

# Communication on Progress (COP)

[Period: 2017.05~2019.04]

HUMAX  
2019.07



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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 3rd 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 2017 to April 2019 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.

2019.05

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

**HUMANX Co., Ltd.**

CEO

**Kim Tae-hun**

FOUNDED

**Feb. 1989**

UNGC PARTICIPATED

**Feb. 2015**

KOSDAQ LISTED

**Apr. 1997**

MAJOR PRODUCT

- **Legacy STB / Video Gateway / Broadband Gateway**
- **IoT Solution / Car Infotainment / Antenna / Car Sharing**

GLOBAL NETWORK

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

HEADQUARTER ADDRESS

**HUMANX Village,  
216 Hwangsa-eul-ro,  
Bundang-gu, Seongnam-si,  
Gyeonggi-do, 13595, KOREA**

HOMEPAGE

**[www.humaxdigital.com](http://www.humaxdigital.com)**

## 2. Company Profile\_Growth

### 1<sup>st</sup> Leap

'96~'00 SPECIALIZATION

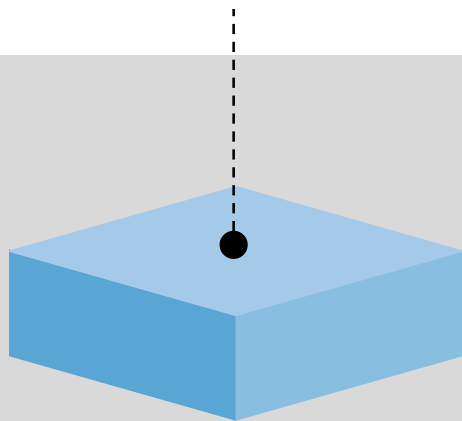
'96 STBs for Digital Satellite TV  
(Asia's 1<sup>st</sup> / World's 3<sup>rd</sup>)

**[Globalization]**

'97-'15 Overseas Subsidiaries and Branches

'97 Listed on KOSDAQ

'10 Deployed Products to Over 90 Countries

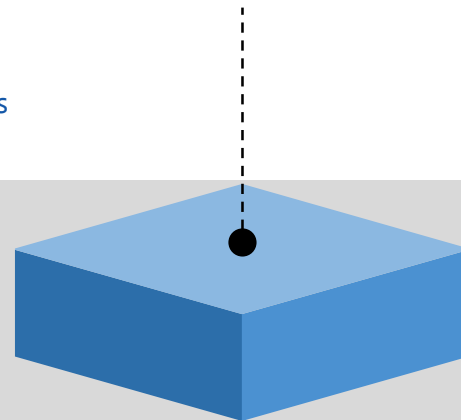


### 2nd Growth

'01~'07 DIVERSIFICATION

'00 STBs for Digital Cable TV

'01 STBs for Digital Terrestrial TV



### 3rd Growth

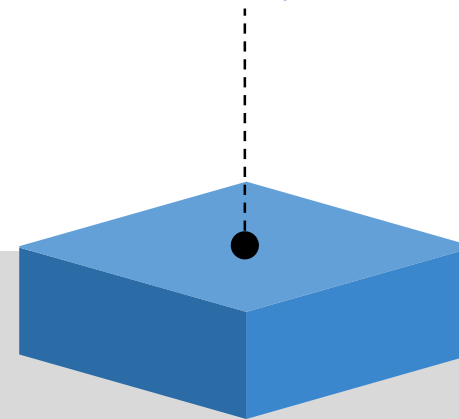
'08~'13 BIZ TRANSITION &  
CONVERGENCE

'09 IP-Hybrid STB in Germany

'11 Acquisition of DAEWOO IS  
(HUMAX Automotive)

'12 Acquisition of MMC Tech

'13 Video GW for Pay-TV & Retail Market

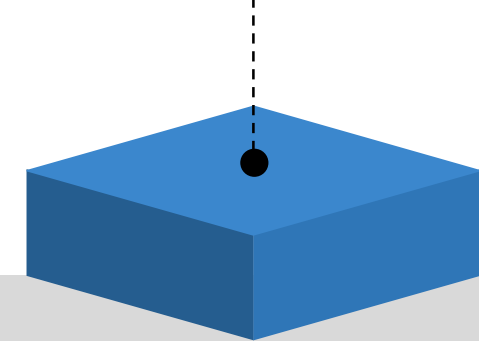


### 4th Growth

'14~ AMERICAS CABLE & CONVERGENCE

'14 Broadband GW for Cable Operators  
CEO Succession

'18 Acquisition of HUMAX Automotive  
Acquisition of Winnercom  
Acquisition of Digipart

