2017 SUNREX

Corporate
Social
Responsibility
Report

SUNREX

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Editing Principles

About this CSR Report

Sunrex Technology Corp. (herein referred to as "Sunrex Technology", "The company", "Sunrex" and "We") published the third Corporate Social Responsibility Report in 2017, aiming at concentrating on the operation of business and providing quality products and services for our customers while at the same time, better fulfilling the social responsibility as a corporate citizen so as to move toward sustainable growth.

Reporting Period and Scope of Information

This CSR Report covers the activities and performance of Sunrex Technology in terms of economic, environmental and social aspects from Jan. 1st to Dec. 31st, 2017. This Report covers all sites under Sunrex Technology Corp. (including the Headquarters and Daya Plant in Taiwan, Chongqing Plant, Wujiang Plant, Shenzhen Plant, Changsu Plant and Jiangxi Plant in China). All corresponding data in 2017 in this Report would be shown by applying international generic indicators. Estimations or assumptions are specified in relevant sections.

Reporting Guidelines

The compilation of this Report referred to the 4th Generation of Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines, and the major sustainability issues are disclosed in accordance with the core options in GRI G4. This Report identifies and prioritizes the aspects of sustainability the stakeholders concern about as the reference base for information disclosure.

Statistical figures disclosed in this Report are from the company's own statistics and survey results, and these statistical figures are audited and verified by PwC Taiwan, and are all expressed in New Taiwan Dollars (NTD). Some of the statistical data are cited from public information from government websites, such as the Environmental Protection Administration and Ministry of Labor, both under the Executive Yuan, and are presented in conventional numerical representation. This Report is Sunrex's

second CSR Report, and the 2017 Report has not been verified and assured by an impartial third party.

Time of Publication

This is the third issue of Sunrex Technology's CSR Report. The Report is to be published annually, and the contents of the Report are also accessible via Sunrex's official website.

Current issue: Jun, 2018

Next issue: scheduled to be published in Jun, 2019

Contact Information

Please contact us for any questions or suggestions concerning this Report. Our contact information is as follows.

Sunrex Technology Corp.

Contact person: Jia-wei, Fang

Address: No. 475, Sec. 4, Changping Rd., Daya Dist, Taichung City, Taiwan 428

TEL：(04)25686983 (ext. 218)

Fax：(04)256-83429

Official website: http://www.sunrex.com.tw/

Message from the Chairman

Looking at the overall supply in the laptop computer keyboard market in 2017, the labor and manufacturing costs continued to rise in China, the overall laptop computer keyboard market is still relatively competitive and the external environment remains tough. In addition to serving and maintaining our major customers, Sunrex also grasps the trends of lightness and thinness as well as the high delivery flexibility in the current laptop computer market, and actively seeks for orders. The laptop market has already been a mature and stable one. Therefore, Sunrex not only works on the R&D of new products but also reinvests through a variety of channels to diversify the product portfolio of the Group, aiming at getting rid of the status quo of excessively concentrating on one single product for profits.

A. Summary of the Annual Business Plan for 2018

  (a) The Operating Principles

    1. The pursuit of profit maximization.
    2. Implementation of quality management to ensure product quality.
    3. Strengthening the R&D of new products and shortening the schedules for the introduction of mass production to meet customers' needs.
    4. Introduction of automatic production equipment and automated process to improve production efficiency and effectiveness.

5. Customer development and introduction of mass production of external input-related products such as the tablet leather keyboard case.
6. Active expansion for cooperation with the worlds' major keyboard providers in terms of R&D.
7. Development and sales of game keyboard & mouse and the assembly of hand writing input tablets.

8. Seeking for cooperation or investment opportunities in peripheral industries.

（b）Important Marketing Policy

The company will continue the development of a variety of products, including the assembly and application of tablets and the external input devices such as mechanical keyboards and touch pens, high value-added, ultra-thin, LED backlit and Bluetooth keyboards as well as related IT products.

B. Future Development Strategies

Sunrex will keep upholding the business philosophy of "finding great customers, finding great vendors and finding great employees". We are committed to expanding OEM and ODM marketing, elaborating our core technology, enhancing the R&D capabilities and competitiveness, strengthening manufacturing and quality management as well as establishing effective cost control system in order to enhance the competitiveness of the company to the maximum so as to become the leading input device manufacturer in the world.

C. Impacts of External Competitive Environment, Regulatory Environment and the Overall Business Environment

The laptop market has already been a mature and stable one. To cope with the challenges of external environment, we have gradually promoted automated

production lines since 2007. This not only effectively reduced direct and indirect dependence on manpower but also made it possible to make use of the existing space in the plant to increase capacity. On the other hand, the company continues to research and develop various computer peripherals and electronic products, expand high value-added product lines and develop a greater variety of niche products. With these high value-added products, the company' s gross margin can be stably maintained and the shareholders' investment returns can be ensured.

Due to the changes in domestic and international regulations and the great attention attached to environmental protection, Sunrex has steadily promoted green manufacturing process to comply with the EU ROHS environmental norms. Meanwhile, functional division of labor in cross-strait R&D, manufacturing and sales is also started to avoid the risk of taxes derived from transfer pricing. Professional management personnel in various fields are continuously recruited to cope with the implementation of independent director and supervisor and the audit committee System.

By complying with domestic and foreign regulatory changes, the operations of the company become more rigorous and information becomes more transparent, enabling the public and our stakeholders to have a better understanding of Sunrex Technology and to further enhance Sunrex' s position in the industry and increase the international visibility of Sunrex.

1 About Sunrex

1.1 Company Overview

Sunrex Technology Co., Ltd. was founded in 1991 and officially listed in the Taiwan Stock Exchange in 1999. Sunrex Technology Corp. and Jme Complex Instrument Technology Corp. were formally merged in 2002. It is currently the world's largest laptop computer keyboard manufacturer. Since its very inception, Sunrex has strived to provide the highest quality products and the most exceptional service. It not only provides its customers with high-value products but also grows steadily and further plays the leading role in the industry.

Sunrex has a huge and professional production team with a wealth of production experience as well as flexible capacity planning, allowing Sunrex to provide stable production quantities that meet customers' requirements even under the pressure of continuous year-over-year laptop computer sales growth. In addition, we continue to invest heavily in R&D resources each year, continuously conduct research and implement new technologies and applications, and thereby helping its customers achieve new product innovations, showing its capabilities as an ODM as well as an OEM services provider. Sunrex's long-renowned vertical integration capabilities provide customers with a one-stop-shop for the services that they need, from mold design to spraying, SMT and even assembly, and all the steps in the production process can be completed independently in Sunrex's plants. In the face of the trend of shortening development cycles for electronic products, Sunrex has successfully established a strong industry-leading position for itself in the industry by fully making use of the time and cost advantages obtained from its vertical integration capabilities.

The Profile of Sunrex Technology Corporation

Item	Content
Company Name	Sunrex Technology Corporation
Market Category	Computer and peripheral equipment industry
Stock Code	2387
Industry Category	Electronics Industry
Headquarters	Sunrex Technology Corporation
Correspondence Addr	No. 475, Sec. 4, Changping Rd., Daya Dist, Taichung City, Taiwan

ess	
Chairman	Huo-Lu Tsai
Presiden	Ming-Ze Li
Main Business	• OEM, ODM and sales of computers and hardware and software of ancillary equipment; • ODM and export/domestic sale of various plastic injection keyboard keys and molds; • ODM and sales of systems, application software and computer communication controllers
Date of Establishment	July 22nd, 1991
Listing Date	Jan. 25th, 1999
Paid-in Capital	NTD 2,210,965,300
Number of employees	8,647 (including the Headquarters and Daya Plant in Taiwan, Chongqing Plant, Wujiang Plant, Shenzhen Plant, Changsu Plant and Jiangxi Plant in China)
Net sales	NTD 11,642,636 thousand dollars
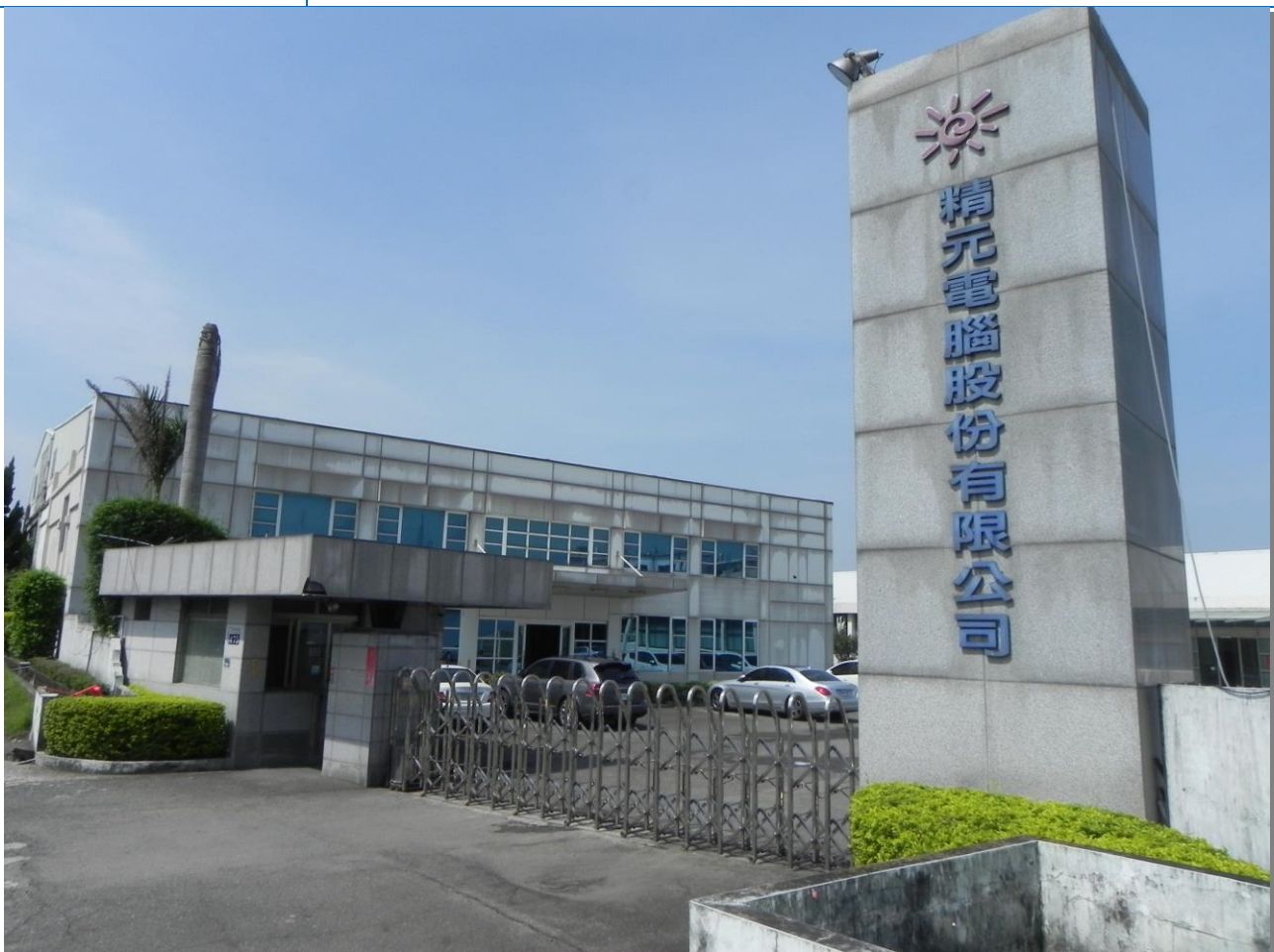
Operation base

