



PEGATRON

2018 CORPORATE SOCIAL RESPONSIBILITY REPORT
OF PEGATRON GROUP
version 1.0

Navigate the Future



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PEGATRON has issued corporate social responsibility (CSR) reports on an annual basis since 2009. Each report includes our economic, social, and environmental performance of the previous year. Our eleventh CSR report issued in 2019 continuously discloses our commitments, management policies, strategic goals and performance results in terms of each sustainability topic in 2018. This CSR report is issued in traditional Chinese, simplified Chinese and English, and available on PEGATRON's website for stakeholders' reference. The previous report was released in June, 2018.

This CSR report is written by CSR task force team members and covers the period from January 1 to December 31, 2018. PEGATRON referred to in this report is composed of PEGATRON Corporation and its core businesses, includes Headquarters (HQ) and Taoyuan manufacturing center in Taiwan, Central China operation center (Maintek, Cotek and Casetek in Suzhou), East China operation center (Protek in Shanghai and Pegalobe in Kunshan), West China operation center (Digitek and Kaichuan in Chongqing) in China, Czech and Mexico manufacturing centers in Europe and America respectively.

In order to meet the requirements for IFRS (International Financial Reporting Standards) Consolidated Financial Statements in Taiwan, subsidiaries are included in the financial performance, but the service centers and other listed subsidiaries are excluded from the scope of this report. The entities included in this report contribute to more than 80% of consolidated revenue.

This report is prepared in accordance with the Core option of GRI Standards issued by Global Sustainability Standards Board (GSSB). In order to increase the transparency and reliability of the report, the content was verified by an independent third party, BSI Taiwan, based on AA1000 AS (2008) and complied with core option level of GRI Standards. The Verification Statement is attached as appendix of this report. For financial data, refer to the financial statements certified by qualified accountants.

If you have any query or comment about this CSR report, please feel free to contact us:

PEGATRON Corporation

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Face up to the Challenges in Steady Steps

Developed PEGATRON’s own SDGs as its goals in the following three dimensions: boosting the growth of economy (Growth), maintaining the equality of society (Equality) and benefiting the environment towards mutualism (Mutualism).

President and CEO SJ Liao

After undergoing global economic and political unrest in 2018 with multiple challenges and risks in the industry, PEGATRON strived for growth by broadening its business scope with existing customers and continuously penetrating into new products. In addition to enhancing financial performance, we are also committed to incorporating the philosophy of sustainability into daily business operation and implementing in the management system.

As one of the major players in global technology supply chain, PEGATRON proactively responds to the Sustainability Development Goals (SDGs) set by United Nations, and further developed PEGATRON’s own SDGs as its goals in the following three dimensions: boosting the growth of economy (Growth), maintaining the equality of society (Equality) and benefiting the environment towards mutualism (Mutualism).

PEGATRON continues to implement energy management through building up in-house management system to ensure allocation and utilization of resources

in a more sustainable way. PEGATRON supports gender equality at workplace and work closely with our partners to promote labor rights in the industry value chain. As a corporate citizen and a member of the RBA (Responsible Business Alliance), we actively participate in the initiatives held by the RBA with our partners in the supply chain and endeavor to uphold its value. We also encourage our suppliers to join RBA Validated Audit Process (VAP) to evaluate their compliance and the performance on sustainability via external audits by the independent 3rd parties.

Looking forward 2019, we will uphold corporate value, provide variety of services to our customers and build stronger partnership in supply chain. We will continue enhancing performance on sustainable development while pursuing operational achievement by means of effective communication and mutual learning.

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Identification & Communication

Effective communication with stakeholders is the way to achieve continual improvement and sustainable development.

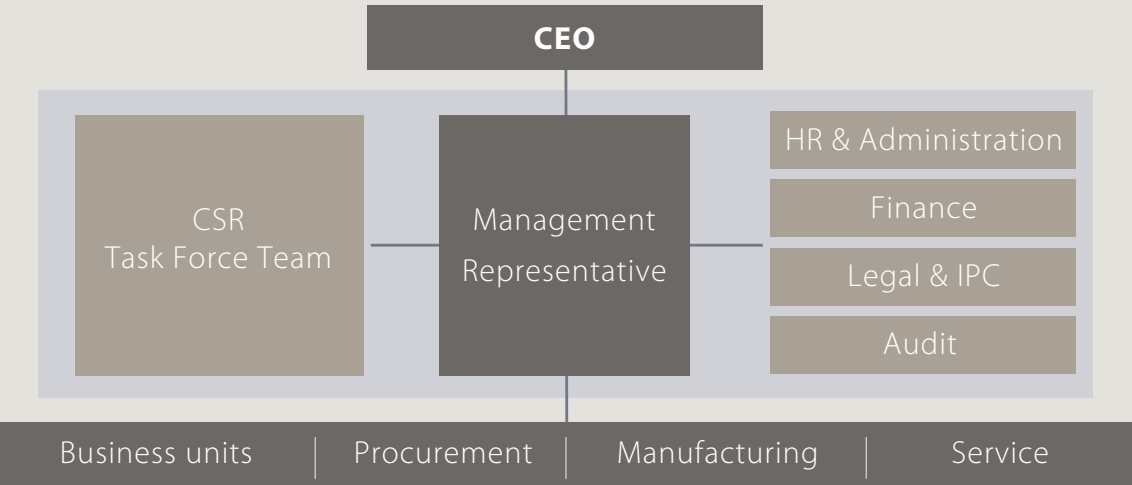
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Social Responsibility Commitment

Keep in line with social responsibility as an excellent corporate citizen.

PEGATRON’s corporate social responsibility activities are planned, operated and implemented by PureCSR (PEGATRON’s Corporate Social Responsibility) Steering Committee , which is led by CEO with the authorization of its board of directors. The committee members consist of representatives from Corporate Quality Policy Center (CQPC), Human Resource & Administration Center (HR & ADM), Procurement Center, Customer Service Business Unit (CSBU), Finance & Accounting Center, Legal & IPR (Intellectual Property Right) Center, Audit Office, Business Units and CSR representatives from all our Operation Centers and Manufacturing Centers. All members identify stakeholders according to their duties and respond to stakeholders’ concerns in daily operations. Cross-unit issues are discussed in PureCSR Steering Committee meeting so as to reach a consensus among related units. CSR implementation status is periodically reported to the CEO and submitted to the Company’s board of directors for resolutions every year.

PureCSR Steering Committee Organization Chart:



PEGATRON publicly discloses the practice and performance of corporate social responsibility by publishing annual CSR report, and takes it as a communication platform for stakeholders. We can get more understanding of their needs and requests through a two-way communication. Meanwhile, CSR report is regarded as a tool to review our strategy of sustainable management.

PEGATRON established the *Corporate Social Responsibility Practice Principles* in 2015 and disclosed it on the company’s official website to show our philosophy and determination on the practice of corporate social responsibility.

Corporate Social Responsibility Practice Principles:
http://www.pegatroncorp.com/investorRelation/majorInternalPolicies/lang/en_US

To effectively manage CSR related issues, PEGATRON has established the PureCSR policy as well as the CSR and safety & health management system (PureCSR management system). The Company not only sets up CSR objectives and targets every

year, but also performs internal audits, external audits and corrective actions, as well as reviews CSR performances by PureCSR management review meetings to ensure the efficiency of PureCSR management system. We have introduced the environmental management system, occupational safety and health management system, quality & hazardous substances process management system, greenhouse gas inventory and energy management system. The certification and verification statements verified by a third party are made available on our website.

PureCSR policy

1. Abide by all environmental protection, labor, safety and health laws.

2. Conserve all natural resources, and actively prevent pollution.

3. Reduce environmental impact and safety risk.
4. Satisfy customer requirements and become an entirely green enterprise.

5. Enable company-wide promotion of corporate responsibility in a social environment.

6. Summon all employees to participate in the program and continuously improve it.

PEGATRON also commits to implement the following directives with expression of our intention to fulfill the following:

01. Abide by environmental and labor laws, regulations and other international requirements to meet global environmental protection, labor rights and zero-hazard activity.
02. Educate entire staffs, making them aware to protect environment, respect the dignity of life, cherish natural resources, ensure safety and promote physical and mental health of everyone.
03. Achieve the goal of effective resource consumption through reusing and recycling of resources as well as supervise waste management to prevent from being reused or re-sold.
04. Enhance the monitoring and reducing of environmental pollutant and risk management. Meanwhile, improve the efficiency of resource utilization to reduce the impacts on the environment as well as disclose the environmental performance regularly.
05. Promote the independence and reliability of the self-management so as to optimize the quality of occupational hazard control, and reduce occupational risks to build a satisfied work environment.
06. Establish a management system for corporate social responsibility to improve the efficiency for environmental protection, ethics, labor rights, safety and health.
07. Implement greenhouse gas inventory and reduction program to practice greenhouse gas reduction to meet international trends in environmental protection and customers’ requirements.
08. Implement energy and natural resource management to optimize the utilization rates on them in different stages of design, purchase and use to achieve the goal of continuous improvement, as well as promote the overall environmental performance.
09. Openly pledge the company’s commitment in protecting the environment and labor rights and reducing occupational hazards as well as regularly disclose corporate social responsibility information to enhance the trust and communication with stakeholders.
10. Abide by ethics code of conduct, including business integrity, no improper advantage, not to bribe or take bribes, and to protect the personnel who raise any concerns or inform against illegal acts from being fear of retaliation.

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- 11. Emphasize on equal opportunities as well as prohibit any kinds of harassment and discrimination or inhumane treatment, and establish two-way communication channels to maintain good relationship between employees and employers.
- 12. Continually address the conflict minerals issues and exercise due diligence on the sources of metal raw materials to conduct responsible procurement for metals.
- 13. Do our best to summon our suppliers to comply with related corporate social responsibility regulations and RBA (formerly the EICC) Code of Conduct to sustainably grow together with our suppliers.

As a member of RBA (Responsible Business Alliance), we continuously participate in relevant activities and have discussions with our peers on the issues and trends of business sustainability. Also, we actively respond to several corporate responsibility projects and initiatives, including responsible minerals and environmental sustainability. In addition to be the member of RBA, PEGATRON is also one of the members of the Taipei Computer Association (TCA). Our chairman, Tzu-Hsien, Tung, is its chairman of the Board. As a world-class industry association, TCA continues to be an industry promoter on ICT (Information and Communication Technology), and works together with more than 4,000 members to create another business peak with huge business opportunities in Taiwan.



Stakeholder Communication

9 major stakeholders are identified according to the degree of interaction influences.

Major stakeholders include employees, customers, investors, government agencies, suppliers, competitors, media, NGOs (non-government organizations) and communities. We communicate with our stakeholders through various communication channels and identify their needs and requirements to keep good relationships with them. PEGATRON sets a specific webpage with an external communication mailbox (Honest_Box@pegatroncorp.com) maintained by the dedicated personnel for stakeholders on our company's website, as one of communication channel with stakeholders. We understand reasonable expectations and needs of our stakeholders by proper communications, and respond to these major CSR issues concerned.

PEGATRON's stakeholder :



All issues that stakeholders pay attention to and communication channels are listed in the following table:

Stakeholder	Stakeholder Issues of Concern	Communication Channel
Customer	Wage Level and Local Hiring	Supplier Conferences
	Management System to Avoid Forced Labor	Customer Audits
	Environmental Regulatory Compliance	Regular Meetings
	Regulatory Compliance on Labor Conditions	RBA-Online
	Employment Protection	Customer Websites/Platforms
	Implementation of Occupational Health & Safety	
	Identification, Handling of and Training on Anti-Corruption	
	Supplier Management to Avoid Child Labor	
	Environmental Protection	
	Regulatory Compliance on CSR	
Employee	Regulatory Compliance on Labor Conditions	Regular Meetings
	Wage Levels and Local Hiring	Internal Website
	Wages, Benefits and Performance Review	Internal Publications
	Operational and Financial Performance	Announcements

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		Identification and Handling on Anti-Corruption	Grievance Box
		CSR Communications on Labor Conditions	Coffee Talks
		Employment and Retention	Hotlines
		Management System to Avoid Forced Labor	Labor-Management Meetings
Investor		Environmental Performance and Investment	Monthly Business Reports
		Operational and Financial Performance	Shareholders' Meetings
		Employment and Retention	Investor Conferences
		Negative Impact on Local Communities	Annual Reports
		For Product Life Cycles, Health and Safety Improvement, and Addressing of Regulatory Non-compliance Issues.	Market Observation Post System (MOPS)
		Regulatory Compliance on Labor Conditions	
Supplier		Operational and Financial Performance	Supplier Conferences
		Supplier Management on Labor Conditions	Supplier Audits
		Supplier Management on Environment	Supplier Relationship Management
		Raw Materials Purchase	External Communication Mailbox
		Environmental Impact Evaluation and Management, Packaging Materials and Recycled Materials	RBA-Online
		Local Purchasing Percentage	
Community		Environmental Protection	External Communication Mailbox
		Regulatory Compliance on Environment	
		Negative Impact on Local Communities	
		Violations Influencing the Rights of Local Residents	
		Environmental Impact of Transporting	
Competitor		Operational and Financial Performance	Conferences
		Environmental Performance and Investment	

		Customer Complaints and Addressing Process Regarding Privacy Violations	
		Supplier Management on Environmental	
		Supplier Management on Labor Conditions	
		Business Ethics and Business Integrity	
Government		Wage Level and Local Hiring	Public Hearings on Policy
		Management System to Avoid Forced Labor	Questionnaires & Interviews
		Regulatory Compliance on Environment	Projects and Initiatives
		Regulatory Compliance on Labor Conditions	Conferences
		Environmental Protection	
		Regulatory Compliance on CSR	
Media		Wage Level and Local Hiring	Press Conferences
		Management System to Avoid Forced Labor	Press Releases
		Regulatory Compliance on Labor Conditions	External Communication Mailbox
		Business Ethics and Business Integrity	
NGO		Operational and Financial Performance	
		Energy Inventory and Conservation	Participate Organizations
		Regulatory Compliance on Environment	Conferences
		Operational and Financial Performance	External Communication Mailbox
		CSR Implementation	
		Environmental Performance and Investment	
		Regulatory Compliance on Labor Conditions	

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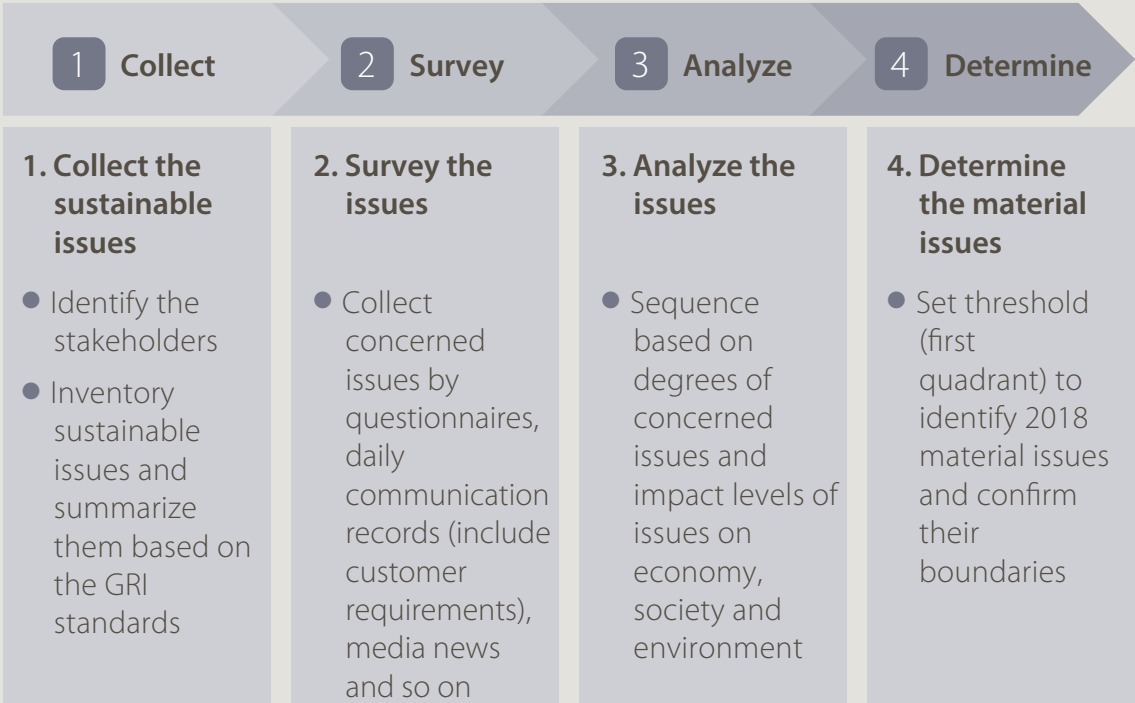
Material Issue Identification

16 major material issues are identified through comprehensive consideration of the impacts on business operations as well as the concerns of stakeholders.

In order to enhance the communication efficiency with stakeholders, we not only collected suggestions from the employees who could directly contact stakeholders in their daily operations, but also investigated internally and analyzed the concerns of different stakeholders through indirect and direct channels.

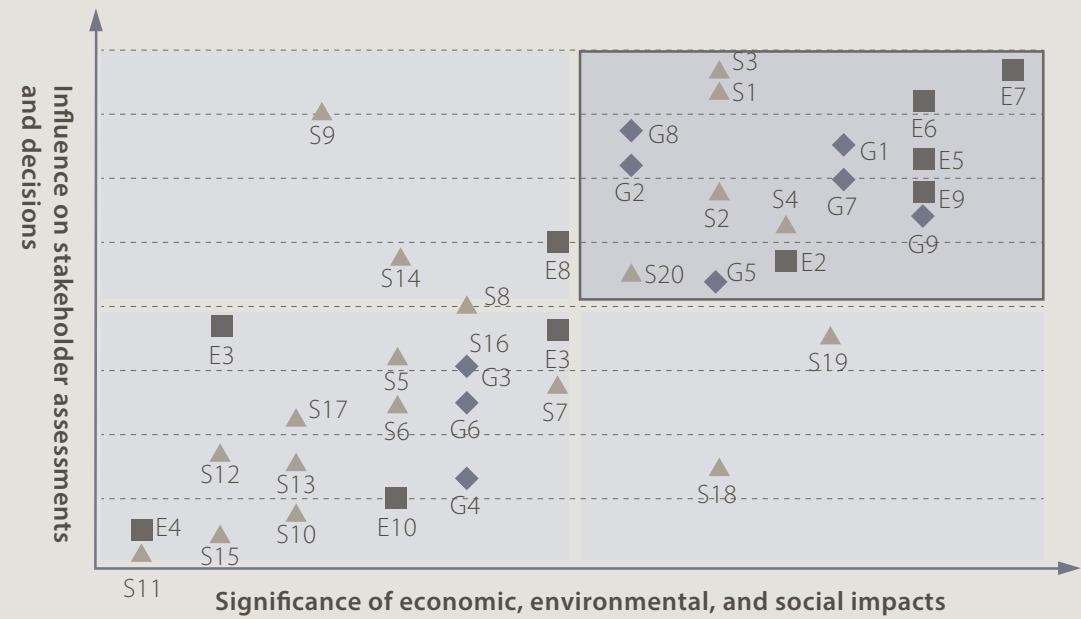
We identify the issues stakeholders are concerned about according to the four principles of the Global Reporting Initiative, which include materiality, stakeholder inclusiveness, sustainability context, and completeness through a systematic approach, and provide the information through CSR Report accordingly to ensure stakeholders to receive the information they need. There are 39 sustainability issues included in the materiality assessment according to the aspects of GRI Standards, including economic, environmental and social topics, as well as concerns from internal and external parties.

The assessment process is listed as below.



Based on the result of materiality analysis, the CSR task force team identifies the material issues in 2018 CSR Report. After identifying material issues, we define the scope covered by related aspects to ensure information transparency and suitable boundaries. In addition to the response and disclosure in the corporate social responsibility report, PEGATRON also focuses on using the material issues to communicate with stakeholders and takes them as material issues for continuous improvement. We use the concept of PDCA (Plan–Do–Check–Act) and periodically assess the effectiveness of our management.

The identification result of 2018 Sustainability Issues:



◆ Economic G1 Economic performance G2 Market presence G3 Indirect economic impacts G4 Procurement practices G5 Anti-corruption G6 Anti-competitive behavior G7 Governance G8 Ethics and integrity G9 Risk Management ■ Environmental E1 Materials E2 Energy E3 Water	E4 Biodiversity E5 Emissions E6 Effluents and waste E7 Environmental compliance E8 Supplier environmental assessment E9 Green product E10 Climate change ▲ Social S1 Employment S2 Labor/management relations S3 Occupational health and safety S4 Training and education S5 Diversity and equal opportunity S6 Non discrimination	S7 Freedom of association and collective bargaining S8 Child labor S9 Forced or compulsory labor S10 Security practices S11 Rights of indigenous peoples S12 Human rights assessment S13 Local communities S14 Supplier social assessment S15 Public policy S16 Customer health and safety S17 Marketing and labelling S18 Customer privacy S19 Socioeconomic compliance S20 Conflict minerals
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The boundaries of material issues and SDGs:

Category	Material Issue	Chapter	Value Chain			Other Stakeholders				SDGs	
			Supplier	HQ & Site	Customer	Investor	Government	Community	Media/ NGO/ Competitor		
Economic	Economic performance	Financial Performance	◎	◎△	◎	◎				 	
	Market presence	Labor Relationship	◎	◎△	◎	◎					
	Anti-corruption	Code of Conduct	◎△	◎△	◎△						
	Governance	Corporate Governance		◎△		◎	◎				
	Ethics and integrity	Code of Conduct	◎△	◎△	◎△						
	Risk management	Risk Management	◎△	◎△	◎△	◎					
Environment	Energy	Low Carbon & Energy		◎△						   	
	Emissions	Greenhouse Gas		◎△				◎			
	Effluents and waste	Environmental Protection		◎△			◎	◎			
	Environmental compliance	Environmental Protection	◎△	◎△			◎				
	Green product	Sustainable Design	◎△	◎△	◎△						
Social	Employment	Labor Relationship	◎△	◎△			◎			   	
	Labor/ management relations	Employee Care		◎△							
	Occupational health and safety	Occupational Health & Safety	◎△	◎△			◎				
	Training and education	Attracting and Nurturing Talent	◎△	◎△							
	Conflict minerals	Sustainable Supply Chain	◎△	◎△							

Remark 1: ◎ Issue with direct impacts; △ Issue disclosed in this report. (Only consider the issue with direct impacts. Others are not presented.)

Remark 2: The economic performance of subsidiaries is disclosed in this report because of the consolidated financial report.

Sustainability Development Goals (SDGs)

Growth, Equality and Mutualism

The United Nations published Sustainability Development Goals (SDGs) in 2014 which includes 17 Goals and 169 Targets. As a corporate citizen and one of the key players on global supply chain of technology industry, PEGATRON proactively responds to the SDGs in 3 directions on sustainability, which are boosting the growth of economy (Growth), maintaining the equality of society (Equality) and benefiting the environment towards mutualism (Mutualism).

Boosting the Growth of Economy (Growth)

PEGATRON continues to accumulate its inner capacity on R&D and technology to develop new products to respond to the market trend, as well as extend its business towards different fields. Through experience inheritance as well as talent and technological accumulation, we not only focus on increasing revenue, but also create local employment opportunities to boom economic development and cultivate local talents.

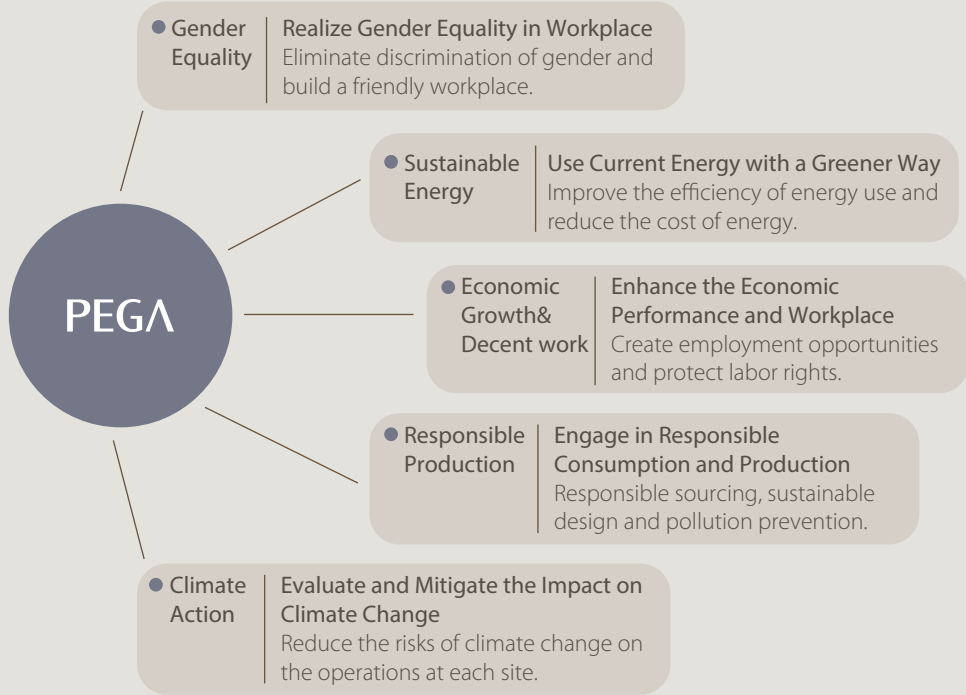
Maintaining the Equality of Society (Equality)

PEGATRON supports gender equality in workplace by taking practical actions. Every gender can have equal opportunities on employment, promotion and development. To respect international labor rights, involuntary or forced labors are forbidden. We cooperate with our partners via constant communication to learn from each other, so as to jointly promote labor rights in the industry value chain.

Benefiting the Environment towards Mutualism (Mutualism)

PEGATRON engages in economic development, meanwhile takes environmental protection into account. To respond to the issues on climate change and the shortage of

natural resources, we elevate the utilization efficiency of energy and resources, and conduct design in an eco-friendly manner and production in a greener way. We continue to reduce the negative impacts caused by our operations and activities on the environment and optimize the utilization efficiency of energy and resources through continuous improvement and the innovative technology on manufacturing.



