



2021 PHIHONG Sustainability Report

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Editor's Note

preface

Welcome to the 2021 Annual Sustainability Report of PHIHONG Technology Co. Ltd. (PHIHONG). We are committed to the principles of social sustainability, transparency, and openness, and is actively engaged in promoting corporate sustainability and social responsibility. Through this report, we disclose the results of our corporate sustainable development and environmental, social, and corporate governance practices, to demonstrate to all stakeholders the results achieved by the company's active commitment to sustainable development. The information in this report is available in both English and Chinese versions and are available for download at PHIHONG's official website.

Reporting period

This report is a disclosure of the year 2021 (1 Jan 2021 to 31 Dec 2021). The report covers environmental, social, corporate governance, economic and other specific actions, and related performance data. The financial information is consistent with the financial statements certified by the accountant. The data is quoted from annual reports, government agencies and relevant websites. Some of the information will be backdated to 2019 for completeness and comparability of performance disclosure.

Report scope

The scope of disclosure is based on PHIHONG's major operating locations, covering the operation-related activities of PHIHONG Taiwan (including the Tainan plant), PHIHONG Dongguan (China) and PHIHONG Haiphong (Vietnam). The financial data covers the operating performance of the parent and subsidiary companies, while the other indicators do not include other branches, factories, and investees. Major issues and management policies are disclosed for relevant entities that have a significant impact on PHIHONG's operation. The impact on stakeholders (customers, investors, communities, suppliers and employees, government agencies, NPO/NGO) is also included in the external boundary of the organization.

Report quality

This report focuses on the major themes of corporate sustainability evaluation and issues of concern to stakeholders, addressing the environmental, social, corporate governance and economic impacts and responses of PHIHONG. The information and data are collected and compiled by each responsible department and approved by the unit head. The result is submitted to the Corporate Sustainability Working Group for editing and revision. Afterwards, it is sent to the heads of committees for review and approval, and then submitted to the Group General Manager and Chairman of the Board of Directors for review in accordance with administrative procedures before official release.



This report complies with the Core Option of the Global Sustainability Reporting Institute's (GRI) Standards. It is based on the reporting principles in Sustainability Accounting Standards Board (SASB) industry standards and the United Nations Sustainable Development Goals (SDGs). The report is written based on the 4 accountability principles of "materiality, inclusiveness, responsiveness" and "impact" as required by AA1000 AP.

To ensure the reliability of the public information in this report, each data item is compliant with the following standards:

Published by	Compliance items
Global Sustainability Reporting Institute (GRI)	GRI Standards: Core options
United Nations (UN)	Sustainable Development Goals (SDGs)
International Organization for Standardization (ISO)	ISO 26000 Guidance on social responsibility
Sustainability Accounting Standards Board (SASB)	Industry standard: Electrical & Electronic Equipment (SASB)
Financial Stability Board (FSB)	Task Force on Climate-Related Financial Disclosures (TCFD)
Taiwan Stock Exchange (TWSE)	Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

External assurance

This report has been verified by British Standards (BSI) Taiwan in accordance with AA1000 Assurance Standard v3 Application Type 1 Medium Assurance Level. The report meets also the requirements of the GRI Standards Core Option Disclosure. The Third-Party Assurance Statement is provided in the Appendix to this report.

The ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), and ISO 45001:2018 (Occupational Safety and Health Management System) that our company introduced have all been verified by third-party verification organizations.

Contact Us

If you have any suggestions for this report, you are sincerely welcome to contact us via the following methods.

This report is also published simultaneously on PHIHONG's official website for the public and stakeholders.

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Publication time and cycle

Our company regularly publishes a sustainability report every year. For paperless environmental protection, the report is published electronically on the company's website.

- ◆ Date of first publication: June 2009
- ◆ Previous release: July 2021
- ◆ Current release: Chinese version in July 2022 (English version in December)

Message from the CEO

『Working hard since 50 years. Sustainable PHIHONG』

Challenges like the global pandemic, extreme climate changes, and changing global political and economic situations continue to pose huge impacts to sustainable business operations. In this dynamic market environment, we recognize that ESG will become the key to sustainable business operations. Enterprises must be accountable to all stakeholders. To realize sustainable development and integrate ESG into the company's core development strategy, PHIHONG established in 2021 the "Office of Sustainable Development" under the "Corporate Sustainability Committee". The Office is responsible for handling the Group's sustainability-related issues. It promotes environmental, social, and corporate governance (ESG) strategic plan to improve overall efficiency of sustainability goals. The establishment of the "Office of Sustainable Development" not only demonstrates PHIHONG's determination in expanding its ESG efforts, but also a concrete action to strengthen its sustainable business operations. This leads us towards a vision of corporate profitability, sustainable governance, and environmental sustainability.

Stable Operations, Integrity, and Governance

In terms of operational management, PHIHONG's consolidated revenue for the year was NT\$12.284 billion, an increase of 33% over last year. Leading by a clear corporate mission and vision, we expect to continue to achieve good economic results and contribute to society. Meanwhile, we have been actively expanding our production base. We continue to purchase land in Tainan to build factories. The first phase of the Vietnam plant was officially in operation since last year, and the second phase will start operating this year. In addition to the expansion of production capacity, it also serves the purpose of diversifying supply chain risks. Moreover, in response to the global climate change issue, we have gradually integrated the important principles of Task Force on Climate-Related Financial Disclosures (TCFD) into our business decisions. We address the impact of climate change on financial performance, as well as the risks and opportunities it presents. Solutions are developed to reduce environmental impacts. In terms of corporate governance, PHIHONG has established an effective corporate governance structure in accordance with the Company Act and other relevant laws and regulations, including the Compensation Committee and the Audit Committee. Through a complete and systematic internal system, internal control, risk management and internal audit, the rights and interests of shareholders and stakeholders are protected, and the company's sustainable value is enhanced. In 2021, PHIHONG took a step forward and was ranked in the top 6%-20% of listed companies in Taiwan for the first time.

Environmental Sustainability, Green Innovation

Many management systems have been delayed by COVID for external validation. To continue to implement and promote the environmental safety and health management system, PHIHONG still strives to complete the ISO 45001 environmental safety and health system conversion and certification renewal operation within the deadline. This protects our employees from workplace related hazards and meets the requirements of international standards. More importantly, the company continues to invest in innovative research and development, including the integration of high-efficiency topology, zero-voltage current switching technology, wide-gap semiconductors, and digital control mechanisms to improve power conversion efficiency by more than 95%. In addition, we have combined our processes to achieve a power density of 16W/in³, which has been the industry's design limit for many years, to realize the development of thin, light, and digital smart power supplies, and to effectively reduce carbon emissions during the product life cycle. Moreover, in response to the expanding demand and market for electric vehicle charging, PHIHONG has created Asia's first 360kW, standard-compliant, and customizable EV charging point to effectively address the concerns of users and public transportation operators about driving distance. Also, PHIHONG has introduced a number of solutions to increase the utilization of green energy, such as cloud and data and power feedback to form an energy storage smart grid, to expand our presence in Europe and the United States and enter the global market of EV charging points.

Caring for employees. Giving back to the society

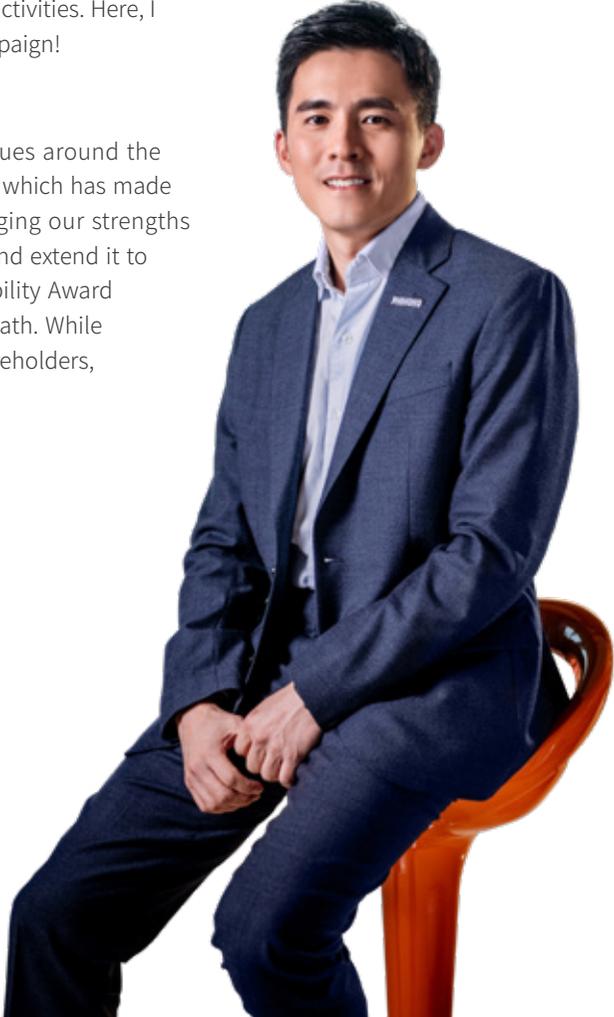
Our employees are always the most important asset of PHIHONG. Our priority is to create a safe working environment to protect the health of our employees. In response to the changes of the epidemic, PHIHONG has not only activated the crisis management in time, but also formulated various active and strict measures to prevent the epidemic. We insured our employees against COVID and arranged vaccination. PHIHONG implemented a number of measures on top of the statutory and industry requirements, such as COVID family care leave, extended home office, vaccination leave, and subsidies for COVID tests, to give our employees all-rounded care. As a result, the Company has once again been awarded the Gold Award in the "Happy Enterprise" poll by Human Resources Bank. Moreover, when the epidemic was raging, we took the initiative to help the low-income households in 6 neighborhoods around the factory and "Muhsiang Home" nursery, including mask delivery and disinfection services to improve epidemic prevention. We He also participated in "Old Shoes Save Lives" to send love to Africa. Furthermore, PHIHONG supported the Taoyuan Guishan Elementary School Little League team, which has represented the national team several times, with monthly donations and nutritional support. During the epidemic, PHIHONG's annual international beach clean-up campaign did not stop. With the epidemic slowing down and compliance with epidemic prevention regulations, we have completed 4 consecutive years of beach clean-up activities. Here, I would like to express my gratitude to all our colleagues, who have enthusiastically participated in the beach clean-up campaign!

Working hard for 50 years. Sustainable PHIHONG

This year marks the 50th anniversary of PHIHONG. We would like to express our sincere gratitude to all our colleagues around the world for their hard work, and to our customers, shareholders and partners for their support over the past half century, which has made PHIHONG a stable and sustainable company. In a highly globalized market environment, we look forward to leveraging our strengths and working with our global customers in depth. We continue to integrate the concept of sustainability into our work and extend it to upstream and downstream to build a strong industrial value chain. With the recognition of the TCSA Taiwan Sustainability Award and the trust of our customers, we have formed a solid positive cycle and are confident that PHIHONG is on the right path. While pursuing operational performance, we also fulfill our social responsibility to enhance the long-term interests of our shareholders, customers, and employees, and create a higher corporate sustainability value.

Chairman/CEO at PHIHONG

2022. 06. 10



2021 Sustainable Results and Performance

Environment (E)

Sustainable theme	2021 Performance	Sustainable Goals
Emission of Greenhouse Gases	<ul style="list-style-type: none"> • PHIHONG Taiwan: total emission reduction of 5.0% (compared to the base year 2017); PHIHONG Dongguan: total emission reduction of 13.6% (compared to the base year 2016). • PHIHONG Taiwan and PHIHONG Dongguan reduced their carbon emissions by a total of 3,891 T-CO₂e compared to the base year. 	<ul style="list-style-type: none"> • The SBTi target is planned to be completed by 2022. The short-term goal is to reduce carbon emissions by 2.5% per year. The medium- and long-term goal is a reduction of 4.2% per year to achieve an average temperature rise of below 1.5° C.
Green Research and Development	<ul style="list-style-type: none"> • Established the i-Green Charging Solution Technical Center (i-GCSTC). From energy creation to energy storage, developing low carbon products. • The 280KW gaming power supply incorporates GaN and high conversion efficiency technology, increasing power density to 16W/in³. An efficiency improvement by 3-4% compared to other products in the same class, achieving power savings of 6W. • Build a 360kW EV charging point at the Taiwan headquarter. It is the first 360kW speed EV charging point in Asia with the advantages of standard and customization. • Joined TCC' s “NHQA.TCC” EARTH HELPER sustainable tandem program. 	<ul style="list-style-type: none"> • Conduct green design with product life cycle thinking and continue to develop low-carbon products. • Focusing on technologies related to green energy and earth sustainability as the core. Implement the technology diffusion of preliminary research.
Energy Management	<ul style="list-style-type: none"> • PHIHONG Taiwan HQ: Comparing 2021 with the base year of 2016, the electricity saving reached 13.08%. • PHIHONG Dongguan has introduced a solar power system construction project, which is expected to be operational by the end of 2022. 	<ul style="list-style-type: none"> • Continuously replace old ice machines and introduce energy management system to reduce energy consumption and to achieve carbon reduction. • PHIHONG Taiwan built solar power system in Tainan plant and obtained green building certification (Target: Diamond level).
Environmental Management	<ul style="list-style-type: none"> • Continued to complete third-party certification ISO 14001. The environmental monitoring rate reached 100%, in line with regulatory requirements. • No environmental protection violations occurred in 2021. 	<ul style="list-style-type: none"> • Continuous 100% environmental monitoring in compliance with regulatory requirements. Improvement of workplace environment.
Green Partners	<ul style="list-style-type: none"> • "Sony Green Partner" certificated 	<ul style="list-style-type: none"> • Continuous improvement and optimization to become the best green and sustainable partner for our customers.

Social (S)

Sustainable theme	2021 Performance	Sustainable Goals
Training and Education	<ul style="list-style-type: none"> During the epidemic, we created a variety of learning channels such as “micro e-charging,” and the “Top 100 CEOs Online Co-Learning”, with a total of 50 classes and 6,856 participants. The annual training hours per capita in Taiwan headquarters is 34.79hr; 28.7hr in overseas factories. Non-stop learning during the epidemic. 	<ul style="list-style-type: none"> Continue to implement the education and training system to improve the overall quality of human resources, to strengthen the competitiveness of enterprises.
Occupational Safety and Health	<ul style="list-style-type: none"> Obtain ISO 45001 occupational safety and health management system audit and renewal certificate. Implement 100% of the operating environment monitoring, in line with regulatory requirements. 	<ul style="list-style-type: none"> Continuously improve the quality of the working environment and maintain the health of employees. Strive for healthy workplace performance certification by 2022.
Supply Chain Sustainability Management	<ul style="list-style-type: none"> 82% of core suppliers signed the Integrity Pledge, a 5% increase from 2020. 	<ul style="list-style-type: none"> 100% supplier sign-up rate by 2025
Environmental Protection and Social Inclusion	<ul style="list-style-type: none"> Continuing to support the International Beach Cleanup Day, we have been promoting coastal beach cleanup activities for 4 consecutive years. Response to "Old Shoes Save Lives" collects over 200 items to donate to Africa Long-term support to “Muhsiang Home” Nursery makes regular monthly donations and disinfect the environment. Support the national baseball team. Pledged to make monthly donations and donate nutritional products to support the Taoyuan Guishan Little League team. 	<ul style="list-style-type: none"> Continue to promote environmentally friendly actions. Continue to support and care for disadvantaged groups and provide volunteer services.
Happy Workplace	<ul style="list-style-type: none"> Following 2019, we won the Gold Award for “Happy Enterprise” again in 2021 in Human Resource Bank’s poll. 	<ul style="list-style-type: none"> Create a friendly workplace environment and build an enterprise that gives employees a sense of happiness and belonging.

Governance (G)

Sustainable theme	2021 Performance	Sustainable Goals
Operating Economic Performance	<ul style="list-style-type: none"> Net operating income was NT\$12,284 million, an increase of 33% over the previous year. 	<ul style="list-style-type: none"> To establish a complete corporate strategy, manage the business to improve operational performance and achieve sustainable growth.
Market Position	<ul style="list-style-type: none"> Received the Silver Award of Taiwan Corporate Sustainability Award and the Silver Award of EcoVadis Corporate Social Responsibility Achievement Recognition. Invested and planned Tainan Plant 2 and Plant 3 as EV product production bases in Taiwan. Obtained EV Ready certification. Providing the highest quality EV charging points products. Only by obtaining EV Ready can we enter the French market. 	<ul style="list-style-type: none"> The construction of the second plant in Tainan is expected to be completed by the end of 2022 and the third plant in 2023. By running for various awards, we can refine our corporate connotation and enhance our corporate image.
Corporate Governance	<ul style="list-style-type: none"> The Office of Sustainable Development was established as the core unit of PHIHONG to promote ESG corporate sustainability. Won the ranking of "6% to 20%" in the 8th Corporate Governance Rating. 	<ul style="list-style-type: none"> Implement a policy to promote sustainable development and integrate ESG with the company's core growth strategy. Continuing to refine towards the "Top 5%" of the Corporate Governance Rating
Integrity and Anti-Corruption	<ul style="list-style-type: none"> No ethical incidents involving integrity and corruption in 2021. 	<ul style="list-style-type: none"> To ensure that the behavior of our employees is consistent with the company's values and the spirit of integrity and honesty, and to implement them thoroughly.
Product Quality	<ul style="list-style-type: none"> Customer satisfaction (overall) was 84.9%. The Group's customer satisfaction rate was 81.8%. This is better than the industry average of 10.1%. Received quality and delivery awards from leading customers in China. 	<ul style="list-style-type: none"> We will continue to improve our quality and build a close partnership with our customers to achieve a win-win situation and mutual prosperity.
Climate Change Risks and Opportunities	<ul style="list-style-type: none"> Referring to TCFD's recommendation report, the risks and opportunities arising from climate change are disclosed. 	<ul style="list-style-type: none"> By disclosing the risks and opportunities brought by TCFD, it demonstrates PHIPHONG's due responsibilities and strategies, and allocate capital more reasonably and effectively, to achieve the vision of low-carbon economic transformation.