Plant	Address	TEL
Headquarters	No. 475, Sec. 4, Changping Rd., Daya Dist, Taichung City, Taiwan	886-4-25686983
Daya Plant	No. 85, Gangwei Rd. Daya Dist, Taichung City, Taiwan	886-4-25673856

| Overseas

Country	Plant	Address	TEL
China	Chongqing Plant	No. 900, Biqing North Road, Bishan County, Chongqing	86-23-64300889
China	Wujiang Plant	No.508, Guodao Rd., Fenhu Economic Development Area, Luxu Town, Wujiang City, Jiangsu Province	86-512-63271310
China	Shenzhen Plant	No.6, Jinyuan No.2 Road, No.3 Industrial Area, Xinqiao, Shajing Town, Bao'an District, Shenzhen	86-755-27240365
China	Changsu Plant	No.7, Cheiuyeing Rd., New & Hi-Tech Industries Park, Changsu Economics Development Area, Jiangsu Province	86-512-52922228
China	Jiangxi Plant	Lulin Industrial Area, Guangfeng County, Jiangxi Province	86-793-2629666
China	Shanghai Plant	3F, Building B, No.68, Rongjiang Road, Songjiang Export Processing Zone, Shanghai Municipality, Jiangsu Province	86-21-57748899

Chongqing Plant

Wujiang Plant

Shenzhen Plant

Changsu Plant

Jiangxi Plant

Shanghai Plant

Our Vision

Our vision is to become the No.1 input equipment manufacturer in the world.

📑Business Philosophy

"Finding great customers, finding great vendors and finding great employees."

📑Participation in Organizations and Initiatives

Sunrex is a member of Taiwan Mold & Die Industry Association to pursue technological innovation so as to improve product quality.

Name of Society (association) or professional group	Title of the post	Representative(s)
Taiwan Mold & Die Industry Association	Member	Chairman, Hou-lu Tsai Vice chairperson, Tzeng Shu-Ping Tsai Plant Director, Sin-Yuan Lai

📑Enterprise Certification

Providing customers with high-quality products and services has always been Sunrex's core goal. In addition to continuously learning and growing internally, we also seek help from external sources to obtain even more credible sources of recognition. We continuously strive to obtain third party certifications, showing that Sunrex has achieved a strong sense of system/organization in its policies, production activities, and management operations, and, that Sunrex is indeed a reliable and trustworthy long-term partner. In order to conform to the policies of many of our brand name customers, Sunrex has made significant efforts to introduce strict green product certifications from Europe, the Unites States and Japan, making it one of the few PC peripherals manufacturers that have obtained certifications from multiple brand name customers.

Currently, Sunrex has passed the following certifications: ISO 9001 Quality Management System, IECQ, ISO 14001 Environmental Management Systems, TS16949:2009 Quality Management System, OHSAS 18001, ISO 14064 International Standard for GHG Emissions Inventories and Verification and EICC.

Certification

ISO14064, Conflict Minerals Policy, ISO14001 Environmental Management Systems, OHSAS 18001:2007, ISO 9001:2008, QC080000

1.2 Products and Services

Sunrex's renowned vertical integration practices effectively integrate each and every key process from top-to-bottom. Through tight production processes and professional production teams, Sunrex continuously creates absolute advantages for its customers and boosts their competitiveness. This has also allowed Sunrex to differentiate itself from its competitors.

Sunrex is always able to meet customers' goals through a tightly linked chain of production procedures - from mold development to injection, spraying, printing, SMT, and even to finished and half-finished product assembly. Furthermore, Sunrex not only provides customers with the confidentiality customers need for product development,

it also quickly and efficiently benefits its customers in terms of cost control, schedule control, and delivery schedule planning.

| In-House Tooling Shop

Mold design, electric discharge machining (EDM) and mold finishing

| Injection Shop

Plastic injection is one of Sunrex's important assets, and is also an area where Sunrex maintains a significant technological advantage. All of Sunrex's factories have injection equipment of various sizes that are capable of performing injection for products ranging from precision components to machine cases, providing customers with extremely flexible options and fully meeting their production needs.

| In-House Membrane Fabrication

Membranes are a key component for membrane keyboards. Sunrex has a membrane production division which enables Sunrex to maintain a firm grasp on key technologies but also allows Sunrex to avoid problems pertaining to production quantity insufficiencies with outsourced contractors during high seasons.

| Painting & Printing Shop

Sunrex's spraying facilities have complete spray painting, coating and printing equipment, providing the ability to complete even the most complex spraying and printing processes independently in-house.

| SMT Lines

| Assembly Lines

Sunrex's assembly lines are composed of well-trained employees, with detailed SOPs provided at each work station to aid the assembly line personnel in completing their assembly tasks. Each line also has one to two quality inspection work stations to ensure

the production quality is maintained at an optimal level.

| Professional ODM / OEM

For many years, Sunrex has invested heavily in product development and process research, giving Sunrex a set of complete, comprehensive and reliable design and development processes. Sunrex's professionalism and its high level of technological maturity can be seen throughout each and every step of the design and development process – from specification draw-up and project evaluation, to the design proposal stage, the back-end product verification and reliability testing.

The main product of our company is the laptop keyboard, accounting for 80% of our total revenue. Other products include desktop computer keyboard (including wireless computer keyboards), electronic products (cell phone keypads, laser mice, digital plates, and digital pens) and other computer peripheral products, accounting for 20% of the overall revenue. These products are mainly supplied to assembly plants of major computer brands in China, Taiwan and other areas in Asia, and are also supplied to distributors in areas in Asia, Europe and America.

| Laptop computer keyboard | Desktop computer keyboard and mouse | TOF module |

The Regions of Distribution and Market Share of the Commodities in 2017

Product	Regions of Distribution
Laptop Computer Keyboards	China, the United States, Brazil, Netherlands, Malaysia, Germany, Taiwan, Hungary
Electronic products	China, the United States, Germany, France, Korea, Netherlands, UK, Singapore, the Czech Republic, Hungary

Technology Research and Development

The computer keyboard is a mature industry. The product innovation and changes in the market remain stable so that technological innovation or major industrial changes are not likely to happen. However, with the low-price trend and the rise of tablets, the growth of laptop computer keyboards will be suppressed, resulting in major challenges for industrial operations. To cope with the competition from the industry, we will continue to develop new products, conduct vertical integration of production lines and process improvement such as line automation to improve efficiency and the yield rate so as to reduce production costs. To research and develop products, the company keeps recruiting professionals and talents in the fields of electronics, communications and optoelectronics and introducing external technical resources, aiming at maintaining the advantages of stable production of laptop keyboards. In recent years, Sunrex has been investing more funds in the R&D of other consumer electronics products, looking forward to creating another peak. Taiwan is the base and center for technology R&D, marketing and management, leading the production bases in China to deliver our high-quality products to every corner of the world with accurate shipping management, creating better profits for the shareholders. The R&D expenditure invested in 2017 amounted to NTD 287,648 thousand dollars.

The new products and services planned to develop include input devices with ultra-thin LED backlight, automotive electronics, capacitive stylus, and the assembly of hand writing input tablets. The main direction of research and development of products are divided into the following six categories.

Category	Items
Category 1	Keyboard Family: including mechanical keyboards like laptop computer keyboard, ultra-thin keyboard, foldable keyboard, bluetooth keyboard, and tablet keyboard.
Category 2	Pointing Device Family: including mouse, tilt mouse, laser pointer mouse for Touch Pad and Stick Point Module.
Category 3	Capacitive stylus for Tablet PC, writing tablets, etc.
Category 4	The application of double injection technology-double injection case for crystal keyboard.
Category 5	Wireless module technology, including 900 MHz, 433MHz, 315MHz, 2.4GHz and BlueTooth technology applications.

Category 6	Assembly and application of new products, including writing pads and i-beacon (the application of IoT).