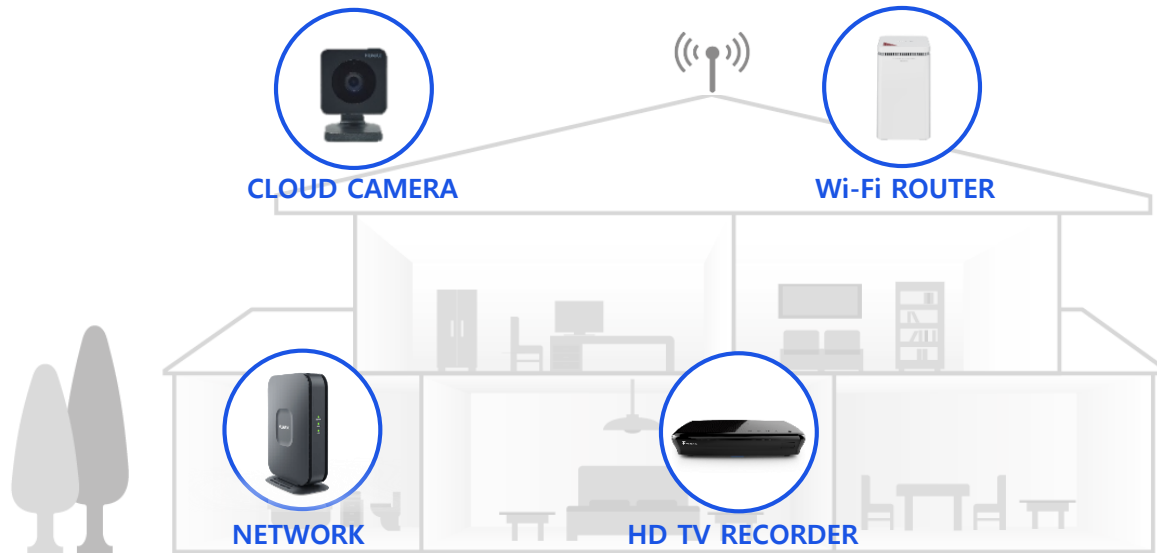


## 2. Company Profile\_Business

STB & BROADBAND GW

CAR INFOTAINMENT / ANTENNA

CAR-SHARING / FMS / LMF



Infotainment  
(AVN/RADIO...)



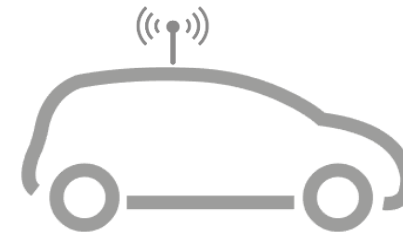
Shark Fin Antenn



FMS



Car Sharing



CONNECTED HOME

CONNECTED CAR

Shared Car

# 3. The 10 Principles of the UNGC

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## 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 to provide a content consuming platform as a world-leading company and ultimately contribute to sustainable development for humanity. For 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