COVID-19 Response and Management

With the changes in the COVID-19 epidemic in the past two years, PHIHONG has adhered to the 2 major principles of "epidemic prevention first, employee health first" and "continuous operation without interruption and risk management". The PHIHONG Epidemic Prevention Response Team has discussed in several cross-departmental video conferences and implemented new epidemic prevention measures in May 2021. The 5 major measures are isolation (family care) leave, shifting home office, paid vaccination leave, vaccination insurance, and COVID tests. In addition, unnecessary visits and outside visitors are avoided during the epidemic prevention period. The purpose is to protect the health of our employees, to implement epidemic prevention. Together, we can pass through this difficult period of epidemic prevention and move towards sustainable business operation. Our specific epidemic prevention and management measures are as follows:

Employee epidemic prevention planning:

◆ PHIHONG epidemic prevention response team & COVID notification pony

PHIHONG Group is fully engaged in epidemic prevention and control operations in all plants. We are always aware of the epidemic situation in the country where each plant is located. We review and implement epidemic prevention and control measures at all stages according to the level of the epidemic. We have also set up an internal platform "COVID notification pony" to disseminate information about the company's internal epidemic or prevention and control measures, which can be easily read and searched by employees on their cell phones.

◆ Daily body temperature monitoring

All employees, visitors and guests of each factory are required to take body temperature in the factory. Employees are required to upload their body temperature to the platform before the designated time every day. Those whose body temperature reaches 37 °C will be registered and controlled. Those whose temperature is above 37.5 °C will not be allowed to enter the factory. They will be recommended to go home or seek medical treatment and will be tracked and controlled daily. We also enhance the concept of employee self-health management.

◆ Free "hypochlorite water"

PHIHONG has purchased the "hypochlorite water" generation machine, which is approved by the national quality certification, to produce our own disinfection water for daily disinfection of the factory environment. We also provide free hypochlorite water for our employees who brings their own containers. This relieves the inconvenience of buying disinfectant alcohol due to the prolonged epidemic. We work together with our employees to fight the epidemic and take care of the employees' home environment and health.

◆ Other epidemic prevention measures

Public area:

Alcohol disinfection and mask recycling bins are available in public areas such as restaurants, restrooms, and elevators. The conference room is equipped with an anti-epidemic partition. The gym, smoking area, and massage services from the visually impaired are temporarily closed.

Split mealtimes:

The cafeteria will split mealtimes and place epidemic-proof partitions. If necessary, meals are collected with personal lunch boxes to reduce the risk of group infection.

Vaccination:

We encourage our employees to receive vaccinations and provide full subsidies to expand the effectiveness of vaccination. Vaccination leave with full pay can be applied on the day of vaccination or the next day.

Employee protection:

Controlled plant entrance for employees who are in closed contact of confirmed COVID cases. Asymptomatic residents in hot areas will be given priority to work in a separate area or work from home.

Business trip protection:

Employees returning to Taiwan from a business trip need to be quarantined for 14 days + 7 days of self-health management (working from home) before they can enter the factory, which is higher than the regulatory requirements.

Working from home:

Take measures such as diverting work and working from home for groups A, B, and C.

Meeting control:

Gatherings of more than 5 people are prohibited in the factory. Meetings will be held by video to avoid gatherings.

Floor control:

Departmental operations have been replaced by communication software to reduce movement across floors. The elevator is completely shut down. Different paths are assigned to access different floors.

Medical doctor stationed in the factory:

Every month, we have doctor stationed in the factory to provide employees with all kinds of medical consultation. This is to reduce the risk of employees going to medical institutions.

Occupational Specialist Physician Services (PHIHONG Taiwan)

Year	2019	2020	2021
On-site service (person)	116	15	53

In response to the global outbreak of COVID in 2021, PHIHONG also promotes friendly care measures on top of statutory requirements to accompany colleagues in the fight against COVID.

Paid Vaccination Leave	All employees are given 2 days paid vaccination leave. Encourage employees to receive vaccinations. Increase internal vaccination rates to expand the effectiveness of vaccination prevention.
Vaccine insurance for all employees	Vaccine insurance for all colleagues. With the insurance coverage, the health of our colleagues can be assured. Colleagues can receive vaccination with peace of mind. We provide the greatest support to our colleagues and their families and be a solid backing for our colleagues in epidemic prevention.
On-job vaccination insurance	Employees who are required to work in the field due to their duties are insured against epidemics for double protection and peace of mind.
Split-work measures	To effectively prevent the spread of the epidemic, PHIHONG Taiwan has taken the initiative to initiate diversion-from-work and home office measures from May 17, 2021, to September 22, 2021.
Free quick COVID test	In cooperation with professional medical units, we provide on-site quick COVID test services for employees at the PHIHONG headquarter.

PHIHONG Taiwan No. of employees in home-office during COVID.

Statistics for Jan-Dec 2021 (Unit: person)

Category	No of persons
1) Self-health management, work from home for 7 days (strictly examine the risk of COVID and give full salary)	
⊙ In close contact of infected persons as published by local governments	35
⊙ Confirmed cases in children's schools	3
2) Home quarantine for 14 days	
⊙ Business trip, Taiwanese staff return to Taiwan	29
3) Confirmed cases in hospitalization	
⊙ PCR positive confirmed cases	1
4) Free COVID rapid-tests for staff	
⊙ Free COVID rapid-tests for staff	135
Total	203



◆ Shareholders' meeting with epidemic prevention measures:

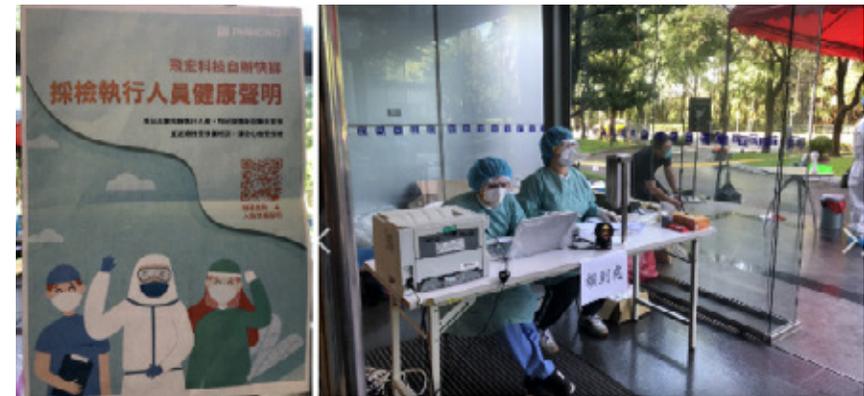
In response to the increase in alert standards and in accordance with the FSC's epidemic prevention guidelines, important strengthening measures are as follows:

1. Shareholders will be admitted to the meeting by name and will complete a health declaration form.
2. Body temperature is taken before entering the site. Alcohol hand disinfection and wearing a mask throughout.
3. Enhance the disinfection of the shareholders' meeting site and maintain air circulation.
4. The podium is equipped with an anti-epidemic partition. Shareholders' seats are kept more than 1.5 meters apart with alternative seating.
5. After each shareholder has finished speaking, the microphone will be sterilized immediately.
6. An outdoor tent will be set up to provide a backup venue for the shareholders to keep track of the whole process and to speak and vote.



◆ Visitors Epidemic Prevention Measures:

1. Visitors must apply for entry to the plant by the respondent unit. The General Affairs Department will approve the entry depending on the epidemic status.
2. Enter the factory with a real name and fill out a health declaration.
3. Take body temperature, alcohol hand disinfection and wear mask before entering the factory.
4. Receiving visitors, express delivery or goods acceptance will be performed at the counter on the first floor or B1.
5. As the epidemic escalates, we make rolling adjustment of visitors to the factory. Except for equipment maintenance, general visitors are not allowed to enter the factory.
6. From April 2022 onwards, all visitors entering the factory will be subjected to fast screening and will only be allowed to enter the factory if the test result is negative.



During the increasingly severe epidemic in 2021, PHIHONG has implemented the above-mentioned epidemic prevention measures in advance to ensure the safety of employees. There was no confirmed case of employees infected with the disease in the workplace. The overall effectiveness of the epidemic prevention was clearly demonstrated.

The only confirmed case was in PHIHONG's headquarters in Lin Kou, Taiwan, where a female senior executive was infected in June 2021 due to having a close contact with an external confirmed case. COVID infection was confirmed with a PCR test. The epidemic prevention team immediately notified 1922 and took expanded response measures to prevent the spread of the epidemic. These include general screening of all staff in the same building, strengthening building-wide cleaning, floor access control, and banning elevators. Moreover, we convene daily epidemic prevention video meetings, actively cooperate with government epidemic prevention regulations, and continue to strengthen various epidemic prevention measures. We also provide full subsidies to encourage employees to receive the COVID-19 vaccine. As a corporate social citizen, PHIHONG hopes to join hands in the second half of the epidemic prevention period and continue to protect the health and safety of every employee.

1

Corporate Sustainability

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- 1.2 Stakeholders Engagement
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1.1 Sustainability Vision and Strategy

From CSR to ESG Sustainability

PHIHONG's mission is: "Take environmental protection and loving the earth as our responsibility. Provide a full range of electrical energy solutions. Become a quality enterprise with shared prosperity for customers, employees, shareholders, and manufacturers". In line with the spirit of corporate social responsibility, PHIHONG has been publishing CSR reports since 2009. In 2014, a Corporate Sustainability Committee was formed with the Chairman as the chairperson. The Group CEO leads the management team to collect important issues related to CSR, respond and disclose them. In 2021, PHIHONG re-examine our past CSR practices and resources. We take into account international trends and understand that as the world evolves, people are becoming more concerned about ESG issues. If a company only seeks to make profits and does not face environmental and social issues, or if it does not have a good governance structure, it is very difficult to become sustainable. Therefore, in order to implement the sustainable development policy and integrate ESG with our core development strategy, we have established the Sustainable Development Office under the Corporate Sustainable Development Committee, with the 3 major directions of environmental sustainability (E), social inclusion (S), and corporate governance (G) as the blueprint for our sustainable development strategy. We also use the United Nations Sustainable Development Goals (SDGs) as the direction for our sustainability strategy. We continue to refine our sustainability strategies and goals, so that we can cover all the management aspects that have a real impact on the sustainability of our business.

The "Sustainable Development Office" is the core unit of PHIHONG to promote corporate sustainability. There are 7 functional groups under the Corporate Sustainability Committee, with members being the first-level executives of each group (division). The issues of concern to different stakeholders are assigned to each relevant unit according to the specialization and responsibilities of each department. We regularly track the implementation status of each group in our monthly meetings. We also hold the "ESG Sustainability Report Editing Kick-off Meeting" in the fourth quarter of each year. Through the annual planning and promotion of the ESG management system and the compilation of the ESG sustainability report, we review the effectiveness of the company's ESG implementation. Moreover, we regularly report to the Board of Directors each year on the issuance of the current year's report, the progress of important projects and future plans. The responsibilities and organization of PHIHONG's Corporate Sustainability Committee are shown in the chart below:

Main Responsibilities of the Sustainable Development Committee



Formulate and promote sustainable development policies and help integrate corporate sustainability values into the company's business strategies.



Review the objectives, strategies and action plans of the company's sustainability policy and review their effectiveness.

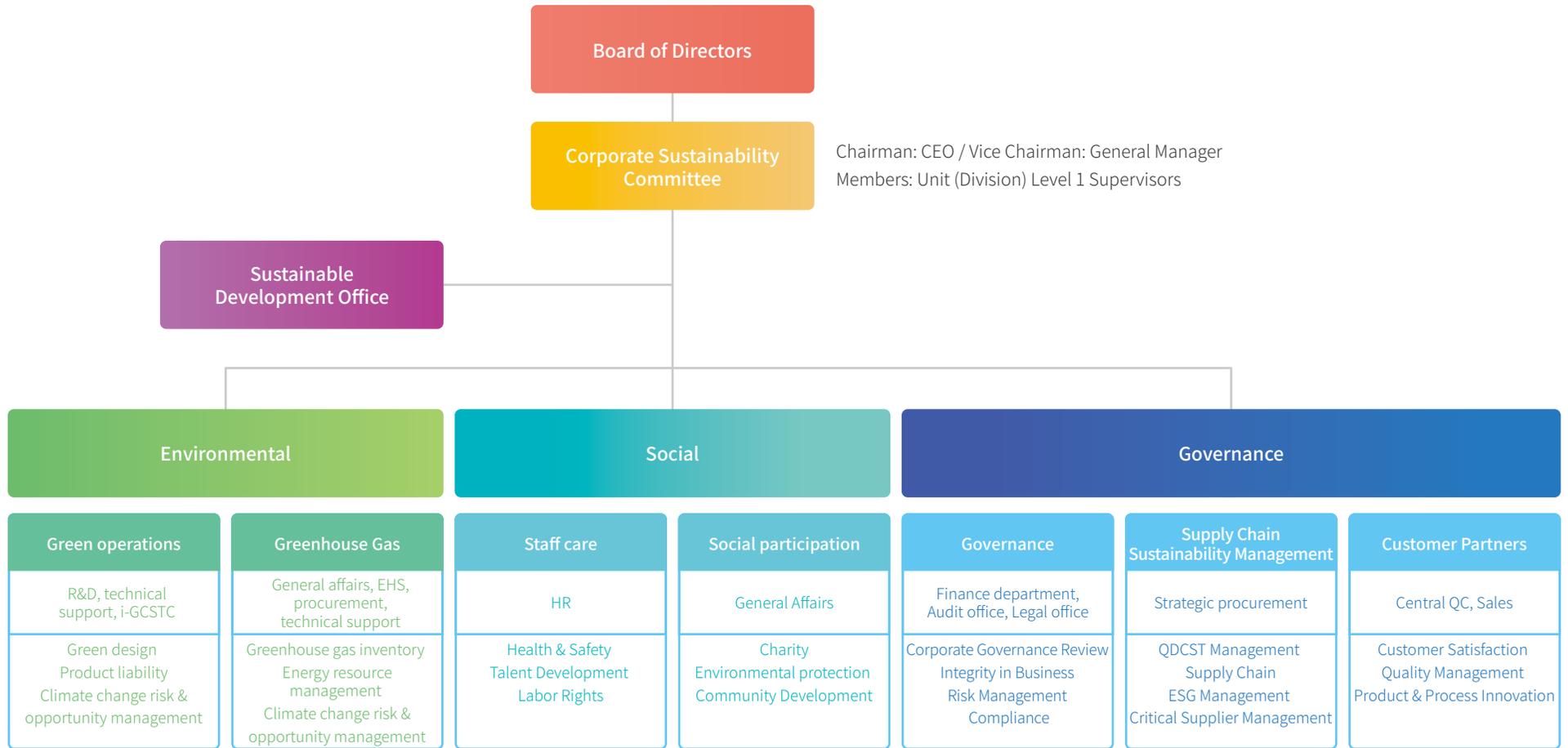


Direct and track the progress and performance improvement of each sustainable development action plan.



Responsible for the compilation and publication of ESG sustainability reports.

Operating Model of PHIHONG' s ESG Sustainable Governance



Vision

We have adopted the three major directions of environmental sustainability (E), social inclusion (S), and corporate governance (G) as the blueprint for sustainable development strategies to align with international sustainability standards and norms. We will integrate SDGs into our corporate culture and operation strategy as the driving force for achieving sustainable development goals, integrate internal and external resources, and continuously improve and innovate to create sustainable value for all stakeholders.

Strategy

We are committed to sustainable corporate development. Through the 7 aspects: green operations, greenhouse gas management, employee care, social engagement, corporate governance, sustainable supply chain management and customer partnership, we promote sustainable and inclusive economic growth, social development and environmental protection to realize our strategic blueprint for sustainability.

Policy

PHIHONG has adopted the social responsibility standard SA8000, Occupational Safety and Health Management System (ISO 45001), Corporate Social Responsibility Guidelines (ISO 26000), Responsible Business Alliance Code of Conduct (RBA), United Nations Sustainable Development Goals (SDGs), and other guidelines. In addition, we have formulated the "CSR Manual" and "CSR Management Procedures" with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", to implement the management of PHIHONG's ESG-oriented practices in environmental, social, and corporate governance. Moreover, we are always aware of domestic and international issues of sustainable development and climate change, and review and improve our systems and regulations accordingly. We fulfill the following commitments and guidelines with our stakeholders:

- ◆ To create corporate value and enhance the profitability of our investors and stakeholders.
- ◆ Stable corporate governance, ethical integrity, and compliance with legal regulations.
- ◆ Construct a healthy and safe working environment for employees and promote active participation in social services.
- ◆ Strengthen supplier partnerships and customer service, and work together for sustainable corporate development.
- ◆ Develop and manufacture environmental protection and energy-saving products that comply with HSF (Hazardous Substance Free) to reduce environmental impact and fulfill our global citizenship responsibilities.

Sustainable Training. Shaping Culture

Since 2020, the COVID-19 epidemic has spread around the world. Its severity has far exceeded imagination, posing threats and impacts on human health, economic growth, and social development. It has also made the world realize that "sustainability" is the key to corporate development. The emphasis on the 3 aspects of ESG has gradually become the global standard for corporate sustainability. The key to sustainable transformation lies in employees, because "people" are the key to promoting and implementing ESG and helping companies move toward sustainable management. Therefore, we expect all employees to understand the concept of corporate sustainable development and its implementation at PHIHONG. We have incorporated the "PHIHONG Corporate Sustainable Development and Practice" course into the mandatory pre-employment training course for all new employees to reinforce the concept with in-depth and simple

explanations. In addition, we embed ESG issues into different annual education and training programs. We encourage employees to participate in seminars and share relevant information through physical or online means, to build corporate citizenship and resonance. This helps the company to form a set of values and corporate culture that support ESG.