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Company Profile

Create a new style based on the competence
in both design and manufacturing.



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About PEGATRON

“Joyful Work, Happy Life” is our business philosophy, as well as our direction towards economic growth and sustainable development.

Founded in 2008, PEGATRON is a worldwide leader providing DMS (Design, Manufacturing and Service). PEGATRON offers assembly service to customers on a wide range of electronic products in computer products, communication products and consumer electronics, including Notebook PCs, DeskTop PCs, Motherboards (MBs), VGA Cards, Cable Modems, Set-Top Boxes, Smartphones, Game Consoles, Tablet PCs, IoT Devices, Automotive Electronics, Smart Home Devices, etc. In addition to providing assembly service for brand customers, the Company also engages in development, design, manufacturing and maintenance of peripherals and components of the above-mentioned products. As the devices mentioned above require a combination of hardware and software capabilities to integrate with technologies in computing, communication, video processing, audio recognition, etc. PEGATRON, with a solid foundation in research and development, has the competitive edge to provide integrated services to brand customers. With flourishing IoT in the past few years, PEGATRON is devoted to enhancing its core competency and applying core technologies into different areas such as smart home products and automobile electronics. In order to prepare itself for the next two to three years of growth, Pegatron further expanded its manufacturing capacity in 2017. After the expansion, the Company would push the growth of the existing production lines, and improve utilization rate. Meanwhile, it will strive to develop new product lines and also expand its business by increasing the cooperation with the existing customers and developing new clients. Pegatron has several operation and manufacturing locations including Taiwan, China, United States, Mexico and Czech Republic. With a global operation network, the Company hopes to provide timely support and offers value added services to be a one stop shop for total solutions to customers.

PEGATRON Files

Company name: PEGATRON Corporation

Date of establishment: Jan 1st, 2008.

Headquarters: No. 76, Ligong St., Beitou District, Taipei City, Taiwan

Stock code: 4938 (listed on the Taiwan Stock Exchange in 2010)

Chairman of the Board: Tzu-Hsien Tung

Total employees (dispatched labor included): About 172,995 employees worldwide in 2018

Capital: NT\$26.1 billion

Consolidated revenue: NTD 1,340 billion in 2018

Main businesses: Computer, communication, and consumer electronics products

Major customers: Renowned global information technology and communication brands

Our Vision

We hold the belief that technology has the potential to transform imaginations into opportunities and challenges into cornerstones for future success. With our mission of “navigate the future”, Pegatron seeks to pursue the goal of becoming an industry leader that satisfies people throughout the world with its unique design innovations and exceptional services.

Management Philosophy

PEGATRON expects all of our employees to work sincerely and joyfully so that to inspire the potential of each one of them. Through the tight relationship among teams with different functions, PEGATRON employees are able to create truly market-driven products based on maximizing the benefit of customers. Ultimately, customers can experience better lives with PEGATRON's design and innovation.

Financial Performance

Continuously make breakthrough and go further with steady steps.

The consolidated revenue of PEGATRON reached NT\$1,340 billion in 2018, 12% up from that of 2017, mainly resulting from the growth in mobile device demand. In 2018, PEGATRON Group received tax benefit of NT\$309 million as an encouragement for further investment according to regulations. For more detailed operating performance and financial information, please refer to the Company's 2018 Annual Report.

http://www.pegatroncorp.com/investorRelation/annualReports/lang/en_US

The brief consolidated income statement of PEGATRON and its subsidiaries for the year ended 2018 and 2017 are as following:

Unit: NTD in million	2018	2017
Operating Revenue	1,340,002	1,193,809
Cost of Sales	1,299,233	1,147,139
Gross Profit	40,769	46,670
Operating Expenses	28,838	27,671
Operating Income	11,931	18,999
Non-operating Income & Expenses	3,125	1,414
Profit before Tax	15,056	20,413
Tax Expense	3,940	4,398
Profit	11,116	16,015
Other Comprehensive Income	1,777	-5,878
Comprehensive Income	12,893	10,137
Profit, Attributable to Owners of Parent	11,115	14,683
Comprehensive Income, Attributable to Owners of Parent	13,097	9,241

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Globalization Arrangement

Assess the arrangement comprehensively to perfect the service globally.

In the area of high technology industry around the world, Taiwan is placed in a significant position. Many famous brands rely on innovation and flexible research skills of Taiwan’s technology industry. Responding to increasing lower gross margin of OEM, original equipment manufacturing enterprises, the Group actively considers how to overcome this challenge, and moves toward a new model called DMS (Design, Manufacturing and Service).

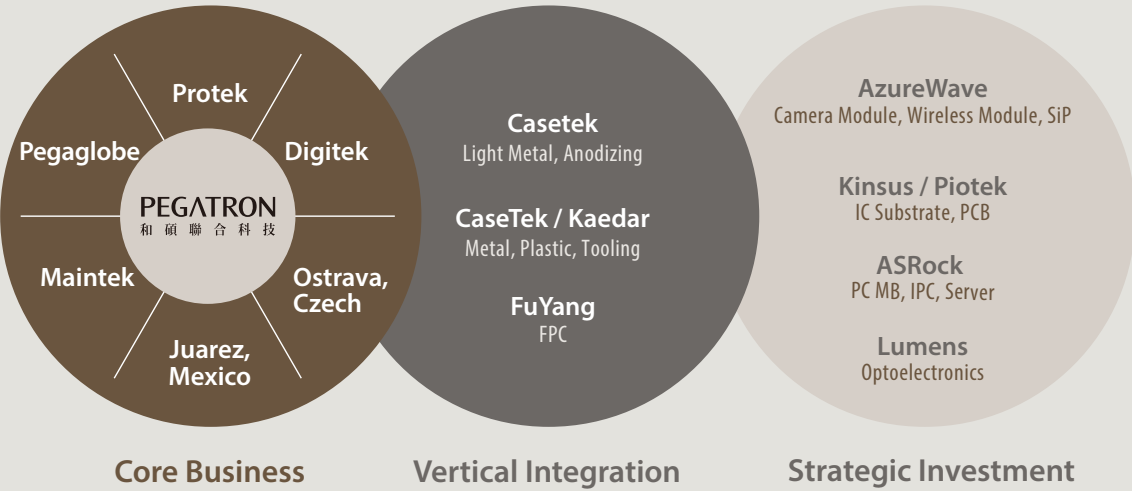
We have manufacturing and service centers all over the world, including Asia, Europe and America. Our manufacturing facilities and service centers have been strategically established all over the world to provide the most efficient service to our customers. We set up these operation centers based on the strengths of the individual locations to provide the fast and customized processes and solutions to our customers.



Major investments of PEGATRON Group can be mainly divided into the following three categories:

- (1) DMS core business:
Central China operation center (Maintek and Cotek in Suzhou), East China operation center (Protek in Shanghai and Pegalobe in Kunshan), West China operation center (Digitek in Chongqing), Pegatron Mexico Manufacturing Center and Pegatron Czech Manufacturing Center.
- (2) Vertical Integration:
Casetek (Suzhou), Kaedar Electronics (Kunshan), Casetek Holdings Ltd. (Cayman) and FuYang Technology.
- (3) Strategic Investment:
Kinsus/ Piotek, ASRock, Azurewave and Lumens.

The illustration of the above mentioned categories



1. Deployment of DMS Core Business

Maintek Computer (Suzhou) Co., Ltd manufactures Notebooks (NBs), Desktops (DTs), Motherboards (MBs), Consumer Electronics (CEs), and Networking products, while Protek (Shanghai) Limited mainly manufactures Consumer Electronics and handheld devices, Pegaglobe Electronics (Kunshan) manufactures handheld devices. Besides, Digitek Computer (Chongqing) Co., Ltd mainly manufactures Notebooks. As a result of the free trade zone in North America and tax regulations by European Union and in order to enhance customer service, Pegatron Mexico, S.A. DE C.V and Pegatron Czech s.r.o. (“PCZ”) were established as the major manufacturing centers in America and Europe respectively.

2. Deployment of Vertical Integration

Investment category	Company name	Remarks
Mechanical components	Casetek computer (Suzhou) co., ltd.	In addition to mental stamping for desktop PCs, Casetek has gradually developed technology in plastic injection and become the main manufacturing center of mechanical components in the Group.
	Kaedar electronics (Kunshan) co., ltd. Kai He Computer Accessory (Suzhou) co., ltd. Core-tek (Shanghai) limited Dongbu zsc	Established via joint venture
	Casetek Holdings Ltd. (Cayman)	A light metal manufacturer; we merge it through acquisitions.
	FuYang Technology Corporation	A new established company, which focus on the FPC module.

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3. Deployment Strategic Investment

Company name	Remarks
ASRock Incorporation	Manufacturing and sales of a leading brand in low to mid end motherboard and industry computer.
Kinsus Interconnect Technology Corporation/ Pirotek Holding Limited	Mainly engaged in the manufacturing and sales of BGA substrate and PCB.
Azurewave Technologies Inc.	Major products including Wi-Fi module, camera module, digital TV cards and LED products.
Lumens Digital Optics Inc.	Major products including special purpose projectors and light engines for large screen monitors.

Award List

- Ranked #2 among 2018 Common Wealth Magazine 2000 Survey in Taiwan Manufacturing Companies
- Top 20% of the best companies among The Fifth Corporate Governance Evaluation conducted by Taiwan Stock Exchange
- A constituent of the FTSE4Good TIP Taiwan ESG Index in 2018
- 2018 Certified Nursing Room by the Health Bureau of Taipei City
- 2017 TOP 10 Foreign-owned Enterprises in International Trade (Maintek was awarded in September, 2018.)
- 2017 TOP 10 Foreign-owned Enterprises in R&D (Maintek was awarded in September, 2018.)



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Sustainable Management

Respect the stakeholders and we will have positive contribution toward our own development



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Corporate Governance

We honor ourselves as a corporate citizen, follow legal requirements and self-monitor the compliance.

Shareholders' Meeting

We have adopted electronic voting as one of the means which shareholders may exercise their voting rights in shareholders' meetings since 2012. By doing so, we ensure that shareholders can exercise their voting rights in accordance with laws and participate in the Company's major decisions and election of directors/ independent directors. The total shares held by shareholders via electronic voting represented 80.05% of shares present at Pegatron 2018 annual shareholders’ general meeting. All agenda items, whether they involve an acknowledgment or discussion, are fully discussed by participating shareholders before proceeding with votes. The number of votes in favor, against and abstained votes for each agenda item are listed in details in the meeting minutes and disclosed on the Market Observation Post System.

Information of Board of Directors and Supervisors are listed in the following table:

Title	Name	Education and Experience	Current Positions
	Chairman T.H. Tung	• Master degree in Computer and Communication Engineering, National Taipei University of Technology • Honorary PH.D in Engineering, National Taipei University of Technology • Vice Chairman of Asustek	• Chairman and Group CEO of Pegatron Corp. • Director of Kinsus Interconnect Technology Corp. • Director of ASRock Incorporation • Director of AzureWave Technologies, Inc. • Director of FuYang Technology Corp. • Chairman of Lumens Digital Optics Inc. • Chairman of Pegavision Corp. • Director of Casetek Holdings Limited (CAYMAN)
	Deputy Chairman Jason Cheng	• Master degree in electrical engineering, University of Southern California • President and CEO of PEGATRON Corp. • Deputy General Manager of Asustek	• Deputy Chairman and Deputy Group CEO of PEGATRON Corp. • Chairman of Casetek Holdings Limited(CAYMAN) • Chairman of FuYang Technology Corp. • Chairman of AzureWave Technologies, Inc. • Director of Alcor Micro Corp.
	Director C.I. Chia	• BBA, National Taiwan University • MBA, University of Wisconsin-Madison • Vice President, Citibank, N.A.Taipei Branch • President, Individual Financial Services Group, Bank SinoPac	• Director of Yangtze Associates • Independent Director of Ardentec Corporation • Supervisor of Airiti Inc.
	Director C.V. Chen	• LL.B., National Taiwan University • LL.M., University of British Columbia • LL.M., Harvard Law School • S.J.D., Harvard Law School • Vice Chairman & Secretary-general and Director of Straits Exchange Foundation (SEF) • President of The Red Cross Society of The Republic of China	• Senior Partner of Lee and Li Attorneys-At-Law • Director of Asia Cement Corporation

Director	Tze-Kaing Yang	• Ph.D of Business Management, National Chengchi University • Political Deputy Minister, the Ministry of Finance, R.O.C. • Chairman of Bank of Taiwan • Executive Secretary of National Development Fund, Executive Yuan • President of China Development Industrial Bank • Associate Professor of MBA at National Chengchi University	• Chairman of Yangtze Associates • Director and President of Huiyang Private Equity Fund Co., Ltd. • Director of Asustek Computer Inc. • Independent Director of DBS Bank • Director of TTY Biopharm Company Limited • Director of Taiwan Stock Exchange • Director of CHIEN KUO Construction Co., LTD. • Director of Airiti Inc.
Director	DAI-HE Investment Co., Ltd. Rep. : S., Chi	• Bachelor of Economics, National Taiwan University • Master degree in Economics, National Taiwan University • Ph.D. in Economics, Case Western Reserve University • Assistant Professor, Department of Economics, Ohio State University • Associate Professor, Professor and Department Chair of Economics, National Taiwan University • Dean of School of Management at National Central University • Professor and Director of Graduate Institute of Industrial Economics at National Central University • Visiting Professor of Freie Universität Berlin, FU Berlin • Deputy Minister of Council for Economic Planning and Development, Executive Yuan • Chief Negotiator of Taiwan's accession to General Agreement on Trade in Services (GATS) • Deputy chairman of Asia-Pacific Economic Cooperation, APEC • Premier of Taiwan Academy of Banking and Finance • Chairman of Taiwan Stock Exchange • Minister without Portfolio of Executive Yuan	• Independent Director of SinoPac Holdings • Independent Director of SinoPac Securities Corp. • Independent Director of Asia Cement Corp.
Director	HONG-YE Investment Co., Ltd. Rep. : S.J. Liao	• Bachelor degree in Industrial and Business Management, Tatung Institute of Technology • Chief Operating Officer of PEGATRON Corp. • Senior Vice President of Unihan Corp.	• President and CEO of PEGATRON Corp. • Supervisor of FuYang Technology Corp.
Independent Director	C.B. Chang	• B.S., Statistics, National Chengchi University • Deputy General Manager of China Development Industrial Bank • Manager of Far Eastern Textile Ltd.	• Director of Polytronic Technology Corp. • Independent Director and Managing Director of Far Eastern International Bank • Independent Director of Raydium Semiconductor Corp. • Independent Director of STANDARD FOODS CORPORATION
Independent Director	C.P. Hwang	• Electrical Engineering, National Taipei Institute of Technology • President & GM of Havix Electronics Co., Ltd.	• President & GM of Havix Electronics Co., Ltd. • Independent Director of Kinsus Interconnect Technology Corp.

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Independent Director	C.S. Yen	• Provincial Keelung Senior High School • Group President of Landis Hotels and Resorts • Country Manager of American Express Inc. Taiwan • General Manager of the Grand Hotel • Chairman of Taiwan Visitors Association • Director of Pacific Asia Travel Association (PATA) • Young Presidents' Organization (YPO) Asia Conference • Chairman for Asia Pacific region of The Leading Hotels of The World	• Independent Director of Shinkong Insurance Co., Ltd.
		• Bachelor of Political Science, National Taiwan University • PH.D. in International Affairs & Master degree in Law and Diplomacy of The Fletcher School, Tufts University • Member of the Legislative Yuan of R.O.C. • Associate Professor of Master's Program of Political Science, National Taiwan University • Visiting Research Fellow of Hoover Institution of Stanford University • Deputy CEO of Central Policy Council of KMT • President of Cross-Strait Association for Advancing Culture Creative • Vice President of Buddha's Light International Association R.O.C. • Honorary President of Confucianism and Taoism Academic China • Lifetime Volunteer of John Tung Foundation	
Director	S.C. Ting (Note 1)		• Executive Director of Chinese Blood Donation Association • Chairman of Cross - Strait Development Foundation • Director of ChengHsin General Hospital

Note 1 : Mr. S.C.Ting resigned from his position on May 23, 2018. The current positions are updated as of February 28, 2018.

List of Major Shareholders:

As of 08/05/2018

Shareholder's Name	Shareholding Percentage
Asustek Computer Inc. (Representative: Jonney Shih)	17.17%
T.H.Tung	3.56%
Jonney Shih	2.57%
Ted Hsu	2.16%
Silchester International Investors International Value Equity Trust	2.03%
GDR-PEGATRON Corporation	1.64%
Cathay United Bank in Custody for Expert Union Limited Investment Account	1.47%
NAN SHAN Life Insurance Co., Ltd	1.30%
CTBC Bank in Custody for Pegatron Corporation	1.22%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1.15%

Board and Subsidiary Committees

By complying with the Taiwan Company Act, Securities and Exchange Act and other related regulations, Pegatron’s Board has set up two subsidiary committees: Audit Committee and Remuneration Committee in order to strengthen the powers of the board of directors,

protect the rights and interests of shareholders and implement corporate governance.

1. Board Meeting

PEGATRON’s Board of Directors includes professionals from industries, financial and other professional fields. The 4th Board of director consists of 11 directors*, and 3 of them are independent directors. To comply with the Securities and Exchange Act, PEGATRON has formulated the Rules of Procedure for Board of Directors Meetings for compliance.

The Board performs its authorities and duties in accordance with related laws and rules to establish internal management regulations for the supervision of management performance and the determination of major issues in order to maximize shareholders’ equity and fulfill loyal duties.

6 meetings of the Board of Directors were held in 2018. The average attendance rate was 96.97%

* Mr. S.C.Ting resigned from his position on May 23, 2018.

2. Audit Committee

PEGATRON’s Audit Committee was established in 2013 and is composed of all independent directors by law. The Board has formulated the Audit Committee Charter for compliance. The main functions of the Audit Committee are to supervise fair expression of Pegatron’s financial reports, the hiring (and dismissal) independence and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations and management of existing or potential risks.

PEGATRON’s Audit Committee shall convene a meeting at least once quarterly and may invite certified public accountants, internal audit Officers and managers of finance and accounting to attend the meeting.

5 meetings of the Audit Committee were held in 2018. The average attendance rate was 100%

3. Remuneration Committee

PEGATRON’s Remuneration Committee was established in 2011 and is composed of 3 independent directors. The Board has formulated the Remuneration Committee Charter for compliance by law.

The functions of the Committee are:

- (1) Professionally and objectively evaluate the policy and system for compensation of the directors, supervisors, and managerial officers of this Corporation.
 - (2) Submit recommendations to the board of directors for its reference in decision making.
- The Remuneration Committee shall convene a meeting at least twice yearly.

4 meetings of the Remuneration Committee were held in 2018. The average attendance rate was 100%.

Code of Conduct

Integrity is the top priority to establish a good business culture.

Because the importance of business ethics and corporate responsibility in the world is greater than before, a sustainable corporate should earn the reliability and respect from all kinds of consumers, its partners and the public. Code of Business Ethics of PEGATRON can

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reflect our core value, and it is the basic discipline for us. To improve business integrity management, relevant departments are assigned to establish the Corporate Ethical Management Policy and the prevention system against corruption and malpractice. The implementation results and compliance of the policy are reported to the Board of Directors by designated personnel. Corporate Ethical Management Policy is clearly stated in the internal policy and external documents. The Board of Directors and management team are fully committed to implementing such policy rigorously and thoroughly in internal management and external business dealings.

From the management level to employees, we commit to abide by business ethics and confidentiality. We not only perform them internally, but also promote them to our supply chain. Prior to any business engagement, the Company checks the partner’s legality and its records of ethical conducts. All long-term suppliers are required to sign a “Statement of Integrity” which stipulates the contractual liability for violation of ethical conduct, to build a good business environment together. The ratio of the suppliers that signed the commitment till the end of 2018 was about 75%.

PEGATRON is committed to upholding the strictest business ethics. All employees should abide by the highest standards of probity. Any kind of corruption, blackmail or embezzling of company funds is strictly prohibited. All staff in their work should abide by the following principles:

1. All staff shall be honest and fair in their dealings with customers and vendors.
2. It is strictly prohibited for staff to receive or claim directly or indirectly for gifts, favorable dealings or other special treatment as an abuse of the powers of a position.
3. It is strictly prohibited for staff to use the powers of a position to receive or claim directly or indirectly unreasonable interest or other corrupt practices.
4. It is strictly prohibited for staff to extort property by the abuse of the powers of a position.
5. It is strictly prohibited for any unauthorized use of the name of the company other than in business related matters.
6. It is strictly prohibited to embezzle the company’s property for personal interests.

PEGATRON’s Board of Directors approved the Ethical Corporate Management Policy and the Codes of Ethical Conduct in November, 2014. We stipulated the preventive measures of unethical conducts, penalties and grievance procedures according to our Business Ethics and Code of Conduct and Business Gifts and Entertainment Policy. All employees shall follow these guiding principles of integrity, honesty, confidentiality and respect. In addition, we also set up the Business Ethics advocacy website and organize the trainings on corporate ethics management each year, to strengthen the ethics concepts of our employees. The Ethical Corporate Management Policy and Codes of Ethical Conduct were published on the Company's website: <http://www.pegatroncorp.com/investorRelation/majorInternalPolicies>

In order to make progress towards sustainability, PEGATRON not only implements the relevant actions internally, but also joins the Responsible Business Alliance (RBA) and complies with the RBA Code of Conduct. We also formulate the Business Ethics Code of Conduct as an internal management procedure to request all employees to obey. PEGATRON sets forth penalties for violation of code of conduct and the grievance mailbox for reporting of any violations. The Audit Office handles

all reported cases. For the potential conflict of interests, we establish measures to prevent conflict of interests and appropriate reporting channels to reflect any potential risks.

PEGATRON regularly conducts risk assessments relating to operation and financial affairs for all important operation sites, and the major risks identified are sales and procurement. We perform the control activities according to the results of risk assessments. For the higher risk of operational activities, we establish an effective accounting system and internal control system, and review them at any time. The Audit Office also develops the annual audit plan based on the results of risk assessments and reports to the Board of Directors together with audit reports.

We establish operational procedures for handling reported cases and protect the whistleblowers. The content of the reported cases are handled in confidentiality to avoid any unfair treatment or retaliation. In 2015, there was a case regarding leaking the company’s trade secrets, which violated the work rule and business code of conduct and were handled based on our internal norms for punishment and litigation. Such case was still under litigation in 2018. We did not have any other similar case in 2018 except for such case.

Information Security

Privacy and Intellectual property are highly valued and managed by implementing information security control.

As an excellent partner in green design, manufacturing and service for our customers, protecting customers’ privacy and intellectual property is regarded as a very important duty in PEGATRON. To show our determination of information protection for the products, assets and data of customers, the CEO approved the Confidentiality Policy in 2010. Under the control of the policy and relevant processes, all information about the products and data of customers are kept confidential. All employees have the responsibility of not disclosing, not collecting and not using the information beyond our business scope. We earn customers’ trust by protecting their assets and providing a complete information security environment.

To meet customers’ requirements for information security, and protect customers’ privacy and intellectual property, PEGATRON has established an enterprise level security information task force for governing the data to reduce the risk level and meet our customer needs. We rigorously review data, business application, operation system, intranet, extranet, physical environment, procedures & policy as well as conduct entire control when creating an account, requiring a password, applying and setting the access authority, applying an ID, limiting log in authority, recording audit records and getting multiple certifications.

For the actual construction and building protection of information assets, we control the security in all accesses strictly and implement the Disaster Recovery System. Also, we implement the structure of the high-availability system to ensure information continuity. We use encryption system to protect and control the access authority for confidential and sensitive documents, and also adopt encryption and private communication protocol to ensure the confidentiality of important data.

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In addition to periodical backup, we implement remote backup mechanism to ensure the completeness of data preservation. To enhance the awareness of security for all relevant personnel, PEGATRON not only propagates information security and confidentiality periodically, but also performs relevant customized training programs for different personnel according to their operations, including security operation concept introduction, standard operating procedure introduction, crime prevention and the compliance with security policy. Besides, employees whose operations are related to confidential information need to sign confidentiality agreements and have the obligation of accepting information security audits.