1.3 Operations Overview and Financial Information

Condensed Consolidated Statement of Sunrex

Unit：NTD 1,000

Item/Year	2015	2016	2017
Revenues			
Operating Income	16,931,922	13,509,398	11,642,636
Non-operating income	277,460	248,273	78,055
Total revenues	17,209,382	13,757,671	11,720,691
Expenditure			
Operating cost	14,644,292	11,449,315	9,680,123
Operating expense	1,284,271	1,292,146	1,408,259
Non-operating expense	82,854	21,342	194,905
Income tax expense (profit)	383,752	439,821	249,838
Total expenditure	16,395,169	13,202,624	11,533,125
Net income	814,213	555,047	187,566
Dividends	54,477	122,831	105,284
Net profit margin	4.81	4.11	1.61
Earnings Per Share (NT dollars)	2.35	2.11	0.90

Note : The above annual financial data were verified by accountants.

Sunrex's compensation for staff and welfare funds as well as relevant contribution to the government in 2017 are shown below.

Unit: NTD 1,000

Item	Amount
Employee benefits (including salaries, insurances and welfare funds)	2,260,544
Financial contribution to the government (income tax and other taxes)	249,838

Affiliated Business and Investment

Sunrex not only works on the R&D of new products but also reinvests through a variety of channels to diversify the product portfolio of the Group, aiming at getting rid of the status quo of excessively concentrating on one single product for profits so as to face the severe and competitive environment of the industry and grasp the operating conditions of the affiliated business and the investment efficiency to ensure the company's steady growth. Currently, the affiliated business of Sunrex Technology Corp. include Jingyi Investment Ltd., Co., American Sunrex Corporation, Sunrex Technology (Hong Kong) Co., Ltd., Excellent Global International Ltd. and Forward Optics Co. Ltd., and reinvestments are made through the affiliates. The organizational chart of the group is shown below.
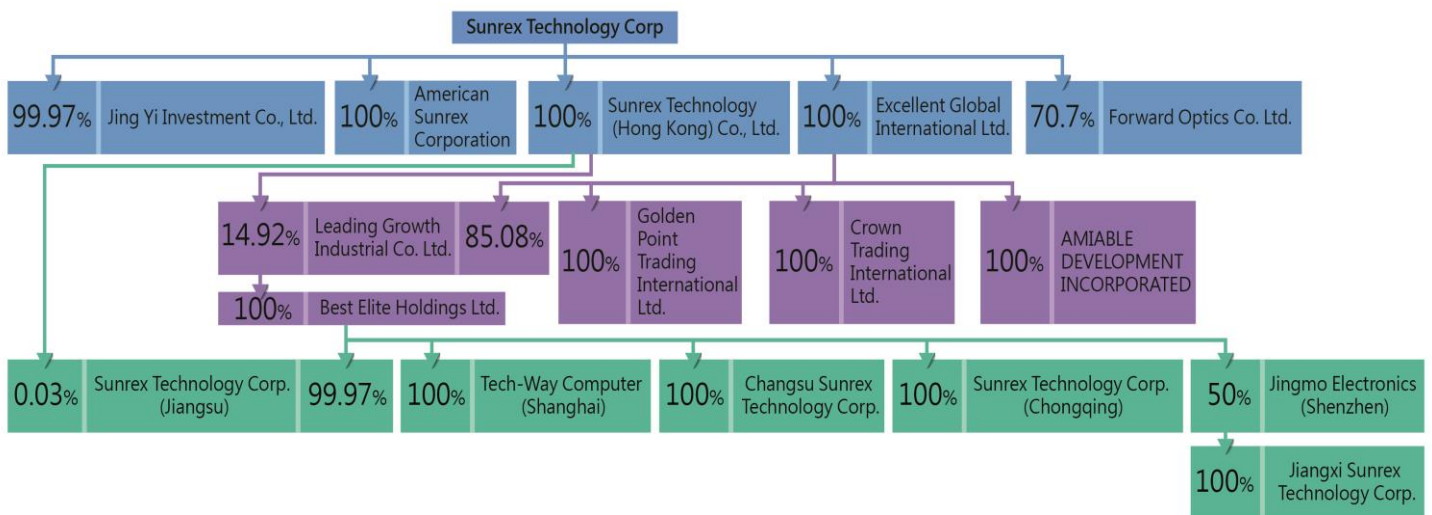
1.4 Corporate governance

The Chairman of Sunrex is also that of shareholders and board of directors, under which a vice-chairman, CEO and general manager and senior executive vice president are set. Sunrex has set up Board of Directors, Supervisors, the Remuneration Committee and Audit Department in order to strengthen the structure of corporate governance.

Board of Directors	It is composed of six directors. A meeting of directors and supervisors is held at least once a quarter to develop the related policies of corporate governance and operation, supervise management performance, prevent conflict of interest and ensure that Sunrex is compliant with all the laws and regulations.

Supervisors	It is composed of two supervisors who attend the Directors and Supervisors Meetings with the directors. They can exercise the power of supervision independently, which is mainly to supervise the business and financial conditions of Sunrex and check company statements and accounts.
Remuneration Committee	Remuneration Committee consists of three members. Two meetings are held every year. When evaluating the performance and salaries/remuneration of the directors and managerial officers, the Committee shall refer to the generally accepted standards in the same industry (including performance evaluation criteria and reward and punishment system).
Audit Department	It conducts the audit of the system of Sunrex and assists in developing the follow-up of the operational performances.

Organization Chart of Sunrex Technology Corp.
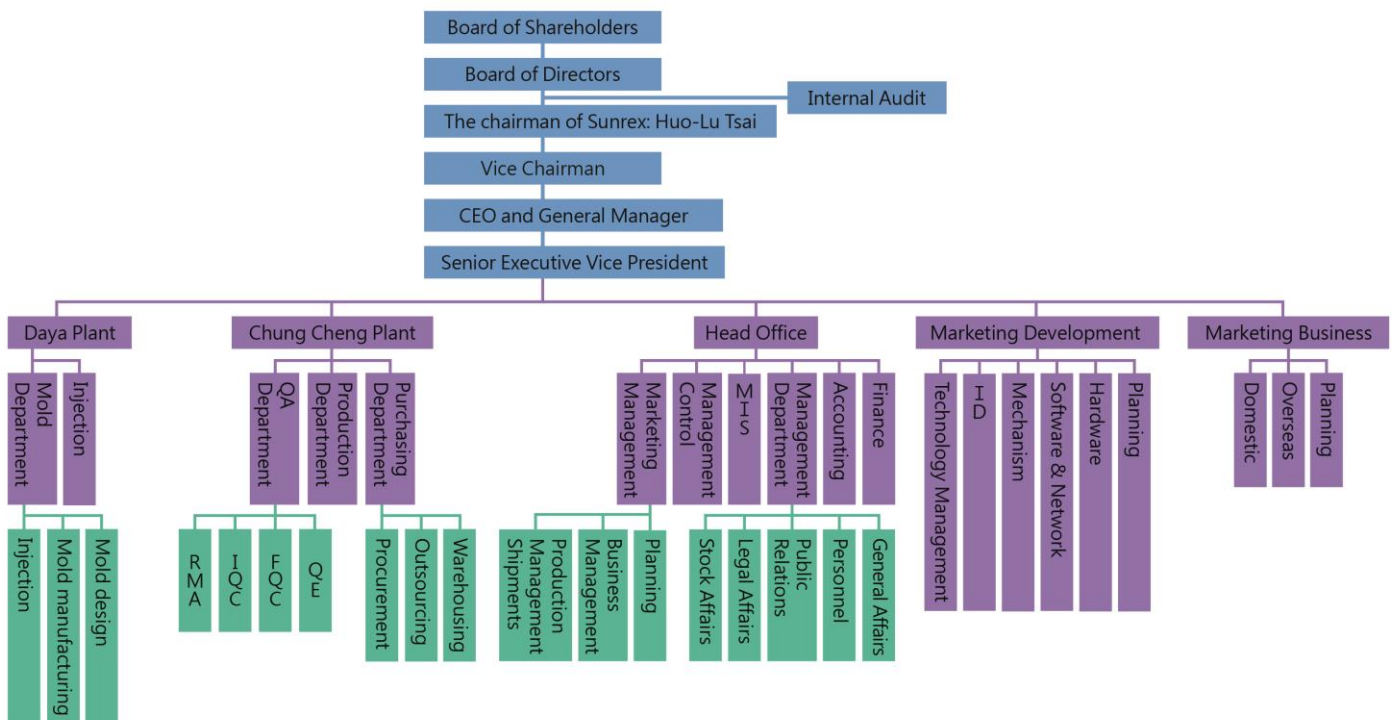
Duties and Responsibilities of All Departments

Department	Duties and Responsibilities
General Manager's Office	In charge of the overall management of the company product planning, business audit, finance and the development of operating principles and objectives and implementation as well as follow-up of the regulations.

Internal audit	Responsible for protecting the security of assets and improving the effectiveness of the accounting information to achieve business objectives.
Business Management	In charge of the overall management of the review of company products and all the shipping and delivery of products.
Management	In charge of the overall management of the company's personnel, stock affairs, general affairs, public relations, etc.
Accounting	Responsible for the overall operation of the company's accounting and management.
MIS	In charge of the overall management of the company's information systems maintenance
Business	In charge of the overall management of domestic and foreign sales operations, the establishment of the marketing offices and the promotion of products
Technology Management	Responsible for the research and development of the electronics and mechanism of the company's new products.
Marketing Management	Divided into Production Management, Warehousing, Material Control, Procurement and Outsourcing. In charge of the overall management of such matters as the company production order scheduling, inventory management, material progress, raw material procurement and outsourcing.
QA	In charge of the overall management of the products' quality control and the assurance and the improvement of the work
Internet Technology	Divided into Information Technology Office and Internet Office, responsible for the establishment of information systems and development and maintenance of hardware and software operations
Marketing	Responsible for domestic and foreign sales operations, the establishment of the marketing offices and the promotion of products.
R&D	Responsible for the development of new products and design changes.
Mold	Responsible for mold manufacturing, inspection, maintenance and service.
Injection	Responsible for manufacturing processing of injection products, production equipment maintenance and service.