For companies, employees play a key role in initiating and igniting the organizational culture and driving the company toward sustainability. We also promote sustainability through concrete actions, leading all employees to practice ESG-related actions such as environmental protection and social care in their lives. We firmly believe that such a philosophy must be understood, recognized and supported by our employees before it can be transformed into various actions to promote ESG development. In view of this, PHIHONG is pleased to initiate charity activities and encourage colleagues to actively participate in them. By doing what we do, we are moving towards sustainable development, social inclusion, and a better environment. After participating in ESG related actions or activities, employees share their achievements and insights by uploading news and activities on the company website and PHIHONG ESG fan group (FB). This increased the awareness of CSR among all employees and encouraged them to participate in ESG activities and strengthen their cohesiveness and participation as part of work-life balance. Our employees grow together with the company.



2021 ESG-related Trainings

Aspects	Course title	Hours	No. staff	Total hours
Environmental sustainability (E)	The latest EU RoHS and REACH regulations seminar & China Blue Sky Defense Plan seminar and QA sharing	2.5	1	2.5
	Global Net Zero Carbon Emissions Trend and Corporate Responses	2	6	12
	2021 Business Week ESG Carbon Reduction Summit (Online Forum)	5.5	1	5.5
	Introduction to international environmental regulations and PHT's environmental substance standards	3.5	1	3.5
	Greenhouse Gas Inventory Training	3	2	6
Social inclusion(S)	Conflict Minerals Introduction	3	5	15
	ESG Sustainability Practices: How to Build a Culture and Report Well	3	1	3
	Newcomer Training: PHIHONG CSR Practice Sharing	1.5	117	175.5
	Newcomer Training: PHIHONG Code of Business Ethics and Conduct	0.5	117	58.5
Corporate governance (G)	Legal Liability & Practical Case Analysis of "Short-Term Trading" by Corporate Insiders	3	1	3
	Using ESG to enhance corporate strategy capabilities	3	1	3
	How internal auditors apply digital forensics in trade secret protection & investigation	6	1	6
	War and Protection of Invisible Assets - Trade Secrets and Competition Prohibition	6	1	6
	Fraud Risk Auditing Practice and Management	6	1	6
	Explanation of Important Policy Measures in the Latest "Corporate Governance 3.0 - Blueprint for Sustainable Development	3	1	3
	Corporate Governance 3.0 - Sustainable Development Explained	2	6	12
	TWE's "2021 Insider Trading Prevention Seminar	3.5	1	3.5
	Corporate Governance (Director & Executive Program) - ESG Impact on Business	3	2	6
	When a Director Meets a Breach of Trust-Practice and Prospects of Directors' Fidelity Obligations in Public Companies	3	5	15
Ten Lessons for Directors and Supervisors: The Link between ESG Indicators and Corporate Financial Disclosure	3	1	3	
Total		63	398	612.5

1.2 Stakeholders Engagement

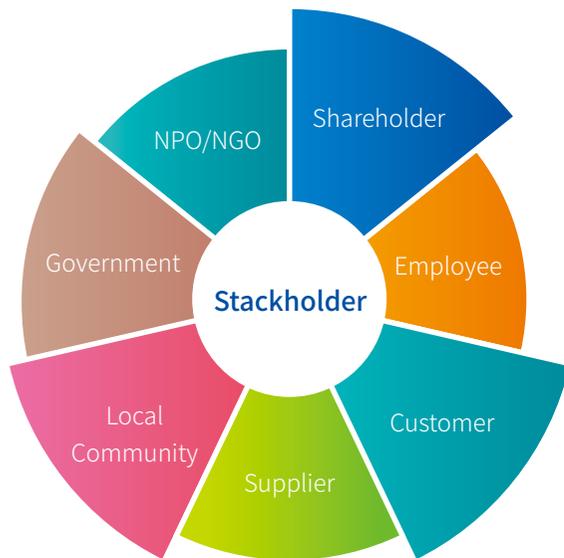
Through different communication channels, PHIHONG collects and discusses the economic, environmental, social, and corporate governance-related issues that are of concern to various stakeholders, to understand their concerned themes and aspects about sustainability. We also refer to international sustainability standards such as GRI Standards, SDGs, TCFD, SASB, and other specific issues as the basis for stakeholder communication and feedback. We listen to, understand, and analyze their needs and expectations in depth, to identify major sustainability issues such as environmental sustainability, social inclusion, and corporate governance, which are listed as the company's goals for sustainable management and used as the basis for this report.

2021 Major Issue Analysis Process

Process	Steps	Process description
Identify & Collect	Step1. Identify stakeholders	7 Groups According to the definition of stakeholder, the AA1000 SES-2015 Stakeholder Engagement Standard was used to identify 5 dimensions of stakeholders. Finally, 7 categories of stakeholders were identified according to their importance, namely, shareholders (investors), employees, customers, suppliers (contractors), government agencies, non-profit organizations (NPOs/NGOs), and communities.
	Step2. Collect Sustainability Issues	30 Sustainability Issues A survey covering 30 sustainability issues was developed with reference to specific topics of the GRI Guidelines, the United Nations Sustainable Development Goals (SDGs), Sustainability Accounting Standards (SASB), ISO 26000, and information from external sustainability reports (including international sustainability issues and industry benchmarking issues).
Analyze & Sort	Step3. Concern Survey	731 Valid questionnaire A questionnaire survey was conducted on sustainability issues for stakeholders. 731 questionnaires were collected to understand stakeholders' concerns about sustainability issues and to conduct statistical and analytical work.
	Step4. Organizational Operations Impact	20 Department managers Stakeholders' concerns were summarized and provided to 20 department managers at PHIHONG for understanding. At the same time, an operational impact questionnaire was distributed to the managers to assess the potential economic, environmental, and social impacts of each issue on PHIHONG.
Review & Confirm	Step5. Decide disclosure scope	2 Topic scopes Determine the scope and boundaries of major themes. For the identified major themes, the scope of the value chain covered by PHIHONG is evaluated in its entirety, based on the activities, products, services, and related impacts that occur within or outside the organization, upstream and downstream.
	Step6. Review and confirm major issues	15 Major issues The 14 important disclosure issues are listed according to the matrix analysis of major issues. In addition, the issue of "Risks and Opportunities of Climate Change" was specifically disclosed. The Corporate Sustainability Committee reviewed and confirmed these 15 issues and finally decided to include them as the major issues to be disclosed in the 2021 Sustainability Report.

Identify the stakeholders

PHIHONG has a wide range of stakeholders. To present representative stakeholders, PHIHONG defines stakeholders as "those who will be affected by our activities, products or services or whose behavior will affect PHIHONG's ability to successfully execute its strategies or achieve its goals. The AA1000 SES-2015 Stakeholder Engagement Standard was referenced to identify 5 dimensions of stakeholders: dependency, influence, concern, responsibility, and multiple perspectives. Finally, 7 categories of stakeholders were identified according to their importance, namely, shareholders (investors), employees, customers, suppliers (contractors), government agencies, non-profit organizations (NPOs/NGOs), and communities.



01 Who do we have obligations to?

Whom we are legally, financially, or operationally liable
 → Government / investors(shareholders) /customers / employees



02 Who are we going to influence externally?

Stakeholders who will be affected by the organization operation
 → Customers / Investors (Shareholders) / Suppliers / Government / Local Community / Partners / NPO/NGO



03 Who will influence our business??

Stakeholders who will affect the organization's business performance
 → Customers / suppliers / employees / investors(shareholders) / government / industry / media

List of stackholders

Stackholder	Recommended targets
Shareholder	General shareholders (including employee shareholders), corporate shareholders and rating agencies
Employee	Direct and indirect personnel, PHIHONG Taiwan indirect personnel, Dongguan plant mainly direct personnel (including all levels of organization supervisors and employees)
Customer	Both domestic and international brand clients
Supplier	The main target is raw material suppliers, and some engineering contractors/cleaning service providers, waste cleaners, etc.
Local Community	Industrial park management center staff and people of the neighboring communities in the area where the plant is located
Government	Local authorities related to environmental, social and corporate governance
NPO/NGO	Academic institutions and nonprofit foundations, etc.

Stakeholder Communication System

The key foundation of PHIHONG’s corporate sustainability practice is to fully listen to stakeholders’ opinions and understand their needs. Each year, we actively engage in two-way communication through regular and irregular communication channels in our daily business. We also collect feedback from stakeholders through questionnaires on identified sustainability issues. In addition, a stakeholder complaint box (ESG@phihong.com.tw) has been set up on the official website to respond appropriately to issues of concern to various stakeholder groups, which are then collected and compiled into PHIHONG’s sustainability-related issues. If the issue is important and time-sensitive, the PHIHONG Corporate Sustainability Committee and the relevant departments will promptly respond to it through ad hoc meetings. In this way, we can create different effects and generate diversified social values with our stakeholders and maintain their respect and trust in PHIHONG.

Stockholders	Importance to PHIHONG	Topics of concern	Communication method	Frequency	2021 Focus & Performance
<p>Shareholders, investors</p>	<p>To protect the rights and interests of investors and shareholders and to ensure fairness. Implement corporate governance. Continuously monitor and communicate with our investment partners. Enhance information transparency.</p>	<ul style="list-style-type: none"> Operational performance Market presence Integrity management and anti-corruption Risk management Product quality and technology R&D 	<ul style="list-style-type: none"> Annual General Meeting of Shareholders Regular publication of annual (quarterly) financial reports in accordance with regulations Respond to inquiries by email or through our speech system Company website ESG questionnaire survey Stakeholder complaint box 	<ul style="list-style-type: none"> Annually Quarterly Irregular Irregular Annually Permanent 	<ul style="list-style-type: none"> ✓ Hold the annual Shareholders' Meeting. ✓ Hold a legal conference ✓ Hold an extraordinary shareholders' meeting ✓ Regularly announce financial and corporate governance information.
<p>Customers</p>	<p>We listen to the voice of our customers, focus on their needs. Continue to provide them with better services and enhance their value.</p>	<ul style="list-style-type: none"> Product quality and technology research and development Customer health and safety Socio-economic compliance Compliance with environmental laws and regulations Customer privacy Emission of greenhouse gases RBA Code of Conduct 	<ul style="list-style-type: none"> Customer service hotline / Company official website Email, regular meetings and audits Customer satisfaction questionnaire ESG Questionnaire Customer complaint handling procedure ESG disclosure platforms such as CDP, EcoVadis Self-Assessment Questionnaire (SAQ) and On-site Audit 	<ul style="list-style-type: none"> Irregular Annually Irregular Annually Annually Annually Irregular (Multiple times/year) 	<ul style="list-style-type: none"> ✓ Customer Satisfaction Survey 100 % return rate (45 questionnaires in total). ✓ The overall project customer satisfaction rate is 84.9%.
<p>Employees</p>	<p>Employees are the most important partners of PHIHONG’s sustainable development. We are committed to creating a diversified, equal, and healthy working environment. We expect to grow and develop together with our employees.</p>	<ul style="list-style-type: none"> Labor/employment relations Occupational health and safety Employee diversity & equal opportunity Training and education Freedom of association and group consultation The Human rights/grievance mechanism Forced or compulsory labor/Child labor No Discrimination/No Harassment Improvement suggestions 	<ul style="list-style-type: none"> Internal announcement and electronic bulletin board Group meal meeting Employee opinion survey Employee complaint mailbox Meeting for newcomers and senior executives Employee welfare committee meeting Labor-management meeting ESG questionnaire CI improvement promotion platform 	<ul style="list-style-type: none"> Irregular Semi-annually Annually Permanent Irregular Monthly Quarterly Annually Permanent 	<ul style="list-style-type: none"> ✓ Hold regular quarterly labor-management meetings and employee welfare committee meetings. ✓ The overall satisfaction rating of the Employee Satisfaction and Engagement Survey is 4.51 marks, an increase of 0.45% compared to last year. ✓ Organize annual performance appraisal, employee promotion and salary adjustment operations.

Stockholders	Importance to PHIHONG	Topics of concern	Communication method	Frequency	2021 Focus & Performance
Suppliers	PHIHONG's supply chain partners provide high quality materials and services. We expect to establish a sustainable partnership with our partners to move forward together towards sustainable corporate development.	<ul style="list-style-type: none"> Supplier environmental assessment Supplier social assessment Supplier human rights assessment Procurement practice Material quality management Raw material management 	<ul style="list-style-type: none"> New supplier review Supplier audit and interview QBR or quality meeting Supplier e-Kanban board ESG questionnaire Stakeholder complaint mailbox 	<ul style="list-style-type: none"> Irregular Irregular > Quarterly Irregular Annually Permanent Irregular 	<ul style="list-style-type: none"> ✓ 82% of core suppliers signed the Integrity Pledge, a 5% increase from the previous year. ✓ Conducted 34 new supplier reviews (QSAs); and 51 supplier reviews (QPAs)
Local community	Through active community participation, interaction, response, and care for the disadvantaged, we aim to achieve the goal of social inclusion and fulfill our responsibility as a sustainable citizen.	<ul style="list-style-type: none"> Wastewater discharge and waste treatment Environmental issues such as air pollution Charity Community service 	<ul style="list-style-type: none"> Official website Industrial park management center regular meeting ESG questionnaire survey Stakeholder complaint box 	<ul style="list-style-type: none"> Irregular Annually Annually Permanent 	<ul style="list-style-type: none"> ✓ The environmental monitoring rate of wastewater discharge reached 100%, in line with the requirements of regulations. ✓ Distributed epidemic prevention materials to low-income households and nursery schools in the community, Monetary and nutrition products donations to the Gulshan Elementary School Little League team.
Government	We follow relevant government regulations and proactively cooperate with the implementation of policies. We gain the government's trust, support, and cooperation through transparent two-way communication.	<ul style="list-style-type: none"> Corporate governance and operational performance Integrity management and compliance with laws and regulations Investor protection Climate change 	<ul style="list-style-type: none"> Public Information Observatory of the competent authorities Regular reporting of relevant information as required by government agencies Send staff to the factory for inspection in accordance with the law Official correspondence 	<ul style="list-style-type: none"> Irregular Irregular Irregular Irregular 	<ul style="list-style-type: none"> ✓ Regularly disclose operational information on the Market Observation Post System. ✓ Ranked 6-20% in the 8th Annual Corporate Governance Rating
NGO/NPO	Integrate resources with nonprofit organizations to build long-term sustainable partnerships for environmental reduction and social issues	<ul style="list-style-type: none"> Environmental management and climate change (TCFD) International Carbon Disclosure Project (CDP) Issues related to ESG corporate sustainability Social participation and charity 	<ul style="list-style-type: none"> Project advocacy and disclosure & reporting Attend events related to sustainability issues Donation or sponsorship 	<ul style="list-style-type: none"> Annually Irregular Irregular 	<ul style="list-style-type: none"> ✓ Respond to the CDP Carbon Disclosure Project ✓ Follow SASB/TCFD Guidelines, Response and Disclose ✓ TCSA Taiwan Corporate Sustainability Award Silver Award Recognition ✓ Old Shoes for Livee Fundraising/Sunshine Social Welfare Foundation

731
valid returned questionnaires



7.0%

Shareholder 51



38.7%

Supplier 283



5.7%

Customer 42



41.0%

Employee 300



7.5%

Community 55

Stakeholders	No. of returned questionnaires	%	Score weighting
Shareholder	51	7.0%	3
Customer	42	5.7%	3
Government	0	0.0%	0
Employee	300	41%	1
Supplier	283	38.7%	1
Community	55	7.5%	2
Total	731	100%	

1.3 Material topics in sustainable development

2021 Matrix of material topics in sustainable development

This year, 14 major sustainability topics were identified through Matrix Analysis. Compared to the previous year's report, procurement practices, water and drainage, wastewater and waste, labor relations, employee diversity & equal opportunity, and COVID-19 have been revised to secondary topics. In addition, we disclose the topic "Risks and Opportunities of Climate Change". A total of 15 major sustainability topics are described and disclosed in the report.

