

Communication on Progress (COP)

[Period: 2016.05~2017.04]

HUMAX
2017.05



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1. CEO Declaration Statement



Dear stakeholders,

HUMAX strives to make continuous efforts to reinforce its sustainable management system and corporate social responsibility, while focusing on generating positive impacts around the world through constant communications with its stakeholders.

We firmly confirm our consistent supports for the UN Global Compact (UNGC) and the ten principles of the UNGC. As a signatory to the UNGC since 2015, we hereby release the 2nd COP (Communication on Progress) that illustrates our commitments and achievements with regard to sustainable management.

In this report, we have highlighted our key performances from May 2016 to April 2017 in the following four areas: Human Rights, Labor, Environment and Anti-Corruption. We will continue to strengthen our efforts to spread sustainable management into the entire value chain.

We hope this report provides a useful guide and assistance for all of our stakeholders to better understand HUMAX and to enhance their trust in HUMAX as it embarks on a new growth path.

2017.05

A handwritten signature in black ink, appearing to read 'Kim Tae-hun'.

HUMAX Co., Ltd.
CEO Kim Tae-hun

2. Company Profile_ (1) Overview

**COMPANY**

HUMANIX Co., Ltd.

CEO

Kim Tae-hun

FOUNDED

Feb. 1989

UNGC PARTICIPATED

Feb. 2015

KOSDAQ LISTED

Apr. 1997

MAJOR PRODUCT

- Digital Set-Top Box (Satellite, Cable, Terrestrial)
- Video Gateway (Home Gateway Server)
- Broadband Gateway
- IoT Gateway

GLOBAL NETWORK

Sales Subsidiary : 20 (Including 2 Manufacturing Subs)
Production Base : 11

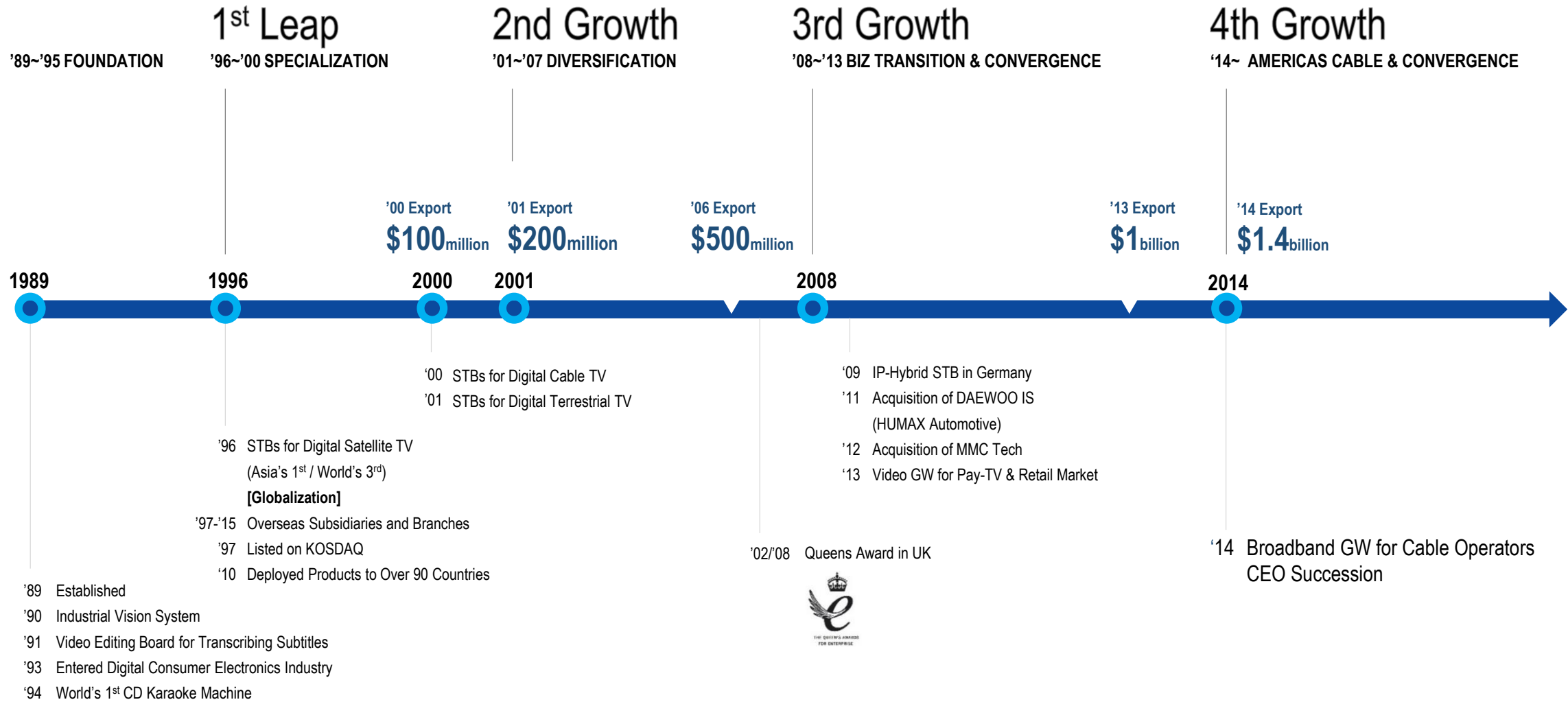
**HEADQUARTER
ADDRESS**

HUMANIX Village, 216 Hwangsaeul-ro, Bundang-gu, Seongnam-si,
Gyeonggi-do, 13595, KOREA