🗐 | The Structure of Shareholders

The Structure of Shareholders / Number	Governments	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
The number of people	0	1	32	113	10,845	10,991

No. of shares held	0	10,000	31,870,211	34,317,450	154,878,869	221,096,530
Share-holding ratio	0%	0.00%	14.42%	15.52%	70.06%	100.00%

🔖 Operation of the Board

A total of 8 Board of Directors meetings of Sunrex were held in 2017. The attendance rates of directors and supervisors are illustrated as follows:

2017 BOD Members and Titles

Title	Name	Gender	Major Experience(Education Degree)	Job title assumed in the company and any other company	Attendance rate in board meetings in 2017
Chairperson	Huo-Lu Tsai	Male	National Taipei Institute of Technology	-	87.5%
Director	Tzeng Shu-Ping Tsai	Female	Commercial High School	-	62.5%
Director	Su-E Tzeng	Female	Commercial High School	Director of Sunrex	100.00%
Director	Ming-Ze Li	Male	Master's degree, Tunghai University	President of Sunrex	100%
Director	Yeh Yeh	Female	Zhao Yi Accounting Firm	-	100%
Independent director	Yu-Ling Peng	Female	Accountant of Yu Ming Accounting Firm	-	75%
Independent director	Yuan-Ching Kuo	Male	De-Ming Consulting Co.	-	100% Newly appointed on 2017.6.16
Supervisor	Hui-Fen Lin	Female	Doctor, National Cheng Kung University Accountant, Weyong International CPAs & CO.	-	75%
Supervisor	The representative of Jing Yi Investment Co., Ltd Wen-Hsiunh Yu	Male	-	-	100%

🔖 Avoidance of Conflict of Interest

For the BOD to avoid conflict of interest, Sunrex has set provisions of "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct" and "Rules of Procedure for Board of Directors Meetings". Such Director shall excuse him or herself during discussion and voting.

Remuneration Committee

The remuneration committee of Sunrex consists of three members. The meeting of the remuneration committee was held twice in 2017. Chang-Chien Liu, Yuan-Ching Kuo and Yu-Ling Peng act as the members of the remuneration committee. The related policies, systems, standards and structure regarding the remuneration of the directors, dividend allotment, salary adjustment and performance bonuses of employees were discussed in the meetings. The attendance rates are illustrated as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rates (%)
Convener	Chang-Chien Liu	3	0	100
Member	Yuan-Ching Kuo	2	0	100
Member	Yu-Ling Peng	2	0	67

Remuneration of Directors, Supervisors and Managers

The remuneration of our directors, supervisors, general manager and deputy general manager is paid based on the appropriate proportion according to the Articles of Association and the regulations. After recommended by the Remuneration Committee, the remuneration is discussed and decided by the Board of Directors. When evaluating the performance and salaries/remuneration of the directors, supervisors and managerial officers, the Committee shall refer to the generally accepted standards in the same industry and take into consideration their contribution to the company's operation and the achievement rate of the performances based on their responsibilities to decide reasonable remunerations for these position holders.

Ethical Corporate Management

Sunrex has developed Ethical Corporate Management Best Practice Principle and Procedures for Ethical Management and Guidelines for Conduct. With the business philosophy of being incorruptible, transparent and responsible, Sunrex fulfills the regulatory compliance responsibilities to the public sectors, maintains its transaction integrity for its vendors and customers, performs integrity management responsibilities for shareholders, and prevents the directors, supervisors, managers or staff from the violation of integrity in order to avoid the damage of reputation and liabilities as a result of acts of bad faith.

Risk Management Policy

The task of financial risk is performed by the Treasury Department of Sunrex in accordance with the policy approved by the BOD. The Treasury Department is responsible for identifying, evaluating and avoiding financial risks by working closely with the operation units. The board of directors has set up the overall risk management principles in writing and provided written policies for a specific range and matters, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of surplus liquidity. Sunrex conducts a variety of risk management, including the types of financial and operational risks and related control methods shown below.

Risk Category	Risk Control Methods
Currency risk	The purchases and sales of Sunrex are mainly collected in US dollars to achieve hedging effect.
Stock concentration risk	The company has a list of qualified suppliers. There are several suppliers available for each part number with no concerns about shortage of raw materials.
Sales concentration risk	The targets of the company's sales are decentralized, and there is no risk of excessive concentration on a single customer.

Compliance

Sunrex upholds the principles of integrity and pragmatism and abides by government laws and regulations. We did not get involved in any anti-competitive

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behavior, anti-trust and monopoly event in 2017. There were neither violations in terms of the environment, products, human rights and social dimensions, nor related penalties and violations.

1.5 Communication with Stakeholders

Sunrex has understood concerns of the stakeholders in terms of the economic, environmental and social aspects of the company as well as the stakeholders' needs and expectation for us by the identification of and communication with them as the reference of management policies, hoping to create and share the best interest with the stakeholders. Through internal discussion and by referring to the stakeholder groups identified by the industry, Sunrex's stakeholder questionnaire adopting AA1000 SES (Stakeholder Engagement Standards) was distributed to the stakeholders in Taiwan and the plants in China for analysis. The five major stakeholders identified in 2017 include shareholders/investors, clients, employees, suppliers and governmental organizations. The procedures of the identification of the stakeholders' concerned issues are illustrated as follows:

1	Identification of stakeholders	Through internal discussion and by referring to the stakeholder groups identified by the industry, the stakeholder questionnaire adopting AA1000 SES was distributed for analysis. The five major stakeholders identified include shareholders/investors, clients, employees, suppliers and governmental organizations.
2	Induction of sustainability issues	Based on the 4th Generation of Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines, feedbacks and opinions from the stakeholders through various channels are included as sustainability related issues.
3	Discussion of material aspects	Discussion was made with internal supervisors based on the GRI G4's 46 material aspects and the identified categories of stakeholders.
4	Priorities of material aspects	After analyses and discussions, Sunrex identified 12 material aspects. We consider the scores and weights of every issue for different categories of stakeholders and the level of consideration the management has for sustainable management to calculate the Risk Priority Number (RPN) so as to determine the priority of disclosure. Effective management guidelines are also set regarding each material aspect.

5	**Review and discussion**		After analysis of the orders of major aspects, responding to chapters and frontier analysis, Sunrex will continue strengthening the management and will also disclose relevant information in our CSR Report.

📃Communication and Interaction with Stakeholders

At Sunrex's official website, in addition to the Company Profile, Products & Applications, Investor Relations, and Capability, there are also CSR and Stakeholders Engagement Sections to establish communication channels for smooth communication so as to actively understand issues of concern to and opinions of our stakeholders. In addition, Sunrex also provides multiple channels for complaints in order to maintain communication, response and interaction with all the stakeholders. It shows that great importance is attached to all the opinions and suggestions from the stakeholders in the pursuit of the company's growth.

Sunrex's Stakeholders' Communication Channels

Stakeholder	Internal Department	Communication Channels and Frequency
Shareholders/Investors	Treasury	• Regular publishing of the information regarding operation • Shareholders' meeting (yearly): preparation of the annual financial report in accordance with the provisions • Investor Area at official website (irregularly): Shareholders may browse through operations, finance, and Shareholders Area (disclosures of revenues and dividends) • Spokesperson and shareholder contact window
Customers	Business Department	• Customer satisfaction survey • Irregular exchange of information by e-mail and telephone, QBR held from time to time
Employees	Management Department	• Multiple complaint channels (irregularly) The employees file suggestions and complaints directly to managers at all levels in person or by mail box, and we will respond immediately • Mutual communication of management (weekly): meetings of communication between managers and higher position holders and the executives • Labor-Management Meeting (quarterly), Welfare Committee (quarterly): to give advice to the company and

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Suppliers	Purchasing Department	• Questionnaire (irregularly) • Suppliers' hotline, fax and e-mail (irregularly) • Evaluation for suppliers(irregularly)
		conduct negotiation

📄 Analysis of Material Aspects

Analysis of material aspects is introduced into the compilation of Sunrex's 2017 Corporate Sustainability Report. Through the stakeholder categories identified in accordance with the AA1000 SES, identification of sustainability issues our stakeholders concern and are interested in can be further made so that effective communication with our stakeholders is made possible. This Report is compiled in accordance with the core options in GRI G4. The questionnaire for the interested parties is based on 46 material aspects. Finally, 12 material aspects were chosen as the focus of disclosure of this 2017 CSR Report.