Stakeholder Concerns Assessment	high	<ul style="list-style-type: none"> ▪ Employment (401) ▪ Environmental Compliance (307) ▪ Anti-corruption (205) ▪ Customer Health and Safety (416) ▪ Climate Change Risks and Opportunities (self-defined) 	<ul style="list-style-type: none"> ▪ Economic performance (201) ▪ Market presence (202) ▪ Green R&D/ product quality (self-defined) ▪ Occupational Health & Safety (403) ▪ Training & education (404)
	<ul style="list-style-type: none"> ▪ Indirect Economic Impacts(203) ▪ Non-discrimination(406) ▪ Child Labor(408) ▪ Forced or Compulsory Labor (409) ▪ Security Practices (410) ▪ Aboriginal Human Rights Assessment(411) ▪ Local communities(413) ▪ Marketing & Labeling (417) 	<ul style="list-style-type: none"> ▪ Water and Effluents (303) ▪ Labor/Management Relations (402) ▪ Diversity and Equal Opportunity (405) 	<ul style="list-style-type: none"> ▪ Customer Privacy & Data Security (418) ▪ Materials (301) ▪ Energy (302) ▪ Emissions (305) ▪ Socioeconomic Compliance (419)
	<ul style="list-style-type: none"> ▪ Anti-competitive Behaviour (206) ▪ Freedom of Association and Collective Bargaining (407) ▪ Public policy (415) 	<ul style="list-style-type: none"> ▪ Supplier Environmental Assessment (308) ▪ Supplier Social Assessment (414) 	<ul style="list-style-type: none"> ▪ Waste (306) ▪ Procurement Practices (204)
	low	Significant economic, environmental, and social impacts	
			high

2021 List of Sustainability Topics

Economic (200) series	
Major disclosure topic	GRI standard
Economic performance	GRI 201:2016
Market presence	GRI 202:2016
Anti-corruption	GRI 205:2016
Climate change risks and opportunities	Self-defined
Green R&D / product quality	Self-defined
Environmental (300) series	
Major disclosure topic	GRI standard
Materials	GRI 301:2016
Energy	GRI 302:2016
Emissions	GRI 305:2016
Environmental compliance	GRI 307:2016
Social (400) series	
Major disclosure topic	GRI standard
Employment	GRI 401:2016
Occupational Health & Safety	GRI 403:2018
Training & Education	GRI 404:2016
Customer Health and Safety	GRI 416:2016
Customer Privacy & Data Security	GRI 418:2016
Socioeconomic Compliance	GRI 419:2016

Boundary identification of material topics

Direct impact Facilitating or business relationship impact

Series	Material topics	Corresponding standard	Significance of material topics to PHIHONG	Internal impact	External impact						Corresponding section	Responsible unit	
					Supplier	Customer	Community	Shareholder	Government	NGO			
<p>Economic (200) series</p>	Economic performance	GRI 201:2016 Economic performance	Stable business performance is the foundation for sustainable development. Through economic performance, companies attract talent to create economic value and reward stakeholders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.1 Operational Overview	Finance, Accounting, HR
	Market presence	GRI 202:2016 Market presence	The value generated through operational performance is distributed and rewarded, which contributes to local economic development and job opportunities.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1 Talent selection and cultivation	HR
	Anti-corruption	GRI 205:2016 Anti-corruption	Integrity is the core of PHIHONG's business, the central thinking of all activities, and the top of the business philosophy.	<input checked="" type="checkbox"/>	1.1 Sustainability Vision and Strategies 2.3 Integrity and compliance with laws	Audit Office, HR							
	Climate change risks & opportunities	Self-defined topic	Identify the financial impact of climate change on operations and manage risk effectively.	<input checked="" type="checkbox"/>	4.3 Risks and Opportunities of Climate Change	Finance, EHS Unit, General Affairs							
	Product quality / Green R&D	Self-defined topic	Green design with product life cycle thinking to develop green and low carbon products	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3.2 Product quality and responsibility 4.2 Green and Sustainable Design	i-Green Charging Solution Technical Center, QC
<p>Environmental (300) series</p>	Materials	GRI 301:2016 Materials	Implement raw material composition control. Ensure that product development and design, production and subsequent recycling are above environmental requirements.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3.2 Product quality and responsibility 3.4 Sustainable Supply Chain Management	Technical support
	Energy	GRI 302:2016 Energy	Energy resource management is a sustainable business strategy and driver. Systematic management enables environmental performance for energy conservation, continuous improvement, and pollution prevention.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4.4 Energy and resource management	General Affairs, EHS Unit
	Emissions	GRI 305:2016 Emissions	Reduce greenhouse gas emissions is a global environmental protection trend. Through the greenhouse gas inventory to quantify the monitoring report, in order to promote greenhouse gas emissions control reduction.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4.3 Risks and Opportunities of Climate Change	General Affairs, EHS Unit, Technical support
	Environmental compliance	GRI 307:2016 Environmental compliance	We operate with integrity and comply with the laws and regulations of our operations. This is the role and responsibility of PHIHONG as a global citizen.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2.3 Integrity and compliance with laws	General Affairs, EHS Unit

Series	Material topics	Corresponding standard	Significance of material topics to PHIHONG	Internal impact	External impact					Corresponding section	Responsible unit
					Supplier	Customer	Community	Shareholder	Government		
 <p>Social (400) series</p>	Employment	GRI 401:2016 Employment	According to the annual company goal and salary policy, we evaluate the internal and external salary, and provide competitive salary and well-benefits to our employees.	✓	✓		✓		✓	5.1 Talent selection and cultivation	HR
	Occupational Health & Safety	GRI 403:2018 Occupational Health & Safety	Employees are the most important asset of PHIHONG. Building a healthy and safe workplace environment for employees is the key to sustainable management of the company to maximize human efficiency and productivity.	✓	✓				✓	5.3 Workplace Safety and Health	General Affairs
	Training & Education	GRI 404 Training & Education	Employees are the most important asset of a company's operation. The growth of employees is an important part of a company's competitiveness and innovation.	✓		✓	✓		✓	5.1 Talent selection and cultivation	HR
	Customer Health and Safety	GRI 416 Customer Health and Safety	We provide customers and users with convenient, safe, energy- saving and non-hazardous green power supply-related products. This is the basis of our sustainable management.	✓	✓	✓			✓	3.2 Product quality and responsibility	i-Green Charging Solution Technical Center, QC, Technical support
	Customer Privacy & Data Security	GRI 418:2016 Customer Privacy	Good data flow control and information security management are necessary to protect customer privacy and company information confidentiality	✓	✓	✓				2.4 Implement risk management	Legal, Business, Information & Data center
	Socioeconomic Compliance	GRI 419:2016 Socioeconomic Compliance	We follow the relevant local laws and ethical principles in order to enhance the company's all-round advantages and build a socially responsible and sustainable enterprise.	✓	✓	✓	✓	✓	✓	2.3 Integrity and compliance with laws	Legal, Audit Office, Safety Committee

Material Topics Management Policy

Series	Material topic	Management Mechanism	Promise / Policy	2021 Evaluation System & Results	Mid- & long-term goals	Resources / Actions / Grievance Mechanism
	Economic performance	<ul style="list-style-type: none"> Establish a completely new strategy and management practices to improve operational performance and achieve sustainable growth. 	<ul style="list-style-type: none"> To provide a better welfare system to reward stakeholders and to ensure the rights and interests of labor retirees. Policy: Salary Policy, Labor Policy 	<ul style="list-style-type: none"> Verified by certified public accountants Revenue for 2021 was NT\$12,284 million. 	<ul style="list-style-type: none"> Strengthen corporate governance to expand revenue and profitability Focus on gross margin improvement to eliminate deficits and strengthen the overall system of turning losses into profits. 	<ul style="list-style-type: none"> Finance or ESG complaint mailbox
	Market presence	<ul style="list-style-type: none"> We offer salaries that are better than the local minimum wage to our employees and give preference to local people for promotion to management. 	<ul style="list-style-type: none"> We hire workers at a rate better than the local minimum wage and offer opportunities for promotion to management positions. Compensation Policy, Appointment Policy 	<ul style="list-style-type: none"> Internal audit In 2021, the minimum salary of PHIHONG's indirect employees in Taiwan was increased to 1.12 times the local basic wage compared to last year. All overseas plants employ employees at the local basic wage rate. 	<ul style="list-style-type: none"> Continuously provide better than legal compensation and promotion opportunities for local employees Regularly review salary levels and provide employees with motivating compensation. 	<ul style="list-style-type: none"> Labor-management meeting, Staff complaint box
<p>Economic (200) series</p>	Anti-corruption	<ul style="list-style-type: none"> Implement the Code of Corporate Ethics and Business Conduct. Establish a corporate culture of integrity and sound corporate sustainable development. Establish a whistle-blowing mailbox and a reward and punishment system, and other preventive measures. 	<ul style="list-style-type: none"> Create a corporate culture of integrity throughout the company and provide customers with the highest quality products and services. Code of Business Ethics and Business Conduct 	<ul style="list-style-type: none"> Internal audit No breach of integrity or corruption in 2021 	<ul style="list-style-type: none"> Keep building integrity and honesty as the core values of the company culture. All employees and managers uphold integrity in business activities. Keep aiming for zero breach of integrity and corruption 	<ul style="list-style-type: none"> Audit Office report mailbox
	Climate change risks & opportunities	<ul style="list-style-type: none"> Climate change and energy management is one of the major topics and key risk items for the sustainable development of PHIHONG. We continue to analyze and control and devote ourselves to the adjustment and mitigation of greenhouse gases. 	<ul style="list-style-type: none"> Through green design, we develop high-efficiency power products to achieve the goal of actively reducing greenhouse gas emissions. Set the SBT target as the carbon reduction path, and continuously analyze and control the internal energy use 	<ul style="list-style-type: none"> Environmental Safety Management Supervision and Measurement KPI setting and monthly review Disclosure of TCFD financial information related to climate change 	<ul style="list-style-type: none"> Short-term goal of 2.5% annual carbon reduction; mid- to long-term goal of 4.2% annual carbon reduction. Continuously disclose TCFD financial related information. 	<ul style="list-style-type: none"> Stakeholder mailbox
	Product quality / Green R&D	<ul style="list-style-type: none"> We comply with the energy and material requirements of each country. Testing and verification are conducted by the relevant departments at each stage of the development process. 	<ul style="list-style-type: none"> Develop low carbon products with green design. Take environmental protection and love the earth as our responsibility. Provide a full range of electrical energy solutions to become a quality enterprise for our customers, employees, shareholders, and manufacturers to share the common prosperity. 	<ul style="list-style-type: none"> Quality verification in accordance with ISO development process. Established the i-Green Charging Solution Technical Center to develop energy generation and storage technologies. 	<ul style="list-style-type: none"> Actively develop products with high energy efficiency, high power density, which comply with environmental requirements Research and development of water-cooled two-way charging technology. By 2025, we will meet the regulatory requirements of the Combined Charging System (CCS) two-way charging system, which will be able to feed electricity into the grid or use energy storage. 	<ul style="list-style-type: none"> Central QC, i-Green Charging Solution Technical Center

Series	Material topic	Management Mechanism	Promise / Policy	2021 Evaluation System & Results	Mid- & long-term goals	Resources / Actions / Grievance Mechanism
 Environmental (300) series	Materials	<ul style="list-style-type: none"> The supplier is required to provide the homogeneous component information and hazardous substance test report for the disassembly of the parts, which is managed in the PDM system. 	<ul style="list-style-type: none"> Implement international environmental regulations to improve product quality. Our control standards are stricter than the international environmental restrictions Environmental management substance control standards, EU Waste Electrical and Electronic Equipment Directive (WEEE 2.0) 	<ul style="list-style-type: none"> Database evaluation and sample testing (external testing) All models comply with WEEE regulations, and the total recycling rate (recyclable materials) can reach 80%, with some models reaching 90% or more. 	<ul style="list-style-type: none"> Continued compliance with environmental substance control and the EU Waste Electrical and Electronic Equipment Directive (WEEE 2.0) Total recyclable material recovery rate reached over 90%. Increase the development of recycled material models. 	<ul style="list-style-type: none"> Technical support
	Energy	<ul style="list-style-type: none"> Energy saving (resource) management method 	<ul style="list-style-type: none"> Environmental Policy and Commitment of Environmental Management System ISO 14001:2015 Environmental Manual for Third Stage Management 	<ul style="list-style-type: none"> Environmental safety management supervision and measurement KPI Setting and Monthly Review Taiwan HQ:13.08% electricity saving in 2021 compared to the base year of 2016. 	<ul style="list-style-type: none"> PHIHONG Taiwan: Take the electricity consumption in 2016 as the base year, a continuous decline of more than 5% PHIHONG Dongguan: Continually save electricity 	<ul style="list-style-type: none"> General Affairs, EHS Unit
	Emissions	<ul style="list-style-type: none"> Greenhouse Gas Inventory Management Procedure 	<ul style="list-style-type: none"> Environmental Policy and Commitment of Environmental Management System ISO 14001:2015 Environmental Manual for Second Stage Management 	<ul style="list-style-type: none"> Quantitative monitoring report through greenhouse gas inventory KPI setting and monthly review PHIHONG Taiwan and Dongguan reduced carbon emissions by a total of 3,891 metric tons of CO₂ equivalent compared to the base year. 	<ul style="list-style-type: none"> Replace old air conditioner and introduce energy management systems to reduce carbon by 2.5% in the short term and 4.2% in the mid-to long-term. PHIHONG Taiwan Tainan plant built solar power system & obtained green building certification (diamond level). 	<ul style="list-style-type: none"> General Affairs, EHS Unit
	Environmental compliance	<ul style="list-style-type: none"> We comply with the ISO 14000 series standards and ISO 9001 quality management system certification standards to provide products that meet customer requirements and also take care of environmental protection, etc. 	<ul style="list-style-type: none"> Environmental Policy and Commitment of Environmental Management System Systematic management to promote environmental performance for energy saving, continuous improvement and pollution prevention. 	<ul style="list-style-type: none"> Local Environmental Regulations No violation of environmental regulations in 2021 	<ul style="list-style-type: none"> Continued efforts to maintain a zero-infringement record 	<ul style="list-style-type: none"> General Affairs, EHS Unit



Social (400) series

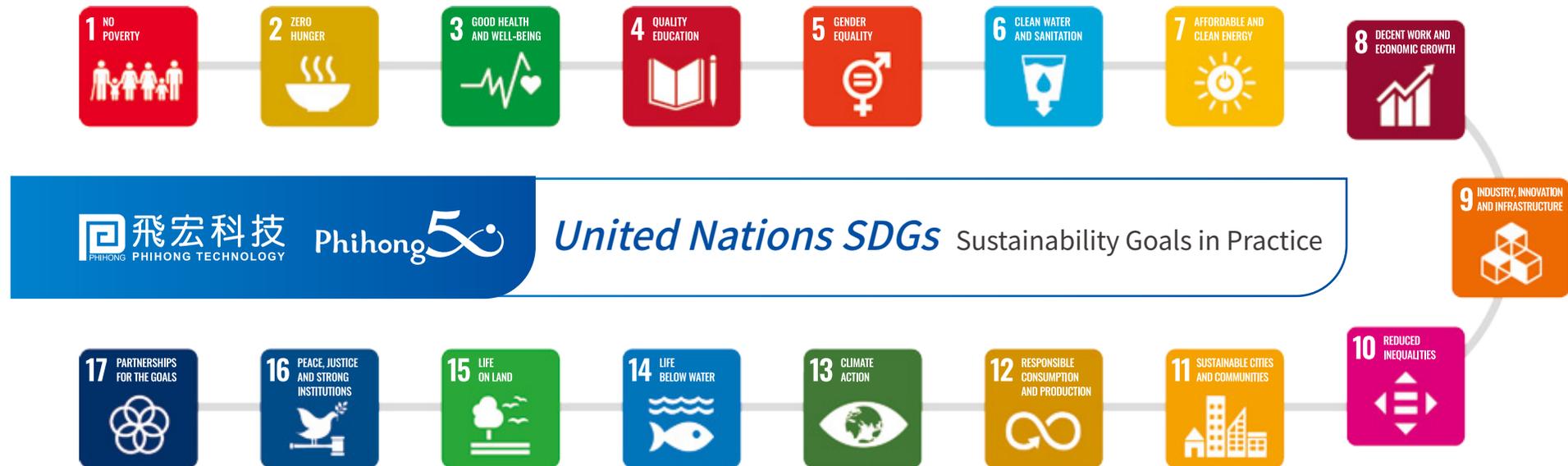
Series	Material topic	Management Mechanism	Promise / Policy	2021 Evaluation System & Results	Mid- & long-term goals	Resources / Actions / Grievance Mechanism
	Employment	<ul style="list-style-type: none"> Compensation and benefits management based on company/individual annual target performance, compensation policy and internal and external salary evaluation 	<ul style="list-style-type: none"> Share the glory. The results of our business performance come from each employee and should be shared with all employees. Compensation Policy 	<ul style="list-style-type: none"> Internal Audit The average salary adjustment rate in 2021 is about 3.8%. 	<ul style="list-style-type: none"> Optimize the salary system and take into account the concept of "equal pay for equal work and pay according to ability". Regularly review the salary level and provide employees with motivating salary compensation. 	<ul style="list-style-type: none"> Labor-management meeting, Staff complaint box
	Occupational Health & Safety	<ul style="list-style-type: none"> Through the ISO 45001 Occupational Safety and Health Management System, an Occupational Safety and Health Committee was established to review and coordinate occupational safety and health related issues. 	<ul style="list-style-type: none"> Comply with the requirements of labor safety and health to continuously improve the working environment, prevent occupational safety incidents, and reduce occupational safety risks. ISO 45001 Occupational Safety and Health Management System 	<ul style="list-style-type: none"> External periodic verification In 2021, 0.27% incidence rate of occupational accidents No excess indicators in environmental monitoring 	<ul style="list-style-type: none"> Zero major accidents Zero penalty 	<ul style="list-style-type: none"> Labor-management meeting, Occupational safety & health committee meeting
	Training & Education	<ul style="list-style-type: none"> We follow the TTQS Talent Development Quality Management System and complement it with a comprehensive education and training development system and e-learning platform. 	<ul style="list-style-type: none"> With TTQS as the benchmark for training quality, we combine the company's vision and target strategy to build a diversified training system to improve human quality and competitiveness. Education and training management procedures, internal instructor training and appointment management methods, performance-linked reward system. 	<ul style="list-style-type: none"> Internal Audit 2021 PHIHONG Taiwan training hours per capita 34.8hr; overseas plants 28.7hr 	<ul style="list-style-type: none"> Continuously arrange professional and diversified education and training to enhance the quality of human resources and corporate competitiveness. The percentage of digital courses (lectures) is more than 50% of the total number of courses. 	<ul style="list-style-type: none"> Labor-management meeting, Staff complaint box
	Customer Health and Safety	<ul style="list-style-type: none"> With the product life cycle thinking, we integrate the principles of reducing environmental toxicity, reducing materials, easy assembly, improving energy efficiency, and easy disassembly and recycling to develop green product design. 	<ul style="list-style-type: none"> Design and manufacture green products that comply with safety regulations and environmental management substances to maintain user safety. Through a rigorous verification process, our products are designed to comply with safety regulations and reduce environmental impact to meet environmental regulations. 	<ul style="list-style-type: none"> Customer feedback/internal audit/external review No customer health and safety incidents in 2021 	<ul style="list-style-type: none"> Continuously design products that comply with environmental and safety regulations Maintain a record of zero customer health and safety incidents. 	<ul style="list-style-type: none"> Customer Service Mailbox, ESG Mailbox
	Customer Privacy & Data Security	<ul style="list-style-type: none"> We follow Information processing and customer data protection procedures, corporate ethics and business conduct guidelines, and technical document control measures to implement customer document management. 	<ul style="list-style-type: none"> We protect internal and external information to build customer trust. Information processing and customer data protection procedures, integrity, and ethical behavior standards 	<ul style="list-style-type: none"> Internal Audits No breach of customer privacy in 2021 	<ul style="list-style-type: none"> Continuously enhance data protection mechanism and strengthen employees' awareness of data security Maintain zero breach of customer privacy. 	<ul style="list-style-type: none"> Customer Service Mailbox, ESG Mailbox
	Socioeconomic Compliance	<ul style="list-style-type: none"> We ensure compliance with local laws and regulations. We establish a code of conduct for employees to ensure full compliance. 	<ul style="list-style-type: none"> Follow social and economic laws and regulations to build a sustainable enterprise that is socially responsible Integrity, moral and ethical behavior standards, public company management law 	<ul style="list-style-type: none"> Local regulations, internal audits No violation of social and economic laws and regulations in 2021 	<ul style="list-style-type: none"> Continue to comply with economic, environmental, and social regulations and strive to maintain zero violations. 	<ul style="list-style-type: none"> Audit report mailbox, ESG Mailbox

1.4 United Nations SDGs Sustainability Goals in Practice

As the concept of corporate sustainability continues to evolve, investors are promoting the Principle of Responsible Investment (PRI), which incorporates Environment, Society and Governance (ESG) performance of investment targets into their investment analysis. In addition, as the world faces the challenges of climate change, economic growth, social equality, and the wealth gap, the United Nations announced the Sustainable Development Goals (SDGs) in 2015, which include 17 SDGs, including eradicating poverty, mitigating climate change, and promoting gender equality. The SDGs guides the world to work together to move towards sustainability. At that time, 193 countries had already agreed to work towards achieving the 17 SDGs by 2030. Taiwanese companies are also responding to the SDGs by promoting various projects and activities to create a better world.