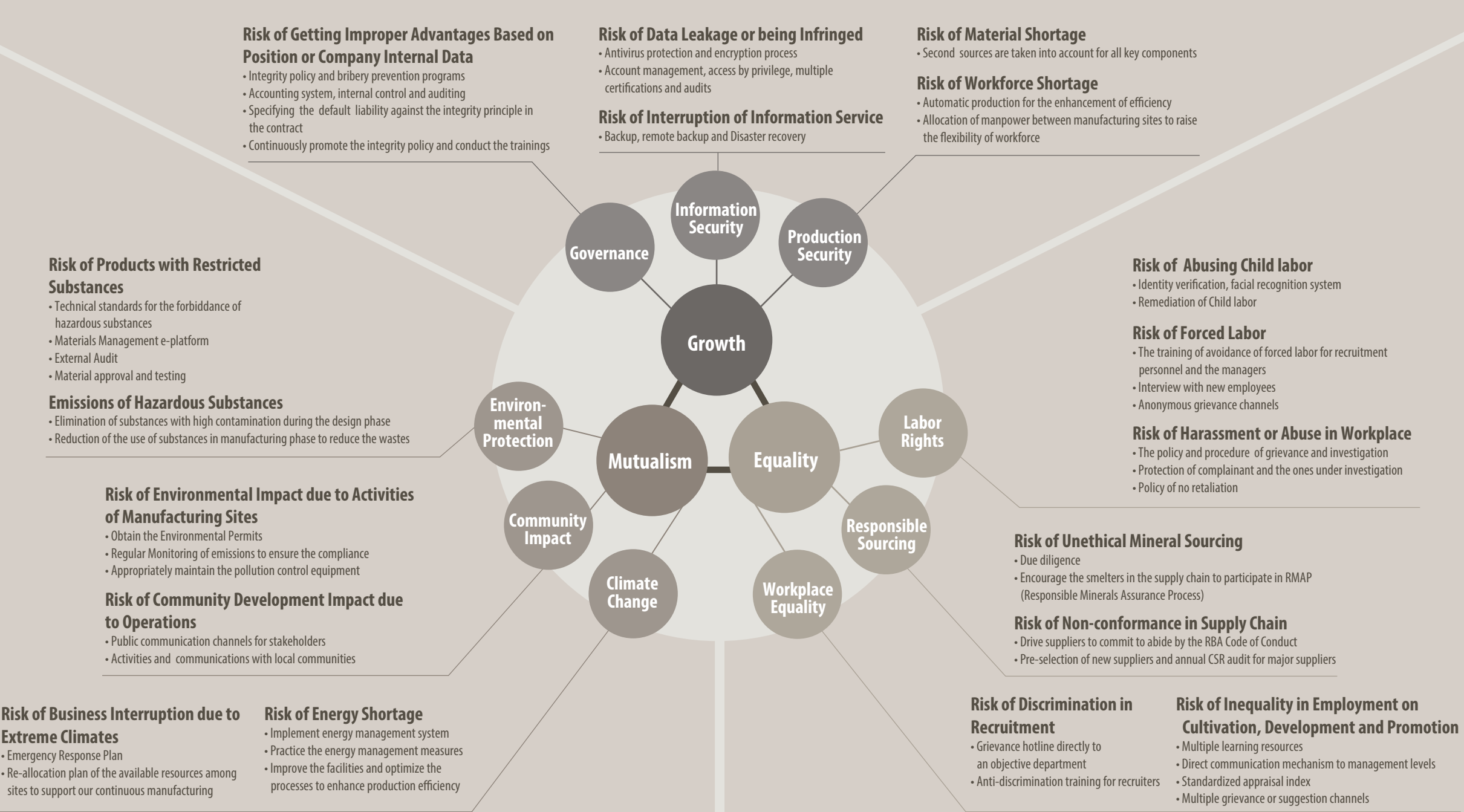
To ensure the effectiveness of information security management system, the Company regularly conducts internal audits every year to meet customer requirements. Through continuous improvement and reduction of threats posed by information security incidents and impacts, PEGATRON had no breach of any customer’s privacy in 2018.

Risk Management

Identify and control the risks, then transform the risks into opportunities.

In order to achieve the goal of sustainable development and efficiently reduce the risks of business continuity, we identify and control several kinds of risks during corporate operations. For marching towards sustainability, risk management is not only taken into our daily operations, but also regarded as one of the determinant factors in corporate governance.

The identification and management of various risks are listed as below:



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Regulatory Compliance

The basic principle is to comply with the laws and to strictly abide by them inside out.

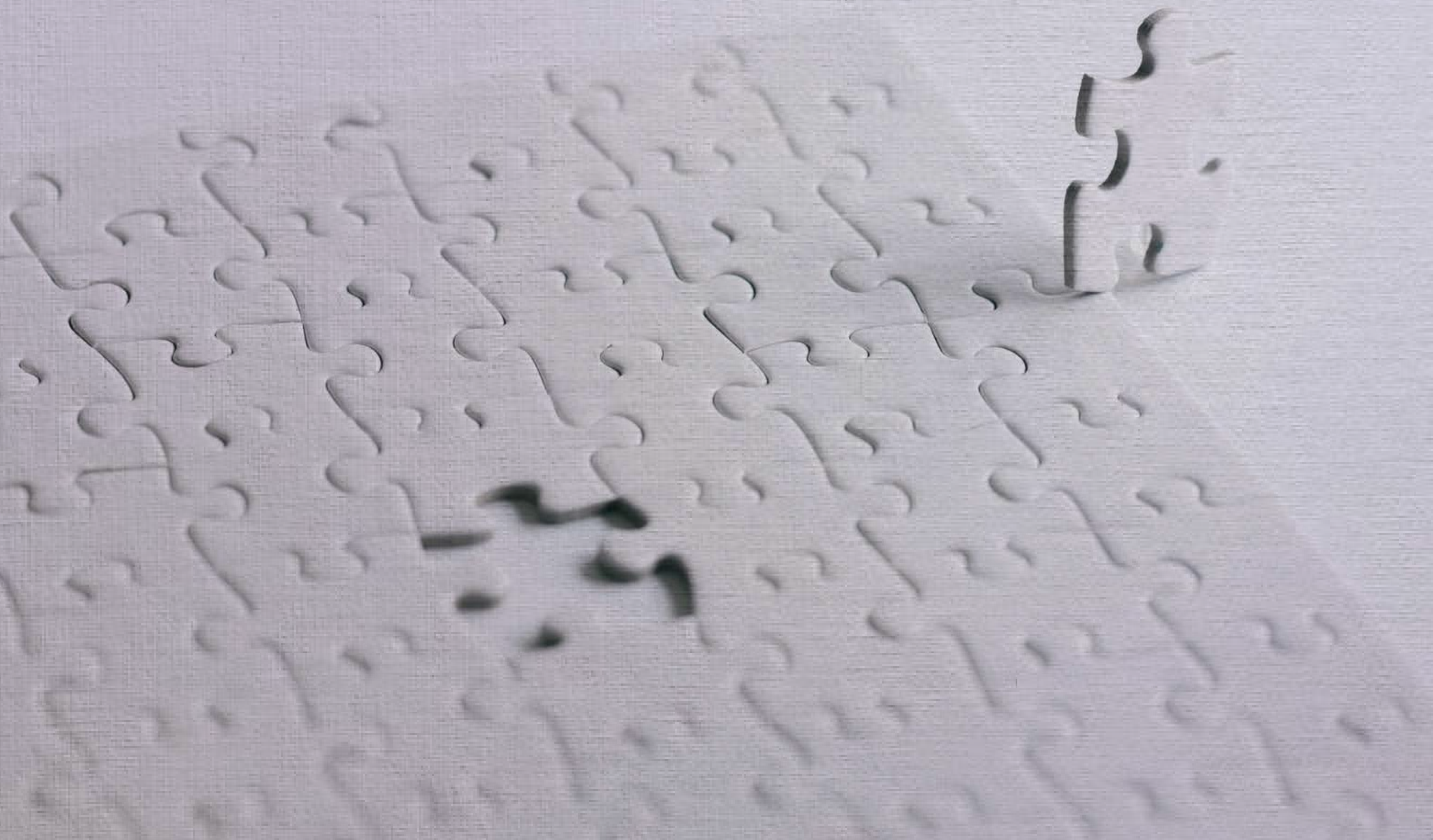
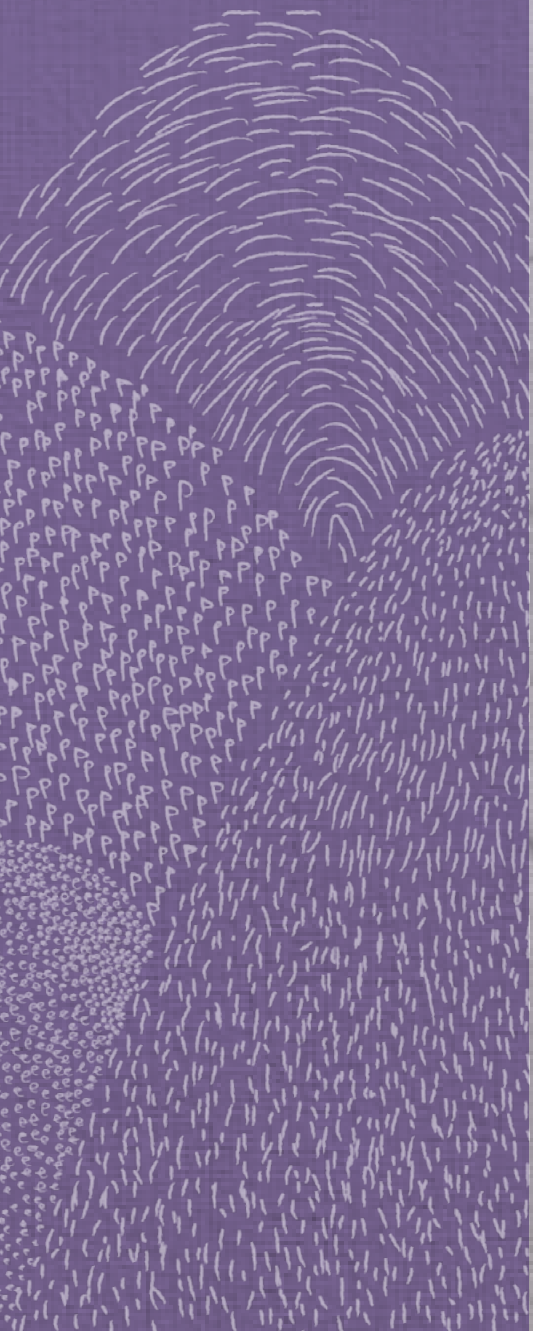
Since inception, PEGATRON Group has complied with relevant laws and regulations, and continually followed any policies and laws that could have significant impacts on our finance and business. Our legal team notifies the relevant departments the latest developments of laws and regulations and assists our company to comply with such laws and regulations. That not only reduces the direct financial risks, but also avoids the indirect business reputation risks. After receiving the latest laws and regulations, relevant units will set the management procedures and process to audit the obligation compliance of such laws and regulations accordingly to reduce illegal risks. Our legal team also holds relevant trainings, and we not only expect colleagues to follow the regulations, but also avoid any operations leading to breach. PEGATRON Group has involved in an anti-trust litigation due to Qualcomm company breaching anti-trust law as the result of its conducts of patent licensing in 2018. However, there was no other significant non-compliance with laws or regulations in 2018.

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Responsible Partnership

The function of partnership is to act as a connecting role in entire value chain to benefit sustainable development.



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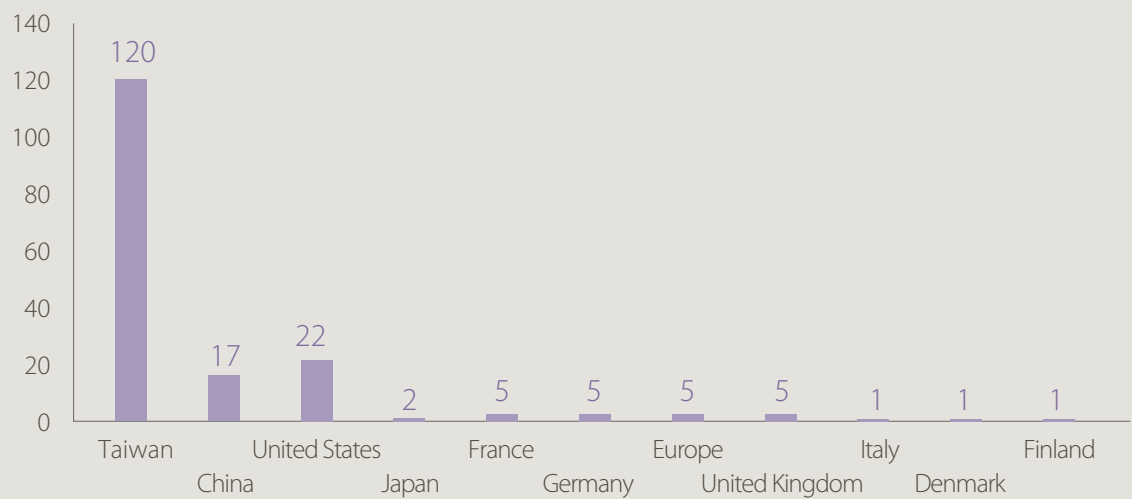
Customer Service

Improve the service process and accumulate core techniques to enhance satisfaction.

The business strategy of PEGATRON is to be an expert in design and manufacturing as well as to improve the service process for global arrangement to meet customers’ needs thoroughly. By providing customers with the best service, they can focus on brand and channel operations and we can earn customer satisfaction. “Navigate the Future” is PEGATRON Group’s business philosophy. We navigate our customers to obtain business opportunities ahead of the market with our innovative technology and design for service. We provide new integrated service from design, manufacturing to after-sales service. With a complete service experience, we can quickly and efficiently fulfill our customers’ expectations.

Our research and development teams whole-heartedly serve our customers from the first stage of product development. After the in-depth understanding of customer needs and expectations for new products, we begin with the viewpoints of users and combine with the aesthetics and innovations to develop our new products. We completely state and explain to customers from different levels for positioning of products, special materials and style options, parts selection, product functions, appearances and packaging, production conditions, and even the challenges that we may face in the manufacturing process or impacts on the environment. Meanwhile, we also pay attention to test flows. We not only pursue the most advanced testing technologies, but also make a huge investment in professional testing equipment. The only purpose is to design perfect products of maximizing customer’s interests and to keep in line with market expectations.

To improve product value and accumulate the core technology, PEGATRON commits to train innovative talents and develop diversified product applications. We got the total number up to 184 global patents certified in 2018 to create maximum value for our customers.



Our R&D team constantly engages in the development and improvement of green materials, including the management of hazardous substances, the research of recyclable and biodegradable materials, and the product reliability analysis. We also do classified research of metals, plastics, coatings, inks and other raw materials, thus enabling to develop the products that meet the environmental objectives at the minimum costs. For the development of clean production process, we focus on meeting customers’ green product specifications and carbon reduction requirements as the core elements. Our short-term goal is to lean the current processes and long-term goal is to simplify them and reduce the equipment used when developing green materials, and to find out a new clean production way. PEGATRON has a very prospective research ability to achieve the responsibility of a corporate citizen, with the ultimate goal to be non-toxic, pollution-free, environmental friendly, energy saving and carbon reducing.

With customers’ global layouts, our overseas customer service teams are located around the world to meet customers’ needs. Therefore, we are able to provide the most immediate and convenient services, as well as offer the most comprehensive support to customers around the world with our well-established service network composed of tens of service sites on all continents. Furthermore, we provide our customers with customized service planning, immediate and effective technical support, experienced repair teams, professional supply chain management, friendly IT systems, worldwide service sites, and the greatest enthusiasm with a superior commitment.

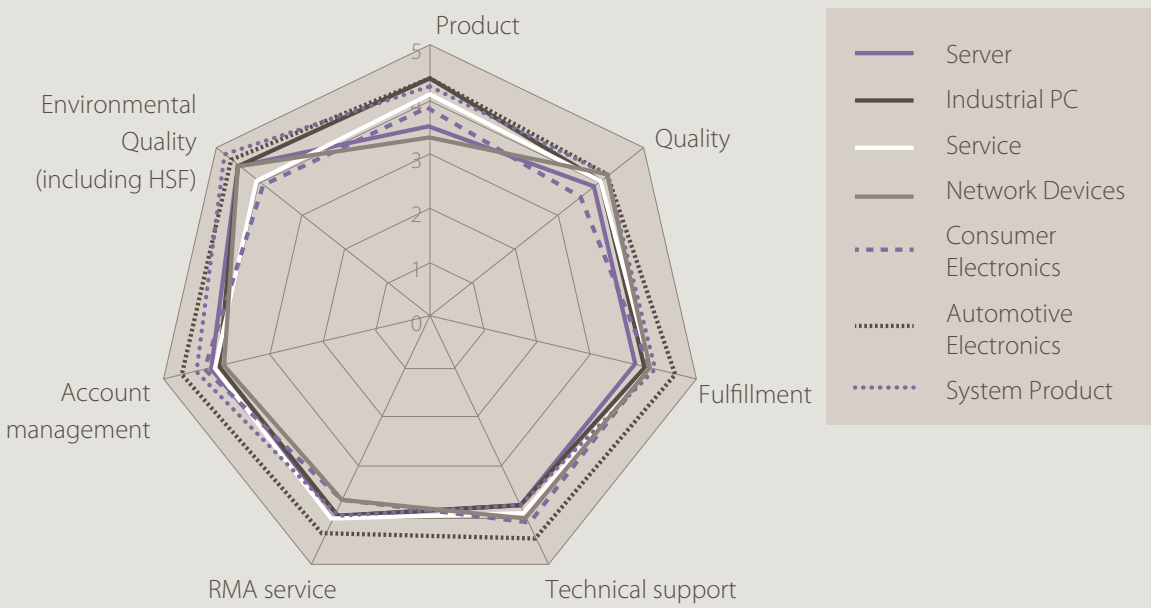
PEGATRON not only has high expectation and responsibility for our service quality, but also pays great attention to the voice of consumers. Through the customer satisfaction surveys or QBR (Quarterly Business Review) meetings, we can listen most directly to customer’s suggestions and concerns. According to the QBR results and the opportunities for improvement figured out by our customers, we fixed those issues through internal improvements and professional training programs within the timeframe set to reduce defects to pursue 100% customer satisfaction.

Besides, we actively investigate customers’ satisfaction by customer surveys about the aspects of our products, services, quality, delivery, technical support, business response and hazardous substances free management. We can understand the overall management and operational performance from customers’ point of views to adjust the direction and management with in-depth review, and propose the specific strategies and programs for improvement.

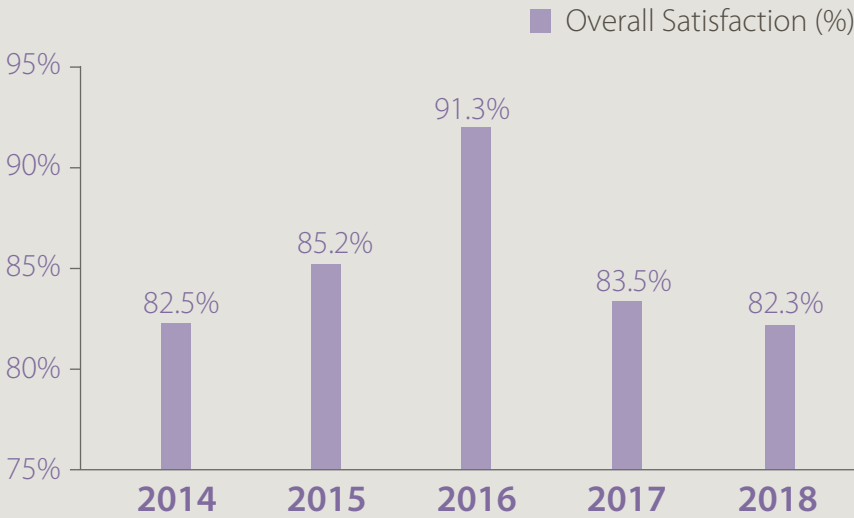
Based on the statistical results of customer satisfaction surveys, the annual average customer satisfaction score of PEGATRON in 2018 was 82.3. We respect the spirit of continuous improvement to perform improvement projects for deficiencies. In 2018, the main types of customer complaints were production and materials. All customer complaints are closed. For customer complaints, each business group/unit and factory immediately convene meetings to review and practice the improvement measures as well as track the status of the improvements. At the same time, it is required that the customer complaints should be fixed as soon as possible.

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Customer Satisfaction Results for Various Products:



Overall Customer Satisfaction in 2014-2018



Our priority is to reach the highest satisfaction of customers and business partners. By implementing the management systems of corporate social responsibility (PureCSR) and quality with hazardous substances free (PureGMS), we continue to improve internal processes and build a good corporate image to meet customers’ requirements. We even have a target to exceed customer expectations for better customer service management.

Sustainable Supply Chain

Build a sustainable supply chain through communication, monitoring, cooperation and growth together with our partners.

Supply Chain Status

As an enterprise of information, communication and consumer electronics technology industry, PEGATRON provides the service mainly on research, design and manufacturing. Our supply chain consists of raw material suppliers, equipment suppliers, waste disposal vendors, material transportation vendors, service providers (such as security, food, cleaning), human resource agencies and so on. The main raw material suppliers of PEGATRON are electronic components and mechanical parts suppliers. We design and assemble finished goods according to customer demands with components provided by our suppliers, and then deliver them to the designated sale territories. More than 1,800 suppliers cooperated with PEGATRON in 2018, and most of them came from Taiwan, China, United States, Japan and South Korea. Since the main production base is located in China, 90% of our suppliers are located in Asia. The supplier types includes manufacturers, authorized agents and so on. Their industry types are mainly capital-intensive and technology-intensive ones. PEGATRON promotes local purchase continuously. It not only reduces the transportation costs and responds to carbon reduction effort, but also enhances local employment opportunities. Before we cooperate with suppliers, we not only consider technology, quality, delivery and cost, but also request our suppliers to commit to environmental protection, occupational safety and health, and labor rights so as to fulfill our corporate social responsibility.

PEGATRON plays an important role in the electronic supply chain. Therefore, the management of supply chain is one of the key issues for us. According to the customer requirements, legal requirements and international trends, we have written internal procedures to monitor the performance of suppliers, including advocacy, promotion and audit. Besides, we hold several training programs to introduce the concept and develop the ability of sustainability into the entire electronic supply chain. In addition, we also manage our vertical integration affiliates and subsidiaries through the supply chain management process to enhance the sustainable development of electronic supply chain.

Supplier Risk Assessment

To make sure that suppliers meet our requirements for Quality, Cost, Delivery, Service, Technology and Corporate Social Responsibility, they have to participate in PEGATRON’s QBR (Quarterly Business Review) regularly. Suppliers with outstanding performances would be our long-term partners and have chances become our Annual Excellent Suppliers. Suppliers with bad performances will be regarded as unqualified suppliers. If the nonconformities are significant, PEGATRON will terminate the contractual relationships with them when necessary. At the same time, the Procurement Unit regularly reviews the financial statements and conduct the financial risk assessments of suppliers to ensure that they meet the low risk level of financial standard.

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SRM (Supplier Relationship Management System) is the platform on which PEGATRON communicate with our suppliers. We announce and update the latest news or requirements on this system to let all suppliers know. The annual supplier conference information is also uploaded to SRM. The functions related with PureCSR issues provided by SRM system include:

- Hazardous Substances Management – Suppliers can upload documents including certificates of non-hazardous substances, composition tables or SDSs (safety data sheets), and third party test reports.
- Conflict Minerals Survey System – We follow the Conflict Minerals Reporting Template (CMRT) and invite our suppliers to upload their Conflict Minerals Report (CMR) into SRM system.
- PureCSR Supplier Management – We announced CSR requirements and standard on SRM system so that suppliers can upload them to follow-up.
- Business Ethics Management – The complaint mailbox for business ethics and statement of integrity are available for suppliers to download on the SRM system.
- PureGMS Supplier Management – Suppliers can regularly update their ISO certificates and reports based on related requirements (e.g. China Compulsory Certification Reports, Finished Product Inspection Reports, and so on).

Audit & Communication

PEGATRON obeys its supplier quality & CSR management procedures for regular management to ensure the quality of components. Besides, we also issue the Supplier Consulting Standard. With this standard, we can help suppliers to set up product HSF system, quality system & process control standard, so as to improve suppliers’ product environment quality, delivery quality and process capabilities. Meanwhile, we ask new suppliers to sign the PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement and commit that their operations are in line with PureCSR policy and requirements.

The ratio of the suppliers that undersigned PEGATRON Supplier Responsible Business Alliance Code of Conduct Agreement till the end of 2018 was 85.5%. Also, there were 1,366 evaluations of supplier environmental performance conducted in 2018.

Supply Chain Management:



New Suppliers Selection

In accordance with internal procedures, evaluation was conducted on our new suppliers in terms of quality management system, hazardous substances free (HSF) management system and manufacturing ability so as to ensure they comply with relevant requirements. A new supplier shall be certified with one management system among ISO 9001, IATF 16949 or TL 9000. Except for meeting the standards of quality and green management system, new suppliers shall also comply with the PEGATRON PureCSR policy. They are not only requested to sign the Pegatron Supplier Code of Conduct Agreement, but also to accept evaluation on their compliance with governance, environmental protection and social aspects based on the violation records revealed in public. Furthermore, the contracts between PEGATRON and suppliers also define that the suppliers shall comply with all relevant laws and the RBA Code of Conduct. If there is any severe violation, the business relationship may be terminated by PEGATRON.

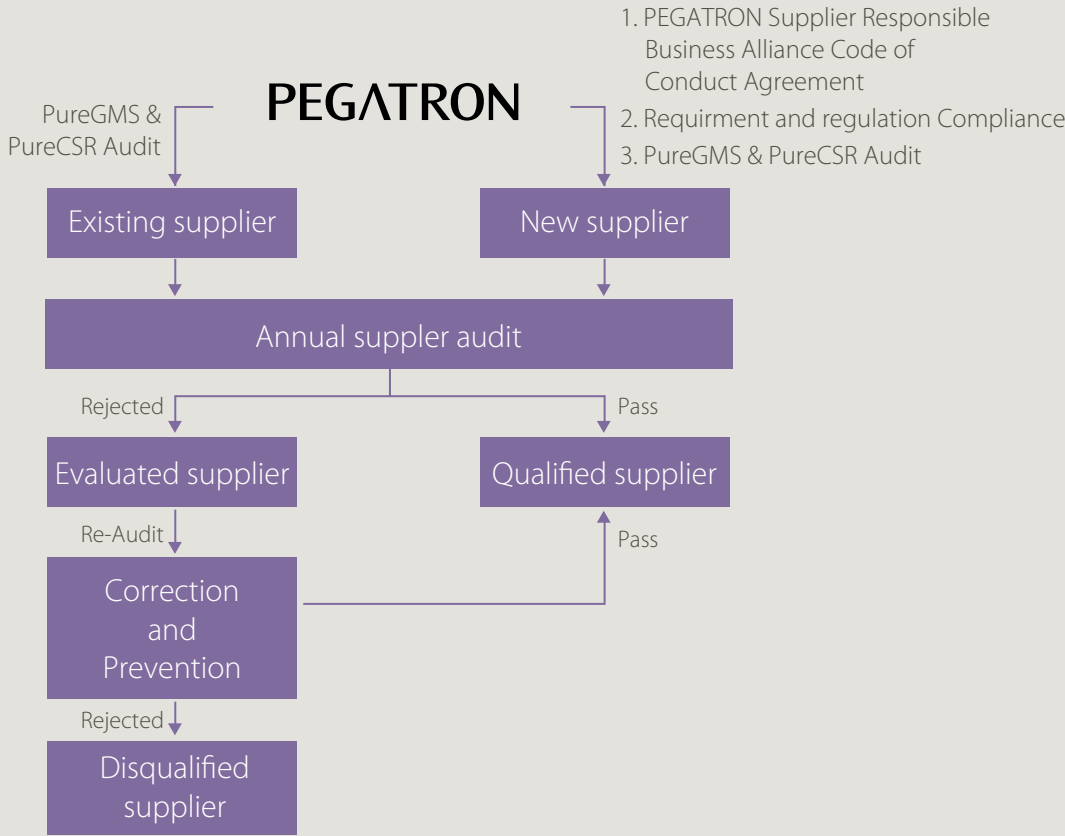
The new supplier self-assessment questionnaire (SAQ) had been started in 2018. There were 507 new suppliers involved in the SAQ, and the new suppliers would be listed in the next annual supplier audit scope if the result of SAQ was middle or high risk. For the SAQ result, 206 new suppliers responded that they have ISO 14001, OHSAS 18001, RBA online SAQ or they had conducted RBA VAP or RBA non VAP.

