







Primax Electronics Ltd.

2019 CSR REPORT



Contents

About the report	2		
Message from the Chairman	4		
Sustainability Honors and Performance	6		
1 Sustainability Management	11		
1.1 Corporate social responsibility management	12		
1.2 Stakeholder engagement	17		
1.3 Identification of material topics	21		
1.4 Enforcement of sustainability commitment	26		
2 Governance	39		
2.1 Company profile	41		
2.2 Corporate governance	46		
2.3 Consistent operations	54		
2.4 Risk management	57		
 Column Minimizing Impact in the Face of Risk	65		
3 Environmental Care	67		
3.1 Green production management	68		
3.2 Green product management	79		
3.3 Sustainable supply chain management	83		
4 Friendly Workplace	87		
4.1 Employee overview	88		
4.2 Productive labor-management relations	95		
 Column Active Communication through Diverse Channels	97		
 Column Primax Stars	107		
4.3 Support for skill development	108		
 Column Hope for Pearl	113		
4.4 Safe and healthy workplace	115		
4.5 Care for public interest	121		
Appendix 1 Assurance Statement	126		
Appendix 2 GRI Index	127		



/ About the report /

This is the 6th "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 [Sustainability Management], [Governance], [Environmental Care], and [Friendly Workplace], and discloses sustainability issues, management approaches, practices and performance of Primax Electronics on economic, environmental and social aspects (including product responsibilities) in 2019. Relevant statistics have been presented for reference. Through publication of this report, we hope to communicate with stakeholders about the efforts and outcomes that Primax 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, 2019, 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 in China.

Economic data was sourced from consolidated financial statements published as part of the organization's 2019 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 with the inclusion of occurrences before and after 2019. There is also some mentioning of subsequent strategies, goals and plans in this report.

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 ISO 45001 - Occupational Health and Safety Management System, ISO 14001 - Environmental Management System, ISO 50001 - Energy 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.

Time of report publication

Primax Electronics prepares CSR reports on a yearly basis, and publishes them over the corporate website and on Market Observation Post System. In an effort to protect the environment, this report has been published entirely in electronic form, and we encourage users to avoid unnecessary printing where possible to minimize use of Earth's resources.

Previous issue: published June 2019

Current issue: published June 2020

Contact information

If you have any opinion or recommendation with respect to the content of this report, please share with us through any of the following channels:

Primax Electronics Ltd.

Address: No. 669, Ruiguang Road, Neihu District, Taipei City

Contact: CSR Office

TEL: 02-27981924

E-mail: CSR@primax.com.tw

Company website: www.primax.com.tw

CSR website: csr.primax.com.tw



Company website



CSR webpage



/ Message from the Chairman /

CSR - the ultimate commitment

At Primax Group, we uphold our corporate culture and values and are constantly searching for pragmatic ways to improve business performance in a changing environment. In addition to perfecting corporate governance practices, we also enforce environmental protection from within the organization and devote available resources into addressing climate change. We strive to raise employees' satisfaction within the workplace, and extend our care to the society, the environment and the underprivileged through a variety of interactions.

Corporate governance - the foundation for sustainability at Primax Group

Primax continues to adopt corporate governance practices of the highest standard, for they are the foundation to sustainable business operations. In addition to maintaining top ranking in Financial Supervisory Commission's corporate governance evaluation, the Company measures its improvements against best practices in the industry and around the world. In 2019, a female director was introduced to the board with the addition of one independent director for board diversity, and a dedicated corporate governance officer was appointed to protect shareholders' interests and support board of directors in various duties. Aside from the above, the board of directors also empowered the Human Resources Department to devise and execute succession plans for the Chairman and the management over a 3 to 5-year cycle. By providing successors with total training, we hope to build up a strong base of leadership talents that would support the Company's future growth.

Systematic practice and environmental protection from within

Primax Group acknowledges climate change as a risk that affects all businesses. Although the Company does not have any production procedure that exhibits high pollution risk, it adopts a preemptive strategy to meeting requirements of the government and customers, and monitors all ongoing trends and risks to facilitate timely response and results.

Owing to rigorous internal control of energy and emission reduction, the Group was able to achieve its carbon emission intensity target early in 2019 (which was originally aimed to reduce emission by 25% in 2020 compared to 2013). Primax also adopted several systematic management practices during the year to strengthen its overall response to the environment. In addition to continuing greenhouse gas, water footprint and carbon footprint surveys from previous years, Primax was able to complete establishment and certification of ISO 50001 Energy Management System for main plants throughout the Group in 2019. This systematic management approach should enable ongoing optimization of our energy and carbon reduction efforts.

Overcoming challenges through improved competitiveness

2019 had been an extremely challenging year for businesses due to disturbances such as UK's exit from EU, China-USA trade dispute, possible recession of the US economy, and global political/social unrest. Despite the overwhelming challenges, Primax stayed focused on the development of future technologies, focusing on audio, visual, man-machine interface, system integration and innovative software-hardware applications that produced exceptional results in terms of revenues and profit. Aside from exploring innovative applications of existing products, such as e-sports, driving assistance, structured light 3D sensing, biometrics, smart monitoring and smart home, and capitalizing on the growth of acoustic products including smart speakers, smart headphones and true wireless stereo earphones manufactured by subsidiary - Tymphany, Primax will continue seeking upgrades to its production capabilities by incorporating smart manufacturing and Industry 4.0, while using big data and AI to achieve cost reduction, yield improvement and capacity optimization. Furthermore, the production site in Thailand is expected to commence production at increasing capacity from 2020 onwards, making it an important mass-production site outside Mainland China of equally high yield and quality, which will complement the Group's regional production deployment.



Care for frontline operators and family members

Having recognized "employees as the greatest advantage," Primax is aware of how crucial employees' loyalty and contributions are to the Company's growth. In return, we do what we can to make employees feel proud about working in Primax, and provide them with the level of care needed to comfort their family members. Given that Taipei Headquarters has made significant progress promoting "happy business," "healthy workplace" and "sports-friendly enterprise," we believe it is time to take the next step and expand this initiative to the tens of thousands of employees we have at our production sites, especially the frontline operators. Since 2017, we have been selecting senior employees who left their home town and were away from family members for extended periods of time, and making arrangements to have senior managers accompany employees to a reunion with their loved ones with gifts. By 2019, Primax Comes Home had accompanied a total of 23 employees to visit their families located in Hunan, Guanxi and Hubei. The program received overwhelming response and support from employees, as it brings tremendous comfort and satisfaction to the participants with every visit, and will be organized on a larger scale in the future. Besides Primax Comes Home, we also find ways for employees' family members to experience for themselves the work environment we offer, and take this opportunity to commend and inspire role-model employees. This was the rationale behind Primax Stars, an employee commendation program that started at the end of 2018. In 2019, the selected Primax Stars were offered bonus and trophy, and their direct relatives were given a tour to the Company where they experienced for themselves the safety of the work environment, the scrumptious meals offered at diner, and the abundant entertainment facilities and recreational programs available at the activity center. We even made arrangements to take them to points of interest nearby as part of the tour. Through Primax Stars, we hope to establish model behaviors that employees may follow, and bring pride and purpose to employees' work activities in a way that enhances unity.

Promoting employee welfare and society care through charity partners

We first collaborated with long-sponsored charity partners to promote employee welfare and society care in 2018, and continued to do so in 2019 by purchasing pineapples from Taoyuan Village, Taitung County, paying visit to Kinmen Jinsha Elementary School during Leadership Day, and gathering presents and organizing charity auction for House of Dreams. In addition to the existing programs mentioned above, Primax also introduced new events such as one-day tour with Hongdao elders, Mother's Day gathering, and Junyi Digital Learning Camp during the year; all of which were intended to promote participation from employees and family members in the mission of our charity partners. Through this interaction, we aim to help employees strengthen their bonds with family members and develop deeper understanding toward our charity partners and the Company's philosophy on public welfare.

Chairman of Primax Electronics

Liang, Li-Sheng



/Sustainability Honors and Performance/

Corporate Governance Team

Electronic voting has been adopted in shareholder meetings, whereas a candidate nomination system has been adopted for all director elections



Established **Nomination Committee** to enforce nomination review and Chairman/management succession plan



Appointed dedicated corporate governance officer

Duly executed and disclosed **board performance assessment**

Published **Chinese and English** versions of financial announcement, material information, shareholder meeting minutes, investor seminars etc.



Enforced **"Corporate Risk Management"**
Adopted enterprise risk management framework according to ISO 31000 and management practices according to ISO 22301



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

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



Optimized communication with stakeholders



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



Held by-election for one director to enforce board diversity policy

Female
(independent) director

Average meeting attendance rate of the current board

88.7%

Zero violation

Primax Group encountered no violation of economic law, social law or related fine in 2019



100%

compliance with directors' mandatory training hours

Consolidated net revenues compared to 2018 were

↑ 24.4%

Consolidated net income compared to 2018 was

↑ 18.2%





Optimized Primax Group's **Global Tax Policy and Planning**

Received **top 5% ranking** in FSC's corporate governance evaluation

Passed **ISO 9001** certification
Huizhou Tymphony passed certification for ISO 9001:2015 - Quality Management System in 2019

Won Taiwan Corporate Sustainability Awards (TCSA) for 2 consecutive years **IT & IC Manufacturing - Gold**



Taipei Headquarters received **Role Model Business Award and Outstanding Manager Award** from PMI - Taiwan Chapter

Taipei Headquarters won SGS CSR Award **2019 CSR Awards**

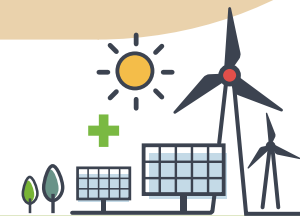
↑ 3%
Customers' satisfaction for Primax products and services in 2019 increased by 3% compared to 2018

0
No information security-related complaint from external parties or the authority was received

0
Primax Group received no complaint concerning violation of customers' sensitive information

In 2019, Primax Electronics **23** information security training sessions were held

Passed **ISO 27001** certification and subsequent review in November 2019



Green Operations Team

Primax Group passed **ISO 14064-1** verification
Dongcheng Tymphony passed verification for ISO 14064-1 Greenhouse Gas in 2019.

Renewable energy certificates
5,455,000 kWh of electricity were offset in 2019, equivalent to 4,590 tonnes CO₂e

Primax Group passed **ISO 50001** certification
All 7 major sites of Primax Group passed certification for ISO 50001 Energy Management System in 2019.

Primax Group GHG emission **↓ 32.52%** compared to base year

Primax Group GHG emission intensity **↓ 10.90%** compared to 2018



↓ **11.37 %**
energy intensity
compared to 2018

Primax Group

Passed **ISO 14046**

verification

All 7 major sites of Primax Group
passed verification for ISO 14046

Water Footprint in 2019

Primax Group emissions
were
100% compliant
with laws



Primax Group's water
intensity compared to
2018 was

↓ **2.47**



Raw material consumption
compared to 2018 was

↓ **33.81 %**



Zero violation

Primax Group violated
no environmental law
and incurred no related
fine in 2019

Waste volume in
2018 was
↓ **20.85 %**



In 2019, a total of
325 suppliers had
participated in the
annual supplier social
responsibility training

On-site audits were
performed on **12**
main suppliers in 2019

In 2019, Primax
Group shortlisted
249
main suppliers to
undergo SER review
and online survey



Dongguan Primax received
Platinum Certification
in customer's "Zero Waste
Landfill" initiative

**"Environment-friendly
Business" - blue
certification**

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

Environmental protection
spending of Primax Group
compared to 2018 was

↑ **9.82 %**

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



Huizhou Tymphany passed certification for
IECQ QC 080000
Hazardous Substance Process
Management System in 2019



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.



Huizhou Tymphany's "TD-LTE
Wireless Data Terminal" passed
**National Mandatory
Certification**
by China Quality Certification Center
in 2019

The emergency rainwater treatment
solution adopted by Dongguan Primax
passed

Municipal Inspection
for "emergency environment precaution"
of the local government





Social Engagement Team



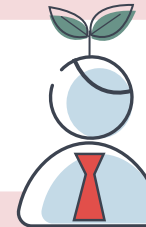
Ongoing sports club / health promotion events

Donated NT\$7 million to educational institutions

Ongoing internship program in TW/CN

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

Created Line account and Wechat account as communication channels with employees



Established volunteer club management and incentive systems



Above-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.

100%

of proposals through union and complaints through employee grievance mailbox were properly handled

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

Employees and charity partners in 1 + 1 > 2 program

Total budget committed: NT\$514,392

Taipei Headquarters received employee childcare subsidy and work-life balance subsidy from Ministry of Labor

Total: NT\$280,600

Received Taipei City Certificate for Top Nursery Facility again



Employee salary and welfare expenses totaled NT\$10,133,730,000, representing approximately 12.6% of revenues

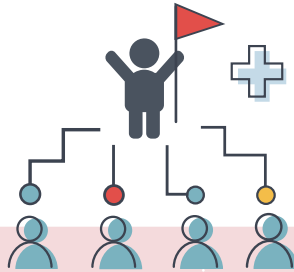
Primax Group delivered 282,667 hours of training

Average training hours per employee of Primax Electronics, compared to 2018, were +5.92 hours higher

Primax Group's total training expenses amounted to NT\$4,744,000



Taipei Headquarters organized employee care opinion survey in 2019



Primax Group's charity campaign achieved participation count of **2,347**

Primax Group encountered **no incident of occupational illness**



Primax Group budgeted **NT\$ 9,391,316** for charity campaigns

Dongguan Primax won Shijie Town Commendation for **Organized Charity**



Dongguan Primax passed 2019 Non-state Owned Enterprise Union Service Enhancement Evaluation by Guangdong Federation of Trade Unions

Tymphony converted workers into permanent employees in 2019 for the protection of employees' interest

Passed **ISO 45001** certification Primax's 3 Mainland sites and Dongguan Tymphony passed certification for ISO 45001 Occupational Health and Safety in 2019

Kunshan Primax was named **2019 Suzhou Harmonic Employment Relations Enterprise**

100% of permanent Primax Group employees except temps are entitled to performance evaluation



100% of Primax Group employees received integrity training

No. of Primax Group employees participated in emergency response drill in 2019 **40,789**





Sustainability Management

Relentless leader in sustainable practices

- 1.1 Corporate social responsibility management
- 1.2 Stakeholder engagement
- 1.3 Identification of material topics
- 1.4 Enforcement of sustainability commitment



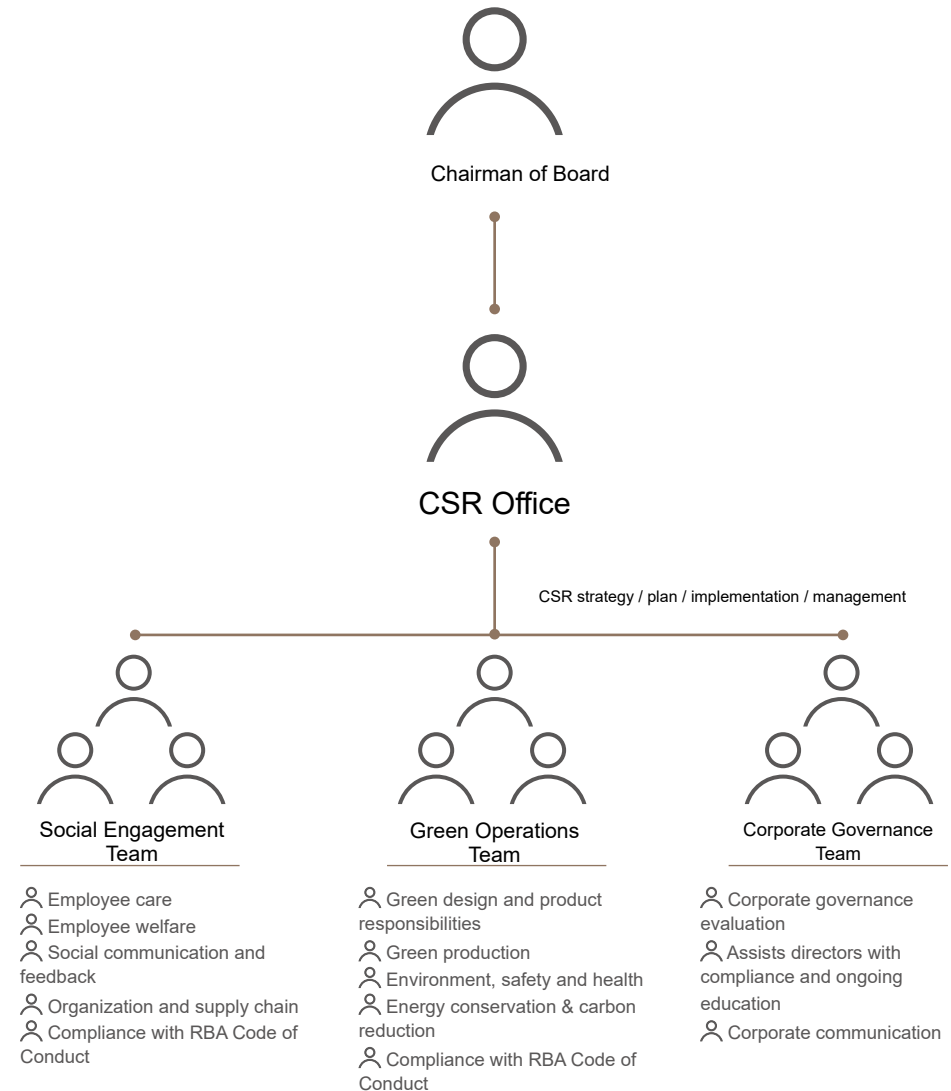
1.1 Corporate social responsibility management

Sustainable management framework and organization

A CSR Office has been established under the authority of the board of directors of Primax Electronics. Spearheaded by Senior Assistant Vice President Hung-Ta Li (who later retired in April 2020 and was succeeded by Vice President Yan-Ying Chiang), the CSR Office operates with the mission 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. The CSR Office last reported to the board of directors on May 14, 2019 regarding execution of corporate social responsibilities in 2018, plans for 2019, and communication with stakeholders in 2018. In the future, the CSR Office will report progress of stakeholder communication to the board of directors once every two years.



Organization of the CSR Office

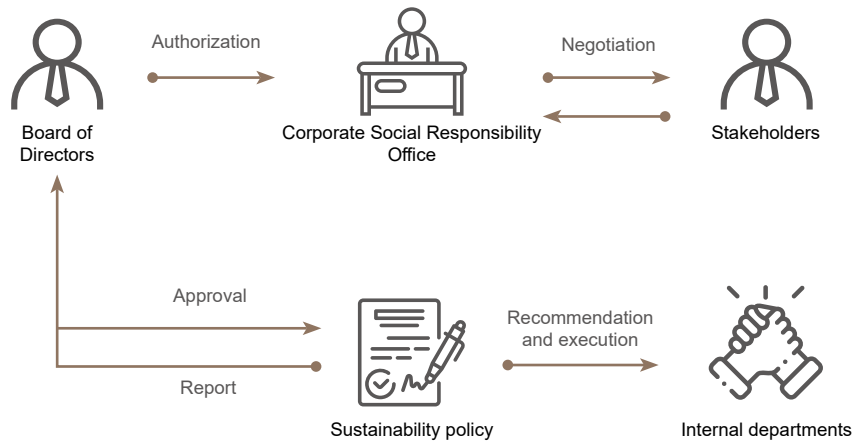




Guidelines and procedures

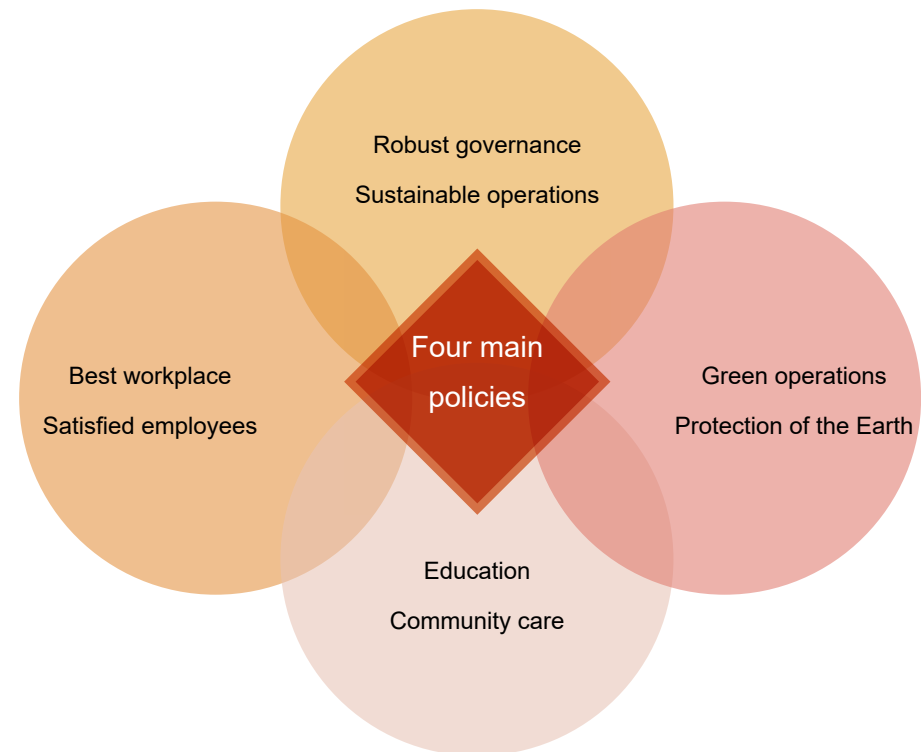
Each year, the CSR Office is responsible for engaging stakeholders, ranking material issues, proposing CSR missions, visions or roadmaps to the board of directors, and establishing CSR-related policies, systems or guidelines according to Article 8 of "Primax Electronics Corporate Social Responsibility 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.



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 four 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.





G (Corporate Governance)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2019
Sustainable operations Robust governance	Corporate governance	Maintain top 5% ranking in corporate governance evaluation	Primax received top 5% ranking in FSC's corporate governance evaluation.
		Enforcement of enterprise risk management	Accountable departments were instructed to propose improvement plans and monitor progress in regards to three main risk aspects: information security and customer privacy, product and production competitiveness, and workplace fire safety measures.
		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. In 2019, Primax Group identified a total of 12 main suppliers to undergo on-site audit.
		Optimized communication with stakeholders	Created a separate CSR website: csr.primax.com.tw and published information in Traditional Chinese, Simplified Chinese and English to provide stakeholders with more complete disclosure and more immediate response.
	Ongoing innovation	Adoption of Industry 4.0	The pilot production line created in accordance with Industry 4.0 has begun mass production; more production lines of the same standard will be introduced in the future.
		Product innovation project	Primax Group held a product and technology exhibition in 2019, during which business departments were invited to showcase their latest development outcomes. Applications combining visual solution and AI application, man-machine interfaced designs for e-sports products, acoustic products and smart home products, and Industry 4.0 solutions represented the most prominent progress.





S (Social)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2019
Best workplace Satisfied employees	Safe and friendly environment	Optimized environment/safety/health/fire system	Upgraded OHSAS1800 to ISO45001:2018, and expanded to include Taipei Headquarters.
		Diverse employee communication channels	Websites of internal departments including Human Resource and Employee Welfare Committee and the main portal were upgraded and optimized in 2019. Use of electronic bulletin was broadly promoted at major sites.
		Enhanced childcare/maternity protection	NT\$790,000 of subsidies were paid to employees to support care for 111 children aged 0-6.
	Balanced and healthy lifestyle	Ongoing sports club / health promotion events	Dongguan Primax created a new soccer club, whereas Taipei Headquarters collaborated with Sports Administration to organize a series of fitness tests and health seminars for the 3rd consecutive year.
		Expanded and standardized EAP (Employee Assistance Program)	Taipei Headquarters provides toll-free employee helpline, which received 272 calls in 2019. 3 awareness campaigns were held during the year. More than 85% of entry-level managers had completed training courses for employee care skills.
		Workplace adaptation and care for new Primax recruits	Taipei Headquarters distributes simplified stress index during orientation, which new employees may use to examine current stress level. Those who have troubles adapting or encounter problems that affect work performance are referred to the employee assistance program.
		Mutually beneficial programs (1+1>2) between employees × charity partners	Programs executed by Primax's Taipei Headquarters included: Mother's Day gathering and one-day tour with Hongdao, digital learning camp with Junyi Academy, Christmas present gathering and charity auction with House Of Dreams, and visit to Jinsha Elementary School on Leadership Day for total expense of NT\$425,121. Meanwhile, Tymphony held a concert/charity auction that raised NT\$89,271 in funds.
		Primax Comes Home/Primax Stars	In 2019, Dongguan Primax hosted 13 family members of 6 Primax Stars in a 5-day event called "Tribute to Primax Stars." Primax Comes Home was held in two separate sessions, one in Jiangxi Province and one in Hubei Province, for a total of 10 employees and families. Despite their different nature, both sessions brought joy and satisfaction to employees and their families back home.
	Education Community care	Promoting diverse education	Regular donation to educational institutions
Ongoing internship program in TW/CN			A total of 92 students applied for internship in Taiwan and China in 2019, 46 of whom were accepted and 35 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 19 employees were commended in 2019.



E (Environment)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2019
Green operations Protection of the Earth	Green production	Water footprint verification	Water footprint survey has been organized at 7 main locations within Primax Group, and organization passed ISO 14046:2014 verification.
		Energy intensity reduction project	All 7 major sites of Primax Group have adopted energy management systems and passed certification for ISO 50001 Energy Management 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 first entry to "Taiwan Corporate Sustainability Awards (TCSA)" in 2018 and won Gold in the "IT & IC Manufacturing" category on the first attempt. Primax submitted its subsequent entry in 2019 and was once again awarded Gold. A total of 488 juries comprising 373 volunteer reviewers and 115 renowned experts and scholars from industry, government and the academia had

participated in the evaluation of 2019 TCSA. Together, they 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 relevance, transparency, timeliness, completeness and interactivenss of the disclosed information. By applying the two main standards and fair, just, open and robust procedures, TCSA aims to encourage businesses for directing attention towards sustainability issues and making adequate disclosure of governance information. Having won Gold in TCSA for two consecutive years is a strong indication of the Company's commitment toward social responsibilities and sustainability.



Ceremony of the 12th (2019) Taiwan Corporate Sustainability Awards (TCSA)
Photo of TWSE President Lih-Chung Chien (left) and Primax Electronics CSR Office Senior AVP Hung-Ta Li



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 AA1000 Stakeholder Engagement Standard (SES) 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 2019: 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
Investors	Primax Electronics maintains productive interaction with investors and implements robust supervision to ensure sustainability of the business.	Economic performance Anti-corruption Corporate governance Compliance of economic and social regulations Human rights assessment for forced or compulsory labor	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
			Overseas investor forums	4 times a year	Information published in investor seminars, available from MOPS
			Questionnaire survey for CSR topics	Once every two years	Analysis of completed and recovered questionnaires



Stakeholders	Significance to Primax	Concerned topics	Communication methods and channels	Frequency of communication	Relevant records
Employee	"People" is one of Primax's core values. We view employees as the most important capital, 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
			Union/welfare committee meeting minutes	Once a quarter	Welfare committee meeting minutes
			Opinion surveys	Unscheduled	Primax conducted an opinion survey on its charity plans and employee benefits in 2019, and received 391 responses
			Internal communication channels	Immediate	Mail, electronic bulletin, elevator display, Line account, Wechat account
			Grievance and consultancy channel	Immediate	CSR mailbox, employee assistance hotline, grievance mailbox and opinion box
			Questionnaire survey for CSR topics	Once every two years	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.	Customer health and safety Customers' privacy 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 CSR topics	Once every two years	Analysis of completed and recovered questionnaires
			Product RFQ	Case-by-case basis	RFQ
			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
Environmental requirement of Primax and clients	Unscheduled	E-supply/GP Portal /correspondence			
Annual review	Once a year	Supplier review records			
Training for suppliers (GHG/CFP/GP)	Unscheduled	Training materials			
Convention of suppliers	Once a year	Meeting records			
Questionnaire survey for CSR topics	Once every two years	Analysis of recovered questionnaires			



Stakeholders	Significance to Primax	Concerned topics	Communication methods and channels	Frequency of communication	Relevant records
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	Official correspondence	Immediate	Correspondence
		Occupational safety and health	MOPS	Immediate	mops.twse.com.tw
		Diversity and equal opportunity	Company website	Immediate	www.primax.com.tw
		Corporate governance Employment	Questionnaire survey for CSR topics	Once every two years	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	Phone interview	Once a year	Phone interview records
		Customer health and safety	Face to face interview	Once a year	Interview records
		Customers' privacy	CSR mailbox: CSR@primax.com.tw	Immediate	E-mail
		Forced or compulsory labor Occupational safety and health	Questionnaire survey for CSR topics	Once every two years	Analysis of completed and recovered questionnaires

Stakeholders' inquiries and complaints

Primax Electronics has a CSR section available on its website to serve as communication channel and contact window with stakeholders. Any queries, suggestions or even complaints on various issues concerning Primax Electronics can be raised through the mailbox provided, and thereby ensure timely response, communication and sound interaction with stakeholders. Primax Group received no complaint on environmental, social or customer-related issues through any of its external channels in 2019.

Internally, employees are entitled to report any violation of law or the code of conduct to the head of department, the human resource department or the legal department using available channels (impeach@primax.com.tw and

ER.HR@primax.com.cn for Primax; Linn.Ma@tymphony.com, Rain.Hu@tymphony.com and Alex.Ma@tymphony.com for Tymphony). 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 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 2019.