PHIHONG supports and responds to the 17 core concepts of the SDGs proposed by the United Nations, following the 169 specific practice indicators of the "SDGs Compass". We evaluate the risks and opportunities of SDGs caused by the activities in the value chain and include the positive and negative impacts of our current and future operations in our business objectives.

We have identified 17 SDGs targets and listed 15 SDGs sustainability indicators corresponding to the PHIHONG'S material topics for the year, demonstrating our commitment to the spirit of SDGs and integrating them into our actual business processes and setting targets. Performance tracking is conducted regularly by the Sustainability Promotion Team. In the future, we will continue to work together with all our stakeholders, to actively play our role as a social citizen by aligning our sustainability strategy with international standards. We will consider social responsibility as an integral part of our operations and strike a balance between the economy, the environment and society. In this way, we expect to make a significant impact on the actual improvement of global sustainability issues.





No poverty

SDGs Goal

- Goal 1.5: Empower poor and vulnerable communities to recover from disasters. Reduce the frequency and severity of their exposure to climate extremes and other disasters.

PHIHONG' s target

- With our "Neighborhood friendly. Caring for the disadvantaged" philosophy, we continue to help and care for disadvantaged groups.

How PHIHONG responds to SDGs

- Regular monthly monetary and nutritional products donations to the Taoyuan "Muhsiang Home" nursery and the Guishan Elementary School Little League team.
- In response to "Old Shoes Save Lives", in 2021, we collected over 200 items to donate to Africa. We also distribute epidemic prevention supplies to low-income families and nurseries in our community.

Corresponding section

- 5.4 Environmental protection and social inclusion



Zero hunger

SDGs Goal

- Goal 2.1: Zero Hunger. Ensure that all people, especially the poor and vulnerable (including infants), have access to safe, nutritious, and sufficient food throughout the year.

PHIHONG' s target

- With our "Neighborhood friendly. Caring for the disadvantaged" philosophy, we continue to help and care for disadvantaged groups.

How PHIHONG responds to SDGs

- In response to "Old Shoes Save Lives", in 2021, we collected over 200 items to donate to Africa. We also distribute epidemic prevention supplies to low-income families and nurseries in our community.
- Regular monthly monetary and nutritional products donations to the Taoyuan "Muhsiang Home" nursery and the Guishan Elementary School Little League team.

Corresponding section

- 5.4 Environmental protection and social inclusion



Good health and well-being

SDGs Goal

- Goal 3.8: Achieve health care goals, including financial risk protection, and access to high quality primary health care services.

PHIHONG' s target

- Promote a healthy workplace. Create a healthy and safe workplace for our employees.

How PHIHONG responds to SDGs

- In accordance with the labor health protection rules, we allocate full-time nurses and arrange doctors to provide medical consultation and health promotion activities for employees in our factories.
- PHIHONG provides free annual health checkups for all employees, above the statutory requirements.

Corresponding section

- 5.3 Workplace Safety and Health



Quality Education

SDGs Goal

- Goal 4.4: Enhance business management functions, including technical and vocational skills. Goal 4.5: Ensure access to education and vocational training for disadvantaged groups at all levels, including the physically and mentally challenged, Aboriginal people, and disadvantaged children.

PHIHONG' s target

- We are committed to providing our employees with the space to learn and grow. In line with the company's overall strategy, we have developed a comprehensive education and training development system corresponding to our organizational structure and vision

How PHIHONG responds to SDGs

- Supervisory management training to strengthen management skills. Functional professional courses to enhance work efficiency. General courses in language and health.
- We provide a variety of learning resources for self-development. In addition to career development-related skills and professional training, we also emphasize personal health and spiritual growth.

Corresponding section

- 5.1 Talent selection and cultivation



Gender Equality

SDGs Goal

- Goal 5.5: Ensure women's full participation in political, economic, and public decision-making. Ensure that women have equitable opportunities to participate in decision-making leadership at all levels.

PHIHONG' s target

- Promote the proportion of women in management, for example by promoting gender equality and women's empowerment in their published guidelines, educational training, or activities

How PHIHONG responds to SDGs

- Human Resources Development Policy – place the right person. We primarily consider management skills, and actively promote colleagues with excellent performance regardless of their gender.
- In 2021, PHIHONG has 68 female supervisors at or above the team level, accounting for 25.47% of the supervisors. In addition, there are over 34 middle-level managers, showing an increase for 3 consecutive years.

Corresponding section

- 5.1 Talent selection and cultivation



Clean Water and Sanitation

SDGs Goal

- Goal 6.4: Raise the efficiency of water use by industry, to ensure sustainable freshwater supply and recycling to address water shortage.

PHIHONG' s target

- Water saving strategy by improving water facilities

How PHIHONG responds to SDGs

- Toilets are equipped with water saving valves. Introduce water-saving faucets as a domestic water conservation measure to improve the efficiency of water use

Corresponding section

- 4.4 Energy and resource management



Affordable and Clean Energy

SDGs Goal

- Goal 7.2: Significantly increase global renewable energy sharing; Goal 7.3: Improve energy use efficiency

PHIHONG' s target

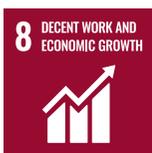
- Enhanced management through regional power usage monitoring system. Reduction of energy consumption through energy saving improvements

How PHIHONG responds to SDGs

- PHIHONG Taiwan's Tainan plant is equipped with a solar power generation system that uses renewable energy for self-consumption.
- Energy saving is achieved by replacing energy-intensive equipment. Also, implement diversified power saving measures at plants and office areas.

Corresponding section

- 4.4 Energy and resource management



Decent Work and Economic Growth

SDGs Goal

- Goal 8.5: Achieve full productive employment with equal pay for equal work regardless of gender; Goal 8.7: Prohibit child labor policy; Goal 8.8: Safe and healthy work environment.

PHIHONG' s target

- Pay for equal work regardless of gender in accordance with the RBA Code of Responsible Business Practices. Prohibit child labor policy. Workplace Safety and Health Policy.

How PHIHONG responds to SDGs

- Follow the RBA Code of Responsible Business Practices to prohibit child labor and equal pay for equal work without gender discrimination. Establish an Occupational Safety and Health Committee under the Environmental Safety and Health Policy. Implement the ISO 45001 Occupational Safety and Health Management System.

Corresponding section

- 5.2 Employee Care and Human Rights; 5.3 Workplace Safety and Health



Industry, Innovation and Infrastructure

SDGs Goal

- Goal 9.1: Create a high-quality, safe, sustainable, and resilient infrastructure that supports economic development and human well-being; and provides affordable and equitable opportunities for all.
- Goal 9.4: Upgrade infrastructure and transform industry and commerce so that they can grow sustainably. Improve energy efficiency and move towards cleaner and greener technologies and processes.

PHIHONG' s target

- Commit to the research and development of high-power charging products to accelerate the charging energy and shorten the charging time. Target for outstanding achievements in the fields of smart life, medical electronics, e-sports, 5G, industrial control, etc.

How PHIHONG responds to SDGs

- Collaborate with local communities to build more fast charging stations to create a more EV-friendly environment where EV owners no longer have to worry about traveling distance and can save more time on charging.
- New technology platform with high conversion efficiency. By increasing the conversion efficiency and reducing the heat generation of components to reduce the size of the product e.g., ultra-high power GaN chargers.

Corresponding section

- 3.1 Innovative products and technologies; 4.2 Green and Sustainable Design



Reduced Inequalities

SDGs Goal

- Goal 10.3: Ensure equal opportunity and reduce inequality. This includes laws, policies, and practices that eliminate discrimination and promote appropriate legislation, policies, and actions.

PHIHONG' s target

- Respond to and support the "United Nations Universal Declaration of Human Rights", "United Nations Guiding Principles on Business and Human Rights", "RBA Code of Responsible Business Conduct"

How PHIHONG responds to SDGs

- PHIHONG' s global human rights policy implements the RBA Code of Responsible Business Conduct. We also conduct third-party verification.

Corresponding section

- 5.2 Employee Care and Human Rights



Sustainable Cities and Communities

SDGs Goal

- Goal 11.6: Reduce the harmful effects of urban areas on the environment, including special attention to air quality, urban management, and waste management.

PHIHONG' s target

- Incorporate waste disposal into management to effectively reduce the amount of waste and prevent environmental impacts.

How PHIHONG responds to SDGs

- We comply with the environmental laws and regulations of our operations and thoroughly implement a waste management system. We also reduce the amount of waste generated by acquiring and reusing scraps and paying for cleanup.
- Conduct product carbon footprint inventory. Define product inventory areas for carbon management in accordance with the Product Category Rule (PCR).

Corresponding section

- 4.4 Energy and resource management



Responsible Consumption and Production

SDGs Goal

- Goal 12.6: Integrate Sustainability Information into the reporting cycle.

PHIHONG' s target

- We continue to promote environmental, social, and corporate governance-related sustainability issues into our business processes and include them in our regular reporting and disclosures.

How PHIHONG responds to SDGs

- Since 2021, the PHIHONG Sustainability Report will be prepared in accordance with GRI and Sustainability Accounting Standards Board (SASB) standards
- From 2021, disclosure of risks and opportunities related to climate change (TCFD) Information

Corresponding section

- Foreword, Editor' s words; 1.1 Sustainability Vision and Strategies; 1.3 Material topics in sustainable development; 1.4 United Nation' s SDGs in practice; 4.3 Risks and Opportunities of Climate Change (TCFD)



Climate Action

SDGs Goal

- Goal 13.3: Improve education, awareness, and human and institutional capacity for climate change risk reduction, adaptation, impact reduction, and early warning.

PHIHONG' s target

- Since 2021, disclosure of information about risks and opportunities related to climate change (TCFD)

How PHIHONG responds to SDGs

- From 2021, disclosure of Climate Related Risk and Opportunities (TCFD) Information
- Develop and promote low carbon products to enhance the growth of green industries
- Committed to SBTi's short term goal of 2.5% annual carbon reduction and mid- to long-term goal of 4.2%.

Corresponding section

- 3.1 Innovative products and technologies; 4.2 Green and Sustainable Design; 4.3 Risks and Opportunities of Climate Change (TCFD)



Life Below Water

SDGs Goal

- Goal 14.1: Significantly reduce all types of marine pollution, especially from land-based activities, including marine debris and nutrient pollution.

PHIHONG' s target

- In response to the TOC's initiative to designate the third Saturday in September as International Beach Cleanup Day, an annual beach cleanup event is held at a beach habitat near the plant.

How PHIHONG responds to SDGs

- Every year, PHIHONG Taiwan organizes beach cleaning activities at its Lin Kou headquarters and Tainan plant, inviting volunteers to clean up the coastal litter and return the beach to its rightful beauty.

Corresponding section

- 5.4 Environmental Protection and Social Inclusion

Peace and Justice
Strong Institutions

SDGs Goal

- Goal 16.5: Significantly reduce all forms of corruption and bribery; Goal 16.7: Ensure that decision-making at all levels is responsive to public opinion and is inclusive, participatory, and representative.

PHIHONG' s target

- PHIHONG' s "Code of Business Ethics and Business Conduct": Anti-corruption and anti-bribery policy. Establish good and harmonious labor relations and respect the freedom of association of employees.

How PHIHONG responds to SDGs

- Implement PHIHONG' s "Code of Business Ethics and Conduct": Anti-corruption and anti-bribery policy. There was no corruption or bribery at PHIHONG in 2021.
- The Labor-management meeting is held quarterly to discuss the welfare and rights of the labor force. Through reports or proposals to communicate fully.

Corresponding section

- 2.3 Integrity and compliance with laws; 5.1 Talent selection and cultivation

2

Sustainable Governance

- 2.1 Operation Overview
- 2.2 Corporate Governance
- 2.3 Integrity and compliance with laws
- 2.4 Implement risk management



2.1 Operation Overview

About PHIHONG

Founded in 1972 and headquartered in Hwa-Ya Technology Park, Taoyuan City, Taiwan, PHIHONG is one of the top ten power supply suppliers in the world. We specialize in the development and manufacture of high efficiency power supply products. With the world-renowned power conversion technology, we are dedicated to the market of electric vehicle charging station equipment. Our products are mainly developed for power supply products, including power adapters, battery chargers, PoE (Power over Ethernet), electric vehicle charging stations, and construction site audio. We are also involved in consumer electronic products such as POE network smart home, POS, small home appliances, home medical equipment, e-bike, construction, industry, electric vehicles, and other industrial fields. We are also planning and preparing for the advent of the 5G era. PHIHONG's production bases are mainly located in Dongguan in Guangdong, Fengcheng in Jiangxi and Hai Phong in Vietnam. In addition, PHIHONG has service bases in California, New York, the Netherlands, China, Japan, and Vietnam to provide immediate business and technical services to customers. During the reporting period, there was no material change in the ownership of PHIHONG and its subsidiaries.

PHIHONG provides a wide range of power supply products to meet customers' needs. In addition to ISO 9001 quality management system certification and product safety certification for general industrial products, our medical power supply products have also passed ISO 13485 medical device quality management system certification to meet the requirements of medical device end-users. Moreover, PHIHONG has been working hard in the field of electric vehicles and e-bikes. Our automotive power supplies and related in-vehicle products have been certified by IATF 16949, the highest quality management system standard in the automotive industry and have formally entered the supply chain of international car manufacturers, providing customers with excellent product quality and perfect after-sales service. In recent years, we have gradually integrated and updated our information platform, collected internal data and market intelligence, analyzed potential problems for improvement, and tracked the market trend to plan green and sustainable business opportunities. Also, we have integrated the issue of sustainable development into our business strategy to improve our competitiveness and overall gross profit margin, and to maintain a stable financial structure and operational quality in order to achieve our vision of "energy saving, environmental protection, innovation, and service as our core values, and to become the world's best power supply provider".

Basic Information (RT-EE-000.B)

	Company name	Phihong Technology Co. Ltd.
	Founded on	December 12, 1972
	Stock Code	Taiwan Stock Exchange 2457
	Headquarters	No.568, Fuxing 3rd Rd., Guishan Dist., Taoyuan City (33383), Taiwan, R.O.C. (Hwa-Ya Technology Park)
	No. of employees	5,931 (As of December 31, 2021)
	Management	CEO: Lin Zhongmin / President: Lin Yanghong
	Industry	Electronic Components
	Listing date	September 17, 2001
	Paid-in capital	NT\$3,752 million (as of December 31, 2021)
	Operating income	NT\$12.284 billion
	Main products	Development, manufacture, and sales of high efficiency power supplies
	Website	https://www.phihong.com.tw
	Strategic partner	Strategic partnership with TCC in December 2021 for global development plans to capture charging facility opportunities in the global market and strengthen the energy storage industry chain.

◆ Our MISSION

We are committed to environmental protection. We provide a full range of electrical energy solutions and becoming a quality enterprise with shared prosperity for customers, employees, shareholders, and manufacturers.

◆ Our VISION

With the core values of energy saving, innovation and service, we aim to become the world's best power supply provider.

