



Apex

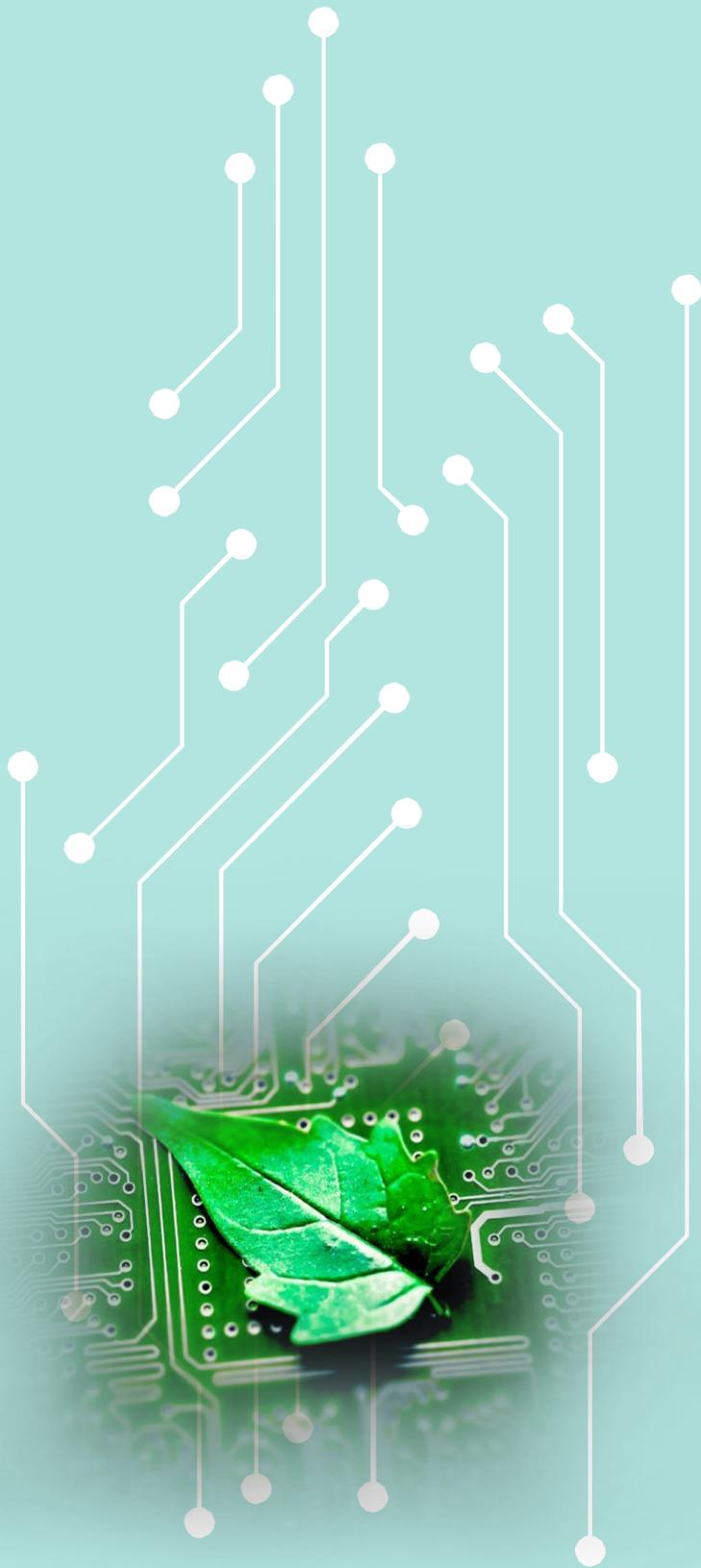
International Co., Ltd.

Corporate Social Responsibility Report 2017



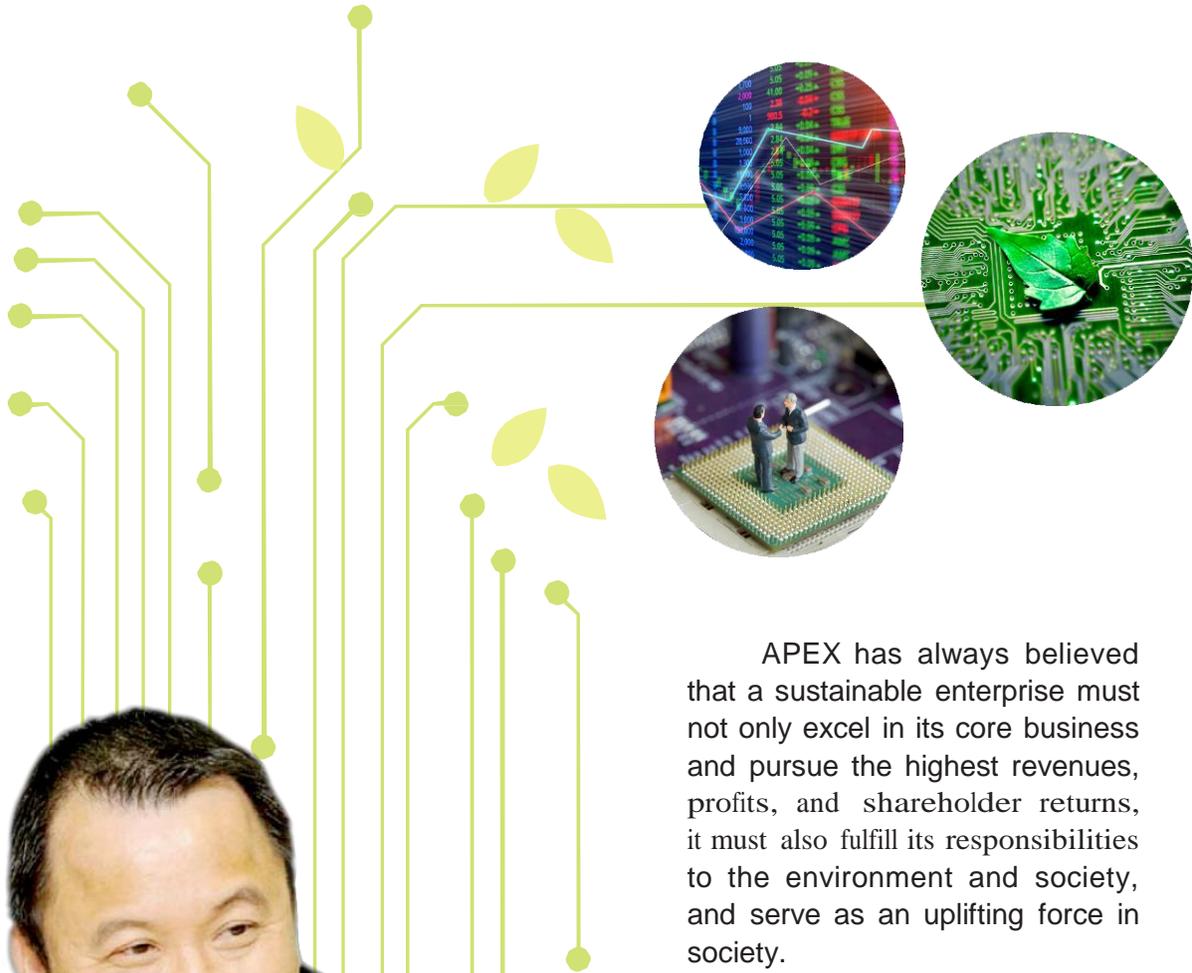
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Retrospect and Prospect

Letter from the CSR Committee Chairperson



APEX has always believed that a sustainable enterprise must not only excel in its core business and pursue the highest revenues, profits, and shareholder returns, it must also fulfill its responsibilities to the environment and society, and serve as an uplifting force in society.

In 2015, APEX established its Corporate Social Responsibility Policy, aiming to build on a foundation of sustainable operations and carry out our three missions of “Corporate Governance”, “Sustainable Environment”, and “Social Care” in our daily operations. We gain understanding of the key issues of concern for our stakeholders through organizations in our company responsible for these issues, and try our best to disclose the results of our actions through Company announcements.





Economic Dimension

Although Apex faced with pressure of raising cost of material in 2017, management team remained to strengthen managing, improving production process, strictly control cost, proactively care and train employees to make SOP be well implemented and quality be well controlled which has been stable in 4th quarter of 2017. Apex will keep working hard on controlling quality and expect improvement will happen in 2018.

As the Top 2 rigid PCB manufacturer in Thailand, APEX hopes to leverage its hard-won leadership position in the industry and move our supply chain towards sustainable operations. We were making labor and environmental standards a part of our audits and requiring suppliers to follow the EICC Code of Conduct.



Environmental Dimension

In addition to achieving our targets in energy saving, water conservation, waste reduction, and other environmental goals for the next 3 years, APEX plans to set up renewable energy supply device, wastewater reuse and carbon footprint inventories and disclosures.



Social Dimension

Our focus is on employee rights and social participation. Employees are APEX's greatest asset, and we pay close attention to their physical and mental health as well as their work environment. Each factory must maintain the ISO 14001 and the OHSAS 18001 (occupational health and safety) management system standards. In 2017, we provided more than 6,000 job opportunities, and retained talent with competitive compensation, diverse training courses, vacation time above regulatory requirements, and an array of work-life balance measures.

