primax Group not only implemented policies such as quality, green product, environment safety and health, but also refrains from using conflict metals (such as: coltan, cassiterite, gold and wolframite) that originate from Democratic Republic of the Congo. These policies have been included as prerequisites for all supplies provided and designed by suppliers in order to ensure customers' safety and health when using our products.



- All products manufactured by Primax Group and all raw materials used are free of toxicity, and content of hazardous substances such as lead, cadmium and mercury is fully compliant with regulations. Following the new addition of BBP, DBP, DEHP and DIBP in RoHS, we begun reducing use of the above substances and was able to fully comply with legal requirements by the end of 2018.



- Safety and health of the Company's products are verified by the executive product assurance officer of Primax Group. The Company evaluates the effectiveness of its practices annually using the PDCA approach and by following the internal review procedures outlined in ISO 9001, ISO 14001, ISO 14064-1, ISO/TS 14067, IECQ QC 08000 and OHSAS 18001. These standards are being followed strictly in every aspect from customer/legal requirements, component identification, supplier management, raw material examination, production, inventory, shipment, to employee training. This is to ensure that products manufactured by business departments do conform entirely to regulations, policies, and customers' health and safety requirements.



- Products made by Primax Group are 100% compliant with laws and customers' requirements on health and safety.
- In 2018, no product and service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.
- Material flow cost accounting (MFCA) is being implemented.
- Became the first electronics manufacturer in Taiwan to receive award of excellence in the EPA's Low-carbon Incentive Program.

For every new legal requirement imposed by the authority, we shall conduct thorough assessments, adjust management strategies, and revise our annual targets accordingly. Any failure in accomplishing the designated goals will be thoroughly reviewed to identify the key reasons and possible solutions. Outcomes of these solutions will be verified in subsequent review meetings.



3.2.1 Materials management

Component and material control using international standards.

Primax Group produces the best quality electronics. All raw materials used are free of toxicity, and content of hazardous substance is fully compliant with regulations. We adopt product life-cycle management (PLM), GP Portal® and SAP® systems to verify the composition of all components used in our production. We have so far analyzed the composition of more than ten thousand components, and our database is gathering new entries every day. We abide and adopt international standards to help us evaluate chemical substances contained within various components. These standards include EU RoHS directives (effected since 2006) and Registration, Evaluation, and Authorization of Chemicals (REACH). They have given us a better understanding of how these substances affect our health and environment.

All products that we provide to customers have passed health and safety evaluation. The scope of our evaluation covers statement of compliance, RoHS test report, hazardous substance survey, substance safety survey, and safety/ EMC standards conformity report. In 2018, no product and service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.

Robust green product management and strict compliance with IECQ QC080000

By combining existing information systems (PLM, SAP and GP Portal), Primax Group has developed a green product management system that addresses various aspects of its operation from regulation, customers' requirements, supplier management, product design to production control. This system enables us to evaluate toxic substances in raw material supply during as early as the product development stage. As part of our green product policy, we actively incorporate environmental concepts into green design and management. The green product management system mainly involves linking the GP system with the hazardous substance process to satisfy customer/legal requirements while protecting the environment.

Robust hazardous substance management

Primax Group's hazardous substance management efforts are guided by International Electrotechnical Commission's IECQ HSPM QC080000 standards (Electrical and Electronic Components and Products Hazardous Substance Process Management System Requirements). These standards are being followed strictly from customer/legal requirements, component identification, supplier management, raw material examination, production, inventory, shipment, to employee training. All production sites of the Group are equipped with chemical laboratories and instruments of equivalent grade as the ones used by third-party examiners. These laboratories enable the Company to analyze and manage hazardous substances. Instruments and equipment are calibrated on a regular basis and tested with the assistance of independent third parties. Employees are required to undergo proper training and pass tests before proceeding with testing works.

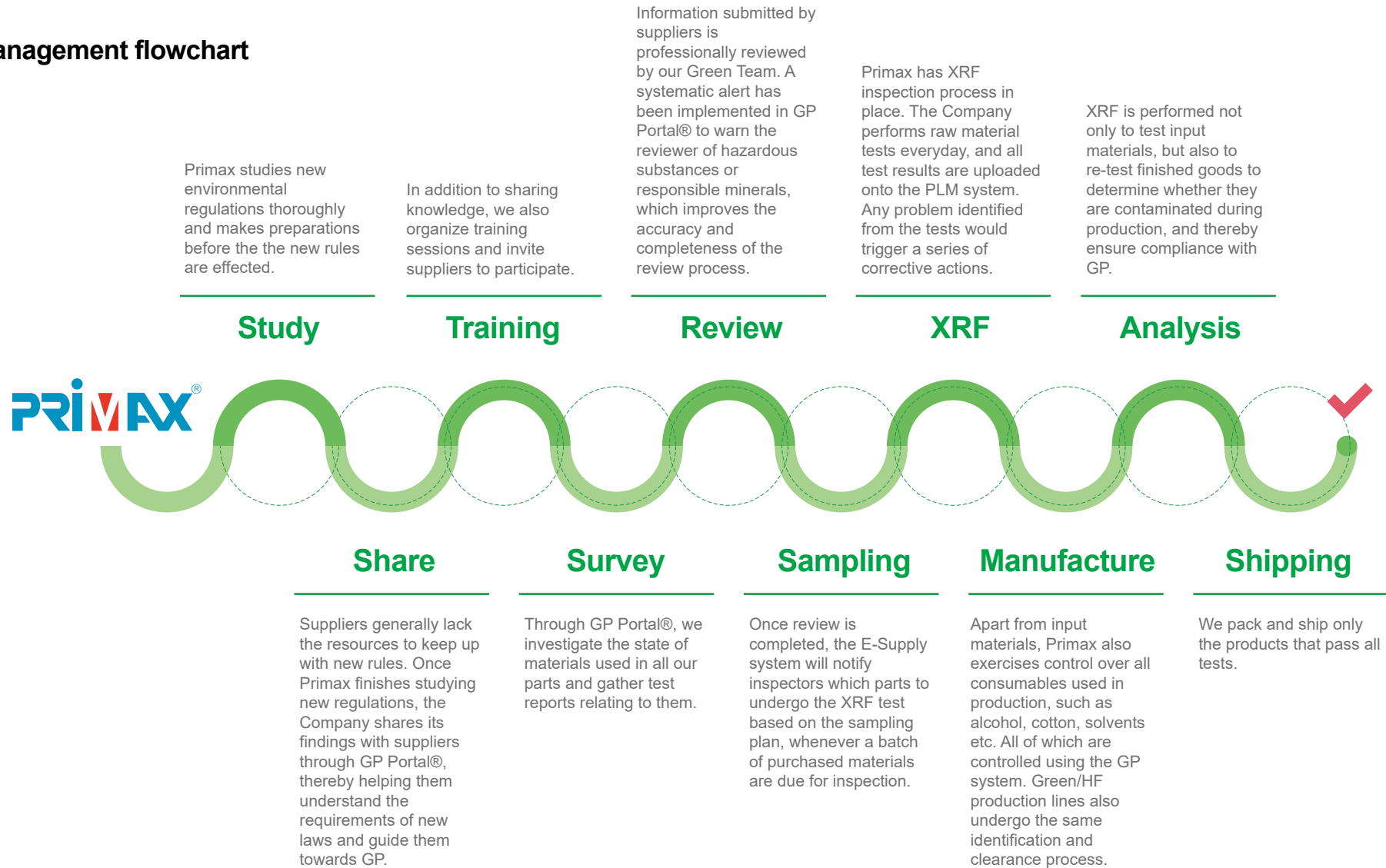
If any toxic substance is detected within products, steps will be taken immediate to reduce and eliminate them from design, or explore safer, alternative sources of supply. By eliminating toxic substances from the production process, Primax not only protects workers but also prevents consumers from harm and avoids causing pollution to land, air and water.

Today, countries including the USA, Japan and the EU have prioritized their efforts to control this type of substance through regulations. Examples of which include California Toxic Toy Bill AB-1108, REACH Annex 17, and Taiwan BSMI's CNS 4797. Given the fact that phthalate ester (PAE) is a very common plasticizer used in the production of plastics and poses potential threat to human health, the Group will be making plans to control the use of PAE in the future and take steps toward accomplishing toxicity-free production.



3. Green management and partnership

Management flowchart





3. Green management and partnership

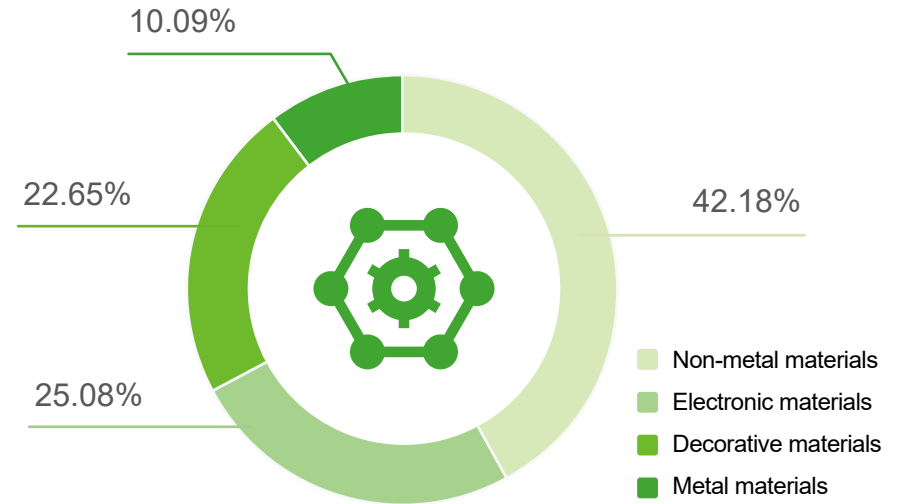
Raw material consumption statistics

Primax Group consumed 112,638,211 kg of raw materials in 2018; these raw materials comprised 4 main categories: metallic, non-metallic, electronic, and packaging materials. All of which were non-renewable.

Unit: kg

Name of material		2016	2017	2018
Metal materials	Iron	5,708,288	6,128,307	7,287,493
	Aluminum	630,725	832,556	1,074,352
	Copper	52,922	50,273	66,329
	Other metals	5,328,533	834,686	2,934,805
Non-metal materials		37,939,280	27,860,611	47,507,796
Electronic materials		21,072,954	25,771,623	28,254,486
Packing materials		21,709,790	19,937,985	25,512,950
Total (kg)		92,442,492	81,416,042	112,638,211

Note: The minor discrepancies between total raw materials and the sum of 4 main material categories in 2017 were caused by rounding errors.



Material flow cost accounting (MFCA) project

Material flow cost accounting (MFCA) is an environmental accounting tool, the purposes of which are to analyze material flow and integrate financial and environmental information into an integrated management platform. For the first-time adoption of MFCA, Primax Group has chosen to make a pilot implementation on the PTC coating line at Dongguan Tymphany's Liuwu Plant. To facilitate implementation and promote understanding and participation across the organization, Dongguan Tymphany Liuwu Plant assembled a MFCA project team that specialized in gathering MFCA-related data such as product profile, percentage of raw/accessory materials used, unit flow and unit input/output. Uses of various materials are subsequently quantified in applicable currencies.

The purpose of MFCA is to improve transparency of the production process. By analyzing incremental energy costs, losses and waste treatment cost incurred for each material, we aim to identify areas of the highest wastage where we can make improvements and maximize resource efficiency. This MFCA analysis provides better insight into the use of substance and energy for each product line, and enables us to identify wastage and losses that can be improved upon for lower environmental impact and increased profits.





3.2.2 Advanced green product R&D and manufacturing

Primax Group has always been dedicated to enforcing green production and corporate sustainability, including the introduction of green product management practices since 2003 that aim to address 3 main aspects: hazardous substance, green design, and supply chain management. Meanwhile, greenhouse gas and carbon footprint surveys have been incorporated into the production process. Specifically, this includes:

- (1) Chemical substance management: EU RoHS, EU ErP directives and responsible minerals
- (2) E-Waste (ease of disassembly and recycling)
- (3) Energy consumption improvements: EU ErP directives, Energy Star, GHG inventory and Carbon Footprint

Driven by this initiative, Primax's PC Input Device Department is actively incorporating green designs and energy-saving technologies into mouse products. Apart from producing products to customers' requirements, Primax also led the industry in establishing multiple standards. Over the course of applying carbon/carbon reduction labels, we were able to develop product carbon footprint and GHG survey processes for our factories and supply chain. By incorporating green designs into our products, we aim to reduce energy and carbon and fulfill Primax's vision towards environmental protection and sustainability. Over time, we shall apply this technology to other product categories to meet customers' requirements and further enhance product competitiveness.

Since Primax Group is not a brand owner, it does not sell carbon and carbon reduction-labeled mice to end consumers, but merely donate them to Nanhu Elementary School and Song Shan Primary School in Taipei City, Dahu Elementary School in Miaoli County, and Tao Yuan Elementary School in Taitung County for environmental education. Through carbon label-certified mouse, we hope to raise the public's awareness towards greenhouse gases, and contribute to public welfare and environmental education in ways that conform with Primax's environmental and sustainability philosophy.

In 2018, Primax Electronics remained dedicated in achieving "carbon reduction through green, energy-saving and minimal waste design" and continued to submit entry for EPA's Low-carbon Incentive Program. It became the first electronics manufacturer in Taiwan to win an Award of Excellence not only for its carbon reduction label, but also for ranking top 10% in reduction performance within the given product category. This recognition has been a strong affirmation to our green product philosophy and practices.

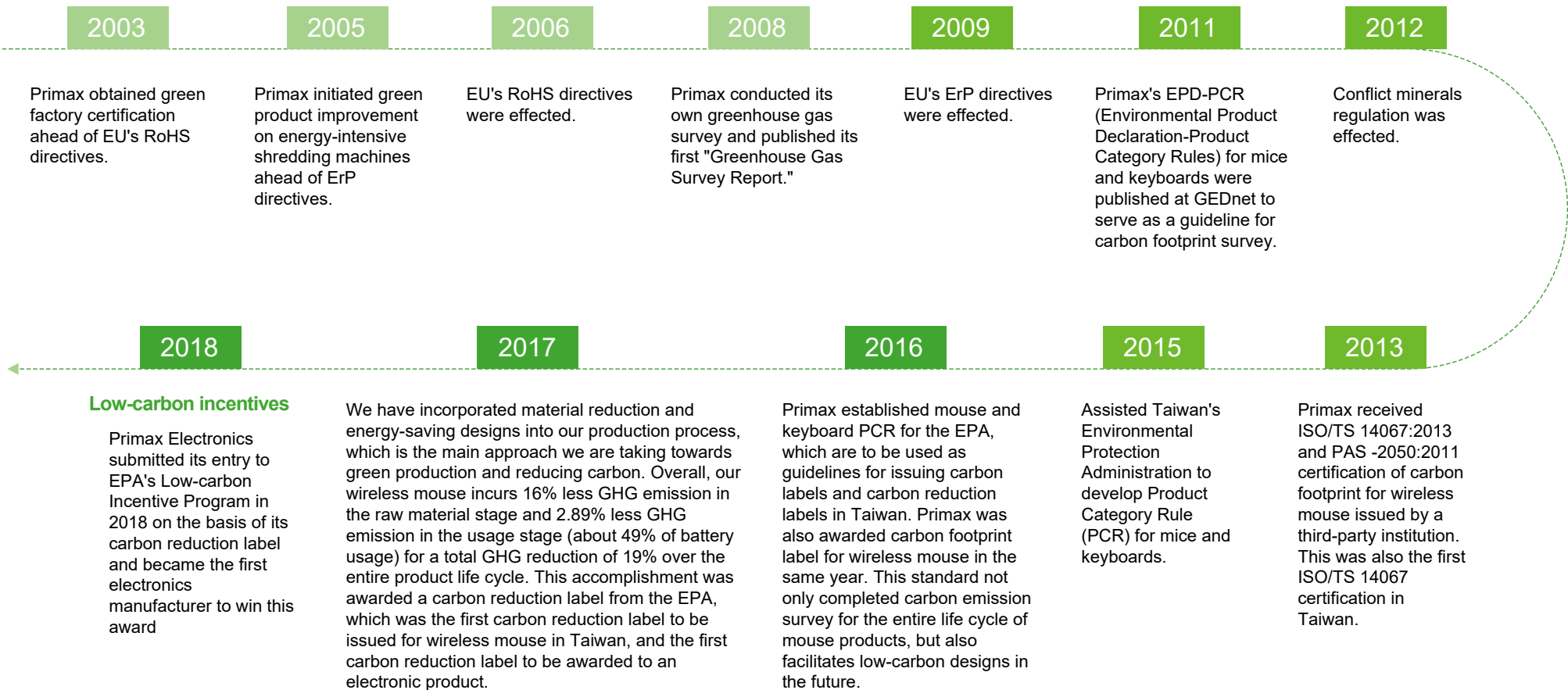


Award of excellence in EPA's Low-carbon Incentive Program in 2018 (center: Vice President of Primax's Mouse Department)



3. Green management and partnership

Primax is the pioneer of green production. Its practices have surpassed international rules and industry standards





3.3 Partnering towards a sustainable supply chain

Supplier overview

Primax Group manufactures an extensive range of products from computer accessories (mouse and keyboard), mobile device components, office machines, to Smart Home and acoustics. There are three categories of supplier that are directly relevant to our production, including: 1,591 raw material producers, 348 electronic parts distributors and 7 subcontractors for a total of 1,946. Regionally, 291 suppliers were located in Taiwan, 1,467 were from China (including Hong Kong), and 188 were from other countries. Total transactions with suppliers amounted to approximately NT\$50 billion in 2018.