◆ Our VALUES



Integrity

the core of the company - the central thinking that underpins all activities



Innovation

To achieve sustainable management - a competitive advantage on the world stage



Challenge

Driving change - the most important driving force in the pursuit of excellence

Globalization Strategy

PHIHONG strengthens its core strengths through the integration of global resources and expands the marketing of its products in major markets around the world. Through our business locations or R&D centers in Taipei, China, Japan, the United States, and Europe, as well as our manufacturing center in Dongguan, China, we provide global services to our customers. In response to changes in international economic trends, the threat of trade war between the US and China, and the risk of concentrating production centers in Dongguan, China, PHIHONG has invested in a Vietnam subsidiary in Haiphong, North Vietnam in 2018 to build a new overseas production facility.

Global Operation Locations



USA	The Netherlands	Taiwan	China	Vietnam	Japan
Fremont, New York	Sassenheim	Taipei (HQ), Tainan	Jiangxi, Dongguan	Hai Phong	Tokyo
Sales / R&D	Sales	Sales & Factory/ R&D	Sales & Factory/ R&D	Sales & Factory/ R&D	Sales

Economic Performance

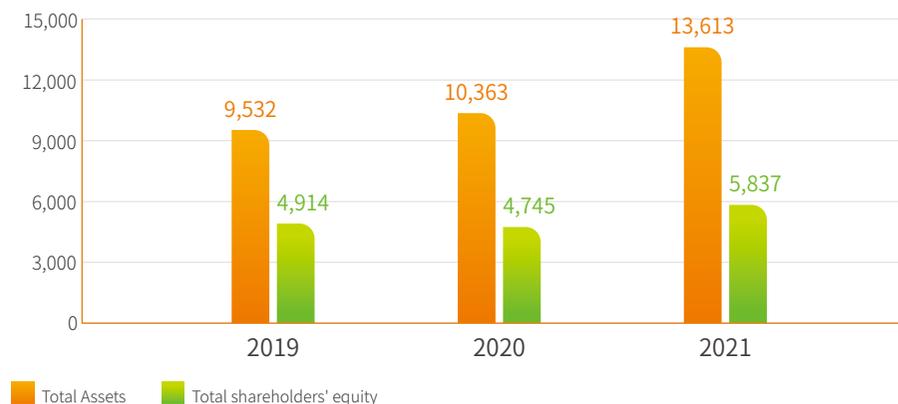
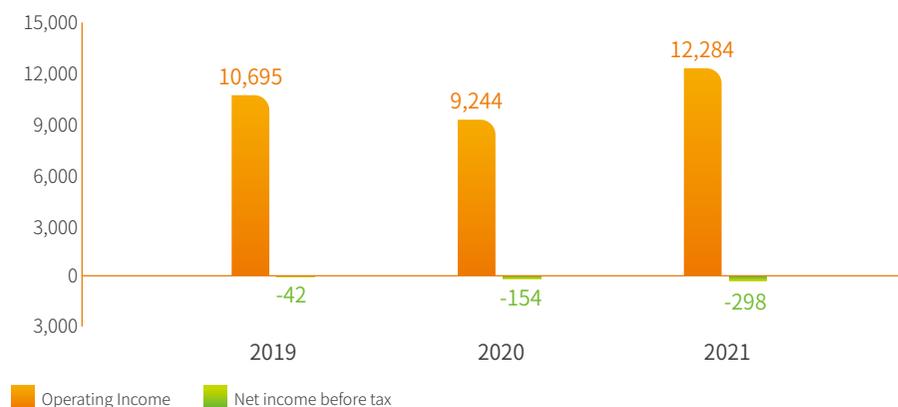
With COVID spreading around the world, coupled with the challenges of geopolitics, rising freight prices, soaring prices of semiconductor components due to shortage, and a loss of balance with production and sales in the global supply chain, PHIHONG produced 100,504,869 units in 2021. Our net operating revenue was NT\$12.284 billion, an increase of 33% compared to 2020. After-tax net loss was NT\$313 million. The overall profitability did not meet the internal target.

2021 Consolidated Financial Statement

Unit: NTD million

Year	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
Operating Income	10,695	100.00	9,244	100.00	12,284	100.00
Gross Profit	1,526	14.27	1,177	12.73	1,473	11.99
Operating Expenses	1,604	15.00	1,550	16.77	1,812	14.75
Net operating profit (loss)	(78)	(0.73)	(373)	(4.04)	(339)	(2.76)
Non-operating income & expenses	36	0.34	219	2.37	41	0.33
Income (loss) before taxes	(42)	(0.39)	(154)	(1.67)	(298)	(2.43)
Income tax expense	4	0.04	(1)	(0.01)	(15)	(0.12)
Net income for the period	(38)	(0.36)	(155)	(1.68)	(313)	(2.55)
Employee benefit expenses	2,058		2,030		2,392	

Note: The financial data in this report is based on the financial annual report certified by an accountant (Deloitte Taiwan). The relevant financial information has been disclosed in the Investor Corner of the Company's website.



Descriptions:

- The chart shows consolidated revenue, gross profit, and net profit. For detailed operating conditions and financial performance, please refer to the 2021 annual report disclosed on our official website. (www.phihong.com.tw)
- Please refer to pages 104, 183-187 and 240 of the 2021 annual reports for the company's assets and liabilities, equity, and product-related data.
- For information on earnings, please refer to page 187 of the 2021 Annual Report. PHIHONG Taiwan applies to the government for tax incentives for R&D credits in accordance with the Industry and Innovation Regulations.

2021 Sales volume and revenue

Unit of revenue: 1000 NTD

	Sales volume	Revenue	% Of Revenue
Power Supply	105,759,094	12,276,351	99.94%
Non-Powered Products	183,489	7,690	0.06%
Total	105,942,583	12,284,041	100.00%

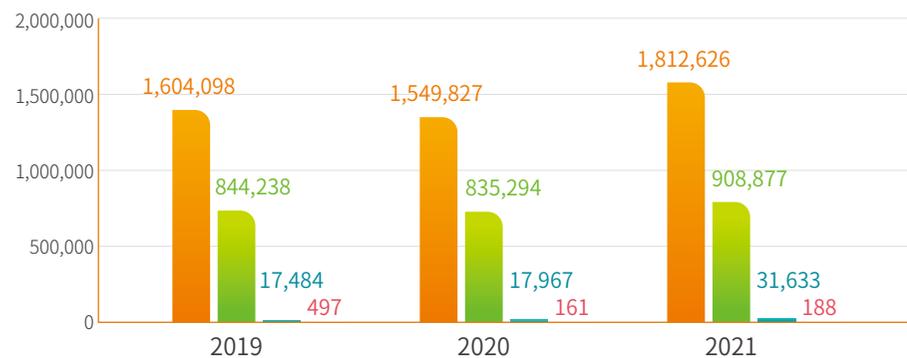
Note: Non-power supply, income from peripheral engineering and software services of the main business project

Unit: 1000 NTD

Item	2019	2020	2021
Operating Expenses	1,604,098	1,549,827	1,812,626
Employee Salary & Benefits	844,238	835,294	908,877
Government taxes	17,484	17,967	31,633
Community Investment / Donations	497	161	188
% Of operating expenses	54%	55%	52%

Note: 1. Operating expenses include employee salary and benefits, government taxes and community investment/donations.

2. Government taxes (excluding deferred taxes) include tax contributions and income tax expense included in operating expenses.



Operating expenses Employee salary & benefits Government taxes Community investment / donations

Sales Regions

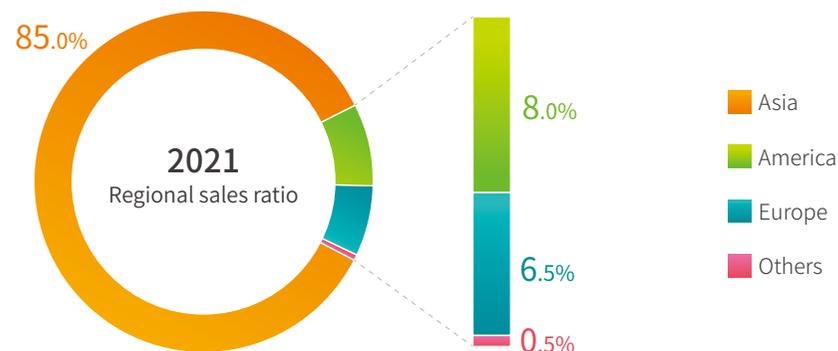
With our customers' recognition, our customer base covers all regions. Asia accounts for 85% of the total sales, Americas accounts for 8%, and Europe plus other regions account for 7%. In the future, we will continue to strengthen cooperation with our customers in different regions and devote ourselves to product development to ensure stable growth in the mid- and long-term. In 2021, PHIHONG did not have any prohibited sales or controversial products.

Product sales region distribution

Unit: 1000 NTD

Sales region	Year	2019		2020		2021	
		Amount	%	Amount	%	Amount	%
Sales abroad	Domestic sales	107,894	1.01%	107,552	1.16%	137,670	1.12%
	America	1,811,213	16.94%	1,827,046	19.77%	980,923	7.99%
	Asia	7,528,096	70.39%	6,291,648	68.06%	10,297,728	83.83%
	Europe	1,171,000	10.95%	984,836	10.65%	800,649	6.52%
	Others	76,401	0.71%	32,536	0.35%	67,071	0.55%
Total		10,694,604	100.00%	9,243,618	100.00%	12,284,041	100.00%

2021 Regional sales ratio



Tax Expense Overview

Unit: 1000 NTD

Item	Year		
	2019	2020	2021
Income tax (expense) (vs. last year %)	3,982 (-106%)	-1,171 (-129%)	-14,668 (1.153%)
Income tax payment (vs. last year %)	4,087 (-97%)	24,516 (500%)	12,473 (-49%)
Income tax expense as a % of consolidated revenue	0.04%	-0.01%	-0.12%

◆ Operating targets

1. Focus on gross margin improvement to eliminate deficits and strengthen the overall system of turning losses into profits.
2. Integrate and refine the organization, workforce, technology and product development plans of each product group to win new customers, new applications and successful cases.
3. Actively expand the marketing of EV charging products. Establish strategic partnerships to increase global market visibility and share in order to expand the turnover and profitability of our EV business group.
4. Reduce the share of low-power/low-margin models and take up the development of high-power/multi-port fast charging/high-margin models.
5. Through the data platform, product and material inventory are effectively managed. The operational risk and the ability to win orders are balanced.

◆ Development Strategy

1. Establish a global operation management with both physical and online presence. Develop key customers and new niche markets. Put our customers first and value customer satisfaction & feedback.
2. Establish a quality corporate culture and talent cultivation program. Encourage the spirit of responsibility. Enhance the competitiveness of all departments in the company.
3. Introduce and optimize production automation to reduce direct labor and raise production capacity. Grasp customer demand and supply chain fluctuations in the off-peak season. Establish a complete production & marketing platform to reduce delivery and quality risks, to stabilize production.
4. Continue to research and develop advanced technologies to produce high value-added green energy products.
5. In response to the threat of trade war between the U.S. and China and to avoid the risk of concentrating production in the Dongguan region, we are actively strengthening the production capacity and order share of our Vietnam production base. Moreover, the production resources in the Dongguan area will be consolidated to increase the crop rate and production value, which is conducive to asset revitalization.
6. Continuously refine ESG sustainability-related operations, with special emphasis on risk management and carbon footprint inventory. We also develop carbon reduction strategies such as low carbon/green energy product design, energy efficiency expansion, renewable energy, and innovative processes and materials to meet regulatory and supply chain emission reduction requirements of brand manufacturers.

2.2 Corporate Governance

All rights of PHIHONG are held by the general meeting of shareholders. The members of the Board of Directors were elected by the general meeting on June 14, 2020, for a term of 3 years. There are 11 directors in total. 3 of them are independent directors (27% of the total number of directors). Each director has a professional background in management, finance and accounting, business, law, and information technology, in line with PHIHONG's policy of diversifying its board of directors. In addition, PHIHONG places emphasis on the legal expertise of its board of directors, with at least one of the directors having legal qualifications. Currently, one of our directors has the highest degree from Harvard Law School. The ratio of master's degree is 10%.

Mr. C.M. Lin, the Chairman of the Board of Directors, has been the founder of PHIHONG since its establishment in 1972. He has 49 years of experience in the industry. He is also the Chief Executive Officer and is responsible for setting management policies and coordinating the planning of major strategies of the Group. The industrial experience and expertise of the directors of PHIHONG are listed below:

Name of Director	Item	Basic Information				Industry Experience				Expertise		
		Gender	Nationality	Part-time Employee	Age	Electronic Technology	Product Design	Assets Management	Other Industry	Management	Accounting & Finance	Law
Director	Chung-Min Lin	Male	Taiwan	✓	71~80	✓			✓	✓	✓	✓
	Fei-Hung Lin	Male	Taiwan	✓	41~50	✓	✓		✓	✓	✓	
	Jia-Kun Wang	Male	Taiwan		61~70	✓			✓	✓	✓	✓
	Ming-Zhi Zhou	Male	Taiwan		51~60	✓		✓	✓	✓	✓	✓
	Da-Ren Zhou	Male	Taiwan		61~70	✓		✓	✓	✓	✓	✓
	Wei Feng Jiang	Male	Taiwan		51~60	✓		✓	✓	✓	✓	✓
	Yang-Hong lin (Representative of Guanfeng Investment Co., Ltd.)	Male	Taiwan	✓	41~50	✓			✓	✓	✓	✓
Independent directors	Yu-Yuan Hong	Male	Taiwan		51~60	✓			✓	✓	✓	✓
	Kui-Hong Lin	Male	Taiwan		41~50	✓	✓		✓	✓	✓	
	Xian-Da Zhang	Male	Taiwan		41~50	✓	✓		✓	✓	✓	

Please refer to the corporate governance of PHIHONG's website for the Board of Directors' profile and related background.

In corporate governance, PHIHONG's Board of Directors appoints the Manager, and the Compensation Committee appointed by the Board of Directors determines the Manager's compensation. The remaining executive positions are delegated to the Manager for appointment and removal. Board meetings are held at least quarterly to oversee internal control policies and procedures, review operating performance, and discuss important strategic issues. In the event of a conflict of interest, PHIHONG adopts the recusal law and keeps complete records of the content of the recusal motion, the names of the directors, the reasons for their interests and their participation in voting, in order to serve the best interests of PHIHONG's operations.

PHIHONG held a total of 8 board meetings in 2021, with a high attendance rate of 90.24% of directors in person. (As of 2021, all directors actually attended 74 times/should attend 82 times). In addition, in the 8th Annual Corporate Governance Review of 1,639 listed companies, PHIHONG received a total score of 89.29, ranking "6% to 20%" out of 913 listed companies.

◆ Remuneration Committee

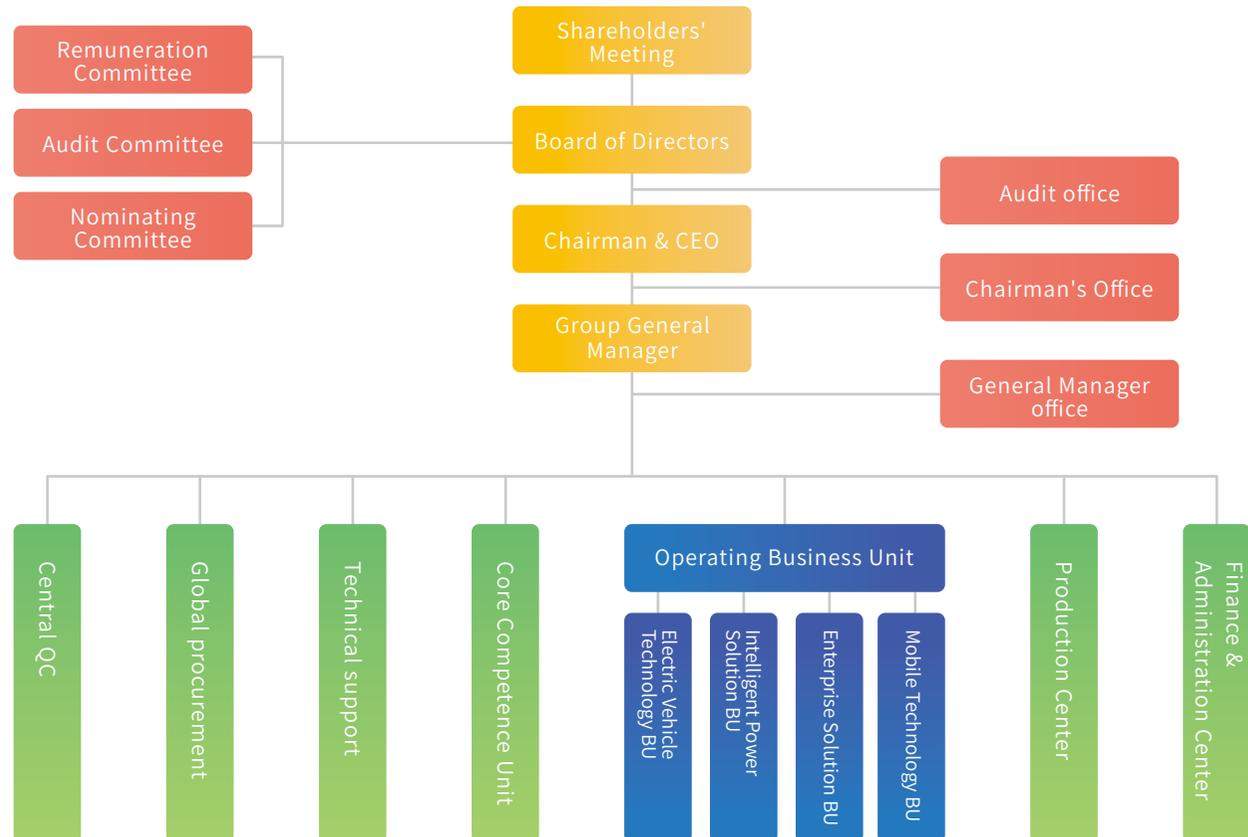
The Remuneration Committee is established under the Board of Directors of PHIHONG to assist the Board of Directors in implementing and evaluating the PHIHONG's overall remuneration and benefits policies, as well as the remuneration of directors and managers. The Committee holds regular meetings at least twice a year. The Committee is composed of 3 independent directors. Mr. Yuan-Hong Yu is elected as the chairman of the committee. In 2021, the Committee held 3 meetings with a 100% attendance rate of Remuneration Committee members in person.