We take the initiative to care for employees, and our employees are happy to give back to society after work, creating a positive cycle to make society better. In 2017, APEX provided book donations to schools, blood/money/supplies donation to hospitals, and work opportunities to blind people among other things. Apex spends approximately 0.37M baht for Community/Social event and donation, total 18 events in 2017.



Progress Towards a Sustainable Future

Corporate Social Responsibility encompasses the three dimensions of economy, society and the environment. In this period of volatility for the global economy and environment, fulfilling corporate social responsibility not only supports the fundamentals of our operations and reduces or eliminates risk, it also builds sustainable value for APEX and its stakeholders. In 2017, APEX pledges itself to not only become an indispensable influence in the PCB industry, but Apex self- assessment that ranked 6%-20% of all TWSE listing company in the FY2016 TWSE corporate governance evaluation which announced in 2017. It shows that our efforts have been affirmed in corporate social responsibility. Going forward Apex will be become a corporate citizen with a positive influence on society, and to build a better future for the next generation.

Chief Executive Officer
Chou, Jui Hsiang



Competitive edges

A. Excellent corporate management

Apex's management is dedicated to the company, maintains business stability and growth, endeavors in sustenance of internal communication channels, and also adheres to five major management concepts: 1. finest quality, 2. best prices, 3. punctual deliveries, 4. excellent service and 5. Fulfillment of promises.

B. Diversification of client sources and Product applications

Apex's client spread around Japan, Korea, Europe, North America and China and major international manufacturers are among the end-customers. Diversification of client sources reduces the influence of the economic situation of a single country or region on Apex. In the meantime, diversification of product applications, including electronic products, computer-related, communications and automotive products, will enable Apex to stand out as a company capable of meeting the various needs of clients and its product development can also create complementary effects.



C. Cost control and product price

Complicated production processes and production according to orders are the characteristics in PCB's manufacturing. Hence, precise and effective management are the foundation for maintenance of competitiveness and creation of profit. Whole production processes of PCB are in-house, so Apex can control the scrap rate of each work-station and thus decrease producing cost. At the same time, Apex has centralized sale and procurement so as to reduce time lag. Finally, good cost control has resulted in competitive product price.

Advantageous and disadvantageous factors in future development and countermeasures

Advantageous factors

(1) Geography and people of Thailand

Compared to other regions outside mainland China, Thailand has a more competitive edge. Being an ASEAN member state, it has regional economic advantages that attract foreign investors. With the integration of AEC in 2015, Thailand will continue to enjoy advantage of exporting into South East Asia and doing cross border trade with zero tariffs. Thai people are friendly and loyal. This has made it possible for Apex to maintain the average job separation rate below 4%.

(2) Labor cost and labor consciousness

Despite the Thai government's announcement in recent years to raise the minimum wage, Apex has been able to keep management costs at a lower level through cost control. Fully aware that the lower labor cost in Thailand is a major contribution to its gross profit, Apex has therefore continued to increase investment in automation to reduce its dependence on labor in the future. We have also invested in automated equipment to reduce the cost of intensive labor.

(3) Market share and demand

Apex understands very well that cost competitiveness, decent service and responsibilities are necessary abilities for the company to survive in the electronics industry, keep customers and develop new sources of clients. We have continued to expand our market share through current customers and seek new ones to fill the production capacity of the new plants. Besides continuous acquisition of machine equipment for the new plants, Apex also makes persistent efforts in development of new products and technologies to bring up production to meet market demand as well as win opportunities to serve more customers and increase business. Apex has price advantages to compete in the market and continues to maintain close relationships with customers and develop new sources of clients.



(4) Competitive edges of PCB manufacturers in Asia

In recent years, production costs have kept rising in China as a consequence of growing labor costs which are subject to the policy of the Chinese government. Plus the increasingly strict environmental protection policy, PCB businesses along the eastern coast have begun to relocate to the inland. Although production costs in the Chinese inland are relatively lower, the hardware facilities and logistic services are not as progressive as those in the eastern region. This has created certain pressure on our competitors. Being based in Thailand gives Apex certain relative advantages.



(5) Logistic advantages in Thailand

Today, the land transportation systems in Thailand have been greatly improved. Moving goods from Thailand to anywhere in China takes only 7-10 days. Delivery time is shortened, costs are reduced, and competitiveness is boosted. For raw materials, there are four suppliers able to provide board materials. Apex also purchases services needed for production from Thailand suppliers to cut down on waiting time.



Disadvantageous factors

(1) Awakening of environmental protection awareness

Apex has implemented a number of projects in recent years, including power and waste water treatment facilities, to reduce environmental impacts. We believe the rate of return on investment of these projects will be worthwhile. Overall, we have seen initial results. We will continue our effort to control costs to ensure that the funds spent on environmental protection will not affect the profitability of the company.

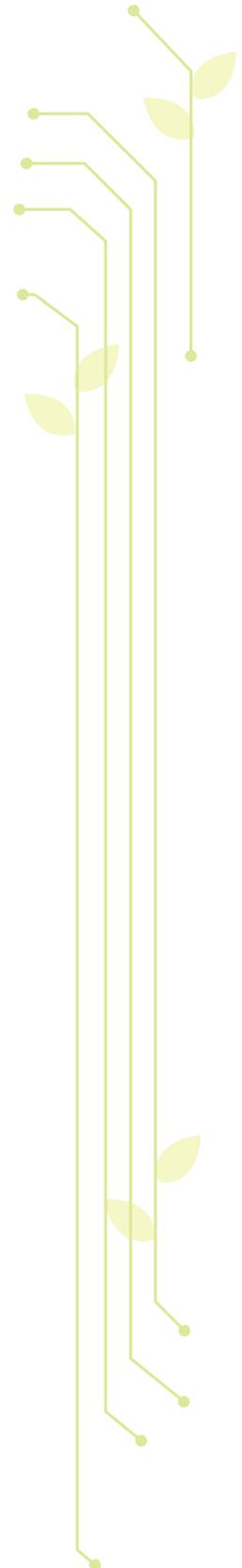
Countermeasures

Apex continues to improve production processes to reduce contamination, adopt environmental strategies and bring in contamination prevention equipment to meet environmental protection regulations, and also commission qualified environmental protection businesses to dispose of contaminated waste to reduce environmental contamination and environmental protection expenses.

(2) Fierce market competition

The PCB industry is the mother of the electronics industry. Price reduction pressure from customers never stops and this is the fate of this industry.





Countermeasures

Apex continues to improve sales tactics to maintain plant utilization rates at over 90% and is therefore able to offer competitive prices and ensure reasonable profit. Increased customer demand for multi-layer boards will boost our average sales price and profitability. Production of 2-layer boards continues to decrease while that of multi-layer boards is on the rise. This enables us to cope with competition from other regions.

(3) Impact on profitability from exchange rate fluctuations

Exchange gains/losses will have an impact on the final profit of the company. By adopting natural hedging strategies and cautious operation of certain derivatives, Apex has reduced the likely impact from exchange rate fluctuations by a large margin.

(4) International raw material price fluctuations

Apex takes active measures to negotiate prices with suppliers of important raw materials, such as CCL, Prepreg, copper foil, solutions and dry film.

As a PCB manufacturer, the main raw materials needed are substrates, copper foil and prepreg which are purchased from various suppliers in Asia, including Taiyo Ink, Nan Ya Plastics, Western, and King Board Chemical. These are all major suppliers with a good reputation and have kept a decent and stable supply-demand relationship with Apex. The prices they offered also can appropriately reflect the trends in the electronics market. Apex keeps a close watch on price change tendencies and purchases needed quantities in advance when prices are at low points in order to maintain low material costs. We also keep good relationships with suppliers to ensure all material costs achieve our expectations. Apex also conducts cost control through quarterly plans to comply with budget arrangements.

Organization Profile

The main axis of Apex culture is “Oriental Thinking collaborating with Western Management” while working. “Oriental Thinking” means to treat others with sensibility. At the same time, the concept of “benevolence” is definitely helpful for Apex and is the foundation to achieve harmony and tolerance among teams. Apex people have to keep empathy in mind all the time in order to understand the opposite side’s point of view. Then, effectiveness of communication can be created and we can further achieve operating goals. “Western Management” emphasizes spirit of compliance of regulation. Apex people have to comply with laws, regulations and internal control system precisely and carefully as a foundation for maintaining competitiveness.

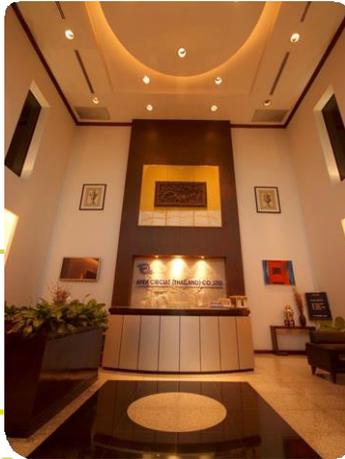
Apex is a professional manufacturer of PCB and has over sixty hundred employees, most of them are of Thai nationality. Apex has two factories in Samutsakhon which is located at south-west of Bangkok. Apex has focused on 2 to 10 layers of PCB’s products and monthly capacities of over 460 thousand square meters. In 2017, the consolidated revenue and operating profit were 10,395 million NT dollars and 90 million NT dollars, respectively.