3.3.1 Supplier environmental responsibilities management

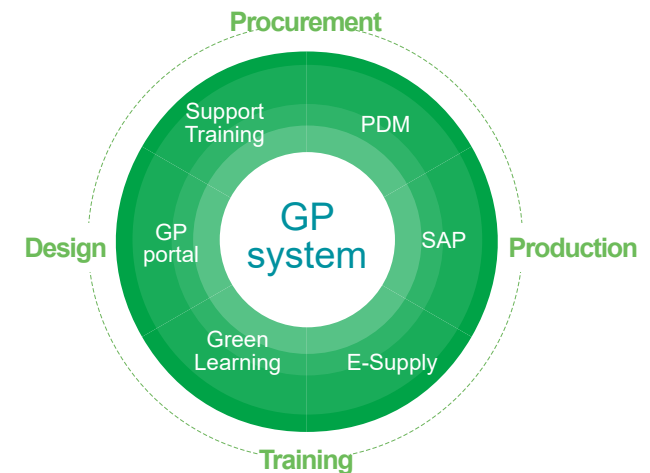
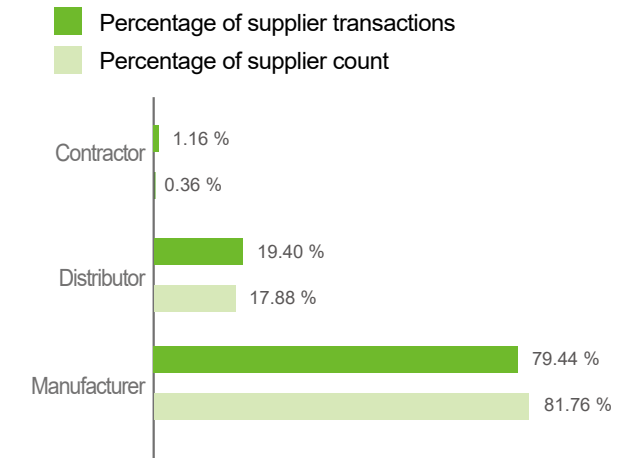
Primax GP Portal® – Seamless connection of the global green supply chain

Primax has a green product management platform in place to control its raw material supply chain at the source. With PDM® system at the base, the Company has developed an integrated management information system by combining GP Portal®, SAP® and other information platforms to effectively reduce the time and cost of our processes. This integrated system controls virtually every aspect of our operation from customers' requirements, regulations, design, suppliers, procurement, production, to training.

Creation of green product management platform and raw material control at source

We take supplier reviews as a means to improve suppliers' capabilities. A comprehensive set of procedures has been developed to help suppliers improve and comply with the Company's supplier management policies. All new Primax suppliers are required to undergo QCDS (Quality, Cost, and Delivery) assessment before conducting business. Suppliers of special stature (e.g., world-renowned manufacturers, vendors specifically designated by customers etc.) are still subject to comply with QCDS requirements, the only difference is that documentary review may proceed using declarations issued by these suppliers (such as statement of environmental commitment or other self-declared environmental assessments). Only those that pass the Company's review may be included in the Approved Vendor List (AVL).

Supplier count, transaction and percentage by type





3. Green management and partnership

After the initial qualification, the Company conducts regular on-site inspections and organizes training courses on hazardous substances and GHG inventory to make sure that suppliers continue to meet our requirements. The following is a list of commitments that suppliers are asked to sign and submit as an assurance that their raw materials and finished goods are entirely compliant with local and international initiatives, environmental regulations, internal policies and business code of conduct. Apart from environmental protection, it is also mandatory for suppliers to make commitments with regards to intellectual properties, confidentiality, order placement, source of materials and compliance with relevant standards.

<p>Responsible minerals</p>	<p>Since 2012, Primax Group has strictly complied with the "Conflict Mineral Law" and refrained from using and purchasing conflict minerals (such as: coltan, cassiterite, gold and wolframite) that originate from Democratic Republic of the Congo, while at the same time demanded all suppliers to make commitment to using responsible minerals and ensure that all minerals (such as: coltan, cassiterite, gold and wolframite) used in production will not finance armed conflicts. This policy forms an essential part of our supplier management and product design, and we require suppliers to disclose information of their refineries and make announcements over GP-Portal® for any conflict metal discovered in their supply.</p>
<p>Restricted substances</p>	<p>It is mandatory for suppliers to guarantee that all products sold to the Group are free of hazardous substances prohibited by local regulations, whether in raw materials, dyes, solvents, consumables, packaging, or production process. Furthermore, suppliers are also demanded to comply with Primax's specific requirements and terms of QW-5Q002 - Green Product Chemicals Specification for all substances contained in raw materials, dyes, solvents, consumables, packaging, and production process.</p>
<p>RBA Code of Conduct (formerly EICC)</p>	<p>All new suppliers are required to sign a "Supplier Statement" that includes a commitment to comply with the latest Code of Conduct developed by the Responsible Business Alliance (RBA; Version 6.0). Their commitments would ensure the safety of work environment, respect of employees, protection of local environment, and morality in future business engagements.</p>

Responsible minerals policy

Primax Group does not purchase minerals (such as coltan, cassiterite, wolframite, gold...) that are acquired through force or gathered in ways that violate human rights, or any products made from such minerals. Primax Group has also made the following commitments with respect to conflict minerals:

1. To purchase 3TG materials (such as CFSP certification or equivalent) from Conflict-Free certified refineries, and allow certified materials that originate from Democratic Republic of the Congo and nearby countries.
2. Perform due diligence investigation and risk management on suppliers according to OECD DDG.
3. Instruct suppliers to perform their own due diligence investigations and risk management according to OECD DDG.





3.3.2 Supplier social responsibilities management

Coordinating with suppliers on social responsibilities

Primax Electronics demands more than just performance and quality from its suppliers. Before commencing business relationship, suppliers are required to sign a "Supplier Statement," which is a declaration of integrity and a commitment to social and environmental responsibilities. In doing so, we make sure that suppliers are aware of our requirements on social/environmental responsibilities and able to comply with business ethics. 100% of new suppliers engaged during the reporting period had signed the "Supplier Statement." To enforce the terms of the statement, we make online and offline checks on suppliers' fulfillment of social/environmental responsibilities on a yearly basis, and in doing so evaluate their CSR performance while at the same time identify risks and improvement opportunities. We then evaluate whether new suppliers have complied with laws, RBA Code of Conduct (formerly known as EICC), customers' requirements and other requirements. For suppliers that do not meet the requirements, we help them improve within the specified time. Suppliers that fail to make satisfactory improvements will be replaced with other suppliers that meet our ethical and environmental standards. Furthermore, we maintain regular contact with suppliers and conduct annual audits, unscheduled surveys etc., to make sure that they keep up the expected standards.

Commitment and action

As part of our corporate social responsibilities, Primax Electronics has implemented policies to prohibit use of child labor and forced labor, whereas stringent recruitment process and regular internal reviews are being carried out to eliminate even the slightest chance of occurrence. Meanwhile, all potential and existing supply partners are being informed to comply with regulations and rules of RBA concerning prohibition of child labor. Based on our online and offline checks performed on key suppliers in 2018, we found no use of child labor in any of our suppliers.

In terms of integrity commitment, Primax requires all its suppliers and their employees to maintain integrity in all trading and transaction activities, including but not limited to: procurement of materials, work contracting, outsourced production, transfer of equipment, treatment of obsolete/waste materials, customs reporting, workforce dispatch, and subcontracting. Suppliers are encouraged to report any intentional or unintentional violation of proper procurement conduct by a Primax employee. These incidents may be reported via physical mail or e-mail through the following channels with details such as the employee's name, supplier's contact method, the violation committed or relevant evidence.

- ▶ Grievance hotline: +886-2-27989008 ext: 1046
- ▶ Email: tina.lee@primax.com.tw

Online survey, risk identification, on-site inspection and improvements



Social responsibility survey is conducted annually on suppliers using social responsibility questionnaire.



Based on the surveyed results, Primax's CSR Office will compile a list of suppliers that are subject to review in the current year, and engage a professional third-party institution to review the shortlisted suppliers on site.



Suppliers are instructed to propose a corrective action plan (CAP) and follow-up for further improvements. 100% of audited suppliers had responded with a CAP in this audit.



3. Green management and partnership

Primax Group prepares supplier social responsibility questionnaires based on local laws, RBA Code of Conduct, customers' instructions and other applicable requirements, and uses them to establish knowledge on suppliers' profile, certification, production procedures, responsibility standards, policies and execution. All suppliers are required to complete the questionnaire online within the given time.

During the reporting period, we followed the materiality principle and shortlisted 224 suppliers that accounted for 80% of the Group's transactions, including 136 from Primax Electronics and 88 from Tymphony, to undergo Social & Environmental Responsibility (SER) survey online. The CSR Office of Primax Electronics then identified suppliers of high social responsibility risk from several perspectives including degree of impact (size, production characteristics etc.), likelihood (maturity of SER management) and controllability (business relations) and excluded 24 of which that were already subjected to the Group's on-site audit in recent years (13 in 2016 and 11 in 2017; all of which have been included in the ongoing improvement program). Within the remaining list of suppliers, the CSR Office conducted further review and chose a handful to undergo on-site inspection.

In order to monitor fulfillment of suppliers' social responsibilities and ensure the professionalism and objectivity of the review process, we have engaged third-party institutions to inspect suppliers on-site with regards to workers' rights, health and safety, environmental protection, commercial ethics, and social/environmental responsibility management.

In 2018, Primax Group conducted on-site audit on 11 suppliers and found no child labor, forced labor, or violation against freedom of association in any of our suppliers. However, we did discover improper work hours management and unsatisfactory maintenance of emergency facilities among suppliers that were of more significant impact to Primax. 100% of suppliers have proposed corrective action plans (CAP) in response to the inspection findings; their improvement progress is being tracked regularly (30 days, 60 days and 90 days), and as of the time of this report, all corrective actions are being carried out as planned. We will continue to demand more attention and efforts from our suppliers into social and environmental responsibilities, and work side-by-side with suppliers toward enhancing CSR management.

Annual supplier awareness training

Primax Electronics values stakeholders' participation and works closely with suppliers to increase learning opportunities and resources for mutual progress. It is also our policy to coordinate with suppliers on making improvements to potential risks, which is why we have engaged a third-party institution since 2015 to organize annual social responsibility training for suppliers. By 2018, more than 300 suppliers had undergone the training course. Through a series of training on social responsibilities, we hope to raise suppliers' awareness towards social responsibilities and encourage further commitment.

We also promote CSR awareness and convey our visions, strategies and requirements during the supplier convention, and ask for suppliers' active contribution to the environment and society. During the reporting period, we held 3 supplier social responsibility training sessions at our Dongguan and Chongqing operations to explain implications of local regulations, the RBA Code of Conduct (formerly EICC), and customers' social responsibility requirements. These training sessions covered five main topics: workers, ethics, health, safety, environment and management. As for occupational health and fire safety, the common weakness that suppliers have exhibited in previous inspections, the Company used case studies and interactions to share knowledge with supplier partners. Approximately 190 suppliers were trained during the year. We will continue to promote social responsibilities in the future and devise suitable and effective courses that conform to suppliers' needs.



Annual training



Convention of suppliers



4

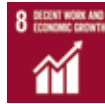
People-oriented value



"Safeguarding employees' health"



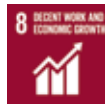
SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Sub-goal: 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Sub-goal: 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

Actions:

- An internship program was planned in the 4th quarter of 2014 and later implemented in 2015 to train the talents needed for China Manufacturing. Through the internship program, students are able to identify their interests and career path and develop theoretical and practical skills in relevant fields. Technical talents that exhibit relatively high loyalty are accepted into the talent reserves program. By 2018, 56 interns have been permanently employed. See "Column – Industry-academia collaboration in practice"



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Sub-goal: 8.7 Take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor, eradicate forced labor, and by 2025 end child labor in all its forms including recruitment and use of child soldiers.

Actions:

- An internship program was planned in the 4th quarter of 2014 and later implemented in 2015 to train the talents needed for China Manufacturing. Through the internship program, students are able to identify their interests and career path and develop theoretical and practical skills in relevant fields. Technical talents that exhibit relatively high loyalty are accepted into the talent reserves program. By 2018, 56 interns have been permanently employed. See "Column – Industry-academia collaboration in practice"



SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Sub-goal: 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.



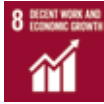
SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Sub-goal: 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Actions:

- At Primax Group, we value people and strive to cater for employees' safety and comfort in the workplace while at the same time assure them the respect and dignity they deserve. These are the reasons why we have implemented equal employment policies and engage local employees in full communication, so that employees are treated fairly anywhere we operate. Primax Group found no discrimination or use of child/forced labor in 2018, and encountered no material complaint or occurrence relating to the above issues. See "4.1 Fair talent recruitment"
- As part of our effort to bring diversity into the workforce and care for the under-privileged, Primax recruits foreign employees in addition to locals and hires a minimum number of people with disabilities each year, thereby providing them an opportunity to put their skills to work and make a living on their own. In 2018, Primax Group hired 100 foreign workers and 66 people with disability. See "4.1 Fair talent recruitment"
- Primax hires blind masseurs and masseuses to relieve employees from the stress and discomfort caused by prolonged use of computers. The hiring of blind masseurs and masseuses provides job opportunities for people with disabilities, and is believed to have worked in favor of multiple parties. See "4.4 Eliminating hazards"

- Primax Group strives to ensure equality in salary and eliminate gender discrimination in the workplace by reducing salary difference between genders as much as possible. Recruitment and salary decisions are made based on employees' grades, and are not differentiated in any way by gender. See "4.2 Productive labor-management relations"
- Primax Group values employees' career development, and offers a multitude of convenient learning channels to help employees develop new knowledge and skills. These learning channels have been designed to inspire employees' skills and potentials, and make their learning efforts more meaningful. All employees are entitled to receive training. In 2018, employees of the Group completed 254,633 hours of training in total, averaging 19.11 hours per employee. Total training expenses amounted to approximately NT\$9,976,199,000. See "4.3 Growth-encouraging career system"
- Primax Group offers full protection for employees' rights and adopts a fair promotion system. It has a performance evaluation system that clearly outlines available rewards, disciplinary actions, performance standards and evaluation criteria for each job role. Employees' performance is evaluated on a yearly basis, and the outcome affects year-end bonus and salary adjustment. See "4.2 Productive labor-management relations"
- Primax Group has a robust career development and promotion system available to cater for our employees from recruitment, transfer, to retention. These systems have been designed not only to support employees' career development, but also to inspire their potentials and open them up to whole new opportunities. See "4.3 Growth-encouraging career system"



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Sub-goal: 8.8 Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.

Actions:

- Primax Group undertakes active prevention and enhanced training to improve the safety of its factory environment while at the same time minimize work injuries. Number of enrollment to training sessions totaled 5,818 across all Primax Group plants in China in 2018. Training expense for safety officers amounted to NT\$113,400.
- The Company organizes evacuation and accident drills from time to time to improve employees' response. We aim to further expand our emergency response system to better protect our employees in the event of fire, earthquake, explosion, natural disaster or workplace accident. Number of participation in drills such as fire hazard, chemical leakage, food poisoning, elevator trapping and evacuation totaled 28,051 across all Primax plants in 2018.
- Primax Electronics monitors workplace safety and health through statistics, and analyzes the cause, type and nature of injuries occurred so that the Company may develop precise and feasible ways to improve. The Company only experienced minor, isolated incidents in 2018, and encountered no major accident that resulted in significant losses or death, or report of occupational illness.

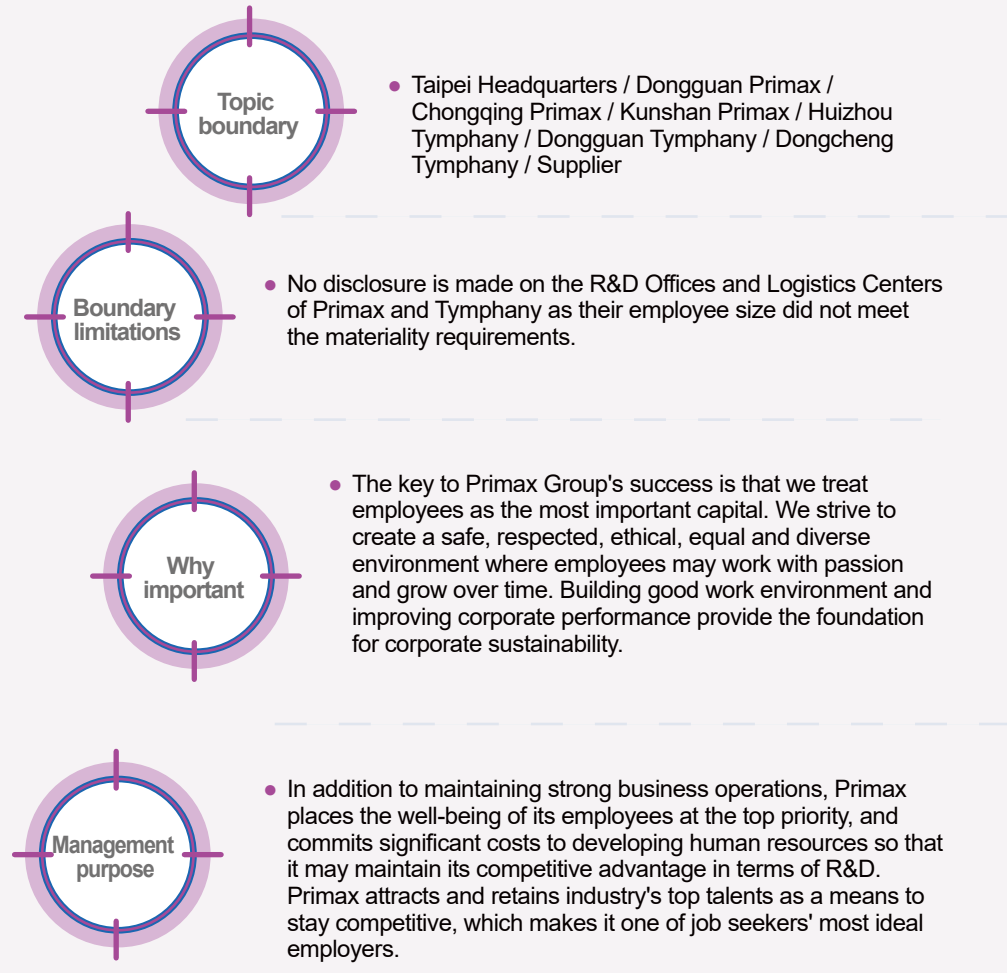
- In 2018, Primax Group made further improvements to its "security access system" by recording the time of workers' entry/exit to/from factory premise, so that data on workers' injury can be gathered and managed with greater efficiency.
- Chinese plants hold occupational safety and health committee meetings on a monthly basis. There is also a safety team that patrols the plant site, organizes health checkups, occupational safety and health training, and carries out safety and health practices on a regular basis.
- Primax Group has always placed employees' health at the top of its priorities, and constantly aims toward building a healthy workplace. The Group organizes regular health checks with more comprehensive coverage than what the laws require. Employees who have been identified as a high-risk group will be closely monitored by nurses and given complimentary re-checks six months later. These efforts are intended to enable early discovery and treatment of life-threatening diseases.
- Primax offers multi-layered protection that enables employees to take full control of their health. Seminars are organized to keep employees informed of health promotion knowledge, while medical attention is extended whenever needed. We have executed several measures to promote employees' health. See "4.4 Eliminating hazards"

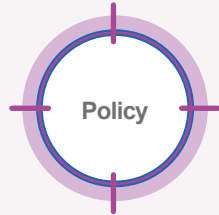


4. People-oriented value

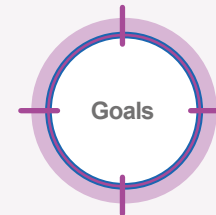
Fair and friendly workplace

GRI Material topic		
	Labor-Employer Relationship	





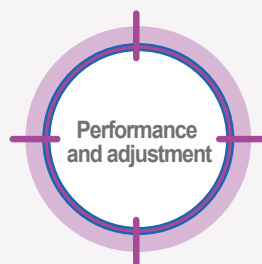
- Primax Electronics is committed to fulfilling its mission of "maximizing yield for shareholders and customers, and creating a joyful environment for employees to work in."
- Introduce "Healthy Workplace" as part of the employee care policy.