Office location	Grievance channels	Grievance cases and progress	
		Case count and details	Progress and prevention measures
Primax Electronics	<p>Internal channels:</p> <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" 	<p>Taipei Headquarters: Worker representatives raised 4 proposals through labor-management meetings</p> <p>Dongguan Primax: 46 cases were raised, of which 36 were substantiated</p> <p>Chongqing Primax: 0</p> <p>Kunshan Primax: 36 cases were raised, of which 36 were substantiated</p>	<p>Taipei Headquarters: Improvements were made to the proposals raised and followed up in the next labor-management meeting; 100% of cases were improved upon during the year</p> <p>Plants in China: 100% of recommendations raised by employees through unions were improved upon</p>
	<p>External channels:</p> <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 	<p>Taipei Headquarters: 0</p> <p>Dongguan Primax: 0</p> <p>Chongqing Primax: 0</p> <p>Kunshan Primax: 0</p>	<p>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</p>
Tymphany	<p>Internal channels:</p> <ul style="list-style-type: none"> •Opinion box, Tymphany Wechat account •Huizhou: +86 0752-3059888 ext 880; Linn.Ma@tymphany.com •Dongguan: +86 0769-86325299 ext 7789; Rain.Hu@tymphany.com •Dongcheng: +86 0769-22257469 ext 131; Alex.Ma@tymphany.com •Fraud and unethical conduct reporting mailbox: Legal@tymphany.com 	<p>A total of 23 grievances concerning work hours, corporate activities, employee training and employee welfare were raised by employees.</p>	<p>All of which have been responded with improvement measures implemented</p>
	<p>External grievance hotline:</p> <ul style="list-style-type: none"> •Grievance hotline: +886-2-77475899 •Email: Legal@tymphany.com 	<p>Huizhou Tymphany: 0</p> <p>Dongguan Tymphany: 0</p> <p>Dongcheng Tymphany: 0</p>	<p>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</p>



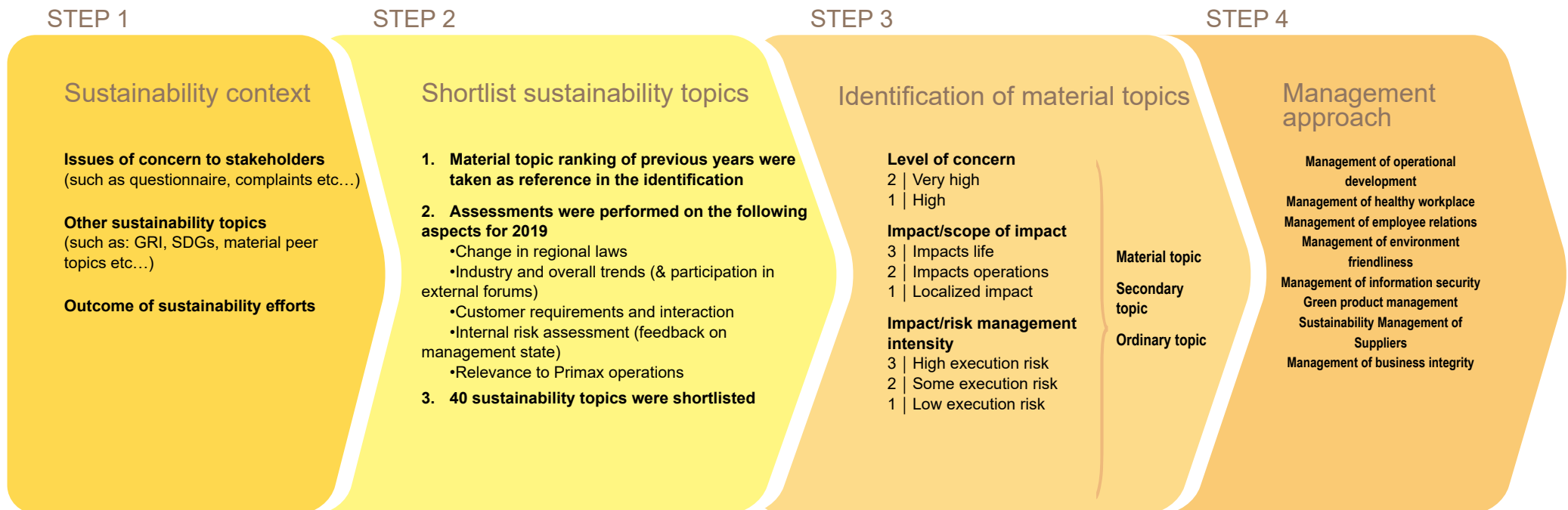
1.3 Identification of material topics

Primax Electronics has adopted materiality analysis according to the reporting guidelines in its preparation of the 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.

Material topics identified for 2019 were still subjected to materiality analysis according to the reporting guidelines, but surveyed once every two years instead. In years when issues of concern are not surveyed through questionnaire, the Company would identify material topics via meeting

discussions instead. Based on the material topics identified in 2018, we examined each topic individually for stakeholders' concern and level of impact, and determined materiality after taking into account customers' requirements gathered by members of the CSR Office, prevailing regulations, and feedbacks collected through stakeholder engagement. The results were discussed among members of the CSR Office and approved by the Chairman before being accepted as material topics for this year's report. By leveraging the management's insight in the organization, we hoped to identify material topics that were more relevant to the Company's sustainable operations, from an operational and strategic standpoint.

Steps of CSR materiality analysis



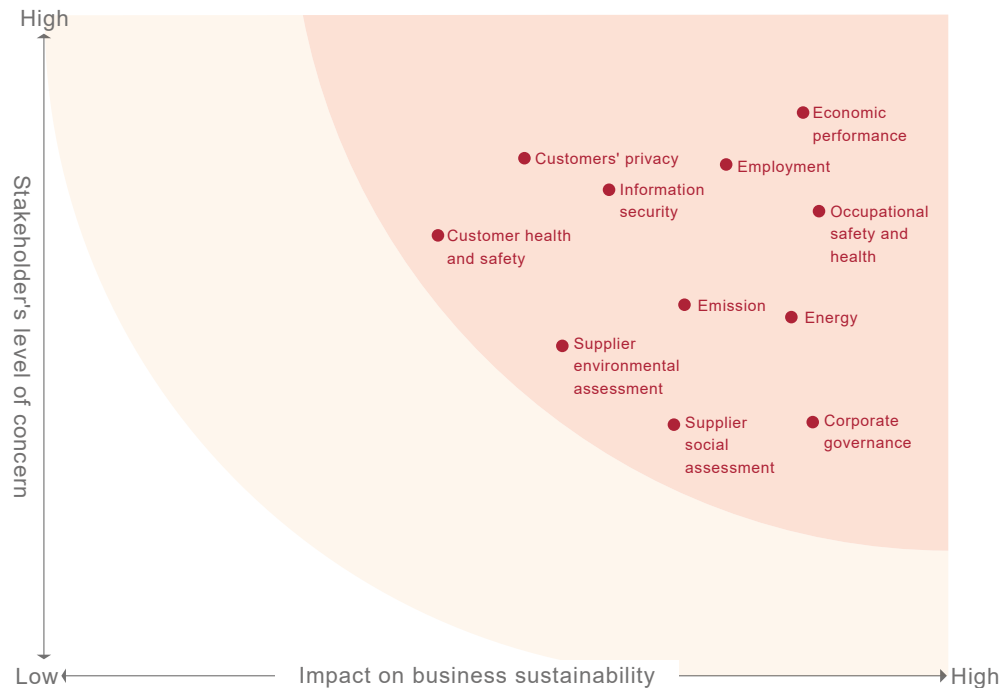


Steps of CSR materiality analysis





Topics were distinguished between "Material Topic," "Secondary Topic" and "Ordinary Topic" according to materiality, which was determined based on level of stakeholder concern and level of impact. "Material Topics" were addressed in this report with full disclosure on management approach, actual practices and performance; "Secondary Topics," on the other hand, were addressed only with disclosures on actual practices and performance, whereas Ordinary Topics were not addressed in this report, but explanations and disclosures were provided where appropriate for transparency and completeness. Compared to the previous year, new material topics including "Customers' privacy," "Information security," "Corporate governance," "Supplier social assessment" and "Supplier environmental assessment" were added this year in response to increased level of concern from stakeholders such as government agencies, customers and investors; meanwhile, "Anti-corruption," "Effluents and waste" and "Compliance of environmental protection laws" were reclassified as Secondary Topics given the complete management and tracking systems in place and the Company's sound compliance track records, which makes them relatively low-risk as far as sustainability is concerned.



Material topics

- Economic performance
- Emission
- Corporate governance
- Occupational safety and health
- Customers' privacy
- Supplier social assessment
- Employment
- Customer health and safety
- Supplier environmental assessment
- Energy
- Information security

Secondary topics

- Labor-management relationship
- Diversity and equal opportunity
- Child labor
- Water
- Effluent and waste
- Market presence
- Training and Education
- Material
- Forced or compulsory labor
- Green product
- Compliance with social and economic laws and regulations
- Quality education
- Compliance of environmental protection laws
- Decent work and economic growth
- Anti-corruption
- Responsible consumption and production
- Non-discrimination
- Climate action

Ordinary topics

- Anti-competition
- Freedom of association and collective bargaining
- Rights of indigenous people
- Marketing and labeling
- Biodiversity
- Local communities
- Procurement practice
- Security
- Public policies



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
Management of operational development	Maintaining corporate competitiveness and stable work environment are the keys to sustainability.	Economic performance	Entities included in the consolidated statements of Primax Electronics										1.4 Enforcement of sustainability commitment P26 2.3 Consistent operations P54	
Management of 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	•	•	•	•	•	•	•	•	•	•	•	1.4 Enforcement of sustainability commitment P27 4.4 Safe and healthy workplace P115
Management of employee relations	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	•	•	•	•	•	•	•	•	•	•	•	1.4 Enforcement of sustainability commitment P28 4 Friendly Workplace P87
Management of environment friendliness	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.	Energy	•	•	•	•	•	•	•	•	•	•	•	1.4 Enforcement of sustainability commitment P29, 30
		Emission	•	•	•	•	•	•	•	•	•	•	•	•
Management of information security	Customers' privacy and confidential information are important reasons that customers choose to work with the Company over the years. This is why the Group is dedicated to securing customers' information as a means to protect their interests, and recognizes it as the most important IT security management goal.	Customers' privacy	•	•	•	•	•	•	•	•	•	•	•	1.4 Enforcement of sustainability commitment P31
		Information security	•	•	•	•	•	•	•	•	•	•	•	•



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	•	•	•	•	•	•	•	•			•	•	1.4 Enforcement of sustainability commitment P32 3.2 Green product management P79
Sustainability Management of Suppliers	Corporate operations may give rise to environmental and social impacts, whether through a business' own activities or through collaboration with business partners. For this reason, it is important to exercise due diligence in the management of suppliers in order to prevent, mitigate, and avoid negative impacts that are directly or indirectly caused by corporate operations.	Supplier social assessment	•	•	•	•	•	•	•	•					1.4 Enforcement of sustainability commitment P33
		Supplier environmental assessment	•	•	•	•	•	•	•	•					3.3 Sustainable supply chain management P83
Management of business integrity	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.	Corporate governance	•	•	•	•	•	•							1.4 Enforcement of sustainability commitment P34 2.2 Corporate governance P46

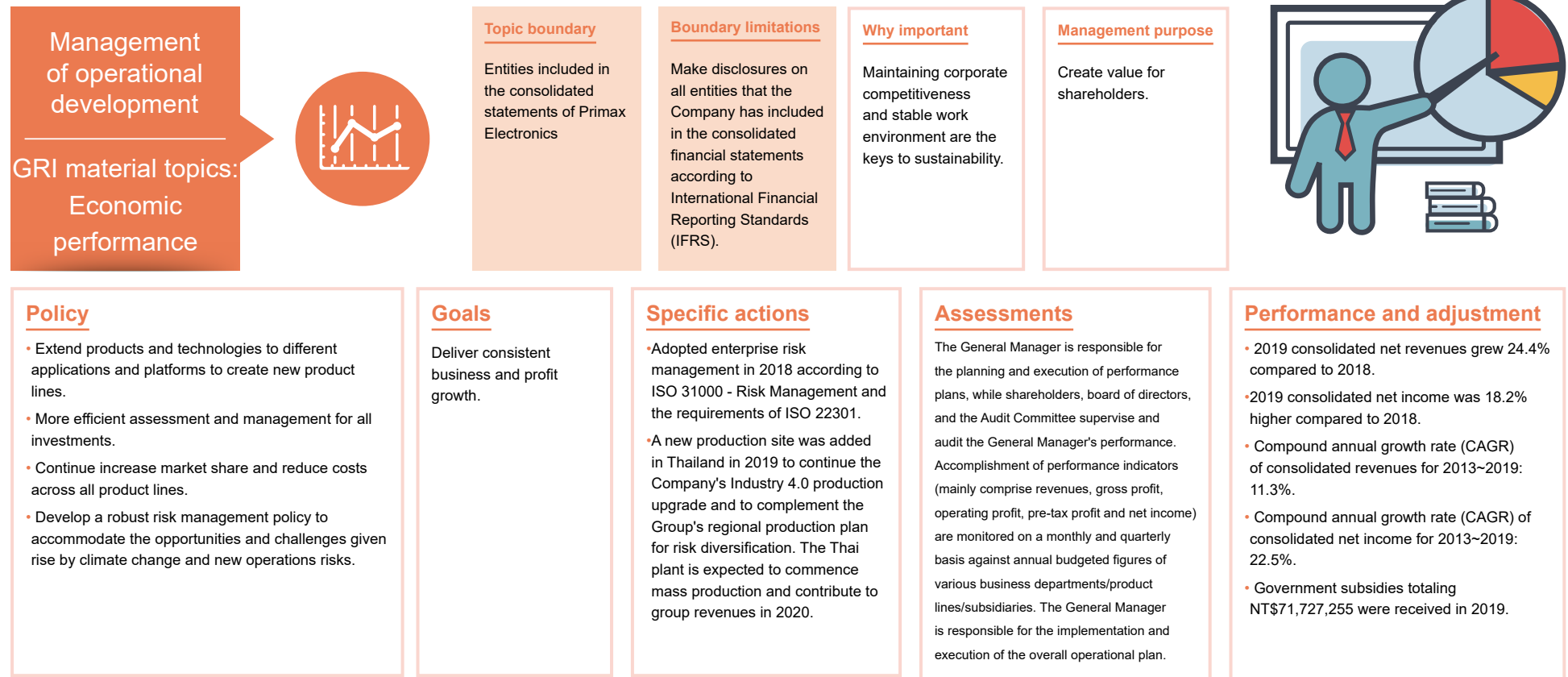
Note: "•" denotes a material topic that has relatively greater impact on the supply chain.



1.4 Enforcement of sustainability commitment

We have consolidated the material topics we identified by relevance and stated our management approaches accordingly. By disclosing the policy, commitment, goal, practice and assessment involved, we aim to provide stakeholders with a better understanding of Primax Group's management actions and sustainability performance from an economic, environmental and social perspective.

Management approach





Safe and healthy workplace

GRI material topic:
Occupational safety and health



SDGs:



Topic boundary

Taipei Headquarters/
Dongguan Primax/
Chongqing Primax/
Kunshan Primax/
Dongguan Tymphany/
Huizhou Tymphany/
Dongcheng Tymphany/
Suppliers/Contractors

Boundary limitations

With respect to occupational safety and health, the report discloses occupational safety systems and performance of various sites within Primax Group, as well as the actions they took to reduce occupational hazard and promote health, supported by data such as injury rate and work-related death. 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.

Why important

Primax does not 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.

Management purpose

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

Policy

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.

Goals

- 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.
- Safe production 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.

Specific actions

- Dongguan Primax/Chongqing Primax/Kunshan Primax passed certification for ISO 45001 Occupational Health and Safety in 2019.
- Dongguan Tymphany passed certification for ISO 45001 Occupational Health and Safety in 2019.
- Number of enrollments to safety officer training totaled 1,734 across Primax Group. Training expense for safety officers amounted to NT\$95,670 in 2019.
- Number of participation in emergency response drills totaled 40,789 across Primax Group in 2019.
- Primax has improved its security access system to record workers' time in factories (including suppliers, contractors and visitors), which totaled 4,181 hours in 2019. This data enables more accurate count and management of work injury data.

Assessments

- 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 make ongoing improvements each year.
- All business locations 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.

Performance and adjustment

- No occupational illness had occurred within Primax Group in 2019, and there was no major occupational hazard that resulted in death.
- No Primax Group worker suffered work injury in 2019.
- Primax reported 7 occupational injuries across its three Mainland plants in 2019, which conformed with the management target (within 7).



Management of employee relations

GRI material topic: Employment



SDGs:



Topic boundary

Taipei Headquarters/
Dongguan Primax/
Chongqing Primax/
Kunshan Primax/
Dongguan Tymphony/
Huizhou Tymphony/
Dongcheng Tymphony/Suppliers

Boundary limitations

No disclosure is made on Primax Group's R&D Office and Logistics Center as their employee size did not meet the materiality requirements.

Why important

The key to Primax Group's success is that we treat employees as the most important capital. We strive to create a safe, respected, ethical, equal and diverse environment where employees may work with passion and grow over time. Building good work environment and improving corporate performance provide the foundation for corporate sustainability.

Management purpose

In addition to maintaining strong business operations, Primax places the well-being of its employees at the top priority, and commits significant costs to developing human resources so that it may maintain its competitive advantage in terms of R&D. Primax attracts and retains industry's top talents as a means to stay competitive, which makes it one of job seekers' most ideal employers.

Policy

- 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.

Goals

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

Specific actions

- A "Line account" was created in Taiwan while a "Wechat account" was created in the Mainland to facilitate more effective communication.
- Taipei Headquarters conducted an employee satisfaction survey in 2019 to enable better insight into employees' thoughts, needs and reactions.
- Tymphony converted workers into permanent employees before the end of 2019 as a way to protect and improve employees' interest.
- Dongcheng Tymphony founded its union at the end of 2019; approximately 2% of employees have joined union to date.

Assessments

- A broad diversity of grievance and communication channels have been implemented to gather employees' opinions and address issues that concern their interests.
- Communication meetings, labor-management meetings and welfare committee meetings are convened on a yearly basis. Employees are given the opportunity to express their needs and suggestions. The Company strives to satisfy employees' requests to the extent deemed capable and reasonable, and thereby minimize chances of dispute.
- Employee satisfaction survey provides useful reference to the Company's HR management, and enables more effective action plans that in turn raises employee satisfaction further for stronger employment relations.

Performance and adjustment

- Taipei headquarters continues to be certified for Top Nursery Facility.
- Taipei Headquarters received employee childcare subsidy and work-life balance subsidy from Ministry of Labor for a sum of NT\$208,600.
- Dongguan Primax passed Non-state Owned Enterprise Union Service Enhancement Evaluation by Guangdong Federation of Trade Unions
- Kunshan Primax was named 2019 Suzhou Harmonic Employment Relations Enterprise.
- No violation of human rights or discrimination.
- There was no discrimination, use of child/forced labor or any violation of human rights within Primax Group in 2019.
- Primax Group was 100% compliant with the Labor Standards Act in regards to the employees hired. No violation, complaint or major incident had occurred in 2019 in this regard.
- Compensations and benefits offered by Primax Group were entirely compliant with local regulations.
- Employee salary and welfare expenses totaled NT\$10,133,730,000 in 2019, representing approximately 12.6% of revenues.



Management of environment friendliness

GRI material topic: Energy/emission



SDGs:



Topic boundary

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

Boundary limitations

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.

Why important

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.

Management purpose

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.

Policy

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:
 - ◆ Continually promote GHG emission verification for 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.

Goals

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 3% per year.
 - To reduce energy (including electricity) usage by 3% per year.
 - To reduce water by 3% per year.





Management of environment friendliness

GRI material topic: Energy/emission



SDGs:



Specific actions

- ISO 14064-1 - Greenhouse gas inventory.
- ISO/TS 14067 & PAS 2050 - Carbon footprint survey.
- ISO 14001 - Environmental management system.
- Carbon Label 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.
- Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018.
- Dongcheng Tymphany passed verification for ISO14064-1 in 2019.
- Taipei Headquarters continued calculation of scope 3 emission in 2019, and obtained third-party assurance for the reported figure.
- All 7 major sites of Primax Group passed verification for ISO14046 Water Footprint in 2019.
- All 7 major sites of Primax Group passed certification for ISO 50001 Energy Management System in 2019.
- Dongguan Primax and Chongqing Primax purchased renewable energy certificates in 2019.
- Primax's Liuwu Plant implemented a reclaimed water system in 2019 to recycle and reuse production effluents.

Assessments

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

Performance and adjustment

- Primax Group violated no environmental law and incurred no related fine in 2019.
- All gas emitted by Primax Group in 2019 was 100% compliant with regulations.
- Dongguan Primax and Chongqing Primax purchased 5,455,000 kWh of renewable energy certificate in 2019 to offset 4,590.078 tonnes of CO₂e.
- Primax Group's GHG emission intensity in 2019 was 10.90% less than 2018
- Primax Group's GHG emission intensity in 2019 was 32.52% less than 2013 (the base year).
- Primax Group's energy intensity in 2019 was 11.37% less than 2018.
- Primax Group's water intensity in 2019 was 2.47% less than 2018.
- Primax Group's total waste volume in 2019 was 20.85% less than the previous year.
- Primax Group's environmental protection expenses in 2019 were 9.82% higher than 2018.
- Dongguan Primax was awarded the title of "Environment-friendly Business" - blue certification for 7 consecutive years.

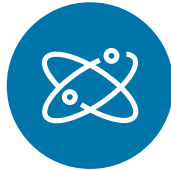
- Dongguan Primax received Platinum Certification in customer's "Zero Waste Landfill" initiative in 2019.
- The emergency rainwater treatment solution adopted by Dongguan Primax passed municipal inspection for "emergency environment precaution" of the local government in 2019.





Management of information security

GRI material topic:
Customers' privacy / Information security



Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Raw material supplier / Customer

Boundary limitations

This report discloses Primax Group's actions toward protecting customers' privacy and confidential information.

Why important

Customers' privacy and confidential information are important reasons that customers choose to work with the Company over the years. This is why the Group is dedicated to securing customers' information as a means to protect their interests, and recognizes it as the most important IT security management goal.

Management purpose

Commitment to protecting customers' privacy and confidential information.

Policy

Follow ISO 27001 standards and implement an information security management system to ensure the secrecy, completeness and usability of the Company's information assets, as well as the authenticity, accountability, non-repudiation and reliability of information kept in possession. This policy and related standards apply to all information assets and information users (including permanent employees, contract employees, interns, and any customer, service provider, supplier, business partner, and visitor that has access to information) within the Company (including overseas subsidiaries). The weakness scanning and penetration test are being planned now and the important system are scheduled. To prevent the APT attacks, the drills of social engineering will be conducted, to design various control measures, in order to deepen the defense, and minimize the risks of information security.

Goals

To continually enhance information security within the Company and ensure the secrecy, integrity, usability and compliance of information kept in possession for the best interest of the Company's customers, shareholders, employees, and suppliers, and for social responsibilities.

Responsibility

To enhance the security management of the Group, the Security Department of the Group has been established in July 2014. The "information security task force" has been set up under the department, to regulate the authorities and responsibilities of the information security managing personnel, coordinate affairs, and promote the management of information security, for the purpose of ensuring the management regulations for information security are effectively and continuously executed.

Specific actions

- Passed certification for ISO 27001 Information Security Management System in 2018.
- Access monitoring and control for corporate secrets and customers' sensitive information.
- Information security and customer confidentiality training for new recruits and general staff.
- System security update and patching.
- System weakness scan and penetration test.
- Social engineering drill.
- QRadar security incident and event management (SIEM) platform.

Assessments

Based on the internal management and review procedures outlined in ISO 27001, the Company assesses the effectiveness of its information security management system by executing the PDCA cycle (Plan, Do, Check and Action), and makes ongoing improvements and enhancements to information security and customer privacy management.

Performance and adjustment

- Application systems were scanned for weakness and had medium-high risk areas patched to enhance security and reduce risks. BEC (Business Email Compromise) protection and SIEM have been incorporated into the system for real-time monitoring of abnormalities and ongoing enhancement of information security management.
- Primax Electronics organized 23 information security training sessions in 2019 and delivered 25 hours of training to 1,616 people.
- In November 2019, the Company passed subsequent review for ISO 27001: 2013.
- No complaint concerning violation of customers' sensitive information was received.
- No complaint from external parties or the authority was received.



Green product management

GRI material topic:
Customer health and safety



Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Raw material supplier

Boundary limitations

This report discloses health and safety information of products made by Primax Group and raw materials used.

Why important

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.

Management purpose

As part of our commitment to providing excellent product and service, we not only ensure compliance with laws and customers'/users' safety and health requirements from the time raw materials are acquired until products are developed, manufactured, used and disposed, but also enforce environmental protection visions in green design and green practices. In doing so, we fulfill our duties as a corporate citizen.

Policy

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, tin, 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.

Goals

- All products made by Primax Group are free of toxic and hazardous substances such as lead, mercury, and cadmium. 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.
- All products provided to customers have passed health and safety evaluation.

Specific actions

- ISO 9001 - Quality Management System, IECQ QC080000 - Hazardous Substance Process Management (HSPM).
- Huizhou Tymphony's "TD-LTE Wireless Data Terminal" passed national mandatory certification by China Quality Certification Center in 2019.

Assessments

- 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 080000 and ISO 45001.
- For every new legal requirement imposed by the authority, we conduct yearly assessments, adjust management strategies, and revise our annual targets accordingly. Any failure in accomplishing the designated goals will be thoroughly reviewed to identify key reasons and possible solutions. Outcomes of these solutions will be verified in subsequent review meetings.

Performance and adjustment

- Products made by Primax Group are 100% compliant with laws and customers' requirements on health and safety.
- In 2019, 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.
- Primax Group consumed 74,553,224 kg of raw materials in 2019, which was 33.81% less than 2018.



Sustainability Management of Suppliers

GRI material topic:
Supplier social assessment
/ Supplier environmental assessment



Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphany / Dongguan Tymphany / Dongcheng Tymphany / Supplier

Boundary limitations

This report discloses social and environmental management of Primax Group's suppliers.

Why important

Corporate operations may give rise to environmental and social impacts, whether through a business' own activities or through collaboration with business partners. For this reason, it is important to exercise due diligence in the management of suppliers in order to prevent, mitigate, and avoid negative impacts that are directly or indirectly caused by corporate operations.

Management purpose

To coordinate with suppliers for the fulfillment of corporate social responsibilities.

Policy

To assist and inspire suppliers in making ongoing improvements in social and environmental

Goals

1. To have 100% of new suppliers signing the Supplier Commitment Statement.
2. To continue RBA assessment for key suppliers, and have 95% of suppliers assessed in 2020.
3. To continue RBA training for key suppliers, and have 90% of suppliers trained in 2020.
4. To continue on-site audit for suppliers that are identified as high-risk, and have 10-15 suppliers audited in 2020.
5. To continue supplier social responsibility management, and reduce the percentage of high-risk suppliers to less than 10% by 2025.

Responsibility

The CSR Office and the "SER Team" of global manufacturing headquarters cooperate with each other to enforce social and environmental responsibility management among suppliers.



Specific actions

- Creation of green product management platform and raw material control at source.
- 100% of new suppliers had signed the Supplier Commitment Statement in 2019.
- Primax Group performed on-site audit on 12 main suppliers in 2019.
- The Company organized 7 sessions of supplier social responsibility training in 2019 covering topics such as local regulations, industry standards, customer requirements and other applicable requirements, during which suppliers were engaged in case studies and interactions to enhance knowledge toward fire safety management.

Assessments

The Company outlines annual supplier management/audit plans and targets, invites suppliers to awareness and training courses, and shares experience and offers assistance as deemed necessary. Key suppliers are subjected to RBA risk assessment using questionnaire. Through proper management, on-site audit and tracking, the Company keeps track of improvements made by high-risk suppliers and ensures the effectiveness of its supplier review process.

Performance and adjustment

- 100% of audited suppliers had responded with CAP in 2019.
- Primax Group found no child labor, forced labor, or violation against freedom of association in any of its main suppliers in 2019.
- Annual supplier social responsibility training was organized to improve suppliers' knowledge. A total of 556 people from 325 suppliers were trained in 2019.



Corporate governance
 GRI material topic:
Corporate governance



Topic boundary

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

Boundary limitations

For internal control and business integrity, the scope applies to all business and administrative activities conducted by various departments, offices and subsidiaries (50% shareholding interest and above, including 2nd tier subsidiaries) of the Company.

Why important

Primax Electronics upholds "integrity, legitimacy and transparency" 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 make full and transparent disclosures to the public in ways that facilitate future business growth.

Management purpose

To prevent occurrence of financial and non-financial losses, and enhance stakeholders' long-term trust in the Company.

Policy

Establish internal guidelines in compliance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and adopt international and industrial best practices to enforce corporate governance, integrity and leadership.

Goals

- Protect shareholders' interest and ensure fair shareholder treatment.
- Strengthen board structure and functionality.
- Enhance information transparency.
- Enforce business integrity and anti-corruption training, and eliminate dishonest conducts.

Specific actions

- Enforced board diversity policy by holding a by-election during annual general meeting to elect one female (independent) director.
- Strengthened board structure and independence by electing one additional independent director (female) to a total of four independent directors during annual general meeting.
- Enhanced disclosure on functional committee performance (including Audit Committee, Remuneration Committee and Nomination Committee).
- The board of directors appointed dedicated corporate governance officer to oversee corporate governance-related affairs and make adequate disclosure of governance practices and execution.
- Association between directors' compensation, company performance and board performance has been disclosed in details.
- For the announcements of financial information, publications of material information, shareholders' meeting related information, and the content of the investor conference are issued both in Chinese and English.
- Business integrity policy and prevention against dishonest conducts are being monitored with execution outcome reported to the board of directors at least once a year.

Assessments



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

Performance and adjustment



- 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.
- The operation audit unit completed internal audits in 2019 as planned, and major audit findings were reported to the Audit Committee on a quarterly basis.
- The Company ranged top 5% in the 2019 corporate governance evaluation.
- One additional female independent director was elected to the board in 2019.
- Performance self-assessments were conducted on the board of directors, individual board members, the Audit Committee and the Remuneration Committee in 2019, which averaged a score of 4.95.
- Primax Group violated no social or economic law and incurred no related fine in 2019.