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Annual Supplier Audit

PEGATRON implements supplier audits annually in accordance with internal procedures, so as to ensure that suppliers comply with PureGMS and PureCSR requirements. Any supplier that does not pass the onsite audit will be asked to improve the non-conformities by the deadline and complete the corrective actions. We classify the results of unqualified suppliers and feedback them to our Procurement Center as a reference for supplier management.

Supplier Management Process:



PEGATRON regularly conducts e-surveys for major suppliers every year to ensure that suppliers can meet CSR requirements, including management systems, labor rights, health and safety, business ethics, product responsibility, greenhouse gas emissions and other aspects on CSR. The number of major suppliers that were highly concerned about in 2018 was 164 and we issued the e-survey questionnaires to all of them. The overall response rate and approved rate were 100% and 86.0% respectively. There were 23 suppliers that failed in the audits and all of them are included in 2019 annual supplier audit program to track their corrective actions continuously. In addition to e-survey, there were 41 suppliers that accepted on-site audits in 2018. The 3 suppliers of non-conformance were required to respond the corrective and preventive actions for re-audit, and the others provided the corrective reports within the due date and was approved by PEGATRON's audit teams.

Supply Chain Promotion

We regularly hold supplier seminars every year to advocate PureGMS & PureCSR policies, hazardous substances free requirements and supplier management requirements. There

were 6 PEGATRON supplier conferences held in different areas, including HQ, Central China and West China in 2018. There were 694 suppliers and 1193 people in total that joined the conferences. The main topics of the conference were green technology standards and related notes of supplier management. Our corporate social responsibility and conflict minerals requirements were also introduced simultaneously. Through the Supplier Conferences, we delivered the concept of sustainable development to suppliers and had a two-way communication with them.



Through the regular Supplier Conferences, we delivered the concept and communicated with them.

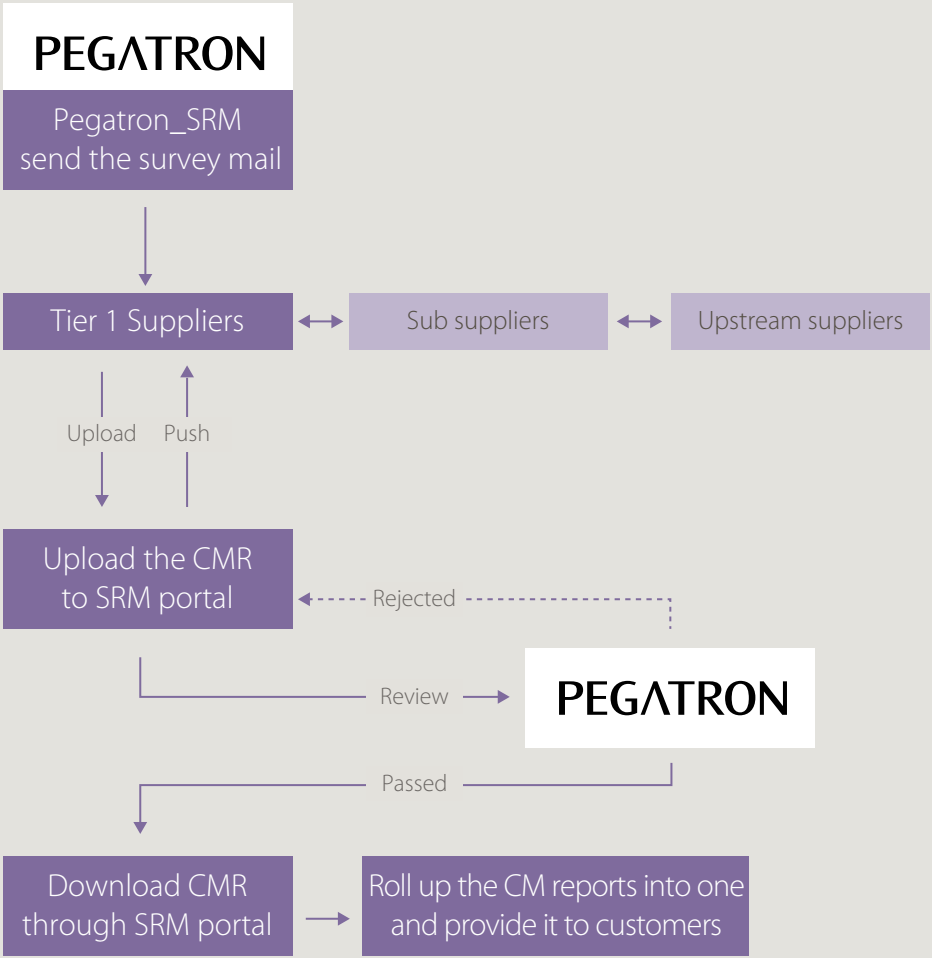
Conflict Minerals

The mining industry in Democratic Republic of the Congo (DRC) and adjoining countries are occupied by certain non-governmental organizations or non-governmental military groups which may cause serious social and environmental issues in the region, including armed conflict, theft, extortion, illegal child labor, women captivity, deforestation, and so on. To reduce the violations of human rights, many corporations have disclosed the sources of metals to avoid using or importing “Conflict Minerals” from DRC illegally, or smuggled through surrounding countries to prevent the above events from occurring.

As a corporate citizen and one of Responsible Business Alliance (RBA) members, PEGATRON not only discloses its conflict minerals statement on the company website, but also establishes an internal procedure to conduct the risk management of supply chain. We have launched conflict minerals investigation project since 2012 according to the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance. We follow the Conflict Minerals Reporting Template (CMRT) founded by Responsible Minerals Initiative (RMI) to establish PEGATRON's SRM Conflict Minerals Survey System and invite our suppliers to disclose the smelter information relating to their products and upload Conflict Minerals Report (CMR) to the system.

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Conflict Minerals Investigation Process:

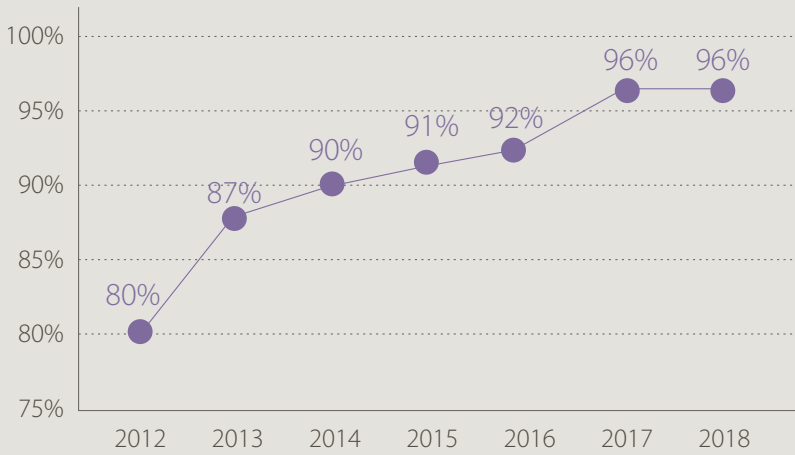


PEGATRON Conflict Minerals Management Framework

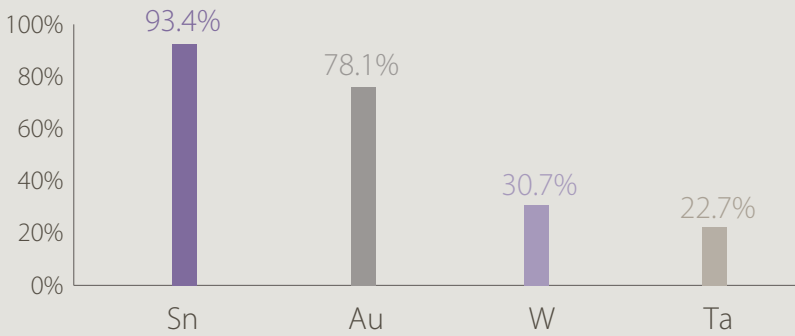
PEGATRON respects human rights and keeps paying attention to this issue. We continue to share our Conflict Minerals Policy and invite our suppliers to conduct due diligence of the materials' sources of their products to ensure the metal sources of Tantalum (Ta), Tin (Sn), Tungsten (W) and Gold (Au) are not derived from mining in conflict regions of the Democratic Republic of the Congo (DRC), and endeavor to fulfill the responsibility of a corporate citizen. We do risk assessment and encourage our suppliers to ask non-compliant smelters or refineries in their supply chains to join the RMI-RMAP audit. As a result, the survey completion rate grew from 80% in 2012, continually rose to 96% in 2018 (See the line graph). In 2018, 1,823 suppliers joined the conflict minerals survey. According to the result of the analysis, 978 (compared to 2017: ↓ 47) suppliers had indicated their products and/or manufacturing processes contained these 4 conflict minerals that had been provided to Pegatron, including Tin (Sn) which has the highest proportion of 93.4% (decreasing by 0.1% compared to 2017), followed by gold (Au) 78.1% (decreasing by 1.1% compared to 2017), Tungsten (W) 30.7% (decreasing by 2.3% compared to 2017) and Tantalum (Ta) 22.7% (decreasing by 2.6% compared to 2017) which means the source and using rate are approaching to the stable stage and there are more and more suppliers who are willing to reply to the conflict minerals survey. Based on the support of suppliers, the conflict minerals

were used in Pegatron's products are identified to approach the using ratio, and also reach the goal of being sourced from qualified smelters/ reneries step by step accordingly.

PEGATRON Supply Chain Replied Situation by Year



Conflict Minerals Ratio in 2018



In 2018 investigation of PEGATRON, the ratio of suppliers that claim the materials they supplied to us contain conflict minerals (by category of conflict minerals)

Remark: The calculation of the ratio (%) of conflict minerals is shown as belows: [(total number of suppliers using one mineral among 3TG) / (total number of suppliers using 3TG)] x100%(Tantalum, Tin, Tungsten and Gold are collectively known as 3TG.)

In recent years, Pegatron cooperates with customers actively to achieve 100% conflict free sourcing goal. In the future, we will be stricter in Conflict Minerals Surveys, and ask suppliers to disclose the smelters' information completely and honestly. Furthermore, we will continue to advocate the conflict minerals related requirements at the supplier conferences to achieve our purpose that we do not directly or indirectly benefit the armed conflict groups.

Navigate
the
Future



Sustainable Environment

The company commits to the implementation of environmental protection and mitigation of impacts result in climate change.



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With the evolution of society, the focus of environmental protection is not limited to the traditional pollution prevention and control. The worldwide shortage of resources caused by rapid industrialization, the vast consumption of resources and climate change cannot be ignored nowadays. As a sustainable corporation, PEGATRON responsibly faces the global issues including climate change, environmental protection and global warming. We issue several procedures and obey them to minimize the use of resources, perform greenhouse gas inventory and energy conservation management in order to reduce the consumption of resources and greenhouse gas emissions. To achieve our commitment, we disclose our concepts for environmental protection and greenhouse gas reduction in our PureCSR policy.

As mentioned in our PureCSR policy, we value natural resources preservation, environmental protection and pollution prevention, so as to eliminate any impacts on the environment. We also announce our greenhouse gas inventory and verification project based on the PureCSR principles in response to carbon reduction requests from our stakeholders. An international environmental management system, ISO 14001, is also in place and Pegatron is certified by third parties periodically.

Low Carbon & Energy

We established long term carbon reduction goal to show the determination on promotion of energy saving and carbon reduction.

PEGATRON provides solutions to global warming through eco-friendly design and clean manufacturing. We make great efforts on carbon reduction in product manufacturing, delivery and disposal, and implement energy saving actions in daily operations. In addition to the direct disclosure of treasuring the natural resources in our PureCSR policy, we have established a long-term energy conservation and carbon reduction goal to show our determination to achieve carbon reduction.

Our targets are reductions of 21 percent greenhouse gas emissions and 24 percent electricity consumption by 2020 from 2009 levels per revenue dollar.

For the increasingly serious problem of climate change, we analyze the risks that may be encountered and figure out how to avoid them as follows:

Response Object	Risk	Opportunity	Responded Practice	Risk after Response
Regulatory Requirement	Local governments are increasingly paying attention to the reduction in greenhouse gas and energy use	The definition of laws and regulations can be effectively established in response to practice	1. Establish greenhouse gas inventory platform to collect and monitor emissions 2. Set the Group's energy saving and carbon reduction targets	Low
Carbon trading / energy tax	Carbon trading and energy tax increase in operating costs	The development of energy efficiency methods and technologies will help to reduce unit product costs	1. Update or replace inefficient equipment 2. Establish a monitoring mechanism for energy use	Low

Customer Requirement	Energy saving measures and the use of renewable energy requirements	Cooperate with and learn from customers to enhance energy conservation measures and renewable energy researches and development	1. Evaluate the efficiency of facility / equipment operation 2. Benchmark with best practice companies 3. Evaluate, establish or purchase renewable energy	Medium
Extreme climate	Plant equipment, staff commuting, delivery of raw materials and shipping affected	Import new technologies and methods to save traveling and transportation costs.	1. Online/ video conference, and so on 2. Evaluation and establishment of emergency response plan	Low

A. Introducing ISO 50001 energy management system:

To ensure effective implementation of energy management and energy conservation policy. PROTEK and PEGAGLOBE have gotten the external certifications in 2018, and the management system will also be implemented at other sites.

B. Applying equipment or technology, recycling and management to achieve the Group's goal of energy and carbon reduction:

Category	Project	Reduction (kWh)	Reduction (Megajoule; MJ)	CO ₂ Reduction (tCO ₂ e)
Application of new equipment or technology/ Recycling and reuse	1. Air conditioning system- equipment replacement; energy saving design for both sides; cleaning and prevention of biofilm; refrigeration by using cooling tower in winter season. 2. Replacement to zero-loss post-processors and use heat recovery 3. Vacuum system- Introduce vacuum equipment to replace vacuum generators 4. Lighting system- LED lighting	19,446,213	70,006,367	15,906
Management	Lighting and air conditioning operation plan	12,230,245	44,028,881	9,891

Note: The amount of carbon reduction was calculated based on the electricity emission factor of each site in 2017, which was published by the competent authorities of Taiwan, China, Mexico and Czech.

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C. Evaluating the efficiency of facilities or equipment:

Cooperate with external parties to evaluate the efficiency of the facilities or equipment and use them as a baseline for energy efficiency improvements.

D. Learning from leading companies:

In addition to arranging the non-scheduled meetings for the professionals on energy within PEGATRON Group, staffs in the factories were also invited to join the events to visit benchmark enterprises. Through these activities, we can learn more and find the best practices for the improvements of energy efficiency in the factories.

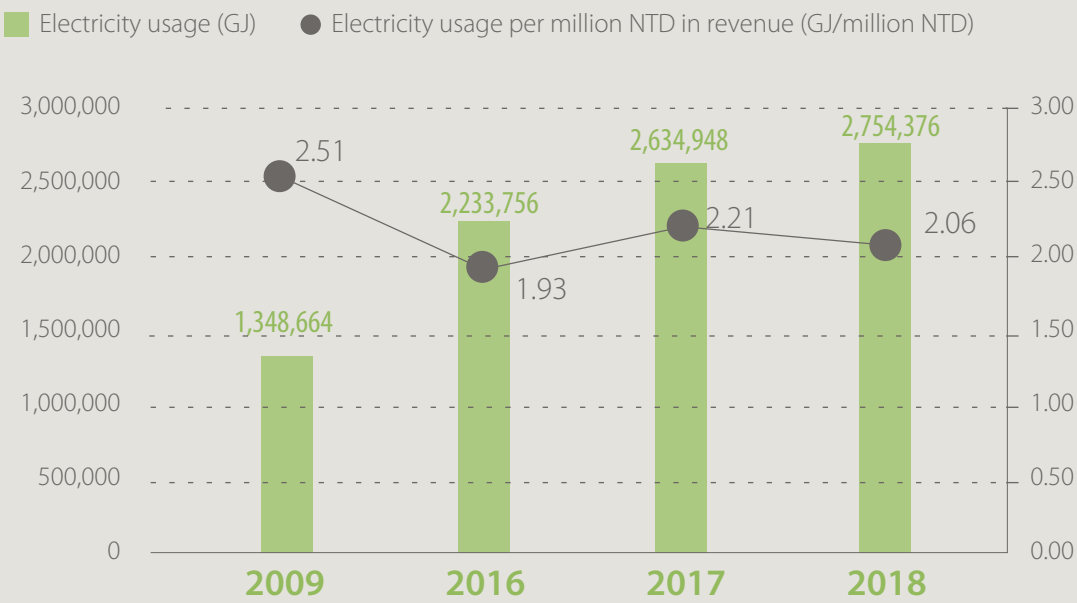
E. Application of renewable energy:

A solar power system was installed on the top floor of a facility to reduce the use of purchased energy.

Category	Project	Power Generation (kWh)	Power Generation (Megajoule; MJ)	CO ₂ Reduction (tCO ₂ e)
Renewable energy	Solar Power System	8,531,262	30,712,542	6,864

The purchased electricity is the main source of greenhouse gas emissions in the PEGATRON Group. We not only produce products with lower energy consumption, but also implement several energy saving actions in our daily operations (such as power usage management, illumination and air-conditioning management) to enhance the efficiency of electricity use at non-manufacturing area.

Analysis of electricity use in PEGATRON (2016-2018):



Note: The data in 2009 (Base year) has been reconfirmed. Please refer to GRI content index in the Appendix for more information.

Greenhouse Gas

Keep Adapting and Try to Eliminate the Impacts on Business Continuity.

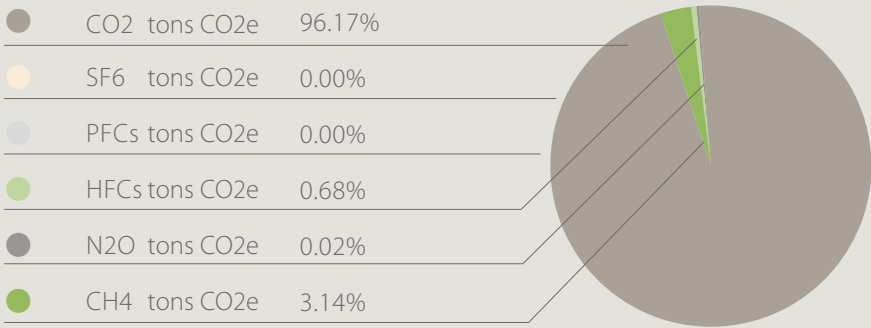
In addition to the direct disclosure of treasuring the natural resources in our PureCSR policy, our commitment to long-term energy conservation and carbon reduction was disclosed by our chairman, TH Tung. We expect that we can contribute to global greenhouse gas reduction through our efforts.

PEGATRON has committed to develop eco-friendly design since its inception. In response to the impacts of global climate change, we not only continue to improve the energy efficiency of products, but also develop the easy dismantling, easy recovery and energy saving design for the specific products according to customer requirements. Meanwhile, we establish the internal environmental technology standards for manufacturing of green products, and transform the risks of climate change into business opportunities for competition. Besides, we strive to reach the greenhouse gas reduction target at design and manufacturing stages, by strengthening energy conservation and enhancing the efficiency of operations, with the optimal evaluation of energy consumption and cost.

In order to implement the greenhouse gas management of PEGATRON Group, our headquarter and main manufacturing centers set up the “greenhouse gas inventory committee” to execute the inventory management plan and identify significant emission sources as well as draft the reduction target and plan. For the purpose of reducing the impacts from business, production, activities and services, through the management process we take our responsibility for environment protection.

PEGATRON conducts “Greenhouse Gas Inventory” according to the Greenhouse Gas Protocol and our internal procedure “Management Procedure for Greenhouse Gases (GHG) Emissions Inventory “. We also obey ISO 14064-1 standard to disclose and verify GHG emissions. The company's greenhouse gas emission inventory covers direct emissions (scope 1) and indirect emissions from purchased electricity (scope 2). The inventory results are verified by a third party and the verification statements are publicly disclosed on the company's website. The external verification of 2018 greenhouse gas emissions was conducted in June, 2019. The total quantity of greenhouse gas emissions in 2018 was 677,411 tCO₂e, and the proportion of the six greenhouse gas emissions from operation shows in the following table. The main source of emissions in 2018 was electricity usage and its ratio was 90.41%.

Pie chart of the six main greenhouse gases:



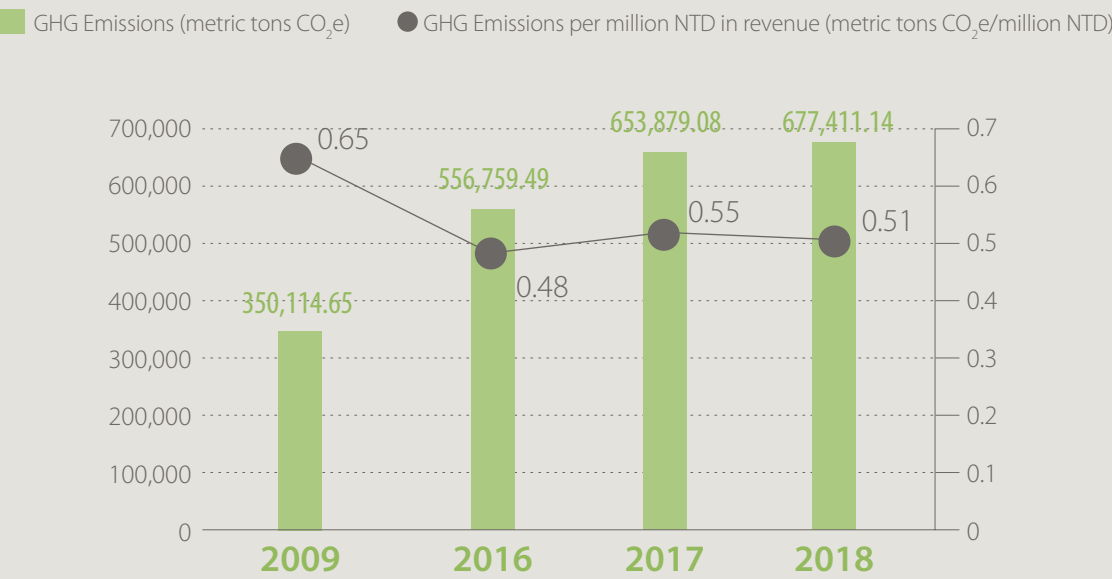
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Proportions of GHG emission of PEGATRON in past three years

	2009 (Base year)	2016	2017	2018
Scope 1 (tCO ₂ e)	22,617.26	40,696.38	43,688.79	38,828.61
Scope 2 (tCO ₂ e)	327,497.39	516,063.11	610,190.29	638,582.53
Total Emission(tCO ₂ e)	350,114.65	556,759.49	653,879.08	677,411.14

Note: The data in 2009 (Base year) has been reconfirmed. Please refer to GRI content index in the Appendix for more information.

Greenhouse gas emissions in PEGATRON (2016-2018) :



Note 1: The data of 2018 has been verified by the third party. The Verification Statement can be accessed on the Company's website. <http://cht.pegatroncorp.com/csr/view/id/1>

Note 2: The base year is 2009.

PEGATRON has actively participated in the CDP (Carbon Disclosure Project) since 2009, responding to its greenhouse gas emissions, climate related investment risks and opportunities through the questionnaire. We will continue to join international projects and initiatives in the future to show our attention and efforts on the relevant issues.



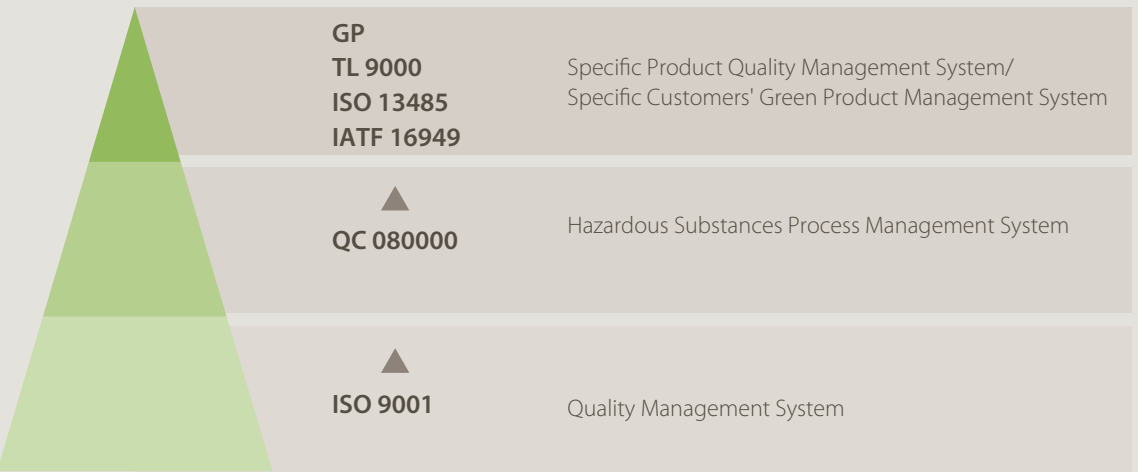
Sustainable Design

We care the society, treasure the environment and make everything simpler by design.