- Introduce "Safe Workplace" and "Friendly Workplace" as two higher level goals for bringing attention and sense of belonging to our employees.



- Implementation of employee grievance and opinion boxes, grievance hotlines and interviews. Awareness promotion measures including bulletin boards at each floor, e-mails, elevator displays, electronic displays at employee lounge and public area, and displays at corridors outside plant area.
- Welfare committee and labor-management meetings: Employees are given the opportunity to express their needs and suggestions. The Company would satisfy employees' requests to the extent deemed capable and reasonable, and thereby minimize chances of dispute.



- Taipei City Certificate for Top Nursery Facility.
- No violation of human rights or discrimination.
- All employees were hired in compliance with Labor Standards Act. No risk of forced labor was observed in 2018.

- Employee salary and welfare expenses totaled NT\$7,815,311,000 in 2018, representing approximately 12.06% of revenues.
- NT\$225,000 of employee childcare subsidies were received from the Ministry of Labor in 2018.

Taipei Headquarters, Dongguan Primax, Chongqing Primax, Kunshan Primax, Dongguan Tymphany, Huizhou Tymphany and Dongcheng Tymphany have remunerated employees in compliance with local regulations. Their respective human resource departments also monitor market salary levels and gather local survey reports regularly to adjust remuneration policies, and thereby maintain the Company's competitiveness in the labor market.



4. People-oriented value

4.1 Fair talent recruitment

Duty of maintaining fairness and justice in the workplace

At Primax Group, we value people and strive to cater for employees' safety and comfort in the workplace while at the same time assure them the respect and dignity they deserve. These are the reasons why we have implemented equal employment policies and engage local employees in full communication, so that employees are treated fairly anywhere we operate.

In addition to ensuring fair treatment across all employees, Primax takes pro-active steps toward preventing discrimination and use of child/forced labor in the workplace by establishing principles based on guidelines of Responsible Business Alliance (RBA) and international conventions. We make it our responsibility to create a fair, safe and comfortable working environment, and eliminate bonded labor, underage labor, and excessive work hours throughout the organization. Primax Group found no discrimination or use of child/forced labor in 2018, and encountered no material complaint or occurrence relating to the above issues. The following are practical measures and principles that Primax Group has adopted in relation to the above:



Non-discrimination

With respect to non-discrimination, Primax Group complies with Act of Gender Equality in Employment, RBA code of conduct and relevant international conventions to ensure that employees are not treated differently because of their gender. Furthermore, female employees are granted monthly menstrual leaves and maternity leaves that can be taken before and after childbirth, while all employees, male and female alike, are entitled to apply for family care leave or unpaid parental leave, and be reinstated unconditionally at the end of their leave. In addition to non-discrimination at the gender level, the Company also complies with the People with Disabilities Rights Protection Act by hiring a guaranteed number of employees with disabilities. Employees with disabilities are treated equally within the organization, and the Company extends assistance whenever is needed without discrimination of any kind.



Prohibition against child labor

Social responsibilities management is a key part of Primax's daily operations, and fulfilling social responsibilities is a prerequisite for producing quality products and satisfying customers' needs.

All operations of Primax Group strictly comply with laws, industry standards and customers' requirements regarding prohibition of child labor and underage labor. The Group evaluates child labor risks on a yearly basis, and has implemented policies in accordance with globally recognized human rights principles to prohibit the use of child labor. The Company has a "Child Labor & Underage Labor Policy" that specifically prohibits recruitment of child labor and introduces practices such as ID check, system check, social security alert, annual review and internal approval to minimize risks of child labor. Remedies for discovered use of child labor (past or present) have also been outlined in the policy. Contents of the above policy are covered in orientation and annual training to ensure that all new recruits, existing managers and employees are familiar with the prohibitions in place.

Primax applies this requirement uniformly across all suppliers, and has implemented rules and measures to eliminate use of child labor throughout the supply chain. The Company found no presence of child labor from online and offline supplier assessments conducted in 2018.



Non-forced labor

Primax has always considered employees to be the critical advantage, which is why we adopt a people-oriented culture and respect employees' rights. The Company has policies in place to prohibit all forms of slavery and human trafficking, including forced, bonded and penal labor, as well as any exploitation and sale of labor. The Company makes sure that all work activities are conducted willingly and compensated in a humane manner. Employees are encouraged to make anonymous report of any suspicions concerning use of forced labor without fear of retaliation. The Company also promotes employees' awareness on this topic through orientation, annual training and bulletins.

Primax's attention on forced labor extends throughout the supply chain, and suppliers' compliance with the policy is continually enforced through means such as annual training, information sharing, and online/offline assessment. Currently, no supplier exhibits any risk of forced labor.

Primax Group actively coordinates with customers and government institutions to perform human rights-related reviews each year. During the reporting period, Primax Group underwent 41 online surveys and 20 on-site inspections by customers, which found no violation of customer policy and no risk of material human rights impact. Taipei Headquarters also audited randomly by local authorities in 2018 on aspects such as employment terms and workplace health and safety, and no major defect was found. Factories in China have also been inspected by Human Resource and Social Security Bureau, Occupational Illness Prevention Center and the local union on issues concerning use of labor, protection of employees' rights, prevention of occupational illness, protection of female workers and human rights. The Company managed to pass all of the above inspections. Meanwhile, operations in China are starting to include human rights-related activities and compliance as part of their internal social responsibilities assessment for ongoing review and improvement.



Workforce structure of Primax Group

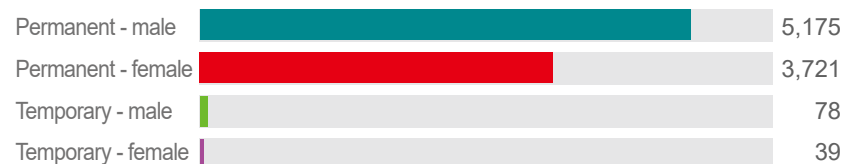
Primax Electronics (including Taipei Headquarters, Dongguan Primax, Chongqing Primax and Kunshan Primax) had 9,013 employees in 2018, 8,896 of whom (5,175 male and 3,721 female) were permanent while the other 117 (78 male and 39 female) were temporary employees. Meanwhile, the subsidiary - Tymphany (including Dongguan Tymphany, Huizhou Tymphany and Dongcheng Tymphany) had 4,314 employees and 4,312 of whom (2,400 male and 1,912 female) were permanent while the other 2 (both female) were temporary employees. There was no significant change in employee size during the reporting period. Employee distribution by contract type and age is shown below.

Primax Group employees by contract type – 2018

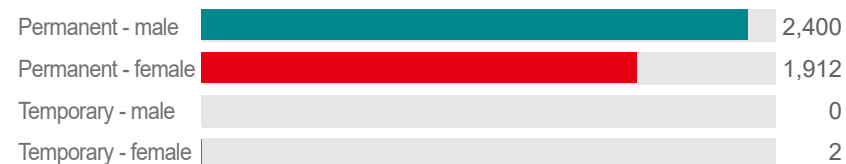
Contract type		Permanent						Temporary						Total
Office location	Gender	Male			Female			Male			Female			
	Age	Below 30	30-50	51 and above	Below 30	30-50	51 and above	Below 30	30-50	51 and above	Below 30	30-50	51 and above	
Primax Electronics	Taipei Headquarters	28	503	65	23	167	25	2	2	2	5	4	4	830
	Dongguan Primax	1,948	1,980	41	988	1,482	29	43	3	1	6	3	0	6,524
	Chongqing Primax	245	251	2	214	673	1	0	0	0	4	0	0	1,390
	Kunshan Primax	62	49	1	45	74	0	20	4	1	6	7	0	269
	Total	2,283	2,783	109	1,270	2,396	55	65	9	4	21	14	4	9,013
Tymphany	Dongguan Tymphany	527	516	5	317	320	0	0	0	0	0	0	0	1,685
	Huizhou Tymphany	549	573	37	337	417	5	0	0	0	2	0	0	1,920
	Dongcheng Tymphany	77	109	7	186	328	2	0	0	0	0	0	0	709
	Total	1,153	1,198	49	840	1,065	7	0	0	0	2	0	0	4,314

Note: 1. The above information is compiled based on records of the human resource system dated December 31, 2018. No assumption was applied.
2. Temporary employees refer to those hired under fixed-period contracts, and consist mainly of administrative support staff.

Primax Electronics employees by contract type



Tymphany employees by contract type





4. People-oriented value

Primax Group employee/worker count and percentage - 2018

The size of "workers" did not account for more than 50% of total employees at Primax Group. These workers primarily consisted of contract employees and suppliers' representatives, and the size may vary depending on production labor requirements at different times of the year. All business partners of Primax Group have been instructed to comply strictly with laws. Business relationship will be terminated immediately upon discovery of any violation against law.

Office location	Job type	Employee count	Workers			Worker percentage
	Location		Male	Female	Total	
Primax Electronics	Taipei Headquarters	830	10	6	16	1.89%
	Dongguan Primax	6,524	139	136	275	4.04%
	Chongqing Primax	1,390	73	115	188	11.91%
	Kunshan Primax	269	68	98	166	38.16%
	subtotal	9,013	290	355	645	6.68%
Tymphany	Dongguan Tymphany	1,685	246	84	330	16.38%
	Huizhou Tymphany	1,920	276	335	611	24.14%
	Dongcheng Tymphany	709	45	36	81	10.25%
	subtotal	4,314	567	455	1,022	19.15%

- Note: 1. Percentage of workers at various operations = workers per operation / (total employees per operation + total workers per operation).
 2. Workers consist of contract employees and supplier representatives.
 3. The above information is compiled based on records of the human resource system dated December 31, 2018. No assumption was applied.

Distribution of Primax Electronics employees and workers



Distribution of Tymphany employees and workers





Creating a diverse, equal and friendly workplace

Primax Group operates a headquarters in Taiwan and several subsidiaries and production sites in China. We believe that it is our responsibility to care for local residents, which is why we try to employ local residents where possible, and in doing so contribute to the development of the local economy.

The Group also strives to expand the diversity of its workforce in an increasingly globalized society. Apart from locals, Primax recruits foreign employees and engages actively in international exchange so that the company and employees may get in touch with different cultures and customs, and develop perspectives and thinking in different directions. Out of care for society, the Company recruits a minimum number of people with disabilities each year, providing them an opportunity to put their skills to work and make a living on their own. In 2018, Primax Group hired 100 foreign workers and 66 people with disability. Although the Group did not employ people with disability to the minimum quota, the organization paid monthly compensations for the shortfall as required by law, and continues to search for people with disability of suitable skills that can be hired to ensure compliance with local regulations. The following shows age and gender distribution of employees at Primax Group:

Diversity of Primax Group employees 2018 – by age and gender

Persons with disability														
Persons with disability	Below 30				30-50				Age 51 and above				Total	
Age/gender	Male		Female		Male		Female		Male		Female			
Office location	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Taipei Headquarters	1	0.12%	0	0.00%	3	0.36%	1	0.12%	1	0.12%	0	0.00%	6	0.72%
Dongguan Primax	1	0.02%	1	0.02%	9	0.14%	0	0.00%	0	0.00%	0	0.00%	11	0.17%
Chongqing Primax	1	0.07%	1	0.07%	1	0.07%	2	0.14%	0	0.00%	0	0.00%	5	0.36%
Kunshan Primax	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Dongguan Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Huizhou Tymphany	17	0.89%	2	0.10%	20	1.04%	1	0.05%	3	0.16%	1	0.05%	44	2.29%
Dongcheng Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	20	0.57%	4	0.10%	33	20.37%	4	0.19%	4	0.12%	1	1.52%	66	0.50%



4. People-oriented value

Foreign employees														
Persons with disability	Below 30				30-50				Age 51 and above				Total	
	Male		Female		Male		Female		Male		Female			
Office location	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Taipei Headquarters	0	0.00%	1	0.12%	7	0.84%	2	0.24%	2	0.24%	0	0.00%	12	1.45%
Dongguan Primax	0	0.00%	0	0.00%	7	0.11%	0	0.00%	1	0.02%	0	0.00%	8	0.12%
Chongqing Primax	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Kunshan Primax	0	0.00%	0	0.00%	1	0.37%	0	0.00%	0	0.00%	0	0.00%	1	0.37%
Dongguan Tymphony	0	0.00%	0	0.00%	26	1.54%	1	0.06%	1	0.06%	0	0.00%	28	1.66%
Huizhou Tymphony	0	0.00%	0	0.00%	42	2.19%	2	0.10%	7	0.36%	0	0.00%	51	2.66%
Dongcheng Tymphony	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	0	0.00%	1	0.05%	83	2.08%	5	0.14%	11	6.79%	0	0.00%	100	0.75%

- Note: 1. Percentage of employees with disability at various sites by age and gender = number of employees with disability at each site in 2018, by age and gender/total employee count of the given age group and site at 2018 year-end.
 2. Percentage of foreign employees at various sites by age and gender = number of foreign employees at each site in 2018, by age and gender/total employee count of the given age group and site at 2018 year-end.
 3. Foreign employees refer to those who are neither Taiwanese nor Chinese nationals.
 4. The above information is compiled based on records of the human resource system dated December 31, 2018. No assumption was applied.

Distribution of persons with disability within Primax Group



Distribution of foreign employees within Primax Group





4.2 Productive labor-management relations

Diverse communication channels and protection of employees' interests

Labor-management relations is the issue that has the most direct impact on employees' interests in the workplace. In order to accomplish our goal of creating an equal, safe and friendly work environment, we have long devoted attention to maintaining a productive labor-management relationship. At Primax, we adopt a "humane" approach where all our activities including product R&D, manufacturing and employee care are driven by "people's needs."

In terms of workforce management, Primax Group complies strictly with local labor regulations wherever it operates. Employment relations at Chinese production sites are governed by the "Employment Contract Law." Our human resource department has been entrusted with the responsibility of managing workplace and talent development. Not only does it oversee an extensive scope of personnel affairs including talent diversity, interdepartmental transfer, employee communication, employee care, learning and development, remuneration, welfare and incentives, the department also conducts regular tracking and analysis of human resources to help managers improve work performance and productivity, and offer insights that are useful to the senior management in reviewing performance of the existing workforce.

Effective communication is an essential means to explore people's needs. We are committed to building a communication culture in which employees feel comfortable about asking questions and sharing thoughts with superiors. The Company offers a broad variety of channels to achieve this goal, including daily morning meetings, employee conferences, leader conferences, quarterly internal meetings, employee opinion box, General Manager's mailbox, and employee grievance mailbox. These channels enable employees to communicate directly with members of the management about their thoughts, concerns and queries. Primax Group created its own "Line@" and "Wechat" accounts in 2018 and has been using them as communication channels to interact with employees.

Primax's Taipei Headquarters currently does not have a union and has not signed any collective bargaining agreement with employees. However, through the convention of regular communication meetings, labor-management meetings and welfare meetings, employees are given plenty opportunities to express

opinions, which result in the effective resolution of their problems. Dongguan Primax and Kunshan Primax both have unions in place. Collective bargaining agreement with Dongguan Primax is renewed every three years, and was last renewed in December 2016. At Kunshan Primax, employees are recognized as union members from the time onboard unless they choose not to join for special reasons. 100% of employees at both sites had signed collective bargaining agreement. At Kunshan Primax, collective bargaining agreements were signed by employee representatives, who accounted for 10-15% of total employees. These unions convene representative meetings once or twice per year, organize representative training sessions once or twice a year, and engage senior management in conferences once per quarter. The unions have at least one-fourth of its representatives present at the above meetings. No union is assembled at Chongqing Primax due to management concern. In 2018, employees raised a total of 29 recommendations through unions. 18 of which were accepted and 18 were improved upon, representing an accomplishment rate of 100%.

Huizhou Tymphony assembled its union on December 29, 2018. Only 2% of employees have joined the union so far mainly because the union is still in its early stage of development. The union is actively recruiting members at the moment. Besides the union, employees may also raise opinions through the opinion mailbox. The mailbox is checked regularly by HR, who also replies to queries. Dongguan Tymphony and Dongcheng Tymphony have yet to establish unions, but there are communication and grievance platforms available to exchange opinions with employees. Tymphony provides the following grievance channels for employees: violation and sexual harassment grievance hotline (31995) / mailbox (31995@umc.com), CSR mailbox (csr@umc.com), ER employee care hotline (12885) and whistleblower mailbox (whistleblower@umc.com). These mailboxes will automatically forward mails to the Audit Committee and to level-1 managers of the Audit Office, the Human Resources Department and Intellectual Property Rights Division A total of 21 grievances concerning work hours, corporate activities, employee training and employee welfare were raised by employees in 2018; all of which have been responded with improvement measures implemented.