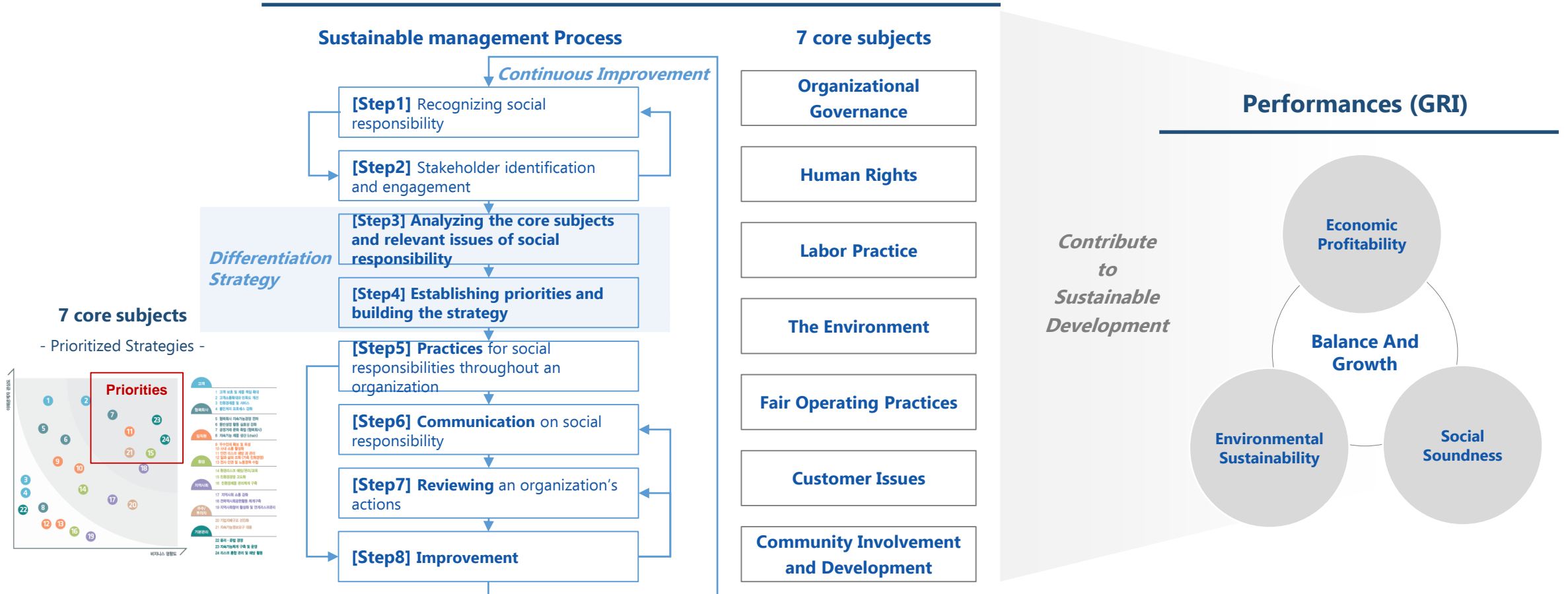
Satisfying Stakeholders' Needs and Building Mutual Trust