◆ Audit Committee

The Audit Committee was established by PHIHONG's Board of Directors on June 14, 2017, in accordance with the law. The Committee oversees the fair presentation of the Company's financial statements, the selection (dismissal) of the certified accountant, their independence and performance. The Committee is also responsible for the effective implementation of PHIHONG's internal controls, our compliance with relevant laws and regulations, and the control of PHIHONG's existing or potential risks. The Audit Committee consists of 3 independent directors. Meeting is convened at least once a quarter. In 2021, the Audit Committee was convened 7 times, with a 95.23% attendance rate of the Audit Committee members in person.

◆ Nominating Committee

The Nominating Committee was established by the PHIHONG's Board of Directors on August 11, 2017. This Committee's purpose is to establish the criteria of diversity and independence required for directors and independent directors in terms of professional knowledge, skills, experience, and gender; and to identify, review and nominate candidates for directors and independent directors accordingly. The Committee constructs and develops the organizational structure of the Board of Directors and its committees. It conducts performance evaluation of the Board of Directors and each director and evaluates the independence of the independent directors. The committee establishes or reviews the directors' continuing education program. It also establishes the Company's Code of Corporate Governance Practices. The Nomination Committee consists of 3 independent directors and meets at least twice a year. In 2021, the Nominating Committee held 2 meetings with a 100% attendance rate of nominating committee members in person. Through various topics to enhance competitiveness, put forward feasible short-, mid- and long-term countermeasures, and implement the annual key performance indicators (KPI) of each department, the Committee conducts comprehensive implementation, management and performance evaluation of PHIHONG.



Internal Audit Organization and Process

PHIHONG's internal audit is an independent unit directly subordinate to the Board of Directors, with a full-time audit supervisor and an audit agent. The appointment and removal of the audit supervisor shall be approved by the Audit Committee and submitted to the Board of Directors for resolution. The appointment, dismissal, annual evaluation, and salary and compensation of the audit staff shall be signed by the audit supervisor and submitted to the chairman for approval. The audit office performs audits in accordance with the audit plan, which is prepared based on the risk assessment results and approved by the Audit Committee and the Board of Directors. Also ad hoc audits are performed as needed. The results of the audit plan shall be reported to the Audit Committee and the Board of Directors on a regular basis or as necessary. The Audit Office shall supervise each internal unit and subsidiary to regularly evaluate the effectiveness of the internal control system on an annual basis. The Audit Office shall review the self-assessment reports of each unit and subsidiary and consolidate the self-assessment results. This is used as the basis for the Board of Directors and the President to issue a statement on the internal control system in order to implement the spirit of corporate governance.

The audit scope of the Audit Office includes financial, business and other operational and management functions. The audit is divided into ten major cycles as stipulated by law. The audit targets include all units of the Company and all legal subsidiaries. The purpose of the audit is to assist the board of directors and the managerial department to check and review the deficiencies of the internal control system, and to measure the effectiveness and efficiency of the operation. The Internal Audit also provides timely suggestions for improvement to ensure that the internal control system can be implemented effectively and consistently, which serves as the basis for reviewing and revising the internal control system. In 2021, the audit focused on the operating procedures of the ten major internal control cycles. 53 audit reports were completed, and 14 improvement recommendations were made. These were communicated to all units and subsidiaries under investigation, and appropriate improvement measures were taken in a timely manner in accordance with the recommendations.

◆ 2021 Audit Focus

1. Sales and Receipt Operations
2. Procurement and Payment Operations
3. Property, plant, and equipment Operations
4. Payroll & Compensation Committee
5. Financing
6. Investment Operations
7. Electronic Computer Operations
8. Research and Development Cycle
9. Supervision of Subsidiaries - Mainland Subsidiary, USA Branch, Vietnam, Japan Office
10. Audit Committee and Board of Directors
11. Engagement in Derivatives Trading
12. Endorsement guarantees for others, fund loans and other work
13. Information Security and Compliance
14. Annual self-assessment of operations
15. Continue to promote the internal control system

Region	No. of audits	No. of faults	No. of Improvements
PHIHONG Taiwan	53	14	14
PHIHONG Dongguan	74	28	28
PHIHONG Haiphong	24	20	20

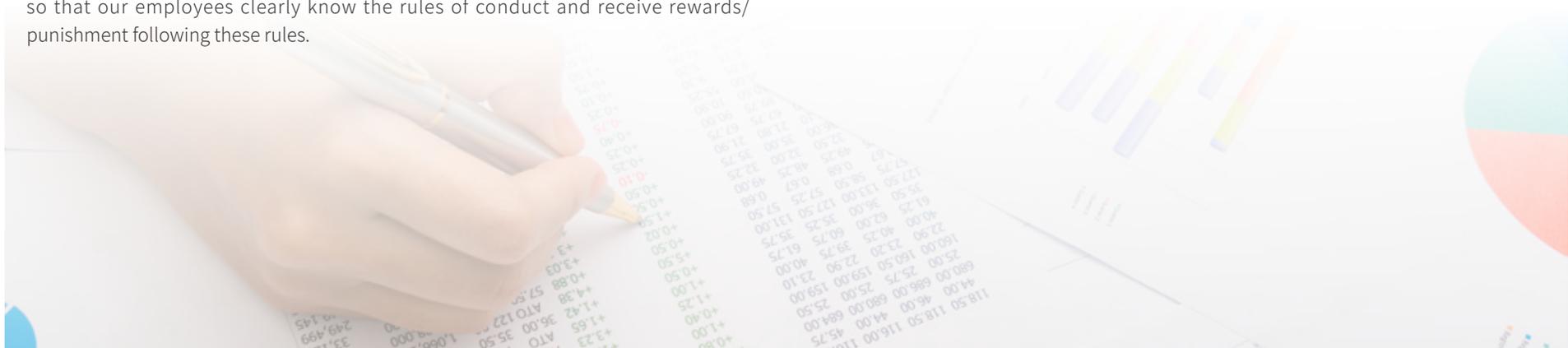


2.3 Integrity and compliance with laws

Integrity Operations

Integrity is the core of PHIHONG's business and is the central thought behind all activities. We established the "Code of Business Ethics and Business Conduct" and require all of our employees to understand PHIHONG's expectations on each of them. This Code provides them with the basic concepts of ethics and moral codes, as well as general knowledge, good judgment, and integrity to deal with all business issues. We ensure that employees' decisions and actions are consistent with PHIHONG's values and the spirit of integrity and honesty in this Code, so that all employees can implement them consistently. In 2021, based on 52 audits conducted by the Audit Office and feedback from internal and external stakeholders, we did not have any confirmed incidents of corruption nor actions taken.

- ◆ In accordance with the "Code of Conduct for Integrity", PHIHONG conducted an integrity operations risk assessments and identifies significant risks in the area of procurement, such as inappropriate acceptance of gifts or exchange of benefits by entertainment expenses. Therefore, PHIHONG has designed a favor-returning mechanism for gifts from manufacturers to facilitate timely prevention of corruption, bribery, and extortion.
- ◆ Integrity and ethics clauses are included in the relevant contracts with suppliers. We establish anti-corruption and integrity requirements, explicitly oppose actions that undermine the company's integrity and corporate image. We require the signing of an "Integrity Pledge". Insider trading is strictly prohibited to enforce anti-corruption in our ordinary management and business practices.
- ◆ We have established a corporate culture of integrity management and implemented ethical and clean policies. In addition, we have established a "Code of Conduct for Employees" covering performance evaluation and reward/punishment of employees, so that our employees clearly know the rules of conduct and receive rewards/punishment following these rules.
- ◆ PHIHONG has established a "Code of Conduct for the Board of Directors" to regulate the operation of the Board of Directors and the recusal of interests. The "Code of Corporate Ethics and Business Conduct" is used to regulate employees to prevent conflicts of interest. The manager of the Audit Office under the Board of Directors is responsible for receiving complaints from stakeholders, handling and responding to them. We implement integrity operations in a proactive manner.
- ◆ Engage in business activities in accordance with the relevant competition laws and regulations and to prohibit unfair competition practices, such as bid rigging, quota restriction, etc.
- ◆ Develop and implement a specific whistleblower system, taking into account confidentiality and reward/punishment measures.



Anti-corruption and anti-bribery

To improve the management of integrity, PHIHONG Technology has established the "PHIHONG Code of Corporate Ethics and Business Conduct" since 2019, which is a mandatory annual course for all employees. Moreover, new employees are required to sign the "Introduction to the Code of Corporate Ethics and Business Conduct and Agreement Signing Form" and the "Intellectual Property Rights and Confidentiality Agreement" when they report to work. Starting in 2021, we regularly educate new employees on ethical issues, such as anti-corruption and abuses and intellectual property protection, through semi-annual training. In addition, PHIHONG also regularly educates all employees through internal bulletin boards to convey the high importance that the company places on integrity and ethics.

In the overseas factory, PHIHONG Dongguan has implemented "Responsible Business Behavior (RBA)" training and included it in the training module for new employees. In addition, we require all warehouse and cashier employees to sign an "employee guarantee", so that new employees can feel the PHIHONG's dedication to the implementation of RBA as soon as they join the company. PHIHONG Haiphong has incorporated anti-corruption and anti-bribery policy into the company's management philosophy and corporate culture curriculum for new employee training.

In addition, for business partners, PHIHONG sends quarterly promotional emails to suppliers who have business dealings during the year, explaining anti-corruption communication and reporting channels. We disclose social responsibility policies on B2B websites, so that 100% of anti-corruption policies are communicated to business partners.

Course title	Hours	Participants	Graduates
Legal Liability and Practical Case Analysis of "Short-Term Trading" by Corporate Insiders	3	1	1
PHIHONG CSR Practice Sharing (1st half year)	1.5	53	51
PHIHONG Code of Business Ethics & Conduct (1st half year)	0.5	53	51
Fraud Risk, Audit Practice & Management	6	1	1
TWE's 2021 Insider Trading Prevention Awareness Session	3.5	1	1
PHIHONG CSR practice Sharing (2nd half year)	1.5	68	66
PHIHONG Code of Business Ethics & Conduct (2nd half year)	0.5	68	66

Course: Responsible Business Conduct (RBA)	Staff Category	Participants	Course hours	Passing ratio
PHIHONG Dongguan	New hires	11,958	1	100%
	Existing	673	1	100%

Course: Company Philosophy and Culture	Staff Category	Participants	Course hours	Passing ratio
PHIHONG Haiphong	New hires	3779	1	100%

Reporting System

PHIHONG operates our business with honesty and integrity. We comply with the local legal and ethical standards of our operating locations. To strengthen compliance with laws and regulations and corporate governance, PHIHONG has established the "Code of Conduct for the Board of Directors" to regulate the operation of the Board of Directors and the "Code of Business Ethics and Business Conduct" to regulate employees to prevent conflicts of interest. In addition, we have established a channel for stakeholder complaints. The Audit Office Manager under the Board of Directors serves as the dedicated contact point to receive stakeholder complaints, and to handle and respond to them in a proactive manner to implement honest management.

◆ "Stakeholder Complaint Channel":

PHIHONG's reporting channel is managed by the Audit Office Manager, who is a member of the Board of Directors. The Audit Office Manager is responsible for receiving and processing complaints and reporting the results of investigations to the relevant supervisors. The identity of the complainant and the content of the complaint will be kept confidential. The complaint will be actively investigated and handled. If you find that a person has violated the code of conduct or the relevant code of conduct, you can make a complaint through the following hotline and complaint mailbox:



Telephone: +886-3-327-9008



Email: Charles_Wang@phihong.com.tw

◆ "Reporting channels for illegal and unethical or dishonest conduct":

Internal staff can also report to the Audit Office through the internal hotline by calling ext. 1340. or by e-mail at Charles_Wang@phihong.com.tw.

◆ Handling Process

Those who do violate the rules of honest management in reported complaint cases will be subject to administrative penalties, recovery of improper benefits or legal action, depending on the severity of the case.

◆ Internal Control Measures

To strengthen internal control management, internal audits and related education and training are conducted on a regular basis. PHIHONG's "Code of Conduct on Integrity" is regularly promoted every year to ensure that directors, managers, and employees fully understand and comply with the Code. We also organize relevant education and training courses to strengthen the awareness of compliance among employees. To enhance the concept of integrity and self-discipline, starting from 2019, new employees are required to sign the "Introduction to the Code of Business Ethics and Business Conduct and Agreement form" at the time of reporting to work. We also require all employees to sign the "Intellectual Property Rights and Confidentiality Agreement" so that they understand the importance and necessity of honest business practices.

◆ 2021 Complaint Processing Status

In 2021, PHIHONG received one anonymous complaint from a PHIHONG Dongguan employee through an email complaint channel. Upon receipt of the above-mentioned complaint, the Audit Office immediately initiated an investigation in accordance with the procedures. It is verified that the case was operated in accordance with the regulations of the Human Resources Department.

Legal compliance

Compliance with laws and regulations is a fundamental requirement of corporate governance. PHIHONG attaches great importance to the compliance of the company and all employees with all laws and regulations. From time to time each year, we reaffirm internally the ethical standards of business ethics, corporate governance, and employee moral conduct. In addition, PHIHONG is committed to comply with local laws and regulations of our operation locations with integrity. This is the role and responsibility of PHIHONG as a global citizen. PHIHONG Taiwan headquarters has a legal office to assist employees in clarifying various legal issues. If employees violate laws, labor safety rules or regulations, labor contracts and business ethics, PHIHONG will follow the relevant laws and disciplinary measures to pursue the case.

Domains	Description	Management system	2021 implementation results
Violation of Social and economic regulations	Penalties for violating social and economic related laws or regulations	The company's operational management emphasizes compliance with laws and regulations and domestic and international policies, and legal trends that may have a significant impact on the company's business and finances. Also, we regularly review the latest international standards and laws and regulations and update the company's rules and regulations to reduce the risk of legal violations and fines.	<ul style="list-style-type: none"> • There are no cases of administrative fines or criminal fines imposed by the competent authorities, or of being a defendant in lawsuits, for products and services that violate social and economic regulations. • The financial statements have been prepared in accordance with the laws and regulations for listed companies, and there have been no violations, irregularities, or fines by the competent authorities.
Environmental Protection	Penalties for violating environmental laws and regulations	In terms of product service and marketing, PHIHONG complies with international standards and customer requirements, such as EU REACH and RoHS, with a 100% compliance rate. Also, we regularly review the latest international standards and laws and regulations and update the company's rules and regulations to reduce the risk of legal violations and fines.	<ul style="list-style-type: none"> • No major violations of environmental laws and regulations have occurred, and no environmental violations have been punished or fined.
Anti-corruption and anti-bribery	The Company suffers financial or reputational damage or image damage as a result of employee corruption or suffers losses from the termination of cooperation with customers or business partners due to corruption violations.	<ol style="list-style-type: none"> 1 The Audit Office conducts annual corruption-related risk assessments for PHIHONG Taiwan, Dongguan, and Haiphong, accounting for 100% of the company's total business locations. 2. From time to time each year, we reaffirm internally the ethics of business ethics, corporate governance, and employee conduct. 	<ul style="list-style-type: none"> • Significant corruption risks are identified through the Risk Report, primarily from inappropriate gifts, money, or exchange of entertainment expenses in return for preferential treatment of suppliers' goods and services and bids. • No employee corruption or bribery related incidents have been received or occurred

Domains	Description	Management system	2021 implementation results
Anti-competitive behavior	Anti-competitive, antitrust, and monopolistic practices	Engage in business activities in compliance with relevant competition laws and regulations. Unfair competition, such as joint pricing, bid rigging, quota restriction, or abuse of market position for exclusive use, is prohibited.	<ul style="list-style-type: none"> No anti-competitive or anti-trust conduct (fair trade) has occurred.
Prohibition of Child Labor and Forced Labor	Punishment for violating the local minimum employment age labor law; punishment for forced labor or inhumane treatment of employees	We take effective measures to verify the age of any job applicant before hiring him/her. Potential employees must provide proof of identity to the company for verification, and the hiring process will be conducted only after confirmation of accuracy. We strengthen the education and training of employee's human rights protection. We also provide complete occupational safety and health education and training.	<ul style="list-style-type: none"> No major violations of labor laws and regulations resulting in disciplinary actions or lawsuits. We do not use child labor or engage in employment discrimination. The labor contract is signed by both parties at the time of employment, and the rights and obligations are clearly stated.
Product Liability	No violation of health and safety regulations during the life cycle of products and services	From product design to manufacturing, we take strict and careful control to ensure product safety and compliance with relevant health and safety regulations.	<ul style="list-style-type: none"> There have been no significant product or serious injury or fatality-related recalls; and there have been no financial losses resulting from legal proceedings related to product safety.
Customer Privacy and Intellectual Property Rights Protection	Disclosure of customer privacy and intellectual property rights due to human negligence or poor hardware	We provide training to new employees on business secrets and intellectual property rights. We have signed contracts with our customers that require the recipient to keep the trade secrets confidential and not to divulge them to third parties in the event of disclosure or mutual disclosure. We also strengthen information security risk control and the ability to manage and protect confidential personal information documents.	<ul style="list-style-type: none"> No breach of contract due to disclosure of customer's business secrets or personal privacy