4. People-oriented value

Labor-management communication channels	Taipei Headquarters	Production locations in China (including Tymphony)	Description
Human Resource Account Service (Account Service)	○	○	The Account Service provider plays the role of an internal consultant and discusses with business departments on their needs for human resource. Once talents are recruited, the Account Service provider plays the role of a public relations officer and engages employees in frequent, open communications to address their needs at work and in life. They are the key to conveying employees' voices and maintaining employee relations. Account Service providers adopt an MBWA (management by wandering around) approach to ensure more immediate knowledge of employees' needs and better services.
Regular communication conference (Communication Conference)	○	○	The Company has systems in place to establish regular communication with employees. The COO hosts half-yearly seminars to communicate with employees on the Company's overall business plans, prospects, performance, and cultural focus, while every head of department is required to organize quarterly department meetings to learn about their departments and listen to employees' opinions.
Employee Grievance channels	○	○	The Company has employee grievance/opinion mailbox, complaint hotline, and survey systems in place to gather suggestions or uncover dishonest conducts, unfair treatments, sexual harassment or any behavior that is against the Company's interests. The Human Resource Department will assemble an investigation panel upon receiving a complaint. If the complaint involves a suggestion, it will be referred to the responsible unit for improvements. If the complaint involves a misconduct, then the outcome of the investigation will be notified to the subject and line manager for disciplinary action.
Soft promotional measures	○	○	Includes bulletin boards at each floor, e-mails, elevator displays, electronic displays at employee lounge and public area, and displays at corridors outside plant area. These measures are used to convey internal announcements and messages so that employees are constantly aware of activities and plans that are happening within the Company. Compared to other means of communication, the above methods deliver messages in a more subtle way.
Welfare committee and labor-management meetings	○	○	Both meetings are held at least once per quarter, during which employees are given the opportunity to express their needs and suggestions. These suggestions are continually discussed between employees and the Company until a consensus is reached, and the Company would satisfy employees' requests to the extent deemed capable and reasonable, and thereby minimize chances of dispute. All factories in China have employee welfare committees that convene meetings once every quarter. These committees are responsible for managing issues concerning employee benefits, club activities, corporate activities, and company publications.
Employee opinion surveys	○		The Company conducts online surveys on an unscheduled basis to investigate employees' opinions with regards to welfare and health promotion measures. Employees are encouraged to voice out their thoughts and suggestions so that improvements can be made to better address their needs.
Discussions with entry-level employees		○	The Human Resource Department organizes regular discussions with entry-level employees to gather opinions, while at the same time requests heads of department to propose feasible improvements and keep track of changes made. Employees are notified via e-mails and public announcements about the progress of their opinions and suggestions.
Union		○ ^{Note 1}	Meetings are convened at least once a year. Each union has welfare representatives and food representatives elected by employees to raise issues and suggestions concerning welfare measures and food. There are also organization, culture and communication representatives available to handle administrative affairs and feedbacks for the union, and thereby enhance employee welfare. Note 1: Chongqing Primax, Dongguan Tymphony and Dongcheng Tymphony currently have no union



Satisfying employees' living requirements through reasonable compensation

Primax Electronics cares for employees' well-being not only at work, but in day-to-day living as well. We offer a reasonable compensation system to assure employees better quality of life. Primax Electronics complies with government policies in every aspect concerning salaries, and refrains from assigning employees to unsuitable positions just to reduce personnel cost. We uphold fairness and justice in employment by awarding employees the titles and salaries they deserve, and making sure that everyone is appropriately compensated to care for them and their families.

The size of "workers" did not account for more than 50% of total employees at any operation of Primax Group, therefore no confirmation or survey was conducted on workers' salary. However, workers are remunerated according to local policies. As for "entry-level employees," there was no gender discrepancy in terms of current-to-minimum salary ratio. Salary packages of the least paid employees are all above the statutory minimum, meaning that no employee is remunerated below minimum salary.

Primax Group also strives to ensure equality in salary and eliminate gender discrimination in the workplace by reducing salary difference between genders as much as possible. Our remuneration policies in various locations not only comply with local regulations, but are regularly revised to conform with market levels. We gather local salary surveys to provide the basis for adjusting our remuneration policies; in doing so, we are able to maintain the competitiveness of our compensation package while at the same time ensuring fairness of remuneration internally.

We recruit and compensate employees with salary packages that correspond to their job grades, and not by gender. Employees are guaranteed an annual pay of 13~14 months' salary, depending on their grades. By offering competitive salary, we hope to attract talented employees and recognize and inspire their performance. In addition to regular salary, we also provide a broad range of incentives including monthly production efficiency bonus, annual performance bonus, proposal bonus, year-end bonus, patent bonus, long-service bonus, ad-hoc rewards, and quarterly team bonus to compensate employees for their contribution. Below are comparisons between male and female salaries (compensations) at key operations of Primax Group:

Salary/ compensation	Local minimum salary ratio ^{Notes 1 and 2}		Basic salary ratio			
	Entry-level employees ^{Note 3}		Non-managerial role ^{Notes 3 and 4}		Managerial role	
Office location	Female	Male	Female	Male	Female	Male
Taipei Headquarters	1.5	1.5	1	1.1	1	1.2
Dongguan Primax	1.1	1.1	1	1.1	1	1.1
Chongqing Primax	1.2	1.2	1	1.2	1	1.3
Kunshan Primax	1	1	1	1.1	1	1.1
Dongguan Tymphony	1.1	1.1	1	1.1	1	1.1
Huizhou Tymphony	1.03	1.03	1	1.3	1	1.6
Dongcheng Tymphony	1.05	1.05	1	1.1	1	1.2

- Note: 1. Minimum salary by local government in 2018: NT\$22,000 (Taipei), RMB 2,020 (Kunshan), RMB 1,500 (Chongqing), RMB 1,720 (Dongguan), RMB 1,550 (Huizhou).
 2. Percentage by gender: local minimum salary ratio = minimum salary of respective gender/local minimum salary of the respective site.
 3. Entry-level employee is defined by Primax Electronics as all non-managerial staff in Taiwan and all direct employees in China.
 4. Non-managerial staff is defined by Primax Group as indirect employees who assume specialist roles, whereas managerial staff refers to all other indirect employees.
 5. Male salary was higher than female. This was probably due to higher percentage of managerial roles undertaken by males, relative to females.



4. People-oriented value

Primax's Taipei Headquarters has made additional disclosures of employees' salary information for 2018 according to Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies."

Disclosure of employee compensation

Disclosures	2018
Number of full-time, non-managerial staff (persons)	820
Total salary of full-time, non-managerial staff (NT\$,000)	1,170,740
"Average" salary of full-time, non-managerial staff (NT\$,000)	1,428

Primax Group offers full protection for employees' rights. Its human resource policies are fully compliant with the Labor Standards Act, and are supported by clearly defined performance evaluation and disciplinary systems. Primax Group evaluates employees' performance on a yearly basis, and has clearly outlined performance standards and evaluation criteria for each job role. Outcomes performance evaluation affect year-end bonus and salary adjustment. All permanent employees of Primax Taiwan and China are entitled to performance evaluation except for new recruits that are onboard for less than 3 months. At Tymphany, all employees are entitled to performance evaluation and fair promotion opportunities.



Comprehensive welfare system that cares for employees

Primax Group cares for its employees through action as well as words. The welfare system is a true representation of our care for employees, as it caters for employees' every need at work. Primax has an Employee Welfare Committee in place to organize recreational activities and subsidies for employees. The committee constantly strives to expand the welfare system in order to provide employees the most complete care possible and enrich their private lives outside of work. Improvement of work-life balance and quality is what motivates the Employee Welfare Committee to devote attention in bringing the best benefits and developing the best welfare system for employees. Primax has implemented comprehensive welfare systems at all of its operations. Although welfare systems may vary in detail, they nevertheless comply or exceed local regulatory requirements. The following is a detailed description of various welfare systems in place:



Pension plan

Employees' retirement is covered either by pension (in Taiwan; contributions are made to the new or old scheme) or Social Insurance (in China).



Group insurance package envied by industry peers

In Primax, group insurance not only covers employees themselves, but also extends to spouse and unlimited number of children. Insurance premiums are 100% paid by the Company. Primax offers a multitude of group insurance covering life, accidents, medical expenses on accidental injury, hospitalization, cancer treatments, and critical illnesses. As for Chinese operations, employees are entitled to social insurance, which covers unemployment, work injury, retirement and healthcare. As for Tymphany (subsidiary), employees are covered by life, medical and disability insurance, for which the subsidiary pays social insurance and accident insurance premiums according to local policy.



Flexible leaves

Taipei Headquarters adopts a flexible work hour policy. Work hours typically begin from 8am until 5pm, but there are four alternative work hours spaced 30 minutes apart that employees may choose to suit their needs. Primax employees are entitled to Primax Holiday, a leave system more generous than the typical unpaid leave, illness leave, maternity leave, and parental leave mandated by law. For example, employees at Taipei Headquarters are not required to work on national lieu work days. They can spend their leaves in May to make the Labor Day into a long holiday for long-distance travel, while at the same time avoid running into crowds during popular traveling periods. Employees in China are granted home visit leaves during Chinese New Year, and they have the flexibility to choose when to take the home visit leave.



Facilities

Taipei Headquarters has staff dining room and cafeteria available. All Chinese factories provide dormitory and staff dining room, and Dongguan Primax has an entire building constructed for leisure purpose. Tymphany's ECP provides staff dining room and dormitory; the kitchen would even prepare special meals on festive occasions.



Benefits

Primax Group provides common benefits including festive bonus (Chinese New Year, Duanwu Festival and Mid-autumn Festival), birthday cash, and travel subsidies. At Taipei Headquarters, employees are entitled to additional benefits such as year-end bonus, wedding/funeral/childbirth/hospitalization subsidies, education subsidies for self and children, club subsidies, meal subsidies, childcare subsidies, arts/culture subsidies, and book subsidies. Meanwhile, Chinese factories provide wedding/funeral/childbirth subsidies, job allowance and year-end bonus; the Dongguan Site offers club subsidies, Chinese New Year meals and emergency aid fund that are distinctive from others, whereas Chongqing Site offers hospitalization subsidy. At Tymphany, the ECP provides additional employee benefits and meal/accommodation/club subsidies; Dongguan Tymphany offers wedding/funeral subsidies, Chinese New Year meals, emergency aid fund, job allowance, year-end bonus and outpatient treatment subsidies that are distinctive from others, whereas Huizhou Tymphany offers job allowance, year-end bonus and travel leaves.



4. People-oriented value



Employee care

Taipei Headquarters and Dongguan Site both have medical centers and medical staff stationed on site. Each department is equipped with a first aid kit to provide employees with the most immediate medical attention. The medical centers also provide medical consultation, disease prevention, and Employee Assistance Program (EAP) services. Employees who approach for medical consultation are followed up regularly for six months to ensure that all medical, legal, and psychological problems have been resolved. Chongqing Site, Kunshan Site and Tymphany have established service agreements with nearby medical centers or community hospitals to provide emergency medical assistance. At Tymphany, employees are entitled to complimentary health checkup and infirmary service. Shuttle bus service has been arranged to help employees reduce spending on commuting.



Group gathering

Apart from year-end banquets, Taipei Headquarters organizes events such as Family Day and Christmas Party to share its love, joy, prospect and vision with employees. In China, all of Primax's operations hold annual CNY banquets, whereas the Chongqing Plant organizes annual tug-of-war competition and the Dongguan Plant organizes karaoke competition, basketball tournament, casual sports competition and tug-of-war competition (started in 2015, now in its 3rd year) on a yearly basis, in addition to occasional film-watching and special day events. Tymphany, on the other hand, organizes basketball tournament, music festival and annual sports event on a regular basis.



Group trip and leisure activities

Primax Group holds different types of group trip for employees each year, such as Taipei Headquarters' half-day family activities and 1-day/2-day incentive trips that fully subsidize up to 3 family members. The Chinese factories, too, arrange regular trips where employees may have fun with their family without extra financial burden. In terms of social clubs, Taipei Headquarters offers 14 clubs including: muscle training, yoga, sculpt yoga, aerobic boxing, basketball, badminton, jogging, outdoor activities, arts and culture, photography, plants, and coffee. Plants in China organize group trips on a yearly basis. Dongguan Primax has 7 clubs including: soccer, badminton, cycling, basketball, dancing, volunteer, and outdoor activities; whereas Tymphany offers 5 clubs including: basketball, soccer, dancing, badminton, and musical instruments. Employees may join any club as they prefer to develop hobbies at work.



4. People-oriented value



Fun activities



Karaoke



CNY



Tug of war



Annual trip



Coffee club



CNY banquet



CNY



Tour to the zoo



Fun activities



Basketball tournament



Trip to Xitou



4. People-oriented value

In addition to the welfare measures mentioned above, Primax Electronics offers maternity and paternity leaves in compliance with local employment regulations as a means to encourage childbirth and give employees the adequate time to rest or keep their family members company before and after labor. By implementing a robust leave system, we hope to alleviate employees' burden in giving birth, and share their joy of welcoming new life.

In addition, Primax's Taipei Headquarters has set up nursery rooms throughout its offices that have been certified by the Taipei City Department of Health, so that employees may tend to the needs of their children and cater for their parent role even at work. A total of 26 employees (4 male and 22 female) were eligible to apply for unpaid parental leave in 2018, and 7 of whom (2 male and 5 female) had actually taken up the leave. Meanwhile, 5 employees (1 male and 4 female) were due to be reinstated from parental leave and 2 of whom (1 male and 1 female) were not reinstated for family reasons. Reinstatement rate and retention rate were calculated at 60% and 67%, respectively. Information regarding unpaid parental leave is as follows:

Year / gender / total	2016			2017			2018		
Item	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees qualified for unpaid parental leave (A)	67	17	84	57	18	75	41	30	71
No. of employees applied for unpaid parental leave in the current year (B)	3	1	4	0	4	4	2	5	7
No. of employees due for reinstatement from unpaid parental leave in the current year (C)	4	2	6	0	4	4	1	4	5
No. of employees reinstated from unpaid parental leave in the current year (D)	0	0	0	0	3	3	0	3	3
No. of employees reinstated from unpaid parental leave in the previous year (E)	0	0	0	0	0	0	0	3	3
No. of people reinstated from unpaid parental leave in the previous year, and have worked for one year since (F)	0	0	0	0	0	0	0	2	2
Percentage of employees reinstated from unpaid parental leave in the current year (D/C)	0	0	0	N/A	75%	75%	0	75%	60%
Unpaid parental leave retention rate in the current year (F/E)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	67%	67%

Note: The number of employees eligible to apply for unpaid parental leave was determined as the number of employees having received childbirth cash in the 3 years before the reporting period.



All Chinese operations of Primax Group have complied with the Employment Contract Law and offer maternity leave for pregnant women, as shown below:

Leave category	Description
<p>Prenatal screening leave</p>	<p>Dongguan Primax/Chongqing Primax/Dongguan Tymphony Employees are entitled to 1 day of paid prenatal screening leave per month up to (including) 7 months of pregnancy, and 2 days of paid prenatal screening leave during the 8th month of pregnancy, and 1 day of paid prenatal screening leave per week from the 9th month of pregnancy onwards.</p> <p>Kunshan Primax/Huizhou Tymphony/Dongcheng Tymphony During 1-6 months of pregnancy, employees are entitled to 1 day of prenatal screening leave for pregnancy test and health-related education. Between 6-7 months of pregnancy, employees are entitled to 1 day of prenatal screening leave per month. In the 8th month of pregnancy, employees are entitled to 2 days of prenatal screening leave. From the 9th month of pregnancy onwards, employees are entitled to 4 days of prenatal screening leave.</p>
<p>Maternity leave</p>	<p>Dongguan Primax/Dongguan Tymphony Female employees are entitled to 178 days of maternity leave for giving birth and 30 additional days for obstructed labor. In the event of multiple births, additional 15 days of maternity leave are granted for every additional child born. Employees are entitled to 15 days of leave if miscarriage occurs in under 4 months of pregnancy, or 42 days of leave if miscarriage occurs in or after the 4th month of pregnancy. The Company arranges childbirth insurance for all employees, and pays salaries for the entire duration of maternity leave. After returning from maternity leave, employees are required to provide relevant details in time to facilitate claims for childbirth subsidy.</p> <p>Kunshan Primax/Huizhou Tymphony/Dongcheng Tymphony Employees are entitled to at least 20 days of maternity leave if miscarriage occurs in under 2 months of pregnancy, or at least 30 days of maternity leave if miscarriage occurs from the 2nd to before the 3rd month of pregnancy, or 42 days of maternity leave if miscarriage occurs from the 3rd month of pregnancy to before the 7th month of pregnancy, or at least 98 days of maternity leave if miscarriage occurs from the 7th month of pregnancy onwards.</p> <p>Chongqing Plant Female employees may apply for 98 days of maternity leave when giving birth, whereas those who meet legal requirements are entitled to 30 additional days of maternity leave on top of national requirements. In the event of obstructed labor, employees are entitled to 15 additional days of maternity leave, subject to medical proof issued by a hospital. In the event of multiple births, additional 15 days of maternity leave are granted for every additional child born, subject to proof of birth. Employees are entitled to 15 days of leave if miscarriage occurs in under 4 months of pregnancy, or 42 days of leave if miscarriage occurs in or after the 4th month of pregnancy, or 30 days in the event of eccyesis. The Company arranges childbirth insurance for all employees, and pays salaries for the entire duration of maternity leave. After returning from maternity leave, employees are required to provide relevant details in time to facilitate claims for childbirth subsidy.</p>
<p>Nursery leave</p>	<p>Employees are entitled to 1 hour of breastfeeding break per day during the lactation period. Employees who gave multiple births are entitled to an additional hour of breastfeeding break per day for every additional birth.</p>
<p>Paternity leave</p>	<p>Male employees are entitled to 10~15 days of paternity leave.</p>



Dining area for pregnant women



Nursery room



4. People-oriented value

Caring for employees' present and future needs

Primax Group cares for employees not only with respect to workplace communication, but also caters for their lives after retirement by maintaining pension systems in compliance with laws of local authorities. Employees at Taipei headquarter are covered by Labor Standards Act and Labor Pension Act of the Republic of China, under which the Company is required to make regular contributions to employees' pension accounts. A new pension system was introduced in Taiwan in 2005. Employees who were already employed at the time of change were given the choice to either continue the old system or adopt the new system. For this reason, some employees who came on board on or before June 30, 2005 had chosen to continue with the old pension system, for which the Company contributes 2% of employees' monthly salary to the labor pension fund account. Under the new scheme, the Company contributes 6% of employees' monthly salary into their personal pension accounts. In addition to the 6% monthly contributions made by the employer, employees may also choose to contribute an additional 0% - 6% of their salary into their pension accounts. During the reporting period, about 0.96% of employees were subject to the old scheme while 99.04% of employees were subject to the new scheme. Primax had maintained its pension fund assets at 88.7% excess (and increasing) over pension liabilities, meaning that the Company is able to meet employees' retirement claims.

Employees of our various operations in China are entitled to pension insurance under the Social Insurance Law. This insurance provides employees the financial security they need to retire without worries. Retirement regulations at our Chinese operations allow male employees to retire at the age of 60 and female employees at the age of 50, or whenever certified by hospital for total loss of work capacity for either gender. Salary payments normally cease from one month after retirement, but the Company would pay one extra month of salary as a gratitude for employees' long-term contribution.