Sunrex's Priorities of Material Aspects in 2017

1.Environmental Compliance	11Education and Training	21.Supplier Environmental Assessment	31. Market Presence	41 Overall Situation
2. Product Compliance	12.Energy	22.Environmental Grievance Mechanisms	32. Raw Materials	42. Equal Remuneration for Women and Men
3. Social Compliance	13. Customer Privacy	23. Supplier Assessment for Impacts on Society	33.Products and Services	43. Security Practices
4.Labor/Management Relations	14.Marketing Communication	24. Supplier Assessment for Labor Practices	34. Supplier Human Rights Assessment	44.Freedom of Association and Collective Bargaining
5.Economic Performance	15.Product and Service Labeling	25. Labor Practices Grievance Mechanisms	35.Procurement Practices	45. Indigenous Rights
6. Customer Health and Safety	16. Anti-corruption	26. Local Communities	36. Water	46. Public Policy
7. Emissions	17. Effluents and Waste	27. Transport	37. Indirect Economic Impacts	
8..Employment and labor relations	18Forced and Compulsory Labor	28. Employee Diversity and Equal Opportunity	38. Biodiversity	
9. Child labor	19.Grievance Mechanisms for Impacts on Community	29.Non-discrimination	39. Investment	
10. Occupational Health and Safety	20. Human Rights Grievance Mechanisms	30. .Anti-competitive Behavior	40. Assessment	

Note: The words in blue are material aspects.

| Scope and Boundaries of Material Aspects and Issues

● Substantially related and revealed in this Report
○ Substantially related and expected to continue information collection for gradual disclosure

Category	Material Aspect	Material Issues	Within the organization Sunrex	Outside the organization Supplier	Chapter and Section in this Report
Economic Aspect	Economic Performance	Direct economic value generated and distributed	●		1.3 Operations Overview and Financial Information
Environmental Aspect	Emissions	Greenhouse gas (GHG) emissions intensity	●		2.2 Management of GHG Emission
	Energy	Energy consumption within the organization	●		2.3 Energy Conservation and Emissions Reduction
	Environmental Compliance	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	○	1.5 Communication with Stakeholders
Social Aspect (Labor Practices and Decent Work)	Employment	Benefits provided to employees and retention rates	●		3.2 Employee Health, Safety and Welfares
	Labor/Management Relations	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●		3.2 Employee Health, Safety and Welfares
	Occupational Health and Safety	Prevention and management of accidents, injury and occupational diseases.	●		3.2 Employee Health, Safety and Welfares
	Training and Education	Average hours of training per year per employee by gender, and by employee			3.1 Staff Structure

		category			
Human Rights	Child Labor	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	○	1.5 Communication with Stakeholders 3 A Happy and Harmonious Workplace
Society	Compliance	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●		1.5 Communication with Stakeholders
Society (Product Responsibility)	Customer Health and Safety	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	●	○	2.6 Supply Chain Management
	Compliance	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	○	1.5 Communication with Stakeholders

Compliance

Sunrex strictly abides by government laws and regulations. In 2017, no serious leakage or violations of laws and regulations were reported in our plants both in Taiwan and China. In terms of market competition, Sunrex is not involved in any anti-competitive practice, anti-trust and monopoly events. In addition, there is no illegal event in the aspects of human rights, society and products, and there is no event of forced labor and employment of child labor. Meanwhile, no relevant fines and

penalties were reported.   We will continue to be committed to the compliance with government laws and regulations to fulfill our corporate social responsibility.
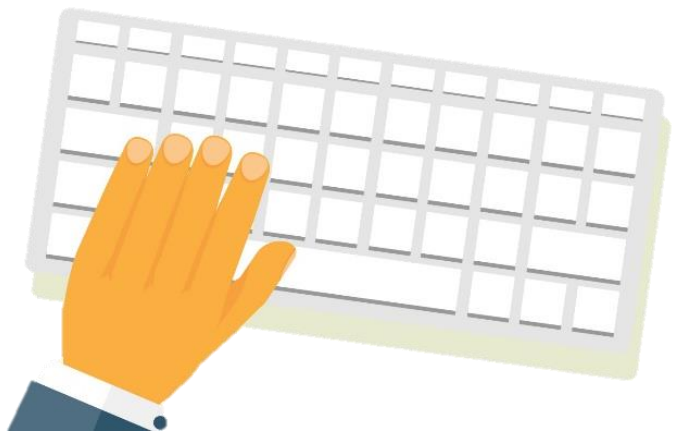
2 Green environment

As the market leader in laptop computer keyboard manufacturing, Sunrex not only thinks about how to expand its production, but also is sensitive to the environmental issues that arise as a result of its expansion, and is constantly finding ways to minimize the impact its products have on the environment. In recent years, core markets in North America, the European Union, and Japan have passed a great deal of legislation to strictly regulate the type of materials that can be used in consumer products, in hopes of providing consumers with an environment that is safe and free of hazardous materials. In response to this sentiment, Sunrex very early on began to follow in the footsteps of its brand name customers, gradually introducing green product lines. Sunrex implements strict process controls, beginning from design and R&D, all the way down to the procurement of terminal components, realizing the requirements for green products. In addition to ensuring that its products are non-toxic and lead-free, Sunrex has also implemented a green policy of increasing product recycle rates to decrease the amount of non-degradable waste and the damage it does to our environment.

2.1 Materials

The Use of Raw Materials

The major business of Sunrex includes OEM, ODM and sales of computers and hardware and software of ancillary equipment, ODM and export/domestic sale of various plastic injection keyboard keys and molds, ODM and sales of systems, application software and computer communication controllers. The main raw material items include MB, MT, ML+RD and backlight. The amount of raw material consumption in 2017 is shown as follows.

Sunrex's Raw Material Consumption in 2017

Unit: pieces

Main raw material	Amount
MB	13,246,926
MT	13,515,797
ML+RD	12,221,079
Backlight	9,591,940

Recycling of Materials:

For the left-over/waste materials produced during production, Sunrex implements comprehensive management and control policies, ensuring that all materials are recycled and reused, thereby reducing the impact on the environment. For left-over plastic materials, the production division will collect the left-over materials that are reusable, re-granulize them, and then use them as the raw material for the testing of non-mass production products. For the remaining electronic and metal consumables that cannot be recycled and reproduced in the factory, we contract professional vendors to perform waste materials processing, thereby achieving our goal of zero pollution.

2.2 Management of GHG Emission

We are well aware that the Earth's climate and environment are gradually deteriorating due to the impact of greenhouse gases. In response to the international norms in the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol and to fulfill our corporate responsibility as a citizen of the Earth, Sunrex began implementing GHG inventory and third party verification with reference to ISO 14064-1 at our Chongqing Plant and Wujiang Plant in 2015 to facilitate management and control of greenhouse gas emission. In order to be able to control and manage the status of greenhouse gas emissions, the plants have also conducted GHG inventory. In addition, we will further devote ourselves to voluntary GHG

reduction based on the results of the inventory results. In 2017, the total GHG emission of Sunrex was 61,657.01 tonnes of CO_2e, with 785.70 tonnes of CO_2e belonging to direct gas emission (Scope 1), accounting for 1.27% of the overall GHG emission in Sunrex while the amount of indirect emission (Scope 2) reached 60,871.13 tonnes of CO_2e, accounting for 98.73% of the overall GHG emissions. The emission intensity was 0.001.

Sunrex's GHG reduction policy is as follows.
Annual reduction target: To reduce the annual emission by 2% or more compared with the previous year.
Medium and long-term goal: To reduce the emission to 80% of the emission in 2015 by 2030.
GHG emission in 2017: Direct GHG emission (Scope 1): 785.70 tonnes of CO_2e; Indirect GHG emission (Scope 2): 60,871.13 tonnes of CO_2e; total emission: 61,657.01 tonnes of CO_2e.
Expected GHG emission in 2018: It is expected to reduce 1,233.14 tonnes of CO_2e, and the amount of total emission is expected to be controlled under 60,423.87 tonnes of CO_2e.

ISO14064-1 Certification

2.3 Energy Conservation and Emissions Reduction

Achieve Maximum Utilization of Production Capacity with the Least Amount of Energy Consumption. In addition to its commitment to creating green products, Sunrex also continuously strives to reduce energy consumption and carbon emissions.

🍃Energy Consumption

Sunrex controls the overall energy consumption within the corporation. In 2017, the use of electricity, liquefied petroleum gas (LPG), gasoline and diesel reached 252,553.42 GJ, 33.95 GJ, 2,585.09 GJ and 3,158.58 GJ respectively. The total energy consumption within the whole corporation was 258,331.04 GJ, with the energy intensity of 0.0041GJ/total output.

🍃Control of Energy Consumption

The air conditioning in our offices and in the spaces between production workrooms is provided using systems that are equipped with timing functions, temperature setting capabilities, and location-based management. In addition to only providing air conditioning during business hours, the systems would be switched to either fan ventilation mode or turned off altogether whenever the ambient temperature reaches 26 degrees. Furthermore, the locations of the air conditioning equipment as well as their air outlets have also been designed professionally, allowing overall temperature reduction in a minimal amount of time. The assembly line and test equipment are only turned on during production. When the operating personnel leave at night, they will always shut off the power to all equipment and illumination devices in accordance with the SOP, thereby avoiding unnecessary waste of energy. At lunch time, the lights at the production line and in the office will be turned off to reduce energy consumption. Our staff are encouraged to turn off lights in the plants when leaving to reduce unnecessary waste of energy and actively carry out energy control.

🍃Energy Saving Consumables

Sunrex has actively strived to reduce energy consumption and carbon emissions, and therefore, it has carried out a number of plant energy-saving measures. For example, factory consumable items such as illumination equipment are as largely purchased based on their energy conservation capabilities. We have factories that are already gradually replacing old-fashioned light tubes with power-saving LED light tubes, not only significantly increasing illumination brightness, but at the same time

reducing the plant' s electrical load. Furthermore, LED' s characteristic of high durability will reduce the speed of illumination equipment replacement, truly achieving the goal of energy conservation and environmental protection so as to reduce negative impacts on the environment for a sustainable environment.