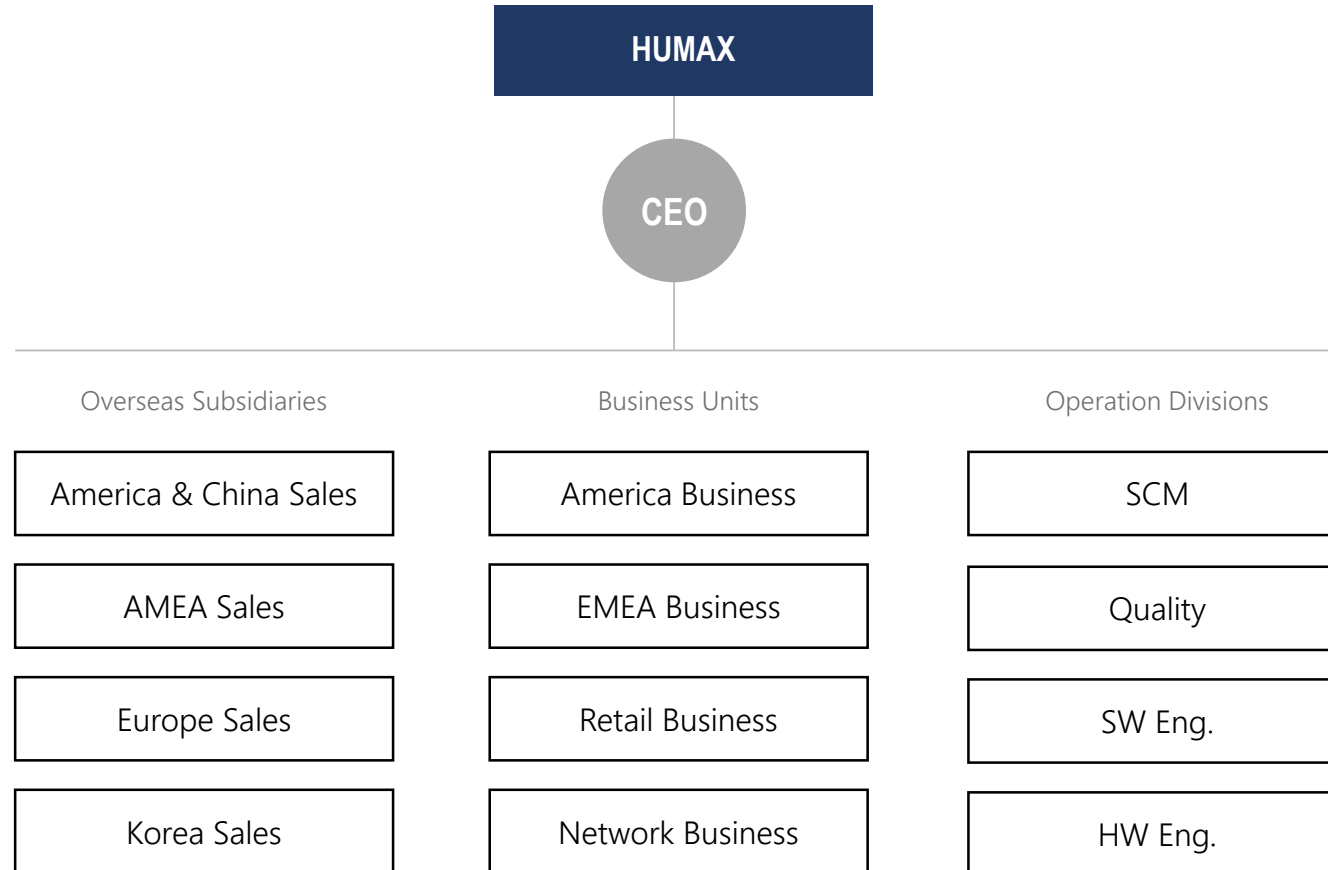
HOMEPAGE

www.humaxdigital.com

2. Company Profile_ (2) Growth



2. Company Profile_ (3) Group



2. Company Profile_ (4) Business

HUMAX



Video Gateway & STB

Broadband Gateway

IoT / Smart Home

3. The 10 Principles of the UNGC

Human Rights

- ✓ **Principle 1.** Business should support and respect the protection of internationally proclaimed human rights; and
- ✓ **Principle 2.** make sure that they are not complicit in human rights abuses.

Labor

- ✓ **Principle 3.** Business should Uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ✓ **Principle 4.** the elimination of all forms of forced and compulsory labor;
- ✓ **Principle 5.** the effective abolition of child labor; and
- ✓ **Principle 6.** the elimination of discrimination in respect of employment and occupation.

Environment

- ✓ **Principle 7.** Business should Support a precautionary approach to environmental challenges;
- ✓ **Principle 8.** undertake initiatives to promote greater environmental responsibility; and
- ✓ **Principle 9.** encourage the development and diffusion of environmentally friendly technologies.

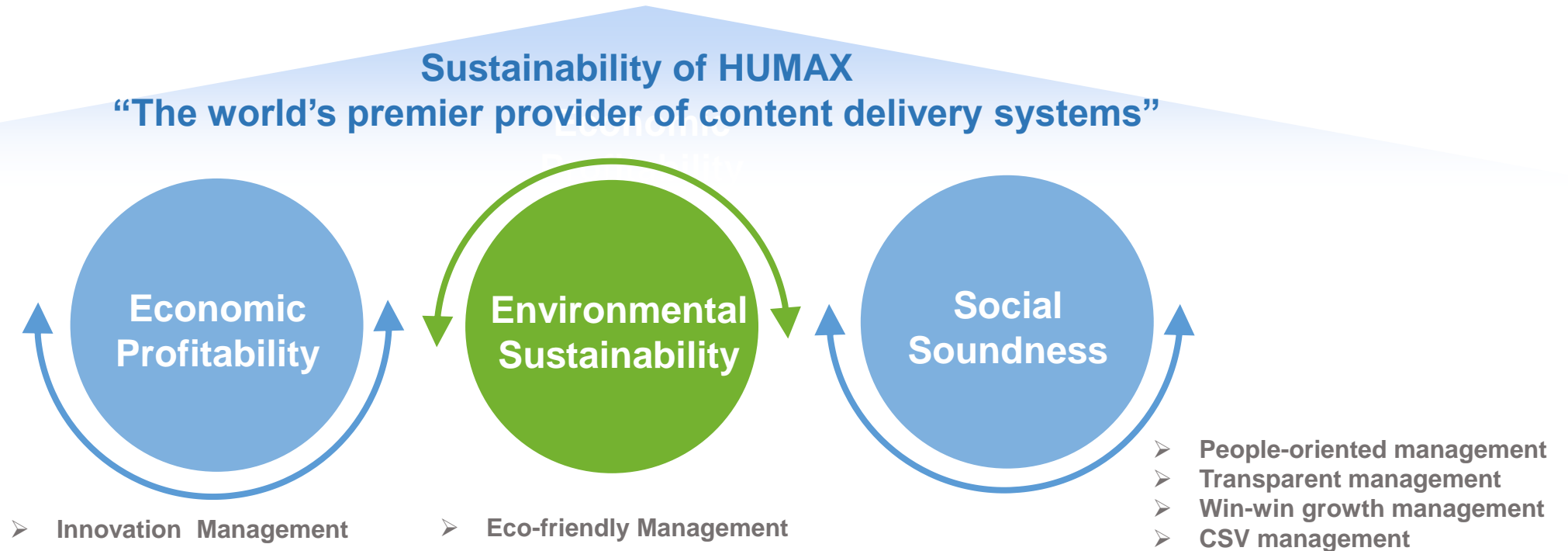
Anti-corruption

- ✓ **Principle 10.** Business should Work against corruption in all its forms, including extortion and bribery.