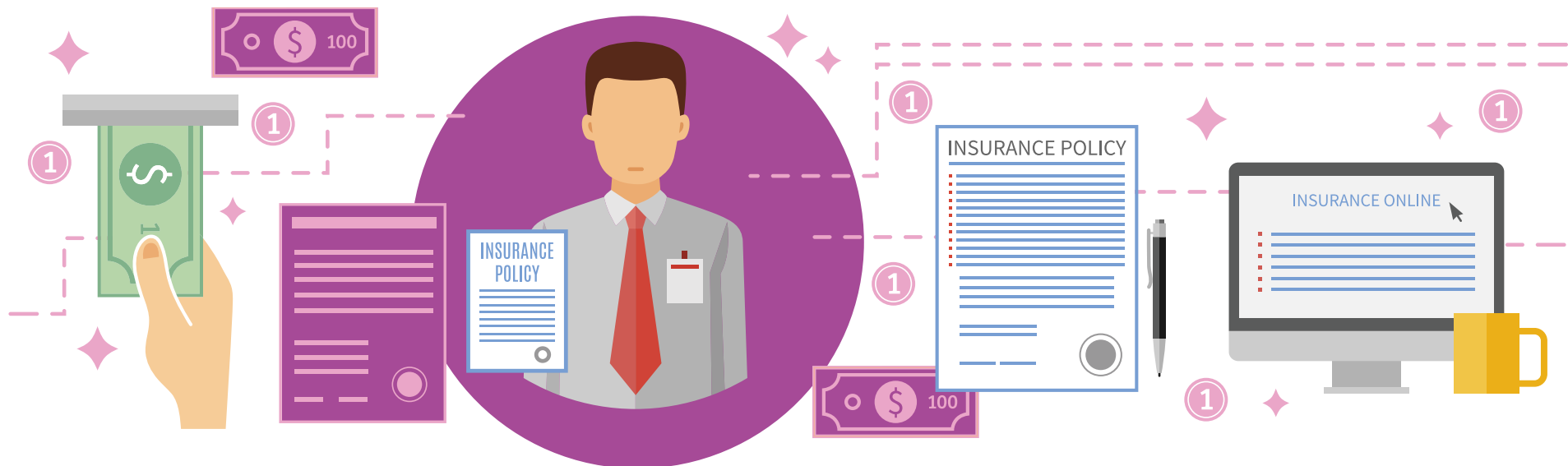
Social Insurance Law of the People's Republic of China

Office location	Location	Percentage / insurance category	Retirement	Unemployment	Healthcare	Occupational Injury	Childbirth	Total
Primax Electronics	Dongguan Primax	Company	13%	0.50%	1.60%	0.31%	0.70%	16.11%
		Individual	8%	0.20%	0.50%	0	0	8.70%
		Premium basis	3,100	3,100	4,454	3,100	3,100	
	Chongqing Primax	Company	19.0%	0.5%	10.0%	0.9%	0	30.4%
		Individual	8.0%	0.5%	7.0%	0.0%	0	15.5%
		Premium basis	3,664	3,664	3,664	3,664	0	
Primax Electronics	Kunshan Primax	Company	19%	0.50%	8%	1.10%	0.80%	29.40%
		Individual	8%	0.50%	2%	0	0	10.50%
		Premium basis	2,387	2,387	2,387	2,387	2,387	



4. People-oriented value

Office location	Location	Percentage / insurance category	Retirement	Unemployment	Healthcare	Occupational Injury	Childbirth	Total
Tymphony	Huizhou Tymphony	Company	13.00%	0.80%	9%	0.28%	-	23.08%
		Individual	8.00%	0.20%	2%	0	-	10.20%
		Premium basis	3,100	1,550	3,403	3,100	-	
	Dongguan/Dongcheng Tymphony	Company	13%	0.50%	1.60%	0.31%	0.70%	16.11%
		Individual	8%	0.20%	0.50%	0	0	8.70%
		Premium basis	3,100	3,100	4,454	3,100	3,100	





4. People-oriented value

We value and care for employees' actual experiences in the workplace. The Company constantly observes new recruits and resigned employees, and evaluates the effectiveness of existing measures and welfare to determine whether it has accomplished its goal of creating an equal and friendly workplace. Primax Group recruited 16,990 new employees (11,792 male and 5,198 female) in 2018, representing new recruitment rate of 127.49%; new recruits of Primax Electronics totaled 12,214 (8,651 male and 3,563 female), representing a new recruitment rate of 135.52%, whereas new recruits of Tymphany totaled 4,776 (3,141 male and 1,635 female), representing a new recruitment rate of 110.71%. In terms of resignation, Primax Group had 17,766 employees (11,598 male and 5,568 female) resigned in 2018, representing a resignation rate of 128.81%; resignations at Primax Electronics totaled 12,551 (8,684 male and 3,867 female), representing a resignation rate of 139.25%, whereas resignations at Tymphany totaled 4,615 (2,914 male and 1,701 female), representing a resignation rate of 106.98%. Detailed statistics are as shown below.

New recruits hired by Primax Group – 2018

Age/gender		Below 30				30-50				Age 51 and above				Total	
		Male		Female		Male		Female		Male		Female			
Office location		Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Primax Electronics	Taipei Headquarters	24	80.00	17	60.71	65	12.87	19	11.11	5	7.46	1	3.45	131	15.78
	Dongguan Primax	5,418	272.12	1,606	161.57	1,486	74.94	543	36.57	2	4.76	0	0.00	9,055	138.80
	Chongqing Primax	722	294.69	356	163.30	124	49.40	342	50.82	0	0.00	0	0.00	1,544	111.08
	Kunshan Primax	697	850.00	471	923.53	107	201.89	208	256.79	1	50.00	0	0.00	1,484	551.67
subtotal		6,861	292.21	2,450	189.78	1,782	63.83	1,112	46.14	8	29.36	1	1.69	12,214	135.52
Tymphany	Dongguan Tymphany	877	166.41	345	108.83	263	50.97	152	47.50	0	0.00	0	N/A	1,637	97.15
	Huizhou Tymphany	1,357	247.18	559	164.90	472	82.37	298	71.46	12	32.43	1	20.00	2,699	140.57
	Dongcheng Tymphany	118	153.25	161	86.56	42	38.53	119	36.28	0	0.00	0	0.00	440	62.06
subtotal		2,352	203.99	1,065	126.48	777	64.86	569	53.43	12	24.49	1	14.29	4,776	110.71

- Note: 1. Percentage of new recruits hired at various sites by age and gender = number of new recruits hired at each site in 2018, by age and gender/total employee count of the given age group and site at 2018 year-end.
 2. Percentage of new recruits hired at various sites = number of new recruits hired at each site in 2018/total employee count of the given site at 2018 year-end.
 3. New recruits exclude those who resigned during the year.
 4. Kunshan Primax has the tendency to hire large number of short-term agricultural workers (699 in 2018) due to the distinctive nature of the local labor market and depending on the size of outstanding orders. As a result, it exhibited a higher recruitment rate.



Resignations at Primax Group – 2018

Age/gender		Below 30				30-50				Age 51 and above				Total	
		Male		Female		Male		Female		Male		Female			
Office location		Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)	Persons	Percentage (%)
Primax Electronics	Taipei Headquarters	15	50.0	13	46.4	83	16.4	32	18.7	6	9.0	1	3.4	150	18.1%
	Dongguan Primax	5,320	267.20	1,707	171.73	1,615	81.44	637	42.90	10	23.81	1	3.45	9,290	142.40
	Chongqing Primax	754	307.76	433	198.62	127	50.60	400	59.44	1	50.00	0	0.00	1,715	123.38
	Kunshan Primax	648	790.24	447	876.47	2016	198.11	196	241.98	0	0.00	0	0.00	1,396	518.96
subtotal		6,737	286.93	2,600	201.39	1,930	69.13	1,265	52.49	17	15.04	2	3.39	12,551	139.25
Tymphony	Dongguan Tymphony	844	160.15	302	95.27	289	56.01	155	48.44	0	0.00	0	N/A	1,590	94.36
	Huizhou Tymphony	1,176	214.21	492	145.13	496	86.56	312	74.82	2	5.41	5	100.00	2,483	129.32
	Dongcheng Tymphony	67	87.01	221	118.82	39	35.78	214	65.24	1	14.29	0	0.00	542	76.45
subtotal		2,087	181.01	1,015	120.55	824	68.78	681	63.94	3	6.12	5	71.43	4,615	106.98

- Note: 1. Percentage of departed employees at various sites by age and gender = number of employees departed at each site in 2018, by age and gender/total employee count of the given age group and site at 2018 year-end.
 2. Percentage of departed employees at various sites = number of departed employees at each site in 2018/total employee count of the given site at 2018 year-end.
 3. Departed employees include employees who had voluntarily or involuntarily dismissed or retired.
 4. For the same reason that gave rise to the high recruitment rate of Kunshan Primax, short-term agricultural workers resigned upon maturity of their one-year contract (637 in 2018), and hence the higher resignation rate.

Primax Group complies strictly with labor regulations with respect to the termination of employment. Any major change of employment term is duly notified according to laws. In Taiwan, "Labor Standards Act" requires employers to give employees the following advance notice when terminating employment: 1. 10 days in advance for those who have worked continuously for 3 months but less than 1 year; 2. 20 days in advance for those who have worked continuously for 1 year but less than 3 years; and 3. thirty (30) days in advance for those who have worked continuously for 3 years and above. Labor regulations in China require employers to serve 30 days of advance notice.






4.3 Growth-encouraging career system

Fair performance assessment

Primax Group has a robust career development and promotion system available to cater for our employees from recruitment, transfer, to retention. These systems have been designed not only to support employees' career development, but also to inspire their potentials and open them up to whole new opportunities.

The Company has implemented a PRD (Performance Review and Development) system to facilitate two-way communication between employees and their managers. This process allows employees to develop a thorough understanding about their work performance and the skill sets they are expected to develop in response to future challenges. The PRD also enables employees to customize learning and development plans to suit their skills, preference, and style. The purpose of the PRD system is to help every Primax employee exceed personal boundaries and discover their endless potentials. In practice, the executive management would outline operational goals and have each manager engage in two-way communication with their employees at the beginning of year, mid-year and year-end to discuss the following:

Performance and career assess criteria	Description
 <p>Annual goal setting</p>	Using the Balanced ScoreCard (BSC), managers will discuss with their subordinates to list out at least 5 goals/ responsibilities for the coming cycle. They will also establish quantifiable measurements, assign weight by priority, and use them in performance evaluation accordingly.
 <p>Core skills</p>	Managers will identify at least three skills at the beginning of the year and assign weight based on importance. At the end of year, employees are evaluated on how they have developed the listed skills.
 <p>Career Development and Assessment Sheet (Career Development / Assessment)</p>	In order to guide employees through their career development, employees are asked to create a list of their own strengths as well as skills that require further enhancement or improvement during year-end performance evaluation. With feedback from the line manager, they become employees' next objectives.



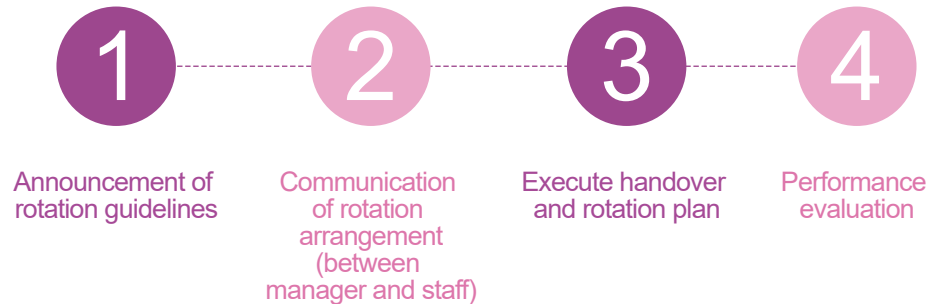


Independent and diversified learning in three on-job training channels

Diverse learning channels and robust career development system

Primax considers mental satisfaction to be very important in addition to salary and post-retirement care, which is why we help employees not only to succeed in work, but also to grow character and wisdom as well. For this, we have designed a comprehensive training system and provided a broad variety of courses and seminars to help employees refine work-related skills and learn knowledge they are interested in outside of work. For employees who have employment terminated due to adjustment of business portfolio or job duties, we would ask them if they require assistance with subsequent employment, and refer them to head hunters or employment agencies/websites if needed.

To ensure employees' compliance with basic code of conduct in all business activities, we have introduced a job rotation system with the implementation of "Primax Internal Rotation Policy." By rotating employees within the organization, we hope to help employees develop the skills and visions needed to advance in their careers, while at the same time prevent operational risks and maintain transfer of knowledge. The Company announces new rotation guidelines and plans each year for job roles such as procurement, warehousing, material control etc. Job rotations may occur within department, across department, or even across companies of the same group.



Primax's learning and development programs are centered around work-related skills. They are closely associated with the Company's future strategies and goals. The training system is divided into the following three categories:





Specialist training	<p>Enhance professional/technical skills in a customer-centric manner</p> <p>This type of training focuses on professional skills needed to serve customers, for which we have made available a broad range of courses from R&D, quality control, engineering, manufacturing, business, procurement, consultative relationship management, to supplier management.</p>
Managerial talent training	<p>Leadership enhancement and strategic thinking</p> <p>Courses have been planned to help employees develop the leadership and strategic thinking needed to accomplish managerial roles of all levels, and to provide strong link between upper and lower management.</p>
General skills training	<p>Diversified and inspirational learning</p> <p>These courses are intended to bring diversity and value into employees' career. Apart from language courses, the Company also provides general knowledge training to inspire employees' potentials in other areas, and make learning a more meaningful activity.</p>



4. People-oriented value

The Company offers a multitude of convenient learning channels to help employees develop new knowledge and skills. These learning channels have been designed to inspire employees' skills and potentials, and make their learning efforts more meaningful. During the learning process, we encourage employees to share what they have learned with colleagues and therefore facilitate growth as a team. Our managers often play the role of mentor and give them the most direct and immediate guidance. It is also part of the managers' responsibility to adjust employees' learning instruments where appropriate. At Tymphony, employees are offered training opportunities on areas such as quality assurance, acoustics, production, administration, and self-development. The following is a description of the employee career training system:

Employee career training system

Training category	Training courses	Course description
 Company courses	On-job training	Generally refers to training received while performing work activities. On-job training exists in various forms such as meeting participation, project (task) involvement, and job rotation.
	Internal training	Available in three main categories (management talent, specialist, and general skills training), the courses offered cover anything from orientation, management skills, technical skills, quality assurance, general knowledge to English etc.
 External training	External specialist training	Employees are fully subsidized for training courses organized by external institutions. These subsidies are provided as an encouragement to continual improvement of professional skills, or development of secondary skills depending on employees' career potentials.
	Overseas training	Employees who exhibit exceptional performance and potentials may be chosen to participate in short-term overseas training or conference as an opportunity to broaden their global vision.
 Self learning	Self study	Employees are encouraged to study knowledge and skills at their own time, and may even apply for flexible work hours to enroll in educational programs. Furthermore, to support the Company's globalized businesses, employees are also encouraged to develop language skills by taking up English courses. Internally, the Company makes book recommendations from time to time and subsidizes book purchases as a means to promote reading habits.
 Online courses	Online learning and knowledge platform	A Learning Management System has been implemented to provide forum and blog services that employees may utilize to exchange and discuss knowledge. This system is commonly referred to as "e-Learner." The system offers courses that can be studied online, such as general knowledge, basic professional knowledge, and English language.



Primax Group values employees' career development, and all employees are entitled to receive training. In 2018, employees of Primax Group received 254,633 hours of total training, averaging 19.11 hours per person. Employees of Primax Electronics received 205,776 hours of total training, averaging 22.83 hours per person and incurring NT\$8,601,249 of training expenses, whereas employees of Tymphony received 48,857 hours of total training, averaging 11.33 hours per person and incurring NT\$1,374,950 of training expenses.

Training hours completed by Primax Electronics – 2018

Office location Training hours	Primax Electronics (Taiwan)				Dongguan Primax				Chongqing Primax				Kunshan Primax			
	Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee size	183	42	419	186	175	67	3,841	2,441	35	7	463	885	10	6	127	126
Total training hours	2,610	624	2,756	1,164	7,644	1,659	117,879	43,030	423.5	82.5	14,974.6	11,515.9	55.5	41	554.5	762.5
Average training hours	14.3	14.9	6.6	6.3	43.7	24.8	30.7	17.6	12.1	11.8	32.3	13.0	5.6	6.8	4.4	6.1

Training hours completed by Tymphony – 2018

Office location Training hours	Dongguan Tymphony				Huizhou Tymphony				Dongcheng Tymphony			
	Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee size	81	17	967	620	101	37	1,058	724	26	8	167	508
Total training hours	1,799	1,012	13,435	7,557	3,014	899	7,850	4,885	234	72	2,004	6,096
Average training hours	22.2	59.5	13.9	12.2	29.8	24.3	7.4	6.7	9.0	9.0	12.0	12.0

Note: Average training hours by gender and role at each site = total training hours by gender and role per site in 2018 / 2018 year-end employee count by gender and role per site.



4. People-oriented value

Respect for human rights and implementation of human rights training

To enforce corporate social responsibility and human rights, all new recruits at Primax's Chinese operations are required to undergo 2 hours of employment rights-related training before commencing work; 100% of employees had completed employment rights training in 2018 for a total of 24,166 hours/year. As for Tymphony, all new recruits are required to undergo human rights training before commencing work; 100% of employees had completed training for a total of 10,432 hours in 2018. Primax values and protects employees' rights. There had been no complaint concerning employees' rights in 2018.

Furthermore, since employment rights and human rights have always been issues of significant concern to our customers, the Company tries to avoid all forms of sexual harassment and mistreatment in the workplace, and organizes human rights-related training for security personnel. In 2018, Primax's 3 Chinese operations organized 33 courses and trained a total of 896 security personnel on employee human rights. Total training hours amounted to 858 hours/year. Training courses covered the following topics: duties of security guard, confidentiality policy, security access, security check, use of metal detector, anti-discrimination, anti-harassment, anti-abuse, C-TPAT, fire safety, and RBA and workers' rights. The 3 Tymphony plants employed a total of 95 security officers in 2018 and held 22 courses to deliver 540 training hours/year.



Human rights training for new recruits



New Comer course - November



VMTP - October



Team leader training



Hours of human rights training for security officer

Hours of human rights training – 2018

Employee category Office location	Employee			Security officer		
	Total hours for new recruits	Daily training hours	Total training hours	Course sessions	Training participants	Total training hours
Dongguan Primax	9,055	2	18,110	5	337	337
Chongqing Primax	1,544	2	3,088	15	483	483
Kunshan Primax	1,484	2	2,968	13	76	38
subtotal	12,083	2	24,166	33	896	858
Dongguan Tymphony	2,050	2	3,274	5	45	45
Huizhou Tymphony	2,773	2	5,398	12	35	420
Dongcheng Tymphony	441	4	1,760	5	15	75
Subtotal	5,264	N/A	10,432	22	95	540

Note: 1. Taipei Headquarters currently does not organize human rights policy or procedure training for employees or security personnel.
2. Security personnel of Primax's sites in China and Tymphony plants are all employees of the Company (excluding outsourced services).