Response and contribution to United Nations Sustainable Development Goals (SDGs)

Goals	Targets
 <p>Goal #4 Quality Education</p>	<p>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.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>Actions:</p> <ul style="list-style-type: none"> 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. A total of 92 students applied for internship in Taiwan and the Mainland in 2019, and 46 of whom were accepted. A total of 91 interns found employment at the end of 2019. <p>See “Column - Industry-academia collaboration in practice” in the 2018 report</p> <ul style="list-style-type: none"> Motivated by the corporate culture to “promote decency and serve the common good of people,” the CSR department of Dongguan Primax sent an assessment team to Xinhua Compassion Education Foundation in March 2018 to conduct a field inspection, and thus began an ongoing charity program called “Primax Pearl Class.” Approximately 500 employees from Taipei Headquarters and Dongguan Primax responded to the call and joined Hope for Pearl; they worked with the company and successfully created the first “Primax Pearl Class,” helping top-performing yet underprivileged students complete high school studies while preparing them for national exams and a world of opportunities to come. <p>For more details, please see “Column - Hope for Pearl”</p>
 <p>Goal #8 Decent work and economic growth</p>	<p>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.</p> <p>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.</p> <p>Actions:</p> <ul style="list-style-type: none"> At Primax Group, we value people and assure employees 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. Tymphany converted workers into permanent employees in 2019 for the protection of employees' interest. <p>Please see “4.1 Employee overview”</p> <ul style="list-style-type: none"> 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 2019, and encountered no material complaint or occurrence relating to the above issues. <p>Please see “4.1 Employee overview”</p> <ul style="list-style-type: none"> 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 2019, Primax Group hired 37 foreign workers and 85 people with disability. <p>Please see “4.1 Employee overview”</p>





Goals	Targets
 <p>Goal #4 Quality Education</p>	<ul style="list-style-type: none"> • 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. Please see “4.4 Safe and healthy workplace” • 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. Please see “4.2 Productive labor-management relations”
 <p>Goal #8 Decent work and economic growth</p>	<ul style="list-style-type: none"> • 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 2019, employees of the Group completed 282,667 hours of training in total, averaging 15.33 hours per employee. Total training expenses amounted to approximately NT\$4,744,000. Please see “4.3 Support for skill development” • 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. Please 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. Please see “4.3 Support for skill development”
	<p>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.</p>
	<p>Actions:</p> <ul style="list-style-type: none"> • 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. Primax applies this requirement uniformly across all suppliers, and has implemented rules and measures to eliminate use of child labor throughout the supply chain. No presence of child labor was found in Primax Group or its suppliers in 2019. Please see “4.1 Employee overview” and “3.3 Sustainable supply chain management”
	<p>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.</p>



Goals	Targets
<div data-bbox="219 379 405 563"> </div> <p data-bbox="203 579 430 600">Goal #4 Quality Education</p> <div data-bbox="219 643 405 826"> </div> <p data-bbox="203 842 430 895">Goal #8 Decent work and economic growth</p>	<p data-bbox="501 368 568 389">Actions:</p> <ul data-bbox="501 395 2029 1034" style="list-style-type: none"> • 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 enrollments to safety officer training totaled 1,734 across Primax Group. Training expense for safety officers amounted to NT\$95,670 in 2019. • 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 emergency response drills totaled 40,789 across Primax Group in 2019. • 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 2019, and encountered no major accident that resulted in significant losses or death, or report of occupational illness. • Primax has improved its security access system to record workers' time in factories (including suppliers, contractors and visitors), which totaled 4,181 hours in 2019. This data enables more accurate count and management of work injury data. • 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. • Primax Group considers safe and healthy workplace to be one of its basic obligations to employees. Occupational safety and health units have been established at all sites to address issues concerning employees' health and safety. Dongguan Primax/Chongqing Primax/Kunshan Primax/Dongguan Tymphany passed certification for ISO 45001 Occupational Health and Safety in 2019. <p data-bbox="501 1050 882 1070">Please see "4.4 Safe and healthy workplace"</p>
<div data-bbox="219 1185 405 1369"> </div> <p data-bbox="188 1385 441 1437">Goal #12 Responsible consumption and production</p>	<p data-bbox="501 1098 1608 1118">12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p> <p data-bbox="501 1145 591 1166">Actions:</p> <ul data-bbox="501 1185 2029 1449" style="list-style-type: none"> • Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018. Primax Group consumed 74,553,224 kg of raw materials in 2019, which was 33.81% less than 2018. • Waste reduction actions were adopted throughout the Group, including: reuse of alcohol wipe, rag reduction, recycling and reuse of waste containers by suppliers, introduction of UV photolysis to the gluing process for extended potency of active carbon and reduced volume of waste carbon, prohibited offering of plastic bags at commissary, replacing plastic bags with reused carton boxes, prohibition of disposable utensils at employee diner, and waste sorting and recycling at factory sites. Overall, Primax Group reduced total waste volume by 20.85% in 2019 compared to the previous year.



Goals	Targets
 <p>Goal #12 Responsible consumption and production</p>	<ul style="list-style-type: none"> 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. Volume of hazardous waste is reduced by 3% per year. Hazardous waste is properly classified, weighed, stored and managed. Dongguan Primax received Platinum Certification in customer's "Zero Waste Landfill" initiative in 2019. <p>See "3.1 Green production management" and "3.2 Green product management"</p>
 <p>Goal #13 Climate action</p>	<p>13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.</p> <p>Actions:</p> <ul style="list-style-type: none"> ISO 14064-1 - Greenhouse gas inventory. ISO 14067 & PAS 2050 - Carbon footprint survey. ISO 14001 - Environmental management system. Carbon Label 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. Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018. Dongcheng Tymphany passed verification for ISO14064-1 Greenhouse Gas in 2019. Taipei Headquarters continued calculation of scope 3 emission in 2019, and obtained third-party assurance for the reported figure. All 7 major sites of Primax Group passed verification for ISO14046 Water Footprint in 2019. All 7 major sites of Primax Group passed certification for ISO 50001 Energy Management System in 2019. Dongguan Primax and Chongqing Primax purchased renewable energy certificates in 2019. Primax's Liuwu Plant implemented a reclaimed water system in 2019 to recycle and reuse production effluents. <p>See "3.1 Green production management"</p>



2

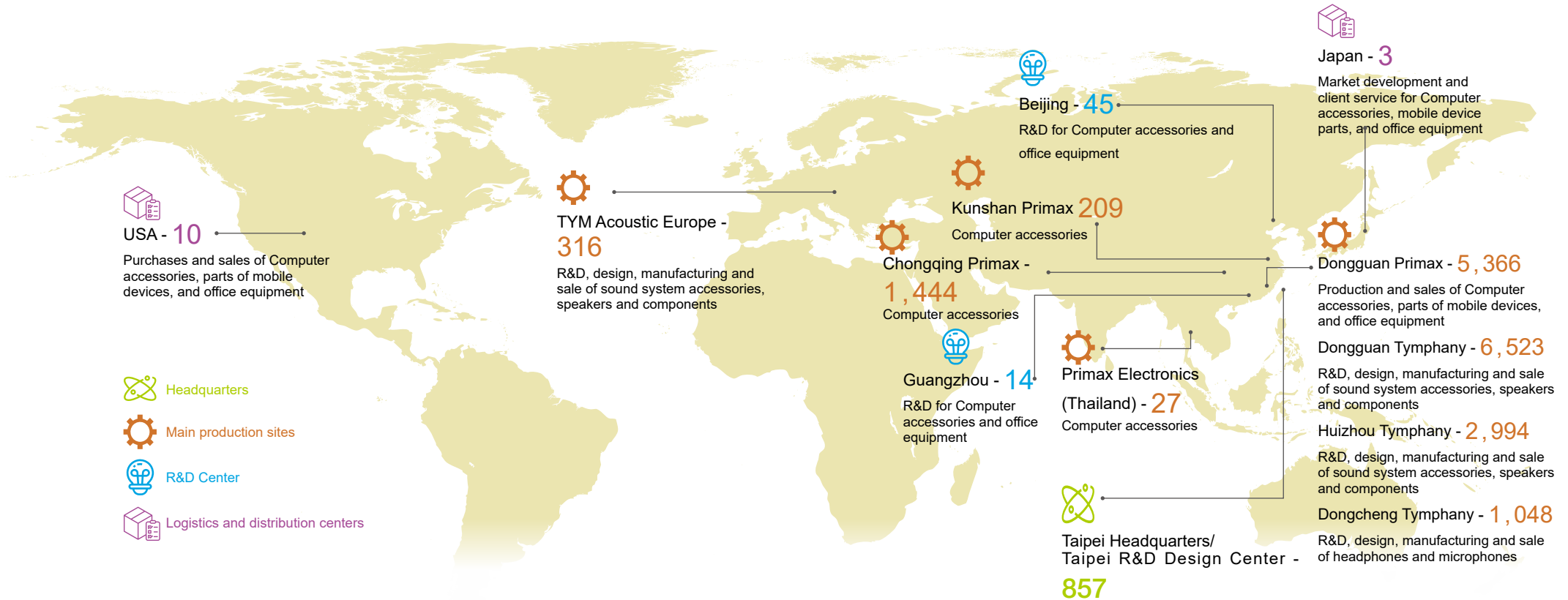
Governance

Responsibility management through integrity

- 2.1** Company profile
- 2.2** Corporate governance
- 2.3** Consistent operations
- 2.4** Risk management

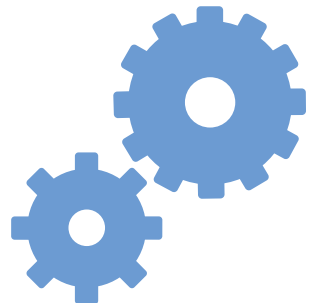


Global deployment




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 Kunshan Plant and Chongqing Plant. 2019 had been a critical year to Primax Electronics in terms of production planning. Aside from exploring Industry 4.0 upgrades, the Company has also been executing a regional production plan to diversify risks, and for which a new production site was established in Thailand in addition to the existing production facilities in Mainland China. The Thai plant is expected to commence mass production and contribute to group revenues in 2020.

Subsidiary - Tymphony has most of its production facilities located in Huizhou and Dongguan, China, and in Czech Republic under the company name TYM Acoustic Europe; it specializes in the R&D, design, manufacturing and sale of audio accessories, headphones and microphones. Meanwhile, we have R&D centers located in Beijing, Guangzhou and Taiwan, as well as 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.






2.1 Company profile




Corporate culture

Humanity
Teamwork
Service



Values


- Positivity •Integrity
- Modesty •Pragmatism
- Respect •Credibility
- Sharing





Vision


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


Operating strategies

- 

Four major product focuses: computer accessories, visual solutions, system integration, and acoustics.
- 

Persistence towards high quality products and services. Achieve quality by doing things right on the first attempt.
- 

Pursue sustainable growth by maintaining rational balance between risk management, business diversity, profit and revenues.
- 

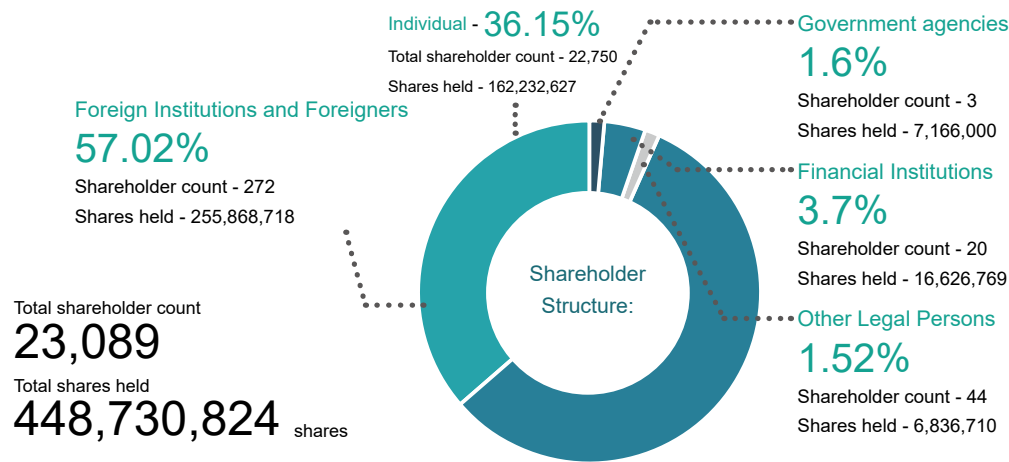
Enhance production management and automation; maintain competitive advantage by constantly improving productivity.
- 

Continually adopt world-class technologies and innovations.

Company profile

Company name	Primax Technology Co., Ltd.
Nature of corporate ownership	Openly issued and publicly listed company (stock ID: 4915)
Paid-up Capital	NT\$4,487,308,000
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	Liang, Li-Sheng
Headquarters	No. 669, Ruiguang Road, Neihu District, Taipei City
Consolidated revenues - 2019	NT\$80,649,608,000
Total group head count (scope of disclosure of this report)	18,441

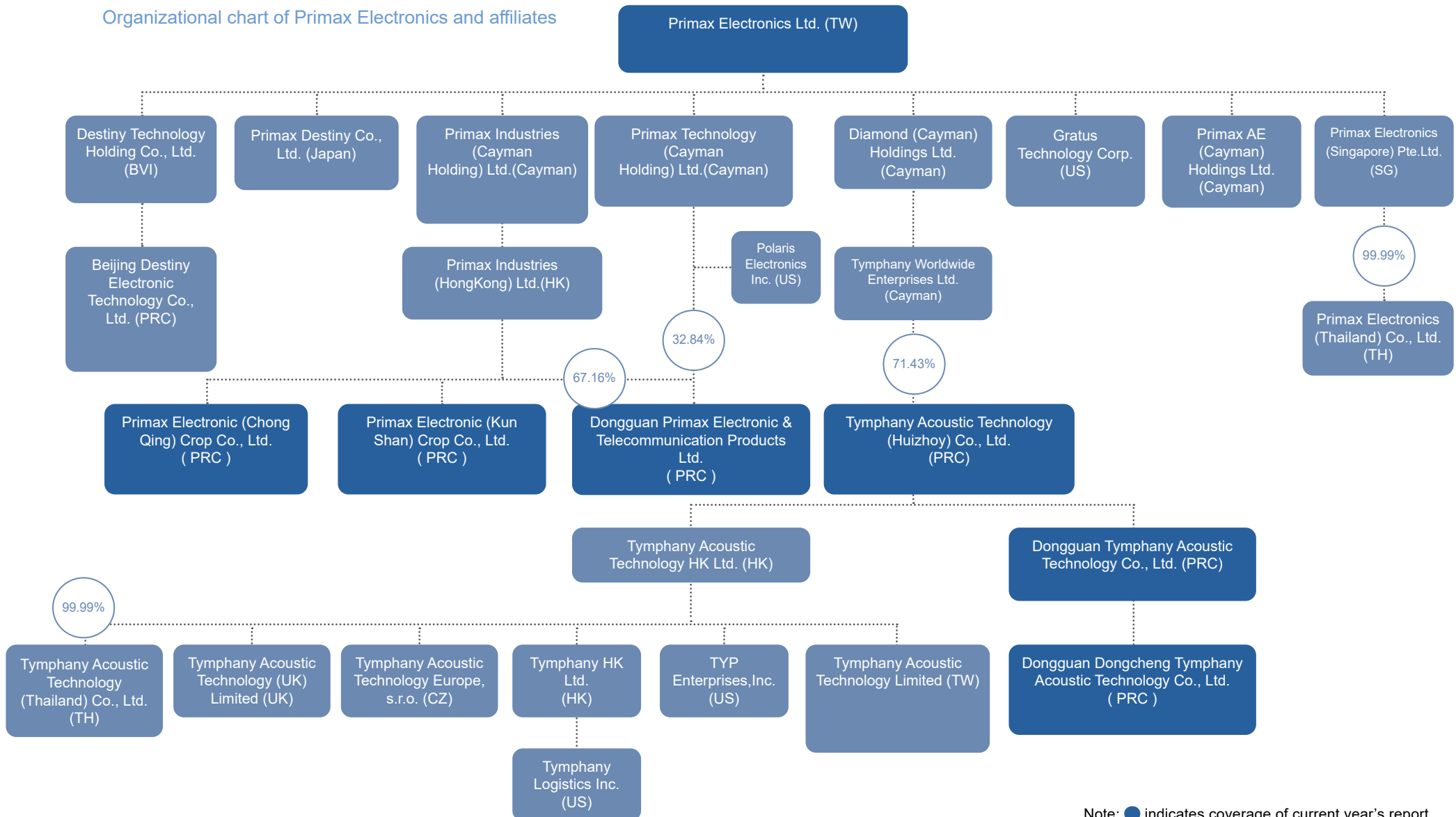
Shareholder structure and shareholding percentage



Data as of April 25, 2020



Organizational chart of Primax Electronics and affiliates



Note: ● indicates coverage of current year's report



Products and Services

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

Computer accessories

Mouse, keyboard, trackpad etc.

Visual solutions product

Cellphone camera modules, automobile camera modules, and intelligent image system

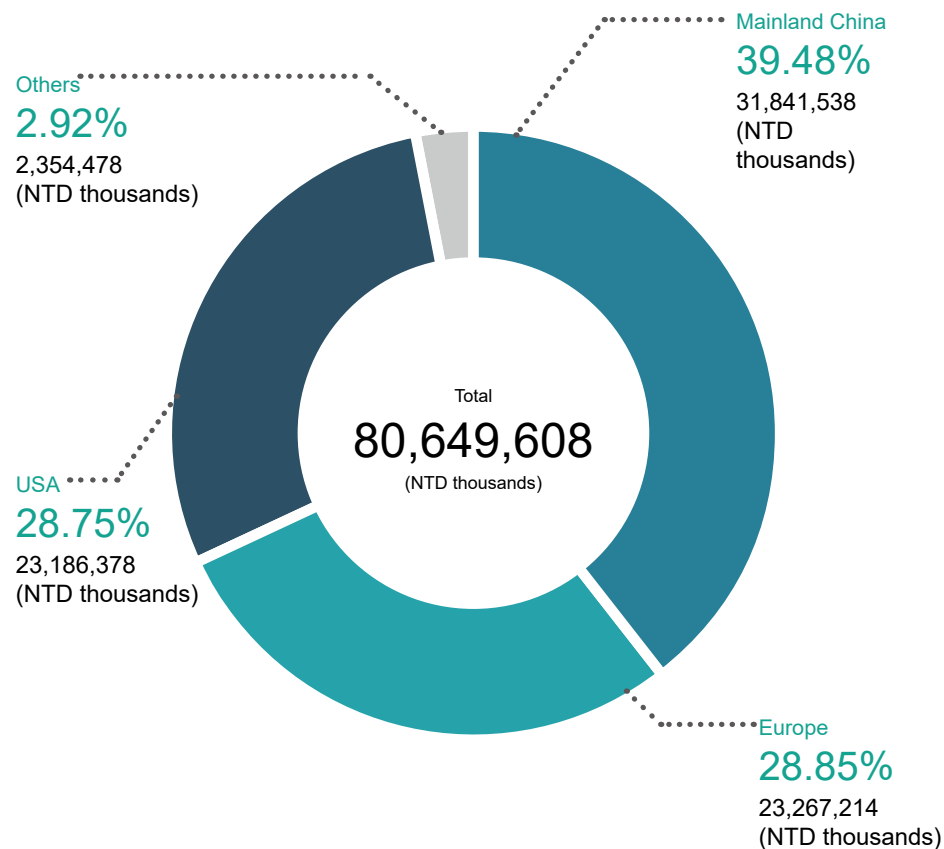
System integration

Office machines, smart home, wireless charging

Acoustics (Tympany)

Audio system, headphone, audio module, speaker driver

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, visual solutions, smart driving, 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.

In terms of manufacturing technology, Primax Electronics remains committed to its goal to optimize product quality and yields. Meanwhile, the organization is actively adopting the concept of Industry 4.0 and has initiated a series of transformation and improvements to the manufacturing process as well as R&D capacity to further enhance its competitive advantage, thereby preparing the organization for the next stage of growth. Primax invests pro-actively into innovative R&D as a means to satisfy customers' diverse requirements. R&D expenses totaled NT\$2,968,221,000 for 2019, representing 3.68% of operating revenues. For more details on recent R&D accomplishments, please see "P71-72 of the 2019 Annual Report."



Computer accessories

Mouse, keyboard, stylus, game controller, presentation remote, pen tablet

Development focus:
High-end e-sports, AR, VR

Revenue weight:

28.37%

Production volume (thousands)

77,721



Non PC Peripheral Products

Visual solutions product
Cellphone camera modules, automobile camera modules, and intelligent image system

Development focus:
3D sensing, smart lens, customization, slim-type, auto focus, multi-lens high pixel, high ISO, fast focusing, image stabilization

System integration
Scanner, printer, all-in-one equipment, webcam, wireless charging

Development focus:
High-speed multifunctional all-in-one module, mobile printer, smart home

Acoustics (Tymphony)
Audio system, headphone, audio module, speaker driver

Development focus:
Smart audio system, smart headphone, professional audio system, Internet, auto application

Revenue weight:

71.63%

Production volume (thousands)

154,712



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. 75% of customers were satisfied with Primax's products and services in 2019, up 3 percentage points from 2018. This improvement is a testament to Primax's respect for customers' opinions and its initiative in making ongoing improvements.





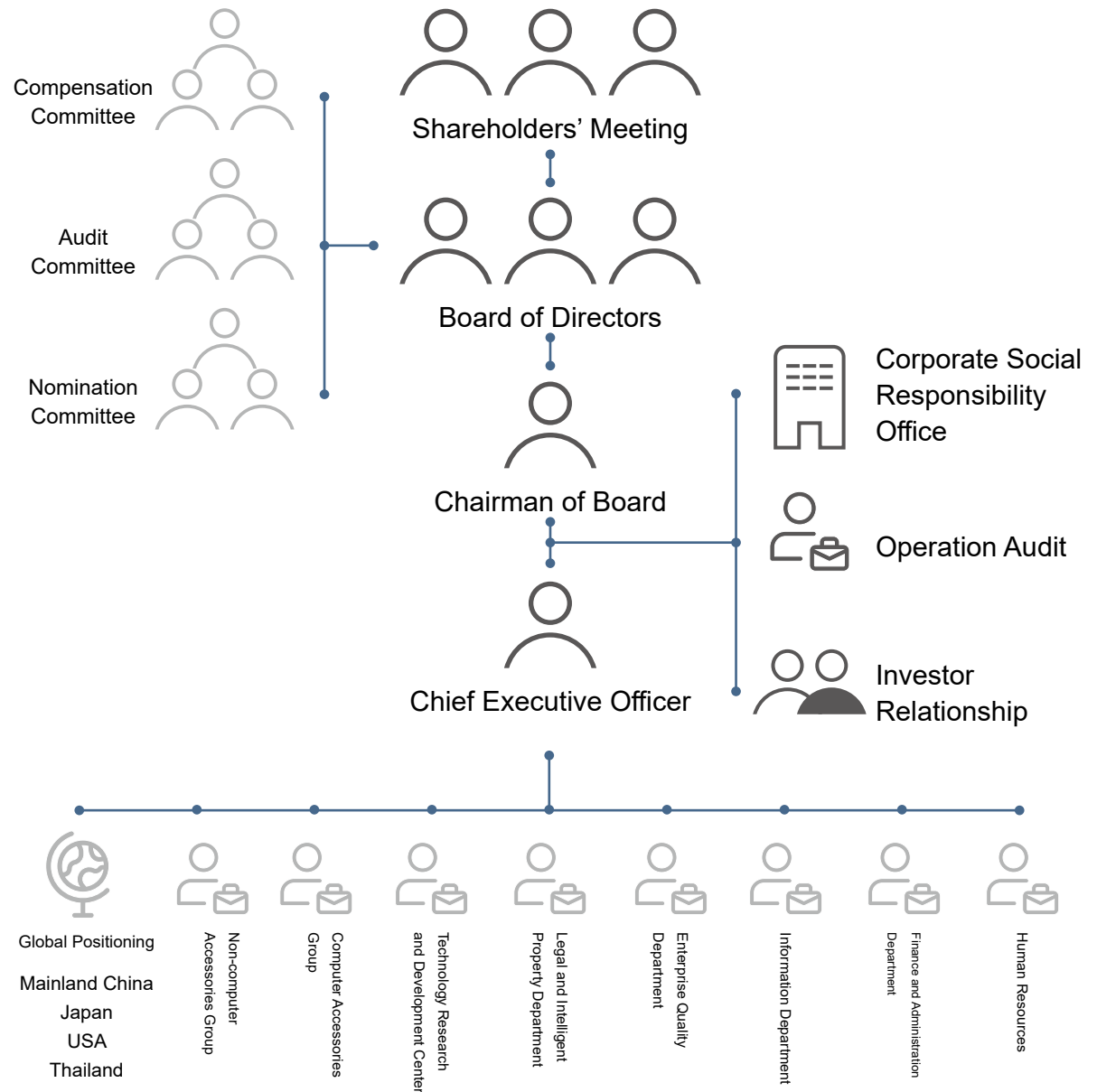
2.2 Corporate governance

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 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 "P17~P28 of the 2019 Annual Report."





Composition of the board of directors

Board members at Primax Electronics are first nominated from persons of adequate capacity according to Article 16 of "Articles of Incorporation," and later elected by 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. Service of the current board commenced May 30, 2018, and a total of 15 board meetings have been held up till the end of April 2020. Average attendance rate was reported at 88.7%.

Director/General Manager Yang, Hai-Hung resigned on October 1, 2018 due to personal reasons; after which, the General Manager role was succeeded and concurrently undertaken by Chairman Liang, Li-Sheng whereas the vacant director seat was changed into independent director and elected during the annual general meeting held on June 18, 2019. Following the resignation of Chen, Jie-Chi, representative for corporate director - Sunshine Coast Services Limited, on January 7, 2020, the Company currently has eight directors on board including four independent directors (50%); two of the independent directors have three years or less service history on board, while one independent director has 4~6 years of service history and one independent director has 9~12 years of service history. Seven of the directors are male (87.5%) and one is female (12.5%). Regarding the age, one of them is 71-75 years old (12.5%), six are 61-70 years old (75%), and one is 45-50 years old (12.5%).

Introduction to board members

Title	Name	Gender	Major Experience/Education Background	Position(s) concurrently held in the Company or other companies	Board meeting attendance rate (in current term of service)
Director and General Manager	Liang, Li-Sheng	Male	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; DongGuan Primax Electronic & Telecommunication Products Ltd. Chairman; Primax Electronics. (KunShan) Co., Ltd. Chairman; Primax Electronics (ChongQing) Co., Ltd. Chairman; Beijing Destiny Electronic Technology Co., Ltd. Chairman; Primax Destiny Co., Ltd (Japan) Director; Representative of Institutional Director of Diamond (Cayman) Holdings Ltd.; Representative of Institutional Director of Tymphany Worldwide Enterprises Ltd.; Alpine Asia Investment Limited Director; Tymphany Logistics, Inc. Director; Tymphany Acoustic Technology (Huizhou) Co., Ltd. Chairman; Tymphany Acoustic Technology Limited Director; Tymphany Acoustic Technology (Thailand) Co., Ltd. Director; Primax AE (Cayman) Holdings Ltd. Director; Primax Electronics (SINGAPORE) PTE.LTD. Director; Primax Electronics (Thailand) Co.,Ltd. Director.	100%
Directors	Yang, Chi-Ting	Male	Master of Business Administration, University of Southern California Internal Audit Officer at Chailease Holding Company Limited	Chailease Auto Rental Co., Ltd. Chairman and General Manager; Apex Credit Chairman and General Manager; Fina Finance & Trading Co., Ltd. Supervisor; Asia Sermkij Leasing Public Co., Ltd. Chairman; Bangkok Grand Pacific Lease Public Co., Ltd. Chairman.	87%



Title	Name	Gender	Major Experience/Education Background	Position(s) concurrently held in the Company or other companies	Board meeting attendance rate (in current term of service)
Directors	Pan, Yung-Chung	Male	Department of Electronic Engineering, Feng Chia University General Manager of Business Department of Primax Electronics	Primax Ind. (HK) Ltd. Director; Primax Tech. (Cayman Holding) Ltd. Director; Primax Ind. (Cayman Holding) Ltd. Director; Representative of Institutional Director of Tymphony Worldwide Enterprises Ltd.; Tymphony HK Ltd. Director; Tymphony Acoustic Technology (Huizhou) Co., Ltd. Director and General Manager; Dongguan Tymphony Acoustic Technology Co., Ltd. Executive Director and General Manager; Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd. Executive Director and General Manager; Tymphony Acoustic Technology HK Ltd. Director; Tymphony Acoustic Technology Limited Director; Gratus Technology Corp. Director; Tymphony Acoustic Technology (Thailand) Co., Ltd. Director; Primax Electronics (SINGAPORE) PTE. LTD. Director; Primax Electronics (Thailand) Co., Ltd. Director.	93%
Director and General Manager of Business Department	Pan, Yung-Tai	Male	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of Business Department of PRIMAX	Representative of Institutional Director of Tymphony Worldwide Enterprises Ltd.; Tymphony Acoustic Technology (Huizhou) Co., Ltd. Vice Chairman; Tymphony Acoustic Technology Limited Director; Tymphony Acoustic Technology (Thailand) Co., Ltd. Director; Primax Electronics (SINGAPORE) PTE. LTD. Director; Primax Electronics (Thailand) Co., Ltd. Director.	87%
Independent Director	Ku, Tai-Chao	Male	Bachelor of Law, National Taiwan University Vice President of Taiwan Stock Exchange Corporation	None	93%
Independent Director	Cheng, Chih-Kai	Male	Department of Management Science, National Chiao Tung University Senior Vice President of Synnex USA	Eureka Therapeutics (California) Director; B Current Impact Investment Inc. Chairman; Social Enterprise Insights Director; H3 Platform Director; B Current Impact Investment Inc. II Chairman; Acorn Pacific Ventures Partner.	93%
Independent Director	Wu, Chun-Pang	Male	MBA, University of Missouri, U.S.A General Manager, Taiwan Branch, Deutsche Bank	Far Eastern International Commercial Bank Director	100%
Independent Director	Wang, Jia-Qi	Female	MBA, Kellogg School of Management, Northwestern University, USA Managing Director and Director of Zenith Consulting Company limited	Zenith Consulting Company limited Managing Director and Director; CITIC Capital Holdings Limited Managing Partner	100% Onboard since 2019/6/18, 7 meetings were 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 20 enrollments and 60 hours in 2019. 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 of the 2019 Annual Report."