4. Sustainability Vision

HUMAX has a sustainability vision. We will become ‘The world’s premier provider of content delivery systems’ and eventually contribute to the sustainable development for humanity. For the purpose of this, we build trust with stakeholders and pursue a Triple Bottom Line strategy with leadership in the economy, environment, and society

SUSTAINABLE DEVELOPMENT for HUMANITY

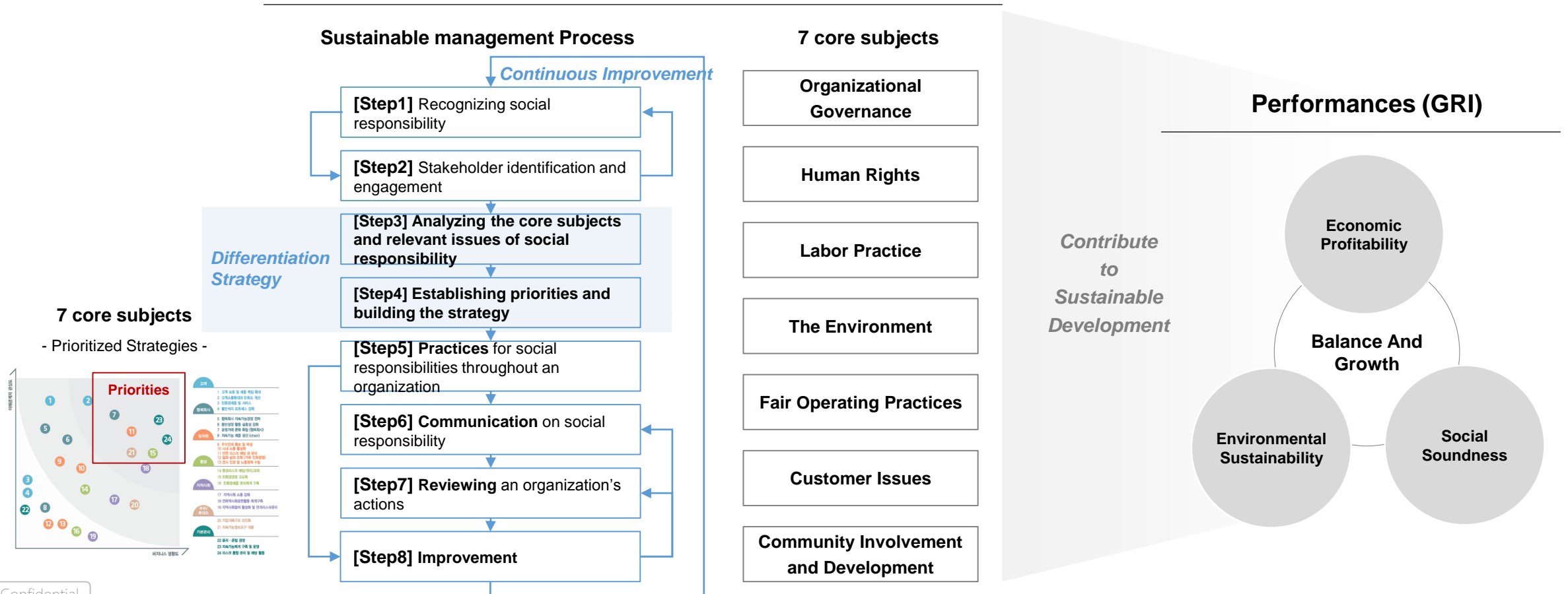


Satisfying Stakeholders’ Needs and Building Mutual Trust

5. Sustainable Management_ (1) Process

HUMAX has developed an Operational Guidance based on the ISO26000 standard. Based on this, we focus on 7 core subjects and create a differentiation strategy from the needs of stakeholders and a self assessment analysis. We produce performance according to GRI

Operational Guidance (ISO26000)



5. Sustainable Management_ (2) 2016 Strategy

HUMAX established 6 key management strategies in 3 areas (Economy, Environment, and Society)



HUMAX Sustainable Management



- ✓ Operate process based on ISO26000 (Manage 7 core subjects)
- ✓ Balance and Growth among Economy, Environment, and Society

Innovation Management



- ✓ Build an integrated Management System
- ✓ Build a BCMS System and Operations

People-oriented Management



- ✓ Strengthen H&S Management
- ✓ Manage Working Hours
- ✓ Respond regulations

Transparent Management



- ✓ Introduce Ethical Management System
- ✓ Operate 'CleanHUMAX'

Eco-friendly Management



- ✓ Check Eco-friendly Management
- ✓ Eco-Operation
- ✓ Sustainable Product

Win-win growth Management



- ✓ Build a Fair Trade System
- ✓ Strengthen Supplier Support Program
- ✓ Expand supplier CSR (Conducting Audit)

CSV Management



- ✓ Maintain Social Contribution Programs

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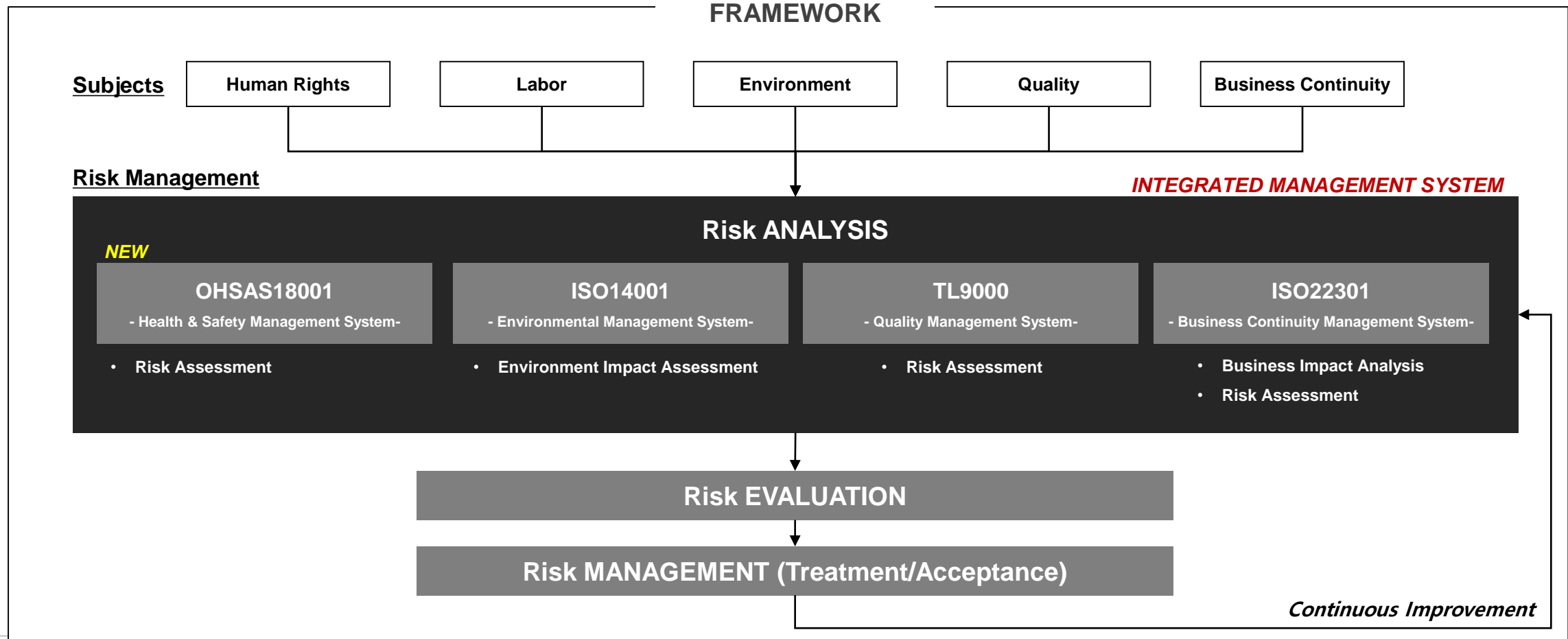