As a professional DMS, PEGATRON designs innovative and high-end technology electronics products, with the concept of economic, society and ecology sustainability. We focus on the enhancement of product energy efficiency to respond to the issues of global warming and limited natural resources, as well as to improve energy efficiency of products. In order to reduce the impacts on the environment and lower or eliminate the negative effects on health and safety in design and manufacturing stages, we control the usage of hazardous chemicals and use recyclable materials according to international environmental protection regulations and customer requirements.

“PEGATRON continually pursues improved product quality through innovation, efficient manufacturing, eco-friendly design, on-time delivery, reliable service, lean process and comprehensive training to gain customer satisfaction and exceed customer expectations” is our Green Management System’s (PureGMS) policy. Our product quality management activities are based on ISO 9001 Quality Management System. Our QC 080000 management system was developed to ensure all our products under control to avoid hazardous substances used or product contained from the stage of customers’ requests to the stage of products delivery. Meanwhile, we have established GP management system and obtained certifications of TL 9000, IATF 16949 and ISO 13485 to meet specific customer requirements.

PEGATRON tracks and summarizes all international environmental regulations including hazardous substances, green marks, environmental labels and other information. Relevant units report the regulatory compliance and response measures on the regularly Steering Committee (SC) meetings. The latest environmental regulations are also communicated internally through the monitoring platform for regulations. PEGATRON had no case of noncompliance leading to fines with regulations concerning about the health and safety impacts or information labeling by products and services in 2018.

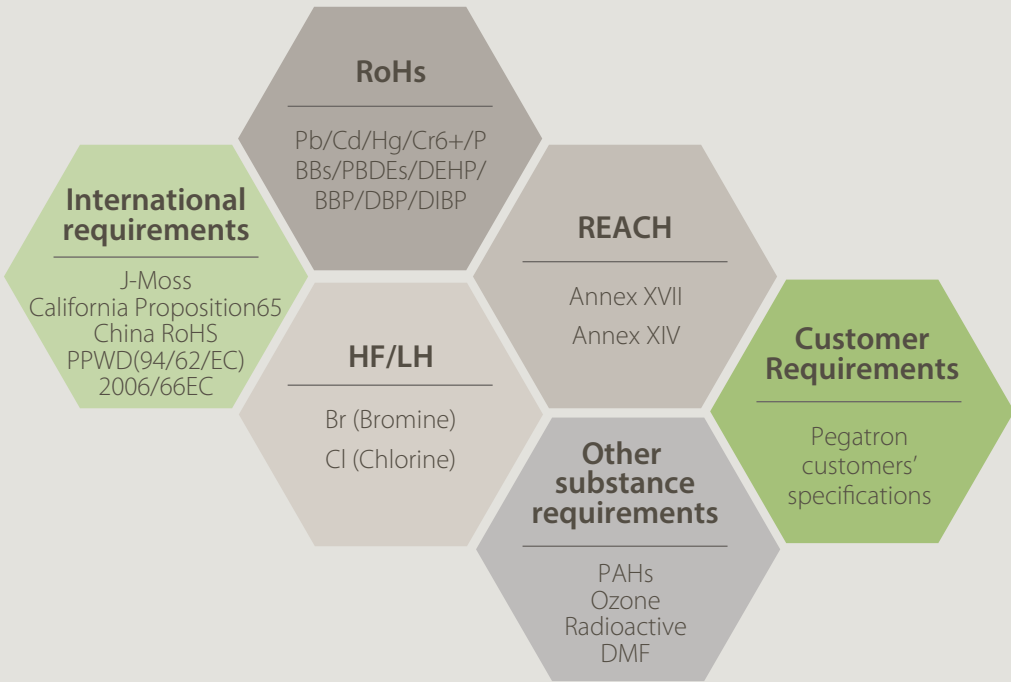


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Hazardous Substances Process Management

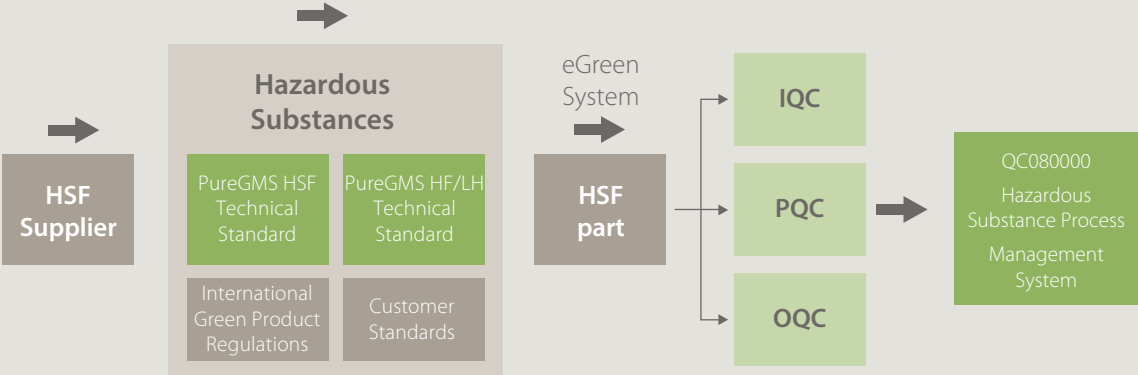
PEGATRON has professional experience in the integration of design with production and service. In addition to green supply chain reinforcement, we also provide customers with creative energy saving and hazardous substances free (HSF) product design concept to facilitate the introduction of green products. We meet and implement customers’ green requirements as well as legal requirements at the stages of design and material selection. The prohibited substances include substances with serious environment impact which are restricted to be used according to EU RoHS or REACH. In addition, further control of more than 50 chemical substances on ozone depletion substances and radioactive materials has been implemented. The restrictions on hazardous substances contained in batteries and packing materials have also been introduced into PEGATRON HSF management system in accordance with legislation and customer requirements. To align with customers’ green product requirements, we analyze customers’ requirements and the current international green product regulations, and integrate them into our HSF management system gradually to realize corporate social responsibility on green product.

PEGATRON’s Restriction Scope of Hazardous Substances



To meet the international environment regulations and customer requirements, PEGATRON has issued PureGMS HSF Technical Standard and PureGMS Low Halogen/Halogen-Free Technical Standard. We tailor customers’ green product specifications upon requests, and include them in our component approval process. All components need to follow Pegatron’s or Customers’ requirements of environmental product specifications in order to reduce the hazardous substances of products in design stage of life cycle effectively. To make sure that all products can meet the global regulations and customer requirements of the hazardous substances, multiple phases is used to control the use of hazardous substances.

To assess the safety and health impacts of product life cycles for employees and users, we conduct regular internal and external audits of QC 080000 hazardous substance free management system every year to ensure the implementation and progress towards continuous improvement.

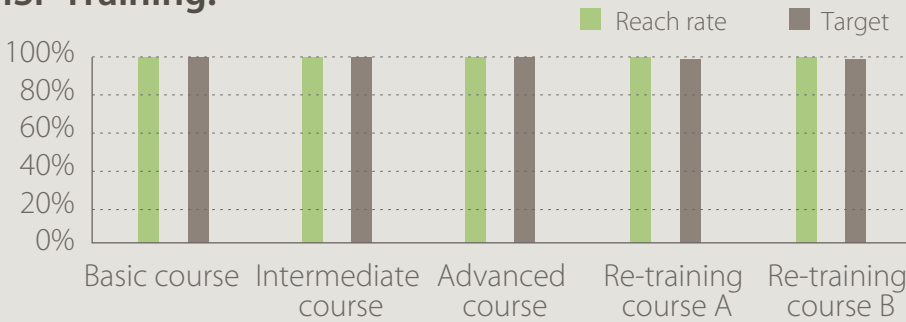


PEGATRON considers the trend of global environmental regulations is stricter for the hazardous substances process management. Therefore, to improve human health and safety and reduce the impacts on environment, PEGATRON not only sets up the hazardous substances reduction program within all components yearly but also monitors global environmental regulations periodically in order to comply with the international environmental regulations in time. In addition, through bi-weekly internal PureGMS Steering Committee Meetings, the status of important green product regulations can be reviewed and the effective actions are given based on the instructions by the relevant functional leaders in the committee. Besides, in order to enhance the competency of all employees on HSF management system, new employees need to complete HSF Basic, Intermediate or Advanced training courses based on different levels of works (see Table 1). The material of HSF refresher training course is reviewed every year in accordance with the international green product regulations and standards which were updated in the past year. All employees shall participate in the refresher training courses in the current year based on their job functions. The targets of the completion rate of HSF related training courses are achieved every year (see Figure 2). It helps us to understand the changes of new international regulations on green products and implement HSF management system effectively. Generally speaking, PEGATRON always follows the trend of international regulations in time and cooperates with customers to identify the environmental requirements so as to ensure the compliance.

HSF e-learning course:

1	Basic Course • Introduction of internationally environmental regulations • Introduction of PureGMS	2	Intermediate Course • The flag coding standard of green parts • Introduction of SPT-00001 PureGMS HSF technical standard	3	Advanced Course • Introduction of HSF parts approval • Introduction of e-Green platform
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2018 HSF Training:



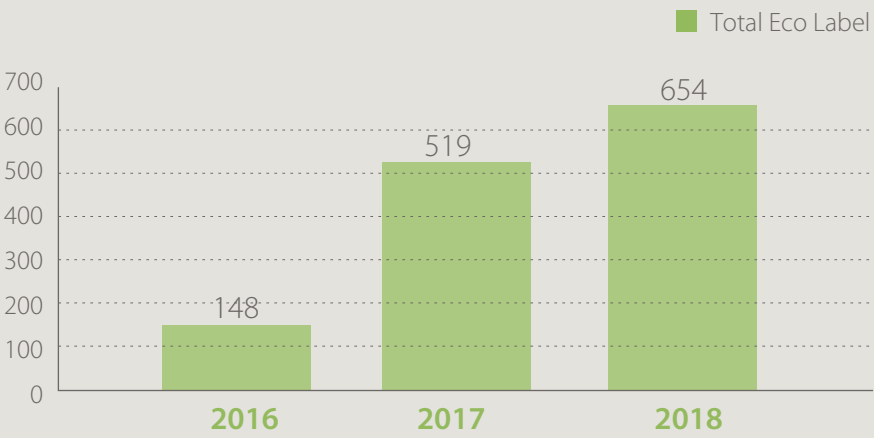
Note : All HSF courses counted until the end of year 2018, the completion rates are up to 99% or more.

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Environmental Labelling

All products designed and manufactured by PEGATRON conform to customer requirements, international regulations and related regulations in sales territories and are verified accordingly. The environmental information is marked on the product based on the demand. Since the raise of the environmental protection movement in Europe and United States in the 1970s, the concept of green consumption has been promoted, and its environmental labeling campaign has also come into being. Through the rule of environmental labelling, the trend aims to awake consumers to choose products with recyclable, low-pollution and resource-saving products to improve environmental quality. In recent years, the trend of environmental labeling in various countries has gradually expanded the scope of social responsibility. In addition, to pay attention to the three R requirements of the product side, the company also needs to fulfill its social responsibilities. PEGATRON is in line with the world trend and hopes to be more competitive. From design to manufacturing, including waste reduction, recycling and other related requirements, PEGATRON will continue to work hard to fulfill the social responsibility code of conduct. For the customers' part, it will actively cooperate with the green marketing needs of customers' products. For meeting customer requirements, the effort of the product environmental labeling in these years is shown in the following table. In the future, we will continue to meet the legal requirements, customers' green product requirements and fulfill the obligations of corporate citizenship.

Product Eco Label:



The focus of our research and development of electronic products is to save energy. From the beginning of product development, we consider the energy related requirements of different nations in the design phase. In order to enhance power consumption efficiency, we not only meet current requirements of energy use, but also anticipate customers’ needs and set targets according to the requirements of the latest version of Energy Star.

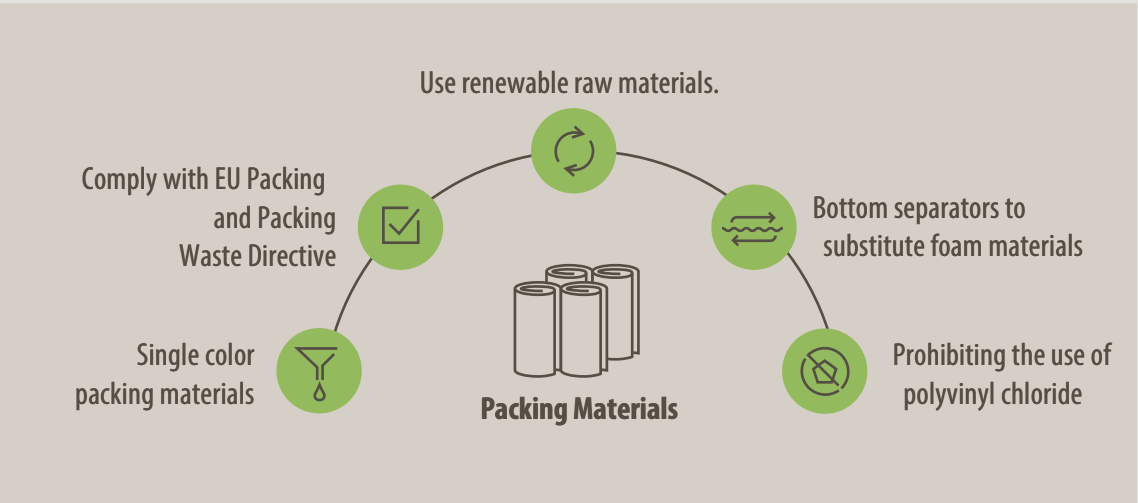
In October 2011, to ensure electronic products manufactured by PEGATRON could meet the requirements, we built the energy consumption laboratory in our headquarter in compliance with the SMTL (Supervised Manufacturers Testing Laboratory) program, and certified by UL (Underwriters Laboratories Inc.), which was accredited by US EPA, as well as recognized by TUV SMTL in 2014.

Sustainable packaging

We include resource conservation, reusability and recyclability in our packing design assessments. Meanwhile, we also consider minimizing the environmental impacts of packing materials and manufacturing processes as well as the final disposal of no longer needed packing materials during package design.

Eco-friendly Considerations:

We take green concept into account when designing the package and using the raw packing materials.



The packing design is optimized to reduce the use of materials.



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Product Safety Regulation

To ensure the lives and property safety of users, many countries have set safety and electromagnetic compatibility specifications and testing standards for a variety of products to protect the rights of customers and end users, PEGATRON has established an internal verification process according to the national standards and regulatory requirements. Through the standardized process, our RD conducts overall assessments and testing for products accordingly. In addition, we also follow related safety and EMC specifications and requirements at the manufacturing stage. PEGATRON had no violation case or penalty by government due to product safety related issues in 2018.

International regulations regarding product safety are reviewed in the regular management review meetings. If there is any update, we will instantly notify relevant personnel to ensure the regulatory compliance. We provide regular trainings for relevant personnel, including safe operating standard introduction, safety inspection introduction, plastic material selection guidelines, and materials and parts safety requirements to ensure that our employees have the necessary skills when operating the product safety activities.

To protect the health and safety of users’ lives and properties, and safeguard the interests of them, PEGATRON performs internal safety audits to verify the effectiveness of the quality system. According to the internal regulations, we also develop the abnormal handling process of product safety. When the product safety performance is against the requirements during the procurement, manufacturing or inspection, the identification, isolation and disposal of it shall be taken immediately and the relevant units shall be informed to retest the repaired or reworked products.

Environmental Protection

The earth gives us everything we need.
Now, it’s time to protect it.

Sustainable environment is a long-term goal of PEGATRON Group. For products, we merged green and environmental friendly concepts into our product design. In daily operations, we comply with international and local regulations to reduce the impacts on the environment. This philosophy is disclosed in our PureCSR policy and implemented in our daily environmental management. Beyond this, we take the natural ecosystems into consideration when building the landscape of each site.

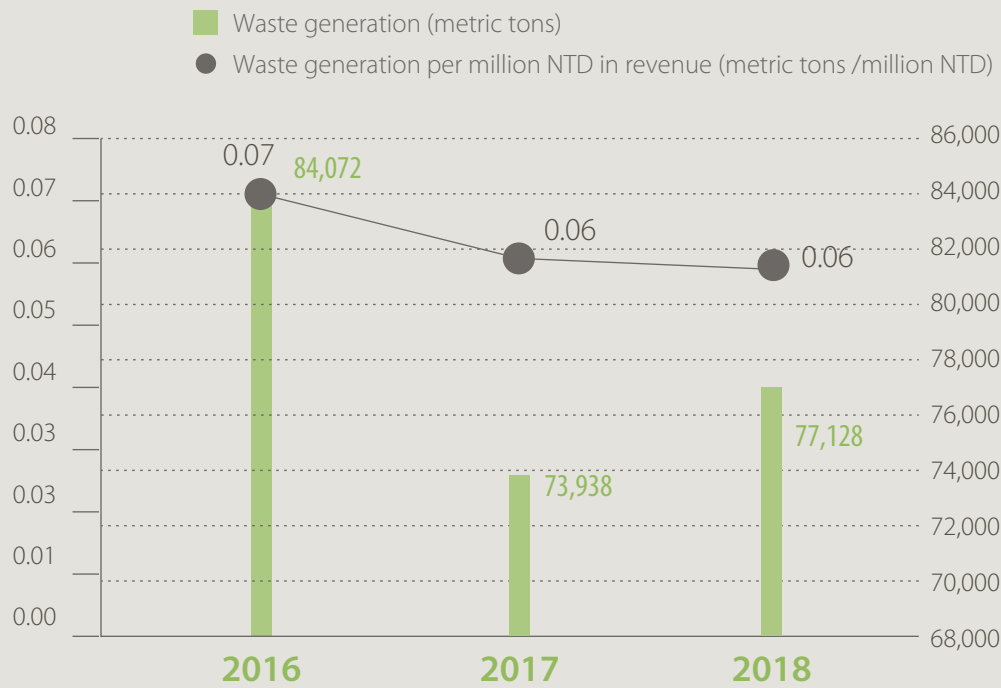
The company sets up the grievance mail box and a special line for external stakeholders to provide suggestions or make appeals. We also set internal communication channels for employees to utilize. Each site has dedicated unit to deal with environmental complaints and is responsible for the implementation of environmental protection, including regular assessments of compliance with local regulations, write management procedures and commission with third parties for testing so as to reduce environmental pollution and the impacts of the organization’s activities. There was no significant violation of environmental laws and regulations in 2018. (Significant violation is defined as being fined for over 1 million NTD.)

Waste Handling & Disposal

The challenge of waste handling is one of the major environmental aspects in PEGATRON Group. As a professional DMS company, we follow our internal procedures to control wastes produced at each stage. Almost all wastes are treated through recycling ways. However, for domestic waste, since we have screened almost all recyclable waste, the major handling method for domestic waste is incinerated. PROTEK has promoted a zero-waste to landfill project, and achieved “100% diversion, with 4% thermal processing with energy recovery”, which was verified by third-party in November 2016. We’ll continue to devote to recycling treatment in the future.

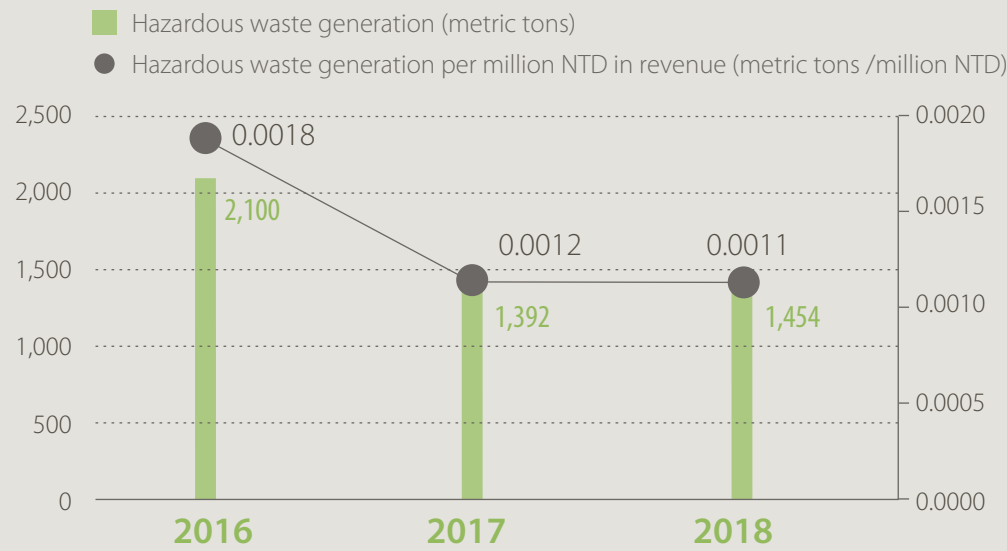
The principle of waste management in PEGATRON is to minimize the importation of raw materials. In addition to source reduction, we pay attention to recycling packing materials to improve the re-utilization rate. Furthermore, we have set waste management unit in each site to make an overall plan for daily operations and waste statistics, and help other units to implement waste reduction and recycling.

Waste Generation in PEGATRON from 2016 to 2018:

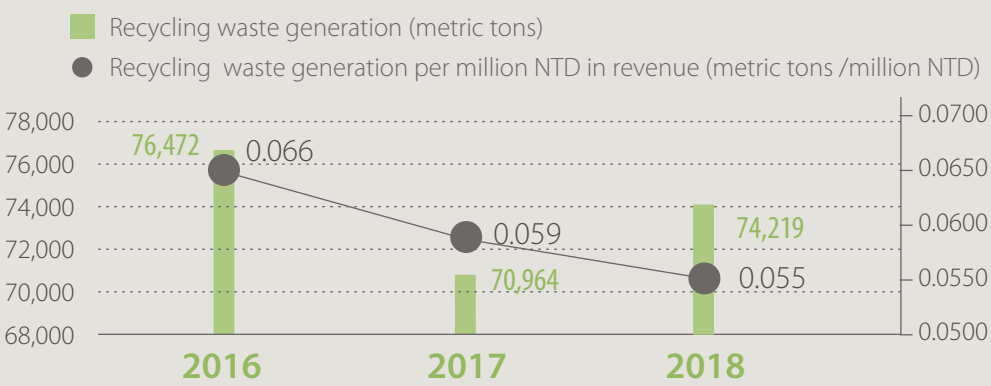


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Generation of hazardous wastes in PEGATRON from 2016 to 2018

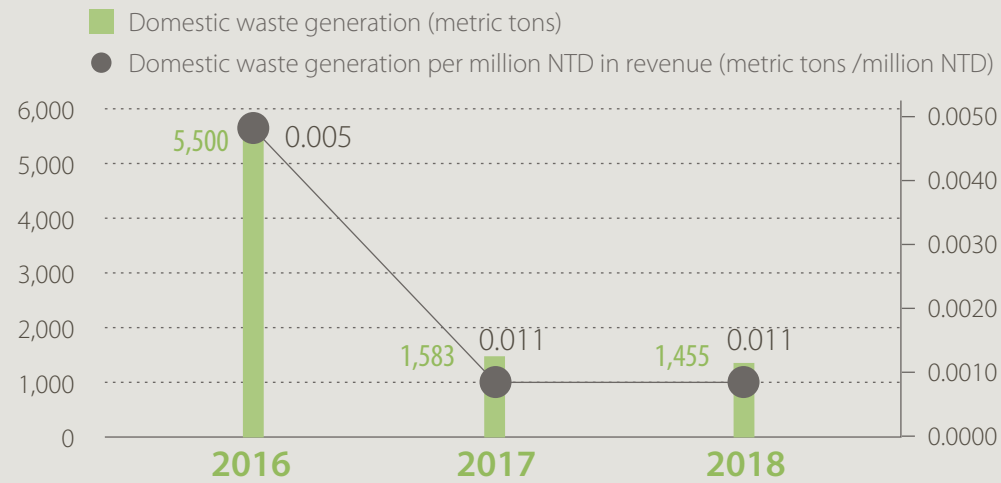


Generation of recycling waste in PEGATRON from 2016 to 2018



Note: The data in 2017 has been reconfirmed. Please refer to GRI content index in the Appendix for more information.

Generation of domestic waste in PEGATRON from 2016 to 2018



Note: The data in 2017 has been reconfirmed. Please refer to GRI content index in the Appendix for more information.

Hazardous and Non-hazardous waste generation analysis in each site:

	Total weight of hazardous waste (tons)				Total weight of non-hazardous waste (tons)			
	Taiwan	China	Mexico	Czech	Taiwan	China	Mexico	Czech
Reuse	0	0	0	0	0	0	0	28
Recycling	66	740	0	0	552	65,737	61	525
Recovery	0	2	0	0	0	7,317	0	0
Composting	0	0	0	0	0	0	19	0
Incineration	0	594	0	0	261	442	0	121
Landfill	0	0	0	1	0	589	5	18
On-site storage	0	12	0	0	0	0	0	0
Other	0	35	4	0	0	0	0	0

To make sure all recyclable hazardous industrial wastes are processed in compliance with local regulations and in an efficient manner, each site has to follow our internal procedures to coordinate waste handling process. We verify each waste disposal vendor's qualification in a transparent, fair and impartial manner. Through this process, we are able to select the lowest risky company to prevent any environmental impact from improper disposal of wastes. All hazardous industrial wastes are handled in compliance with local regulations.