Business of Apex and its Subsidiaries

The main business operations of Apex Group are production and sales of double-sided and multi-layer rigid printed circuit boards (PCBs). The products are sold locally in Thailand and also exported to 25 countries in different countries of the world, including China, Korea, Latin America (Brazil), South Africa, Russia, Tunisia, Europe and USA.

Consumer electronics makers that are clients of the group include Samsung, Arris, Technicolor, Hewlett-Packard (HP), Canon, Toshiba and Western digital. The PCBs produced by the group are mainly applied in LCD TVs, set top boxes (STBs), hard disks, printers, wireless transmitters, TFT panels, and multimedia products for automobiles.



New product and service items to be developed

The consumer products like LCD TV, STBs and home entertainment market continue moderate growth in 2017. Almost all Japanese brand name makers face reduced market share. However, products such as mobile phones and Personal computers have faced decline.

We have already started to approach and/or develop new products for automotive parts, mini WI-FI, RF application products and PCB transformer products, etc. These products will enable us to take advantage of our new facility and upgraded manufacturing capabilities especially automotive and notebook, and expect to see further improvements in 2018 onwards.

On the other hand, our factories also have enhanced facilities to provide our customer with more surface finishing options like Immersion Tin, Lead-free HASL, Carbon finishing. Due to market design continuously reducing PCB size, higher holes density and thinner line width spacing, the use of via-in-pad technology in rigid boards are growing and factories have also added this capability to keep up with market trends.



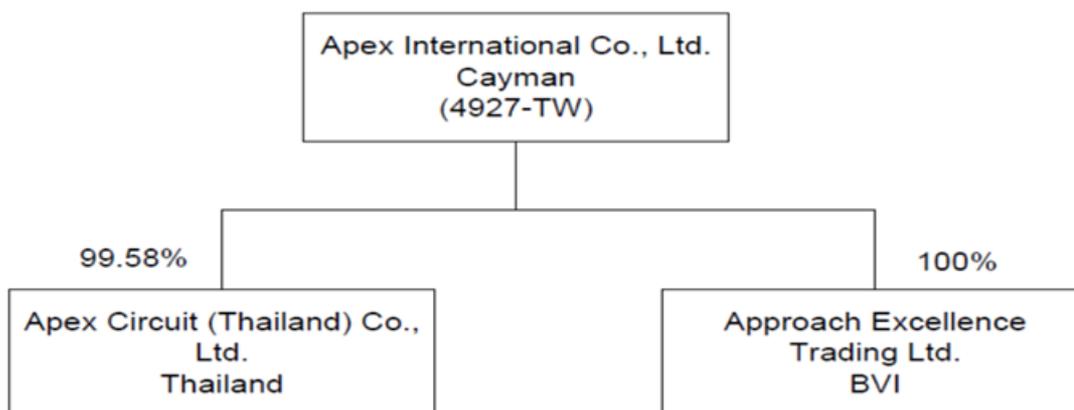
Scope and Boundary of Report

Addresses and telephone numbers of the headquarters, branch offices and plants:

Office Branch	Country	Company Name	Hereinafter referred to as	Address
Headquarters	Taiwan	Apex International Co., Ltd.	API	Room 503, 5F, No. 205, Dunhua North Road, Songshan District, Taipei City Tel: +886-2-27170032
Subsidiary		Approach Excellence Trading Ltd.	AET	(330) 1F, No. 1492-2, Chunri Road, Taoyuan City Tel: +886-3-316-9896
Operating headquarters and plants	Thailand	Apex Circuit (Thailand) Co., Ltd.	APT	APEX I : 39/234-236 Moo 2, Rama 2 Road, Tambol Bangkrachao, Amphur Muang, Samutsakhon 74000, Thailand Tel: +66-34-490537 APEX II : Plant 2 : 30/101-102 Moo 1, Tambol Khokkham, Amphur Muang, Samutsakhon 74000, Thailand Tel: +66-34-119225

Group Structure

The investment structure of the group is shown in the chart below and the main business operations of each subsidiary are described as follows :





- (1) Apex is mainly a holding company and conducts no actual business activities.
- (2) APT is 99.58% owned by Apex. It was founded in September 2001 to be the production and operating center of the group. The PCBs APT produces are mostly exported to Japan, Korea and China to be used principally in consumer electronic products and office equipment and then in STBs, communications equipment, computer equipment and auto parts.
- (3) AET is a wholly-owned subsidiary of Apex. A Taiwan branch was set up to be in charge of procurement of machine equipment and raw materials and shipment in the Taiwan area.

Numbers of Employees

For the recent three years, all workforces are under contractual agreement with APEX with no self-employ. No significant variation in employment number. The table below showed their average length of service, average age and educational level in all offices.

Year		2015	2016	2017
Number of employees	Managers	75	73	78
	Production departments	3,301	3,914	4,300
	Common employees	1,679	1,840	2,013
	Total	5,055	5,827	6,391
Average age		29.52	29.39	29.17
Average length of service		3.12	3.04	3.09
Education Level	Master's and above	0.22%	0.17%	0.16%
	University	18.58%	17.04%	16.52%
	Senior high school	41.60%	40.59%	40.03%
	Below senior high school	39.60%	42.20%	41.29%



Identified Material Aspects And Boundaries

APEX has established its corporate social responsibility best practice principles; they have been approved by the board of directors and the results of implementation are reviewed by BOD meeting regularly. The “EICC & CSR” committee then review the issue raised by stakeholder engagement process, mapping to GRI aspect as below.

APEX recognized GRI-G4 principles for defining report content were Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness when preparing the report. APEX demonstrated these principles by means of stakeholder engagement processes which is done by various departments who made directed contacted with those parties.

APEX has engaged with stakeholders to capture current issues regarding their interest and concern with APEX. These include, but are not limited to GHG emission reductions, Environment management, Green products and employees’ welfare and the peer review of materiality issues in the same business sectors, to make a conclusion on APEX materiality.

This report context provides sustainable action taken i.e., reduction in waste generated and improvement in GHG emission. Top management as well as EICC & CSR committee also review and endorse the materiality issues to ensure the significance to company and stakeholders as well as the 360-degree view for stakeholders.

Table 1 Demonstrate Aspect boundaries (within and/or outside) from initial review

Category	Sub-Categories	GRI Aspect	Disclosure performance Indicators	Materiality	Aspect boundaries (within - W/ Outside - O)
Economic	-	Economics Performance	G4-EC1	Revenue and Community Investment	O (Social Benefit) - Thailand, Samutsakorn
Environment	-	Emissions	G4-EN15-EN18	GHG	W (GHG scope 1 and 2) O (GHG scope 3 - cargo) - Freight operation worldwide
		Effluents and Waste	G4-EN8, EN22 and 23	Water & Waste	W (Waste disposal)
Social	Labor Practices and Decent Work	Occupational Health and Safety	G4-LA5 to LA8	Safety in work place	W (Governance, Safety Committee)
				Welfare	W (Governance, Safety Committee) O (Contractor selection and control), Thailand - Samutsakorn
		Labor Practices Grievance Mechanisms	G4-LA16	On Time Payment	W (Governance)
	Human Rights	Forced or Compulsory Labor	G4-HR6	Working /OT/ Compulsory	W (Governance) -
	Product Responsibility	Product and Service Labeling	N/A	Machine down time	-
G4- PR5			Customer Satisfaction	O (Customer Satisfaction) - Worldwide	





Stakeholder Engagement

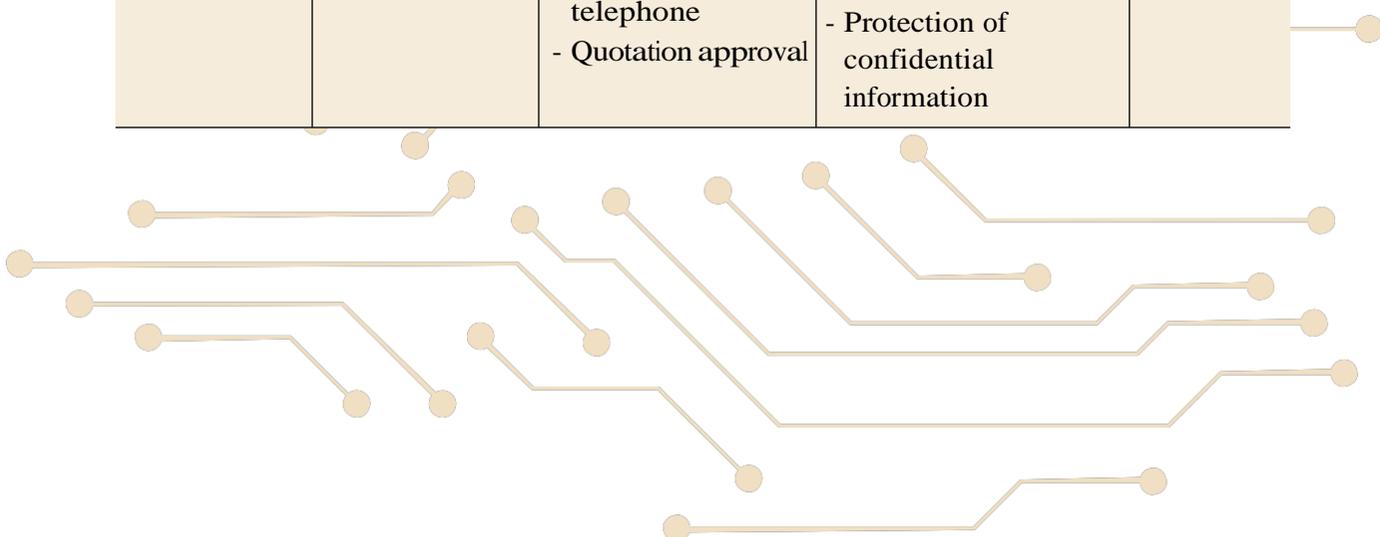
Apex (International) has established a working group called “EICC committee” to perform stakeholder engagement process - applying internal panel approach i.e. Brainstorming the issue to form response departments to get needs and expectations from stakeholders and then align issues in term of GRI aspects.