Industry-academia collaboration in practice
Multi-win skill development



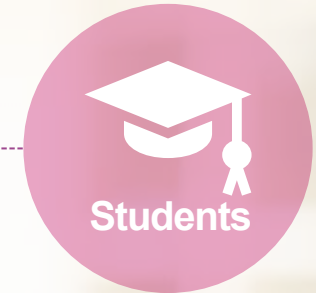
► **Talent training through industry-academia collaboration**

Primax Electronics places great emphasis on industry-academia collaboration and research as means to respond to the rapid industry changes. Together, they shorten employees' learning curve and expand their global vision, while at the same time provide internship opportunities for talented students to gain insight into the industry. An internship program was planned in the 4th quarter of 2014 and later implemented in 2015 to train the talents needed for China Manufacturing. Through the internship program, students are able to identify their interests and career path and develop theoretical and practical skills in relevant fields. Technical talents that exhibit relatively high loyalty are accepted into the talent reserves program.

Primax Electronics targets existing students and works with academic institutions to help them develop the technical and practical capacity needed to support industry development and future career path. This collaboration enables a business to identify suitable talents while at the same time allows students to learn more about the job environment and make appropriate career choices at an early stage. By exposing students to the real work environment and different stages of corporate management, we hope to help them integrate theory with practice provide the last piece of puzzle to their training. Primax Electronics offers overseas internship and training programs in Taiwan and the Mainland. Through the internship program, the Company hopes to observe and identify students who are suitable and willing to undergo management reserve training in the Mainland, as well as those that have the potential to become plant managers in the long term. Industry-academia collaboration as a multi-win solution



- Assist students in learning industry realities and connecting future employment



- Understand the current state of the high-tech industry
- Understand business operations and integrate with academic studies
- Understand career development

China

- Expand recruitment channel, raise corporate awareness and offer internship opportunities
- Train technical talents of strong theoretical knowledge, practice and high loyalty

Taiwan

- Offer internship opportunities
- Identify students who have the potential and willingness to develop career in the Mainland, and train them into reserve talents

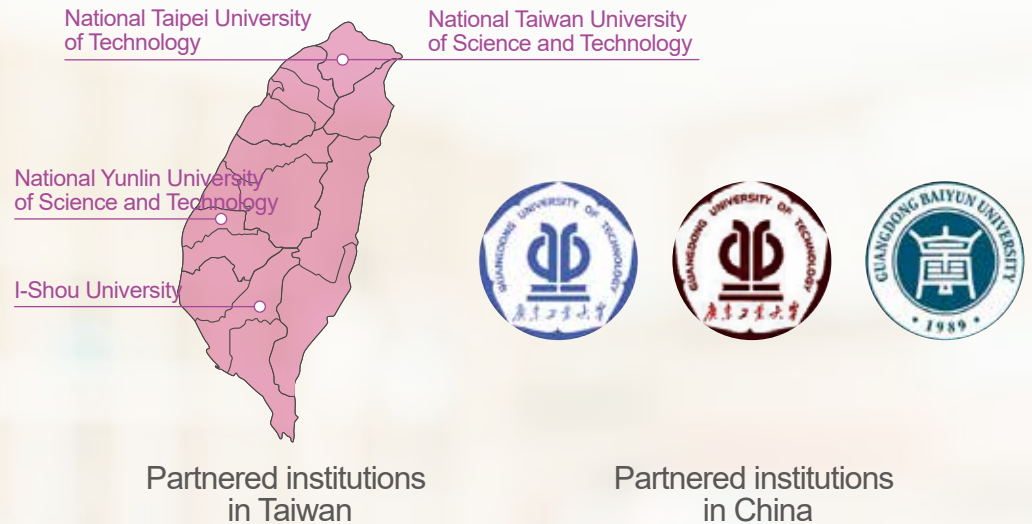




4. People-oriented value

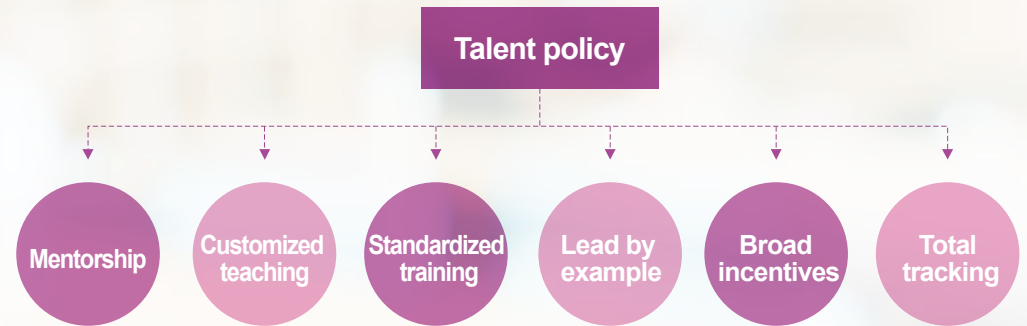
▶ Training talents through industry-academia collaboration

Technology R&D and talent development are two core values that Primax Electronics has devoted significant attention to. In recent years, Primax has been actively engaging Taiwanese and Chinese institutions including National Taiwan University of Science and Technology, National Taipei University of Technology, National Yunlin University of Science and Technology, I-Shou University, National Kaohsiung University of Applied Sciences, Guangdong University of Technology, Guangdong University of Technology Huali College and Guangdong Baiyun University in long-term industry-academia collaboration programs to bring practical industry experience into the campus. We believe combined efforts from the industry and the academia to be a more effective way of training talents.



▶ Theory + practice for enhanced work capacity

It is an increasing trend around the world to help students develop competitiveness for future employment during tertiary education. In terms of talent training policy, Primax Electronics has adopted a 6-step approach featuring balanced theory and practice, proprietary knowledge, 1-on-1 and customized training courses, and assigned employees to monitor the training progress and make timely feedbacks and adjustments. In addition to offering salary adjustment and promotional opportunities twice a year, the training policy also emphasizes on project involvement, knowledge transfer, internal rotation, regular communication, and assistance program for helping employees resolve issues at work and in life. The training approach focuses on "practice as a way of learning" and is designed to help students develop the work skills currently needed by Primax Electronics.



▶ Multi-dimensional course planning with balanced practical experience

Primax's internship courses are designed to provide participants with overall understanding of plant management, from production lines and processes to quality assurance and control. Interns are also given the opportunity to experience actual practices that are relevant to their assigned departments. During the internship program, the Company assigns mentors to check on interns and understand and resolve issues. Interim conferences are also held to support our training and guidance efforts. Towards the end of the program, the emphasis shifts towards advanced knowledge and project involvement, and is followed by project presentation and conference involving all interns.



► Robust career development and diverse employment opportunities

Through the internship program, we are able to learn students' work performance and the skills needed to accomplish their work duties. For students who pass interim assessment and are willing to stay, Primax Electronics has a robust career development system in place to promote them or rotate them within the organization, and help them develop the professional capacity and skills that conform to the needs, characteristics and prospects of Primax Group. The career development system clearly defines the responsibilities and authority of each role, and offers diverse career paths for employees to choose from.

The purposes of the internship program are to identify students who have an interest in relevant fields, and to provide them with an opportunity to learn and gain practical experience at the same time. The more relevant students' skills are to the Company, the better the students are able to understand their capacity and expand their vision, and the more precisely the Company is able to invest resources into converting interns into permanent employees. It is our policy to invest resources into interns that are able to identify themselves with the Company's values, and train them into better talents. Through industry-academia collaboration, we are able to combine resources with partnered institutions and offer internship opportunities to help train industry talents. Industry-academia collaboration typically involves a business offering a certain

number of internship positions to students of the partnered tertiary institution, and is commonly viewed as an act of corporate social responsibility. The collaboration must effectively integrate theories with practice and benefit both the supplier and user of talent in order to sustain over the long term, and a successful program is one that satisfies the needs and achieves the common goal between the business, the academic institution and the students.


Recruitment overview of internship program - 2015~2018

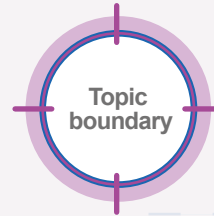
Year	2015		2016		2017		2018	
Item	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Number enrolled (requested)	N/A	36	29	36	29	34	36	36
Number admitted	3	49	17	59	17	30	9	37
Number retained	1	10	2	3	3	0	2	35



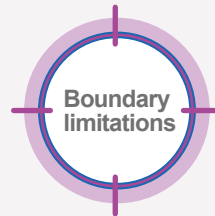
4.4 Eliminating hazards

Safe and healthy workplace

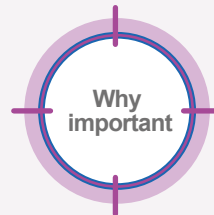
GRI Material topic	
	Occupational Health and Safety



- Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Supplier



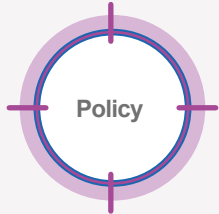
- No disclosure is made on Primax Group's R&D Office and Logistics Center as their employee size did not meet the materiality requirements. Primax Electronics works with thousands of supply partners, which is why it is impossible to obtain comprehensive occupational safety information on all partners. Primax Group audits and inspects key suppliers annually on various issues including occupational safety management. Any defects exhibited by suppliers are tracked for improvement within a given time. Furthermore, in 2018, Primax Group made further improvements to its "security access system" by recording the time of workers' entry/exit to/from factory premise, so that data on workers' injury can be gathered and managed with greater efficiency.



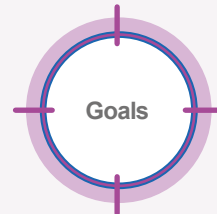
- No compromise on employees' safety. Health is the greatest wealth a person can have, and is the foundation of a brighter future! Primax has always valued employees' health. We believe that the greatest care we can offer to employees is to provide them with a healthy and safe work environment. It is our conviction that a healthy, secured and happy work force contributes higher loyalty and output.



- Raise employees' safety awareness and create a safe, healthy and comfortable work environment.



1. Comply with laws; prevent pollution, conserve resources, enforce safety, health and total communication, and make ongoing improvements.
2. Respect environment, safety and health as the foundation for business operations; introduce products and services that are friendly to the environment.



- Occupational health management:
 1. Zero occupational illness.
 2. 100 % utilization of protective gear while working.
 3. More than 95% of employees in special positions subjected to health checkup.
 4. 100% correction of customer-raised defects.
- Occupational health management:
 1. Zero safety incident.
 2. Zero fire accident.
 3. Work injuries had reduced by 10% compared to the base year (base year: 2012 in which a total of 10 incidents were observed; to reduce the number of incidents down to 7 or by 25% by 2020).
 4. 100% correction of customer-raised defects.



- The duties and procedures of safety officers have been clearly defined for all plants. Through thorough re-evaluation and assessment, we select and train dedicated safety officers and audit their performance on a regular basis.
- Dongguan Site engages third-party institutions to perform certification on OHSAS 18001 - Occupational Health and Safety System, and has been awarded the official certificate.
- All Chinese plants and Tymphany have occupational safety and health management units in place to execute the occupational safety and health system. These special units also conduct hazard identification, risk assessment, and makes ongoing improvements each year.



- No occupational illness had occurred within Primax Group in 2018, and there was no major incident that resulted in death.
- Number of enrollment to training sessions totaled 5,818 across all Primax Group plants in China in 2018. Training expense for safety officers amounted to NT\$113,400.
- Number of participation in drills such as fire hazard, chemical leakage, food poisoning, elevator trapping and evacuation totaled 28,051 across all Primax plants in 2018.
- No occupational accident had occurred at Taipei Headquarters in 2018.

Chinese plants hold occupational safety and health committee meetings on a monthly basis. There is also a safety team that patrols the plant site, organizes health checkups, occupational safety and health training, and carries out safety and health practices on a regular basis.

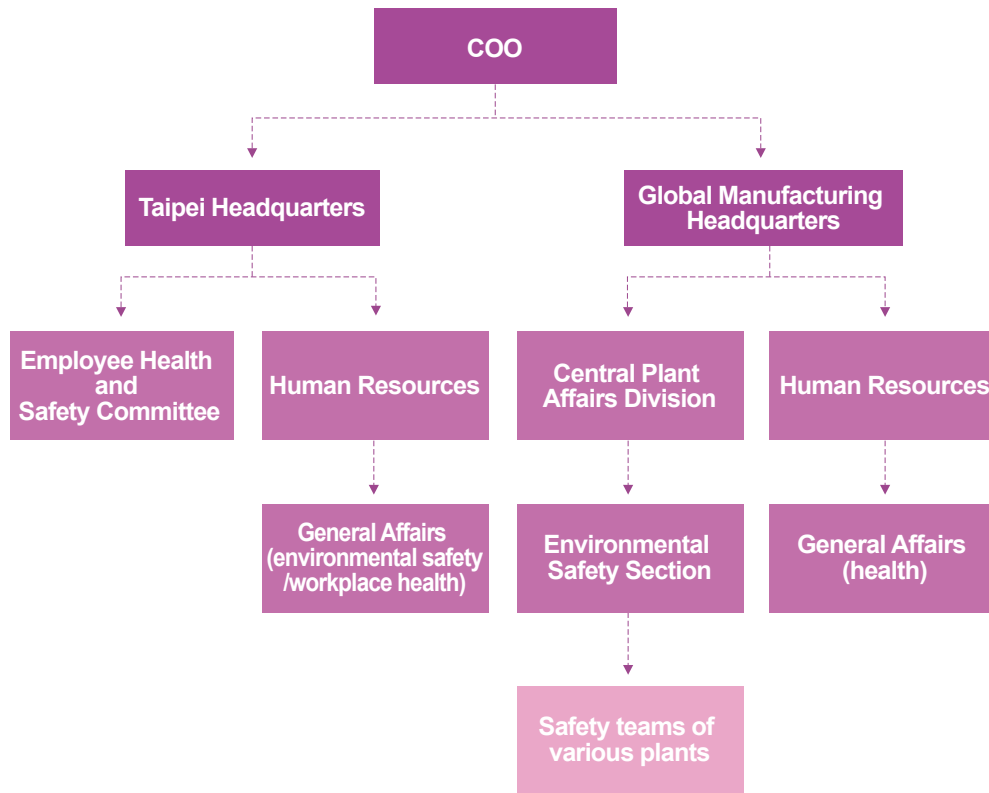


4. People-oriented value

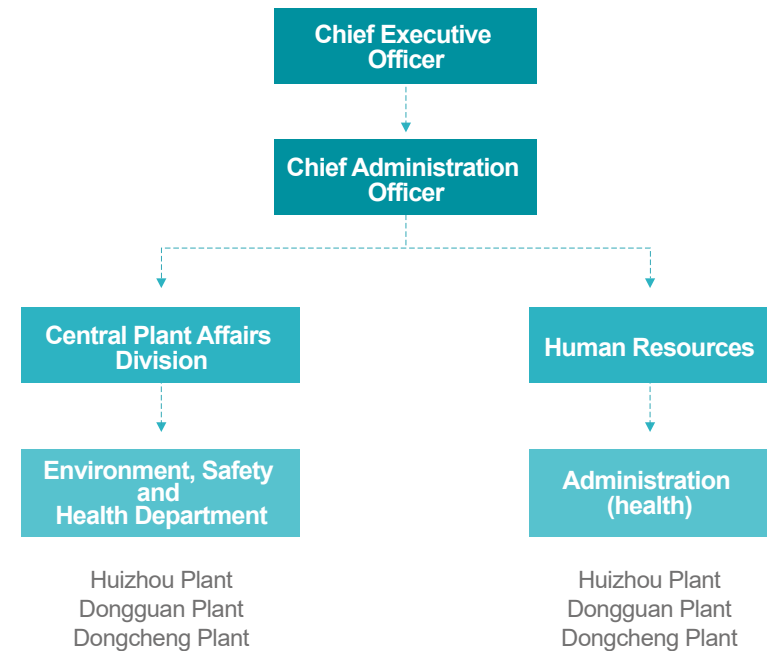
Occupational safety and health management unit

Primax Group considers safe and healthy workplace to be one of its basic obligations to employees, which is why we place great emphasis on workplace health and safety. For the health and safety of employees, Taipei Headquarters, all Chinese production sites and subsidiary – Tymphony all have occupational safety and health units set up to receive employees' feedbacks on existing or potential problems that they are likely to encounter in the workplace. Improvements or precautions can then be taken to enhance the safety and comfort of the work environment. The committee at Taipei Headquarters has a total of 9 members, of which 3 (one-third) are employee representatives, whose presence helps supervise, recommend and plan Occupational safety and health-related issues. Other workers including outsourced cleaners, security guards, drivers and electromechanical personnel are not represented in the committee.

Occupational safety and health framework of Primax Electronics



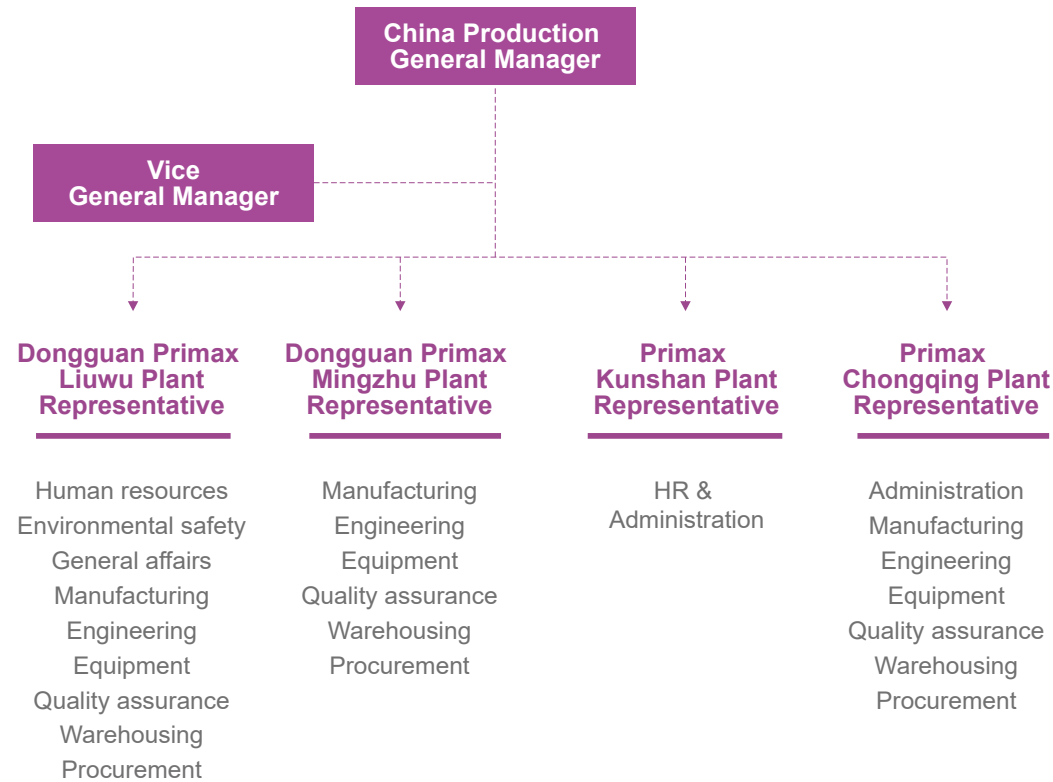
Occupational safety and health framework of Tymphony





As for operations in China, occupational safety and health committees are available to oversee related issues. Occupational safety and health committees convene regular CSR meetings once a month to discuss issues concerning safety, environment, health, energy conservation and waste reduction. Primax's Chinese operations have 224 safety personnel in total, including committee members who specialize in safety management and safety officers in various business departments. Meanwhile, the three plant sites of Tymphony have 30 of the abovementioned safety personnel.