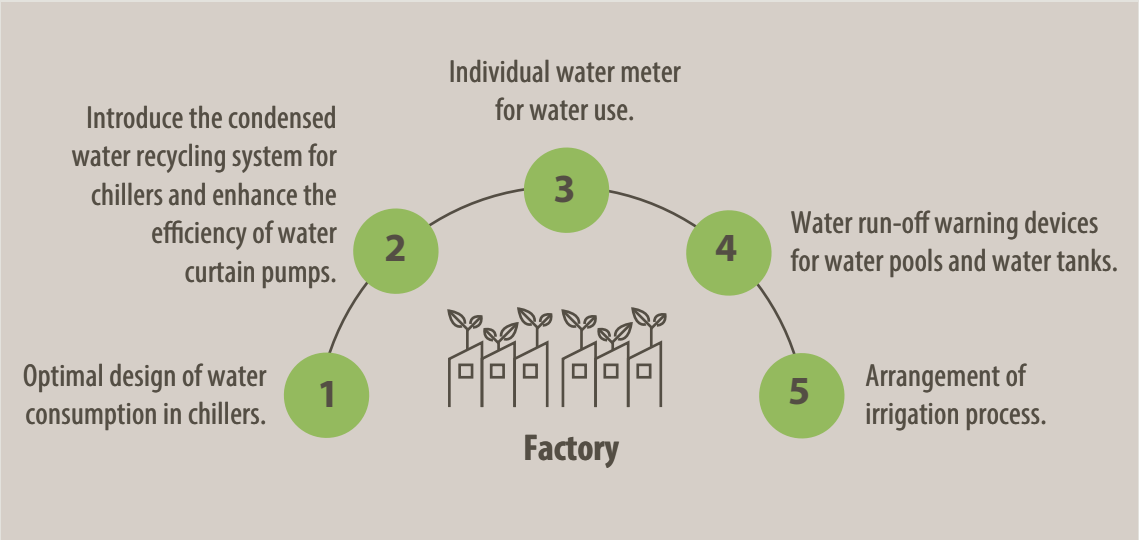
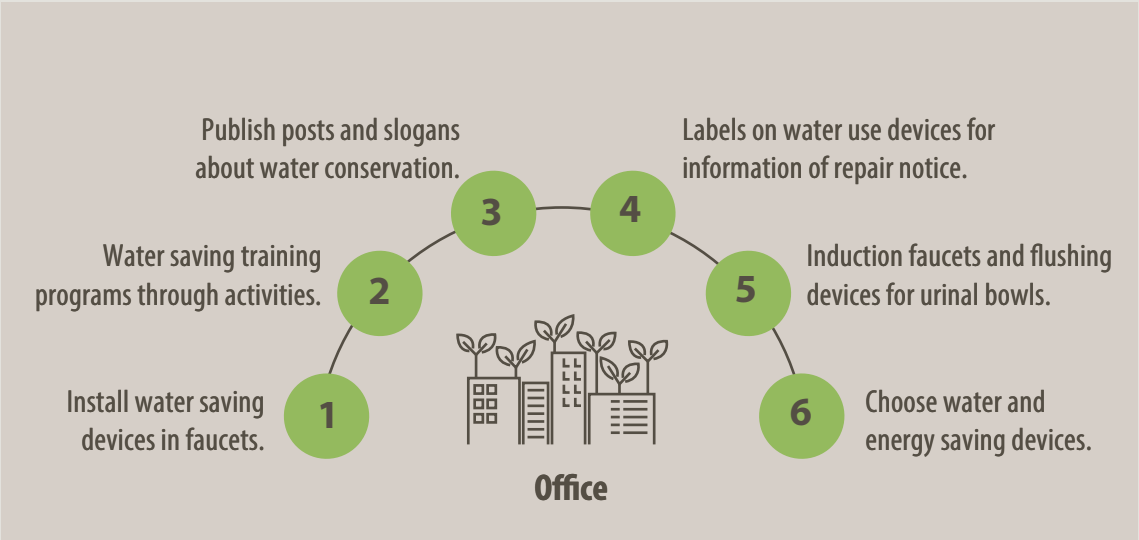
Water Resource

Water resource is not a significant environmental aspect for PEGATRON Group. However, water shortage caused by climate change and the large variation of rainfall distribution is a global issue. Our principle for water resource management adopts two measures. First, we devote ourselves to the reduction of water use and improve internally on how we handle wastewater. Secondly, we pay attention to promoting the water saving concept into our supply chain. PEGATRON engages in enhancement of the efficiency of water resource usage and reduction of environmental impacts caused by industrial development to meet the international environmental protection trend. We initiate green value and implement corporate social responsibility through actions for sustainable cycle and the concept of coexistence for economic growth and environmental protection. For reduction from source, we focus on the improvements of facilities and publicizing water resource treasuring in each site.

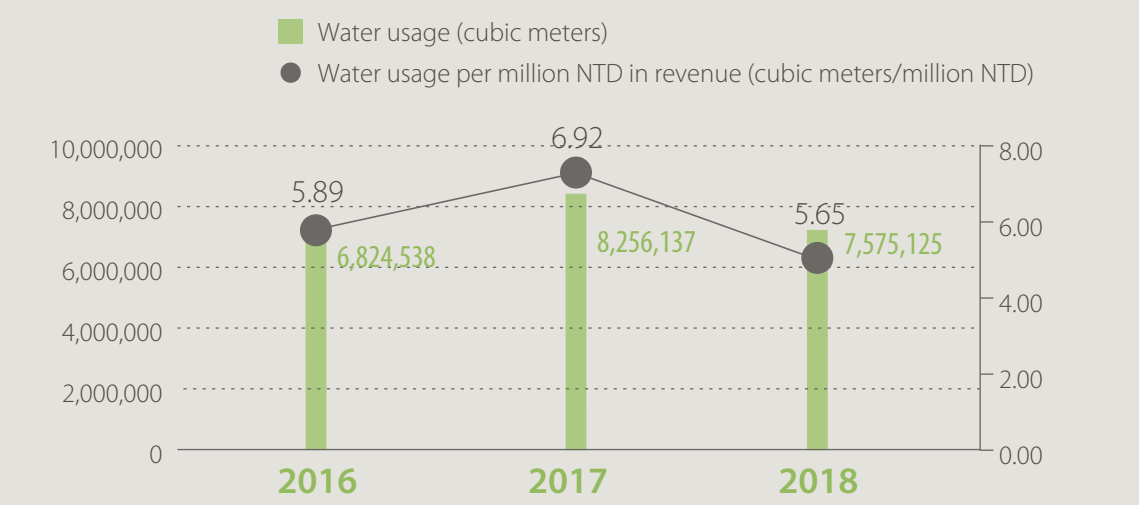
To enhance the efficiency of water use, we adopt prevention control techniques of water resources. The water conservation is part of resource utilization control program as well. Water recycle efficiency is our target. We periodically review water conservation performance for continuous improvement. Currently, the main source of water for each site is tap water. We actively promote water conservation activities, and each site has developed and implemented control measures for water conservation. Water resource management and pollution prevention should start from water saving. All sites of PEGATRON have set up and implemented several control procedures for water saving and exploring possible ways of water recycling in each kind of water utilization facilities.

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Water Resource Saving Measures



Water usage in PEGATRON from 2016 to 2018

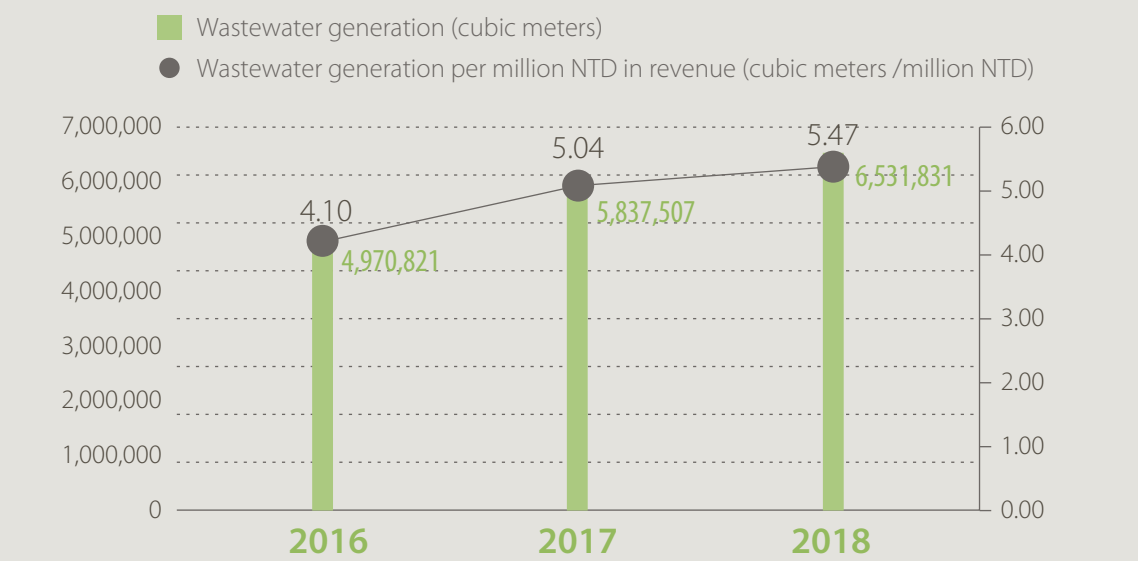


Total Amount of Water Withdrawal in 2018 by Location

Location	Taiwan	China	Mexico	Czech
Total Amount of Water Withdrawal (cubic meters)	237,924	7,315,748	5,119	16,334

The major wastewater of PEGATRON in each site is domestic wastewater. In order to ensure the water quality meet the related wastewater protection regulations, we issued the Water Control Management Procedure to ensure the wastewater quality complies with local regulatory requirements. The periodic monitoring of wastewater quality continues to be conducted by the 3rd parties. The monitoring subjects are identified by professionals according to local legal requirements. All monitoring results in 2018 conformed to the standards and the wastewater was discharged to the sanitary sewer systems.

Wastewater generation in PEGATRON from 2016 to 2018



We have a dedicated wastewater analysis laboratory to monitor the quality of wastewater at the East China Operation Center. The instruments for checking water quality are calibrated periodically to make ensure the accuracy of monitoring. We improved the wastewater treatment system to ensure water quality by taking the following measures:

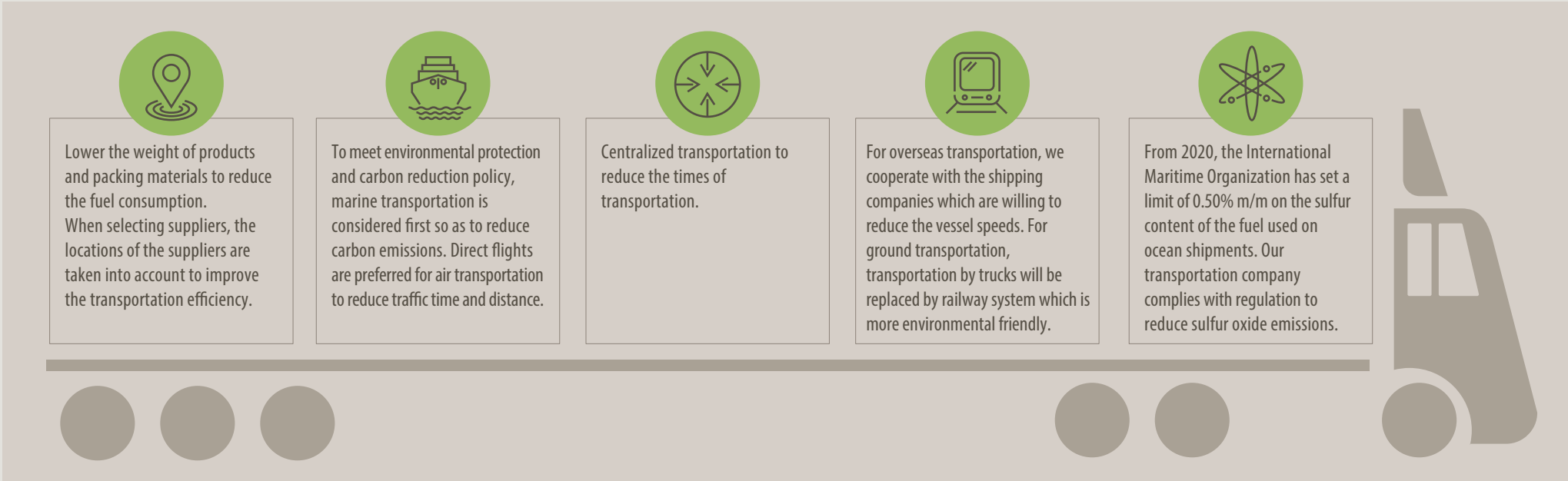
- 1.Improving the facilities to enhance the treatment efficiency of oils. conducting daily inspection and maintenance of sewage handling facilities to ensure the quality of wastewater.
2. For the project of treatment of canteen wastewater with oils, we regulate the specifications of grease interceptor, and perform the daily cleaning and maintenance to ensure the quality of wastewater.

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Green Transportation

In order to save energy and increase the efficiency of traffic / transport usage, we continue to promote green transportation and business communications.

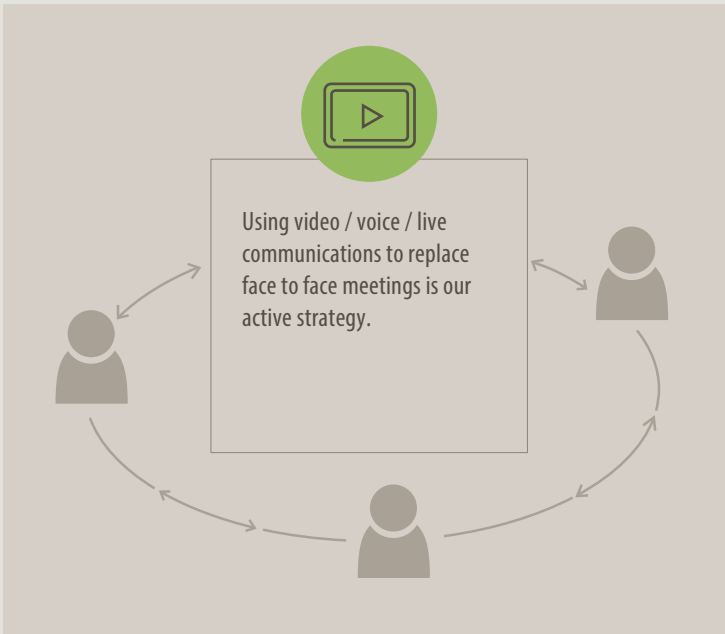
【Transportation of Goods】



【Employee Transportation】



【Business Exchange】

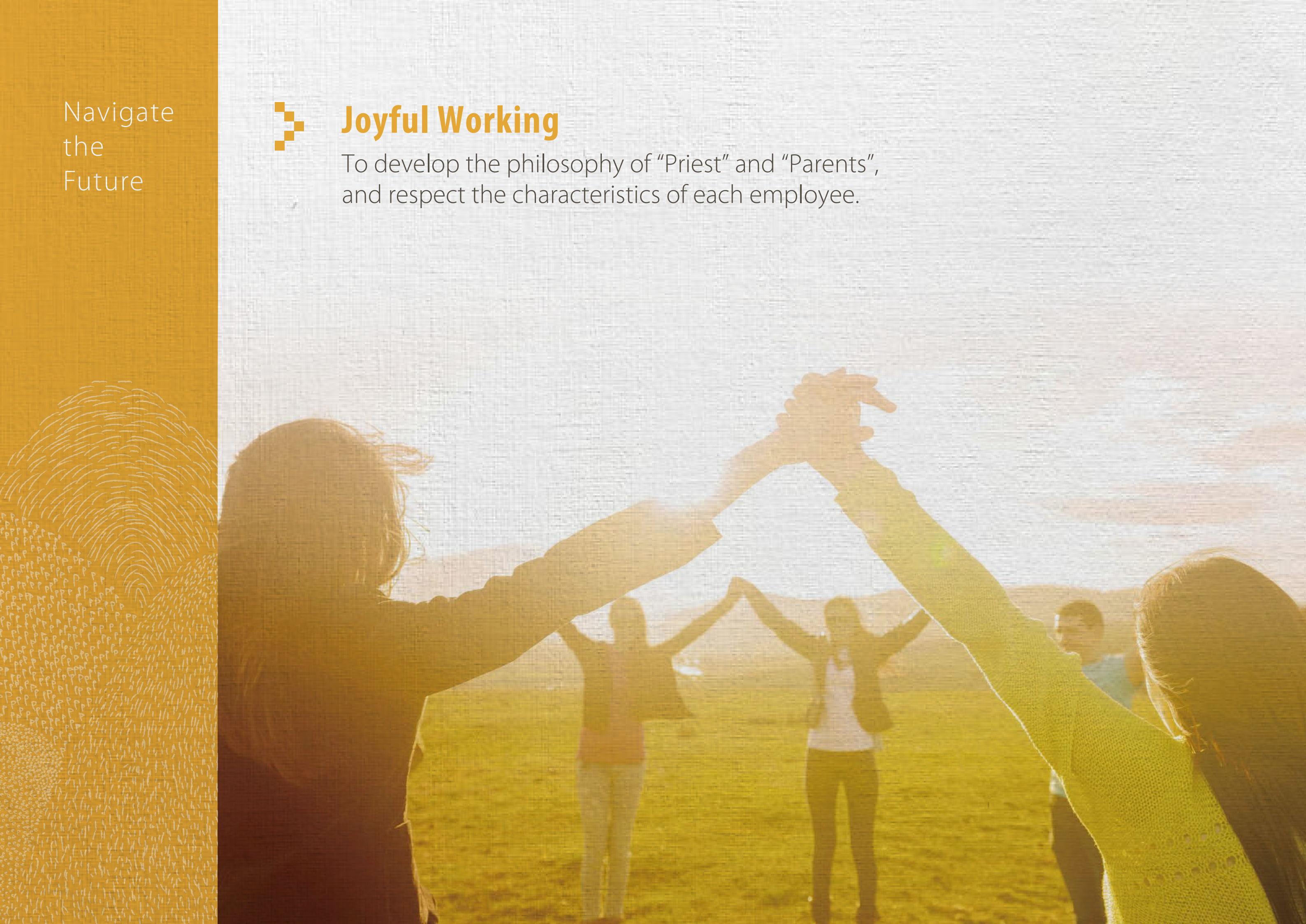


Navigate
the
Future



Joyful Working

To develop the philosophy of “Priest” and “Parents”,
and respect the characteristics of each employee.



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PEGATRON Group’s philosophy is based on a work-life balance of "Joyful Work, Happy Life". We encourage our employees to fulfill work duties with a positive attitude and to increase their potential by welcoming challenges, working beyond expectations and by constantly improving themselves, while working within a team environment. When all team members work together to achieve excellence, all employees can enjoy a “Happy Life”, which is PEGATRON Group’s ultimate goal.

Employment Relationship

Respect International Human Rights and Cultivate Local Talents.

To promote the protection of human rights and prevent human rights violations, PEGATRON complies with labor laws and internationally recognized basic labor rights to protect employees’ lawful rights and interests. Moreover, we also develop the policies and procedures to protect the basic human rights of employees.

Employee Profile

PEGATRON respects equal rights and anti-discrimination of each candidate’s gender, religion, race, national origin or political party. When we recruit new employees, our

primary consideration is the candidates’ skills and abilities to do the jobs. Our recruitment policy is specified clearly to ensure the fairness of recruitment, employment, development, and performance assessment and rewards for both applicants and employees. The total members of full-time non-managers were 6,987 in 2018 (83 down compared to 2017) in Taiwan. The company provides the same working conditions under an identical management. For the management of internal staff, the work category (including operator, assistant engineer/ administrator, senior engineer/ administrator, deputy section manager/ specialist, section manager, manager, etc.) corresponds to the required capacity and performance as the basis. There is no unfair treatment because of gender, age, region, religion, nationality or political party. Under the spirit of appraisal and promotion system, the staff with the same ability have the same opportunities for promotion.

As a global company, we not only pay attention to the importance of the global market, but also care about local development. All of our employees, who exhibit competence in their position, have the same promotional opportunities. Over 65% of our managers are local people in major operation sites so as to practice the concept of talent localization. Furthermore, we proactively employ disabled people and provide adequate job opportunities for disadvantaged groups to respond to government policy and achieve hiring localization.

PEGATRON annual manpower structure in 2018

	Total	Gender		Age			Permanent				Temporary			
		Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs	Full-Time		Part-Time		Full-Time		Part-Time	
							Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	7,159	4,818	2,341	1,798	5,027	334	4,732	1,959	0	0	82	379	4	3
China	163,923	113,994	49,929	129,063	34,809	51	2,475	1,631	0	0	112,005	47,812	0	0
Mexico	118	78	40	40	66	12	65	24	0	0	13	16	0	0
Czech	1,795	747	1,048	697	794	304	262	255	1	2	476	706	8	85

Location	Taiwan	China	Mexico	Czech
The proportion of management level locally (%)	98.9%	77.1%	68.8%	87.5%

Notes: (1) Ratio (%) = total number of management members who are hired from the local community / total number of management members who are hired at the site.
(2) The management is the employees who have the management responsibilities.
(3) The local people are the employees who were born or live in local country, but the scope of Czech Republic is extended to European Union (EU).

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Labor Rights

In order to clearly define the rights and obligations between Labor-Management to improve the management system, and let them work together and seek business development, PEGATRON regulates the labor rights related requirements based on the Code of Conduct of Responsible Business Alliance (RBA) and local labor regulations, as well as respects human rights and follows the relevant norms of labor rights. Through the operation of PureCSR management system, we formulate programs to ensure that employees' rights can be respected. The implementation guidelines relating to labor rights include:

【Prohibition of child labor and Protect young workers】

The appointment and recruitment processes of PEGATRON are in accordance with local regulations, and comply with the requirements of RBA Code of Conduct. We set the minimum age requirements and develop the identification system and control measures to ensure that the employment of child labors is strictly prohibited at each site. We also develop the Child Labor Remediation Procedure to respond to and commit the measures taken when abusing child labor. For young workers under the age of 18, we promise not to let them be responsible for the works which may endanger their health or safety, and provide the appropriate support and trainings.

【Prohibition of discrimination and Provide fair remuneration】

PEGATRON prohibits any forms of harassment and unlawful discrimination. We prohibit any discriminate in employment because of race, color, age, gender, sexual orientation, ethnicity, gender identity and expression, disability, pregnancy, religion, political affiliation, union membership, veteran status, genetic information and marital status during the employee hiring and working. Meanwhile, we prohibit forcing workers or potential workers to accept discriminatory health checkups or physical examinations. We follow the principle of pay equity and regularly review the market information to set up the competitive pay levels, there is no difference because of gender, race, religion, class and so on. The average salary of all non-managers was NTD 1,210,000 in 2018 (NTD 3,000 down compared to 2017) in Taiwan. In addition, our salaries and benefits conform to local regulations and industry standards and the deductions of wages due to disciplinary purposes are prohibited.

【Prohibition of forced labors and Freedom of choice of occupation】

PEGATRON has the labor contract with employees based on local laws, and the hiring relationship is established based on mutual agreements in the contract and prohibits the use any forced labors. In addition to against illegal human trafficking and slavery, we also prohibit forced or compulsory labor. Control measures for agencies are also carried out and compliance with local regulations is included in the contracts signed with the agencies. PEGATRON complies with the requirements of RBA Code of Conduct to have no unreasonable restriction for labors to move freely in and out of the workplaces. Employees have the rights to leave or terminate their employment relationship at their free will.

【Prohibition of inhuman treatment and to keep communication channels open】

PEGATRON prohibits any tangible or intangible sexual harassment, violence, abuse,

corporal punishment, mental or physical oppression and other kinds of discrimination in the workplaces. In addition to the clear rules and policies (e.g. Work rules, Prevention, Correction, Complaint and Enforcement of Sexual Harassment for workplace Procedure), we also set up an email mailbox and a hotline which employees can use to report sexual harassment. There is a strictly confidential rule in place to protect the whistleblowers. PEGATRON will not retaliate against any employee who claims a complaint. All changing terms of employment have been duly notified according to regulatory requirements and the information is also provided immediately through EIP websites, emails, TVs or bulletins, etc.

Complaints hotline for sexual harassment and workplace violence：

886-2-8143-9001 EXT 33395

Complaints mailbox for sexual harassment and workplace violence：

i-PEGA@pegatroncorp.com

【Respect for freedom of association and Protection of labor rights】

In order to comply with local regulations, we respect that each employee has the rights to participate in unions, collective bargaining and peaceful assemblies. Simultaneously, we also respect the right of non-participation. Nearly 95% of employees have been covered by collective negotiation agreements. We not only take into account the interests of both sides, but also protect the rights of employees through an open and equitable consultative mechanism. If the company has any major operational change may affect employees, the employees will be informed in advance based on labor regulations in Taiwan. The employees and their representatives at overseas sites will also be informed at least four weeks before the change come into effect. Besides, there is no union organized in Taiwan, but the labor and management meeting is held quarterly to ensure the interests of employees. Rules for labor and management meeting are also set and posted on the company's website for colleagues to review. Most overseas sites have employee's representative meetings or unions to effectively promote the relationship between labor and management as well as ensure the rights for exercising the freedom of association and collective bargaining. The West China Operation Center has established the employee's representative meeting and the meeting is held in November each year according to the management procedure. The meeting agenda will be collected by employee representatives before meeting.

Location	Channel for collective bargaining
Taiwan	Labor-Management Meeting
China	Unions or Employees' Representative Meeting
Mexico	Unscheduled Meeting
Czech	Union

【Establishment of working time control mechanism to protect labor rights and interests】

In accordance with regulations and the RBA code of conduct, under the premise of full rest time and meal time, overtime application can be made by employees voluntarily. It shall be applied prior to the overtime and also approved by the managers. All sites have set up the warning mechanism and automatic notification mechanism of overtime to control the working hours. In the system, different levels of overtime hours are marked by

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colors based on the management needs. When the overtime hours exceed the maximum allowable overtime hours, the approval level will be upgraded. The report can be customized by the system for multiple management purposes based on different requirements, as well as a good reference for the departments and the factory management. The function of working hour inquiry is also included in the system which can assist the responsible personnel of business units to check the working hours so as to arrange for reasonable overtime.

【Ensure that the staff dormitory environment clean and safe】

Central China Operation Center: We provide employees the community type accommodations, surrounded by all-inclusive living facilities such as food court, supermarkets, salons, health center, banks, libraries and gym to enrich their lives.