Furthermore, a total of 8 board members (89%) were subjected to anti-corruption training on topics concerning the global anti-tax evasion movement, trend and prevention of major corporate fraud etc.

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.

The Shareholders Service Department carried out the Company's latest assessment in 2019, during which it issued questionnaires to evaluate board performance, performance of individual board members, and performance of functional committees (including Audit Committee, Remuneration Committee and Nomination Committee). This internal performance assessment was completed before the end of the previous year, and the outcome was reported during the board of directors meeting held on January 16, 2020. The board of directors, individual board members, Audit Committee, Remuneration Committee and Nomination Committee were all scored between 5 (Outstanding) and 4 (Excellent) during the assessment period, resulting in an overall score of 4.95, which means that participants were satisfied with the current performance of the board and functional committees.



Board of directors performance evaluation criteria

Assessed subject	Coverage
 <p>Board of Directors</p>	<ul style="list-style-type: none"> I. Engagement in the operations of the Company. II. Enhancement to the quality of decision-making of the BOD. III. Composition and structure of the BOD. IV. The election and continuing education of the members of the BOD. V. Internal control.
 <p>Director members</p>	<ul style="list-style-type: none"> I. Grasping the goal of the company and mission. II. Awareness of the duties of directors. III. Engagement in the operations of the Company. IV. Internal relationship management and communications. V. The election and continuing education of the members of the directors. VI. Internal control.
 <p>Functional committees (Audit Committee, Remuneration Committee, Nomination Committee)</p>	<ul style="list-style-type: none"> I. Engagement in the operations of the Company. II. Awareness towards duties of the functional committee. III. Enhancement to the quality of decision-making of functional committees. IV. Composition of the functional committee and selection of committee members. V. Internal control.

During the internal board performance assessment conducted in 2018, recommendations were raised by board members to increase the number of female directors for diversity and the number of independent directors for enhanced governance. The Company had accepted the suggestions, and nominated and elected one female independent director during the 2019 annual general meeting. Please refer to P21-23 of the 2019 Annual Report for detailed information on board performance assessment and outcome of external assessment completed in the previous year.

Avoidance of conflicting interests

The Company has implemented "Corporate Governance Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines," which state that, if a director, manager, board meeting participant or any of the corporate entity they represent is considered a stakeholder to a topic discussed in board meeting, the party must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if the stakes are in conflict against the Company's interests. In addition, the concerned party may not exercise voting rights on behalf of other directors. 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 "P18 of the 2019 Annual General Meeting Report."

Nomination Committee

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; Yang's General Manager role was succeeded and concurrently undertaken by Chairman Liang, Li-Sheng, whereas the Nomination Committee role was succeeded by Independent Director Wang, Jia-Qi. List of Primax Electronics Nomination Committee members - 2019:

List of Primax Electronics Nomination Committee members

Job role	Name	Gender	Academic and career background
Convener	Liang, Li-Sheng	Male	Business Administration, Tamkang University / Chairman of PRIMAX
Member	Yang, Chi-Ting	Male	Master of Business Administration, University of Southern California / Internal Audit Officer at Chaillease 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	Department of Management Science, National Chiao Tung University / Senior Vice President of Synnex USA
Member	Wang, Jia-Qi	Female	MBA, Kellogg School of Management, Northwestern University, USA / Managing Director and Director of Zenith Consulting Company limited

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 current Nomination Committee commenced its service on June 12, 2018, and has held a total of four meetings by December 31, 2019. Average attendance rate was reported at 88.9%.

Furthermore, owing to the efforts and contribution of employees and board members, Primax Electronics has performed exceptionally in corporate governance evaluations around the world, and was able to improve its ranking from the 21~35% tier in 2015 to the top 5% tier in 2016 and 2017, and settle in the 6~20% tier overall and 11-20% tier among electronic companies with market capitalization above NT\$10 billion in 2018. In 2019, the Company once again reclaimed its position in the top 5% tier. This accomplishment is a strong indication of our resolve and execution toward enforcing corporate governance.





Tax policy

Primax Group has established its own tax policy to minimize taxation risk, optimize after-tax business performance and protect shareholders' interest, which in turn ensures compliance with tax laws and fulfillment of corporate social responsibilities.

- 1 All operating activities are carried out according to tax laws and related rules
- 2 Compliance with world-recognized transfer pricing principles published by OECD
- 3 Transparent financial reporting; all tax disclosures have complied with relevant rules, standards and requirements
- 4 Refrain from transacting solely for tax evasion purpose
- 5 Build relationship with the tax authority on the basis of mutual trust, transparency and respect
- 6 Tax impact in all key decisions
- 7 Analyze the operating environment and adopt management systems for taxation risk assessment
- 8 Develop taxation expertise through ongoing talent training.

Compliance - the ultimate guiding principle

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 as developed an internal check 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 General Manager serves as the convener of this unit and is fully authorized 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 2019 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.

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 7,340 new recruits in 2019 and delivered 7,340 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 Tymphany arranged a 1-hour RBA basic training for a total of 25,987 employees in 2019, including 2,698 indirect staff (and production line workers) and 23,289 direct staff, which represented 10% of Huizhou Tymphany's total employee count. A total of 25,987 hours of RBA basic training were delivered by Huizhou Tymphany in 2019.



2.3 Consistent operations

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 production facilities at Dongguan, Kunshan, Chongqing and Huizhou in China and Thailand has enabled it to serve customers up close and reduce production costs, which worked in favor of securing OEM relationships with renowned U.S., European and Japanese 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 implementing Industry 4.0 and the design and production of 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. Some of the Group's main development focuses in recent years are intelligent production and testing equipment, which have 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

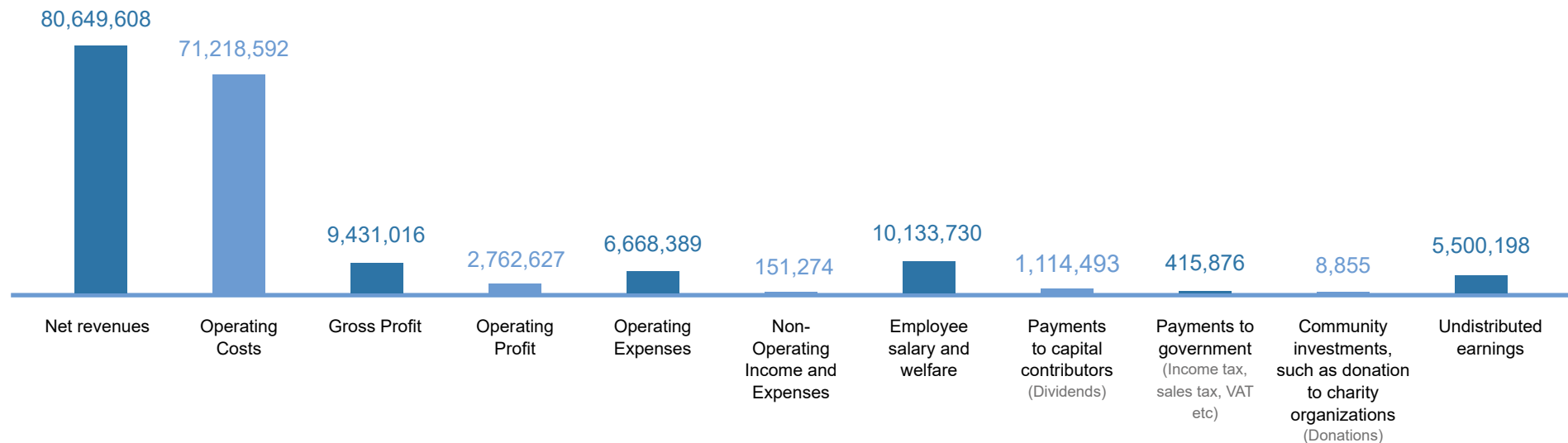
Primax Group has adhered to its existing strategy of stability and directed focus towards maintaining revenue growth and optimizing its product portfolio. In terms of business performance, increasing popularity and evolution of smart speakers in both technological complexity and features combined with successful entry into the headphone market have contributed significantly to Tymphany's revenues and profits. As for visual solutions, Primax successfully grew into smart driving solutions and managed to surpass peers in 3D sensing and intelligent imaging technologies, both of which are essential elements to IoT. As e-sports thrive, we continued working alongside our customers to introduce new gaming accessories that contributed significantly to revenues and profit. E-sports has such a dominant influence on the PC market that it continues to drive transformation of the computer accessories segment to this day.

In 2019, the Group generated NT\$80,649,608,000 of consolidated net revenues worldwide in 2019, up 24.4% from the NT\$64,811,408,000 concluded in 2018; consolidated net income totaled NT\$2,262,919,000 in 2018, representing an 18.2% increase compared to the NT\$1,913,975,000 in 2017.



2019 consolidated revenues and profit of Primax Group

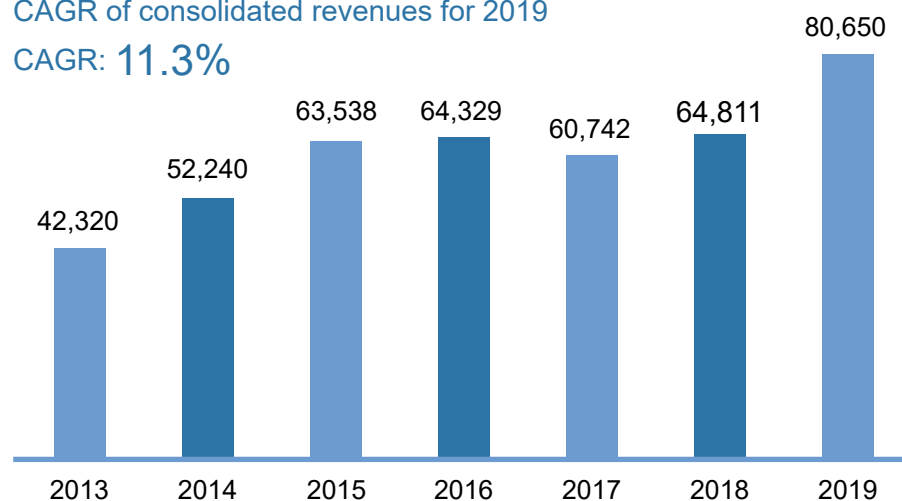
Unit: NTD thousands



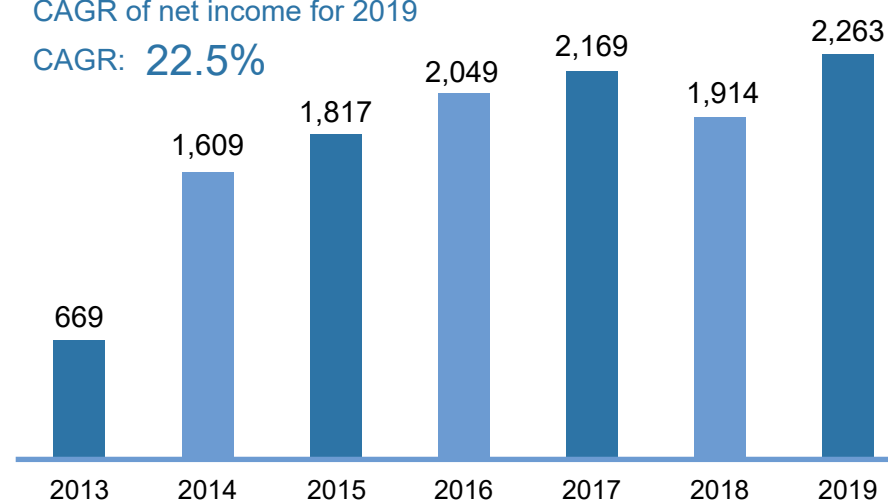
Primax consolidated revenues and net income chart

Unit: NTD thousands

CAGR of consolidated revenues for 2019
CAGR: 11.3%



CAGR of net income for 2019
CAGR: 22.5%





Government subsidies

Office location	Name of subsidy/year	2019 subsidy amount (NTD)
Taipei Headquarters	Work-life balance subsidy (Ministry of Labor)	24,000
	Enterprise childcare subsidy (Ministry of Labor)	256,600
Subtotal		280,600
Dongguan Primax	R&D, business solicitation and funding subsidy	16,004,558
	Warehousing subsidy	135,653
Subtotal		16,140,211
Chongqing Primax	2018 Jan-Jun industry chain training & industry development fund for industry leaders	5,994,454
	2017 processing and trading funds	4,590,000
Subtotal		10,584,454
Huizhou Tymphany	Human Resources & Social Security Administration of Huiyang District\ Rebate\ 2019	432,950
	Huiyang Tax Administration\Rebate\2019	132,521
	Huiyang Tax Administration\Individual income tax commission rebate\2019	107,744
	Huiyang Bureau of Finance\Export credit insurance subsidy\2019	1,800,000
	Huiyang Bureau of Finance\Incentive bonus\2018	4,500,000
	Huiyang Bureau of Finance\Incentive bonus\2019	759,150
	Huiyang Bureau of Finance\Project funding subsidy\2018	1,500,704
Huiyang Bureau of Finance\Project funding subsidy\2019	25,307,100	

Office location	Name of subsidy/year	2019 subsidy amount (NTD)
Huizhou Tymphany	Huizhou Industry and Information Technology Bureau\Incentive bonus\2019	4,387,500
	Huizhou Social Insurance Fund\Birth subsidy\2019	155,744
	Huizhou Social Insurance Fund\Job security subsidy\2018	740,411
	Finance Department of HZZK Hi-tech Industrial Development Zone\ Patent subsidy\2019	1,800
	Shenzhen Social Insurance Fund Administration\Rebate\2019	608
Shenzhen Social Insurance Fund Administration\Job security subsidy\2018	184,550	
Subtotal		40,010,782
Dongguan Tymphany	Bureau of Commerce of Dongguan City\2018 economic development project funding\2018	3,534,349
	Social Insurance Fund Administration\Work injury insurance\2019	80,805
	Shijie tax administration\Agency fees from State Taxation Administration\2018	168,975
Social Insurance Fund Administration\Childbirth subsidy\2018	704,092	
Subtotal		4,488,221
Dongcheng Tymphany	2019 maternity insurance subsidy from Social Insurance Fund Administration	217,549
	2019 work injury insurance subsidy from Social Insurance Fund Administration	4,898
	2018 warehouse subsidy	540
Subtotal		222,987
Total		71,727,255

Note 1: NTD 4.5 = RMB 1. 2. Kunshan Primax had no government-subsidized project in 2019.






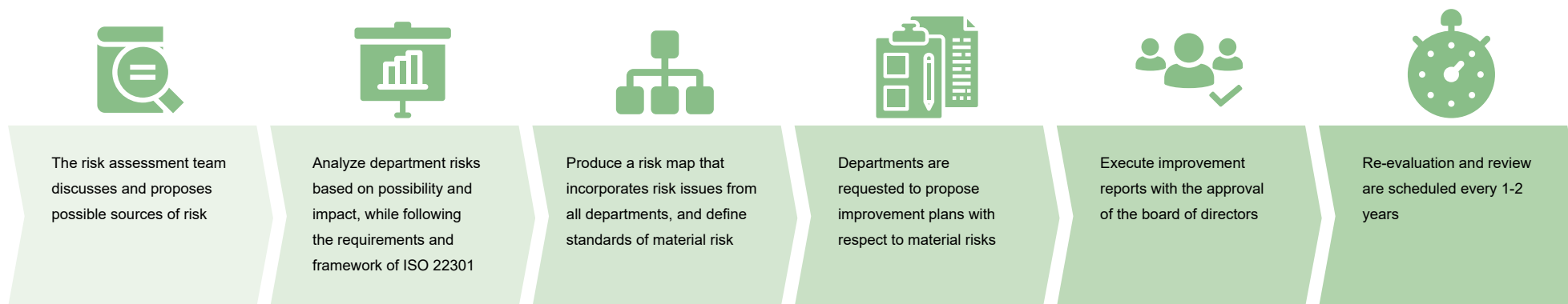
2.4 Risk management

Enterprise risk management

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 assessment team was subsequently assembled under board of directors' authority to establish risk management system, perform operational risk assessments and devise response strategies according to the requirements of ISO 31000.




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. The board of directors has agreed to perform overall assessments once every two years. Main risks identified in the 2019 assessment are being followed up with strategies formulated to address legal requirements, customers' requirements, stakeholder communication, and social trends. Backed by confirmation of senior managers, the CSR Office reports to the board of directors on the latest risk management status, plans and execution of mitigation measures.

Aspect	Source of risk
 Economic	Economy and the overall environment Operations and technology strategies Commercial and legal relations Management activities and control Information security
 Environmental	Natural disaster Climate change
 Social	Human resource and behavior management Environment, safety and health





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 "P91~P94 of the 2019 Annual Report."

Significant risks	Improvement plan
 Information security and customer 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
 Competitiveness of products and production procedures	<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 • The R&D team has been well-supported to develop products that reach new fields, markets and customers • Incorporating Industry 4.0 into production procedures will achieve desirable results in terms of capacity and efficiency improvement
 Workplace fire safety measures	<ul style="list-style-type: none"> • Perform inspections on fire safety, air pollution, industrial effluent and machinery/equipment safety and undertake improvements

Management of information security

Customers' privacy and confidential information are important issues of concern to Primax Group and have been identified as a major risk by the risk assessment team, 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 is 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.



Meanwhile, application systems were scanned for weakness and had medium-high risk areas patched to enhance security and reduce risks. BEC protection and SIEM have been incorporated into the system for real-time monitoring of abnormalities and ongoing enhancement of information security management.

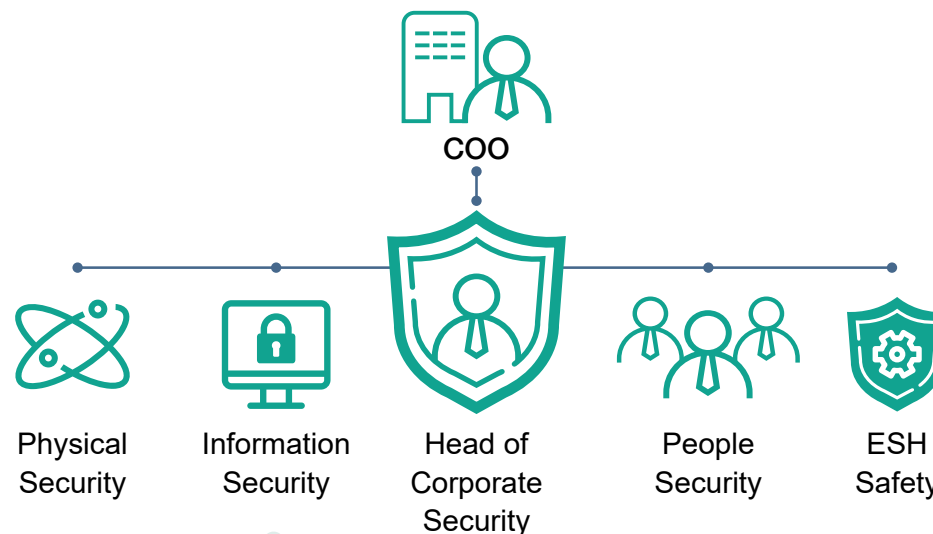
In an attempt to implement a strong IT security framework that protects customers' private and confidential information, Primax Electronics successfully developed an ISO27001:2013-compliant IT security management system in 2017 that later passed certification in February 2018 and a follow-up review in November the same year. Furthermore, the Company has been purchasing online information security insurance for an assured sum of US\$10 million since June 2018; this coverage allows the Company to be compensated for losses immediately in the event of an information security incident. 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.



Information security organization

To enhance the security management of the Group, the Security Department of the Group has been established in July 2014. The "information security task force" has been set up under the department, to regulate the authorities and responsibilities of the information security managing personnel, coordinate affairs, and promote the management of information security, for the purpose of ensuring the management regulations for information security are effectively and continuously executed. The regular trainings of information security are also arranged to

enhance the information security awareness of employees. The following are the organizational structures of the Security Department.



The information security task force is in charge of:

- Governance and policies of information security
- Risk oversight and management of information security risks
- Maintenance and operations of the information security management system
- Verification of the effectiveness of the implementation for information security

Risk appraisal for information security

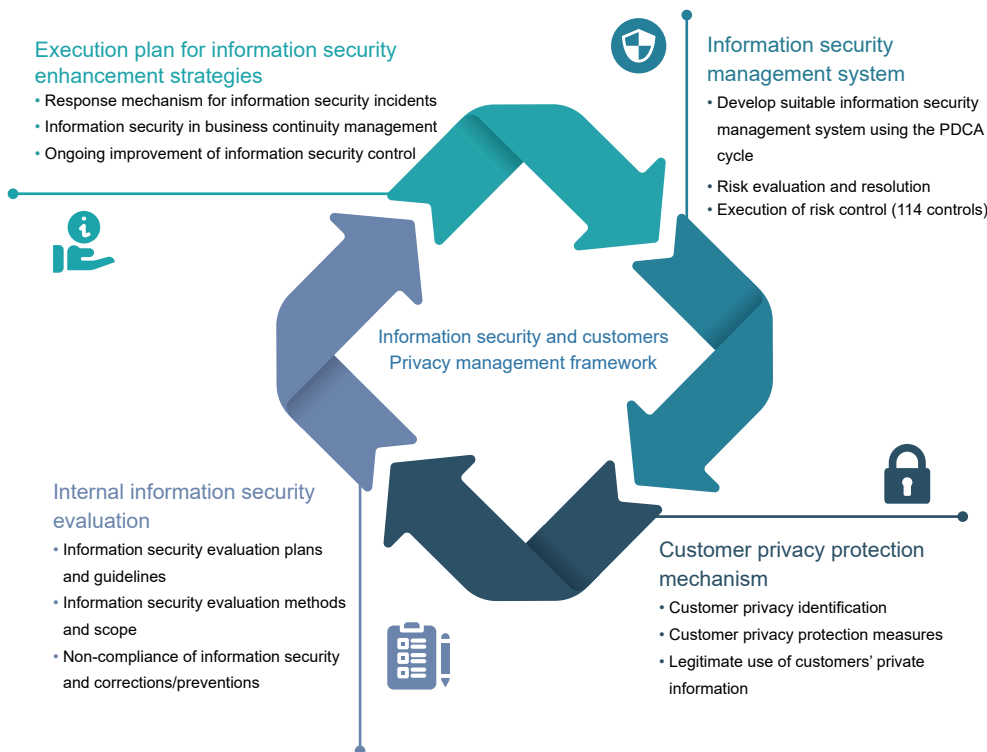
The Company inventory the information assets and update the record book of assets periodically. Every year, the risks related to the information assets are appraised, and the high-risk items are controlled, to lower the chance of risks and their impacts, for the purpose of ensuring the Company's long-term safety of the information security.



Internal audit of information security

The information security established the appraisal items based on the risks. The self-assessment of information security and inspection are conducted annually. The outcome of assessment and supporting documents are sent to the audit department for re-audit. The audit department implement the information cycle audit every six months. The information security is one of the required items for audit. All the outcomes of audit are reported to the Audit Committee and the BOD regularly, at least annually.

Information security and customer privacy management strategies and performance



Actions in 2019

- Access monitoring and control for corporate secrets and customers' sensitive information
- Information security and customer confidentiality training for new recruits and general staff
- System security update and patching
- System weakness scan and penetration test
- Social engineering drill
- QRadar security incident and event management (SIEM) platform

2019 progress

- Primax Electronics organized 23 information security training sessions in 2019 and delivered 25 hours of training to 1,616 people
- Passed subsequent review and certification for ISO 27001 on November 26: 2013
- No complaint concerning violation of customers' sensitive information was received
- No complaint from external parties or the authority was received

2020 management plan

- Business continuity plan and regular drill
- Optimal management of user access
- Adopt feasible solutions against e-mail scam
- Ongoing optimization of information security goals
- Regular system weakness scan
- Renewal certification for ISO 27001: 2013



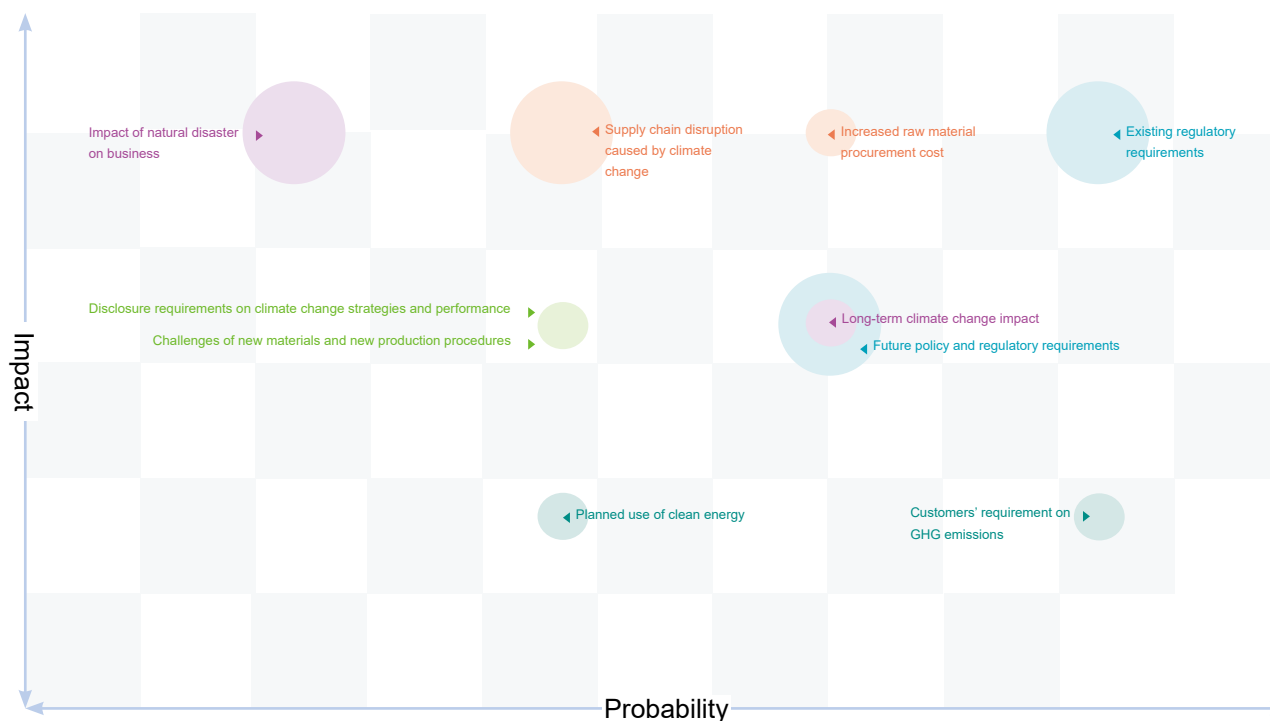


Risk of climate change

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. To enable better understanding of how risks and opportunities of climate change affect the Company financially, we adopted the four main guidelines of TCFD (Task Force on Climate-Related Financial Disclosures) recommendations published by Financial Stability Board (FSB) to disclose climate-related information, starting from 2020. Through this framework, we hope to gain insight into the potential risks and opportunities of climate change, and assess the sources of risk we have identified while taking mitigation or adaptation measures in response to 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 as a means to enforce Primax's environmental protection and sustainability values.

Risk/opportunity identification and financial impact analysis



Note:

1. X (probability): probability of climate change impact occurring in 10 years.
2. Y (impact): impact on corporate operations.
3. Size of circle (responsiveness): represents the Company's ability to respond.