[2016 HUMAX Sustainability Performance]

Category	Strategy	2016 Strategy	2016 Performance	10 Principles of UNGC
ECONOMY	① Innovation Management	<ul style="list-style-type: none"> To reduce risks in economy, environment, and society areas To ensure global standards 	<ul style="list-style-type: none"> Established global standards in human rights, labor environment, quality, and business continuity <ul style="list-style-type: none"> Implemented risk assessment after establishment of Integrated management system Strengthened business continuity management system 	① ~ ⑩
SOCIETY	③ People-oriented Management	<ul style="list-style-type: none"> To establish the Health and Safety Management System To respond to the international regulation on human rights 	<ul style="list-style-type: none"> Obtained OHSAS18001 Certification <ul style="list-style-type: none"> Completed Humax HQ risk assessment Established work environment improvement and monitoring system Completed planning on 'UK Modern Slavery Act' 	① ④ ⑤
	④ Transparent Management	<ul style="list-style-type: none"> To introduce Ethical Management System 	<ul style="list-style-type: none"> Introduced IT-based compliance management system Enhanced 'CleanHUMAX' 	⑩
	⑤ Win-win growth Management	<ul style="list-style-type: none"> To establish Win-win growth strategy 	<ul style="list-style-type: none"> Established the structure and roadmap <ul style="list-style-type: none"> Introduced a Fair Trade Operating system Enhanced supplier support program 	① ~ ⑩
		<ul style="list-style-type: none"> To promote CSR in supply chain 	<ul style="list-style-type: none"> Completed audit of 2 Plants (in Poland) Analyzed CSR status of 161 global suppliers 	① ~ ⑩
	⑥ CSV Management	<ul style="list-style-type: none"> To maintain social contribution programs 	<ul style="list-style-type: none"> Conducted social contribution programs <ul style="list-style-type: none"> Employee participation / Disability support / Community participation 	⑥

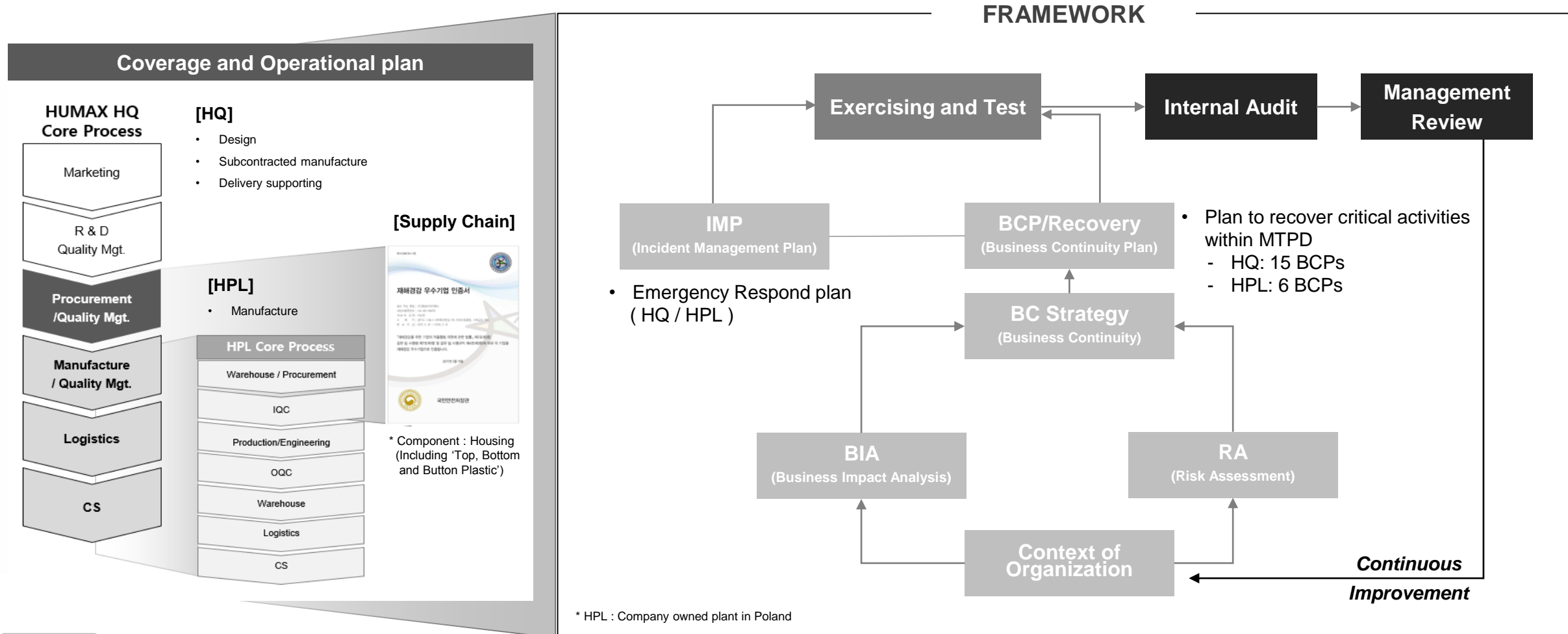
[ECONOMY] 1. Innovation Management_ (1) Integrated Management system

HUMAX revised its existing management system in 2016 with an integrated system to manage risks and meet the advanced global standards. Especially a new Occupational Health and Safety management system has been introduced (OHSAS18001)