East China Operation Center: Free Wifi has been installed both in internal and external dormitories so as to improve employees’ satisfaction of the dormitory environment.

West China Operation Center: Accommodations of 1, 2, 4 and 8 people rooms for the employees are provided, and we cooperate with the property management company which is responsible for routine cleaning to ensure employees’ accommodations are clean and tidy.

Attracting & Nurturing Talent

Employees are our most valuable assets. Cooperation between employees and the company is the solid basis for our future development. We believe “where there have excellent talents, the company will become an excellent corporation”. Respect of human nature and cultivation of talents are our core values. In addition to the establishment of an innovative and diverse culture, we also pay attention to employees’ benefits and health cares to balance the loads from high performance working and help them to better their daily lives.

Retention & Recruitment

We provide a safe and comfortable working environment along with extensive training courses and career development. PEGATRON works on employee retention by providing career development opportunities, enabling work-life balance and enhancing our leaders’ management abilities. Our action is the same as our business philosophy of “Joyful Work, Happy Life”.

We value the contributions of our diverse employees and keep attracting global talents to join us by providing a good working environment and development opportunities. We also have a industry-academic cooperation and internship programs to recruit excellent talents. We provide employment opportunities for local labors and disabilities to attract diverse talents and achieve corporate social responsibility.

PEGATRON provides professional HR training programs including testing tools as well as a series of interviewing techniques for supervisors to ensure fairness and equality of recruitment as well as the quality of talents. In addition to professionalism, candidates’ ability, value, contribution and ability to blend in with Pegatron’s culture are also important indicators. We have the principles in place for selecting the best talents for the

tasks on hand so employees can fully demonstrate their talents in the workplaces.

The wages we pay to workers comply with the relevant remuneration laws, including minimum wages, overtime and statutory benefits, etc. We review and adjust the compensation by the reference of economic indicators and industry wage level every year. For the employees who are resigned or retired, they can legally have severance pays or pensions. We also continue to corporate with the local government projects of unemployed training programs to promote their continued employability.

PEGATRON’s monthly average new employee rate in 2018 (%)

Location	Monthly Average Rate of Newly Hired Employee				
	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs
Taiwan	1.1%	1.8%	3.5%	0.7%	0.3%
China	24.0%	21.9%	24.2%	19.6%	0.2%
Mexico	13.4%	17.5%	23.7%	8.2%	7.1%
Czech	11.6%	11.8%	11.9%	11.6%	11.8%

Remark: New employee rate (%) = monthly average number of departing employees / (the sum of employees at the end of each month/12)

PEGATRON’s monthly average turnover rate in 2018 (%)

Location	Monthly Average Rate of Employee Turnover				
	Gender		Age		
	Male	Female	Under 30 yrs.	31-50 yrs.	Over 51 yrs
Taiwan	1.1%	1.3%	2.1%	1.0%	0.5%
China	23.8%	20.6%	23.7%	19.0%	0.0%
Mexico	15.2%	19.0%	26.3%	9.4%	7.1%
Czech	7.8%	7.6%	7.7%	7.7%	7.5%

Remark: Turnover rate (%) = monthly average number of departing employees / (the sum of employees at the end of each month/12)

Internal assessment system covers all employees worldwide, and we announced a clear appraisal rule and assessment process. The work incentives and disincentives are internally disclosed, and we clearly communicate the execution process with all employees. All employees (with the exception of operators and new employees less than 3 months) have twice performance assessments per year to give feedbacks to their performance. Annual employee development plans are set according to assessment results. While assisting employees’ growth and development through performance management, the principle for employee retention of PEGATRON is to respect, cultivate and value our employees. We provide complete training programs and job rotation plans according to employees’ IDP (Individual development plan) analysis results combined with their own career goals. In addition, we have personal development projects for employees to help them to find

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their potential abilities and perform better.

The East China, Central China and West China operation centers formulate competitive salary standards based on the minimum wage levels announced by local governments, wage guidance and the level of industry wages. We also raise the salary with a certain proportion for the existing employees to increase their incomes. In addition to the basic wages and overtime pays, we set up additional bonuses or allowances, which let our employees be paid far more than local minimum wages so as to make sure that the salary levels meet the arrangement of company's competitiveness development.

Employee Training

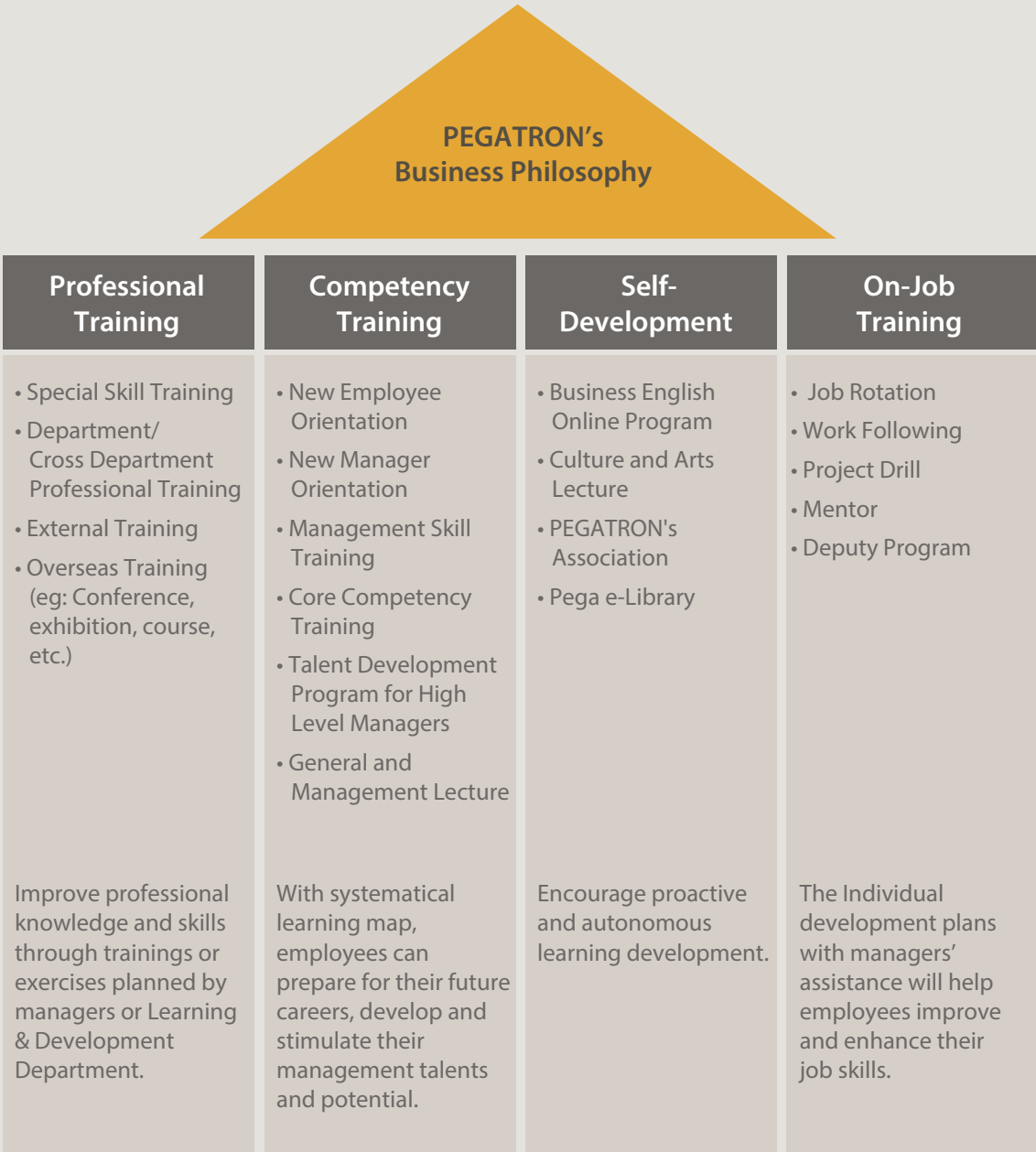
PEGATRON emphasizes career planning and talent development for employees by encouraging them to participate in internal and external training programs. Internal training programs include courses for core competency and professional competency development to enhance employees' capabilities. We also assign employees to attend external training programs which include seminars or conferences organized by external parties that provide excellent and professional training opportunities. For employees who change their jobs or roles, the company will provide general, management and professional trainings to reduce their insufficiencies, we also appoint mentors to help them to adapt to the working environments in a short period of time.

Resources of Learning	Description
New employee orientation	- Corporate introduction, corporate culture, and online orientation programs are included to help new employees to know about PEGATRON and adapt to the new work environment. - In order to help new employees to be familiar with the environment and internal procedures soon, each new employee may have one mentor.
Core competency training	We plan training programs for employees at each level based on their competencies.
Management training	We plan management trainings such as new manager orientation based on roles and responsibilities of supervisors.
Professional competency training	Each unit plans professional competency training programs based on the needs of professional knowledge and skills.
Trainer training	In order to hand down the internal knowledge, the trainer training programs are held every year. And both of e-learning and classroom training programs are included.
General lecture	Art, life and management lectures are included.
IDP	The development plan for the next year will be determined jointly by an employee and his/ her direct supervisor based on the discussion result between them. The employee can conduct several development ways, including training, reading and the participation or initiation of a project to

realize the plan. The supervisor will review the performance and give advice to the employee.

Pega e-library	The platform offers employees over one thousand books to borrow and read.
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To support the management philosophy of PEGATRON Group, which is “Joyful Work, Happy Life”, we expect all employees to work pragmatically and positively, and inspire the potential of each other by working through various challenges. Since “talent” is one of the determining factors in corporate competition, we emphasize talent nurturing to encourage our employees to achieve more excellent performances. We continuously invest resources in nurturing talents and training programs for employees to enhance their core and professional abilities. An environment is built for all employees to develop their core and professional abilities, and help them to achieve job satisfactions while working. We hope all employees can balance their lives and work, and also have happiness.



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We emphasize the training and development of employees. IDP (Individual Development Plan) has been provided and employees can access their learning resources through a series of learning pathways, including learning from model staff, reading, and participation in various training courses, such as orientation training, core skills training, management training, professional training, new director training, internal lecturer training, all kinds of seminars and external training programs. The training objects include all employees and the annual training plans are set. The employees can also learn through online learning system “e-learning” regardless limitation of time and place.

PEGATRON’s IDP participation rates in 2018(%)

Employees receiving individual development plans in 2018			
Location	Participation Ratio of IDP		
	Total Rate	Worker Type	
		General Employee	Supervisor
Taiwan	81.3%	85.1%	69.9%
China	87.7%	86.9%	89.7%

Note:
(1) Participation rates (%) = No. of IDP Participators / No. of employees who should participate IDP
(2) Managers including Frontline Supervisors, Middle and High Level Managers, and Business Directors.
(3) Mexico and Czech Plants did not implement the IDP.

PEGATRON Training Performance in 2018

Location	Average Hours of Training Per Employee (hrs.)			
	General Employee		Supervisor	
	Male	Female	Male	Female
Taiwan	14.0	12.3	15.9	11.1
China	9.4	9.3	8.1	7.0
Mexico	19.2	18.7	34.1	30.4
Czech	6.8	5.4	4.5	3.5

Note:
(1) Average Training Hours = Total Hours of Training / Total Number of Employee who Participated Training
(2) Supervisors include Frontline Supervisors, Middle and High Level Managers, and Business Directors.

Occupational Health & Safety

Identify the Safety & Health Hazards in Workplaces and Control the Risks, as well as Build a Healthy Working Culture.

In addition to the establishment of communication channels, we also pay attention to the employee health care and workplace safety. To meet local regulatory requirements is a baseline for us and we arrange not only health seminars and checkups, but also implement suitable health promotion projects for different needs of each site's employees. Furthermore, for occupational safety and health issues, we have implemented several management procedures and operation control measures to eliminate work related incidents. We also establish the preparedness and response plans in response to different risk levels and scenarios to strengthen the safety and health management in working environments.

Occupational Safety

【Management system】

PEGATRON pays attention to the risk assessment and management of our overall operation. We periodically perform CSR related risk identifications, evaluations, controls and reviews. We have defined the standards of procurement management and management of changes (MOC) in our PureCSR management procedures. In addition, each site obeys its local authority's requirements to perform work environment monitoring and occupational exposure assessments to ensure occupational safety and health of all employees as well as the quality of work environment. For the communication of risks, in addition to PureCSR Steering Committee Meetings, PureCSR & EHS Committee Meetings and the employee suggestion boxes, we have put risk identification, risk management and risk perception as important items in our trainings and regular promotions.

PEGATRON establishes the appropriate occupational safety and health management system based on OHSAS 18001 (Occupational Health and Safety Management System), and gets the certification by third parties. We promote the safety and health working environment through daily inspections and audits, and conduct CSR training programs in accordance with internal procedures and legal regulations, including occupational safety and health related trainings, corporate social responsibility audit trainings, introduction of corporate social responsibility management system and other online trainings. The headquarters in Taipei is regarded as the information integration center of global ESH organizations. All EHS related data and information will be aggregated and reported to management level. The dedicated occupational health and safety unit and PureCSR & EHS Committee have been set up at each site. The committee of each site regularly reports the affairs relating to PureCSR management system and these issues may need to be further reviewed by Steering Committee (SC). The results and performance are reported to the General Managers of all sites.

Each site has set up annual ESH objectives & targets and various types of management procedures. The PureCSR & EHS Committee Meetings are regularly convened with employee representatives to communicate and consult on internal PureCSR and EHS performance. Each site not only complies with local regulatory requirements, but also make continuous improvements in conformity with international trends, customer requirements and PureCSR policy towards continuous improvement.

Proportion of employee representatives of PEGATRON in 2018(%)

Location	Taiwan	China	Mexico	Czech
Proportion (%)	44.8%	34.6%	12.5%	50.0%

Proportion (%) = Number of worker representatives in PureCSR & EHS committees / Number of members in PureCSR & EHS committees * 100 %

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【Occupational Hazards】

To prevent occupational hazards and protect employees’ safety & health, we have set dedicated units to conduct the overall planning for addressing environmental and safety & health matters. PEGATRON conducts incident investigations and root cause analysis according to the requirements of local regulations and OHSAS 18001 management system. The corresponding corrective actions will be set up and in place to prevent them from reoccurring. Training programs and notifications will be provided to all relevant employees to enhance their capabilities on emergency response and lower the effects of harms and losses. In the future, management measures will continue to be implemented to improve our working environment.

We control the chemicals used at the beginning. The safety data sheet (SDS) shall be available before the formal use of chemicals. This mechanism can help us to evaluate the hazard characteristics of chemicals and avoid the use of chemicals with significant risks. Through risk assessment, high risk jobs can be identified. The occupational hazards notice card has been established and the information regarding personal protective equipment list and instruction manual are included in the hazards notice card which can provide useful information to employees. The annual medical checkups continue to be provided for the employees whose jobs are related to occupational hazardous factors per legal requirements, including pre-employment, in employment and post-employment medical checkups. The reports of these medical checkups are well managed in a systematic way. Once any abnormal condition is discovered, immediate actions will be taken to ensure the health status of employees.



【Contractor Management】

PEGATRON not only rules itself to meet the safety requirements on production, but also ask all contractors to follow its requirements and applicable local safety regulations. The qualification of the contractors shall be reviewed to ensure they can meet the requirements of PEGATRON’s contractor management procedure. The environmental, safety and health risks, rules and regulations shall be communicated to the contractors prior to working in our facilities. Besides, the safety production agreements shall be signed by the contractors while they sign the contracts with us. The contents of the agreement include the procedures regarding significant environmental aspects and safety & health

risks, as well as the notice of safety works that the contractors have to obey. EHS professionals periodically perform environmental, safety and health (EHS) training programs to contractors. The agenda of the training programs includes basic knowledge of EHS, working environment, hazard notification, etc.

In addition to controlling the access of contractors via identification system, the construction permit application system is in place to manage all dangerous construction works. The high risk works shall be overseen by qualified personnel at all times and EHS professionals shall also perform the inspections to see if the work scene can meet our EHS requirements. The work permits shall be approved prior to special works, including fire, working at heights, hanging operation or working in a confined space. The safe working scenario, such as the qualification or personnel who conducts the work and the safety status of workplace shall be confirmed by EHS professionals. The work can only start after getting EHS approval.

PEGATRON work related injury statistics in 2018

Location	Gender	Disabling injury frequency rate (FR)	Disabling injury Severity rate (SR)	Absence rate (AR)	Occupational disease rate (ODR)	Work-related Fatalities
Taiwan	Male	0.97	9	0.77	0	0
	Female	0.60	10	0.67	0	0
China	Male	0.80	6	1.84	0	0
	Female	0.25	2	0.76	0	0
Mexico	Male	0	0	0	0	0
	Female	0.23	2	<0.01	0	0
Czech	Male	0.65	3	3.51	0	0
	Female	1.31	29	7.26	0	0

- (1) Disabling injury frequency rate (FR) = number of disabled people / total working hours*1,000,000
- (2) Disabling injury severity rate (SR) = number of working days lost / total working hours* 1,000,000
- (3) Absence rate for work related injury (AR) = number of days absent / total working days* 100
- (4) Occupational disease rate(ODR) = number of people with occupational disease /total working hours* 200,000
- (5) Minor injuries are not included in this table.

【Emergency Response】

Sustainable development is the main target of business operations of PEGATRON Group. In response to the impacts on our company by climate change, we have implemented corresponding emergency response procedures at each manufacturing center. We have minimized potential damages and impacts by setting up a response mechanism, and planning as well as periodic training programs and drills.

PEGATRON has issued preparedness and response procedures and established the emergency notification mechanism in each site to reduce the risks of fire, typhoon, flood, earthquake, chemical leakage and liquid gas leakage. We improve

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the abilities of our emergency response teams and enhance the awareness of all employees through periodic training programs and drills. Take HQ’s implementation for example, in addition to installing Automated External Defibrillator (AED), we also strengthen the trainings of first aid personnel, as well as establish the procedure to improve the capabilities of relevant responsible personnel on first aid. The emergency response plans of Central China Operation Center include the fire escape plan, special machinery and equipment contingency plan, chemical spill contingency plan, confined space rescue plan and food poisoning contingency plan. The East China Operation Center also establishes a number of contingency plans and cooperates with the local government's response mechanism.

Evacuation drills and emergency training programs by Region in 2018

Location	Taiwan	China	Mexico	Czech
Times of evacuation drills	12	258	1	2
Times of emergency response training	37	127	1	2

We establish the epidemic prevention group and develop the infectious disease reporting mechanism to monitor the epidemic condition, integrate the goods and materials and adjust the control procedures based on the levels of epidemic conditions. Once the critical infectious disease occurs, the reporting mechanism can reduce the chance of infection and prevent negative impacts on operations.

Occupational Health

The health care program for employees in PEGATRON is established based on the needs of employees and the features of each site. We provide 4 dimensions of projects integrating work and life to promote their health and elevate their lives quality, including health management, health promotion, occupational hygiene and employee assistance project (EAP). In order to improve the working environment proactively, the cross-functional team was established and the project for the employees who may have potential heart diseases was also provided. By analysis of their workloads, the health instructions can be given accordingly. We can promote the health culture and make the strategy of occupational disease prevention be practically implemented in the company.

For the employees’ health management, each manufacturing center has set up the infirmary to provide outpatient services by professional physicians. Also, several health checkups are conducted as regulated. The results of the health checkups are classified into different levels for follow up actions, which are regulated by local authorities. We have launched many health related activities, including weight management, stair climbing activity, ergonomic program, relaxation massage, vaccine injection and health lecture courses. Furthermore, for promotion of maternity protection, the nursing room has been built in every operation center and manufacturing center which can provide employees to use when needed. For different stages of pregnant employees, including

pre-pregnant, pregnant and post-pregnant employees, we provide different health promotion measures for them to protect their bodies and mental health.

For the facilities in HQ, we set up a health care room with professional doctors. According to the health care system, employees can use health insurance cards to see doctors. We encourage breastfeeding and also set up a comfortable nursing room for female employees feeding the breast milk in the workplace. We also have massage rooms to provide staff relief from stresses. The health website is built as a platform to promote health activities and provide employees related online information as well.

2018 Health Promotion Activity in HQ

Item	Topic	Participation
1	Cancer prevention for women -Pap smear test	140
2	Health care of high risk groups	31
3	Fun and energetic for climbing stairs	8450
4	Influenza vaccination	399
5	Massage service	4473
6	Oral health screening	1640
7	Healthy Weight Management-2018	804

2018 Health Promotion Lecture in HQ

Topic	Theme
Woman Health	• Chinese medicine practitioner talks about women's cancer diagnosis and treatment
Weight Management	• Healthy weight management courses
Cardiovascular Care	• Metabolic syndrome and cardiovascular disease
Health Topics	• How to choose a health checkup project • Know your health report • How to protect your eyes



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2018 Health Promotion Activities
【Taoyuan Manufacturing Center】

Item	Topic	Participation
1	Medical checkup upgrade project and cancer screening activity	148
2	Cancer prevention for women	68
3	Recheck for abnormal cases in annual medical checkup activity	64
4	Health promotion for people with metabolic syndrome	51
5	Training for getting more understanding on Ergonomic hazardous factors	32
6	Influenza vaccination	18
7	Health promotion announcement and training activity	12



【Health Promotion Lecture in PSZ】

Item	Topic	Participation
1	Everybody learns first aid	447
2	Health lecture	324



【Health Promotion Lecture in PSH】

Item	Topic	Participation
1	Respectful maternity care	108
2	First aider training (internal & external)	830
3	Prevention of high blood pressure and seasonal diseases	361
4	Health questionnaire survey	987
5	Annual health checkup project for managers	431
6	Annually health checkup project for married female employees (non-pregnant)	101
7	Health promotion lecture for epidemic diseases	95
8	Health promotion lecture for women	48



【Health Promotion Lecture in PCQ】

Item	Topic	Participation
1	Healthy exercise we can do in the office	All employees
2	Eyes protective exercise	All employees
3	Good sleep for good health	15
4	Office employees' health guideline	20
5	The introduction of the pain in neck, shoulder, waist and leg	10
6	Health promotion- Posters	6



【Czech Manufacturing Center】

Item	Topic	Participation
1	Provision of vitamin packages	All key and temporary employees



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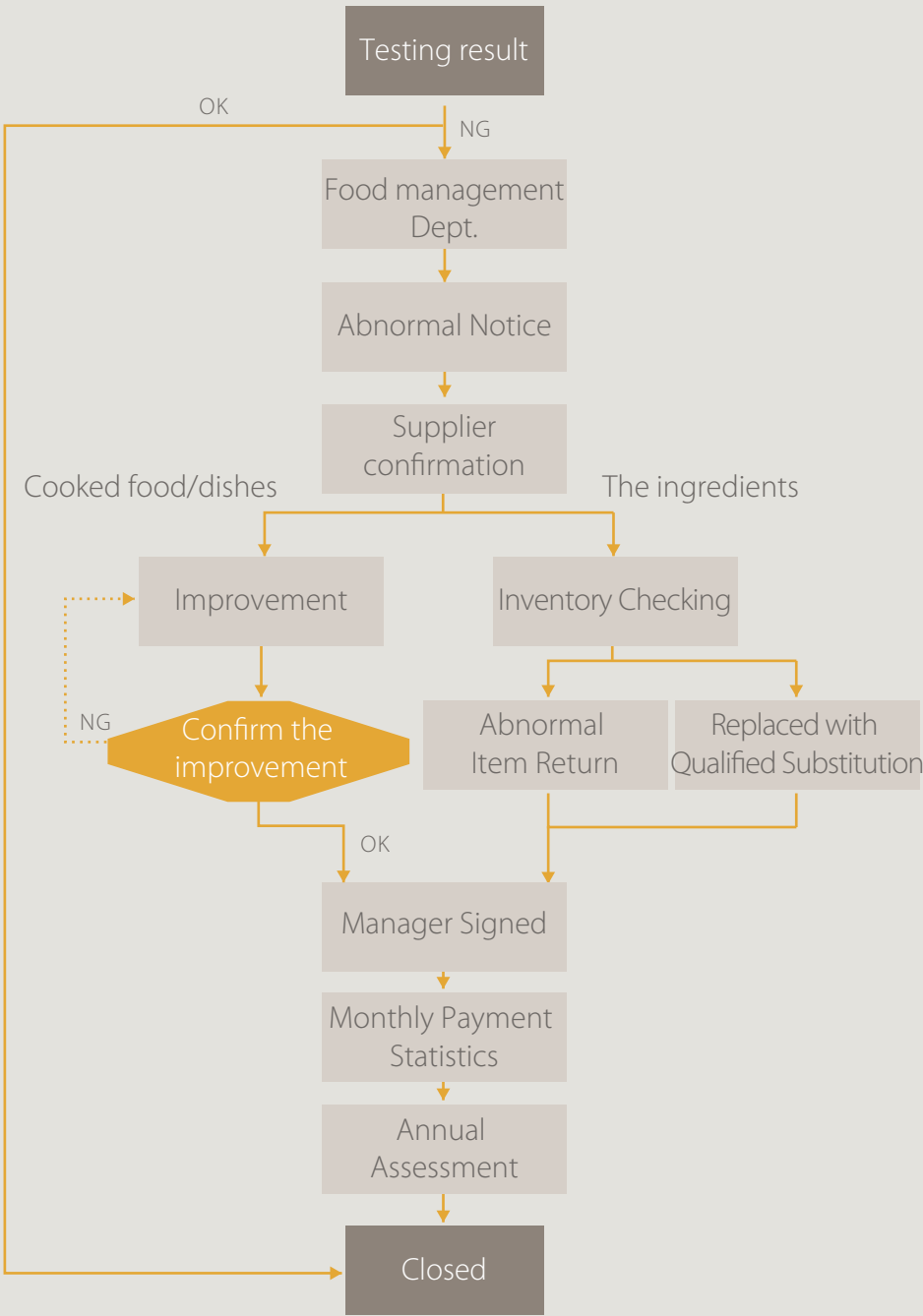
【Mexico Manufacturing Center】

Item	Topic	Participation
1	Promote health care: Health and nutrition	139
2	Promote health care: Smoking	144
3	Promote health care: Parotiditis	42
4	Promote health care: Rickettsiosis	157
5	Promote health care: Metabolic Syndrome	179
6	Promote health care: Cerebral vascular disease	134
7	Early high blood pressure protection program	45
8	Visual program	37
9	Influenza prevention program	33

【Food safety control - food testing laboratory】

The food safety issues have frequently occurred in recent years. In order to ensure food safety for employees, food testing laboratories (FTL) have been set up in Central China and East China Operation Centers successively. In the Central China Operation Center, FTL has established since 2008 and hired the persons who were certified by the ministry of human resources and social security to manage the food, tableware, drinking water and ingredients tests. The FTL has biochemical incubators, high-pressure steam sterilizers, multi-functional food safety detectors, and so on. There are 40 food testing items currently. We will increase the test of high risk items and the promotion of food safety management system to other sites continuously in the future. Each plant will also follow ISO/IEC17025 to manage laboratory operation, and strive for a better service so that employees can eat healthy and feel relieved.