Energy Saving Measures and Actions in 2017

Plant	Energy Saving Measure	Actions
Chongqing Plant	Replacement of lighting equipment	We changed 179 T840W fluorescent lamps into LEDT5-18W lamps in the workrooms in Building A and B.
	Replacement of lighting equipment	93 of the lights in the warehouse and injection room were changed into LED high-bay lights.
	Replacement of lighting equipment	The 156 20W compact fluorescent lamps in the workshop were changed into 7W LED lamps.
	Energy saving of the central air conditioning in the whole plant	The central air conditioning in the whole plant has started from the summer. The outlet chilled water temperature is increased from 15℃ to 17℃. The temperature of the air vent in the workshop is fixed at 25℃ and the temperature in winter is fixed at 18℃ to avoid non-stop operation due to low water temperature of the air conditioning system for energy conservation. In April, the refrigeration oil of the air cooled conditioner was changed. The condenser brasses of the split air conditioners are regularly cleaned. The cleaning of the filter meshes was started in March to increase the cooling effect for energy conservation.
Wujiang Plant	Replacement of lighting equipment	The factory street lights were replaced by LED lamps.
Shenzhen Plant	Change of the central air conditioning	Each of the 120kwH central air conditioner in the spray booth was replaced by 70kwH one.
	Replacement of lighting equipment	Each of the 40wH lamp in the workrooms was replaced by the 18wH CFL, with a total of 2106 lamps replaced.

	Change of the equipment in the injection room	For the thermal insulation in the injection room, the 11kw equipment was changed into 2.5kw one, with a total of 8 ones changed.
Changsu Plant	Replacement of lighting equipment	The 36WH lamps in the injection room were replaced by 18wH CFL lamps, with a total of 250 ones replaced.
	Energy saving of the air conditioning in the plant	The temperature of the air conditioners is set at 27℃ and higher in summer and 16℃ and lower in winter.

General lamp

LED lamp

🍃Saving Paper by Digitizing Corporate Operations

Sunrex has invested heavily in the comprehensive digitization of its operations, allowing all document exchange, file archiving, and information communication to take place very quickly using its ERP system, and also saving the company a significant amount of operating expense by eliminating the need for excessive copying and use of paper.

2.4 Management of Water Resources and Waste

Water is used for water supply system of the air-conditioning equipment and general domestic use in the plants in Taiwan, and the sewage discharged has no significant impact on the environment. Due to the fact that production activities were conducted in plants in China, the amount of water consumption of the company in 2017 reached 693,158 m^3, with the water intensity of 0.0120 (M^3 / pcs).

Recycling and Reuse of Water Resources

Our wastewater recycling and reuse is primarily from recovery process to increase the reuse of water resources, reduce water consumption in order to treasure water resources on earth. In 2017, the company implemented a number of water-saving measures and the estimated amount of water saved reached approximately 5,174 tons.

Energy Saving Measures and Estimated Amount of Energy Saved in 2017

Energy Saving Measure	Actions	Estimated Amount Saved
Changed equipment into water saving one	The faucets and toilet flush valves in the restrooms were replaced with water-saving ones in Wujiang Plant.	It is estimated to save 974 metric tons of water annually
Added water-saving devices in toilets	All the restrooms in the workrooms in Shenzhen Plant were equipped with water-saving devices.	It is estimated to save 800 metric tons of water annually
Recycling and reuse of water	Recycles and reuses the treated wastewater reaching standards in the spraying workshop in Shenzhen Plant.	It is estimated to save 400 metric tons of water annually
Reuse of circulating water	Reuses the circulating cooling water for injection in Shenzhen Plant.	It is estimated to save 3,000 metric tons of water annually

Wastewater Treatment

Most of the wastewater in the plants in Taiwan is domestic sewage, so the wastewater is directly discharged. In the plants in China, wastewater treatment facilities are used to collect the wastewater and the water quality in the plants is tested on a regular basis to effectively control and stabilize the water quality of the effluents to meet wastewater discharge standards. In 2017, except that there were no relevant emission standards in Jiangxi Plant, the BOD, COD and SS in the discharged water in other plants were superior to the standards required by regulations.

Item for water contamination detection	Discharge standard (ppm)	Chongqing Plant	Wujiang Plant	Shenzhen Plant	Changshu Plant	Jiangxi Plant
		Annual average monitoring value (ppm)	Annual average monitoring value (ppm)	Annual average monitoring value (ppm)	Annual average monitoring value (ppm)	Annual average monitoring value (ppm)
COD（mg/L）	500	68.3	52.9	17.8	50.1	-
BOD（mg/L）	300	22.5	11.5	-	11.7	-
SS（mg/L）	400	59	43	8.2	29.6	-

Waste Management

The waste in each plant of Sunrex is divided into hazardous waste and general waste. Based on the responsibility to protect the environment from pollution, the treatment of waste is outsourced to qualified vendors, and there is no transport to any foreign country.

2.5 Environmental Protection Expenditures

To fulfill our social responsibility to protect the environment, the company has invested funds in environmental protection related measures and equipment, including air pollution control, water pollution control, waste disposal (general waste), certification of environmental protection system, and environmental equipment. In 2017, Sunrex's total amount of investment in environmental protection amounted NTD 36,508,000 dollars.

2.6 Supply Chain Management

The Overview of Supply Chain

All of Sunrex's raw materials providers must go through periodic SQE audits annually, during which hazardous substance control is an important audit item. Every piece of raw material shipped to Sunrex must include a certification report provided by a third party inspection organization. Only when the raw materials have been verified as completely safe will Sunrex use the materials. Vendors that do not meet requirements must improve within a specified amount of time and will need to pass the review mechanism before being allowed to reinstate material deliveries.

Sunrex started following in the footsteps of its brand name customers and began introducing lead-free products many years ago, ensuring that consumers do not in any way come into contact with poisonous substances by purchasing its products. Furthermore when the European Union began fully implementing the RoHS (Restriction of Hazardous Substances) directive in July, 2006, Sunrex immediately made all products produced from its factories RoHS compliant. Sunrex uses the strict IQC system to strengthen its control of materials, blocking out any potentially risky raw materials. In recent years, in response to the global rising of environmental protection sentiment and to comply with customers' environmental protection policies, Sunrex has actively introduced the even more stringent BFR/PVC /Halogen free product standard, further protecting the health of consumers and creating truly non-toxic, non-hazardous green products.

Sunrex's Computer Supply Chain in 2017

Contract category	Purchasing Area	2017	
		Number of suppliers	The percentage of purchasing amount
Service	Domestic	27	1.91%
	Foreign	19	0.84%
Financial	Domestic	94	28.05%
	Foreign	196	69.20%
Total		336	100.00%

Sunrex's Computer Supply Chain Distribution Ratio in 2017

Country	The number of suppliers	The percentage of the amount
Taiwan	121	29.96%
China	195	25.83%
United States	8	41.28%
Hong Kong	5	1.05%
Japan	7	1.88%
Total	336	100.00%

Conflict Minerals

Metal mining has brought enormous economic benefits to both developed and developing countries, such as accelerating economic growth, improving quality of life, and optimizing public infrastructure. On the other hand, mining has in many ways brought about many negative effects on society and the environment. We must understand that the benefits brought about by mining are actually obtained at the expense of many social and environmental issues.

To establish a set of norms for the electronics industry.The human rights violations and conflicts caused by mining in the Democratic Republic of Congo has already resulted in great concern from the Electronic Industry Citizenship Coalition (EICC) as well as the Global e-Sustainability Initiative (GeSI), and they have established a task force to better understand the effects mining operations have on society and the environment, and to decide whether and how to take actions to improve these work environments.

The global manufacturers in electronics industry have been concerned about this phenomenon and have actively joined EICC. The social and environmental problems caused by Congo's illegal mining areas have attracted the attention of Sunrex's customers. Sunrex has been complying with Electronic Industry Code of Conduct (EICC) and currently is a member of EICC. In response to customer demands and to fulfill our corporate social and environmental responsibilities, Sunrex has requested that its suppliers from the metals supply chain bear the following responsibilities:

| Do not use metals from illegal mines or mines where mining operations are performed under poor working conditions.

| Request upstream suppliers not to use metals from illegal mines in the Democratic Republic of Congo.

| Look back on all products that contain "blood mineral" metals, such as gold (Au), palladium (Pd¬), tantalum (Ta), tin (Sn), and tungsten (W), to identify the mining areas where these metals came from.

| Work with Sunrex and Sunrex's customers to investigate the source of metals to ensure that metals originating from illegal mining areas are not used.

Sunrex and our supplier partners jointly comply with the social, environmental and business ethics as well as other aspects under the Code of Business Conduct, thereby improving the efficiency of the procurement process, maintaining the basic working environment and conditions for the staff with respect for their dignity , promoting economic and social development while focusing on maintenance of a healthy and safe environment, taking environmental responsibility in the manufacturing process and facilitating effective communication in electronics industry to enhance the bonds between each other.

3 A Happy and Harmonious Workplace

Based on the spirit of human rights, Sunrex provides a safe and healthy working environment for its employees, allowing each employee to enjoy personal protection when working hard and contributing to the company. At Sunrex, we never discriminate based on gender, religion, or political party, providing equal opportunities in terms of employment. We also create a favorable working environment, ensuring that our employees are not discriminated upon or harassed in any way. We ask our managers to genuinely care for their employees, allowing them to complete their work in an environment free of stress of the body and mind. As a global enterprise, Sunrex abides by the laws and regulations of all countries. In order to effectively protect the physical and mental health of juveniles and children and to promote their rights to continue to receive compulsory education, Sunrex, based on a humanitarian spirit and in compliance with labor laws, forbids the hiring of any child to ensure our children can grow up in an environment that is healthy for both their mind and body. During our hiring process, our interview officers strongly stress our policy of not using child labor, and we also implement a strict identity verification process, eliminating the possibility of hiring child labor as a result of forged identification documents.

3.1 Staff Structure

In recent years, with the constant expansion of Sunrex production base, the number of local employees hired as executive positions has increased year by year. Upholding the principle of diversification of talents, Sunrex actively seeks elites through human resources agencies where the plant is based, aiming at creating the maximum value for both the company and our customers by making use of the characteristics of different cultural backgrounds of our human resources. In addition to external recruiting, the local business base will regularly conduct internal assessment through performance evaluation and recommendation from supervisors to promote the staff in the organization to important positions, creating opportunities for our colleagues with visions and also substantially increasing staff loyalty and thereby reducing turnover, keeping talents and elites within the group. Currently the total number of employees in Sunrex in the plants both in Taiwan and China amounts to

8,647. In terms of the overall manpower structure, most of the manpower is in under 30 age group. In the plants in Taiwan, the employees are 100% domestic employees, with 32 managerial staff and 174 non-managerial staff. All the senior managerial staff are domestic employees.