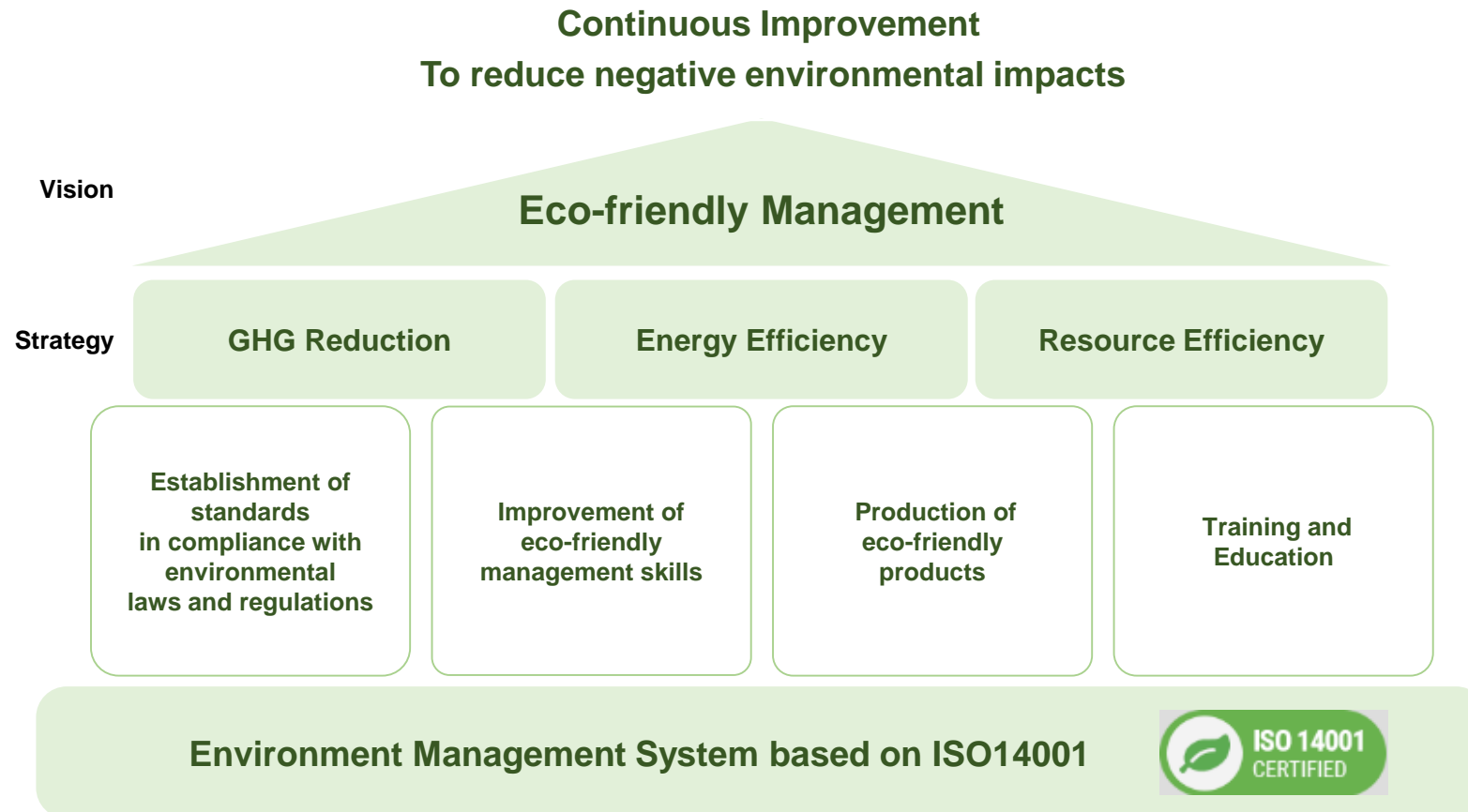
[ECONOMY] 1. Innovation Management_ (2) BCMS

HUMAX entirely revised business continuity management system and obtained new certification in 2016. We redefined Incident Risk Level, critical activities and risk appetite. We expanded BCMS into our overseas mfg. plant including HPL and local supply chains as well.



[ENVIRONMENT] 2. Eco-friendly Management_ (1) Framework

HUMAX’s environmental management system is ISO 14001 accredited. We have tried to comply with global standards and regulations, with regard to Eco-Operation, Sustainable Product, and training. We have seen continuous improvements in all our activities to reduce negative environmental impacts

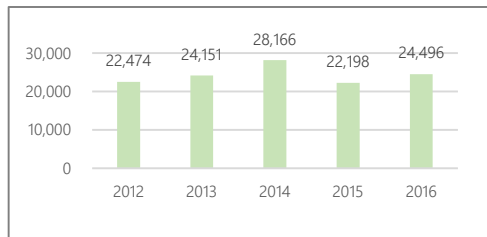


[ENVIRONMENT] 2. Eco-friendly Management_ (2) Eco-Operation

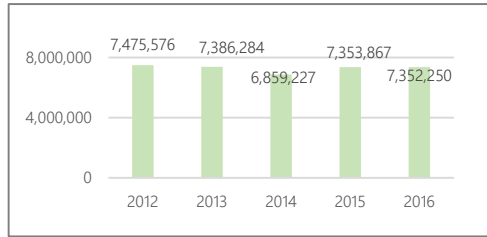
HUMAX has defined a Eco-Operation and strives to reduce its negative environmental impacts. We are monitoring our input vs. output stream and making efforts to reduce output factors. Moreover, we will gradually expand the scope of the management to our supply chains

Definition of Eco-Operation

To minimize the negative impact on the environment and to establish harmonious development with the local environment



Fuel (LNG)
(m³/yr)



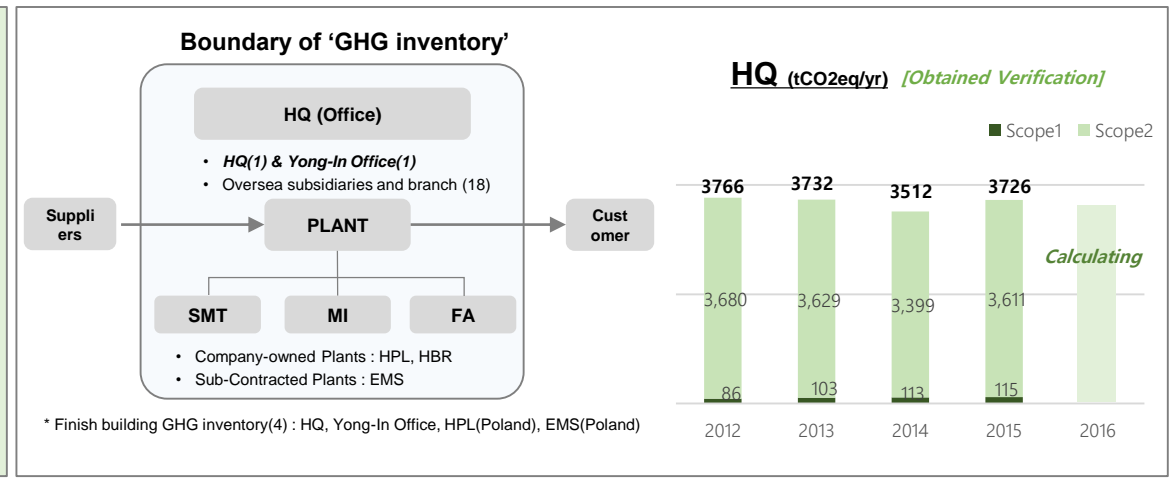
Electricity
(kWh/yr)

We plan to manage it in the future

Resource



GHG Emission



Waste

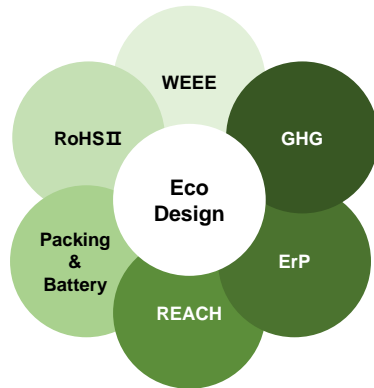


[ENVIRONMENT] 2. Eco-friendly Management_ (3) Sustainable Product

HUMAX has defined a Sustainable Product and created a standard. Two domestic products have obtained carbon footprint Certification. We have made efforts to reduce carbon emissions of our products. As a result, we won the GCC and praise from the Reddot Award

Definition of Sustainable Product

The integrally considered products from six perspectives in order to comply with environmental laws and regulations and to respond to climate change