The detail of consolidating are kept at relevant departments included but not limited to customer survey, minutes of meeting with stakeholders as well as all kinds of feedback and information gained through the whole year.



Table 2 List of stakeholders engaged by APEX

Stakeholder	Description	Engagement Method	Stakeholder's expectations	Frequency
Social and Community	Surrounding Community such as : - Company in same area - School - Other Organization	<ul style="list-style-type: none"> - Information letter - Email - Telephone - Social media - Internet/website - Contact window of spokesman / HR dept. / representative - Community activity 	<ul style="list-style-type: none"> - Compliance with laws - Environment protection, no pollution from company's production and activity - Waste management - Support and promote community's activity and event - Eliminate the gap between urban and rural education - Volunteer service - Donation activity 	Regularly
Customer	Customer	<ul style="list-style-type: none"> - Customer satisfaction survey - Customer audit - Customer service/ complaints unit - Window of Irregular reporting - Corrective Action Request (CAR) - Email/meeting/ telephone - Quotation approval 	<ul style="list-style-type: none"> - Product quality and reliability - Good service - Product delivery and capacity - Proper Pricing - Quick response for request and compliant - Green products - Non-conflict mineral resources audit - Protection of confidential information 	Regularly



Stakeholder	Description	Engagement Method	Stakeholder's expectations	Frequency
Employee	All employees	<ul style="list-style-type: none"> - Internal website and announcement - Weekly meeting - Welfare Committee - Corporate culture event - CEO BOX - Regular and irregular meetings - Whistle blower channel - Social media - Email - Telephone 	<ul style="list-style-type: none"> - Labor relations - Legal regulations - Good compensation & benefits/welfare - Occupational Safety and Health - Career and working skill training course - Compliance with laws and regulation - Good workplace and environment management - Fair and on time compensation - Treated fairly and work balance - Good leader and management system - Stable employment and opportunity in career - Quick response and good communication - Convenience of work (work process/ qualified material/ work area, etc.) 	Regularly
Government	Government & regulator: local, Taiwan, China such as : <ul style="list-style-type: none"> - Revenue department - PEA - Security exchange - Ministry of Labour - Related regulation and organization 	<ul style="list-style-type: none"> - Official letter/ Regulations - Announcement - Social media - Website - Email - Official documents dealing - Meeting 	<ul style="list-style-type: none"> - Green products - Greenhouse gas reduction - Water resources management - Waste management - Compliance with laws and regulation - Energy and electricity reduction (especially on Peak demand) - Good cooperation and compliance with laws/requisition/ regulation 	Regularly

Stakeholder	Description	Engagement Method	Stakeholder's expectations	Frequency
Shareholder/ Investor	Shareholder / Investor	<ul style="list-style-type: none"> - AGM meeting - Press Conference - Contact window of spokesman - MOPS - Company site 	<ul style="list-style-type: none"> - Market and product positioning - Competitive advantage - Growth potential - Profitability - Dividend policy - High level manager alert 	Annually
Supplier	<ul style="list-style-type: none"> - Shipping/ Forwarder - Security guard - Transportation company - Waste supplier - Supplier 	<ul style="list-style-type: none"> - Questionnaire - Site audit - Window of Irregular reporting - Email - Agreement/ Contract - Related regulation and standard - NDA and related conditions - Telephone/ Coordinate person 	<ul style="list-style-type: none"> - On due payment - Supply chain management - Environmental, safety and health management - Compliance with laws/regulations and agreement - Waste disposal management - Good governance - Safe workplace - Convenience of work (response/coordinate /work area) 	Regularly
Media	<ul style="list-style-type: none"> - Website - News 	<ul style="list-style-type: none"> - Taiwan Printed Circuit Association (TPCA) - News release - Reporters interviewed - Press conference 	<ul style="list-style-type: none"> - Boom change and the company operating condition - Plant expansion plan - Customer layout 	Regularly

Hence the sale operations in Taiwan and China are under the control of the Thailand management team, therefore, the engagement processed with mentioned International customers are the same and all information gathering from overseas offices is then consolidated at Thailand Office.

These initial issues are the reviewed and endorsed by EICC committee as Apex's aspects for the year 2017.



Report Profile

The Company discloses corporate governance/ CSR/Ethics topic issue and implements status through below two channels:

- (1) Company official website;
<http://www.apex-intl.com.tw/en/company.php>
- (2) AGM report

The company to start to prepare the first annual CSR report since year 2016, this report is the second of the Apex CSR report, in order to improve the quality of the report and link the activities, and the key issues raised by stakeholders, it continues to adopt the structure of consolidated reporting with core reporting. This report covers Apex Sustainable development actions in FY2017 (1 January to 31 December 2017). Apex will also precede the Greenhouse Gas inventory investigation and disclose it in the report.

Apex follows the GRI 4.0 and discloses it to the public without any external certifications. For further information you may contact:

Janice Ho
Internal Audit Manager
(02) 2717-0032 #24
janiceho@apex-intl.com.tw



Note; According to TWSE regulation, Apex is still not be included in the force list to prepare the CSR annual report. (By industrial and paid-in capital)

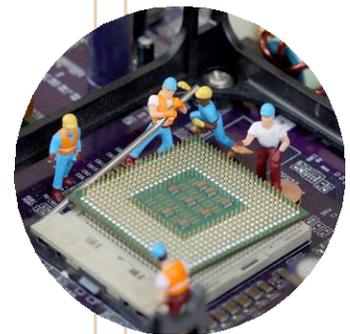
Governance

Apex already built below CSR related internal regulation:

- (1) Principle of Corporate Governance
- (2) Principle of Corporate Social Responsibility
- (3) Ethical Corporate Management Best Practice Principles / and its Guidelines for Conduct
- (4) Rules for election of directors / Rules of Procedure for Board of Directors Meetings / BOD performance evaluation procedure
- (5) Audit Committee / Compensation Committee regulation
- (6) Independent Director job duty

In Apex, Internal audit office is in charge of the CSR managing issues and reporting to BOD meetings. APT already set up CSR Committee (Chairman: CBO) Energy Saving Committee (Chairman: MFG VP)

APEX pledges itself to not only become an indispensable influence in the PCB industry, but Apex self- assessment that ranked 6%-20% of all TWSE listing company in the FY2016 TWSE corporate governance evaluation which announced in 2017. It shows that our efforts have been affirmed in corporate social responsibility.





Ethics & Integrity

Apex has “Ethical Corporate Management Best Practice Principles” and its guidance policy to stipulate the types of unethical conduct, improper benefits and the whistleblower channel for both insiders and outsiders. All Apex workers are requested to act in accordance with business ethics and their responsibility to the public and stakeholders. At the same time, the members of the board of directors and the management all carry out their duties with integrity and fulfill their obligations as good managers. They also abide by the code of conduct for directors and managers and adopt strict self-discipline and cautious attitudes when exercising their duties.

The company policy already included the whistleblower system to have independent directors and internal audit manager to take the responsibility of ethical issue and inspection. The channel was as below:

- (1) Internal: CEO box;
- (2) External: Company official website to disclose the contact method of internal audit manager.

There was no case for ethical issues through the whistleblower system in the year 2017, and no abnormal issue through regular internal audit report related to any of the topics below:

- Benefit provided by outsider
- Commitment to outsider
- Political contributions
- Large donation
- Business secrets or intellectual property
- Fair trading
- International regulation compliance
- Stock insider trading
- Customer/Supplier ethical issue

Apex has established its corporate governance best practice principles. After approval of the board of directors, they have been posted on the corporate governance website page on the company website.

Apex has established regulations on shareholder services operations to serve as the guidelines in the internal control system for processing shareholder inquiries and matters in relations to shareholders' rights and interests; at the same time, there is a spokesperson to provide prompt replies to different questions from shareholders.

Apex has the monitored lists and also files the shareholding status of the principal shareholders each month as regulated.

The division of management authority, contact and transactions between Apex and its subsidiaries and affiliates are all conducted according to the regulations of the internal control system and related operating procedures.



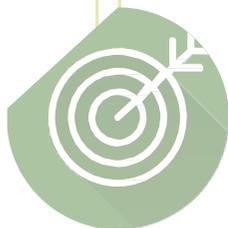
Apex has established regulations on prevention of insider trading and also regularly reminds company personnel such conduct is prohibited.