Food testing results process:



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Employee Care

We Listen to the Voices from Employees to Build a Big Family Together.

Our employees are encouraged to provide their suggestions and opinions through various channels that have been set up for them. We believe the Company’s culture and work atmosphere can be improved by hearing the voices of our employees. In addition to setting up communication channels, we emphasize the health care and occupational safety of our employees. PEGATRON considers our staff to be a very important asset. In order to let employees have productive contribution, PEGATRON pays attention to the work-life balance of our employees. We provide timely care and help for employees, while enhancing our company’s productivity as well as reducing employee turnover rate.

Communication Channel

The company emphasizes the employee welfares and caring, harmonious relationship and especially employees’ opinions. Employees can communicate with the management through suggestion boxes, meetings and email boxes to express their feelings and raise questions so as to maintain a good relationship between labors and management.

PEGATRON has set up multiple communication channels including employees’ suggestion box (i-PEGA BOX), department service hotlines, EAP (Employee Assistant Programs) and so on. There are also counseling hotlines, health hotlines, and a grievance mechanism in place at our sites to effectively help to solve employees’ problems. Employees can choose different channels depending on their needs. For example, at the Central China Operation Center, there is a variety of communication channels for employees, including “Big Sister Studio”, “Recruitment Counseling Office”, “Living Area Employee Service Center”, “Employee Representative Meeting”, “Employee Regular Interview” and so on, so as to timely and effectively solve their problems. The purpose of “Big Sister Studio” is "service with care, care with love", providing not only a variety of communication channels (WeChat, QQ, hotline, email (Hi_Sister@pegatroncorp.com), mailbox, message, interview), but also psychological counseling, personality analysis, career planning and other services so as to promote the healthy development and enhance the sense of belongingness of employees.

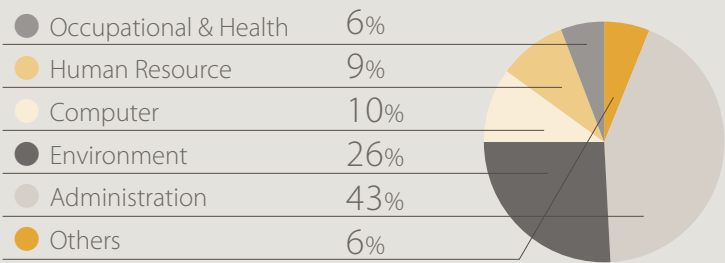
PEGATRON Employee Suggestion in 2018

Location	Communication Channel	Number
All	Business Ethics Box (honest_box@pegatroncorp.com)	/
HQ & Taoyuan Manufacturing Center	1. I-PEGA (i-PEGA@pegatroncorp.com) 2. Harassment Mailbox (i-PEGA@pegatroncorp.com) 3. Suggestion Box	254
East China Operation Center	1. Employee Service Center 2. Help Center (HappyHelpCenter_HR@pegatroncorp.com) 3. Union	14

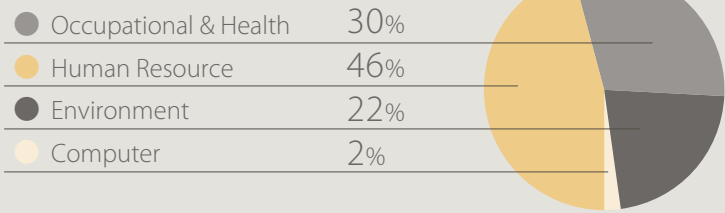
Central China Operation Center	1. Employee Service Center (Hi_Sister@pegatroncorp.com) 2. Employee Representative Meeting 3. Consulting Service Center for New Employees 4. Contact Window for Employee Relationship 5. Meeting with Factory Director	231
West China Operation Center	1. 17885 Hotline (023-8850-9888#17885) 2. i-Pega box (i-PEGA@pegatroncorp.com)) 3. Email for Employee Relationship 4. Online Service Platform 5. HR Service Center 6. Meeting with Factory Teacher 7. Meeting with Factory Director and General Manager 8. Employee and Management Meeting	773
Mexico Manufacturing Center	1. Suggestion Box 2. Email Box (ethicsline@pegatroncorp.com)	1
Czech Manufacturing Center	1. Suggestion Box 2. Email Box (PCZREPORT@pegatroncorp.com) 3. Canteen Committee	144

Classification table of PEGATRON employee communication types in 2018 :

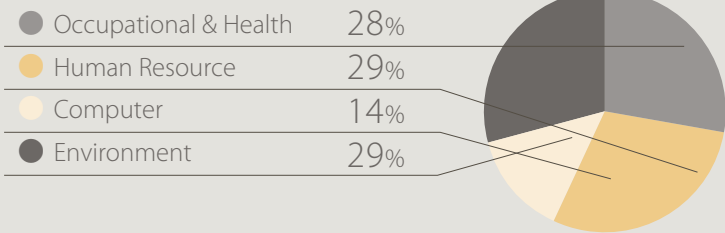
HQ & Taoyuan Manufacturing Center



Central China Operation Center

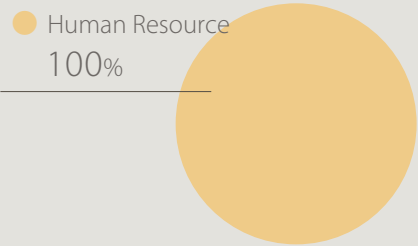


East China Operation Center

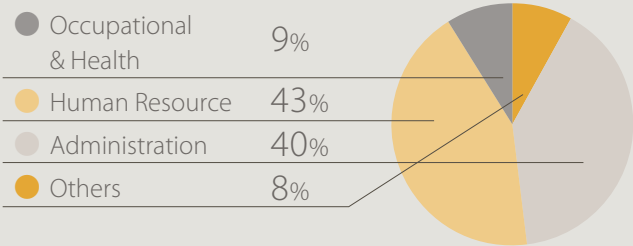


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West China Operation Center



Czech Manufacturing Center



In order to enable our employees with a better understanding of the Company’s operating status and directions, our CEO holds face-to-face CEO dating meetings regularly every year. That helps our employees to have a more in-depth understanding of the company’s decision making processes. We held 4 Coffee Talk meetings in 2018.



Employee benefits are discussed in our quarterly employee welfare committee meetings. The employee representatives are responsible for expressing opinions of our employees to communicate with the company.

PEGATRON has implemented many mental health programs in each manufacturing center to provide calm and relaxing channels for employees. We also set up special psychological consultation rooms to assist employees to solve the difficulties they are facing.

We offer many types of assistance care activities for our employees, including consulting hotlines, counseling rooms, suggestion boxes and regular interviews. PEGATRON also combines social workers and psychologists in a special cooperation model to provide psychological counseling EAP (Employee Assistance Programs) service. We select suitable teachers and provide psychological consultation services based on employees’ issues and help them to solve their psychological problems.

Channels for Caring Employees :

Location	Channel for caring employee
HQ & Taoyuan ManufacturingCenter	Employee Mental Health Hotline, Regular Staff Interview, Employee Assistance Program(EAP), Suggestion Box, Harassment grievance email
Central China Operation Center	Hi_Sister workshop, Employee Representative Meeting, Counseling Service Center for New Employees, Counseling Window for Employee Relationship, Meeting with Factory Director
East China Operation Center	Employee Service Center, Help Center, Union, Mentor, Suggestion Box
West China Operation Center	Hotline, Email for Employee Relationship, Online Service Platform, HR Service Center, Meeting with the Teachers Stationed in the Factory, Meeting with Factory Director and General Manager
Mexico Manufacturing Center	Suggestion box, Staff interview
Czech Manufacturing Center	Suggestion box, Regular department meeting, Employee survey

Employee welfare

“Joyful Work, Happy Life” is PEGATRON’s philosophy regarding employees. we endeavor to show our cares to all employees. We hope our employees can focus more on family during spare time and have the right of Unpaid Parental Leave for Raising Children and the Retirement Program. Welfare measures of PEGATRON are divided into two parts, benefits provided by the company and by welfare committee. Every benefit is disclosed through the announcement, company website or email, so that employees are aware of the benefit and the way of application. We provide labor, health and group insurance in Taiwan, and regularly hold cultural lectures. The leave and attendance rule is also better than or meets local regulations.

The Welfare Committee provides scholarships for employees' children every year to encourage them to study hard. Our welfare committee also provides different benefits for options such as travel, medical care, recreation and benefits. The Year-End party, community activities, team sports, family days, arts and culture activities are all for employees’ choices. We hope our employees can focus more on family during spare time. A more favorable consumer channel is provided to colleagues by our welfare committee, and our special shops cover 11 types of dining, sports, learning, leisure, arts, home, education, etc., so as to offer preferential treatments for employees.

To promote teamwork among colleagues and aid in personal rejuvenation, HQ held planting activities which let colleagues enjoy the fun of planting on the roofs since 2014. In addition to the benefit of greenery, the process of planting also increases environmental awareness. We regularly invite experts to teach colleagues about planting techniques. Since 2015, one more site has started the planting activities. The activities are held twice per year per site and around 700 people participated in each planting shift within 2 sites. We have a lottery system due to the limitation of the cultivation area, and the number of participants of each cycle is around 400 people.

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We provide an integrated welfare system and treat all employees equally at all sites. Welfares in PEGATRON are divided to benefits, incentives, gifts and events to express our Group’s willing of “Joyful Work, Happy Life”. Some welfare might be different according to different workplaces, but all welfare programs are in conformity with or better than the requirements of local regulations.

The Central China Operation Center regularly organized cultural activities to enrich the lives of employees. “EHS Month Activity” was initiated for the purpose of encouraging employees to learn and contact things which are different from their works and get more understanding on CSR. There were around 2,200 people who joined the EHS Month Activity.

Employee Benefits at each site:

Location	Item
HQ & Taoyuan Manufacturing Center	birthday gifts, festival bonus, meal allowance, voucher (marriage gifts, fertility gifts, funeral condolences), reunion day, family day
East China Operation Center	marriage gifts, fertility gifts, funeral condolences, birthday gifts, emergency assistance payment
Central China Operation Center	marriage gifts, fertility gifts, funeral condolences, birthday gifts, bonus, emergency assistance payment, meal allowance, retirement greeting activity, family day
West China Operation Center	marriage gifts, fertility gifts, funeral condolences, funeral condolences, sunshine fund, meal allowance, subsidy for end of year party
Mexico Manufacturing Center	meal allowance, savings fund, Christmas bonus, attendance and punctuality bonus, Medical Insurance (ADM)
Czech Manufacturing Center	pension insurance, meal allowance

For those who choose the new pension fund system, PEGATRON allocates 6% of employees’ monthly salaries as pensions based on “Labor Pension Act for new system” and put the pensions in personal retirement accounts established by the Bureau of Labor Insurance. Employees can make voluntary contributions from 0% to 6% for their pensions and the voluntary contribution will be fully deducted from their annual personal consolidated income tax. For those who choose the old pension fund system, PEGATRON allocates 2% of employees’ monthly salaries as pensions based on "Labor Standards Law for old system " and put the pensions in old pension fund system accounts to meet the

retirement needs of relevant employees. Please refer to PEGATRON’s 2018 Financial Report for pensions.

http://www.pegatroncorp.com/investorRelation/annualReports/lang/en_US

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Social Care

Work with local communities to develop appropriate welfare activities.



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Social Welfare

More than Technology, We Irrigate the Society with Culture and Arts.

We fully implement social responsibility from the inside out to understand the true needs from different parties, and positively encourage all employees around the world to follow. For the planning of activities, community participations and empathy actions, we start internally and promote them to neighboring communities, then extend them to where it is most needed.

PEGATRON actively participates in public events, sponsors many kinds of organizations, and commits to care for the weak and the poor. We continue to pay attention to the reading and digital difference problems of children in the remote area of the eastern countryside in Taiwan, so that we provide necessary materials and equipment for them. PEGATRON has also got involved in cultural development, arts events and sports events in recent years, and sponsored activities in music, drama, dancing as well as literary creation, academic seminars and health promotion to fulfill our corporate social responsibility commitment.

A public welfare club in our Headquarters, Happiness Philosophy Club, irregularly holds lectures and activities about ecological preservation, humanistic care and environmental protection. By this way, our colleagues have the opportunity to more understand the society and environment, and then serve the community.

The welfare and donation activities held by the Happiness Philosophy Club in 2018 include:

- 1. The donation of 38 boxes of goods to an elementary school in a rural area, including books, computers, monitors and DVD, as well as used wireless microphone sets and some used stationeries and furnitures.
- 2. Used hard disks donated to ASUS Foundation
- 3. Goods donation for supporting "Kuentai Happiness for Rural Areas

Community Involvement

Hear the Voices of Residents and Put Resources Right.

All our major operation centers and manufacturing centers are also involved in long-term local public welfare activities to make contributions to local societies.

【 PEGATRON Headquarters (HQ & TY) 】

- 1. Waste recycling : We responded to 422 World Earth Day Activity by recycling the waste electronic products from employees and handled them properly to protect the environment
- 2. Material donations: We donated 10 LCD displayers to social welfare institutions
- 3. Invoice donation activities
- 4. Blood donation activities



【 PEGATRON Central China Operation Center (PSZ) 】

The Central China Operations Center, in addition to responding to the group charity activities, continues to devote to long-term public welfare activities by way of contributing to the local community. There were 199 people who participated in the event of blood donation in 2018. The blood donation activities of PSZ from 2016 to 2017 were also awarded with Blood Donation Award by the Suzhou City Government in 2018.



【 PEGATRON East China Operation Center (PSH) 】

Our East China Operation Center held and participated in a lot of local public welfare activities. Throughout the activities, we expected that these activities can attract public attention on environmental protection as well as the welfare of disadvantaged groups.

These activities include:

- 1. Activity on Tree Planting Day: There were 24 cherry plum trees planted by 34 people in the campus during the activity.
- 2. Blood donation: There were 71 people who joined the event.
- 3. Environmental volunteers: This activity aimed to clean up the trashes on the road near the campus and popularize the good manners to people who did the uncivilized behaviors. There were 45 people who joined the event in total.

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4. Clothes donation activity: PSH supported the activity titled “Good from a Family” and donated clothes and shoes for China Junior Children's Fund.



【 PEGATRON West China Operation Center (PCQ) 】

The West China Operation Center continues to hold many local public welfare activities to respond the needs of disadvantaged groups in local community, include the activity of caring of fire-fighting officers in 2018. There were 30 people who joined the event.

【 PEGATRON Czech Manufacturing Center (PCZ) 】

- 1. Financial support for local sport clubs.
- 2. Financial support for Disabled Olympics.
- 3. Financial support of books for children

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GRI Standards Index

General Disclosures

GRI Standards	Disclosure	Page	Omission
GRI 102: General Disclosures 2016	102-1	Name of the organization	10
	102-2	Activities, brands, products, and services	10
	102-3	Location of headquarters	10
	102-4	Location of operations	11
	102-5	Ownership and legal form	10
	102-6	Markets served	10
	102-7	Scale of the organization	10, 11
	102-8	Information on employees and other workers	36
	102-9	Supply chain	10, 21
	102-10	Significant changes to the organization and its supply chain	/ There were no significant changes to the organization and its supply chain in 2018.
	102-11	Precautionary Principle or approach	17
	102-12	External initiatives	4
	102-13	Membership of associations	4
	102-14	Statement from senior decision-maker	2
	102-16	Values, principles, standards, and norms of behavior	15
	102-18	Governance structure	14
	102-40	List of stakeholder groups	5
	102-41	Collective bargaining agreements	37
	102-42	Identifying and selecting stakeholders	5
	102-43	Approach to stakeholder engagement	5
	102-44	Key topics and concerns raised	5
	102-45	Entities included in the consolidated financial statements	1
	102-46	Defining report content and topic Boundaries	7
	102-47	List of material topics	7
	102-48	Restatements of information	/
	Remarks: 1. Chapter 5.1 and 5.2- The electricity emission factors over the years were retrospectively revised by the competent authority of Taiwan in 2018. After reconfirmation, the difference of data didn't reach the significant threshold of corporate change. Therefore, the electricity use and GHG emissions in 2009 (base year) were updated according to the third party verification statements. 2. Chapter 5.4.1- The data of domestic waste and recycling waste in 2017 has been corrected after reconfirmation.		

GRI 102: General Disclosures 2016	102-49	Changes in reporting	7
	Remarks: The material issues compared with 2017 year, Anti-corruption, Green product, Conflict minerals were new in while socioeconomic compliance was excluded.		
	102-50	Reporting period	1
	102-51	Date of most recent report	1
	102-52	Reporting cycle	1
	102-53	Contact point for questions regarding the report	1
	102-54	Claims of reporting in accordance with the GRI Standards	1
	102-55	GRI content index	52
	102-56	External assurance	1, 56

Material topics

Economic- Economic performance

GRI Standards	Disclosure	Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	10
	103-2	The management approach and its components	10
	103-3	Evaluation of the management approach	10
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	10
	201-2	Financial implications and other risks and opportunities due to climate change	26
	201-3	Defined benefit plan obligations and other retirement plans	46
	201-4	Financial assistance received from government	10

Economic- Market presence

GRI Standards	Disclosure	Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38
	103-2	The management approach and its components	38
	103-3	Evaluation of the management approach	38
GRI 202 Market Presence 2016	202-2	Proportion of senior management hired from the local community	36

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Economic- Anti-corruption

GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	15	
	103-2	The management approach and its components	15	
	103-3	Evaluation of the management approach	15	
GRI 205 Anti Corruption 2016	205-1	Operations assessed for risks related to corruption	15, 17	
	205-3	Confirmed incidents of corruption and actions taken	15	

Economic- Ethics and integrity

GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	15	
	103-2	The management approach and its components	15	
	103-3	Evaluation of the management approach	15	
GRI 205 Anti Corruption2016	205-1	Operations assessed for risks related to corruption	15, 17	
	205-3	Confirmed incidents of corruption and actions taken	15	

Environmental- Energy

GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26	
	103-2	The management approach and its components	26	
	103-3	Evaluation of the management approach	26	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	26	
	302-3	Energy consumption outside of the organization	26	
	302-4	Energy intensity	26	

Environmental- Emissions

GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27	
	103-2	The management approach and its components	27	
	103-3	Evaluation of the management approach	27	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	27	
	305-2	Energy indirect (Scope 2) GHG emissions	27	
	305-4	GHG emissions intensity	27	
	305-5	Reduction of GHG emissions	26	

Environmental- Effluents and waste

GRI Standards	Disclosure		Page	Omission
GRI 103: MGT Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 32	
	103-2	The management approach and its components	31, 32	

GRI 306: Effluents and Waste 2016	103-3	Evaluation of the management approach	31, 32	
	306-1	Water discharge by quality and destination	32	
	306-2	Waste by type and disposal method	31	
	306-3	Significant spills	No spill event occurred.	
	306-5	Water bodies affected by water discharges and/or runoff	No spill event occurred.	
Environmental - Environmental compliance				
GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31	
	103-2	The management approach and its components	31	
	103-3	Evaluation of the management approach	31	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	31	
Social-Employment				
GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36	
	103-2	The management approach and its components	36	
	103-3	Evaluation of the management approach	36	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover*	38	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	46	
Social-Labor management relations				
GRI Standards	Disclosure		Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	45	
	103-2	The management approach and its components	45	
	103-3	Evaluation of the management approach	45	
GRI 402: Labor Management Relations2016	402-1	Minimum notice periods regarding operational changes	37	

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Social-Occupational health and safety				
GRI Standards		Disclosure	Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	40	
	103-2	The management approach and its components	40	
	103-3	Evaluation of the management approach	40	
GRI 403: Occupational Health and Safety2016	403-1	Workers representation in formal joint management–worker health and safety committees	40	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	41	
Social-Training and education				
GRI Standards		Disclosure	Page	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	39	
	103-2	The management approach and its components	39	
	103-3	Evaluation of the management approach	39	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee*	40	
	404-2	Programs for upgrading employee skills and transition assistance programs	39	
Corporate government			14, 15	
Risk management			17	
Green product			28	
Conflict minerals			23	

*: Not core option.

Sustainability Development Goals (SDGs) of the United Nations

Sustainability Development Goals (SDGs)	Sustainability Development Goals					Page No.	Omission
	Goals		Targets	Actions			
	E	Maintain the Equality of Society (Equality)	Realize Gender Equality in Workplace.	Eliminate discrimination of gender.	Implement gender equality policy.	37	
					Provide multiple grievance channels.	45	
				Build a friendly workplace.	Promotion Maternity Protection.	37, 42	

United Nations Global Compact

Category	Principle	Page No.
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	37
	Businesses should make sure that they are not complicit in human rights abuses.	37
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	37
	Businesses should uphold the elimination of all forms of forced and compulsory labor.	37
	Businesses should uphold the effective abolition of child labor.	37
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	37
	Businesses should support a precautionary approach to environmental challenges.	28
Environment	Businesses should undertake initiatives to promote greater environmental responsibility.	31
	Businesses should encourage the development and diffusion of environmentally friendly technologies.	28
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	15

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	Goals		Targets	Actions			
 7 AFFORDABLE AND CLEAN ENERGY	M	Benefit the Environment towards Mutualism (Mutualism)	Use Current Energy with a Greener Way	Improve the efficiency of energy use.	Build energy monitoring system.	26	
				Reduce the cost of energy.	Implement energy management and reduction projects.	26	
 8 DECENT WORK AND ECONOMIC GROWTH	G	Boost the Growth of Economy (Growth)	Elevate the Economic Performance and Workplace.	Create employment, cultivate and retain the talents.	Encourage Employment localization.	36	
					Perform employee individual development plan (IDP).	40	
	E	Maintain the Equality of Society (Equality)		Protect labor rights.	Provide multiple grievance channels.	45	
				Prevent involuntary labors.	Perform voluntary employment policy.	37	
				Perform no child labor policy.	37		
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	M	Benefit the Environment towards Mutualism (Mutualism)	Engage in Responsible Consumption and Production.	Sustainable design.	Conduct HSF management	29	
				Prevention of pollutions	Build pollution prevention control facility or devices and conduct the monitoring	31, 32	
	E	Maintain the Equality of Society (Equality)		Responsible sourcing	Due diligence investigation of conflict minerals	23	
				Sustainable supply chain.	Conduct supply chain management	21	
 13 CLIMATE ACTION	M	Benefit the Environment towards Mutualism (Mutualism)	Evaluate and Mitigate the Impact on Climate Change.	Reduce the risks of climate change on the operations to each site.	Conduct greenhouse gas emissions reduction projects.	26, 27	
					Enhance energy efficiency.	26	

Editorial Principles	A Word from the CEO
Identification & Communication	Social Responsibility Commitment
	Stakeholder Communication
	Material Issue Identification
	Sustainability Development Goals
Company Profile	About PEGATRON
	Financial Performance
	Globalization Arrangement
	Award List
Sustainable Management	Corporate Governance
	Code of Conduct
	Information Security
	Risk Management
	Regulatory Compliance
Responsible Partnership	Customer Service
	Sustainable Supply Chain
Sustainable Environment	Low Carbon & Energy
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	Occupational Health & Safety
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Appendix-Index	GRI Standard Index
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	Statement

Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

PEGATRON Corporation 2018 Corporate Social Responsibility Report

The British Standards Institution is independent to PEGATRON Corporation (hereafter referred to as PEGATRON in this statement) and has no financial interest in the operation of PEGATRON other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of PEGATRON only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by PEGATRON. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to PEGATRON only.

Scope

The scope of engagement agreed upon with PEGATRON includes the followings:

1. The assurance scope is consistent with the description of PEGATRON Corporation 2018 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the PEGATRON's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000 Assurance Standard (2008) with 2018 Addendum assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the PEGATRON 2018 Corporate Social Responsibility Report provides a fair view of the PEGATRON CSR programmes and performances during 2018. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the PEGATRON and the sample taken. We believe that the 2018 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate PEGATRON's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that PEGATRON's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to PEGATRON's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 4 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that PEGATRON has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the PEGATRON's inclusivity issues.

Materiality

PEGATRON publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of PEGATRON and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the PEGATRON's management and performance. In our professional opinion the report covers the PEGATRON's material issues.

Responsiveness

PEGATRON has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for PEGATRON is developed and continually provides the opportunity to further enhance PEGATRON's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the PEGATRON's responsiveness issues.

Impact

PEGATRON has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. PEGATRON has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the PEGATRON's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

PEGATRON provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the PEGATRON's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the PEGATRON's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu
Managing Director BSI Taiwan
2019-05-31

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Thanks

This report is prepared in accordance with the Core option of GRI Standards issued by Global Sustainability Standards Board (GSSB). In order to increase the transparency and reliability of the report, the content was verified by an independent third party, BSI Taiwan, based on AA1000 AS (2008), and complied with core option level of GRI Standards. The Verification Statement is attached as appendix of this report. For financial data, refer to the financial statements certified by qualified accountants.

If you have any query or comment about this CSR report, please feel free to contact us:

PEGATRON Corporation

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