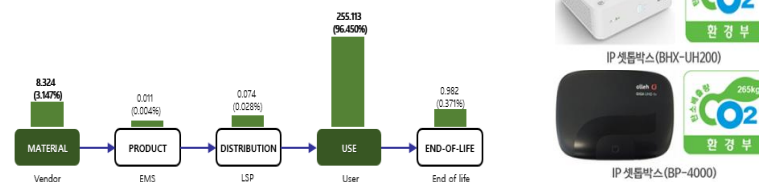


STANDARD (7Categories / 22Subjects / 76 items)

- I. Develop New Product Concept
- II. Optimize Product Lifecycle
- III. Use Appropriate Material
- IV. Change Production Technology
- V. Improve Logistic System
- VI. Reduce Environmental Impact in Product Use
- VII. Optimize Disposal System

Environmental Labels

Korean Carbon Footprint Labeling is a voluntary carbon footprint certification issued by Korea Environmental Industry <http://www.epd.or.kr/en/carbon>



GCC(Game Changing Challenge)

Developed prototypes with five eco-friendly ideas in 2016



Uni-materization Project

With this project, we managed resource and raw-materials through improvement of materials and product structure



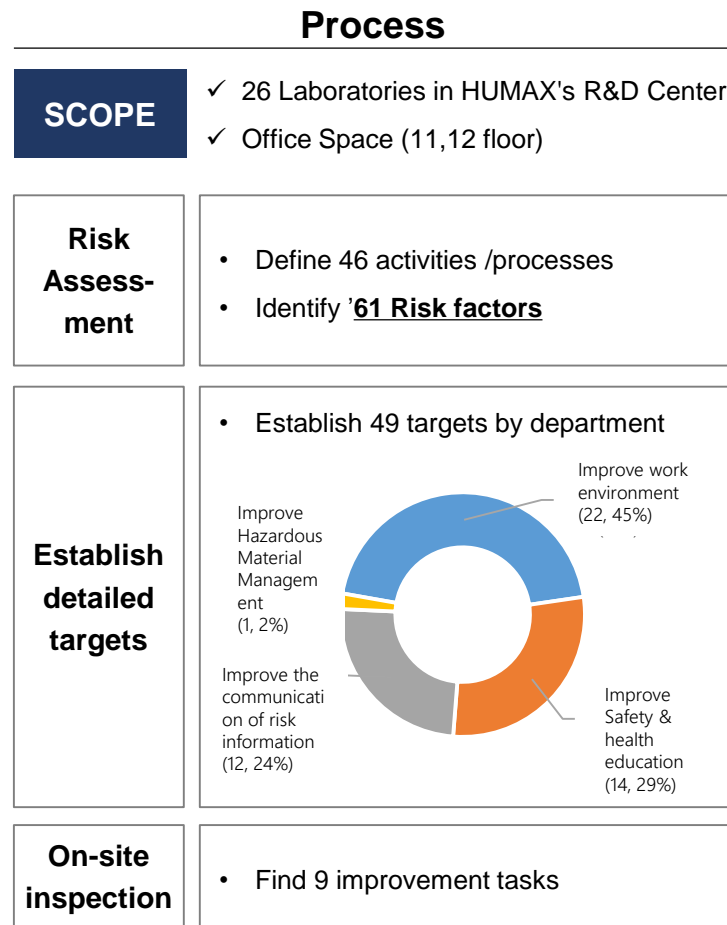
Reddot Award

- 2014 : Minimized the materials and Reduce the production process
- 2016 : Used eco-friendly paper and ink for recycling



[SOCIETY] 3. People-oriented Management_ (1) Health & Safety

Humax has established an Occupational Health and Safety management system in 2016. We set the targets through a Risk Assessment and an On-site inspection. We implemented activities such as posting the status of 'LAB safety management' for field monitoring



Improvement Activities

Improve on-site inspection




- Use a grounded outlet
- Equipment Arrange
- Keep hazardous material separately
- Information on the work in front of the facility



- Selection of MSDS by laboratory
- Post safety regulations

Post 'LAB Safety Management'



- Equipment**
- MSDS**
- Operational Regulation**

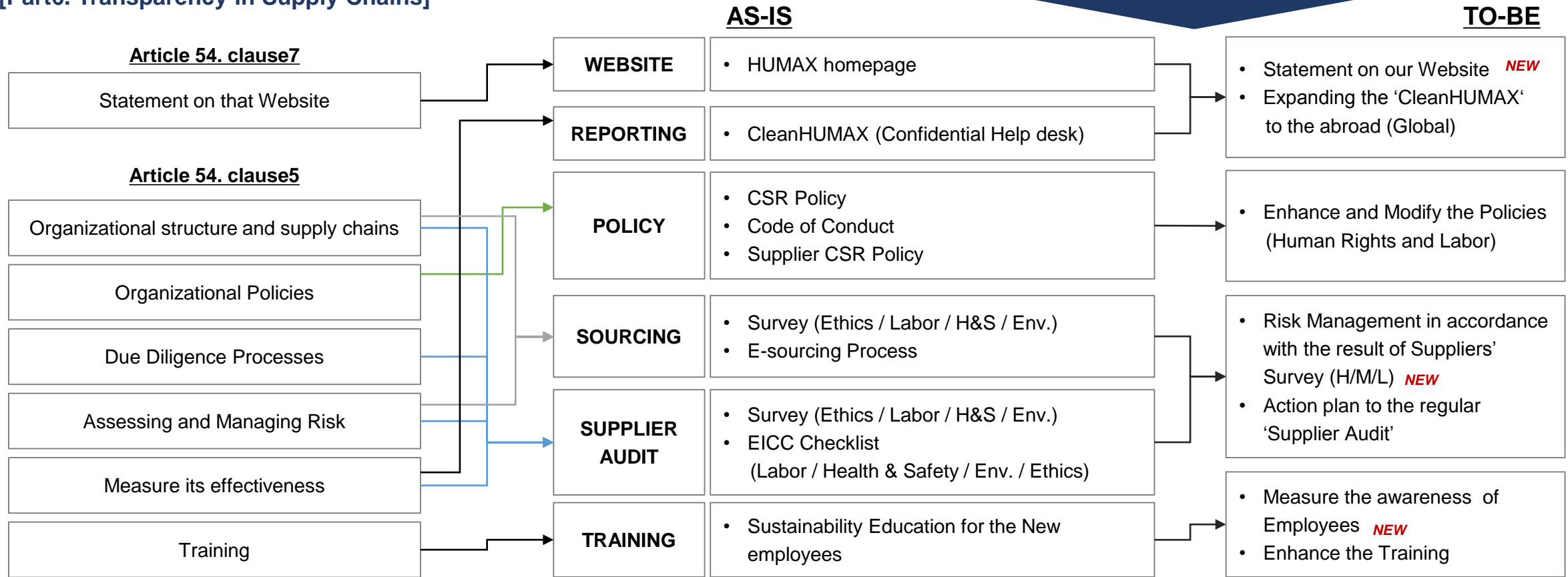
[SOCIETY] 3. People-oriented Management_ (2) Human rights in Supply chain

As the risk of harm to human rights and labor increases, new legislation is being initiated. According to our customers' requests for regulation, HUMAX has reviewed the current level and completed the planning in 2016.