(1) The composition of the board of directors is determined with professional background, gender, age and education taken into consideration and also diversified for the purpose of complementation to increase the overall capacity of the board.

(2) In addition to the Remuneration Committee and the Audit Committee, committees of other functions will be created in accordance with the company's business development and related regulations.

(3) Apex has established regulations on evaluation of the performance of the board of directors and the approaches of evaluation and performance evaluation will be conducted accordingly. Please refer to the company's official website for the evaluation results.

(4) The Company evaluates the independence of CPAs annually, ensuring that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company. The 2017 Assessment of performance and independence of certified public accountant were approved by Audit Committee and Board of Directors on March 15, 2017. Please refer to Section 5 "To review the independence of the CPA periodically and the items of evaluation", in Chapter VIII Supplementary Information of Apex FY2017 annual report for details.



Apex already set up the Corporate Government Team under BOD meeting who is in charge of corporate government, corporate social responsibility and ethical affairs. Each December of year, the team will directly report to the BOD meeting about the implementation and the plan of next year.

(1) Apex has set up a stakeholder section on our corporate website, and the information about various financial operations and corporate governance are also declared on such website. Apex also set up the contact person in order to communicate with stakeholders and the contact information also posted on the company website for stakeholders.

(2) Apex has commissioned a professional shareholder services agent to handle the affairs of the shareholders' meeting.

(3) Apex has already set up an English website. Questions in relation to Apex are replied by the spokesperson or the deputy spokesperson. The Related departments and the spokesperson or deputy spokesperson are in charge of collecting and disclosing company information. If there are any institutional investors' conferences, the information will be posted on the company's website and the Market Observation Post System (MOPS).

(1) Employee Rights and interests and employee care:

A. Employment equality: Job seekers and employees are treated equally, regardless of their gender, ethnic background, religion, political affiliation or marital status and employment of child labor is forbidden. Pregnant employees are given provisions and longer breaks.



B. Besides conducting physical checkups for employees regularly, the company values the health and safety conditions in the work environment for employees and has passed the Occupational Health & Safety Adversary Services certification OHSAS 18001 and the External Audit Certification of the Environment Management System ISO14001.

C. The Employee Welfare Committee organizes at least one activity for full-time employees each year and also a welcoming party for new employees each month. The head of each department is invited to participate and interactive games are played to upgrade employees' sense of belonging and engagement.

D. Recruiting blind people to come to the factory to provide massage service for Apex employee each month. It can provide job to blind people and relax the working pressure of Apex employee as well.



(2) Relations with investors:

In order to assure the rights of Apex's shareholders, Apex has set up a contact person to deal with the issues raised by shareholders. Apex also set up the Chinese/ English website to provide the following information:

A. The information about articles of incorporation and corporate governance.

B. Documents related to public investor conference.

C. Company profile, including product, service provided, company organization, and management team.

D. Major shareholder information

Besides, Apex also set up a stakeholder section on our website, in order to understand the key CSR issues which our stakeholder care.

(3) Relations with suppliers: The main operating officer of Apex has built up close relationships with suppliers and both sides reciprocate based on mutual trust to bring the win-win policy to realization.

(4) Rights of stakeholders: Apex maintains smooth communication channels with correspondent banks, employees, customers and suppliers and also respects and sustains their rights and interests.

(5) Continuing education pursued by directors and managerial personnel: Please see Section 5 Continuing Education for Directors and Managerial Personnel in Chapter VIII Supplementary Information for details.

(6) Implementation of risk management policy and risk assessment criteria: Please see Section 6 Risk in Chapter VII Review and Analysis of Financial Status and Performance and Risks for details.

(7) Execution of customer policy: Apex has set up a customer service department and a permanent customer service window to process customer complaints and communicate and understand the needs of customers in order to make improvements. Also, customer satisfaction surveys are administered through regular visits and irregular contact. Adjustments are then made according to the survey results so that the company can continue to provide the best service to customers.

(8) Enrollment of liability insurance for directors: Since 2012, Apex has taken directors' and officers' liability insurance. The insured amount in 2017 was US \$3 million.

(9) Acquisition of required certificates by personnel associated with financial information transparency: Two certified public accountant in Thailand

According to the categories and requirements of the Corporate Governance Evaluation held by TWSE each year, Apex proceeds self-assessment and report the performance to BOD meeting. In year 2017, Apex perform 87.91 score of the evaluation, which means Apex was ranked within 6%~20% of all companies listed in TWSE.





Environment Protection



GHG emission

APEX is aware of global concerns on the climate change and Green House Gases (GHG) emissions and materiality for all organizational departments to take action on GHG emission reduction. APEX has established the first GHG inventory as initial review for materiality in this issue since 2016. This information then leads to company objective in energy conservation and GHG emission reduction as tentative for 5% GHG emission reduction within the next 5 years.

APEX operations mainly consumed electrical energy for manufacturing and power supply, working on energy conservation program led to gradual decrease in both energy consumption and GHG inventory.

Other type of GHG concerns are from the supply chain, while APEX chose to establish GHG scope 3 inventory for premium freight as initial information. APEX is expecting to expand the inventory for all mode of transportation and evaluate appropriate work with supplier to control of GHG scope 3.

Apex has established GHG inventory in the year 2017 applying TGO-CFO (Thailand Green House Gases Management Organization - Carbon footprint for Organization) scheme (as equivalent to ISO14064-1:2006) as reporting standard. This standard covers the report of Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O) as applicable to consolidation of Apex's operational control approaches.

TGO-CFO guideline for GHG inventory reporting are the same as the GHG protocol issued by World Business Council for Sustainable Development which is available at the following website:

https://ghgprotocol.org/sites/default/files/standards/ghg_protocol_chinese.pdf



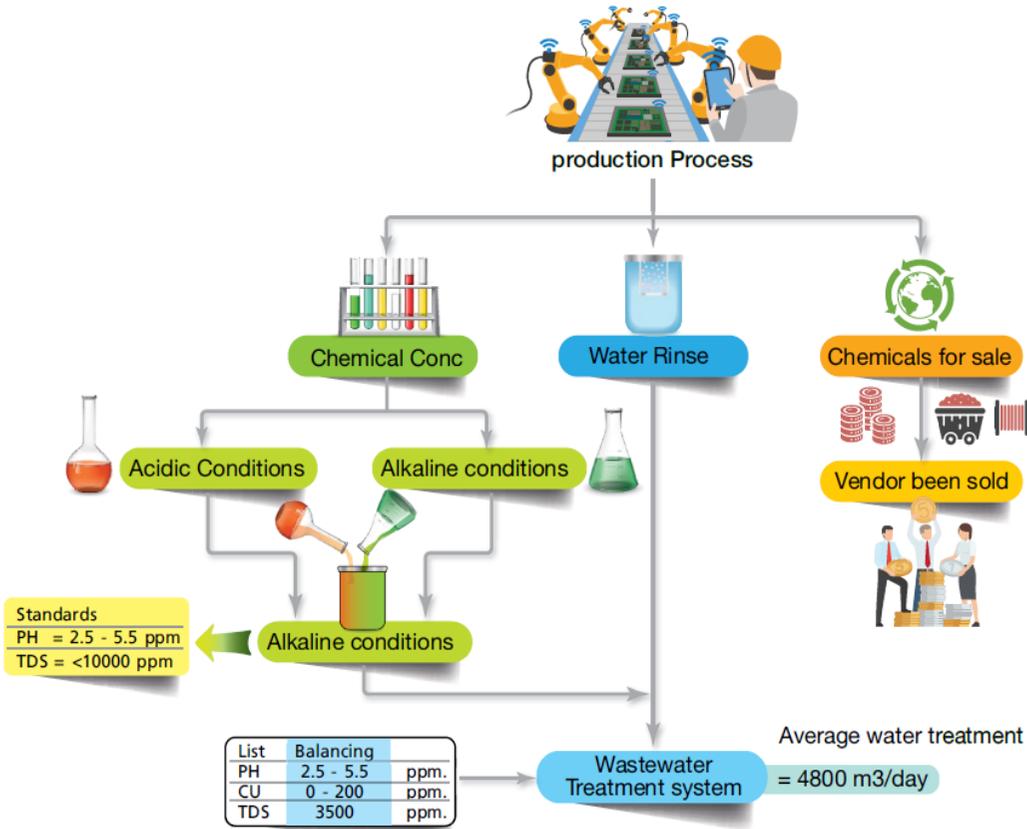
When consider GHG intensity, APEX take account of GHG Scope 1 and Scope 2 which demonstrated 14.97 tCO₂/Million NT\$ revenue for the year 2017 which is the base year for GHG reporting. APEX also reports GHG from biomass as shown in table below (other)

GHG inventory 2016 for APEX International Co., Ltd.
(report in tCO₂e)

Scope	GHG	Percentage for Scope 1 & 2	Percentage for Scope 1, 2 and 3
Scope 1	10,382.17	6.32	6.32
Scope 2	145,180.76	88.41	88.42
Scope 3	8,637.06		5.26
Biogenic	11.76		
Total	164,211.74	94.73	100.00

Waste Chemical / Water and PCB:

APEX operations generate three significant waste products which include waste water, waste chemicals and PCB scrap. APEX always focuses on improvement of waste chemicals treatment through the recovery of effluents. With new investment in the Copper recovery facilities, the collected copper from waste chemicals waste totaled 106 tons in 2017, and 100% recycle Spent AL Etching chemical, total 1,142 tons recovery respectively. These metals recovered then are sold back to supplier as re-cycling materials. For PCB scrap, this material then led to secured landfill with total disposal weight of 451 tons in the year 2017.