Staff Statistics

Item \ Gender	Total number of employees	Under 30 years old	30~50 years old	50 years old and above	Irregular staff	Regular staff	Level of management: Deputy Manager and higher -domestic	Level of management: Deputy Manager and higher --foreign
Male	4,583	3,067	1,447	69	378	4,205	36	41
Female	4,064	1,934	2,088	42	363	3,701	13	9

Note: Regular staff include dispatched employees

❤️ Local Recruitment / Valuing Talents

We believe that our employees are the company's most valuable assets, which is why Sunrex upholds humanism as its core principle, actively training and developing its talented employees, aiming at making contributions in the industry. In addition to providing open, fair, and smooth promotion channels to allow employees at all levels to be able to plan their careers early, we also provide overseas management opportunities for employees who have excellent performance according to their interests and strengths. We also assist our employees to strengthen their management capabilities, fostering the professional managers of tomorrow. The number of turnover in the company in 2017 is detailed as follows.

Sunrex's New Employee Statistics

Item \ Gender	Under 30 years old	30~50 years old	50 years old and above	Total number of employees	The employment rate (%)
Male	11,586	2,018	8	4,583	296.88%
Female	7,403	2,219	1	4,064	236.79%

Note 1: The number of new employees also includes those who quit midway
Note 2: Employment rate (%) = The number of new employees in a category of that year/ the total number of employees in that category of the same year

Sunrex's Turnover Statistics

Category / Gender	Under 30 years old	30~50 years old	50 years old and above	Total number of employees	Turnover rate (%)
Male	11,611	2,003	2	4,583	297.08%
Female	7,607	2,245	2	4,064	242.47%

Note 1: The number of turnover includes the employees who voluntarily resigned, were dismissed or retired or died on duty.

Note 2:Turnover rate (%)= the number of the retired or resigned employees in a category of the year/ the total number of employees in that category of the same year

❤Training and Encouragement

Sunrex encourages its employees to participate in various training courses to increase their competitiveness. The management departments at each of our plant hold non-periodic manager training courses in hopes that all managers with the ranking of section chief and above will perform even better in the management of their teams after completing the courses. The contents of the courses are not restricted to professional training, topics such as digital operations establishment and leadership skills are also included. Furthermore, in addition to training activities held within company premises, visitations to other external locations are also held from time to time, in hopes of inspiring new thinking at the corporation and organizational level through different cultural experiences, and having employees further apply their new thinking in their respective work posts. The staff education and training at Sunrex in 2017 was at least 57,693 man-hours in total, with averagely 6.67 hours of training per person.

Sunrex' EICC training photos

3.2 Employee Health, Safety and Welfares

Sunrex has always been caring about the interests of our employees and treating out staff with honesty and sincerity. We have established the Employees' Welfare Committee, providing labor insurance, health insurance and regular free body check-ups. In addition to the required monthly contribution for the labor pension, we also provide on-the-job training, providing comfortable and safe working environments for our employees.

❤️ Healthy Interaction

Sunrex is an important part of the PC peripherals components supply chain, and working at such a company can be stressful at times. However, thanks to our effective caring and management, none of our employees has ever been hospitalized due to over-exhaustion nor has anyone ever committed suicide. Furthermore, taking into consideration that most employees working at our offices and facilities do so by leaving their homes and families, it is normal for them to feel homesick once in a while, which is why Sunrex hosts various activities and events during important holidays to promote personal interaction and exchange between employees. We also host competitions and provide rewards and prizes to encourage employees to actively participate in and fight for the honor of their groups.

❤️ Welfare Benefits

We provide perfect welfare benefits such as labor and health insurance systems, festival bonuses and gift coupons in accordance with the Labor Standards Act in Taiwan. For employees in overseas plants, the welfare benefits include five insurances and one provident fund (namely the endowment insurance, medical insurance, unemployment insurance, maternity insurance, employment injury insurance and housing provident fund), business insurance, supplementary work injury insurance, casualty insurance, preferential dormitory fees for staff, monthly dining allowances, free lunch and dinner, late-night and early-morning snacks for night shift staff, and free work clothes and caps.

❤️Protection of Pregnant Female Employees

All female employees at Sunrex are entitled to all of the protection provided to them by legislation. Managers will properly adjust job responsibilities according to the female employee's physical condition. For example, we may adjust a female's role that requires frequent field work to one that is mainly office-based, making the female employee feel respected and cared for. After giving birth, the company guarantees that employees can come back to work, and we welcome their return. This allows employees to eliminate worries regarding their jobs while enjoying the happiness of a new addition to their family. The reinstatement rate and resumption rate of employees who apply for parental leave in 2017 reached 100%. Overseas factories also provide staff related maternity benefits based on the Population and Family Planning Regulation at each district.

Employees' reinstatement and resumption rates at Sunrex

Year	2017		
Gender /Total	Male	Female	Total
Number of employees eligible to apply for parental leave without pay of the year (A)	4	4	8
Number of employees applied for parental leave without pay of the year (B)	4	4	8
Estimated number of reinstated of the year (C)	4	4	8
Number of reinstated of the year (D)	4	4	8
Number of staff who returned to work after the parental leave in the previous year (E)	5	3	8
Number of staff who returned to work after the parental leave and continued for one year in the previous year (F)	5	3	8
Application rate of parental leave without pay of the year (%)(B/A)	100%	100%	100%
Reinstatement rate of the year (%)(D/C)	100%	100%	100%
Resumption rate of the year (%)(F/E)	100%	100%	100%

Note 1. Reinstatement rate =(Total number of employees actually reinstated after parental leave ÷ total estimated number of reinstated after parental leave)×100%)

Note 2. Resumption rate =(Total number of employees reinstated and continued working for 12 months ÷ total number of employees actually reinstated within the previous reporting period) ×100%)

❤Complete and Sound Retirement System

To protect our employees' retirement life and to activate the organization structure, and in accordance with the Labor Standards Act, employees who meet any of the following conditions are entitled to apply for retirement:

1. Those who have been working for a decade or more and aged 60 years old and above;
2. Those who have been working for 15 years or more and aged 55 years old and above;
3. Those who have been working for 25 years or more;
4. Under special circumstances, with the special permission from the General Manager, those who have been working for 20 years or more are entitled to apply for the retirement.

Currently in the plants in Taiwan, 4.98% of the employees are applicable to the old labor pension system while the other 95.02% are applicable to the new labor pension system. For employees applicable to the old pension system, in accordance with the allocation proportion prescribed in Article 3 of Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds in Labor Standards Act, the business entity has to allocate 2% of the total amount of monthly salary every month to the Retirement Reserve Funds. For employees applicable to the new pension system, 6% will be allocated to the Funds every month, and the employees can also voluntarily allocate 6% at most of their monthly salary to the pension funds, and the voluntarily allocated amount can be fully deducted from the total amount of individual comprehensive income of that year.

❤Prescribed Minimum Days of Notice for Labor Changes

Both the labor and management at Sunrex observe Article 16 prescribed in the Labor Standards Act. The company prescribed the minimum days of notice for labor changes in the work regulations. Overseas plants also abide by Article 27 which prescribes days of notice in the Labor Law of the People's Republic of China.

💕Occupational Health and Safety Management

Sunrex deeply understands that the large-scale growth of an enterprise is the result of the hard work and responsibility of each and every employee. Therefore, in addition to developing our business, we also have not forgotten to create a safe, healthy, and trustworthy working environment for our employees. After each of our plant is established, we actively implement the "OHSAS 18001 (Occupational Health and Safety Assessment Series) Occupational Health and Safety Management Certification," using systematic management methods to realize the matters that are required for the certification, thereby preventing occupational accidents from occurring.

We take advantage of OHSAS 18001 to help us with the management of the following key issues:

• The planning of hazard identification, risk auditing, and risk control	• Consultation and communication
• OHSAS management program	• Operations control
• Division structure and responsibilities	• Preventing and dealing with emergencies
• Training, understanding, and abilities	• Results measurement, monitoring, and improvement

💕Occupational Safety Performance Indicators

Furthermore, all of the Group's operating locations periodically perform fire equipment inspections, whereas all of our factory locations hold fire drills, training our staff to be able to reduce the severity of disasters in the shortest amount of time in the face of danger, and, to be able to effectively evacuate crowds of people. From Sunrex's establishment to this day, very few occupational accidents or injuries have occurred, which proves how seriously we take environmental hygiene and employee safety. At Sunrex, the injury rate (IR), lost day rate (LDR) and absentee rate in 2017 were 3.76, 11.59 and 66.39 respectively, while occupational diseases rate (ODR) and annual number of deaths were zero.

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❤Health Examinations

To promote physical and mental health of the staff, the employees of Sunrex are encouraged to receive general health exams at their own expense. For employees engaged in operations that may specially endanger their health, each plant will provide special checkups, and the items for examination include dust, noise, X-radiation, benzene, n-ethane, internal medicine and surgery departments, facial features, electrocardiogram, X-ray, electroaudiometry, blood routine, liver function test, renal function test, ozone, tin dioxide, nitrogen dioxide, manganese and its compounds, toluene, xylene, ethylbenzene, ethyl acetate, butyl acetate, acetone, butanone, isopropyl alcohol, isophorone, isopropanol, high frequency magnetic field, n-Heptane and radiation. A total of 2,775 employees received special health checkups, with a total cost of NTD 2,134,025.