Modern Slavery Act

[Part6. Transparency in Supply Chains]

- A PRACTICAL GUIDE
- BENCHMARK (B, V, N, R co.,)



[SOCIETY] 4. Transparent Management

HUMAX has introduced a compliance management system in 2016. The related training was carried out throughout the company. We enhanced the function of CleanHUMAX. This is a communication channel to get various opinions of stakeholders

Compliance Management System

Recognize and analyze the differences between national laws and regulations and practices. Strengthen a compliance management system to conduct business in a just and ethical way

● New introduction of compliance system

- Understand the laws and compliance obligations that your company must adhere to
- Identify compliance issues and assess the compliance risks
- Respond to compliance risks through compliance manual and compliance task



● Training

Object	Period	Method	Attendance rate
Director and Team Leaders	1st : 2016.08.19 2nd : 2016.09.21	Offline	80%
All employees	2016.10.21~11.18	Online	96%



CleanHUMAX

CleanHUMAX is a communication channel to get various opinions of stakeholders. Through this, HUMAX will establish and maintain a healthy culture.

● Purpose

- Communication channels for complaints of partners and accusations of unfair trade
- Expand communication channels for employee use in the future

● Charge organization

- Operational Organization : Management Support Division Planning Team
- Handle the report: Registered as an internal review committee agenda

제보 및 제언 <https://int.humaxdigital.com/CyberAudit/AuditCreate.aspx>

Clean HUMAX 는 이해관계자들의 다양한 고민을 해결하기 위한 의사소통 채널이며 이를 통하여 HUMAX가 지향하는 건강한 문화를 정착시키고 유지하고자 합니다

- 제보내용 불공정거래 행위 관련내용
 - 협력사로부터 당사 임직원의 공품 및 향응 수수
 - 협력사와 당사 임직원간의 금전거래
 - 당사와 거래하고 있는 협력사의 불공정 행위 및 폐해
 - 당사 임직원의 부당한 특혜제공 및 지분투자행위
 - 당사 임직원의 부당한 업무처리 등 기타 부정행위

- 신고자 보호
 - 제보된 사항은 제3자에게 공개되지 않으며, 신고자의 비밀은 절대적으로 보호됩니다

제보하기

CLEAN HUMAX

Clean HUMAX는 이해관계자들의 다양한 고민을 해결하기 위한 의사소통 채널이며, 이를 통하여 HUMAX가 지향하는 건강한 문화를 정착시키고 유지하고자 합니다.



[SOCIETY] 5. Win-win growth Management_ (1) Win-win growth Partnership

HUMAX thinks that our suppliers' competitiveness is that of HUMAX. We have created an organization for Win-win growth management. We are committed to a Fair Trade culture with the 'Operating System' and try to provide support program for the global competitiveness of our partners

Structure

Strengthen
Foundation of sustainable growth

[Win-win growth Secretariat]

- Set Strategies and directions for promoting Win-win growth
- Promote detailed operational activities
- Internal Fair Trade monitoring

Strengthen
Global competitiveness

[Support Organization for win-win growth]

- Attract 'Public-private joint investments'
- Promotion of Win-win Cooperation in R&D
- Support for finding 'National projects' for SMEs

Establish
Fair Trade culture

[Contact Organization for Win-win growth]

- Implement Fair Trade
- Operate Compliance Program

Confidential

Operating System



[SOCIETY] 5. Win-win growth Management_ (2) CSR Risk Management (EMS)

HUMAX has conducted written and on-site audits of 2 plants (in Poland) where produce products with high CSR needs

Type	Tools	Company-owned Plant (in Poland)	Sub-Contracted Plant (in Poland)
Documentation Evaluation	EICC Check List (Modified by Humax)	Completed (March 2016)	Completed (March 2016)
	Customer CSR Audit	[V co.,] Completed (March 2016)	[V co.,] Completed (March 2016)
On-Site Audit	EICC Check List (Modified by Humax)	Completed (April 2016)	-
	Customer CSR Audit	[V co.,] Completed (March 2016)	[B co.,] Completed (February 2017)
Findings identified as priority		<ul style="list-style-type: none"> To enhance environmental impact monitoring To strengthen management of employee Health and Safety issues 	<ul style="list-style-type: none"> To enhance environmental impact monitoring
Completed corrective actions		<ul style="list-style-type: none"> Built GHG inventory Establishing Occupational Health and Safety management system (on going) 	<ul style="list-style-type: none"> Built GHG inventory

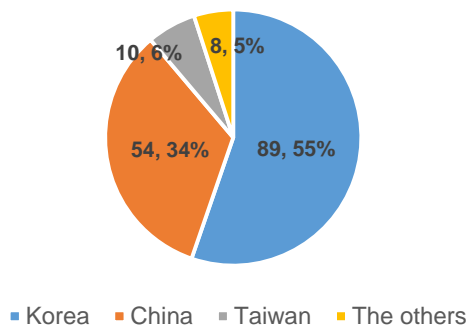
[SOCIETY] 5. Win-win growth Management_ (2) CSR Risk Management (Supply chain)

HUMAX conducted CSR surveys for 161 global suppliers and identified the current status and risks. The analysis results will be used to select CSR Audit targets and key observations

Suppliers for Sustainability - CSR Self-Checklist -

- **Purpose**
- Suppliers status and risk identification
- **Structure**
- 4 area, 39 criteria
(Ethics, Labor, Health & Safety, Env.)
- **Target**
- 161 global suppliers

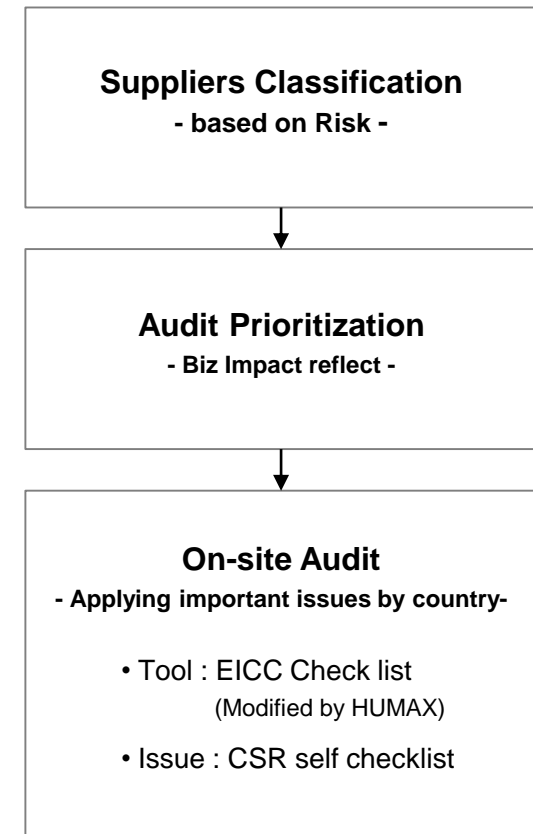
HUMAX global suppliers
(unit: number, %)