Waste water recycle flow diagram – before discharge to Sinsakorn Industrial Estate water treatment facility

Parameter	Unit	Guideline Limit	Guideline Comment	Analysis Method
pH		5.5-9.0	Compliant	Electrometric Method
Total Dissolved Solids (TDS)	mg/l	3,000	Compliant	Dried at 103-105 °C
Suspended Solids (SS)	mg/l	200	Compliant	Dried at 103-105 °C
BOD	mg/l	500	Compliant	5-Day BOD test, Azide Modification
COD	mg/l	750	Compliant	Closed Reflux, Colorimetric Method
Copper (Cu)	mg/l	2.0	Compliant	Nitric Acid Digestion and Direct Air Acetylene Flame : AAS
Oil & Grease	mg/l	10	Compliant	Soxhlet Extraction Method

According to Sinsakorn Industrial Estate, APEX is obligated to control waste water in accordance to standard parameter prior discharge waste water to wastewater treatment system of Industrial Estate. The volume of waste water discharge is subject to 80% of total water consumption of FY2017, approximately 3.78 million cu.m.

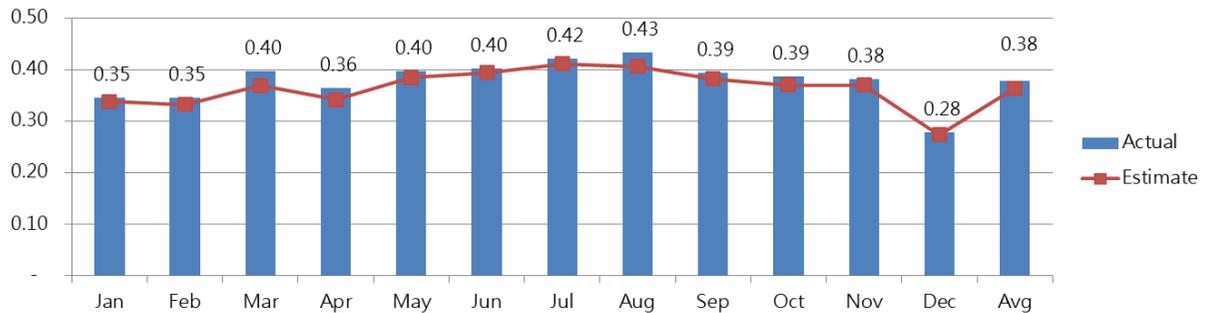


Water resources:

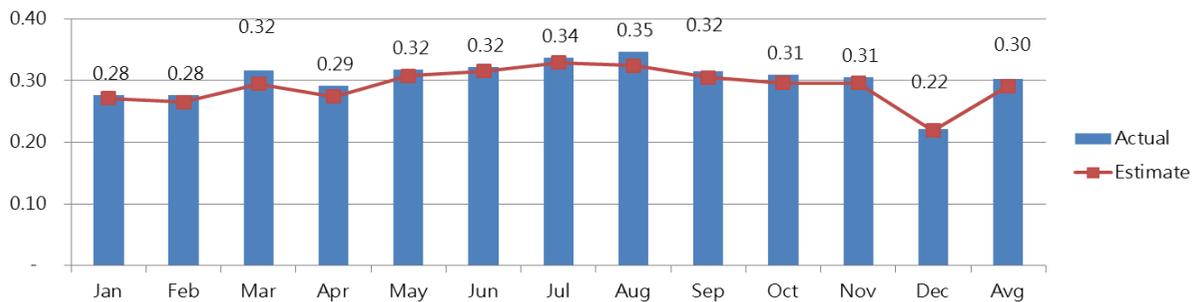
All environmental protection policies made by Apex’s Corporate Social Responsibility Management Committee are based on different environmental regulations and the wastewater discharge inspection standards are stricter than those imposed by the Ministry of Industry of Thailand for wastewater discharge system quality control in industrial zones in order to reduce the impact of production activities on the environment.

In Apex operation, APT consumed around 4.54 million cu.m.

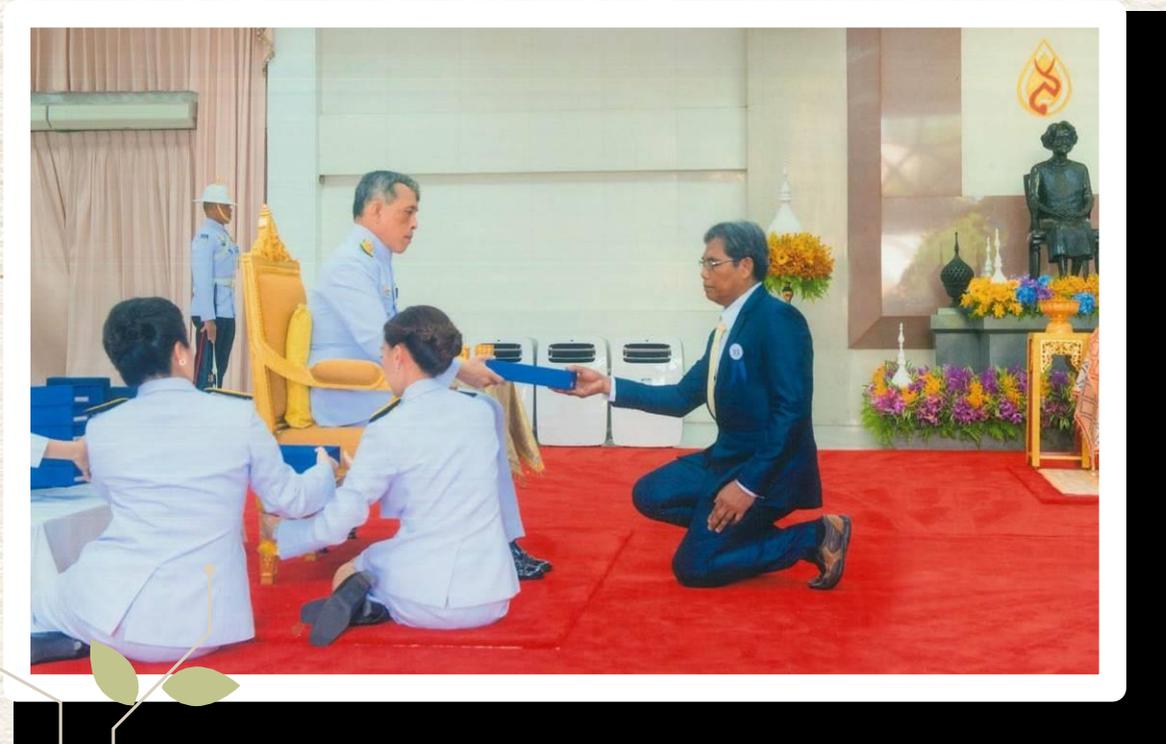
Water consumption (million cu.m)



Waste water discharge (million cu.m)



APEX Thai factory has projected to recycle water utilization rate before recycle: 84% after recycle: 95% in 2017.



Social Investment

APEX will move forward from philanthropy to social investment approach as the management recognized the late King Rama 9's "Self-sufficiency philosophy" where education and essential infrastructure will enhance community to create social value by their own.

In the year 2017, APEX allocated 0.37M Baht to support social activities, mainly to communities' needs. Employees also participated in Blood donations and Mangrove plantation as part of company CSR champagne.





Education:

APEX is willing to return the profits of its activities to local communities by providing partial sponsorship to the communities. Specifically, APEX wishes to offer education opportunities for both employees' children and other young people who will lead the next generation to acquire a wide range of knowledge, experiences, and skills.





Culture:

APEX had allocated budgets to support local community activities and culture e.g., for seniority care religious activities, Songkran festival and other activities related to local culture. Those activities had taken place together with local community engagement program.

Social contribution:

APEX considers the building of trust with communities as a foundation for doing business, and realized that a company must contribute to society and conducts business in a responsible manner, and is also obliged to return its gains to society.





Happy And Safe Workplace



APEX's top management has as top priority the Safety, Occupation & Health issues for all employees and third parties working on APEX's operations. The 6,000 employees in APEX are an important resource for successfully maintaining APEX operations, with the theme "APEX and Employees cannot be apart". Then APEX has the aim of Zero accidents as operational target.

The Company's working rule and regulation follow the spirit of International Bill of Human Rights with the following major concerned items:

- (a) Elected Welfare Committee;
- (b) Caring for vulnerable groups;
- (c) Prohibiting the use of child labor;
- (d) Human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status;
- (e) Achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

Employees can offer suggestions and point out problems to the management team through the CEO Box and other channels.

In the year 2017, APEX received total 8 employees' complaints and all issues were resolved. The labor-management relationship in Apex has been harmonious; no labor-management disputes have ever occurred. Apex has established a reasonable salary and remuneration policy and performance evaluation systems; achievement of corporate social responsibility work targets is included in performance evaluation.