Aspect	Response			
Governance	A CSR Office has been established by Primax Chairman under the authorization of the board of directors. It is a specialized unit for promoting and executing sustainability tasks, and has been assigned the duty to "assess and manage climate risks." During the 2020 enterprise risk assessment, the CSR Office recognized climate change as a possible source of risk and assessed its potential impacts and opportunities; response strategies and management performance relating to this risk will be reported in future board meetings on a yearly basis			
Strategies	Actual and potential financial impacts and opportunities associated with climate risk are identified with response strategies devised accordingly. In addition to satisfying customers' requirements and fulfilling corporate commitments, we actively adopt new management systems and practices and explore ways to capitalize on the changes through transformation and investments, while at the same time undertake more corporate social responsibilities with respect to climate change			
Risk management	<p>The "risk assessment team" convened by CSR Office follows TCFD recommendations to identify actual and potential financial impacts and opportunities associated with climate change. Response strategies are devised accordingly and executed with the acknowledgment of the board of directors to mitigate risks.</p> <p>Sources of risk and impacts include:</p> <table border="0"> <tr> <td data-bbox="546 916 981 1062"> <p>Transformation, physical and related risks</p> <ul style="list-style-type: none"> • Operational impact • Additional and tightened environmental regulations • Customers and markets • Natural disaster </td> <td data-bbox="1025 948 1496 1031"> <ul style="list-style-type: none"> • Technical and regulatory requirements and adjustments • Investment into technological transformation • Stakeholder response </td> <td data-bbox="1529 906 1821 1023"> <p>Opportunities:</p> <ul style="list-style-type: none"> • Opportunities from resources • Opportunities from energy • Product and service opportunities </td> </tr> </table>	<p>Transformation, physical and related risks</p> <ul style="list-style-type: none"> • Operational impact • Additional and tightened environmental regulations • Customers and markets • Natural disaster 	<ul style="list-style-type: none"> • Technical and regulatory requirements and adjustments • Investment into technological transformation • Stakeholder response 	<p>Opportunities:</p> <ul style="list-style-type: none"> • Opportunities from resources • Opportunities from energy • Product and service opportunities
<p>Transformation, physical and related risks</p> <ul style="list-style-type: none"> • Operational impact • Additional and tightened environmental regulations • Customers and markets • Natural disaster 	<ul style="list-style-type: none"> • Technical and regulatory requirements and adjustments • Investment into technological transformation • Stakeholder response 	<p>Opportunities:</p> <ul style="list-style-type: none"> • Opportunities from resources • Opportunities from energy • Product and service opportunities 		
Indicators and targets	<p>Based on the risk matrix and list of opportunities proposed by the risk assessment team, the CSR Office develops and executes response plans and targets including:</p> <ul style="list-style-type: none"> • Business activity and cost plans for management of impact risk • Designating 2013 as the base year, Primax Group has set goals to reduce GHG emission intensity (CO₂e/revenue) by 25% before 2020, and will be adopting Science Based Targets initiative (SBTi) approach to set group reduction goals in the future • Clean energy certification plan • Supply chain management model • Investment assessment for carbon reduction equipment • Waste reduction targets 			



Source of climate change risk	Risk category	Risk description	Possible financial impact
Regulation	Enactment of global (Paris Agreement) and regional GHG regulations in primary locations (such as: Greenhouse Gas Reduction and Management Act and Renewable Energy Development Act in Taiwan, Climate Change Response Act in China etc.) poses additional compliance requirement	Aspects of corporate operation such as management cost, supply chain, emission cost, energy utilization etc. may all be impacted	Reduced revenues, increased operating costs Increased capital expenditure
	More stringent environmental controls may be imposed in various regions in the future	Change in customers' requirements such as product form, production process, design and material	Reduced revenues, increased operating costs Increased capital expenditure
Geographic location	Climate change gives rise to natural disaster and affects operations and production	Typhoon, flood, earthquake and other consequences of climate change may disrupt operations	Reduced revenues
	Long-term effects of climate change affect operational plans	Factors such as rising temperature, rising sea level, water shortage and change of energy profile all have the potential to affect operations	Reduced revenues, increased operating costs Increased capital expenditure
Suppliers	Suppliers may be unable to supply goods due to natural disaster or climate change	Typhoon, flood, earthquake and other consequences of climate change may disrupt supply	Reduced revenues, increased operating costs
	Compliance and environmental management requirements increase costs significantly	Rising material costs affect profit	Increased operating costs
Clients	Requirements to manage GHG emissions	Carbon reduction goal-setting	Increased operating cost, capital expenditure
	Requirements to use clean energy	Certain customers require proof of clean energy use	Increased operating costs
	Challenges of change in consumption trend, new materials and new production procedures	Risk of investing into new materials, production procedures and technologies	Increased operating costs Change of capital structure
Investors/stakeholders	Disclosure requirements on climate change strategies and performance	Social responsibility disclosure is an issue of concern to investors	Increased financing cost



Source of climate change opportunity	Opportunities	Opportunity description	Possible financial impact
Access to resource	Reducing water usage and wastage	Implement a reclaimed water system to recycle and reuse production effluents for greater resource efficiency	Reduced operating costs
	Adopt more efficient production process	Take pro-active actions to manage product design, production process and supply chain risks that are within our control; adopt MFCA and make continuous improvements to operational performance	Reduced operating costs
Access to energy	Improved energy efficiency	Implement green energy and resource reuse facilities; make use of renewable energy sources (purchase renewable energy certificates); and actively improve energy efficiency	Increased operating costs, reduced operating costs
Product and service opportunities	Satisfy customers' needs	Make active use of renewable energy, adopt environmental management systems, enforce green production and management, and satisfy customers' increasingly stringent environmental protection requirements as a means to build trust with investors and customers	Increased revenues
	Improving corporate image	Enforcement of energy/carbon reduction actions ensures that all production sites are in strict compliance with local and international environmental protection rules	Increased revenues, increased intangible assets

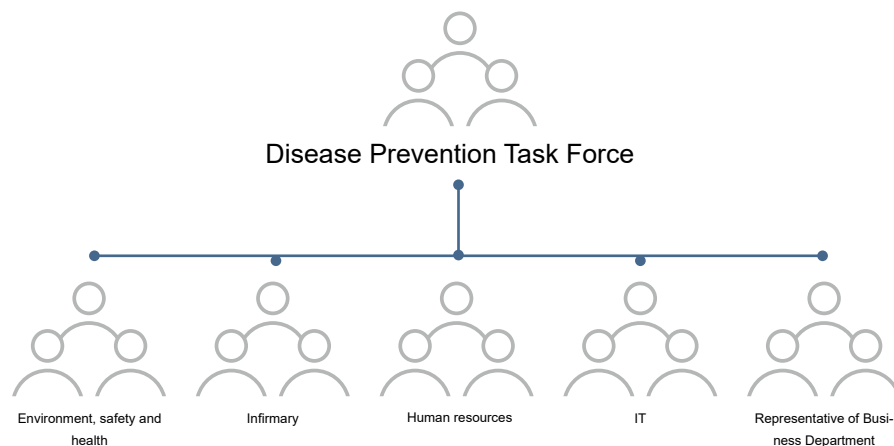


Minimizing Impact in the Face of Risk

Response and management measures for COVID-19

COVID-19, first observed in Wuhan, China, at the end of 2019, became a worldwide pandemic in 2020. Having infected millions in more than 200 countries and regions worldwide, governments were forced to close borders and lock down cities in response to the growing crisis at the expense of economic activities. The impact on industries was so tremendous that many businesses have responded with the activation of business continuity plan (BCP). Primax, too, has BCP in place at Taipei Headquarters and all production sites in the Mainland to address this critical and spreading pandemic.

Taipei Headquarters assembled a "Disease Prevention Task Force" in as early as February 2020, and devised its own response measures by following steps: "1 - Scenario identification→2 - Impact assessment→3 - Strategic thinking→4 - Emergency organization and contact network→5 - Continuity planning and drill" outlined in the "BCP Guidelines" published by Central Endemic Command Center.



Division of responsibility within the task force




Human resources

- Task force command
- Devise travel and attendance plans
- Devise employee care measures
- Devise home working rotations



Environment, safety and health

- Disinfection
- Cleaning and disinfecting equipment
- Building access control
- Disease prevention measures at diner



Infirmary

- Update of disease information
- Follow-up on health condition of home workers
- Custody and procurement of disease prevention supplies
- Promotion of health knowledge



IT

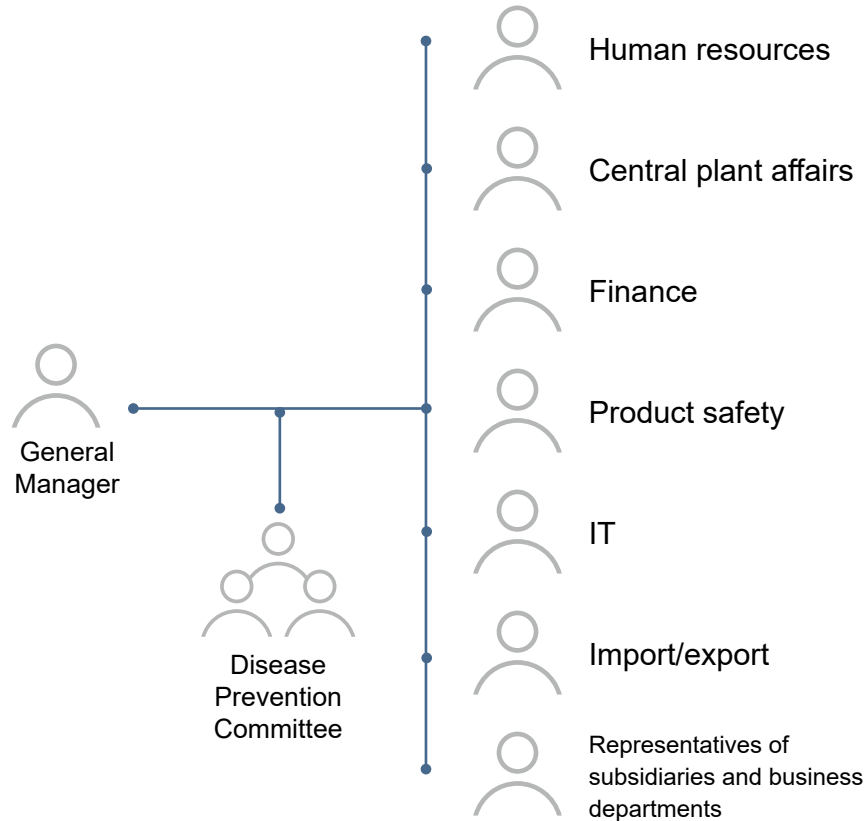
- Configuration of attendance system
- Implementation of hardware/software for home working






Representative of Business Department

- Timely transmission of emergency information
- Employee communication
- Offer recommendation on related measures

Mainland production sites, too, assembled their “Coordinated Disease Prevention Team” in February 2020 with clearly outlined scope of responsibility. Meanwhile, the Disease Prevention Committee assembled an emergency response team out of personnel from relevant departments and developed appropriate structure to ensure that all members of the emergency response team are capable of performing duties in the event of emergency. The Group has no employee with confirmed or suspected infection to date, and will continue adjusting responses in line with the pandemic to ensure employees’ health and safety and continuity of the Company’s operations.



Division of responsibilities

 <p>Disease Prevention Committee</p>	<ul style="list-style-type: none"> Convenes regular disease prevention meetings Establishes emergency response plans and procedures Confirms health state of plant employees On-site safety promotion
 <p>Central plant affairs - environment / safety</p>	<ul style="list-style-type: none"> Establishment of employee contact history Identify controlled objects; develop health observation and work recovery process Establish employee recruitment procedures and execute controls Develop employee daily health declaration questionnaire Tracking of employees with abnormal health condition Update of disease prevention news and timely adjustment of current measures
 <p>General affairs</p>	<ul style="list-style-type: none"> Procurement and management of disease prevention/emergency supplies Isolation for dormitory Promotion of disease prevention awareness for contractors' employees Disinfection at employees' living area Emergency transport arrangement and medical arrangement Disease prevention at employee diner
 <p>Engineering affairs</p>	<ul style="list-style-type: none"> Acquisition and maintenance of disease prevention facilities Installation, scheduling, servicing and disinfection of air conditioning/air intake/ventilation/exhaust systems at factories



Environmental Care

Green management and partnership

- 3.1** Green production - the ultimate goal
- 3.2** Quality management and green product at source
- 3.3** Partnering towards a sustainable supply chain



3.1 Green production management

Complying with global environmental protocols

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, energy use and water resource in accordance with the Carbon Disclosure Project (CDP). All 7 major sites of Primax Group have obtained assurance for ISO 14064-1. 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, for which we were able to obtain third-party verification on water footprint in 2019. Furthermore, all offices have adopted energy systems and passed certification for ISO 50001 Energy Management System.

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. Due to proper execution of environmental management policies, Primax Group encountered no violation against environmental laws or related fines in 2019.

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, Chinese plants have been making use of renewable energy and evaluating possibilities to implement solar power as a means of reducing greenhouse gas emission and energy consumption.

Energy management

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. Primax Group consumed the following energy sources in 2019: (1) Gasoline, (2) Diesel, (3) Natural gas, (4) Purchased electricity, and (5) Liquid petroleum gas. Volumes consumed during the year were: (1) Gasoline - 1,235,610,743 KJ, (2) Diesel - 2,132,186,299 KJ, (3) Natural gas - 16,475,889,423 KJ, (4) Purchased electricity - 373,738,300,577 KJ, and (5) Liquid petroleum gas - 25,756,704 KJ. Overall energy consumption during the reporting period amounted to 393,607,743,746 KJ, which was equivalent to an intensity level of 48,804.7 KJ / NT\$10,000. Compared to 2018, gasoline consumption reduced by 9.44%, whereas diesel increased by 64.16%, natural gas increased by 23.34%, electricity increased by 9.65%, liquid petroleum gas decreased by 12.31%, total energy increased by 10.29%, and energy intensity reduced by 11.37%.

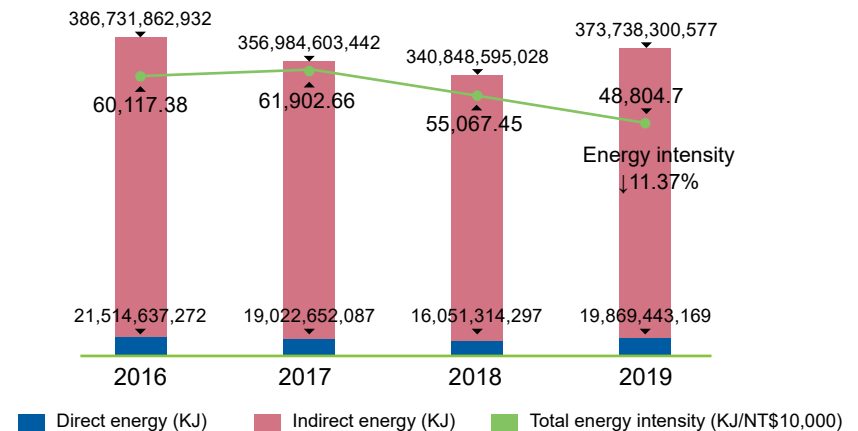


Energy consumption statistics of Primax Group

Energy	2017	2018	2019	Compared to the previous year	Remarks
LPG (unit: KJ)	21,840,480	29,371,680	25,756,704	-12.31%	Liquid petroleum gas was used only at Huizhou Tymphony and Dongcheng Tymphony; calorific value = 12,000kcal/kg
Natural gas (unit: KJ)	15,220,861,427	13,358,633,444	16,475,889,423	+23.34%	Natural gas is used only by plants in China; calorific value = 9,310kcal/M ³
Diesel (unit: KJ)	2,305,940,394	1,298,837,371	2,132,186,299	+64.16%	Calorific value: Taiwan = 8,400 kcal/L; China = 10,200 kcal/kg
Gasoline (unit: KJ)	1,474,009,785	1,364,471,802	1,235,610,743	-9.44%	Calorific value: Taiwan = 7,800 kcal/L; China = 10,300 kcal/kg
Electricity (unit: KJ)	356,984,603,442	340,848,595,028	373,738,300,577	+9.65%	1kWh=3,600KJ
Total energy consumption (unit: KJ)	376,007,255,529	356,899,909,325	393,607,743,746	+10.29%	
Energy consumption intensity (unit: KJ/NT\$10,000)	61,902.7	55,067.5	48,804.7	-11.37%	

Note:

1. The scope of energy statistics was the same as the seven major sites disclosed in this report.
2. 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.
3. The increase in energy use compared to 2018 was largely in line with increases in production volume (group total revenues were reported at NT\$80,649,608,000 for 2019, up 24.44% compared to 2018)





GHG emission management

Electronic manufacturing runs the risk of emitting GHG, nitrogen oxides (NOx), sulfur oxides (SOx) and other gases that have significant impacts on the environment, and this is why we implement a variety 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, energy 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.

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. The carbon trade system is being implemented in the Mainland, while provincial governments are starting to introduce control over emissions. In the meantime, we adopt rigorous control and strive to reduce GHG emission to avoid being impacted by new policies and laws.

Primax Group has set clear GHG reduction goals since 2016; designating 2013 as the base year, we aim to reduce GHG emission intensity (CO₂e/revenue) by 25% before 2020, and will be adopting Science Based Targets initiative (SBTi) approach to set group reduction goals in the future. GHG emission (Market Base) in 2019 was 10.87% higher compared to the year before; this increase was mainly attributed to higher level of production activities and energy requirements associated with business growth, which gave rise to additional GHG emission. Owing to persistent efforts in reducing energy and carbon, Primax was able to lower emission intensity by 6.44% compared to 2018. In addition, Dongguan Primax (including Liuwu and Mingzhu Plants) and Chongqing Primax purchased 5,455,000 kWh of renewable energy certificate in 2019 to offset 4,590.078 tonnes CO₂e; after taking into account the effect of renewable energy certificates, GHG emission intensity would be 10.90%

less than the previous year, or 32.51% less than the base year (2013). Changes in GHG emission after the effect of renewable energy certificates (i.e. Market Base) are explained below:

- Direct GHG emission (Scope 1): Primax Group's GHG emission totaled 5,488.2242 tonnes CO₂e/year in 2019, up 33.30% from the 4,117.2244 tonnes CO₂e/year in 2018.
- Indirect GHG emission (Scope 2): Primax Group's GHG emission totaled 86,335.1701 tonnes CO₂e/year in 2019, which was 9.70% higher than the 78,703.6466 tonnes CO₂e/year in 2018.
- Other indirect GHG emission (Scope 3): We began surveying other indirect GHG emissions in 2017, starting with business flights taken by employees of Taipei Headquarter. We used the ICAO (International Civil Aviation Organization) carbon emission calculator to determine carbon emission of aircrafts. The amount of GHG emission generated from business flights taken by employees of Taipei Headquarter was calculated at 688.585 tonnes CO₂e, up 10.06% from the 625.637 tonnes CO₂e reported in 2018. A third-party assurance statement has been obtained for this figure. In the future, we will expand emission survey for employees' business flights to the rest of the group, while at the same time introduce GHG emission survey for waste transportation and disposal.
- Total GHG emission (Scope 1+Scope 2): Primax Group's GHG emission totaled 91,823.3942 tonnes CO₂e/year in 2019, which was 10.87% higher than the 82,820.871 tonnes CO₂e/year reported in 2018.
- GHG emission intensity: Primax Group's emission intensity was calculated at 11.39 kg CO₂e/NT\$10,000 in 2019, down 10.90% from the 12.78kg CO₂e/NT\$10,000 in 2018. This decrease was mainly attributed to the significant progress the Group had made to reduce energy and increase revenues.



GHG emission statistics of Primax Group - 2019

Unit: tonnes CO₂e/year

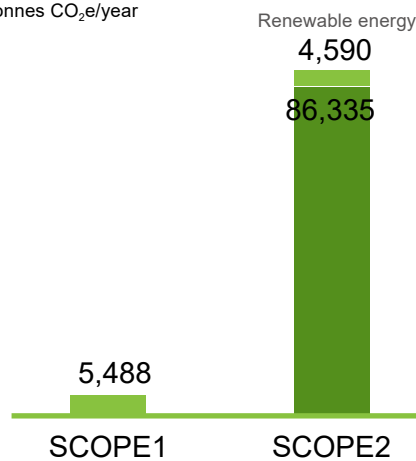
Plant	Taipei Headquarters	Dongguan Primax		Kunshan Primax	Chongqing Primax	Huizhou Tymphony	Dongguan Tymphony	Dongcheng Tymphony	Total GHG emission of Primax Group
		Liuwu	Mingzhu						
Scope 1	106.8983	2,490.9231	211.7739	109.7285	557.8095	407.8784	1,251.2306	351.9818	5,488.2242
Scope 2	1,234.0371	38,720.5206	3,983.2158	1,663.8517	3,367.1797	6,382.1401	27,392.1139	3,592.1112	86,335.1701
Scope 1+Scope 2	1,340.935	41,211.444	4,194.990	1,773.580	3,924.989	6,790.018	28,643.345	3,944.093	91,823.3942

Note:

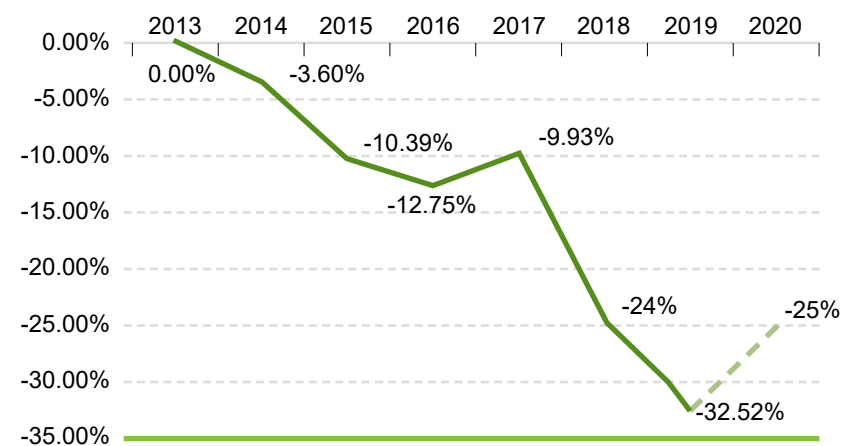
- Scope 1 includes: liquid petroleum gas, diesel, gasoline, natural gas, refrigerant, and septic tank (BOD). Disclosures were made based on GWP value taken from IPCC 2007 4th evaluation report.
- Scope 2 includes: purchased electricity. The emission coefficients used were 0.533kg CO₂e/kWh for Taiwan, 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.
- The scope of GHG statistics was the same as the seven major sites disclosed in this report.
- Minor discrepancies in GHG emission statistics for 2019 were caused by rounding errors.

GHG emission volume of Primax Group - 2019

Unit: tonnes CO₂e/year



GHG intensity reduction by Primax Group - 2019





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 - 2019."

Energy-saving solutions at main production sites - 2019

Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits (KJ)	Carbon reduction benefits (kg CO ₂ e)
Dongcheng, Dongguan	Air conditioning	Replaced central air conditioning system at 2F and 3F of factory building A to water-cooled flooded type	133,560	480,816,000	111,750
	Air compressor	Replaced a new 30P air compressor	33,696	121,305,600	28,193
	Air compressor	Replaced a new 50P air compressor	26,208	94,348,800	21,928
	Water pump	Replaced water pump with electric valve	25,855	93,078,000	21,633
	Air compressor	Introduced zero-loss drain	10,034	36,122,400	8,395
Huizhou Loudspeaker	Air conditioning	A/C units are turned on depending on the size of production line workers; one of the central A/C units in factory building B was replaced with environment-friendly substitute	138,528	498,700,800	115,906
		1. Cooling tower of the central air conditioning system is cleaned once a month and has solutions replenished once a year; 2. Central air conditioner filter is cleaned on a weekly basis to ensure good water quality; 3. Daily inspections are performed to ensure that temperature of central air conditioner is set at 26°C or above	74,805	269,298,000	62,589
		2. Power supply to the dormitory is reset daily to ensure that air conditioners are turned off at appropriate times	34,927	125,737,920	29,224
	Lighting improvements	1. Shift managers conduct daily inspections at workshop and office areas 2. Includes lighting, office computers, elevators, air conditioning etc... 3. Inspections are made daily to ensure that conditioned temperature does not fall below 27 degrees	37,350	134,460,000	31,251
	Air compressor	Reduce temperature of air compressor for energy conservation	17,550	63,180,000	14,684



Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits (KJ)	Carbon reduction benefits (kg CO ₂ e)
Chongqing	Air conditioning	1. Includes lighting, office computers, elevators, air conditioning etc...	4,514	16,251,840	4,069
	Air conditioning	2. Inspections are made daily to ensure that conditioned temperature does not fall below 27 degrees	3,289	11,840,256	2,965
	Ventilation	Solder fume ventilation is set at a frequency of 35HZ, and is progressively lowered to reduce power consumption, provided that user requirement is satisfied	3,612	13,001,472	3,255
Dongguan Plant	Air conditioning system	On-site confirmation and analysis of chiller efficiency at LW plant and monitoring of energy measures	744,344	2,679,638,400	622,793
	Air conditioning system	Introduction of energy-saving chillers	950,671	3,422,415,744	795,426
	Air conditioning system	Intelligent online monitoring of air conditioners	642,132	2,311,675,200	537,272
	Air conditioning system	Improvement of variable-frequency pump for central air conditioning at PH5	523,082	1,883,095,200	437,663
	Ventilation	Installation of timer on the ventilation system used in plant restrooms	188,112	677,203,200	157,393
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	16,845	60,642,000	13,553.487
	Air conditioning	Conducted total inspection of pipelines and repaired/replaced leaking pipes Air conditioning to KBM workshop has ceased since October (saving approximately 3,800KWH per day); air conditioning to TP workshop has ceased since June, saving approximately 49,900KWH of power per month	573,000	2,062,800,000	461,035.8
	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. Air pressure has been supplied using a smaller unit (55KW) since June	62,805	226,098,000	50,532.903
Total			4,025,600	14,492,160,432	3,348,008

Note:

- Dongguan production facilities include Dongguan Liuwu and Minhzhu, and Dongguan Tymphony.
- Emission coefficient of purchased electricity: 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.
- The above data was estimated based on equipment specifications.



Magnetic liquid chiller



Magnetic liquid chiller



Rotary liquid chiller



Rotary liquid chiller



Rotary liquid chiller



Air pollution management

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, total VOCs, 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 2019 was 100% compliant with regulations. Please see "Air pollutant emission statistics" for details.

Primax Group air pollutant emission statistics - 2019

Plant	Item	Benzene	Toluene	Xylene	Total VOCs
Chongqing Primax	Emission concentration (mg / m ³)	/	/	/	1.4765
	Emission (kg)	/	/	/	81.3002
Dongguan Tymphany	Emission concentration (mg / m ³)	/	0.2923	0.7149	6.2716
	Emission (kg)	/	20.5986	50.3842	441.9905
Dongcheng Tymphany	Emission concentration (mg / m ³)	/	/	/	0.5720
	Emission (kg)	/	/	/	6.5622

Note:

1. Spray paint nozzles were used at Dongguan Primax Liuwu Plant between January and March 2018; use of which has been suspended since April 1, hence no emission of pollutant was observed in 2019.
2. Generator end gas and diner fume exhaust were the only sources of fugitive emission at Huizhou Tymphany.
3. Source of data for Dongguan Tymphany: the 2019 environmental monitoring report.
4. Source of data for Dongcheng Tymphany: the 2019 environmental testing report and data (at 5 points of discharge).



Water resource management

Water usage and management have emerged to become two critical issues in business operations, given the increasing scarcity and rising demand for water. This is why we have long taken steps to monitor the volume of water used at our production plants, and are dedicated to reducing water volume where possible. 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. The new standards enabled us to collect more abundant and more accurate water usage data for the preparation of water balance chart, which supports our water conservation strategies.

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. The Group passed water

footprint survey and obtained verification for ISO 14046:2014 in 2019, which is a testament to Primax's resolve in conserving water resource and protecting the environment.

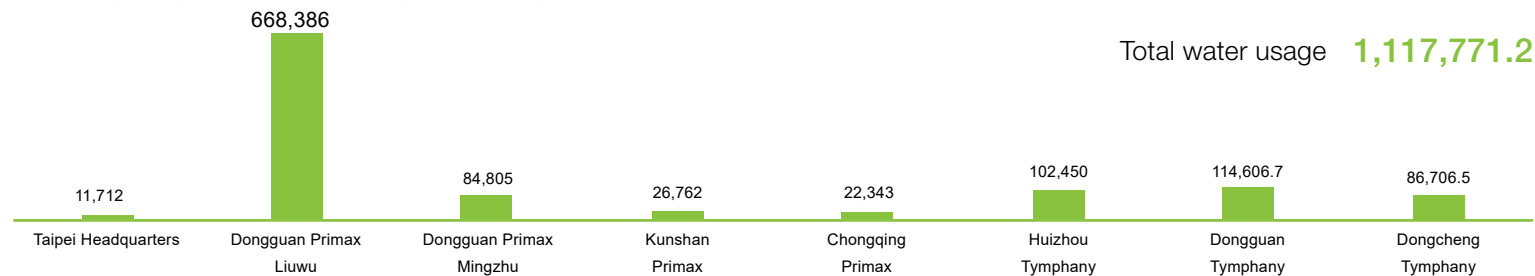
The Group used 1,117,771 m³ of fresh water in 2019, up 21.36% compared to 2018. This increase was mainly attributed to growing operations that required additional use of water resources. Water intensity was calculated at 13.86 m³/NT\$1 million, down 2.47% from 2018. While implementing energy-saving projects at various plant sites, we also paid attention to water usage and avoided unnecessary wastage by implementing practical water reduction measures. Primax's Liuwu Plant implemented a reclaimed water system in 2019 that enabled it to recycle and reuse production effluents. Recycled effluents are filtered and used for various purposes such as watering plants and flushing toilets within the plant. Total volume of water recycled in 2019 was estimated at 21,603m³, which represented 1.93% of total water used by the Group. This addition has proven effective in reducing the volume of fresh water used and effluents produced for less environmental impact.

Water usage statistics of Primax Group - 2019

Unit: m³

Plant	Taipei Headquarters	Dongguan Primax		Kunshan Primax	Chongqing Primax	Huizhou Tymphany	Dongguan Tymphany	Dongcheng Tymphany	Total water used by Primax Group
		Liuwu	Mingzhu						
Water usage (m ³)	11,712	668,386	84,805	26,762	22,343	102,450	114,606.7	86,706.5	1,117,771.2

Note: Information was calculated by adding up data shown on monthly statements/payment slips across all plants.





Wastewater management

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 Liuwu Plant, all other plants of Primax Group draw water only for living and public uses. Water treatment facilities of Liuwu Plant treated 38,443 m³ of effluent in 2019, whereas 111 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 to be approximately 456,270.2543 m³. Dongguan Tymphany engaged local licensed water treatment service providers to treat 174.5 m³ of effluent from coating process and 77,249 m³ of effluent from general living activities. Other plants produced total effluent of 291,813.6536 m³ from general living activities, and all of which were discharged into the local sewage.

Water wastewater statistics of Primax Group - 2019

Unit: m³

Plant	Taipei Headquarters	Dongguan Primax		Kunshan Primax	Chongqing Primax	Huizhou Tymphany	Dongguan Tymphany	Dongcheng Tymphany	Total wastewater volume of Primax Group
		Liuwu	Mingzhu						
Living wastewater volume (m ³)	7,186.87	456,270.25	72,869.67	22,201.97	19,148.65	85,212.91	77,249.31	85,193.58	825,333.22
Industrial wastewater volume (m ³)	-	38,443	-	-	-	-	-	-	38,443

Note: Data is sourced from water balance chart of each plant.