# 5. Sustainable Management 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)

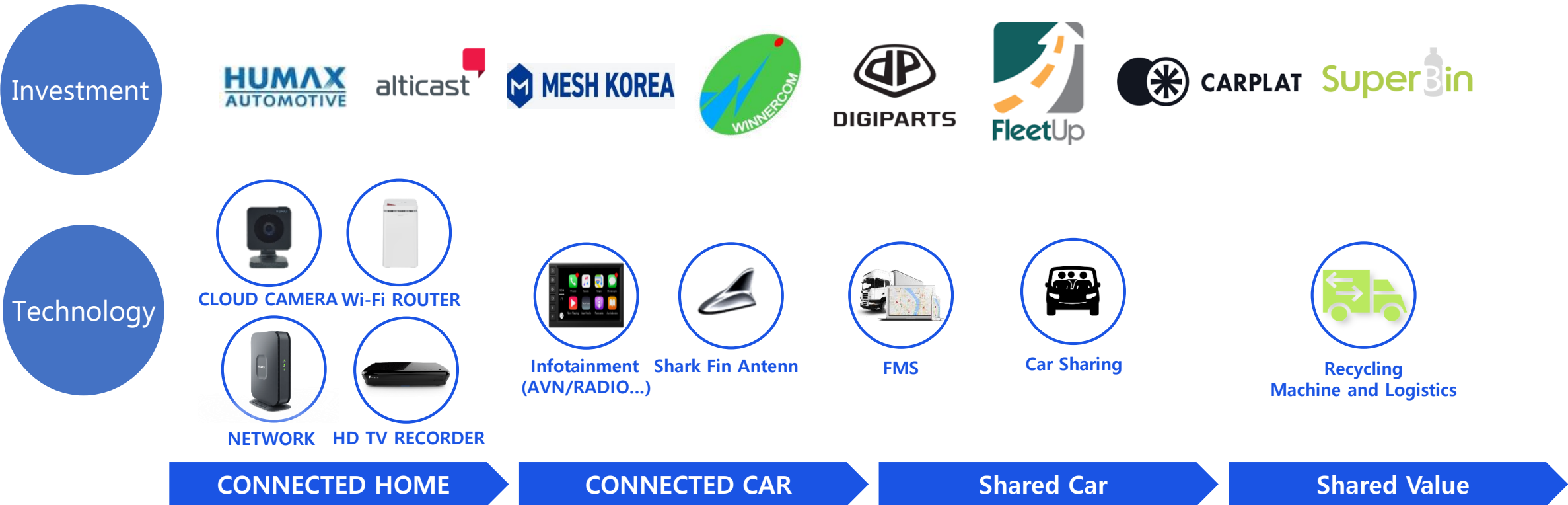


# 1. Performance Summary

Category	Section	Strategy	Performance	10 Principles of UNGC
ECONOMY	Innovation Management	<ul style="list-style-type: none"> <li>To reduce risks in economy, environment, and society areas</li> <li>To align with global standards</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated innovation through investments in businesses with new growth opportunities, including start-ups Winnercom, Fleetup, Digiparts, Carplat, Superbin, etc</li> <li>Implemented the management systems and other solutions in accordance with the requirements of ISO and other international standards.</li> </ul>	1~10
ENVIRONMENT	Eco-friendly Management	<ul style="list-style-type: none"> <li>To continue environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Carried on the implemented roadmap for eco-friendly management               <ul style="list-style-type: none"> <li>- Opened the reporting system that enables to control working environment for Eco-Operation</li> <li>- Corporate Car Sharing</li> </ul> </li> </ul>	7,8,9
SOCIETY	People-oriented Management	<ul style="list-style-type: none"> <li>To maintain the Health and Safety Management System</li> <li>To respond to the regulation on human rights</li> </ul>	<ul style="list-style-type: none"> <li>Prepared the migration from OHSAS18001 to ISO45001</li> <li>Implemented 52-hour work week, Flexible working hour system</li> <li>Improved work environment and set up the monitoring system</li> <li>Implemented Corporate Car Sharing solution</li> </ul>	1,2,3,4,5
	Transparent Management	<ul style="list-style-type: none"> <li>To implement Ethical Management System</li> </ul>	<ul style="list-style-type: none"> <li>Audited a Subsidiary_Annual</li> <li>Prepared Internal Accounting Control System: Korea Sarbanes-Oxley Act</li> <li>Implemented IT-based compliance management system</li> <li>Enhanced the function of 'Clean HUMAX'</li> </ul>	1,2,10
	Win-win growth Management	<ul style="list-style-type: none"> <li>To pursue Win-win growth with suppliers</li> <li>To promote CSR in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Incorporated the R&amp;D center in Vietnam</li> <li>Maintained the structure and roadmap aligning with               <ul style="list-style-type: none"> <li>- Fair Trade Operating system: Received "Moderate" level three years in a row(2016~2018) from Win-Win Index</li> <li>- Supplier management for EMS: Flex, JeinTech</li> </ul> </li> </ul>	1~10
	CSV Management	<ul style="list-style-type: none"> <li>To maintain social contribution programs</li> </ul>	<ul style="list-style-type: none"> <li>Conducted social contribution programs               <ul style="list-style-type: none"> <li>- Employee participation / Disability support / Community participation</li> </ul> </li> </ul>	1~10

# 2. Accelerate the Innovation through Investment

HUMAX accelerated innovation by investing in businesses with new growth opportunities, such as start-ups. When enterprises have a strong legacy business model that driving their core business, capturing new growth opportunities requires different and often disruptive business models. Creating new business model through investment in start-ups ensures synergy between Humax technology and start-up's IT solution. Our strengths in global network such as brand, distribution, and other assets minimize the acute challenges that the start-ups can face in launching new business, as well. This can increase the odds of launching high-impact growth businesses and eventually will be a long-term growth engine for Humax.