Apex Group has set up a safety division which regularly inspects whether the work environments comply with safety regulations to minimize workplace safety hazards. Apex Group also regularly provides employees with physical checkups, hoping that they can be aware of their health condition and employees' physical and mental health can be improved. Apex's subsidiary APT has also passed the OHSAS 18001 certification because of the fine healthy and safe work environment it created.

The executives use the intranet and various regular and irregular business meetings and gatherings to communicate with employees at different levels on important work targets and execution progress to make employees understand the company's business operation status.

The Human Resource Department assists the head of each department to set up annual training programs in accordance with each department's work targets and function requirements; it has also established the promotion evaluation standard for each level to ensure the company can achieve the goal of cultivating talents, retaining talents and using talents.

Labor-management relationship

APEX is in the electronic industrial sector and is labor intensive as nature of business. Our stakeholders in supply chains and operators in the same industry also shared the same expectation on forces or compulsory labors. To address and respond to this issue, APEX has declared and disclose information related to labors regulation and practice in industrial sectors e.g., TLS, Electronic Industry Code of Conduct (EICC) and improve the working conditions to be international practice with aim to have zero complaints on labor issues. APEX has fair and equal treatment to all employees and the application for working overtime is on voluntary basis.

Employee welfare measures, continuing education, training, retirement system and their implementation, and labor-management agreements and protective measures for employees' rights and interests



Employees' welfare system

- (1) Multiple shuttle bus routes providing transportation for employees to go to work and go home
- (2) Employee uniforms
- (3) Employee cafeterias providing three meals a day
- (4) Full attendance rewards
- (5) Sickness and funeral subsidies
- (6) Employee loans
- (7) Annual employee athletic events and parties
- (8) Senior employee citations and awards
- (9) Special treatment to pregnant employees



Continuing education and training

Good employee continuing education programs cannot only enhance employees' work capacity but also help the company attract talents. From the first day employees enter the company, Apex provides complete training courses and continuing education programs to cultivate their sense of belonging and teamwork culture. Apex also encourages employees to participate in special project planning to stimulate their self-expectations and thus enhance the company's competitiveness.





Apex Group's employee training achievements in 2017 are as follows :

1. Internal training: It is divided into new employee training, transfer training and on-the-job training; all the accomplishment rates reached over 95%.

2. External training: According to type of program, it is divided into law/regulation, quality system, quality and efficiency, attitude adjustment, leadership, others, external training, output plan, CSR and courses regulated by competent authority.

3. Retirement system and implementation

The employ retirement system is conducted in accordance with local regulations.

(1) Thailand area: the Company provides defined benefit retirement welfare to employees by following Section 118, Chapter 11 of the Thai Labor Protection Act. Employees who are qualified for retirement could get reasonable retirement fund corresponding to service years and salary level. The Company has booked related liability according to actuarial report issued by Thai certificated actuary.

(2) Taiwan area: Employees in Taiwan all adapt to Taiwan Labor Pension Act. The Company allocates 6% of each employee's salary to personal retirement fund under custody of Taiwan Bureau of Labor Insurance.

4. Protective measures for employees' rights and interests

Harmonious and pleasant workplace ambience is an important condition for effective teamwork. To ensure smooth exchanges of ideas between the management team and employees and achievement of consensus, Apex has always regarded reasonable pay scales, decent work environments and effective communication channels as priority tasks. Apex Group adopts the following measures to communicate with employees:

(1) The suggestion box: Employees can make their suggestions and problems known to the management team by using the suggestion box.

(2) Weekly meetings: Apex round up all the employees once a week to convey company policies to employees to make sure consensus is achieved and all employees move toward the same goal.

(3) Regular convention of inter-division meetings: Apex's Employee Welfare Committee helps with the protection of employees' rights and interests to ensure the win-win target of mutual trust and mutual benefit between labor and management can be achieved.





While we have no Trade Union in Apex operations, Apex established 2 main working committees as joined management-worker groups namely OHSAS 18001 working groups and Safety & Occupational committee (as per Thai regulation) which total a number of 274 employees joined these committees to represent 4.30% of total employees. The OHSAS 18001 committee is also responsible for establishing, implementing and maintain all OH&S regulation and practices related to Apex Operations though.

Safety Committee in APEX (International):

APEX I

- Management 29 person
- Employee 28 person

APEX II

- Management 23 person
- Employee 22 person

* Management means assistance manager level above.

OHSAS Committee:

APEX I

- Management 82 person

APEX II

- Management 90 person

* Management means assistance manager level or above.

The labor-management relations in Apex are harmonious. No labor-management dispute has ever happened. Apex highly values employees' welfare, pays attention to changes in the subjective and objective environments and establishes various welfare measures accordingly to satisfy the needs of employees.

Protective measures for work environments and employees' safety

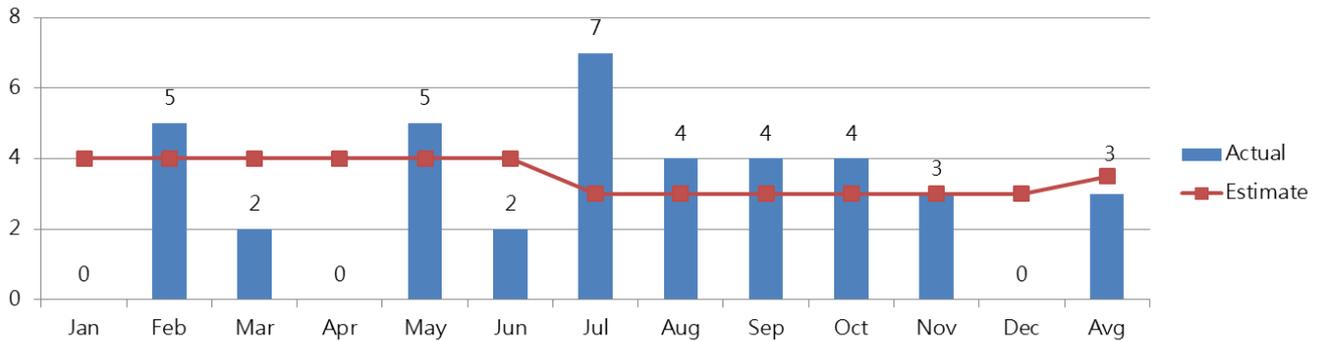
Apex Group has set up a safety division which regularly inspects whether the work environments comply with safety regulations to minimize workplace safety hazards. Apex Group also regularly provides employees with physical checkups, hoping that they can be aware of their health condition and employees' physical and mental health can be improved.

In the year 2017, the LTIR (Lost time injury rate) for APT were 11 times - base on normalize of 16,170,000 man hours. By reviewed the working environment under APT operation,

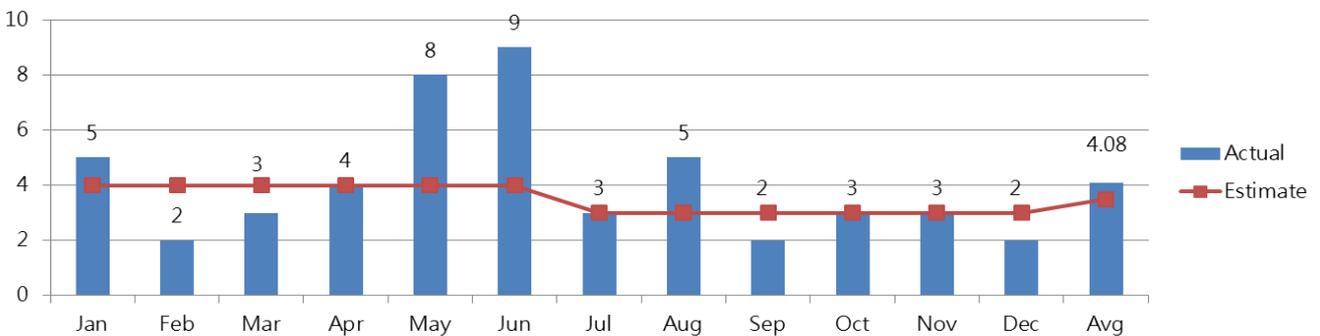
we have no workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.

Apex's subsidiary APT has also passed the OHSAS 18001 certification because of the fine healthy and safe work environment it created. The initiative for the year 2017 was "KFCZ - Buddy project" which aims to provide basic safety training & coaching in the workplace as well as monitor the degree of understanding and improvement after this initiative. The outcomes of KFCZ - Buddy project are below;

Number of accident – APEX I



Number of accident – APEX II



Customer Services

APEX gives priority to fulfill customers' needs and expectation and continue to improve their satisfaction through the movement of ISO 9001 and deliverable time as key concern. All feedback from and response to their issues will keep APEX in the top supplier list - in view of customer, relationship management and business growth.