Effluent test results 2019 - 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	Total phosphorus	Oil-related	Anionic surfactants
Statutory standard	6~9	60	90	20	10	0.5	5	5
Results	6.38~8.43	1.8~12.3	5~66	1.5~19.2	0.33~0.6	0.07~0.36	0.1~0.59	0.13~0.82



Waste management

Waste produced by Primax Group can be classified into general waste, recycled waste and hazardous waste. Total waste volume in 2019 was calculated at 2,398,588.0 kg, down 20.85% from the previous year. A more in-depth analysis of the waste showed general waste totaling 1,619,878.0kg, representing 67.53% of total. Recycled waste amounted to 661,788.54kg, representing 27.59% of total; whereas hazardous waste amounted to 116,921.5kg, representing 4.87% of total. Volume of waste reduced in 2018 mainly due to active waste reduction plans being implemented at various sites, which greatly reduced the volume of treated waste. For more details, please see "Primax Group Waste Chart"

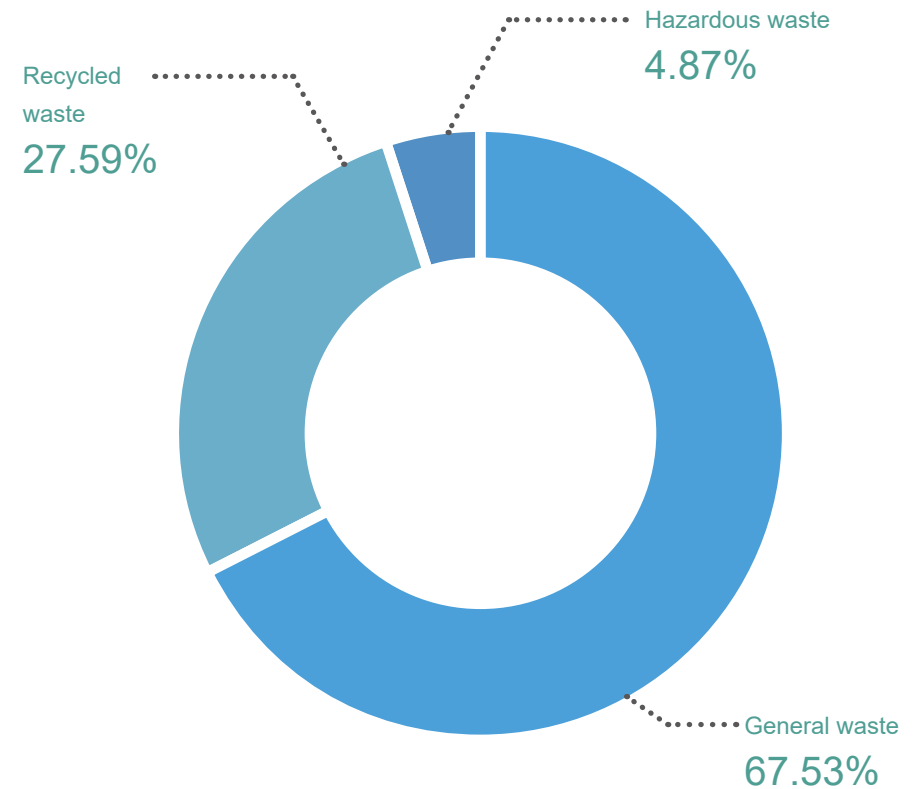
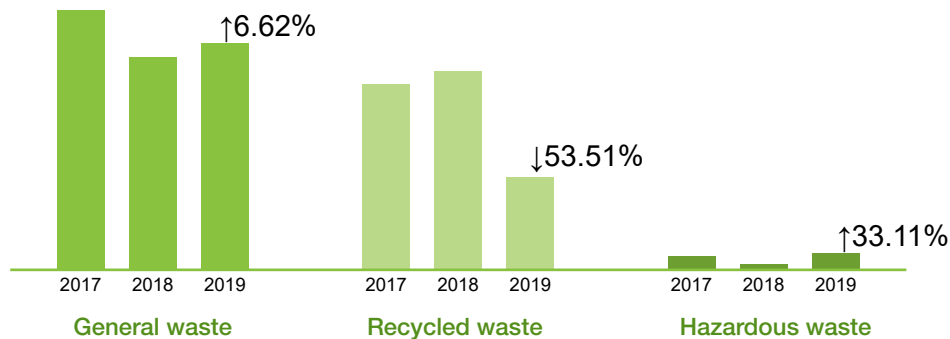
We try not to dispose or bury our obsolete equipment; instead, we do what we can to make them reusable one way or another, and have gone to great extent in making sure that these equipment are recycled in a proper manner that poses no threat to employees' health or the environment. All plants have properly 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 2019.

Primax Group Waste Chart

Unit: kg

Waste category	2017	2018	2019	Compared to the previous year
General waste	1,861,325.0	1,519,311.0	1,619,878.0	+6.62%
Recycled waste	1,330,059.5	1,423,417.5	661,788.54	-53.51%
Hazardous waste	96,730.72	87,838.61	116,921.5	+33.11%
Total	3,288,115.2	3,030,567.1	2,398,588.0	-20.85%

Note: Total waste volume represents actual measurement.

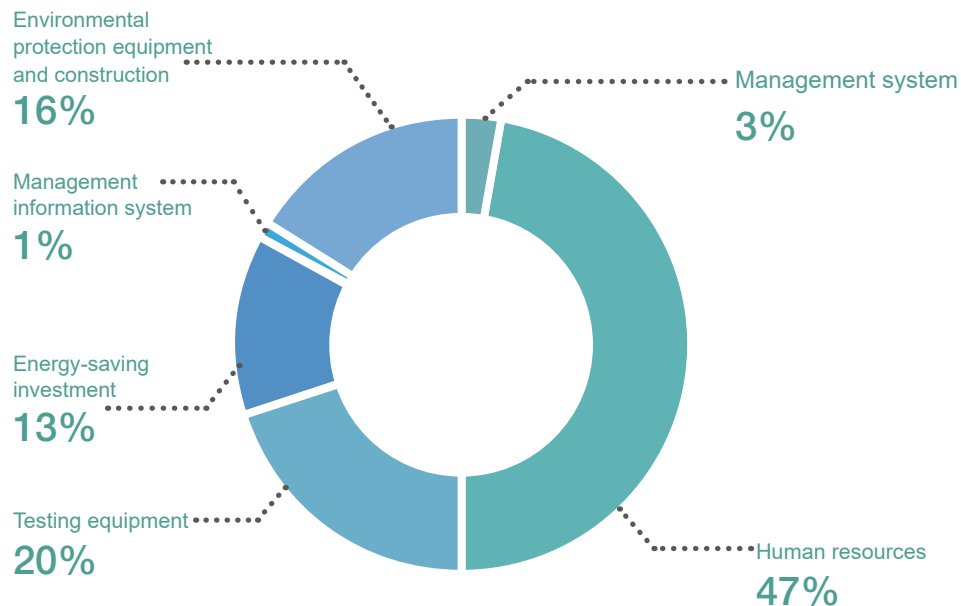




Environmental protection expenditure

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. For the environmental expenses in 2019, six categories are divided, as the environmental equipment and engineering, management system, human resources, testing equipment, investments for energy saving, and information management system. For the reporting period, the environmental expenses of the Group is 89,605,345 NTD, or 8,009,655 NTD increased, 9.82% higher compared to 2018.



Environmental protection spending of Primax Group - the last 2 years

Unit: thousands of NTD

Item	Category	Table of Contents	2017	2018	2019
1	Environmental protection equipment and construction	Waste treatment	2,750,287	7,002,613	4,377,570
		Water treatment	1,665,506	495,135	634,824
		Air treatment	3,257,100	1,645,286	1,780,623
		Equipment maintenance/ consumables	6,581,444	2,860,740	6,608,444
		Environment inspection	614,214	594,864	694,260
		Acquisition of environmental protection equipment	126,000	8,379,000	22,500
2	Management system	ISO 50001, ISO 14046, ISO 14001, ISO 45001, ISO 14064-1, and IECQ QC080000 certification	1,138,624	1,601,213	2,672,744
		Environmental impact assessment	1,127,250	972,000	243,000
3	Human resources	Employee salary (including GP)	24,265,547	31,708,106	42,531,099
4	Testing equipment	Acquisition of environment and GP testing equipment	1,805,850	7,083,000	14,620,136
		Maintenance/consumables expense	991,980	1,745,618	3,351,096
5	Energy-saving investment	Systems, constructions and materials	11,427,728	17,065,901	11,635,835
6	Management information system	GP Portal maintenance expense	488,000	442,215	433,215
Total			56,239,529	81,595,690	89,605,345



3.2 Green product management

Component and material control using international standards

Primax Group produces the best quality electronics. All raw materials used are free of toxic and hazardous substances such as lead, mercury, and cadmium. We utilize Product Data Management (PDM), Primax 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 2019, 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.

Management flowchart





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.

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 has taken steps to control the use of PAE and achieve toxicity-free production.

Raw material consumption statistics

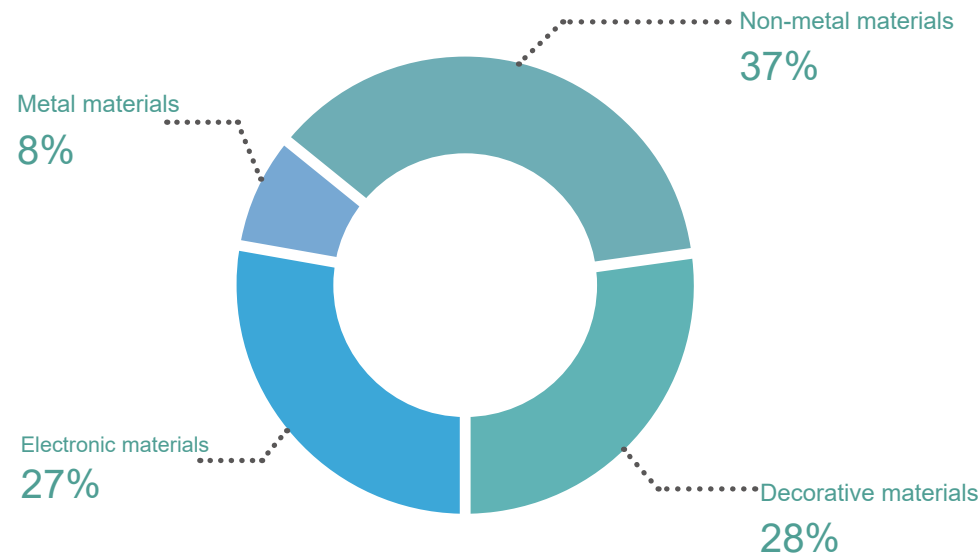
For the first-time adoption of MFCA in 2018, Primax Group has chosen to make a pilot implementation on the PTC coating line at Dongguan Tymphany's Liuwu Plant. To facilitate implementation and promote understanding and participation across the organization, Dongguan Tymphany Liuwu Plant assembled a MFCA 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. It provides better insight into the use of substance and energy for each product line, which serves as useful internal reference to identifying wastage and losses that can be improved upon for lower environmental impact and increased profits.

Primax Group consumed 74,553,224 kg of raw materials in 2019, which was 33.81% less than 2018. These raw materials comprised 4 main categories: metallic, non-metallic, electronic, and packaging materials. All of which were non-renewable.



Name of material		2017	2018	2019
Metal materials	Iron	6128,307	7,287,493	4,517,487
	Aluminum	832,556	1,074,352	521,478
	Copper	50,273	66,329	14,310
	Other metals	834,686	2,934,805	956,924
Non-metal materials		27,860,611	47,507,796	27,668,321
Electronic materials		25,771,623	28,254,486	20,349,359
Packing materials		19,937,985	25,512,950	20,525,345
Total		81,416,042	112,638,211	74,553,224



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. International rules that the Company is bound to comply include:

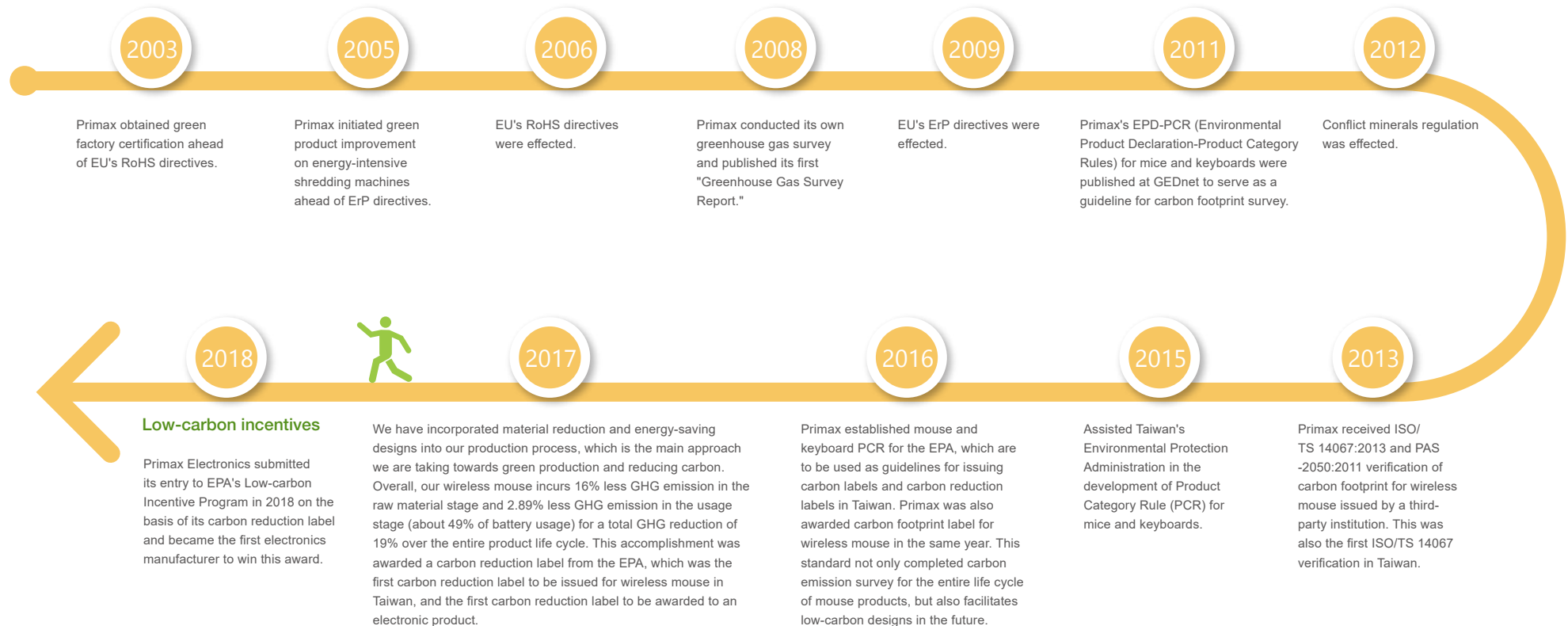
- 1 Chemical substance management: EU RoHS, EU ErP directives and conflict minerals
- 2 E-Waste (ease of disassembly and recycling)
- 3 Energy consumption improvements: EU ErP directives, Energy Star, GHG inventory and Carbon Footprint

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 donate them to Nanhu Elementary School and Song Shan Primary School in Taipei City, Dahu Elementary School in Miaoli County, Tao Yuan Elementary School in Taitung County and charity organizations 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 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.



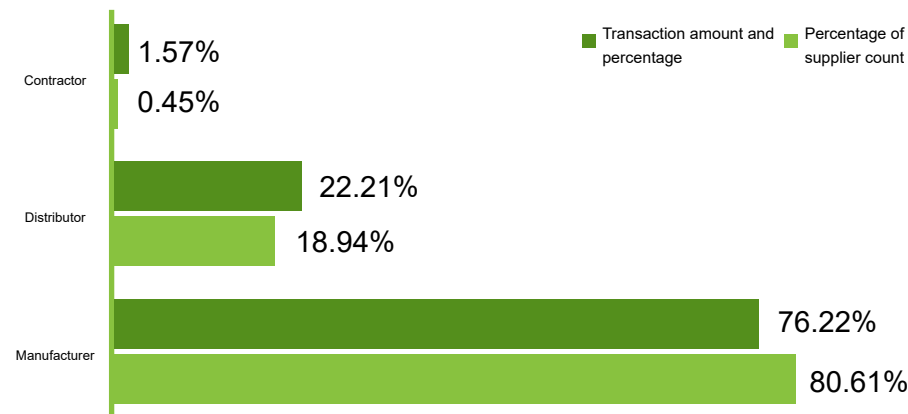


3.3 Sustainable supply chain management

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: 1,617 raw material producers, 380 electronic parts distributors and 9 subcontractors for a total of 2,006. Regionally, 289 suppliers were located in Taiwan, 1,533 were from China (including Hong Kong), and 184 were from other countries. Total transactions with suppliers amounted to approximately NT\$55 billion in 2019.

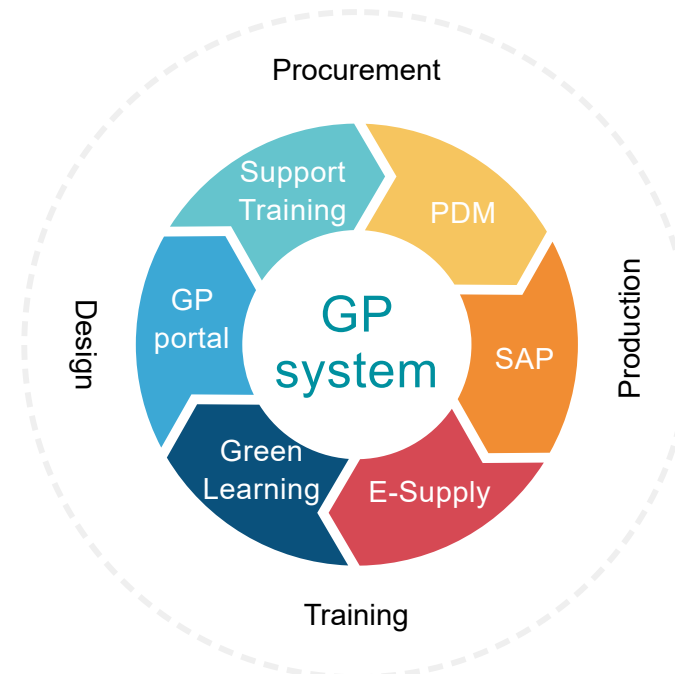
Supplier count, transaction and percentage by type



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).

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, tin, 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, tin, 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 smelters and make announcements over GP-Portal® for any conflict metal discovered in their supply.</p> <div style="border: 1px dashed gray; padding: 5px;"> <p>Responsible minerals policy Primax Group does not purchase minerals (such as coltan, tin, 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:</p> <ol style="list-style-type: none"> 1. To purchase 3TG materials (such as CFSP certification or equivalent) from Conflict-Free certified smelters, 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. </div>
<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> <div style="border: 1px dashed gray; padding: 5px;"> <p>Green product policy As part of its commitment to providing excellent products and services, Primax actively enforces environmental protection ideas into its green design and management practices. In doing so, the Company not only complies with laws and meets customers' requirements, but also fulfills its duties as a corporate citizen.</p> </div>
<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>



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. 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 reviews, 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 2019, 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

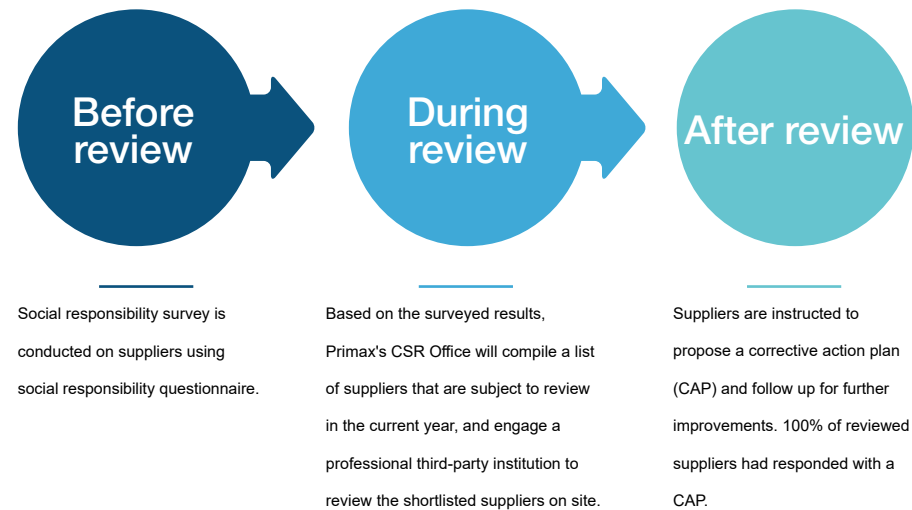
incidents may be reported via physical mail or e-mail through the following channels with details such as the employee's name, supplier's contact method, the violation committed or relevant evidence.

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

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

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.

Review process





During the reporting period, we followed the materiality principle and shortlisted 249 main suppliers that accounted for 80% of the Group's transactions, including 153 from Primax Electronics and 96 from Tymphany, 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 35 of which that were already subjected to the Group's on-site audit in recent years (13 in 2016, 11 in 2017 and 11 in 2018; 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 2019, Primax Group conducted on-site audit on the 12 suppliers that it had identified and found no child labor, forced labor, or violation against freedom of association. 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. A total of 556 people from 325

suppliers participated in the training in 2019, and a cumulative number of more than 600 suppliers had participated by the end of 2019. 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 7 supplier social responsibility training sessions at our Dongguan, Chongqing and Huizhou operations to explain implications of local regulations, the RBA Code of Conduct (formerly EICC), and customers' social responsibility requirements, including topics such as local regulations, industry standards, customer requirements and other applicable 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 556 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.



Supplier training



Friendly Workplace

Safeguarding employees' health

- 4.1 Employee overview
- 4.2 Productive labor-management relations
- 4.3 Support for skill development
- 4.4 Safe and healthy workplace
- 4.5 Care for public interest



4.1 Employee overview

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.

Employee policy driven by humanity

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 2019, 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 2019.

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. 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.



Employee structure

Primax Electronics (including Taipei Headquarters, Dongguan Primax, Chongqing Primax and Kunshan Primax) had 7,876 employees in 2019, 7,821 of whom (4,345 male and 3,476 female) were permanent while the other 55 (33 male and 22 female) were temporary employees. Meanwhile, the subsidiary - Tymphany (including Dongguan Tymphany, Huizhou Tymphany and Dongcheng Tymphany) had 10,565 employees and 10,564 of whom (6,941 male and 3,623 female) were permanent while the other 1 (male) was temporary hire. Size of Tymphany employees increased substantially in 2019 over 2018 mainly due to the conversion of workers (temp) into permanent employees at the end of December 2019 for the protection of employees' interest. The following chart is a breakdown of employees by contract type and age.

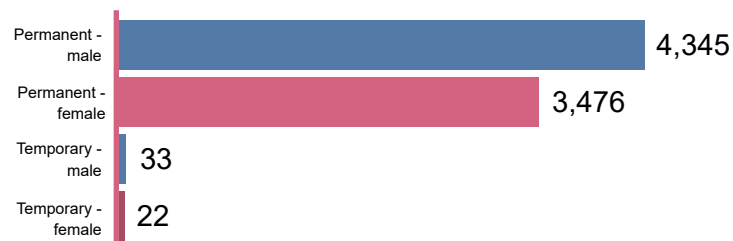
Primax Group employees by contract type - 2019

Office location	Contract type	Permanent						Temporary						Total	
		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
Primax Electronics	Taipei Headquarters		27	523	71	20	167	29	4	2	2	5	3	4	857
	Dongguan Primax		1,444	1,665	24	828	1,355	15	24	0	1	10	0	0	5,366
	Chongqing Primax		188	289	2	173	792	0	0	0	0	0	0	0	1,444
	Kunshan Primax		65	47	0	40	57	0	0	0	0	0	0	0	209
	Total		1,724	2,524	97	1,061	2,371	44	28	2	3	15	3	4	7,876
Tymphany	Dongguan Tymphany		2,805	1,712	18	979	1009	0	0	0	0	0	0	0	6,523
	Huizhou Tymphany		1,029	860	47	364	668	25	1	0	0	0	0	0	2,994
	Dongcheng Tymphany		263	196	11	191	385	2	0	0	0	0	0	0	1,048
	Total		4,097	2,768	76	1,534	2,062	27	1	0	0	0	0	0	10,565

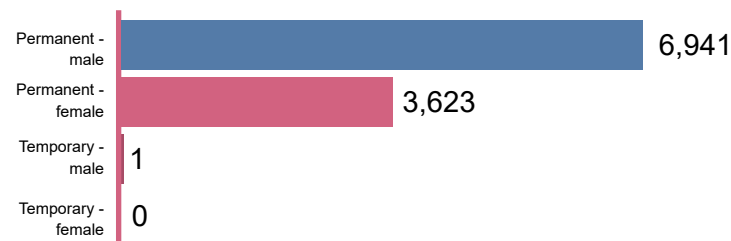
Note:

- The above information is compiled based on records of the human resource system dated December 31, 2019. No assumption was applied.
- Temporary employees refer to those hired under fixed-period contracts, and consist mainly of administrative support staff.
- Tymphany's statistics increased substantially in 2019 over 2018 across all sites mainly due to the conversion of workers into permanent employees at the end of December 2019 for the protection of employees' interest.

Primax Electronics employees by contract type



Tymphany employees by contract type





Except for Kunshan Primax, "workers" did not account for more than 50% of total employees in any subsidiary of Primax Group. 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 temp worker agencies and contractors partnered with Primax Group have been instructed to comply strictly with laws. Business relationship will be terminated immediately upon discovery of any violation against law.

Primax Group employee/worker count and percentage - 2019

Office location	Job type	Employee count	Workers			Worker percentage
	Location		Male	Female	Total	
Primax Electronics	Taipei Headquarters	857	9	7	16	2%
	Dongguan Primax	5,366	411	137	548	9%
	Chongqing Primax	1,444	206	228	434	23%
	Kunshan Primax	209	152	199	351	63%
	subtotal	7,876	778	571	1,349	15%
Tymphany	Dongguan Tymphany	6,523	0	0	0	0%
	Huizhou Tymphany	2,994	0	20	20	1%
	Dongcheng Tymphany	1,048	0	0	0	0%
	subtotal	10,565	0	20	20	0%

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. In an attempt to protect and improve employees' interest, Tymphany converted existing workers (temp workers and suppliers' out-stationed workers) into permanent employees at the end of December 2019. Dongcheng Tymphany still had 20 workers that had yet to complete administrative procedures at the end of 2019, and will be entirely converted into permanent employees in 2020.
4. The above information is compiled based on records of the human resource system dated December 31, 2019. No assumption was applied.

Distribution of Primax Electronics employees and workers



Tymphany employee and worker distribution





Diversity and equal opportunity

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 2019, Primax Group hired 37 foreign workers and 85 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 2019 - by age and gender

Persons with disability														
Age/gender	Below 30				30-50				Age 51 and above				Total	
Office location	Male		Female		Male		Female		Male		Female		Number	Percentage
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage		
Taipei Headquarters	1	3.23%	0	0.00%	2	0.38%	0	0.00%	1	1.37%	1	3.03%	5	0.58%
Dongguan Primax	16	1.09%	3	0.36%	23	1.38%	1	0.59%	0	0.00%	0	0.00%	43	0.80%
Chongqing Primax	4	2.13%	2	1.16%	6	2.08%	5	0.63%	0	0.00%	0	0.00%	17	1.18%
Kunshan Primax	0	0.00%	1	2.50%	1	2.13%	0	0.00%	0	0.00%	0	0.00%	2	0.96%
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	5	0.49%	0	0.00%	11	1.28%	0	0.00%	1	2.13%	1	4.00%	18	0.52%
Dongcheng Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
subtotal	26	0.44%	6	0.23%	43	0.81%	6	0.14%	2	1.14%	2	2.67%	85	0.46%

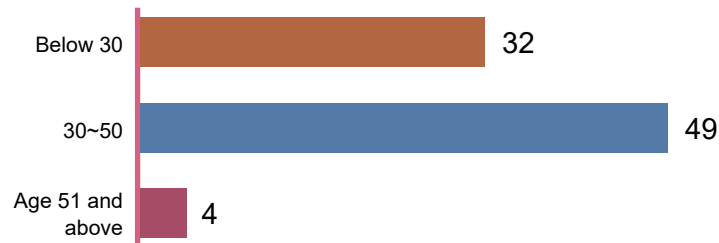


Foreign employees														
Age/gender	Below 30				30-50				Age 51 and above				Total	
Office location	Male		Female		Male		Female		Male		Female			
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Taipei Headquarters	0	0.00%	1	4.00%	6	19.35%	2	1.18%	3	4.11%	0	0.00%	12	1.40%
Dongguan Primax	0	0.00%	0	0.00%	6	0.36%	1	0.59%	1	4.00%	0	0.00%	8	0.15%
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%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Dongguan Tymphony	1	0.04%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	0.01%
Huizhou Tymphony	0	0.00%	0	0.00%	10	1.16%	1	0.15%	4	8.51%	1	4.00%	16	0.46%
Dongcheng Tymphony	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
subtotal	7	0.12%	1	0.04%	16	0.30%	4	0.09%	8	4.55%	1	1.33%	37	0.20%

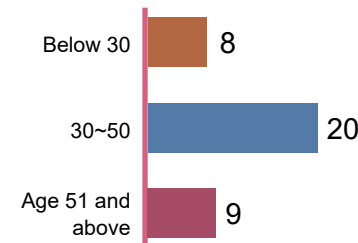
Note:

1. Percentage of employees with disability at various sites by age and gender = number of employees with disability at each site in 2019, by age and gender/total employee count of the given age group and site at 2019 year-end.
2. Percentage of foreign employees at various sites by age and gender = number of foreign employees at each site in 2019, by age and gender/total employee count of the given age group and site at 2019 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, 2019. No assumption was applied.