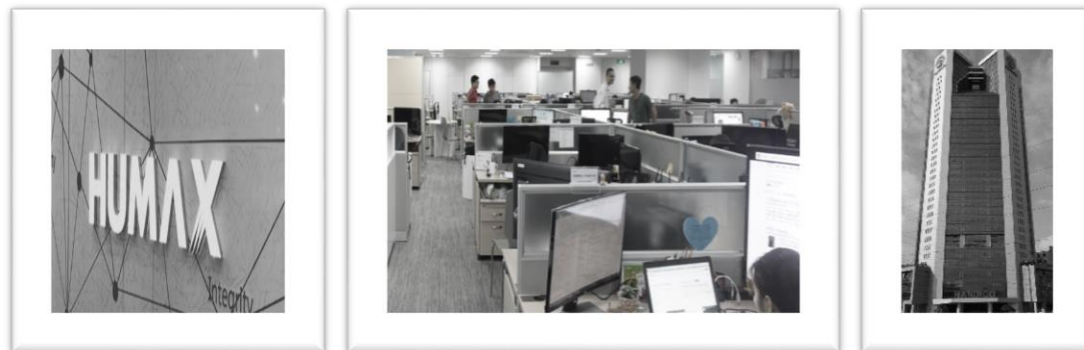
# 3. Incorporated the R&D center in Vietnam

## Past to Present

In 2015, HUMAX's R & D center in Vietnam was established in the form of a representative office with only 20 researchers. HUMAX has noted for the possibility of Vietnam's development capacity to secure the flexibility of overseas development.

In 2016, the number of R & D personnel has been increased to 50 and the R & D center has been expanded and relocated the office.

In 2017, the R & D center was transformed into a corporation with more than 70 employees. HUMAX has contributed to the local economy by employing more than 90% of the recruitment personnel as locals.



## Present to Future

HUMAX's R & D center in Vietnam is the first overseas R & D center, sharing the development needs of the group and securing its independent development capability.

Since its incorporation, more than 30 R & D projects have been completed or are currently underway.

As an independent ODC (Offshore Development Center) in the long term, we plan to secure technological competitiveness at a level that is self-sustainable, not depend on the parent company.