Appendix I : GRI G4 Index

Category / Aspect	G4/Notes	GRI Index	Related CSR Report Section	Page(s)	Remark
1.STRATEGY AND ANALYSIS					
Core	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization andthe organization's strategy for addressing sustainability.	Message from the Chairman	4	
Comprehensive	G4-2	Provide a description of key impacts, risks, and opportunities.	1.4 Corporate governance	16	
2.ORGANIZATIONAL PROFILE					
Core	G4-3	Report the name of the organization.	1.1 Company Overview	7	
Core	G4-4	Report the primary brands, products, and services.	1.2 Products and Services	11	
Core	G4-5	Report the location of the organization's headquarters.	1.1 Company Overview	7	
Core	G4-6	Report the number of countries where the organization operates.	1.1 Company Overview	7	
Core	G4-7	Report the nature of ownership and legal form.	1.1 Company Overview	7	
Core	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1.2 Products and Services	11	
Core	G4-9	Report the scale of the organization	1.1 Company Overview	7	
Core	G4-10	The total number of employees	3.1 Staff Structure	39	
Core	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	-	-	no union existance in company
Core	G4-12	Describe the organization's supply chain.	2.6 Supply Chain Management	36	
Core	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	-	-	no relational event occur in 2017
Core	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	1.4 Corporate governance	16	
Core	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2.6 Supply Chain Management	36	
Core	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	1.1 Company Overview	7	
3.IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
Core	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is	1.3 Operations Overview and Financial Information	15	

Core	G4-18	a.Explain the process for defining the report content and the Aspect Boundaries	1.5.Communication with Stakeholders	22	
		b. Explain how the organization has implemented the Reporting Principles for Defining Report 30 Content.			
Core	G4-19	List all the material Aspects identified in the process for defining report content.	1.5Communication with Stakeholders	22	
Core	G4-20	For each material Aspect, report the Aspect Boundary within the organization	1.5Communication with Stakeholders	22	
Core	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	1.5Communication with Stakeholders	22	
Core	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Editing Principles	2	
Core	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Editing Principles	2	
4.STAKEHOLDER ENGAGEMENT					
Core	G4-24	Provide a list of stakeholder groups engaged by the organization.	1.5Communication with Stakeholders	22	
Core	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1.5Communication with Stakeholders	22	
Core	G4-26	Report the organization's approach to stakeholder engagement	1.5Communication with Stakeholders	22	
Core	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	1.5Communication with Stakeholders	22	
5.REPORT PROFILE					
Core	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Editing Principles	2	
Core	G4-29	Date of most recent previous report (if any).	Editing Principles	2	
Core	G4-30	Reporting cycle (such as annual, biennial).	Editing Principles	2	
Core	G4-31	Provide the contact point for questions regarding the report or its contents.	Editing Principles	2	
Core	G4-32	a.Report the 'in accordance' option the organization has chosen.	Editing Principles	2	
		b.Report the GRI Content Index for the chosen option (see tables below).			
		c.Report the reference to the external assurance report.			
Core	G4-33	a.Report the organization's policy and current practice with regard to seeking external assurance for the report.	Editing Principles	2	
		b. If not included in the assurance report accompanying the sustainability report, report the About This Report 3 scope and basis of any external assurance provided.			
		c.Report the relationship between the organization and the assurance providers.			
		d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.			
6.GOVERNANCE					
Core	G4-34	Report the governance structure of the organization, including committees of the highest governance body.	1.4 Corporate governance	16	
7.ETHICS AND INTEGRITY					

Core	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.1 Company Overview	7	

CATEGORY: ECONOMIC

* Economic Performance	G4-DMA	Sector Specific Guidance for Economic Performance DMA	1.3 Operations Overview and Financial Information	15	
	G4-EC1	Direct economic value generated and distributed	1.3 Operations Overview and Financial Information	15	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	3.2 Employee Health, Safety and Welfares	42	
	G4-EC4	Financial assistance received from government	-	-	no relational allowance in 2017
Market Presence	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	3.1 Staff Structure	39	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	2.6 Supply Chain Management	36	

CATEGORY: ENVIRONMENTAL

Materials	G4-EN1	Materials used by weight or volume	2.1 Materials	28	
	G4-EN2	Percentage of materials used that are recycled input materials	2.1 Materials	28	
*Energy	G4-DMA	Sector Specific Guidance for Energy DMA	2.3 Energy Conservation and Emissions Reduction	30	
	G4-EN3	Energy consumption within the organization	2.3 Energy Conservation and Emissions Reduction	30	
	G4-EN5	Report the energy intensity.	2.3 Energy Conservation and Emissions Reduction	30	
	G4-EN6	Reduction of energy consumption	2.3 Energy Conservation and Emissions Reduction	30	
Water	G4-EN8	Total water withdrawal by source	2.4 Management of Water Resources and Waste	33	
	G4-EN10	Percentage and total volume of water recycled and reused	2.4 Management of Water Resources and Waste	33	
* Emissions	G4-DMA	Sector Specific Guidance for Emissions DMA	2.2 Management of GHG Emission	29	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	2.2 Management of GHG Emission	29	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	2.2 Management of GHG Emission	29	
	G4-EN18	Report the GHG emissions intensity ratio.	2.2 Management of GHG Emission	29	

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	G4-EN19	Reduction of greenhouse gas (GHG) emissions	2.3 Energy Conservation and Emissions Reduction	30	
	G4-EN22	Total water discharge by quality and destination	2.4 Management of Water Resources and Waste	33	
	G4-EN23	Total weight of waste by type and disposal method	2.4 Management of Water Resources and Waste	33	
Effluents and Waste	G4-EN24	Total number and volume of significant spills	-	-	no relational event occur in 2017
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	2.4 Management of Water Resources and Waste	33	
* Compliance	G4-DMA	Sector Specific Guidance for Compliance DMA	1.5Communication with Stakeholders	22	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1.5Communication with Stakeholders	22	
Overall	G4-EN31	Total environmental protection expenditures and investments by type	2.5 Environmental Protection Expenditures	36	
供應商環境評估	G4-EN32	Report the percentage of new suppliers that were screened using environmental criteria.	2.6 Supply Chain Management	36	
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	1.5Communication with Stakeholders	22	
LABOR PRACTICES AND DECENT WORK					
* Employment	**G4-DMA**	Sector Specific Guidance for Employment DMA	3.1 Staff Structure	39	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	3.1 Staff Structure	39	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	3.2Employee Health, Safety and Welfares	42	
	G4-LA3	Return to work and retention rates after parental leave, by gender	3.2Employee Health, Safety and Welfares	42	
* Labor/Management Relations	**G4-DMA**	Sector Specific Guidance for Labor/Management Relations DMA	3.2Employee Health, Safety and Welfares	42	
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	3.2Employee Health, Safety and Welfares	42	
* Occupational Health and Safety	**G4-DMA**	Sector Specific Guidance for Occupational Health and Safety DMA	3.2Employee Health, Safety and Welfares	42	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	3.2Employee Health, Safety and Welfares	42	

	G4-LA7	Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	3.2Employee Health, Safety and Welfares	42	
*Training and Education	G4-DMA	Sector Specific Guidance for Training and Education DMA.	3.1 Staff Structure	39	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	3.1 Staff Structure	39	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category:according to gender, age group, minority group membership, and other indicators of diversity	3.1 Staff Structure	39	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	3 A Happy and Harmonious Workplace	39	
Supplier Assessment for Labor Practices	G4-LA14	Report the percentage of new suppliers that were screened using labor practices criteria.	2.6 Supply Chain Management	36	
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	-	no relational event occur in 2017
HUMAN RIGHTS					
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	-	no relational event occur in 2017
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	-	-	no relational event occur in 2017
* Child Labor	G4-DMA	Sector Specific Guidance for Child Labor DMA	3 A Happy and Harmonious Workplace	39	
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	3 A Happy and Harmonious Workplace	39	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	-	-	no relational event occur in 2017
Supplier Human Rights Assessment	G4-HR10	Report the percentage of new suppliers that were screened using human rights criteria.	2.6 Supply Chain Management	36	
Human Rights Grievance Mechanisms	G4-HR12	Report the total number of grievances about human rights impacts filed, addressed and resolved through formal grievance Mechanisms.	-	-	no relational event occur in 2017

SOCIETY

Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-	-	no relational event occur in 2017
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	1.5Communication with Stakeholders	22	no relational event occur in 2017
* Compliance	**G4-DMA**	Sector Specific Guidance for Compliance DMA	1.5Communication with Stakeholders	22	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	1.5Communication with Stakeholders	22	no relational event occur in 2017
Supplier Assessment for Impacts On Society	G4-SO9	Report the percentage of new suppliers teria for impacts on society. that were screened using criteria for impacts on society.	2.6 Supply Chain Management	36	
Grievance Mechanisms for Impacts On Society	G4-SO11	Report the total number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	-	-	no relational event occur in 2017

PRODUCT RESPONSIBILITY

* Customer Health and Safety	**G4-DMA**	Sector Specific Guidance for Customer Health and Safety DMA	2.6 Supply Chain Management	36	
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	1.1 Company Overview 2.6 Supply Chain Management	7 36	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	1.5Communication with Stakeholders	22	
Product and Service Labeling	G4-PR4	Report the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	-	no relational event occur in 2017
Marketing Communications	G4-PR6	Report sale of banned or disputed products.	-	-	no relational event occur in 2017
	G4-PR7	Report the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of out- comes.	-	-	no relational event occur in

					2017
Customer Privacy	G4-PR8	Report the total number of substantiated complaints received concerning breaches of customer privacy and losses of customer data.	-	-	no relational event occur in 2017
* Compliance	**G4-DMA**	Sector Specific Guidance for Compliance DMA	1.5Communication with Stakeholders	22	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	1.5Communication with Stakeholders	22	