Distribution of persons with disability within Primax Group



Distribution of foreign employees within Primax Group





Talent recruitment and retention

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 33,327 new employees (25,239 male and 8,088 female) in 2019, representing a new recruitment rate of 180.72%; new recruits of Primax Electronics totaled 7,340 (4,916 male and 2,424 female), representing a new recruitment rate of 93.19%, whereas new recruits of Tymphony totaled 25,987 (20,323 male and 5,664 female), representing a new recruitment rate of 245.97%. In terms of resignation, Primax Group had 34,111 employees (26,882 male and 7,229 female) resigned in 2019, representing a resignation rate of 184.97%; resignations at Primax Electronics totaled 8,390 (5,821 male and 2,569 female), representing a resignation rate of 106.53%, whereas resignations at Tymphony totaled 25,721 (21,061 male and 4,660 female), representing a resignation rate of 243.45%. Detailed statistics are as shown below.

New recruits hired by Primax Group - 2019

Age/gender		Below 30				30-50				Age 51 and above				Total	
		Male		Female		Male		Female		Male		Female			
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Primax Electronics	Taipei Headquarters	30	97%	12	48%	117	22%	17	10%	3	4%	0	0%	179	21%
	Dongguan Primax	3,251	221%	1,297	155%	952	57%	509	38%	0	0%	0	0%	6,009	112%
	Chongqing Primax	277	147%	191	110%	107	37%	251	32%	0	0%	0	0%	826	57%
	Kunshan Primax	121	186%	89	223%	58	123%	58	102%	0	0%	0	0%	326	156%
subtotal		3,679	210%	1,589	148%	1,234	49%	835	35%	3	3%	0	0%	7,340	93%
Tymphony	Dongguan Tymphony	12,168	434%	2,464	252%	4,197	245.15%	1,221	121.01%	3	0.0%	0	0%	20,053	307%
	Huizhou Tymphony	1,688	164%	546	150%	717	83.37%	480	71.86%	10	21.3%	15	60%	3,456	115%
	Dongcheng Tymphony	1,374	522%	745	390%	166	84.69%	193	50.13%	0	0.0%	0	0%	2,478	236%
subtotal		15,230	372%	3,755	245%	5,080	184%	1,894	92%	13	17%	15	56%	25,987	246%

Note:

1. Percentage of new recruits hired at various sites by age and gender = number of new recruits hired at each site in 2019, by age and gender/total employee count of the given age group and site at 2019 year-end.
2. Percentage of new recruits hired at various sites = number of new recruits hired at each site in 2019/total employee count of the given site at 2019 year-end.
3. New recruits exclude those who resigned during the year.
4. Tymphony's statistics increased substantially in 2019 over 2018 across all sites mainly due to the conversion of workers into permanent employees at the end of December 2019 for the protection of employees' interest. The substantial increase in customers' orders since May 2019 also contributed to the change, as large number of employees had to be recruited, causing a significant rise in new recruits in 2019.



Resignations at Primax Group - 2019

Age/gender		Below 30				30-50				Age 51 and above				Total	
		Male		Female		Male		Female		Male		Female			
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage		
Primax Electronics	Taipei Headquarters	22	71%	13	52%	99	19%	20	12%	9	12%	0	0%	163	19%
	Dongguan Primax	3,772	257%	1,448	173%	1,272	76%	648	48%	4	16%	0	0%	7,144	133%
	Chongqing Primax	339	180%	204	118%	122	42%	235	30%	0	0%	1	0%	901	62%
	Kunshan Primax	119	183%	0	0%	63	134%	0	0%	0	0%	0	0%	182	87%
subtotal		4,252	243%	1,665	155%	1,556	62%	903	38%	13	13%	1	2%	8,390	107%
Tymphony	Dongguan Tymphony	14,215	507%	2,068	211%	3,902	228%	816	81%	0	0%	0	0%	21,001	322%
	Huizhou Tymphony	1,516	147%	597	164%	501	58%	412	62%	14	30%	42	168%	3,082	103%
	Dongcheng Tymphony	842	320%	586	307%	71	36%	139	36%	0	0%	0	0%	1,638	156%
subtotal		16,573	404%	3,251	212%	4,474	162%	1,367	66%	14	18%	42	156%	25,721	243%

Note:

1. Percentage of departed employees at various sites by age and gender = number of employees departed at each site in 2019, by age and gender/total employee count of the given age group and site at 2019 year-end.
2. Percentage of departed employees at various sites = number of departed employees at each site in 2019/total employee count of the given site at 2019 year-end.
3. Departed employees include employees who had voluntarily or involuntarily dismissed or retired.
4. Tymphony's statistics increased substantially in 2019 over 2018 across all sites mainly due to the conversion of workers into permanent employees at the end of December 2019. Due to the fact that most former workers were direct employees (prone to high turnover), resignations were significantly higher in 2019.

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.



4.2 Productive labor-management relations

Protection of employees' interest

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.

Primax's Taipei Headquarters currently does not have a union and has not signed any collective bargaining agreement with employees. However, through 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 January 2020. 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 in the second plant had signed the collective bargaining agreement during the year. The 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. In 2019, employees raised a total of 82 recommendations through unions and 72 of which were accepted. These recommendations covered issues concerning employees' daily living as well as work activities and benefits, and 100% of which were improved upon. Union members have proven themselves competent in helping employees convey issues and

resolving problems through meetings.

Huizhou Tymphany assembled its union on December 29, 2018, whereas Dongcheng Tymphany assembled its union on December 29, 2019. Only 2% of employees have joined the unions so far mainly because they were still in the early stage of development. The unions are actively recruiting members at the moment. Besides unions, employees may also raise opinions through the opinion mailbox. The mailbox is checked regularly by HR, who also replies to queries. Dongguan Tymphany has yet to establish unions, but there are communication and grievance platforms available to exchange opinions with employees. Tymphany provides the following grievance channels for employees: Huizhou: +86 0752-3059888 ext 880, Linn.Ma@tymphany.com; Dongguan: +86 0769-86325299 ext 7789, Rain.Hu@tymphany.com; Dongcheng: +86 0769-22257469 ext 131, Alex.Ma@tymphany.com; and whistleblower channel for fraud and violation of professional ethics (Legal@tymphany.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 23 grievances concerning work hours, corporate activities, employee training and employee welfare were raised by employees in 2019; all of which have been responded with improvement measures implemented.

Dongguan Primax passed 2019 Non-state Owned Enterprise Union Service Enhancement Evaluation by Guangdong Federation of Trade Unions

Guangdong Federation of Trade Unions encourages corporate unions to develop systematic worker service plans and carry them out accordingly, and has introduced a service enhancement evaluation program to promote overall improvement in the quality of service across primary unions. A total of 20 nominations were allocated across the 32 towns/districts of Dongguan City, and Dongguan Primax claimed the only nomination allocated to Shijie Town.



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	○	○	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	○	○ Note 1	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. Note 1: No such communication channel exists within Dongguan Tymphony, Huizhou Tymphony and Dongcheng Tymphony.
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 2	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. Dongguan Primax convenes representative meetings once or twice per year, organizes representative training sessions once or twice a year, and engages senior management in conferences once per quarter. The union has at least one-fourth of its representatives present at the above meetings to raise queries and suggestions concerning employees' daily living needs and benefits for more effective resolution. Note 2: Chongqing Plant and Dongguan Tymphony currently have no union available

Active Communication through Diverse Channels

Social media and communication software have emerged to become the main source of news for modern people. This is especially true for young generations, as they have ditched books and TV in favor of FB, IG, Line, Wechat and Weibo simply because smartphone gives them access to information anytime, anywhere.

As a result of this rising trend, conventional communication channels such as bulletin, printed publication, physical mail etc. could no longer attract employees' attention. Nevertheless, Primax Electronics upholds its people value and recognizes the importance of maintaining bilateral communication and interaction with employees. As a response to this trend, we observed the communication habits and needs of modern people and sought to broaden communication in addition to existing channels such as employee opinion box, employee grievance e-mail, GM's mailbox, 24H grievance hotline, union, employee welfare committee, labor-management meeting, team leader conference, employee conference, quarterly internal meeting and department meeting, so that important messages can be relayed quickly and efficiently, whereas employee opinions and interactions can occur on a more active level.

Starting in 2018, Primax has been maintaining a "Line account" in Taiwan and a "Wechat account" in the Mainland so that employees can receive company-related information in a timely manner as part of their daily habits. Through digital communication, employees are able to express their thoughts, concerns and problems more directly and freely with any level of management, and by keeping communication close to people's needs, we hope to shape a culture of effective communications.

In 2019, Primax Electronics issued a total of 81 messages relating to happiness, sports and health over its Line account, averaging 1-2 messages per week; Dongguan Primax, on the other hand, issued 198 messages on charity, workplace

harmony, workplace safety, environmental protection, and group activities over the Wechat account, which averaged 3-4 messages per week and attracted 213,789 views. Apart from routine announcements on employee code of conduct, occupational safety and environmental protection knowledge, group activities (such as basketball tournament, tug-of-war, fun games, karaoke competition etc.), and employee benefits (such as birthday party, annual trip and festival), these channels are also used to communicate the Company's CSR philosophy, goals and employees' participation in CSR events. Updates of current CSR programs such as "Primax Comes Home," "Star Volunteers" and "Primax Pearl Class" are made as they become available, so that the Company's care for employees, the community and the society is felt throughout and outside of the organization to attract more people into fulfilling their duties to the society.

Meanwhile, questionnaires are being distributed through the Wechat account to collect employees' requests and suggestions about Wechat functions, which have resulted in the successful introduction of useful features including electronic approval, e-payslip, attendance inquiry, outpatient registration, digital calendar and periodicals. Overall, the Wechat account not only gives employees access to information anytime, anywhere, but also allows the Company to learn the needs of its employees and interact in such a way that promotes a sense of belonging.

Aside from maintaining communication, Primax places great emphasis on learning employees' perception and thoughts about the Company, which was why Taipei Headquarters organized its first opinion survey in 2019 as a means to investigate employees' expectations and needs. Their opinions would prove helpful to identifying shortcomings in current management practice, and allow improvements to be made to promote stronger employment relations.



Communication meetings

Team leader conference, employee conference, quarterly internal meeting and department meeting



Labor-management communication channel

Union, employee welfare committee, labor-management meeting



E-mail

Employee opinion box, employee grievance e-mail, GM's mailbox, 24H grievance hotline



Digital communication

Line@ account, Wechat account



Line account information



Wechat workspace



Wechat information





Reasonable compensation system

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 except Kunshan Primax, therefore no confirmation or survey was conducted on workers' salary. The vast number of workers present at Kunshan Primax mostly consisted of temporary workers hired for short-term production orders; they were compensated in compliance with local policies at the level equivalent to entry-level employees. There was no gender discrepancy in terms of "entry-level salary to minimum salary ratio" within the Company. Furthermore, the Company's lowest salary package remains above the local minimum salary, meaning that no employee is compensated below the 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 ^{Note 3}		Managerial role ^{Note 4}	
Office location	Item	Female	Male	Female	Male	Female	Male
Taipei Headquarters		1.3	1.3	1	1.1	1	1.3
Dongguan Primax		1.2	1.2	1	1.2	1	1.2
Chongqing Primax		1.1	1.1	1	1.2	1	1.3
Kunshan Primax		1	1	1	1.2	1	1
Dongguan Tymphany		1.1	1.1	1	2.28	1	3.01
Huizhou Tymphany		1.36	1.36	1	2.11	1	2.49
Dongcheng Tymphany		1.16	1.16	1	1.2	1	4

Note:

1. Minimum salary by local government in 2019: NT\$23,800 (Taipei), RMB 2,140 (Kunshan), RMB 1,800 (Chongqing), RMB 1,720 (Dongguan/Dongcheng), 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. Overall, male salary was higher than female. This was probably due to higher percentage of managerial roles undertaken by males, relative to females.
6. Tymphany exhibited higher male salary compared to female primarily due to significantly higher new male recruits (managerial and non-managerial role) by 2-3 times that of females in 2019. Dongguan and Dongcheng, in particular, encountered rapid business growth since June 2019 that resulted in a significant increase in the number of male engineers and managers.



Primax's Taipei Headquarters has made additional disclosures of employees' salary information 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

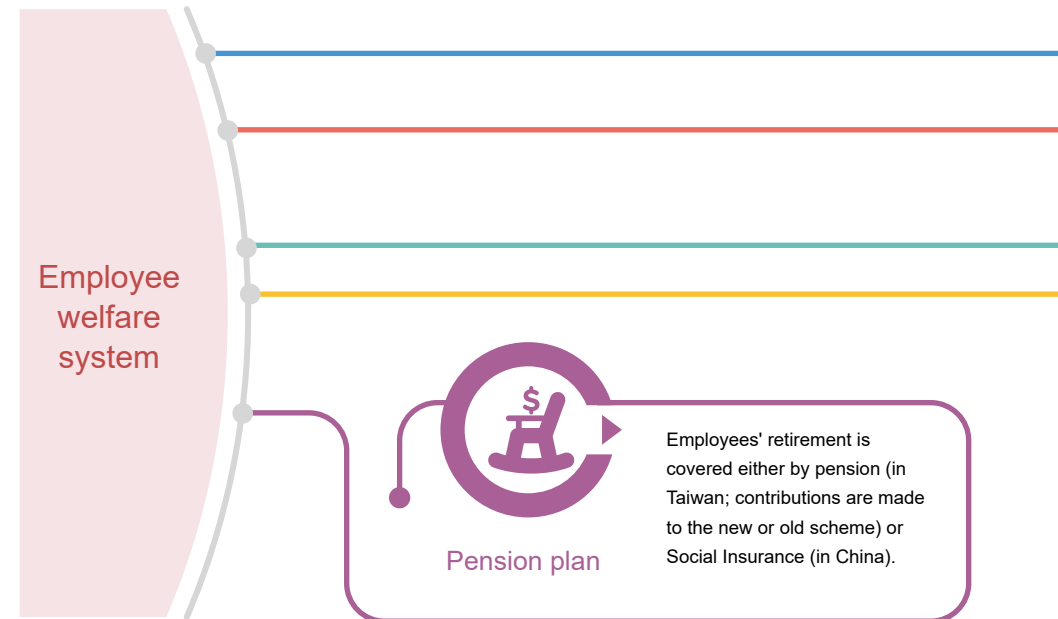
Disclosures	2018	2019
Number of full-time, non-managerial staff (persons)	820	820
Total salary of full-time, non-managerial staff (NT\$, ,000)	1,170,740	1,362,624
"Average" salary of full-time, non-managerial staff (NT\$, ,000)	1,428	1,662
"Median" salary of full-time, non-managerial staff (NT\$, ,000)	N/A	1,404

Fair performance assessment system

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 outlines performance standards and evaluation criteria for each job role and evaluates employees' performance on a yearly basis, and the outcome affects year-end bonus and salary adjustment. With the exception of temporary employees, all permanent employees of Primax Group are entitled to performance evaluation and fair promotion opportunities.

Employee care and benefit system

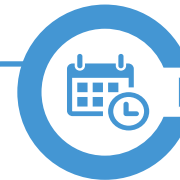
The welfare system is a true representation of Primax Group's care for employees, as it caters for employees' every need at work. Primax has an Employee Welfare Committee in place to organize recreational activities and subsidies for employees. The committee constantly strives to expand the welfare system 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:





Envious Group insurance

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. There are four alternative work hour sessions spaced 30 minutes apart (from 8:00-9:30 to 17:00-18:30) 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 employee diner and cafeteria available. All Mainland plants provide dormitory and employee diner, and Dongguan Primax has an entire building constructed for leisure purpose. Tymphany offers dining facility and dormitory for its employees, and the kitchen would even prepare special meals on festive occasions and in peak production periods, giving employees as many as 12-14 selections to choose from while minimizing their waiting time. As for dormitory facilities, Dongguan Tymphany has 2 TV rooms, 2 table tennis sets, 2 table tennis tables, 2 convenience stores, 5 automatic vending machines, 1 beverage store and 13 laundry machines available at each dormitory building to cater for employees' life after work, whereas Huizhou Tymphany also offers similar facilities to accommodate its employees.



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, child care subsidies, arts/culture subsidies, and book subsidies. Meanwhile, Mainland factories provide wedding/funeral/childbirth subsidies, job allowance and year-end bonus; Dongguan Site offers club subsidies, Chinese New Year meals, emergency aid fund, and birthday and Mid-autumn shopping cards that are distinctive from others, whereas Chongqing Site offers hospitalization subsidy. Tymphany, on the other hand, 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, travel leaves, and a Dream Factory program that gave all indirect employees the option to work from home for 3 days in 2019.



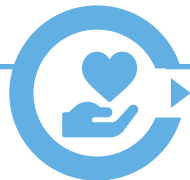
Group gathering

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 the Mainland, all of Primax's operations hold annual CNY banquets, whereas Chongqing Plant organizes annual tug-of-war competition and 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 social gathering, family barbecue, 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: core cardio, 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 8 clubs including: soccer, badminton, cycling, basketball, dancing, volunteer, outdoor activities and flower arrangement; 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.



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, with services doubled during peak hours to shorten waiting time.





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 that are certified by Taipei City Department of Health, so that employees may cater for their parent role even at work. A total of 249 employees (181 male and 68 female) were eligible to apply for unpaid parental leave in 2019, and 2 of whom (1 male and 1 female) had actually taken up the leave. Meanwhile, 3 employees (1 male and 2 female) were due to be reinstated from parental leave and 1 of whom (1 female) was not reinstated for family reasons. Reinstatement rate and retention rate were calculated at 67% and 67%, respectively. Information regarding unpaid parental leave is as follows:

Year / gender / total	2017			2018			2019		
Item	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees qualified for unpaid parental leave (A)	57	18	75	41	30	71	181	68	249
No. of employees applied for unpaid parental leave in the current year (B)	0	4	4	2	5	7	1	1	2
No. of employees due for reinstatement from unpaid parental leave in the current year (C)	0	4	4	1	4	5	1	2	3
No. of employees reinstated from unpaid parental leave in the current year (D)	0	3	3	0	3	3	1	1	2
No. of employees reinstated from unpaid parental leave in the previous year (E)	0	0	0	0	3	3	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	2	2	0	2	2
Percentage of employees reinstated from unpaid parental leave in the current year (D/C)	N/A	75%	75%	0	75%	60%	100%	50%	67%
Unpaid parental leave retention rate in the current year (F/E)	N/A	N/A	N/A	N/A	67%	67%	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
Prenatal screening leave	<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, 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 per month 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 per month.</p>
Maternity leave	<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>
Nursery leave	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.
Paternity leave	Male employees are entitled to 10~15 days of paternity leave.



Pension scheme

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 an amount equal to 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 0.93% of employees were subject to the old scheme while 99.07% of employees were subject to the new scheme. Primax had maintained its pension fund assets at 89.4% 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%	0.32%	1.60%	0.20%	0.70%	15.82%
		Individual	8%	0.20%	0.50%	0	0	8.70%
		Premium basis	3,376	3,376	4,895	3,376	3,376	
	Chongqing Primax	Company	16.0%	0.5%	10.0%	0.9%	0	27.4%
		Individual	8.0%	0.5%	2.2%	0.0%	0	10.7%
		Premium basis	3,282	3,282	3,282	3,282	0	
	Kunshan Primax	Company	16%	0.50%	7%	0.55%	0.80%	24.85%
		Individual	8%	0.50%	2%	0	0	10.50%
		Premium basis	2,940	2,940	2,940	2,940	2,940	
Tymphony	Huizhou Tymphony	Company	13%	0.80%	9.00%	0.28%	-	23.08%
		Individual	8%	0.20%	2.00%	0	-	10.20%
		Premium basis	3,376	1,550	Inpatient treatment: 3,927 Omnibus treatment: 2,356 Supplementary treatment: 3,927	1,550	-	-
	Dongguan Tymphony	Company	13.0%	0.5%	1.6%	0.3%	0.007	16.0%
		Individual	8.0%	0.2%	0.5%	0.0%	0	8.7%
		Premium basis	3,376	3,376	4,895	3,376	3,376	-
	Dongcheng Tymphony	Company	13%	0.48%	2%	0.07%	0.70%	15.85%
		Individual	8%	0.20%	1%	0	0	8.70%
		Premium basis	3,450	3,450	4,895	3,450	3,450	-

Tribute to Primax Stars

Shaping a sense of honor, mission, loyalty and unity

In 2018, the Company introduced Primax Stars, an award aimed at identifying top-performing employees, commending role model performance and inspiring positive energy. It is intended to shape model images within the organization that employees may look up to and be motivated to improve and raise existing standards, and to create a progressive competitive environment that serves as the foundation for the organization's growth and stability.

Selection of Primax Stars proceeds in a "fair and open" manner through a multi-tier process that involves referral, online vote, panel review, and public announcement. The BU first nominates 5-6 role model employees from production line operators that have served for at least six months with performance rated A without receiving any penalty during the year. The plant manager then works with HR's review panel to shortlist 2-3 candidates, which employees will vote openly over Wechat to conclude one Primax Star per plant.

Each Primax Star is awarded bonus and trophy, and may have 1-3 direct relatives treated to a one-week visit at the Company, during which the "Primax Star" is granted paid leave of absence to keep family members company. "Primax Star" and family members will be hosted personally by the General Manager to a tour of the plant, and treated to a company-arranged 1-2 day trip within or in a nearby province.

On July 18, 2019, the Company hosted 13 family members of 6 Primax Stars in a 5-day event called "Tribute to Primax Stars." A simple yet formal welcoming ceremony was held at a decorated conference room; after the initial welcome, the participants met with the General Manager and were taken on a tour through the factory environment, including work meals at the diner and personal experience of entertainment facilities at the activity center. Later on that week, employees and family members spent quality vacation time in a one-day trip at Dongguan and a two-day trip at the beach of "Gulang Yu" in Shenzhen. On the final day of the event, the Company arranged a small birthday party for children from two of the families who were born that month. After singing birthday song, General Manager Chen-Te Chang made wishes with the birthday children and shared cake with everyone; in return, the children delivered memorable performance of various talents.

Employees are what make a company strong, and over the years, we are fortunate to have many outstanding talents contributing at their roles, and the least we could do is to show them our most sincere gratitude. We are also grateful of employees' family members for their understanding and support, as they provide employees with the motivation and comfort to give their best at work. In 2020, we look forward to continue paying tribute to unsung heroes within the organization!



Plant tour



Meet with General Manager



General Manager Chen-Te Chang making wishes with the birthday children






4.3 Support for skill development

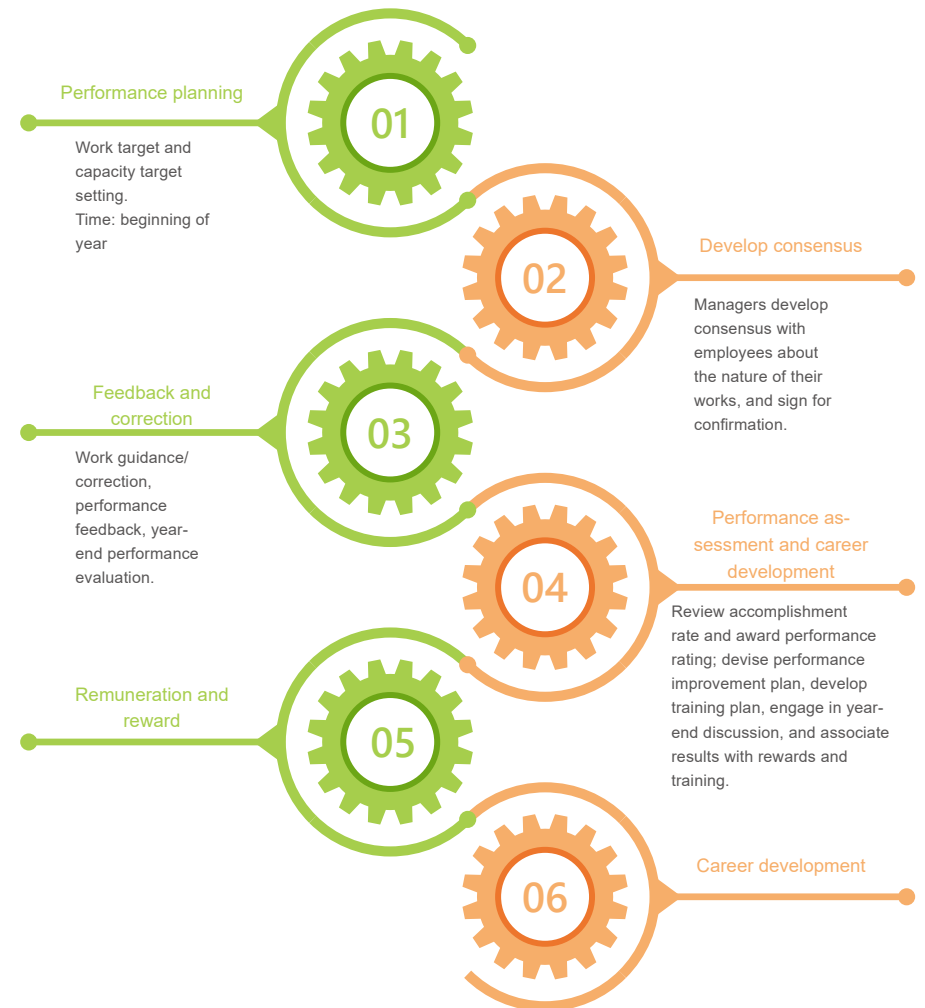
Comprehensive career development and promotion system

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:

 <p>Annual goal setting</p> <p>Using the Balanced ScoreCard (BSC), managers discuss with their subordinates to list out at least 5 goals/responsibilities for the coming cycle. They also establish quantifiable measurements, assign weight by priority, and use them in performance evaluation accordingly.</p>	 <p>Core skills</p> <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>	 <p>Career Development /Assessment</p> <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 appraisal. With feedbacks from the line manager, they become employees' next objectives.</p>
---	---	--

Career development and promotion system of Primax Group

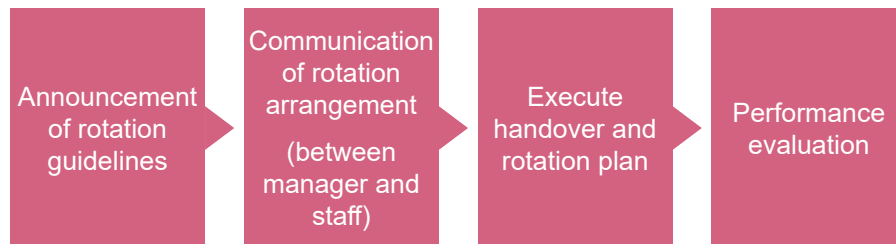




Diverse education and learning channels

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:





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 Tymphany, 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:

Training category	Training courses	Course description
 <p>Company courses</p>	<p>On-job training</p> <p>Internal training</p>	<p>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.</p> <p>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.</p>
 <p>External training</p>	<p>External specialist training</p> <p>Overseas training</p>	<p>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.</p> <p>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.</p>
 <p>Self learning</p>	<p>Self study</p>	<p>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, as a way to encourage reading, the B1 area has been converted into a library, offering thousands of titles that can be borrowed and exchanged freely. Points collection and book vouchers have even been introduced to encourage use of the library and to enrich the library's collections. The Company also makes book recommendations from time to time and offers book subsidies to help employees develop good reading habits.</p>
 <p>Online courses</p>	<p>Online learning and knowledge platform</p>	<p>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.</p>

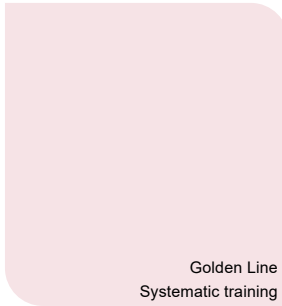


Primax Group values employees' career development, and all employees are entitled to receive training. In 2019, employees of the Group completed 282,667 hours of training in total, averaging 15.33 hours per employee. Total training expenses amounted to approximately NT\$4,744,000. Primax Electronics delivered 197,150.8 hours of training, averaging 25.03 hours per employee, and incurred NT\$4,528,000 of training expenses in total. Tymphony, on the other hand, delivered 85,391 hours of training, averaging 8.1 hours per employee, and incurred NT\$216,000 of training expenses in total.

Training hours completed by Primax Electronics - 2019																
Office location Training hours	Taipei Headquarters				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	197	47	436	177	176	72	2,982	2,136	44	9	435	956	12	6	100	91
Total training hours	2,390	580.5	3,858.5	1,460	7,720.6	2,366.2	115,576.1	43,988.4	734	116.5	9,754.5	7,049.5	180	60	729.5	586.5
Average training hours	12.1	12.4	8.8	8.2	43.9	32.9	38.8	20.6	16.7	12.9	22.4	7.4	15.0	10.0	7.3	6.4

Training hours completed by Tymphony - 2019													
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	80	23	4,455	1,965	95	45	1,842	1,012	33	9	437	569	
Total training hours	353	129	25,329	11,168	1,116	546	27,176	14,158	236	64	2,280	2,836	
Average training hours	4.4	5.6	5.7	5.7	11.7	12.1	14.8	14.0	7.2	7.1	5.2	5.0	

Note: Average training hours by gender and role at each site = total training hours by gender and role per site in 2019 / 2019 year-end employee count by gender and role per site.



Golden Line Systematic training



Orientation



Project management process



Orientation



Managerial training

Team leader advanced - Inter-department communication and cooperation



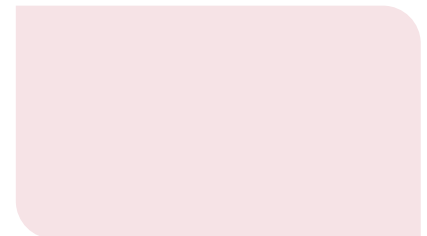
Managerial training



Team leader mandatory - The 7 IE methods



Team leader training



Hope for Pearl



Active charity participation and undertaking of corporate citizen duties are important driving forces for Primax's growth

Motivated by the corporate culture to “promote decency and serve the common good of people,” the CSR department of Dongguan Primax sent an assessment team to Xinhua Compassion Education Foundation in March 2018 to conduct a field inspection, and thus began an ongoing charity program called “Primax Pearl Class.” Approximately 500 employees from Taipei Headquarters and Dongguan Primax responded to the call and joined Hope for Pearl; they worked with the company and successfully created the first “Primax Pearl Class,” helping top-performing yet underprivileged students complete high school studies while preparing them for national exams and a world of opportunities to come.