MISSION STATEMENT  
HUMAX VIETNAM

We are

**INNOVATIVE ORGANIZATION**

that exists to provide enhanced

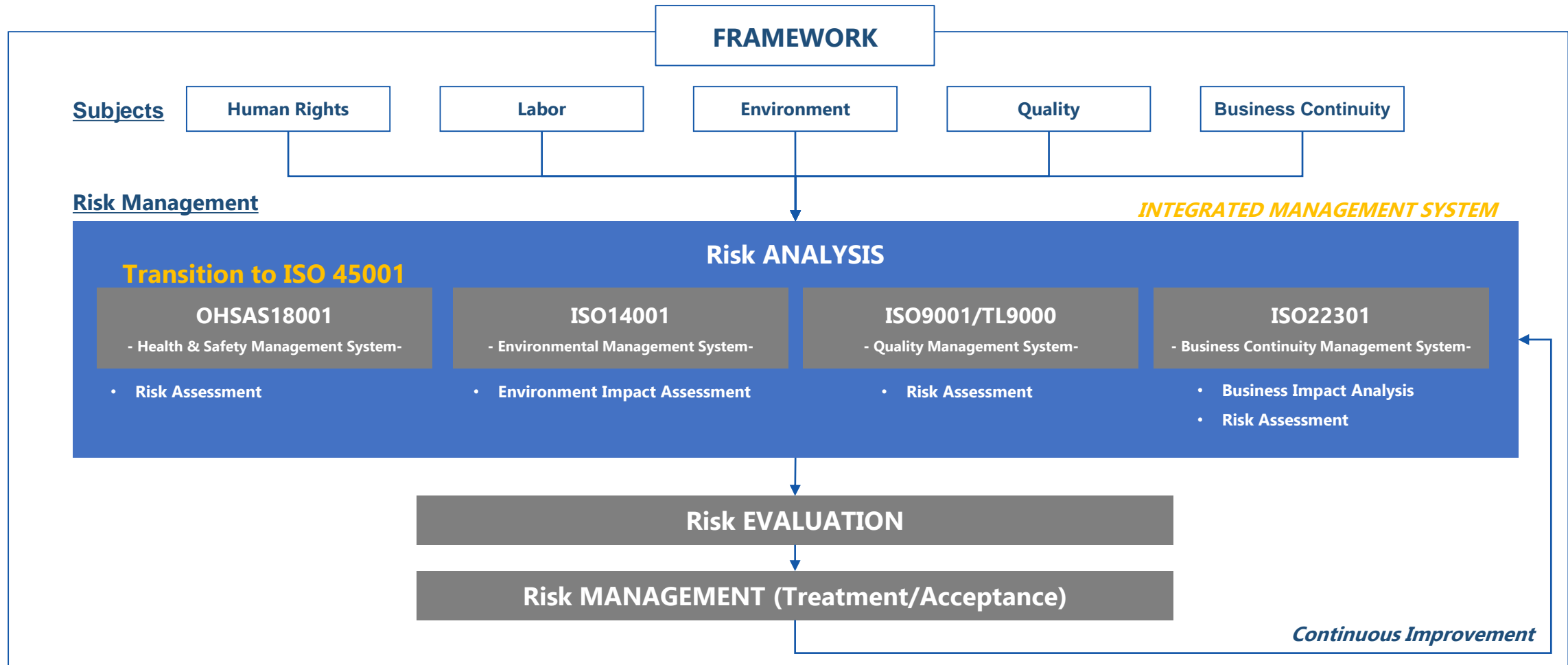
**SW R&D COMPETITIVENESS**

which contribute to our

**CUSTOMERS' SUSTAINABLE GROWTH**

# 4. Implementation of the Management System

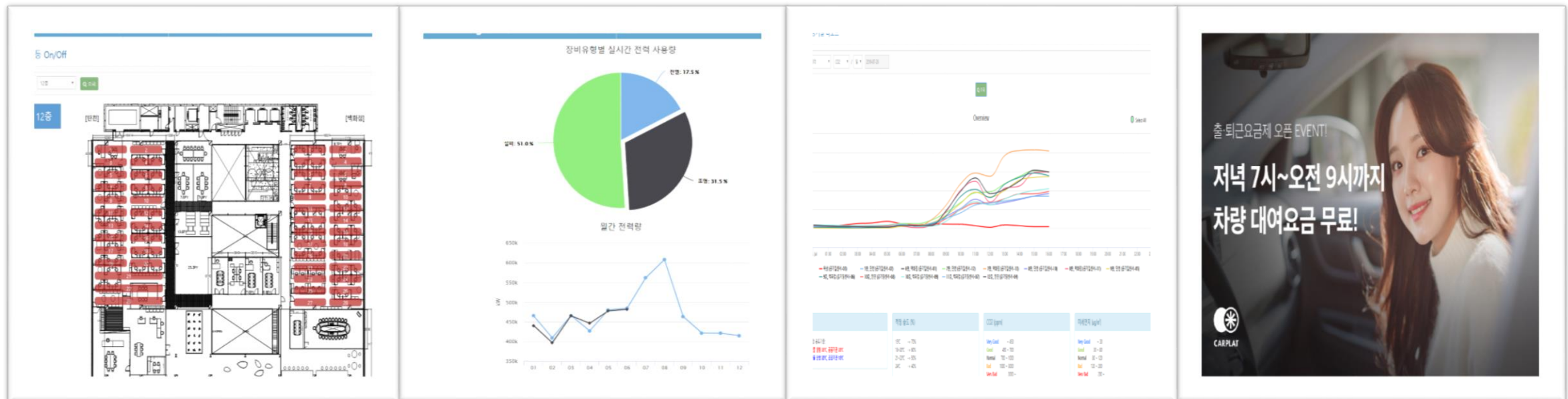
HUMAX has implemented the management systems and other solutions in accordance with the requirement of ISO and other international standards. Especially, we have been preparing for the transition from OHSAS18001 to ISO45001:2018. The migration to ISO 45001: 2018 will ensure the enhanced compatibility with other standards, such as ISO 9001 and 14001.



# 5. Eco-Operation(1)

HUMAX has conducted several activities to reduce negative environmental impacts.