Occupational safety and health committee of Primax plants in China



Occupational Safety and Health Committee meeting



Occupational Safety and Health Committee meeting



4. People-oriented value

Prevention and control of occupational safety accidents

Primax Group undertakes active prevention and enhanced training to improve the safety of its factory environment while minimize work injuries. Its training program applies to all employees including senior managers and safety auditors, and covers a broad range of occupational safety and health-related topics such as first aid, machinery safety, environment, safety and health risk identification, occupational health, and emergency response. Each production site has a safety officer who is regularly trained and certified, and total course enrollments in 2018 were concluded at 1,740 for Dongguan Primax, 476 for Chongqing Primax, 1,940 for Kunshan Primax, 1,036 for Dongguan Tymphany, 305 for Huizhou Primax and 321 for Dongcheng Tymphany. Training of safety officers incurred expenses totaling NT\$113,400.

To enhance employees' responses in the event of emergency, Taipei Headquarters organizes drills on situations such as fire disaster and chemical leakage on a regular basis, whereas production sites in China hold fire drills on a rotating basis (by plant and by shift) once every six months. Employees are taught on the use of fire safety equipment and emergency escape, as well as key points concerning property recovery and first aid. Number of participation in drills such as fire hazard, chemical leakage, food poisoning, elevator trapping and evacuation totaled 28,051 across Primax Group (16,503 from Dongguan Primax, 3,060 from Chongqing Primax, 817 from Kunshan Primax, 3,666 from Dongguan Tymphany, 2,004 from Huizhou Tymphany and 2,001 from Dongcheng Tymphany) in 2018. Uses of plant equipment are strictly managed; any addition and change of equipment is subject to review by the environment safety personnel before installation. The purpose of the above requirements is to control risk of accident, and they represent our commitment to creating a safe and healthy work environment. In the future, we hope to further expand our emergency response system to better protect our employees in the event of fire, earthquake, explosion, or any natural disaster or workplace accident.



Fire drill of Dongguan Primax



Safety training of Tymphany

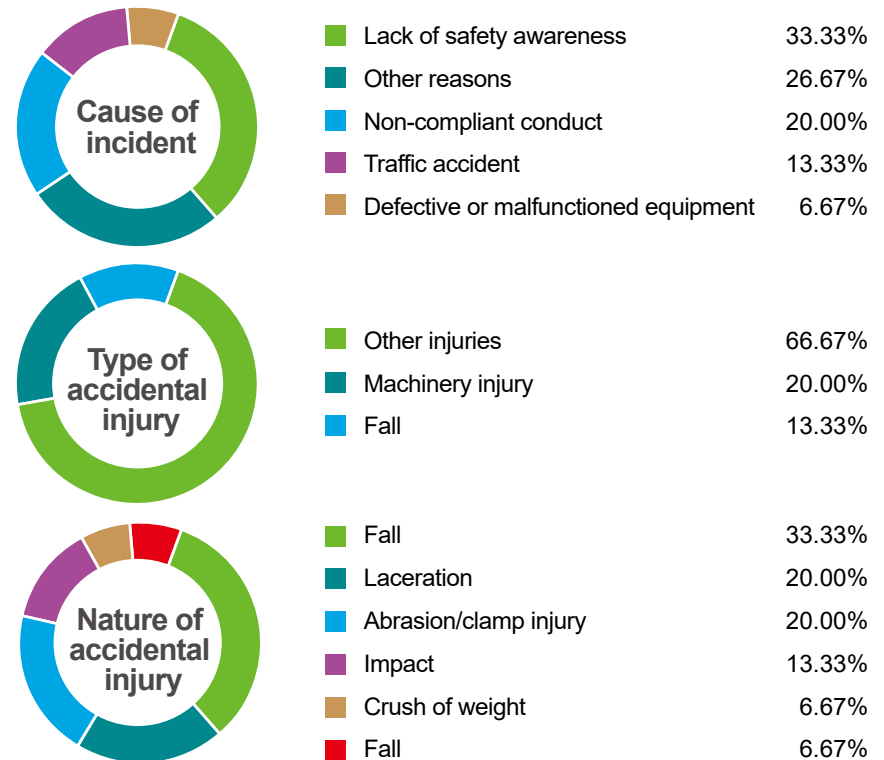


Safety training of Tymphany

Work safety performance

In addition to correcting existing and potential workplace safety concerns, Primax Group monitors statistics such as employees' work injury, occupational illness, days lost, absenteeism etc., as a means for assessing the effectiveness of workplace health and safety measures, and tracking reduction or even total avoidance of safety and health incidents. Primax Group also monitors its operations for defect and areas of improvement concerning specific health and safety management issues. Any defects uncovered are resolved in the shortest time possible with prevention measures implemented to eliminate safety/health concerns or unfair treatments.

Apart from monitoring workplace safety and health through statistics, Primax Group also analyzes the cause, type and nature of injuries occurred so that the Company may develop precise and feasible ways to improve. The following is a breakdown of work injuries occurred within Primax Group:





Primax Group has enforced its Occupational safety and health policies and standard procedures to such a point that the organization only experienced minor, isolated incidents during the reporting period, and encountered no major work accident that resulted in death. The following is a breakdown of occupational injuries encountered by Primax Group:

Item	Calculations	Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Dongguan Tymphony	Huizhou Tymphony	Dongcheng Tymphony
Injury rate (IR)	Overall IR 0	0	0.0859	0.0471	0	0.1118	0.0749	0.0922
	Female IR	0	0.1406	0.0722	0	0.3197	0	0.1233
	Male IR	0	0.0521	0	0	0	0.1263	0
Occupational Disease Rate (ODR)	Overall ODR	0	0	0	0	0	0	0
	Female ODR	0	0	0	0	0	0	0
	Male ODR	0	0	0	0	0	0	0
Lost Day Rate (LDR) Percentage of days lost	Overall LDR	0	4.4853	6.0342	0	3.3913	0.7115	4.4265
	Female	0	4.0199	9.2391	0	9.6973	0	5.9180
	Male	0	4.7727	0	0	0	1.1994	0
Absenteeism Rate (AR)	Overall AR	8.8453	3.8974	7.4385	5.8864	3.9778	5.2842	4.1154
	Female AR	11.8799	4.1021	6.9235	5.8852	4.2981	4.8647	4.3109
	Male AR	7.6960	3.771	8.3503	5.8858	3.8056	5.5718	3.5553
Annual death toll		0	0	0	0	0	0	0

Note: 1. Injury rate (IR) = (number of disabling injuries/total work hours elapsed)*200,000.

2. Occupational Disease Rate (ODR) = (number of occupational diseases/total work hours elapsed)*200,000.

3. Lost day rate (LDR) = (number of working days lost/total work hours elapsed)*200,000.

4. Absenteeism rate (AR) = (number of days absent/total work days across all employees in the given year)*100%. Number of days absent includes occupational injury leave, non-paid leave and medical leave.

5. Occupational hazard statistics (IR, LDR) of Taipei Headquarters does not include traffic accidents occurred while commuting (commuting accidents were mistakenly included in 2017, therefore 2017 IR and LDR have been restated as 0 in this year's report). 2018 AR was higher than 2017 due to three employees having encountered severe traffic accidents during the year, and 699 hours of work injury leave were taken between them.

6. Primax's Chinese plants reported 9 counts of work injury while Tymphony reported 6 counts of work injury in 2018. The Group has since taken actions to raise employees' safety awareness and eliminate improper work practice.

7. No Primax Group worker suffered work injury in 2018.



4. People-oriented value

Checkups and follow-ups for employees' health and peace of mind

Care for employees' health

Primax Group has always placed employees' health at the top of its priorities, and constantly aims toward building a healthy workplace. Taipei Headquarters organizes regular health checkups that are more comprehensive than what the laws require. The scope of checkup covers metabolic syndrome, cancer screening, and ultrasound imaging for thyroid, pelvis and prostate. Employees may also request for ultrasound examination on abdomen, chest, thyroid, pelvis, or prostate to suit their needs. In addition to the four cancer screening options provided by the Health Promotion Administration, the Company has also added AFP and CEA screening to complement the checkup. Employees who have been identified as high-risk group will be closely monitored by nurses and given complimentary re-checks six months later. These efforts are intended to enable early discovery and treatment of life-threatening diseases.

Meanwhile, the Chinese plants provide special examinations for employees who are exposed to high-risk activities/substances such as: gluing, printing, soldering, forklift, electrical works, noise, dust, laser, X-Ray etc. For these employees, examinations such as B-scan ultrasonography, pulmonary function, bilirubin, hearing, trace element, and eye function are provided before, during and after performing work. Employees who operate X-ray related equipment are subjected to full body examination that cover potential skin, liver, kidney, lymphatic and thyroid diseases. Employees will be referred to physicians for any abnormal discovery, re-evaluated for suitability of current job position, and have health conditions followed up on a continuous basis. No occupational illness had occurred within Primax Group in 2018.

Employee health promotion

Primax offers multi-layered protection that enables employees to take full control of their health. Seminars are organized to keep employees informed of health promotion knowledge, while medical attention is extended whenever needed. We implement the following measures to promote employees' health.

We have complied with Regulations on Workers' Health Protection by hiring full-time nurses on site to assist in health promotion works. In addition, the Company engages licensed physicians to perform on-site services such as medical

consultation, treatment of injuries/illnesses, health seminar, and workplace improvement once a month.

The Taipei Headquarters comprises mainly of R&D engineers who put their minds to work all day long. In addition to dealing with stress from work, they are also prone to illnesses such as shoulder/neck pain, frozen shoulder, carpal tunnel syndrome, and high intraocular pressure from prolonged use of computers. To address this common problem, Primax hires blind masseurs and masseuses to relieve employees from the stress and discomfort caused by prolonged use of computers. The hiring of blind masseurs and masseuses provides job opportunities for people with disabilities, and is believed to have worked in favor of multiple parties.

Professor from the Department of Athletics, National Taiwan University (NTU), was invited to host a 3-hour intensive course on exercising, posture, prevention of sports injury, and healthy lifestyle habits based on the structure of NTU's EMBA fitness course. Every Primax employee including new recruits were required to complete this course, which concerns their performance appraisal and promotion opportunities.

In addition to awareness promotion and stress relief measures, the Company also organizes sport competitions and one-day or half-day hiking events on a frequent basis to involve employees in exercises and recreational activities for better health.



Employee health check



Employee health check



Competition of the soft pitch club



National Home of Role Model Employees



► National Home of Role Model Employees is a state-level award, and Dongguan Primax was the first business from Shijie to win

Primax won the highest honor from All-China Federation of Trade Unions

Primax envisions itself as the role model of employee practices, and has empowered its union to adopt innovations, fulfill social duties, protect workers' rights, expand influence, and coordinate with other unions of this nation in making economic, political and cultural contributions toward a harmonic society. All-China Federation of Trade Unions conferred the title "National Home of Role Model Employees." "National Home of Role Model Employees" is an honor awarded to businesses for adopting union as a fair collective bargaining system and for implementing innovative practices that enhance employees' performance.

In order to win the title of National Home of Role Model Employees, an applicant must undergo progressive reviews at town, municipal, provincial and state levels, earn provincial title or equivalent, maintain a robust union system and demonstrate passion in serving employees. At Primax, it is part of our corporate culture to serve people, and all of our efforts have been made in favor of our employees. Employees form the foundation of a business, and their satisfaction is what drives the growth of an organization.

Primax union has elected its representatives and made transparent disclosures of its policy since it was first founded, and empowerments have been made over the years to make the union a home to employees. Employees are encouraged to join the union at their own will, and so far more than 90% of employees have joined with 3-year members averaging a satisfaction rate above 95%. In addition to winning titles of "Guangdong Province Home of Role Model Employees" in 2011 and "Corporate Pioneer" in October 2016, Primax union has earned praises from employees for having expressed voices and performed service in their favor. Union representatives engage corporate leaders in quarterly conference, during which they



bring employees' issues to the management's attention so that the Company may coordinate across departments for improvement and resolution. In 2018, the Company received 30 proposals through the union and resolved 25 of them. The union also convenes regular meetings to discuss employees' benefits, such as annual trips and fun sports.

The union and its representatives are dedicated to solving problems for members, which helps the Company earn the trust of its employees. The union representatives pride themselves for delivering employee satisfaction, and play a key role in the Company's growth and harmonic employment relations. The union is also actively involved in charity, and utilizes its influence by mobilizing members to participate in events such as Dong River cleanup and mountain trail cleanup. Union representatives not only commit themselves personally to charity activities, but also share passion with employees in an attempt to inspire participation to the cause. Overall, Primax and its union share the same awareness towards social responsibilities.



4. People-oriented value

4.5 Care for social welfare

Businesses exist because of society they exist in, which is why the Company is dedicated to offering assistance and care in gratitude for society's support. Taiwan currently faces a number of social challenges such as aging population, low fertility rate, and widening wealth inequality. Taipei Headquarters hopes to address this challenge, and after discussing with various non-profit organizations (NGOs), we consider children's education and accommodation of elderly people to be the two problems that require immediate, long-term attention. This was the reason why we have changed from our intermittent and project-by-project participation in the early days to more consistent and long-term commitment with NGOs. We regularly organize seminars and invite partnered NGOs to speak with the board of directors and employees about the purpose and vision of their services.



One-time donations by the Company



Full subsidy for enrollment to charity activities



One-time volunteer events by employees



Long-term sponsorship to education-related programs



Collaboration with Hongdao on volunteer activities



Founding of volunteer club



Cooperate with long-term donor groups for employee welfare or charity activities

After engaging and communicating with NGOs in the manners described above, we devised charity programs that corresponded to the missions of the respective organizations. A volunteer club was also assembled in 2017 to rally those who understand and appreciate the NGOs' missions into action. This year, we even tried to connect our employees to the NGOs we have long sponsored through events such as concert, donation and charity marketplace. Overall, these activities received active response from employees and benefited both the Company and the NGOs.

Apart from Taipei Headquarters, our Chinese operations, too, are eager to give back to the local community. Dongguan Primax, one of our Chinese production sites located in Shijie, Dongguan, has strictly complied with local regulations and offered abundant assistance and care to minimize the negative impacts of its business activities. For the growth of the local community, Dongguan Primax has committed itself to local talent development by offering scholarships and contributing to education funds on a regular basis. Dongguan Primax has been donating to "Dongguan Primax Ye Jianying Commemorative Education Incentive" for 25 years since it was first founded, and will continue to do so in the future.

Primax Group's charity events achieved a total participation count of 2,724 in 2018 and incurred NT\$10,410,486 in expenses. A breakdown of charity events is as shown below.



Primax Electronics was invited to Leadership Day at Kinmen Jinsha Elementary School



Joined Hongdao in organizing senior baseball tournament in Yilan



Built bullpen in Yunnan to support education for village children



Volunteers assisted Kids' Bookhouse, Taitung, in harvesting red quinoa



Charity activities of Primax Group – 2018

Concerned Issues	Partners	Program	Duration	No. of participants	Budget (TWD)
Community care	Hongdao Senior Citizen's Welfare Foundation	Elderly hiking event	0.5 day(s)	51	8,800
		Elderly baseball match	1 day(s)	17	18,900
		Nangang one-day tour for elders	1 day(s)	44	67,036
	Hongdao Senior Citizen's Welfare Foundation	Winter shopping with elders	2 (days)	58	34,402
	House Of Dreams	Shoebox gift donation	0.5 day(s)	113	75,835
		Charity marketplace	0.5 day(s)	141	10,695
	Bulaku	Purchased pineapples from Taoyuan Village, Taitung County, and gifted to employees	0.5 day(s)	850	59,885
	Kids' Bookhouse, Taitung	Participated in charity run and donated all admission fees to Kids' Bookhouse	0.5 day(s)	134	133,000
	Shijie Public Security Bureau, Shijie Pengxing Social Volunteers	Loss and kidnap prevention	0.5 day(s)	10	0
	Shijie Shayao Community Service Center	Visit to lone elders in Shayao Community	0.5 day(s)	23	3,996
	Volunteer team of Primax Electronics (KS)	Dongguan Qifeng Mountain Trail cleanup	0.5 day(s)	13	0
	Shijie Liangjiacun Community Service Center	Provided assistance in "Liangjiacun Food Festival"	1 day(s)	15	4,500
	Volunteer team of Primax Electronics (KS)	Provided assistance during the "2018 Fun Sports"	0.5 day(s)	12	0
	Volunteer team of Primax Electronics (KS)	"Super Dad" volunteer event	0.5 day(s)	16	1,814
	Shijie Liangjiacun Community Service Center	"Green Childhood" series (a total of 14 sessions)	1 year(s)	30	9,000
Sanalwood and Shijie Liangjiacun Community Service Center	Production of environmental protection enzymes	0.5 day(s)	22	0	



4. People-oriented value

Concerned Issues	Partners	Program	Duration	No. of participants	Budget (TWD)
Community care	Shijie Fire Brigade, Shijie Volunteer Association	Fire safety awareness and learning	0.5 day(s)	50	0
	Shijie Baiyulan Center	2018 Shijie "Extraordinary Women" event	1 day(s)	27	0
	Shijie Volunteer Association	Dong River cleanup	0.5 day(s)	39	0
	Volunteer team of Primax Electronics (KS)	Provided assistance in blood donation	0.5 day(s)	10	0
	Volunteer team of Primax Electronics (KS)	Installation of safety handles for elders with disability/illness	0.5 day(s)	15	135,000
	Charity sale at Tymphany Music Festival	Donation to Huiyang Community Welfare Center	1 day(s)	400	61,839
Education support	Junyi Academy	Regular donation	5 year(s)	0	2,000,000
	House Of Dreams	Regular donation	5 year(s)	0	2,000,000
	Cheng Zhi Education Foundation	Regular donation	5 year(s)	0	2,000,000
	Rong Wu Foundation	Regular donation	Three Years	0	1,000,000
	Taitung Tao-Yuan Elementary School	Corporate visit	1 day(s)	136	27,784
	Meizhou Municipal Government	Dongguan Primax Ye Jianying Commemorative Education Incentive	25 year(s)	0	608,000
	Shijie Town Government	Shijie Dongguan Primax Education Fund	7 year(s)	0	800,000
	Xinhua Compassion Education Foundation	Hope for Pearl: [Primax Pearl Class] at Chongqing Liangping Hongqi High School	Three Years	498	1,350,000
Total				2,724	10,410,486

Note: NTD 4.5 = RMB 1.