Charity that begins with commitment

We see charity to be more than just making donations; it is about persistence, attracting attention from more people, and supporting the cause on an ongoing basis. In the last year, 360 employees from Dongguan Primax arranged several activities for children of Primax Pearl Class (i.e. the Pearl Students) from birthday party, video-making to factory visit. From being aware of Primax Pearl Class to approving its cause and eventually taking part on an ongoing basis, we saw a progressive transition in employees’ perception about the effort and persistence that Dongguan Primax has committed to charity. Starting with the employees, we hope to influence a greater number of people and spread our care further for the sustainability of the society.

Charity that shapes the future

Owing to the passion and courtesy of countless people, we were able to create our first “Primax Pearl Class” in 2018 and help Pearl Students

build up the capacity needed to turn life around. Success of the initial attempt inspired us to proceed with the preparation of the second “Primax Pearl Class” in November 2019. This time round, we invited employees to join us either through action (by signing up as PMX volunteer and completing volunteer service, with corresponding donations being made by the Company) or through donation (by scanning QR code on a donation platform), so that more Pearl Students may have the means to fulfill their “college dream,” and grow to pass on this positive energy.



Birthday party for Pearl Students



Employees actively participating in the 2020 donation for Primax Pearl Class



Visit by Pearl Student



Chairman Liang of Primax Group supports Hope for Pearl



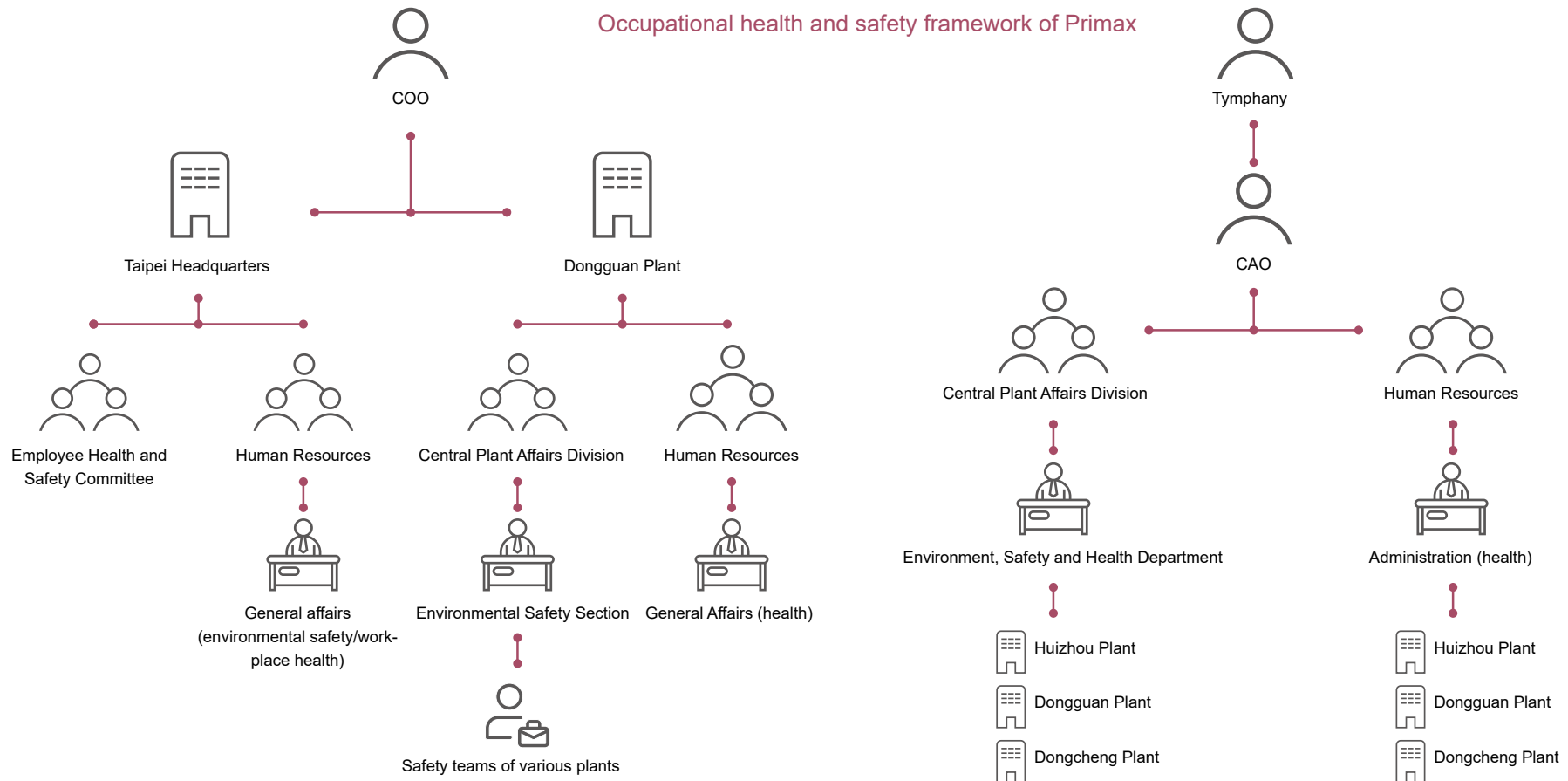
"Primax Pearl Class" opens



4.4 Safe and healthy workplace

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 - Tympany 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 14 members, of which 4 (about one-third) are employee representatives, whose presence helps supervise, recommend and plan occupational health and safety-related issues. Other workers including outsourced cleaners, security guards, drivers and electromechanical personnel are not represented in the committee. Dongguan Primax, Chongqing Primax, Kunshan Primax, and Dongguan Tympany passed certification for ISO 45001 Occupational Health and Safety in 2019.



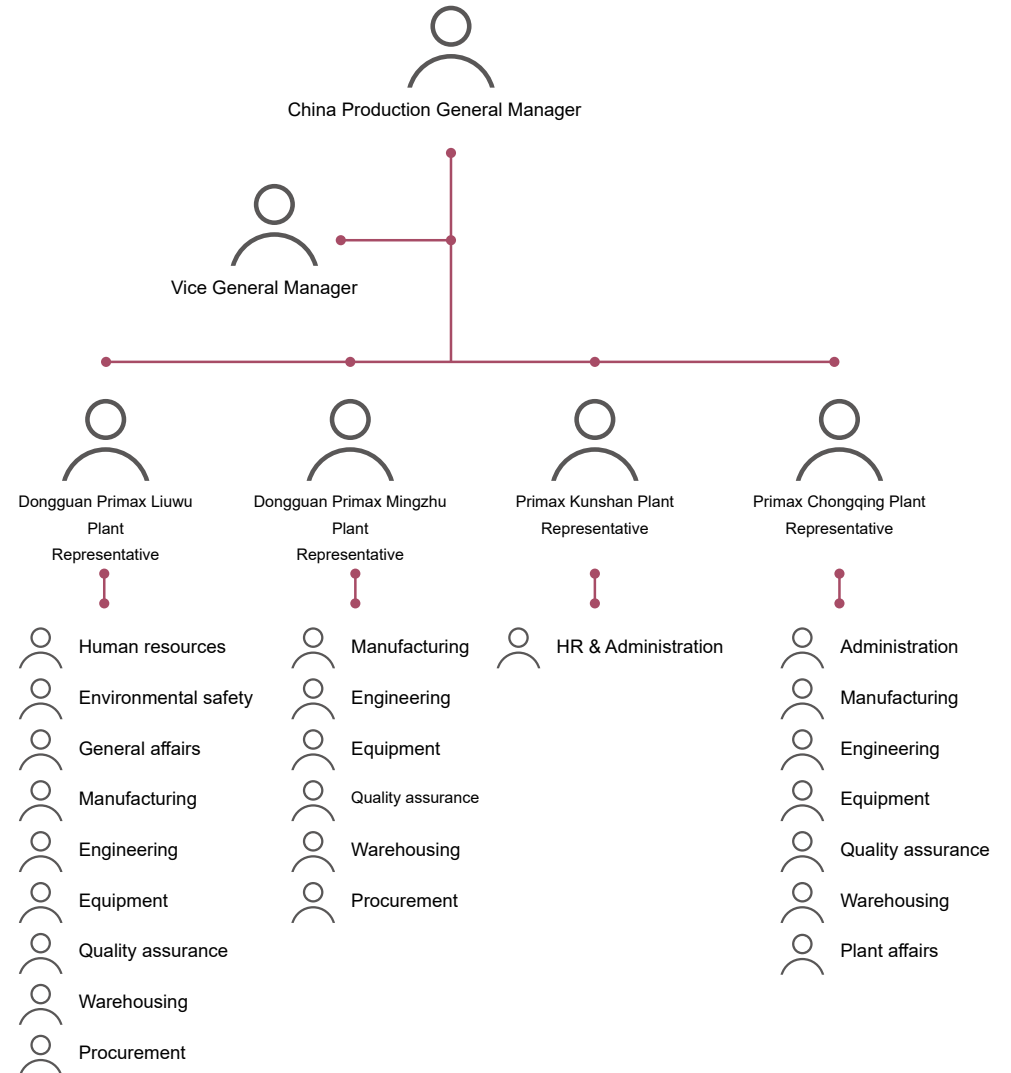


As for operations in China, occupational safety and health committees are available to oversee related issues. Occupational safety and health committees convene regular CSR meetings once a month to discuss issues concerning safety, environment, health, energy conservation and waste reduction. Primax's Chinese operations have 168 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 46 of the abovementioned safety personnel.



Occupational Safety and Health Committee meeting

Occupational safety and health committee of Primax plants in China





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 enrollments to safety courses in 2019 totaled 944 for Dongguan Primax, 490 for Chongqing Primax, 293 for Kunshan Primax, 3 for Dongguan Tymphany, 1 for Huizhou Primax and 3 for Dongcheng Tymphany. Training of safety officers incurred expenses totaling NT\$95,670.

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 40,789 across Primax Group (15,772 from Dongguan Primax, 2,456 from Chongqing Primax, 570 from Kunshan Primax, 17,846 from Dongguan Tymphany, 2,827 from Huizhou Tymphany and 1,318 from Dongcheng Tymphany) in 2019. 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.



Safety officer training course



Fire safety panel training



Fire drill record



Fire drill record



Fire drill record



Fire drill record



Occupational hazard and risk assessment training



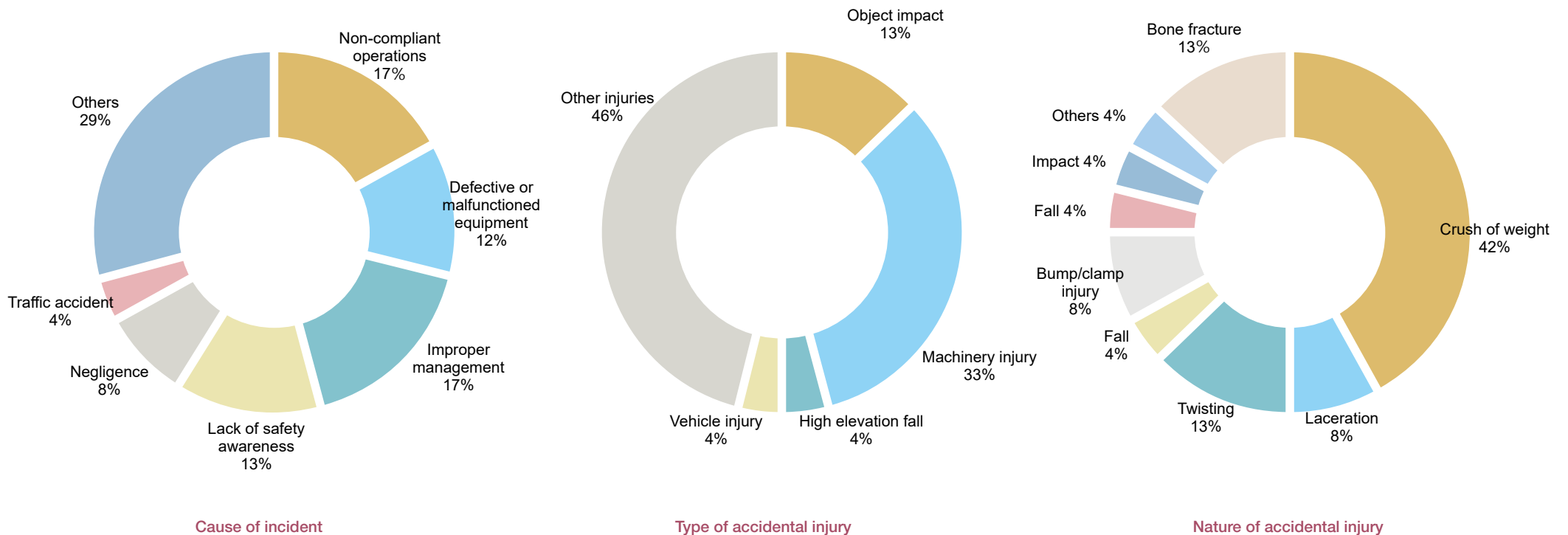
Occupational health training



Work safety performance management

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 health and safety 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	0.24	0.03	0.07	0.13	0.14	0.06	0.15
	Female IR	0	0.01	0.09	0.20	0.07	0.03	0.09
	Male IR	0.32	0.06	0	0	0.19	0.07	0.23
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)	Overall LDR	1.91	1.05	6.52	3.19	1.21	6.32	3.33
	Female	0	0.01	0.09	0.20	0.03	0.07	0.09
	Male	2.6	1.43	0	0	1.22	10.08	0.41
Absenteeism Rate (AR)	Overall AR	8.44	2.33	1.39	3.33	8.86	8.53	7.74
	Female AR	13.34	1.51	1.15	2.42	8.55	7.88	7.78
	Male AR	6.66	3.70	2.11	5.06	9.08	8.77	7.70
Annual death toll		0	0	0	0	0	0	0

Note:

1. Injury rate (IR) = (total number of disabling injuries + total work hours elapsed) *200,000; female/male IR = (number of disabling injuries for female/male + total work hours elapsed for female/male) *200,000.
2. Occupational disease rate (ODR) = (total number of occupational diseases + total work hours elapsed) *200,000; female/male ODR = (number of occupational diseases for female/male + total work hours elapsed for female/male) *200,000.
3. Lost day rate (LDR) = (total number of working days lost + total work hours elapsed) *200,000; female/male LDR = (number of working days lost for female/male + total work hours elapsed for female/male) *200,000.
4. Absenteeism rate (AR) = (number of days absent + total work days across all employees in the given year) *100%; female/male AR = (number of days absent for female/male + total work days for female/male in the given year) *100%. Number of days absent includes occupational injury leave, non-paid leave and medical leave.
6. Primax's Chinese plants reported 7 work incidents while Tymphony reported 15 work incidents in 2019; none of the work incidents was severe.
7. No Primax Group worker suffered work injury in 2019.

Health check and care

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 2019.



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.



Hiking at Qingtiangang



Hiking at Qingtiangang



Hiking at Qingtiangang



Sports taping seminar



Sports taping seminar by Sports Administration



Fitness test



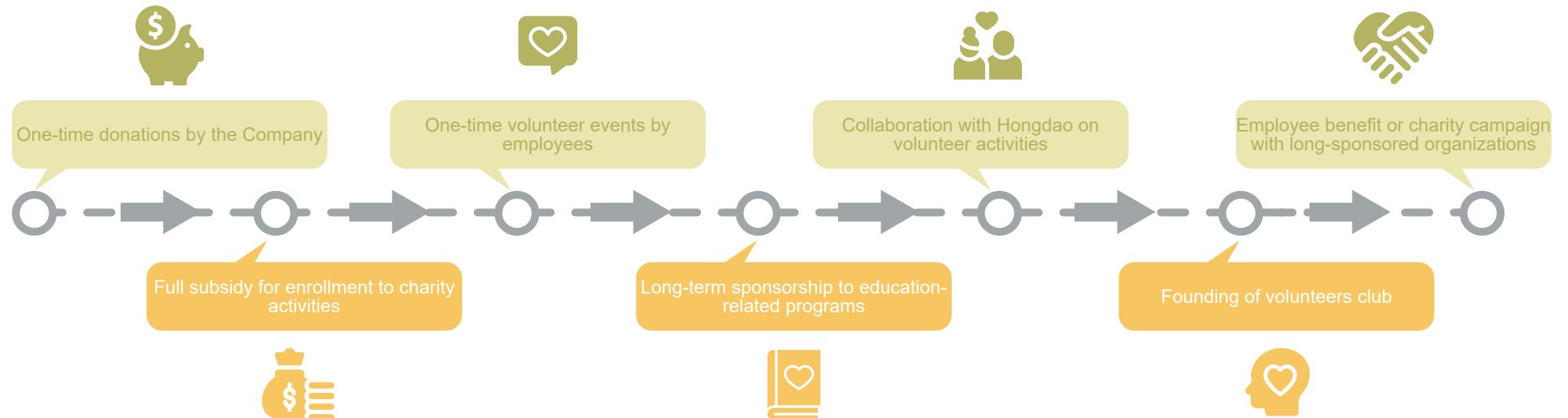
4.5 Care for public interest

Businesses exist because of the society they exist in, which is why the Company is dedicated to offering assistance and care in gratitude for the 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.

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 26 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 2,374 in 2019 and incurred NT\$9,391,316 in expenses. A breakdown of charity events is as shown below.

Charity activities of Primax Group - 2019					
Concerned Issues	Partners	Program	Duration	No. of participants	Budget (TWD)
Community care	Hongdao Senior Citizen's Welfare Foundation	Nangang one-day tour for elders	1 day(s)	79	68,066
		Mother's Day gathering	1 day(s)	126	16,725
	House Of Dreams	Shoebox gift donation	0.5 day(s)	68	34,500
		Charity marketplace	0.5 day(s)	74	20,445
	Taoyuan Village, Taitung	Purchased pineapples from Taoyuan Village, Taitung County, and gifted to employees	0.5 day(s)	742	59,430
	Yongchuan Jian Home for Elders	Visit to elders	1 day(s)	61	12,564
	Weixing Lake Home for Elders	Cleanup service	1 day(s)	58	12,897
	Primax Chongqing Volunteer Team	Cleanup of Chashan bamboo forest	0.5 day(s)	36	2,205
		Assisted Jian Sports Competition of Persons with Disability	0.5 day(s)	5	0
	Shijie Shayao Community Service Center	Quarterly birthday party for community elders	0.5 day(s)	15	13,500
		Visit to elders at Shayao community	0.5 day(s)	13	12,627
	Shijie Volunteer Association	Assisting Shijie Town in the organization of National Day carnival	0.5 day(s)	8	0
		Civilized travel and traffic conduct awareness	0.5 day(s)	22	0
	Shijie Gas Association	Gas Safety Promotion Volunteers Event	0.5 day(s)	16	0
	Volunteer team of Primax Electronics (KS)	Coordinated Dongmen cleanup	0.5 day(s)	13	0
	Shijie Baiyulan Center	Assisted Shijie Town in the promotion of outdoor activities	0.5 day(s)	20	0
Shijie Home for Elders	Visit to home for elders	0.5 day(s)	13	5,701	
Education support	Junyi Academy	Regular donation	6 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
	Junyi Academy	Junyi Digital Learning Camp	1 day(s)	70	22,285
	Visit to Leadership Day at Kinmen Jinsha Elementary School	Volunteers paid visit to Kinmen Jinsha Elementary School during Leadership Day	1 day(s)	37	263,100
	Meizhou Municipal Government	Dongguan Primax Ye Jianying Commemorative Education Incentive	26 year(s)	0	608,000
	Shijie Town Government	Shijie Dongguan Primax Education Fund	8 year(s)	0	800,000
	Huiyang Changbu Xinwei Elementary School	Charity sale at 2019 Tymphany Music Festival	1 day(s)	500	89,271
	Xinhua Compassion Education Foundation	Primax Chongqing Volunteer Team hosted visiting Pearl Students	0.5 day(s)	20	0
		[Primax Pearl Class] at Chongqing Liangping Hongqi High School	4 year(s)	498	1,350,000
Total				2,374	9,391,316

Note: NTD 4.5 = RMB 1.



Dongguan Primax won Shijie Town Commendation for Organized Charity

Driven by dedication to corporate social responsibilities, Dongguan Primax leads employees into a number of charity campaigns and encourages them to participate on a voluntary basis. It donates supplies to various communities in Shijie and extends assistance and care to lone and disabled elders through action. Its contribution to community development has been well-perceived in the local town.



Primax comes home



Go Primax Pearl!



Mother's Day gathering



More charity footage



Jian Sports Competition of Persons with Disability



Voluntary Dongmen Cleanup



Donation of supplies to elementary schools in Changbu, Huizhou



Assistance in fun activities of the Company



Care for elders at Yongchuan Jian Home for Elders



Cleanup service at Weixing Lake Home for Elders



Mid-autumn visit to elders at Yongchuan Jian Home for Elders



Cleanup of Chashan bamboo forest



Quarterly birthday party for community elders



Gas Promotion Volunteers Event



Visit to home for elders in Shijie



Visit to community elders



Assisted Shijie Town in the promotion of outdoor activities



Pearl Students' visit hosted by volunteers



Assistance for National Day carnival



Civilized travel and traffic conduct awareness



5

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 2019

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 2019 (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 the report presented during on-site verification (2020/04/06-2020/05/05). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements

The information in the PRIMAX's CSR Report of 2019 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 2019.

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, Total Impact Measurement and Management, and Social Return on Investment assessments (SROI) and Task Force on Climate-related Financial Disclosures (TCFD) 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.

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 2019 verified is accurate, reliable and provides a fair and balanced representation of PRIMAX sustainability activities in 01/01/2019 to 12/31/2019.

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 2019, 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
29 May, 2020
WWW.SGS.COM





Appendix 2 GRI Index

o 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 2.1 Company profile	2 41		
Core	102-2	Activities, brands, products, and services	2.1 Company profile	41		
Core	102-3	Location of headquarters	Global deployment	40		
Core	102-4	Office location	Global deployment	40		
Core	102-5	Ownership and legal form	2.1 Company profile	41		
Core	102-6	Markets served	2.1 Company profile	41		
Core	102-7	Scale of the organization	2.1 Company profile 2.3 Consistent operations	41 54		
Core	102-8	Information on employees and other workers	4.1 Employee overview	88		
Core	102-9	Supply chain	3.3 Sustainable supply chain management	83		
Core	102-10	Significant changes to the organization and its supply chain	Global deployment	40		
Core	102-11	Precautionary Principle or approach	2.4 Risk management	57		
Core	102-12	External initiatives	About the report 2.4 Risk management	2 57		
Core	102-13	Membership of associations	2.4 Risk management	57		
2. Strategy						
Core	102-14	Statement from senior decision-maker	Message from the Chairman	4		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
Comprehensive	102-15	Key impacts, risks, and opportunities	2.4 Risk management	57		
3. Ethics and integrity						
Core	102-16	Values, principles, standards, and norms of behavior	2.2 Corporate governance	46		
4. Governance						
Core	102-18	Governance structure	2.2 Corporate governance	46		
Comprehensive	102-19	Delegating authority	1.1 Corporate social responsibility management	12		
Comprehensive	102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 Corporate social responsibility management	12		
Comprehensive	102-21	Consulting stakeholders on economic, environmental, and social topics	1.1 Corporate social responsibility management	12		
Comprehensive	102-22	Composition of the highest governance body and its committees	2.2 Corporate governance	46		
Comprehensive	102-23	Chair of the highest governance body	2.2 Corporate governance	46		
Comprehensive	102-24	Nominating and selecting the highest governance body	2.2 Corporate governance	46		
Comprehensive	102-25	Conflicts of interest	2.2 Corporate governance	46		
Comprehensive	102-26	Role of highest governance body in setting purpose, values, and strategy	1.1 Corporate social responsibility management	12		
Comprehensive	102-27	Collective knowledge of highest governance body	2.2 Corporate governance	46		
Comprehensive	102-28	Evaluating the highest governance body's performance	2.2 Corporate governance	46		
Comprehensive	102-36	Process for determining remuneration	2.2 Corporate governance	46		
5. Governance						
Core	102-40	List of stakeholder groups	1.2 Stakeholder engagement	17		
Core	102-41	Collective bargaining agreements	4.2 Productive labor-management relations	95		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
Core	102-42	Identifying and selecting stakeholders	1.2 Stakeholder engagement	17		
Core	102-43	Approach to stakeholder engagement	1.2 Stakeholder engagement	17		
			2.1 Company profile	41		
Core	102-44	Key topics and concerns raised	1.2 Stakeholder engagement	17		
6. Reporting practice						
Core	102-45	Entities included in the consolidated financial statements	About the report	2		
			2.1 Company profile	41		
Core	102-46	Defining report content and topic Boundaries	About the report	2		
			1.3 Management of material topics	21		
Core	102-47	List of material topics	1.3 Management of material topics	21		
Core	102-48	Restatements of information	About the report	2		
Core	102-49	Changes in reporting	About the report	2		
Core	102-50	Reporting period	About the report	2		
Core	102-51	Date of most recent report	About the report	2		
Core	102-52	Reporting cycle	About the report	2		
Core	102-53	Contact point for questions regarding the report	About the report	2		
Core	102-54	Claims of reporting in accordance with the GRI Standards	About the report	2		
Core	102-55	GRI Index	About the report	2		
Core	102-56	External Assurance	About the report	2		



o Specific standard disclosures

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

Category/topic	GRI Standards Disclosures		Corresponding chapter	Page/ URL	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	21		
			2.3 Consistent operations	54		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	201-1	Direct economic value generated and distributed	2.3 Consistent operations	54		
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Risk management	57		
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Productive labor-management relations	95		
	201-4	Financial assistance received from government	2.3 Consistent operations	54		
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	95		
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	4.5 Care for public interest	121		
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	2.1 Full empowerment and responsible governance	41		
			2.2 Corporate governance	46		
			3.3 Sustainable supply chain management	83		
	205-3	Confirmed incidents of corruption and actions taken	None in 2019	-		
300 - Environmental Standards						
GRI 301: Materials	301-1	Materials used by weight or volume	3.2 Green product management	79		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page/ URL	Undisclosed information and reasons	
					Category	Description
GRI 302: Energy	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	302-1	Energy consumption within the organization	3.1 Green production management	68		
	302-3	Energy intensity	3.1 Green production management	68		
	302-4	Reduction of energy consumption	3.1 Green production management	68		
	302-5	Reductions in energy requirements of products and services	3.1 Green production management	68		
GRI 303: Water	303-1	Interactions with water as a shared resource	3.1 Green production management	68		
	303-3	Water withdrawal	3.1 Green production management	68		
GRI 305: Emissions	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	305-1	Direct (Scope 1) GHG emissions	3.1 Green production management	68		
	305-2	Energy indirect (Scope 2) GHG emissions	3.1 Green production management	68		
	305-3	Other indirect (Scope 3) GHG emissions	3.1 Green production management	68		
	305-4	GHG emissions intensity	3.1 Green production management	68		
	305-5	Reduction of GHG emissions	3.1 Green production management	68		
305-6	Emissions of ozone-depleting substances (ODS)	3.1 Green production management	68			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.1 Green production management	68			
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	3.1 Green production management	68		
	306-2	Waste by type and disposal method	3.1 Green production management	68		
	306-3	Significant spills	3.1 Green production management	68		
	306-4	Transport of hazardous waste	3.1 Green production management	68		
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	3.1 Green production management	68		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page/ URL	Undisclosed information and reasons	
					Category	Description
GRI 308: Supplier environmental assessment	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable supply chain management	83		
400 - Social Standards						
GRI 401: Employment	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	83		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	401-1	New employee hires and employee turnover	4.2 Productive labor-management relations	95		
	401-2	Benefits provided to full-time employees (excluding temporary and part-time employees)	4.2 Productive labor-management relations	95		
	401-3	Parental leave	4.2 Productive labor-management relations	95		
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	4.2 Productive labor-management relations	95		
GRI 403: Occupational safety and health	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	403-1	Workers representation in formal joint management-worker health and safety committees	4.4 Safe and healthy workplace	115		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.4 Safe and healthy workplace	115		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page/ URL	Undisclosed information and reasons	
					Category	Description
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4.3 Support for skill development	108		
	404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Support for skill development	108		
	404-3	Percentage of employees receiving regular performance and career development reviews	4.3 Support for skill development	108		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	2.2 Corporate governance	46		
			4.1 Employee overview	88		
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.1 Employee overview	88		
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	3.3 Sustainable supply chain management	83		
			4.1 Employee overview	88		
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.3 Sustainable supply chain management	83		
			4.1 Employee overview	88		
GRI 414: Supplier social assessment	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	414-2	Negative social impacts in the supply chain and actions taken	3.3 Sustainable supply chain management	83		
GRI 416: Customer health and safety	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Green product management	79		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Green product management	79		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page/ URL	Undisclosed information and reasons	
					Category	Description
GRI 418: Customers' privacy	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	2.4 Risk management	57		
	P01	Management of information security	2.4 Risk management	57		
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	2.2 Corporate governance	46		
Corporate govern- ance	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	21		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	P02	Corporate governance	2.2 Corporate governance	46		

○ Disclosures mandated by the FSC

Disclosures	Corresponding chapter/ description	Page
(1) No. of full-time non-managerial employees, mean and median salary of full-time non-managerial employee, and differences from the previous year.	4.2 Productive labor-management relations	95
(2) Company's governance over climate-related risks and opportunities, actual and potential climate impacts, identification/assessment/ management of climate risk, and indicators/targets used for assessment and management of climate issues.	2.4 Risk management	57



Primax Electronics Ltd.

Ruiguang Rd, Neihu 11492, Taipei, Taiwan
TEL: (02)-2798-9008

www.primax.com.tw