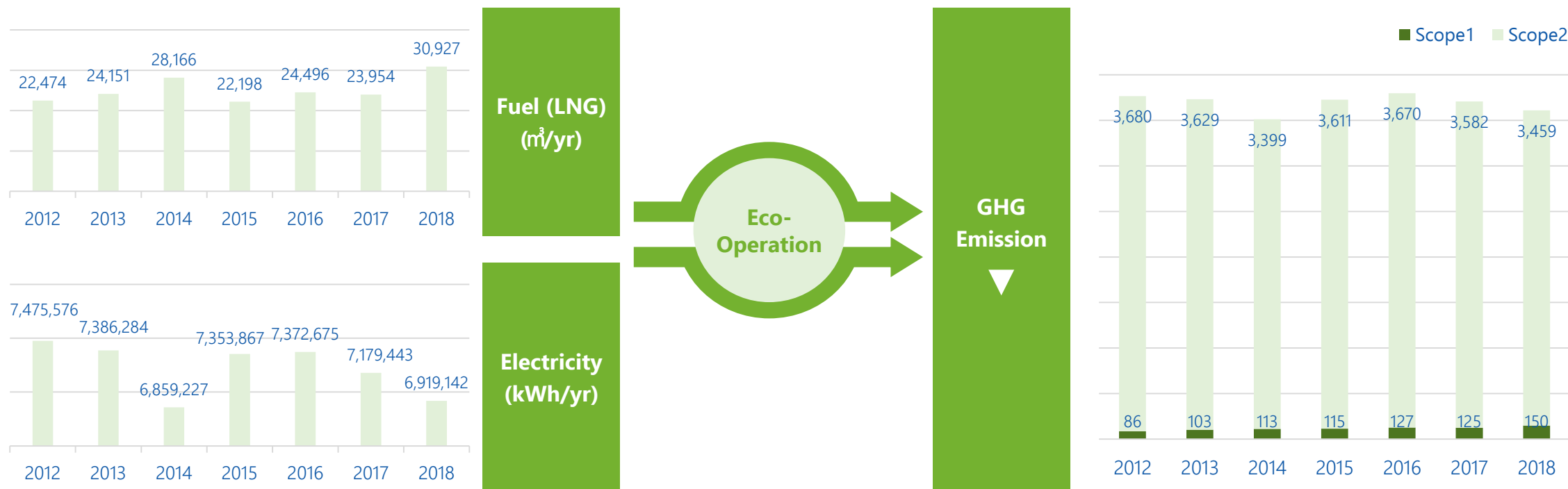
- Opening the reporting system that enables to monitor and control working environment for Eco-Operation. We could manage our electricity usage in real time and take actions to reduce usage by installing 'automatic power meter'. And Easy Access to the App that can control work environment lighting system and monitor the each floor's working condition allows all employees to be participated in Eco-Operation.
- Offering the Corporate Car Sharing solution to employees reduces the total cost of mobility and the use of extra-fleet vehicles (taxi, car rental...) so that all vehicles are always deployed with maximum rotation. The Corporate Car Sharing solution enables the sustainable shared travel not only to increase Corporate Social Responsibility but also to decrease car renting burdens, reduce carbon footprint.



# 5. Eco-Operation(2)

HUMAX has defined the Eco-Operation and strives to reduce its negative environmental impacts. We have tried to comply with global standards and regulations, with regard to Eco-Operation, Sustainable Product, and training.

HUMAX’s environmental management system is ISO 14001 accredited. We are monitoring our input vs. output stream and making efforts to reduce output factors. We have seen continuous improvements in all our activities to reduce negative environmental impacts. Moreover, we will gradually expand the scope of the management to our supply chains.



## 6. Work-Life Balance

Humax cultivates the organizational culture that enables employees to maximize their abilities, and provides diverse systems for employees to balance work and life. We have developed internal policies to help educate and guide employees. Having policies that encourage a work-life balance can benefit employees while still allowing HUMAX business needs to be met. South Korea has implemented a new 52-hour workweek in an attempt to stop chronic overwork. The change were supposed to go into effect for HUMAX from 2020, however, we implemented the 52-hour work system prior to the enforcement of decree.

### Create a family-friendly culture

- Implemented Flexible Work Hour  
Employees are able to freely adjust their own working hours. The only requirement is that they work at least four hours a day, and fill 40 hours each week. This system is granting employees more flexibility in scheduling their work hours. And it improves the work conditions and productivity.
- Leave Arrangement  
we encourage employees to take their full annual leave. HUMAX provides a variety of family-related leave options, ranging from maternity/paternity leave, to medical leave and family leave to care for an elderly parent or a disabled or ill family member. This family-related leave allows for leave to be taken when a family emergency occurs.

### Support employees by family-friendly work place

- Child Care Assistance  
HUMAX provides near-site child care. Employees spend less time away from work, enjoy unparalleled peace of mind, and apply better focus on the job.  
In the most essential respects, we ensure that women are not discriminated against based on pregnancy, motherhood or family responsibilities – for example, in relation to employment conditions, wages or career opportunities.