Analysis Results

Current Status	Policy & Guideline	<ul style="list-style-type: none"> • Policies and Guidelines existence <ul style="list-style-type: none"> - Ethics : 81.4 % - Labor : 95.5% - Health & Safety : 87.9%
	Management System	<ul style="list-style-type: none"> • Management System Certification status <ul style="list-style-type: none"> - ISO14001 : 72.2% - OHSAS18001 : 23%
Risk	Current Risk	<ul style="list-style-type: none"> • Corrective & Prevention actions after a violation law <ul style="list-style-type: none"> - Labor : 4 Suppliers - Health & Safety : 9 Suppliers - Environment : 4 Suppliers
	Potential Risk	<ul style="list-style-type: none"> • Human rights and Labor Risks <ul style="list-style-type: none"> - Native language contract - Measurement of working hours - Identification and deposit requirements

Future Plan for Supplier



[SOCIETY] 6. CSV Management

Humax conducted social contribution activities such as ‘Employee Participation, Disability Support, and Community Participation Programs’

Employee Participation Programs

Sharing ‘Kimchi’ with Love

Communicated with neighbors through ‘Seongnam Social Welfare Council with Welstory (an in-house restaurant company)



Disability Support Programs

BEAR. BETTER

Hired 6 employees with developmental disabilities



Donation

Donated to a disabled charity for 10 years since 1997

- Korea Welfare for the Disabled
- Department of Social Welfare in local government
- Practice of Love National Movement Headquarters
- Disabled Employment Service Society
- Green Lighthouse Disabled Rehabilitation Workshop

Community Participation Programs

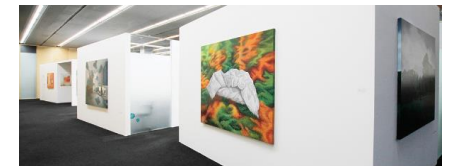
Teacher Tour

Conducted experiential learning for children in a disadvantaged class in Seongnam City



Art-Room

Provided exhibition opportunities for young artists and free art content for local communities



Seongnam Good Foundation

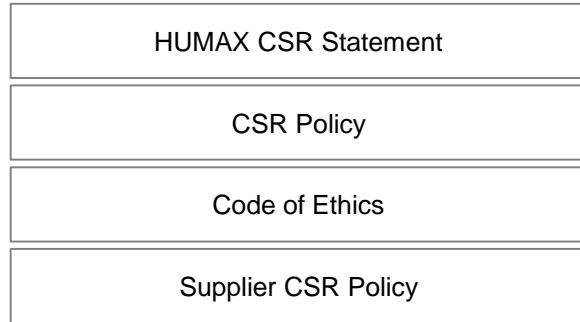
Donated to contests that can make young people happy



[APPENDIX] 1. Sustainability Policy

HUMAX SUSTAINABILITY

(Under an enactment)



ECONOMY

BCM Policy
- ISO22301 -

Quality Policy
- TL9000 -

ENVIRONMENT

Environmental Policy
- ISO14001 -

Climate Change Policy

SOCIETY

Health & Safety Policy
- OHSAS18001 -

Conflict Mineral Policy
(Under an enactment)

Anti-Corruption Policy
(Under an enactment)

Employment Rule

Labor-
Management Rule

10 PRINCIPLES			POLICY		
			CSR Policy	Code of Ethics	Others
Human Rights	Principle 1	Human rights protection	III. Respect for human rights IV. Occupational Health and Safety	V. Human rights and Corporate Social Responsibility	Employment Rules
	Principle 2	Human rights abuses			Conflict Minerals Policy (under an enactment)
Labor	Principle 3	Freedom of association, collective bargaining			Labor-Management Regulations
	Principle 4	Forced labor			Employment Rules
	Principle 5	Child labor			Employment Rules
	Principle 6	Discrimination in respect of employment and occupation			Employment Rules
Environment	Principle 7	Precautionary approach to environment	V. Reduce environmental impact	-	Environmental Policy
	Principle 8	Promoting environmental responsibility			Quality Policy
	Principle 9	Environmentally friendly technology			Climate Change Policy
Anti-Corruption	Principle 10	Elimination of corruption	VI. Fair trade and Win-win growth	VI. Business ethics and practice	Anti-Corruption Policy (under an enactment)


[APPENDIX] 2. Information Disclosure

HUMAX posts our sustainability activities on our website

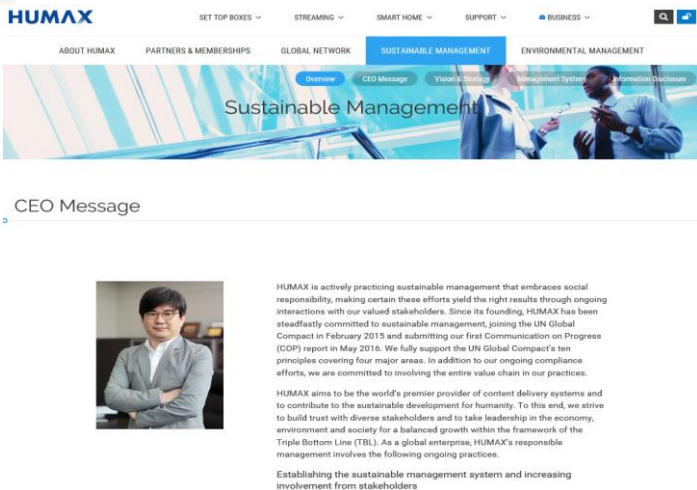
HOME PAGE

We express our commitment to sustainability on the HUMAX website, report on its achievements, and strengthen communication channels with stakeholders

Sustainability



- **Sustainability Category** <http://kr.humaxdigital.com/>
- [Sustainable Management](#)
- [Environmental Management](#)
- [Win-Win Growth Management](#)



CDP (Carbon Disclosure Project)

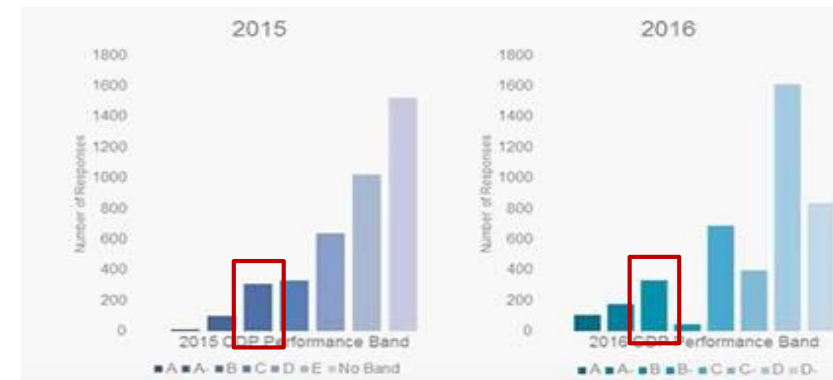
Climate change and greenhouse gas related information have been released to the Carbon Disclosure Project (CDP) since 2013.



B

(The result of 2016)

	2014	2015	2016
Score	71 / E	92 / C	B



THANK YOU