4. People-oriented value



Participation in the Hongdao winter procurement event in Nangang



Leadership Day at Kinmen Jinsha Elementary School



Participation in 2018 Kids' BookHouse charity run



Hongdao one-day tour for elders to Ching Lin Farm



Hope for Pearl



Participation in 2018 Hongdao color run for elders



Pearl class introduced at Chongqing Primax



Hongdao senior baseball tournament



Purchase of pineapple from small farmers through Bulaku



Participation in Hongdao senior baseball tournament for the 2nd year



Fun DIY with Hongdao elders



Hongdao winter procurement volunteers



► Conveying corporate culture, brand image and people-oriented values

We recognize that employees' devotion at work is largely attributed to the support of their families back home. As a gratitude to the contribution made by employees and their families, the Company has been organizing a program called "Primax Comes Home" that pays visit to employees' families in selected regions, where we convey our corporate culture, brand image and people-oriented values.

"Primax Comes Home" is supported by an innovative project team that comprises a promotion unit and an action unit.

The promotion unit is responsible for promoting awareness and producing event videos that can be shared through Tencent Video, Wechat, e-bulletin, internal meetings, Intranet and team leader conferences.

The action unit, on the other hand, is consisted of a planning crew, a filming crew and a supply/transport crew that are led by a senior manager. The planning crew is responsible for identifying potential subjects to visit and organizing a visit team; the filming crew is responsible for documenting and consolidating event details; whereas the supply/transport group is responsible for purchasing supplies, preparing concessions and arranging transportation based on the theme and budget of the event.

"Primax Comes Home" focuses primarily on families residing near Guangdong and in provinces where the Company operates. After determining the area of visit, the Company then shortlists employees of the selected hometown who have completed more than 1 year of service and achieved a performance rating of 3 or above. The shortlisted employees are then interviewed and communicated in greater depth to determine appropriate subjects to visit.





Started in 2017, "Primax Comes Home" has so far made two visits and will continue into 2019.

In 2017, the organizer traveled to Huaqiao Town, Hunan, to visit 4 families of 5 employees, and in 2018, the organizer arranged trips to Pubei County and Lingshan County in Guangxi and visited 8 families of 8 employees. Through these annual visits, employees are able to realize their long-awaited reunion with their parents and children.

The two previous "Primax Comes Home" events have successfully inspired employees and attracted overwhelming attention both on Tencent Video and Wechat. Overall, employees highly appreciated the level of care the Company has extended to their family, and many of whom have requested for visit to their hometown in the coming year. According to the management, this level of personal interaction not only brings comfort to the visited families, but also inspires other employees within the organization. The warmth and joy shared through videos have brought energy into our work, and provided employees with the passion and motivation needed to accomplish their duties.

Despite the blazing summer sun in 2017, the winding mountain road and the pouring rain in 2018, we persisted and were determined in bringing warmth and joy to employees' families back home. The program has influenced every Primax employee, and not just those who participated. These trips are special in that they not only convey the corporate culture, both also connect employees with their families across vast distances. Short as the program may be, its conveys such strong sincerity, inspiration and joy that will always be remembered by every Primax employee.

With 2019 "Primax Comes Home" underway, we give our blessing to all participants of this program.



Dongguan Primax comes home

Community care
Star community volunteers



► Encouraging charity participation and appreciating satisfaction of helping people

"Primax Volunteers" was assembled in April 2017. Since then, the size of volunteers has grown and increasing variety of activities are being organized to attract employees into charity and enjoy the satisfaction of helping others.

In an attempt to encourage volunteer service and charity participation, Primax introduced a "Star Volunteer" incentive system in March 2018 that not only expanded the size of volunteers, but raised the level of their initiative as well.

Star Volunteer introduces a 5-star system with level thresholds set at 30, 40, 50, 60 and 70 hours. Employees who complete more than 30 hours of volunteer service are able to receive medals and bonuses that correspond to the level of service provided. (Based on hours recorded in the Guangdong Province Volunteer Information Management Platform.)

In 2018, Primax Volunteers organized 12 long-term volunteer programs of different themes including: care for elders and people with disability, juvenile service, assistance to the under-privileged, and environmental protection. The star volunteer program has attracted significant attention from Primax employees since it was implemented. Primax recognized 13 starred volunteers in 2018; 3 of whom were 1-star, 4 of whom were 2-star, 1 of whom was 3-star, and 5 of whom were 5-star. They were commended during the "Dongguan Primax Karaoke Competition," which not only gave star winners the sense of satisfaction, but raised awareness for the volunteer program as well.

Primax Volunteers were awarded "Excellence in Volunteer Service" by Shijie Town authority consecutively in 2017 and 2018." In the future, Primax Volunteers will further enhance the structure of its volunteer team by assembling an execution unit and training volunteer leaders to lead participants in community volunteer events. Members of the execution unit will discuss possible volunteer projects and innovative ways of service delivery to attract more employees into the volunteer team.

► Volunteer projects - 2018

January 27, 2018	February 4, 2018	March 25, 2018	April 29, 2018
"Child Trafficking Prevention"	Visit to lone elders in Shayao Community	Dongguan Huangqi Mountain Cleanup	Assistance in "Liangjiacun Food Festival"
			



4. People-oriented value



May 13, 2018

Assistance in "Primax Fun Sports"



June 9, 2018

"Super Dad"



July 22, 2018

"Green Childhood"
(environmental protection project)



August 26, 2018

Fire safety awareness and learning



September 22, 2018

Assistance in the 5th
anniversary celebration of
Baiyulan women's association



October 28, 2018

Dong River cleanup



November 23, 2018

Assistance in blood donation



December 23, 2018

Installation of safety handles for
elders with disability/illness





Appendices



Appendix 1 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRIMAX ELECTRONICS LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Primax Electronics Ltd. (hereinafter referred to as Primax) to conduct an independent assurance of the Corporate Social Responsibility Report for 2018 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the Primax's CSR Report of 2018 and its presentation are the responsibility of the management of Primax. SGS has not been involved in the preparation of any of the material included in Primax's CSR Report of 2018.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Primax's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a high level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Primax, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Primax's CSR Report of 2018 verified is accurate, reliable and provides a fair and balanced representation of Primax sustainability activities in 01/01/2018 to 12/31/2018.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

Primax has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Primax may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality

Primax has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Primax's CSR Report of 2018, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Primax's mechanisms, result and related adjustment for evaluating the effectiveness of the management approach for each material topic, and how efforts were given to mitigate the impacts. It is encouraged to set a mid-long term specific quantitative goals and targets for each material topic which related to Primax's sustainable business strategies in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
17 June, 2019
WWW.SGS.COM



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Appendix 2 GRI Index

General disclosures

GRI 102: General disclosures 2016

Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
1. Organizational profile						
Core	102-1	Name of the organization	About the report Operations of the Primax Group	4 8		
Core	102-2	Activities, brands, products, and services	2.3 Trend-capturing and consistent operations	39		
Core	102-3	Location of headquarters	Operations of the Primax Group	8		
Core	102-4	Office location	Operations of the Primax Group	8		
Core	102-5	Ownership and legal form	Operations of the Primax Group	8		
Core	102-6	Markets served	Operations of the Primax Group 2.3 Trend-capturing and consistent operations	8 39		
Core	102-7	Scale of the organization	Operations of the Primax Group 2.3 Trend-capturing and consistent operations 2.4 Continuous revenue growth	8 39 43		
Core	102-8	Information on employees and other workers	4.1 Fair talent recruitment	83		
Core	102-9	Supply chain	3.3 Partnering towards a sustainable supply chain	74		
Core	102-10	Significant changes to the organization and its supply chain	About the report	4		
Core	102-11	Precautionary Principle or approach	2.5 Controlling risks and improving flexibility	48		
Core	102-12	External initiatives	3.1 Green production - the ultimate goal	53		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
Core	102-13	Membership of associations	2.5 Controlling risks and improving flexibility	48		
2. Strategy						
Core	102-14	Statement from senior decision-maker	Message from the Chairman	1		
Comprehensive	102-15	Key impacts, risks, and opportunities	2.5 Controlling risks and improving flexibility	48		
3. Ethics and integrity						
Core	102-16	Values, principles, standards, and norms of behavior	Operations of the Primax Group 2.2 Compliance - the ultimate guiding principle	8 37		
4. Governance						
Core	102-18	Governance structure	2.1 Full empowerment and responsible governance	31		
Comprehensive	102-19	Delegating authority	1.1 Corporate social responsibility management	17		
Comprehensive	102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 Corporate social responsibility management	17		
Comprehensive	102-21	Consulting stakeholders on economic, environmental, and social topics	1.1 Corporate social responsibility management	17		
Comprehensive	102-22	Composition of the highest governance body and its committees	2.1 Full empowerment and responsible governance	31		
Comprehensive	102-23	Chair of the highest governance body	Operations of the Primax Group 2.1 Full empowerment and responsible governance	8 31		
Comprehensive	102-24	Nominating and selecting the highest governance body	Column - Enhancing board functionality and improving corporate governance	36		
Comprehensive	102-25	Conflicts of interest	2.1 Full empowerment and responsible governance	31		
Comprehensive	102-26	Role of highest governance body in setting purpose, values, and strategy	1.1 Corporate social responsibility management	17		



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Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
Comprehensive	102-27	Collective knowledge of highest governance body	2.1 Full empowerment and responsible governance	31		
Comprehensive	102-28	Evaluating the highest governance body's performance	2.1 Full empowerment and responsible governance	31		
Comprehensive	102-36	Process for determining remuneration	2.1 Full empowerment and responsible governance	31		
5. Stakeholder engagement						
Core	102-40	List of stakeholder groups	1.2 Stakeholder engagement	20		
Core	102-41	Collective bargaining agreements	4.2 Productive labor-management relations	88		
Core	102-42	Identifying and selecting stakeholders	1.2 Stakeholder engagement	20		
Core	102-43	Approach to stakeholder engagement	1.2 Stakeholder engagement 2.3 Trend-capturing and consistent operations	20 39		
Core	102-44	Key topics and concerns raised	1.2 Stakeholder engagement 2.3 Trend-capturing and consistent operations	20 39		
6. Reporting practice						
Core	102-45	Entities included in the consolidated financial statements	About the report	4		
Core	102-46	Defining report content and topic Boundaries	About the report 1.3 Management of material topics	4 24		
Core	102-47	List of material topics	1.3 Management of material topics	24		
Core	102-48	Restatements of information	About the report	4		
Core	102-49	Changes in reporting	About the report	4		
Core	102-50	Reporting period	About the report	4		
Core	102-51	Date of most recent report	About the report	4		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
Core	102-52	Reporting cycle	About the report	4		
Core	102-53	Contact point for questions regarding the report	About the report	4		
Core	102-54	Claims of reporting in accordance with the GRI Standards	About the report	4		
Core	102-55	GRI Index	About the report	4		
Core	102-56	External Assurance	About the report	4		

Specific standard disclosures

GRI specific standard disclosures 2016 / GRI 103: Management Approach 2016

Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
	200 - Economic Standards					
GRI 201: Economic performance	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 2.4 Continuous revenue growth	24 43		
	103-2	The management approach and its components	2.4 Continuous revenue growth	43		
	103-3	Evaluation of the management approach	2.4 Continuous revenue growth	43		
	201-1	Direct economic value generated and distributed	2.4 Continuous revenue growth	43		
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Productive labor-management relations	88		
	201-4	Financial assistance received from government	2.4 Continuous revenue growth	43		
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Productive labor-management relations	88		
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	4.5 Care for social welfare	117		



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Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 205: Anti-corruption	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 2.1 Full empowerment and responsible governance	24		
	103-2	The management approach and its components	2.1 Full empowerment and responsible governance	31		
	103-3	Evaluation of the management approach	2.1 Full empowerment and responsible governance	31		
	205-2	Communication and training about anti-corruption policies and procedures	2.1 Full empowerment and responsible governance 2.2 Compliance - the ultimate guiding principle	31 37	Information unavailable	Training for existing employees is still in the planning stage. The Group plans to introduce online courses as a means of training, and the system is expected to launch in 2019.
	205-3	Confirmed incidents of corruption and actions taken	None in 2018	-		
300 - Environmental Standards						
GRI 301: Materials	301-1	Materials used by weight or volume	3.2 Quality management and green product at source	67		
GRI 302: Energy	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 3.1 Green production - the ultimate goal	24 33		
	103-2	The management approach and its components	3.1 Green production - the ultimate goal	53		
	103-3	Evaluation of the management approach	3.1 Green production - the ultimate goal	53		
	302-1	Energy consumption within the organization	3.1 Green production - the ultimate goal	53		
	302-3	Energy intensity	3.1 Green production - the ultimate goal	53		
	302-4	Reduction of energy consumption	3.1 Green production - the ultimate goal	53		
	302-5	Reductions in energy requirements of products and services	3.2 Quality management and green product at source	67		
GRI 303: Water	303-1	Interactions with water as a shared resource	3.1 Green production - the ultimate goal	53		
	303-3	Water withdrawal	3.1 Green production - the ultimate goal	53		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 305: Emission	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	24		
			3.1 Green production - the ultimate goal	53		
	103-2	The management approach and its components	3.1 Green production - the ultimate goal	53		
	103-3	Evaluation of the management approach	3.1 Green production - the ultimate goal	53		
	305-1	Direct (Scope 1) GHG emissions	3.1 Green production - the ultimate goal	53		
	305-2	Indirect (Scope 2) GHG emissions	3.1 Green production - the ultimate goal	53		
	305-3	Other indirect (Scope 3) GHG emissions	3.1 Green production - the ultimate goal	53		
	305-4	GHG emissions intensity	3.1 Green production - the ultimate goal	53		
	305-5	Reduction of GHG emissions	3.1 Green production - the ultimate goal	53		
	305-6	Emissions of ozone-depleting substances (ODS)	3.1 Green production - the ultimate goal	53		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.1 Green production - the ultimate goal	53			
GRI 306: Effluents and Waste	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	24		
			3.1 Green production - the ultimate goal	53		
	103-2	The management approach and its components	3.1 Green production - the ultimate goal	53		
	103-3	Evaluation of the management approach	3.1 Green production - the ultimate goal	53		
	306-1	Water discharge by quality and destination	3.1 Green production - the ultimate goal	53		
	306-2	Waste by type and disposal method	3.1 Green production - the ultimate goal	53		
	306-3	Significant spills	3.1 Green production - the ultimate goal	53		
306-4	Transport of hazardous waste	3.1 Green production - the ultimate goal	53			
GRI 307: Environmental Compliance	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	24		
			3.1 Green production - the ultimate goal	53		



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Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 307: Environmental Compliance	103-2	The management approach and its components	3.1 Green production - the ultimate goal	53		
	103-3	Evaluation of the management approach	3.1 Green production - the ultimate goal	53		
	307-1	Non-compliance with environmental laws and regulations	3.1 Green production - the ultimate goal	53		
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Partnering towards a sustainable supply chain	74		
400 - Social Standards						
GRI 401: Employment	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 4. People-oriented value	24 78		
	103-2	The management approach and its components	4. People-oriented value	78		
	103-3	Evaluation of the management approach	4. People-oriented value	78		
	401-1	New employee hires and employee turnover	4.2 Productive labor-management relations	88		
	401-2	Benefits provided to full-time employees (excluding temporary and part-time employees)	4.2 Productive labor-management relations	88		
	401-3	Parental leave	4.2 Productive labor-management relations	88		
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	4.2 Productive labor-management relations	88		
GRI 403: Occupational safety and health	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 4.4 Eliminating hazards	24 109		
	103-2	The management approach and its components	4.4 Eliminating hazards	109		
	103-3	Evaluation of the management approach	4.4 Eliminating hazards	109		
	403-1	Workers representation in formal joint management-worker health and safety committees	4.4 Eliminating hazards	109		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.4 Eliminating hazards	109	Information unavailable	Chinese operations will be implementing visitor management systems in the future to disclose this information



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4.3 Growth-encouraging career system	101		
	404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Growth-encouraging career system	101		
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Productive labor-management relations	88		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	4.1 Fair talent recruitment	83		
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.1 Fair talent recruitment	83		
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	3.3 Partnering towards a sustainable supply chain	74		
			4.1 Fair talent recruitment	83		
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.3 Partnering towards a sustainable supply chain	74		
			4.1 Fair talent recruitment	83		
GRI 410: Security	410-1	Human rights policy and procedure training for security personnel	4.3 Growth-encouraging career system	101		
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	4.1 Fair talent recruitment	83		
	412-2	Human rights policy and procedure training for employees	4.3 Growth-encouraging career system	101		
GRI 414: Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	3.3 Partnering towards a sustainable supply chain	74		
GRI 416: Customer health and safety	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	24		
			3.2 Quality management and green product at source	67		
	103-2	The management approach and its components	3.2 Quality management and green product at source	67		
	103-3	Evaluation of the management approach	3.2 Quality management and green product at source	67		
	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Quality management and green product at source	67		



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Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 416: Customer health and safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Quality management and green product at source	67		
GRI 418: Customers' privacy	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	2.3 Trend-capturing and consistent operations	39		
GRI 419: Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 2.1 Full empowerment and responsible governance	24 31		
	103-2	The management approach and its components	2.1 Full empowerment and responsible governance	31		
	103-3	Evaluation of the management approach	2.1 Full empowerment and responsible governance	31		
	419-1	Non-compliance with laws and regulations in the social and economic area	2.1 Full empowerment and responsible governance 2.2 Compliance - the ultimate guiding principle 3.2 Quality management and green product at source	31 67 67		

Disclosures mandated by the FSC

Disclosures		Corresponding chapter/description	Page	External assurance
a.	Number of full-time, non-managerial staff	4.2 Productive labor-management relations	88	
b.	Total salary of full-time, non-managerial staff	4.2 Productive labor-management relations	88	
c.	"Average" salary of full-time, non-managerial staff	4.2 Productive labor-management relations	88	



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