# 7. Building Transparency in the Workplace

HUMAX fulfills its social role and responsibilities as a global corporation by implementing transparent management that complies with laws and principles. Our transparent management is based on the participation of all employees and aims to raise ethical awareness and practice among employees in relation to individual employees and stakeholders.

To give employees a clear understanding and obligation on our transparent management, we have introduced an IT-based compliance management system with solid compliance training program in place. By keeping on top of compliance training and ensuring all the employees is up-to-date, we can avoid reputational risk within the market, whilst building trust and transparency to our customers and stakeholders as well.

We have operated a communication channel, called CleanHUMAX, and enhanced it to get various opinions of stakeholders. This system allows HUMAX to strengthen the transparent management and cultivate the culture for open communication.

## Compliance Management System

- **introduction of compliance system**

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



## CleanHUMAX

- **Enhanced the Communication Channel**

- Reporting any violations of ethics and integrity that has stated on the INTEGRITY CODE of HUMAX
- Communication channels for complaints of partners and accusations of unfair trade



# 8. Supplier management

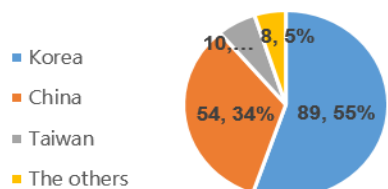
- HUMAX have established a supplier management system that can diagnose the sustainability management risks of our suppliers. Surveys are conducted for suppliers and manufacturers registered as HUMAX Vendors on a regular basis, and based on the results of the survey, we identify current and potential risks in the supply chain, determine the management plan accordingly.

- HUMAX has been rated "Moderate" in Win-Win Index three years in a row (2016-2018). The Korea Commission for Corporate Partnership (KCCP) assesses and announces the Win-Win Index that combines the fair trade agreement implementation evaluation by the Korea Fair Trade Commission (KFTC) and the satisfaction level survey of suppliers by KCCP.

## 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 in 2017  
2 EMS\_Flextronics, JeinTech in 2018

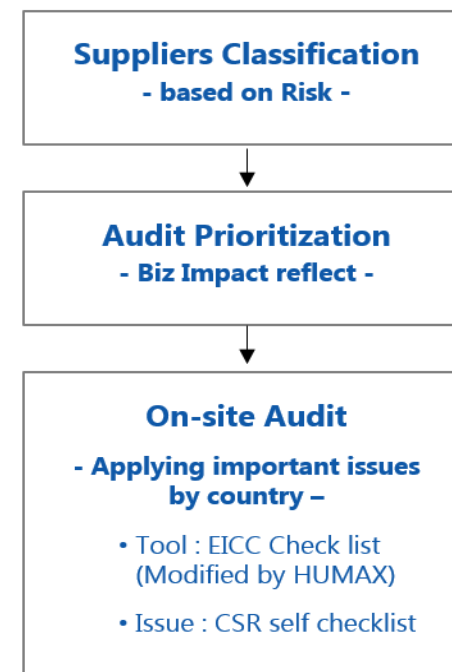
HUMAX Global Suppliers  
(unit: number, %)



## Analysis Results

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

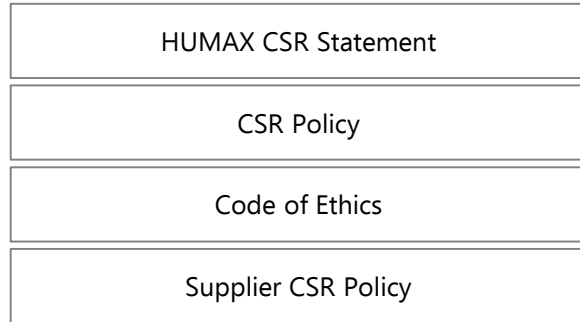
## Supplier Audit Plan



# [APPENDIX] 1. Sustainability Policy

## HUMAX SUSTAINABILITY

*(Under an enactment)*



### ECONOMY

BCM Policy  
- ISO22301 -

Quality Policy  
- ISO9001/ 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 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.

**TBU**  
(The result of 2018)



	2015	2016	2017
Score	92 / C	B	B