APEX has engaged with customers through the day to day operations as well as implemented customer satisfaction survey on a 6-month basis. This survey, which covers top 10 customers of PCB products, considers feedback in 3 dimensions including quality, fast delivery of products as well as services. The results of surveys were then analyzed, and reported directly to top management for APEX responsiveness to

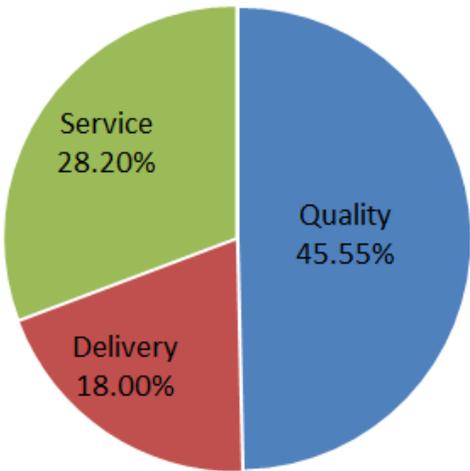


customer inquiry, and established the next year targets and improved internal and delivery processes.

Apex has set up a service window to handle all kinds of customer satisfaction at the earliest time and also provides customers with complete product information.

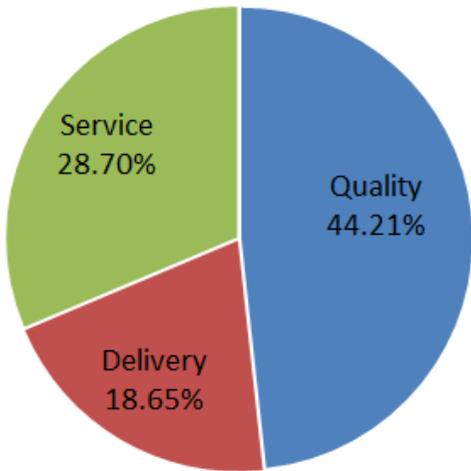
Apex's product labeling is conducted in accordance with related regulations and international standards i.e., RoHS and HF and Apex's reported 100% compliance to thi

Apex Circuit (Thailand) Co.,Ltd.
Customer Satisfaction Rating Assessment Record for FY2017



APEX I/2017

Satisfaction Rating: 91.75%



APEX II/2017

Satisfaction Rating: 91.56%

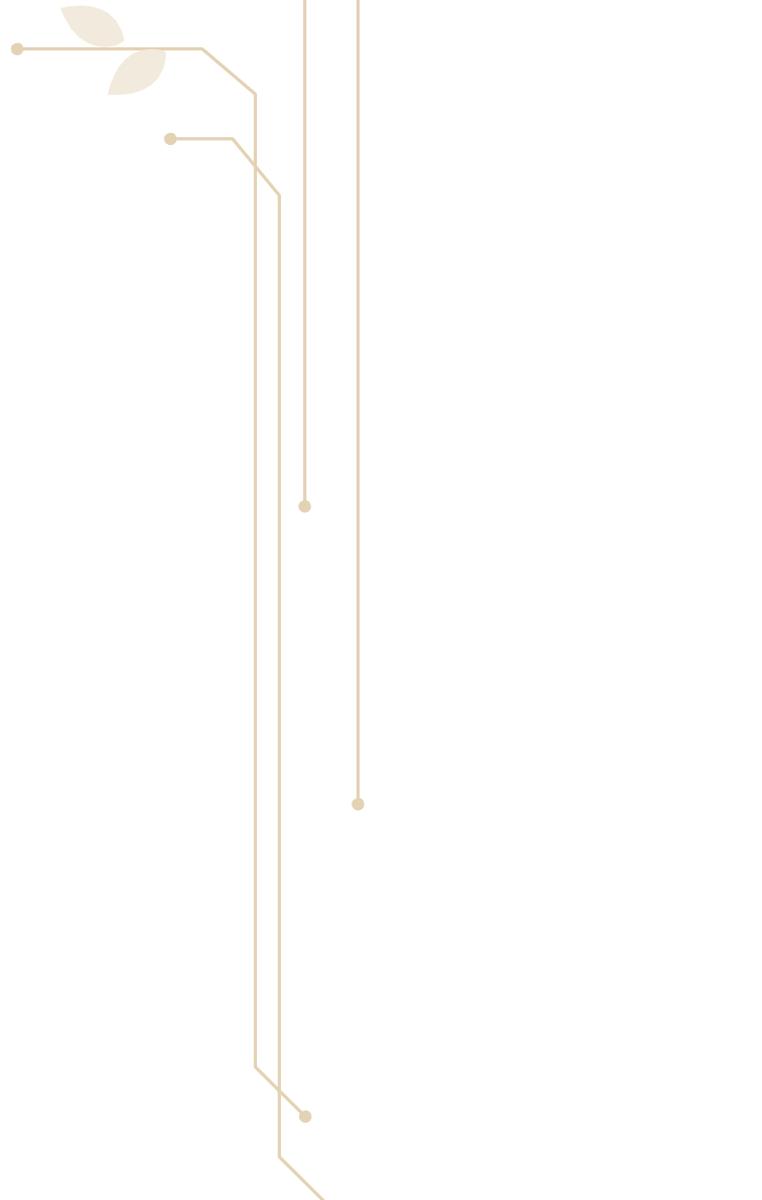
Note : The total score of Quality satisfaction rating, Service satisfaction rating and Delivery is 50%, 30% and 20%, respectively.



Supplier Co-operation

Apex's procurement department conducts supplier evaluation and audits regularly and insists that all products must comply with the EICC or ISO 14001 standards so that both sides can jointly fulfill the social responsibility of achieving quality and environmental protection at the same time.

Top 10 of Apex's suppliers have already signed the Commitment Letter to comply with the company's social responsibility policy, to agree that the contract may be terminated or cancelled at any time if the supplier is found in violation of the company's corporate social responsibility policy and the result has a significant impact on the environment and society.



GRI Content Index for in accordance with Core

General Standard Disclosures

General Standard Disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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Strategy And Analysis

G4-1 G4-2	http://www.apex-intl.com.tw/en/investor-2.php “RISK” profile Annual Report Y2017 page 4-10				
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Organizational Profile

G4-3 G4-4 G4-5 G4-6 G4-7 G4-8 G4-9 G4-10	http://www.apex-intl.com.tw/en/investor-2.php “Company Profile” Financial report” “Product and applications” page 10-13	Not separated report for gender	Information is not available	As a number of turnover rate, update the gender not provide accurate information	
G4-11		No collective bargaining agreement	Not applicable		
G4-12 G4-13 G4-14		N/A	As membership and activity not applicable	APEX will update the status in 2018 report	
G4-15 G4-16		N/A N/A			

Identify Material Aspects And Boundaries

G4-17 G4-18 G4-19 G4-20 G4-21 G4-22 G4-23	page 14-15				
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Stakeholder Engagement

G4-24 G4-25 G4-26 G4-27	page 16-19				
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General Standard Disclosures

General Standard Disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Report Profile					
G4-28 G4-29 G4-30 G4-31 G4-32 G4-33	page 20				
Governance					
G4-34 G4-35 G4-36 G4-37 G4-38 G4-39 G4-40 G4-41 G4-42 G4-43 G4-44 G4-45 G4-46 G4-47 G4-48 G4-49 G4-50 G4-51 G4-52 G4-53 G4-54 G4-55	page 21				
Ethics And Integrity					
G4-56 G4-57 G4-58	page 22-26				

Specific Standard Disclosures

General Standard Disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: Economic MATERIAL ASPECT : Economic benefit					
G4-DMA G4-EC1	http://www.apex-intl.com.tw/en/investor-2.php "Financial report" page 33-36	Disclosed only revenue and community investment	Data and information is considered confidential	To get management approval and will be disclose in 2018	N/A

General Standard Disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: Environmental					
Material Aspect: Water					
G4-DMA G4-EN8	page 27-32				
Material Aspect : Emissions					
G4-DMA G4-EN15	page 27-32	No information available for Scope 1 - Outside Thailand	Data and information is not available	Not Material -	√
G4-EN16 G4-EN17		- Disclosed only GHG emission for air freight transportation	- Data and information is not available	- Apex is seeking co-operation with supplier to quantify GHG scope 3 for all transportation mode in 2018-2019	√ N/A
G4-EN18 G4-EN19		- -	- -	- -	N/A N/A
Material Aspect : Effluents and Waste					
G4-DMA G4-EN22 G4-EN23	page 27-32	- Omission for reporting non-hazardous waste disposal Information from Office outside Thailand is not material	- Data and information is considered confidential	- To get management approval and will be disclosed in 2018	N/A N/A



General Standard Disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category : Social					
Material Aspect: Occupational Health And Safety					
G4-DMA G4-LA5 G4-LA6	page 37-42	- Apex disclosed only injury and injury rate for total workforce in Thailand (Apex 1 and 2) with no specific in gender and regional.	- Data and information is not available	- Data and information will be available in 2018-2019	N/A N/A
G4-LA7		No working in high incidence or risk area	-	-	N/A
G4-LA8		No trade union or Labor union	-	-	N/A
Material Aspect: Labor Practices Grievance Mechanisms					
G4-DMA G4-LA16	page 43	-	-	-	N/A
Sub-Category : Human Rights					
Material Aspect : Forced Or Compulsory Labor					
G4-DMA G4-HR6	page 43	-	-	-	N/A
Sub-Category : Product Responsibility					
Material Aspect : Product And Service Labeling					
G4-DMA G4-PR5	page 44	-	-	-	N/A