Organizational Participation and Advocacy

PHIHONG supports domestic and foreign organizations in environmental, social, and corporate governance regulations, principles, or other initiatives. In addition to advocating and implementing the standards of various organizations, we also actively participate in international, national, and regional advocacy organizations. By joining the organization as a member and attending meetings to express our views, we hope to unite the strength of our peers, promote industry exchanges, and meet the expectations of non-profit organizations and society. PHIHONG participates in non-profit organizations, including relevant associations and national or international advocacy organizations. We express active participation in, or support of economic, environmental, and social charters, principles or other initiatives initiated by outside parties. Below is a list of organizations that we participate:

Aspects	Advocacy Organizations or Conventions	Duties/Advocacy	PHIHONG Taiwan	PHIHONG Dongguan	PHIHONG Haiphong
Environmental (E)	Taiwan Association for Marine Environmental Education	Advocate	✓		
	Taiwan Environmental Information Association	Advocate	✓		
	Responding to Climate-related Financial Disclosures (TCFD)	Advocate	✓	✓	✓
	Participate in the International Carbon Disclosure Project (CDP)	Advocate	✓	✓	
	Science-Based Carbon Reduction Target (SBTi)	Advocate	✓	✓	✓
	CharIN e.V. (International Association for the Development of Charging Standards)	Member	✓		
	CHAdEMO Association (Vehicle charging standard)	Member	✓		
	Taiwan Smart Electric Vehicle and Green Energy Technology Association (TECA)	Member	✓		
Social (S)	Global Sustainability Reporting Initiative (GRI)	Advocate	✓	✓	✓
	Responsible Business Alliance Code of Conduct (RBA)	Member	✓	✓	✓
	Eden Social Welfare Foundation	Donations	✓		
	Muhsiang Home, Taoyuan City	Donations	✓		
	Step30.Org: Old shoes save lives	Advocate and donations	✓		
Governance (G)	TCSF Taiwan Business Sustainability Forum	Advocate	✓		
	Taiwan Business Council for Sustainable Development	Advocate	✓		
	Sustainability Accounting Standards Board (SASB)	Advocate	✓	✓	✓
	Internal Audit Association of the Republic of China	Member	✓		
Economical	Taiwan Electrical and Electronic Industry Association	Member	✓		
	Tainan County Industrial Association	Member	✓		
	Taoyuan City Hwa Ya Technology Park Manufacturer Promotion Association	Founding member	✓		
	Guangdong Guangzhou Baoguan Association	Member		✓	
	Guangdong Immigration Association	Member		✓	
	Dongguan Taiwan Chamber of Commerce, Qingxi Branch	Member		✓	

Participate in the CDP Carbon Disclosure Project Initiative

In response to the international trend of carbon reduction, the participation of enterprises in climate change assessment has become one of the indicators of global institutional investment corporations. PHIHONG has also participated in various international platforms, through which we communicate with each other, gain new knowledge, and learn valuable experience, and use it as a reference for our sustainable development. The specific action plan includes participation in the International Carbon Disclosure Project (CDP) and commitment to the Scientific Basis Carbon Target (SBTi), as well as active participation in the CDP investor questionnaire responses. Since 2018, PHIHONG has been responding specifically to the risks and opportunities brought about by global climate change and water resources in the CDP. We report on climate change with integrity and transparency, disclosing information including climate change management strategies, risk identification and opportunity analysis, greenhouse gas emissions, reduction targets and performance. At the end of 2021, we introduced the "Climate Change Related Financial Disclosure (TCFD)", a continuous rolling inventory and response to the financial impact of climate change. By doing so, we enhance the transparency of information and improve the planning strategy. In addition, we will demonstrate PHIHONG's responsibility and strategy to allocate capital in a more reasonable and efficient way in order to achieve the vision of low carbon economic transformation.



2.4 Implement risk management

Risk Management Principles and Guidelines

Risk management is a guarantee and responsibility to all stakeholders and is a necessary tool for sustainable management. In response to the global political and economic development trends and changes, PHIHONG uses a complete risk management, organizational structure, and practical approach to identify and grasp the relevant risks that may affect the sustainable development of enterprises based on 3 major aspects: environment, social, and corporate governance (economic). Through risk reduction, avoidance, transfer and other related management strategies and countermeasures, possible risks are minimized and even transformed into business opportunities.

Risk classification, countermeasures, and opportunity management

Aspects	Type of Risk	Impact on operations	Response strategies	Business opportunities
 Environmental (E)	Environmental and Climate Change Risks	<ul style="list-style-type: none"> Greenhouse Gas Emissions Management Energy and Resource Management Air, water, waste, and noise emission management 	<ul style="list-style-type: none"> Review international environmental trends and formulate environmental protection policies to meet operational needs. Conduct disaster prevention and monitoring, and practice emergency response and recovery capabilities. Please refer to the "Climate Change Risks and Opportunities" section for more information on impacts or threats and response strategies. 	<ul style="list-style-type: none"> Refer to the "Climate Change Risks and Opportunities" section for potential opportunities.
 Social (S)	Occupational Safety Risks	<ul style="list-style-type: none"> Occupational injuries and public safety incidents can impact the normal operations of a company. Depending on the severity of the incident, it may even result in damage to personnel, property, and plant shutdown. 	<ul style="list-style-type: none"> Review the operations with occupational disease hazards. Carry out engineering control and prepare protective devices to avoid the exposure of employees to hazardous factors. Raise daily safety awareness and organize drills. In case of emergency disasters and public security incidents, immediately activate the task force to perform rescue to control personnel safety and property loss. Strengthen labor-management negotiation channels and establish harmonious labor-management relations. Implement employee health checks. 	<ul style="list-style-type: none"> Reduce and prevent the possibility of occupational accidents, ensure the safety of employees' property to increase stakeholders' confidence in the company's continued operation.
	Information Security Risks	<ul style="list-style-type: none"> Abnormalities of company, personal information, and internal/external communication systems caused by human factors such as leakage, theft, destruction, or natural disasters, resulting in operational losses or even damage to the Company's reputation. 	<ul style="list-style-type: none"> Enhance information system off-site recovery exercises, twice a year, to simulate any natural disasters (such as earthquakes, fires, floods, etc.); or when there is data damage caused by human factors, ensure that system operations can be restored in the shortest possible time. Maintain 2 telecom operators' dedicated backup lines at all times to ensure normal external operations. Strengthen system encryption and password management. Organize employee education and trainings to prevent the loss of important information and strengthen information security management and employee compliance concepts. 	<ul style="list-style-type: none"> Build a highly reliable information security management system to prevent any communication interruptions, data loss and leakage, in order to gain the trust and support of all stakeholders.

Aspects	Type of Risk	Impact on operations	Response strategies	Business opportunities
<p>Governance (G)</p>	Ethical Risks	<ul style="list-style-type: none"> Violations of the Code of Conduct and Integrity have resulted in losses to the Company. In 2021, we conducted a corruption risk assessment for each plant and identified significant risks in the area of procurement by improperly accepting gifts, money, or exchanging entertainment expenses for preferential treatment of suppliers' goods and services bids. 	<ul style="list-style-type: none"> Starting in 2019, all new PHIHONG employees are required to receive training on "Corporate Ethics and Business Conduct" and sign the agreement after the training. From time to time, we promote the importance and practice of honest management through education and training and employee awareness. 	<ul style="list-style-type: none"> All employees adhere to corporate ethics and business conduct standards and operate with integrity.
	Financial Risks	<ul style="list-style-type: none"> Changes in interest rates and exchange rates affect financial income and expenses, impacting financial leverage and inflation risk. Tariff barriers reduce customers' willingness to place orders and increase production costs. Supply chain is hampered. 	<ul style="list-style-type: none"> Evaluate the impact of interest rate exposure and floating interest rates Adopt natural hedges against exchange rate risk. Short-term idle funds are invested mainly in liquid, principal- and yield-safe capital-protected bank products and time deposits. We do not engage in high-risk, high-leverage investment activities. Support working capital and long-term capital expenditure through cash inflow from disposal of idle assets and financing facilities from financial institutions. Proactive expand our Vietnam production base for effective and flexible deployment to reduce the impact of trade tariffs. 	<ul style="list-style-type: none"> Manage the impact of changes in interest rates and exchange rates on assets and cash flows. Strengthen the company's financial operations. Strengthen the responsiveness of operations and production models. Expand supply chain partnerships and sustainable operations. Continue to strengthen R&D capabilities and technology talent at our headquarters in Taiwan in line with government investment incentives; expand production bases outside of China.
<p>Economic</p>	Statutory infectious diseases	<ul style="list-style-type: none"> Due to the spread of the contagious disease, the company's employees were unable to work, and materials could not be transported to the company on time. This results in production lines being shut down and the company unable to meet customer demand. 	<ul style="list-style-type: none"> Set up the organizational mechanism and SOPs to effectively confirm the safety of personnel on the production line in the shortest possible time, to restart production line operations. Separate work time and work in different locations to reduce risks. Strengthen supply chain partnership, share, and cooperate with supply chain epidemic prevention mechanism. 	<ul style="list-style-type: none"> Resume normal output quickly and with careful planning to demonstrate crisis management capabilities and gain customer trust and additional business opportunities.
	Supplier Risks	<ul style="list-style-type: none"> Shortage or interruption of material supply leads to plant shutdown and non-operational crisis, resulting in failure to meet customer demand and even breach of promised customer shipment schedule. 	<ul style="list-style-type: none"> Establish a sustainable supply chain partnership to ensure a stable source of raw materials. Set up an inventory mechanism and a "timely supply alert system". Replacement material supplier backup mechanism to ensure a stable source of materials and no risk of supply interruption. Require suppliers to follow the Responsible Business Alliance Code of Conduct. 	<ul style="list-style-type: none"> Strengthen the sustainable partnership with our suppliers. Communicate and interact with them in a positive way, to meet the needs and expectations of our customers and to create a win-win situation together.

Organizational risk warning

The relevant units of PHIHONG are constantly reviewing the changes and risks of the domestic and international business environment. We comply with government regulations and PHIHONG's system, and continue to effectively control risks as follows:

◆ Financial Risk Control

We do not engage in high-risk, high-leverage investment activities. PHIHONG uses natural hedges and borrowings in U.S. dollars to reduce its exposure to exchange rate risk. Short-term idle funds are invested mainly in liquid, principal- and yield-safe capital-protected bank products and time deposits. In addition, cash inflows from the private placement of common stock and the issuance of five-year fixed-rate corporate bonds, as well as financing facilities from financial institutions, were used to fund working capital and long-term capital expenditures.

◆ Operational Risk Control

PHIHONG is deeply aware of the significant impact and influence of natural disasters and accidents and other uncertain risk items on the company's production and operation and employee safety. Therefore, we take a proactive approach to disaster risk management and pursue the highest standards of safety in the power supply industry through rigorous risk management plans and implementation of safety regulations. To ensure that the company can resume normal operation quickly after a disaster (including fire, earthquake, typhoon, water and power outage, war, political unrest, terrorist attack, food poisoning, statutory infectious disease, environmental pollution, etc.), to reduce the loss of company and customer property, and to protect the company's reputation and employee safety, we respond to and avoid risks with insurances. In 2021, PHIHONG has taken out the following insurance policies to ensure that the risk of damage to or loss of covered property caused by unexpected and unforeseen accidents will be covered during the insurance period. Through insurance planning and fixed insurance premiums, the operational risk is transferred, and the potential loss is minimized.

Insurance Plan	Product Liability Insurance	Freight insurance	Commercial Fire Insurance	Property All Risks Insurance	Commercial All Risks Insurance
Coverage	PHIHONG Group		PHIHONG Taiwan	PHIHONG Dongguan	PHIHONG Haiphong
Coverage in original currency	US\$ 2~12 million	NT\$11.7 billion	NT\$ 1,035 million	RMB 1.07 billion	VND 575,624,750,000
Coverage in NTD	NT\$ 0.57 ~0.34 billion	NT\$11.7 billion	NT\$ 1,035 million	NT\$4,226 million	NT\$ 696 million
Premium in original currency	US\$17,244	NT\$359,354	NT\$950,685	¥149,146	VND 986,641,425
Premium in NTD	NT\$489,902	NT\$359,354	NT\$950,685	NT\$644,737	NT\$1,193,836
Total Premium	NT\$3,638,514				

Note: The exchange rate is converted according to the payment month of each insurance type. The exchange rate for Product Liability Insurance is based on January 2021 (28.41); the exchange rate for Property All Risks Insurance is based on July 2021 (4.32286); and the exchange rate for Commercial All Risks Insurance is based on July 2021 (0.00121).

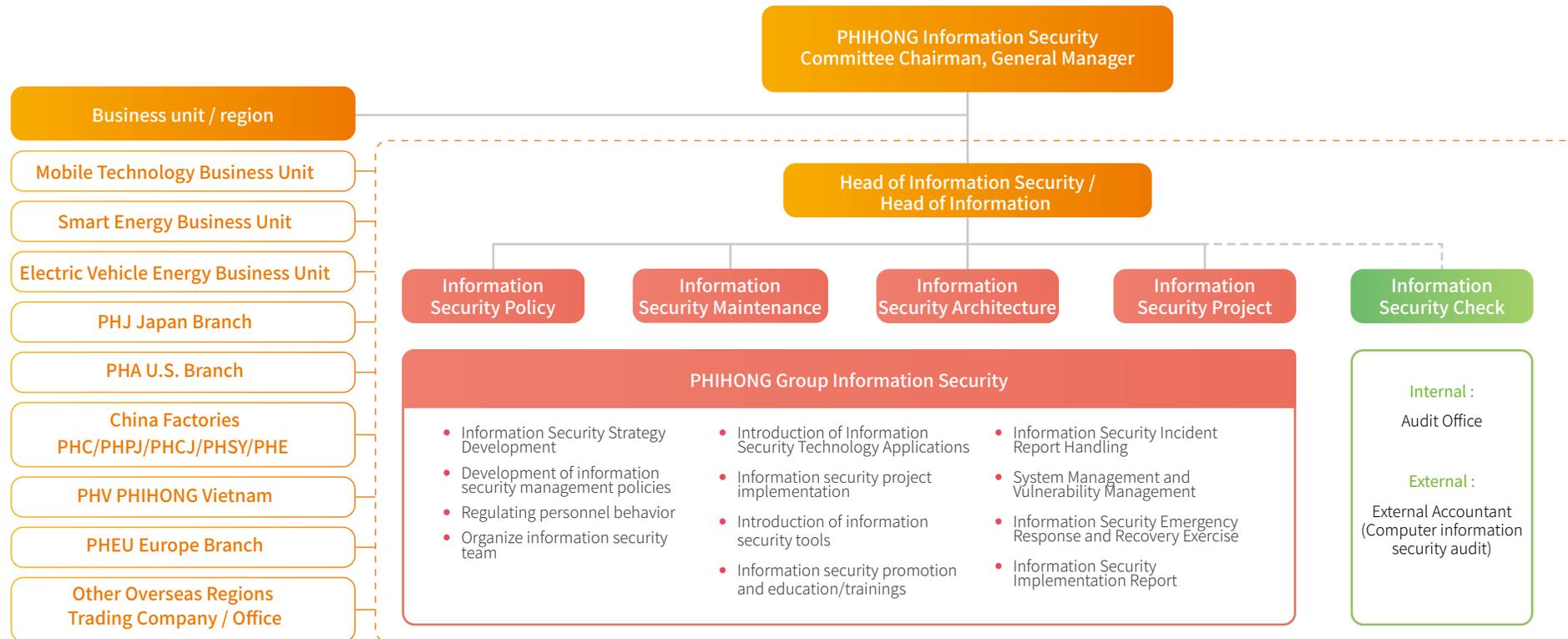
◆ Information security management organization and program

To protect the company and personal information and internal/external communication systems from loss caused by human factors such as leakage, theft, destruction, and natural disasters, and to reduce the impact on operations, PHIHONG adopts the PDCA (Plan-Do-Check-Act) cycle management model to ensure the achievement of reliability targets and continuous improvement. In 2021, we established the Information Security Committee, which is led by the company's management, and the responsible unit is the Information Department, with information officer and professional information personnel. It is responsible for planning, formulating, and executing information security strategies, regularly reviewing information security policies, promoting the implementation of various information security projects, and strengthening information security management measures. If the audit finds deficiencies, we will immediately ask the inspected unit to propose relevant improvement plans, with specific actions and regularly track the effectiveness of improvements to reduce internal security risks.

Moreover, we cooperate with an external accounting firm to conduct regular audits on information security related to information units and track the effectiveness of improvements every year. The organization is regularly audited and managed in a cyclical manner to ensure the achievement of reliability targets and continuous improvement. In 2021, specific measures for information security are as follows:

1. Two sessions of information security education training (Micro e-charging - Secrets that cannot be told / Information security series - Protecting business secrets) were held. These are mandatory courses for all employees.
2. One off-site backup exercise respectively in the first and second half of the year.
3. Plan to purchase and implement an information security terminal protection system to strengthen information security management, including 6 modules: basic policy, application, web browsing, document control, printing control (floating watermark), and real-time communication.
4. Purchase and import file encryption system to protect important business secrets and development documents.





Specific measures for information security management

Privilege Management	Management measures for user accounts, privileges and system operation behavior	Internal staff account privilege management and audit
Access Control	Control measures for personnel access to internal/external systems and data transmission channels	Internal/external access control measures Control measures for data leakage channels Track record analysis of operation behavior
External Threats	Potential weaknesses in internal systems, virus infected channels and protective measures	Host/PC vulnerability detection and update measures Virus protection and malware detection
Weakness Analysis	Scanning, inspection and repair measures for PC and server system weaknesses	Regular rehearsals
Social Engineering Walkthroughs	Enhanced information security measures for personnel access to external mail messages	Regular rehearsals
Education & Training	Regularly promote the concept of information security for users and colleagues	Regular rehearsals

3

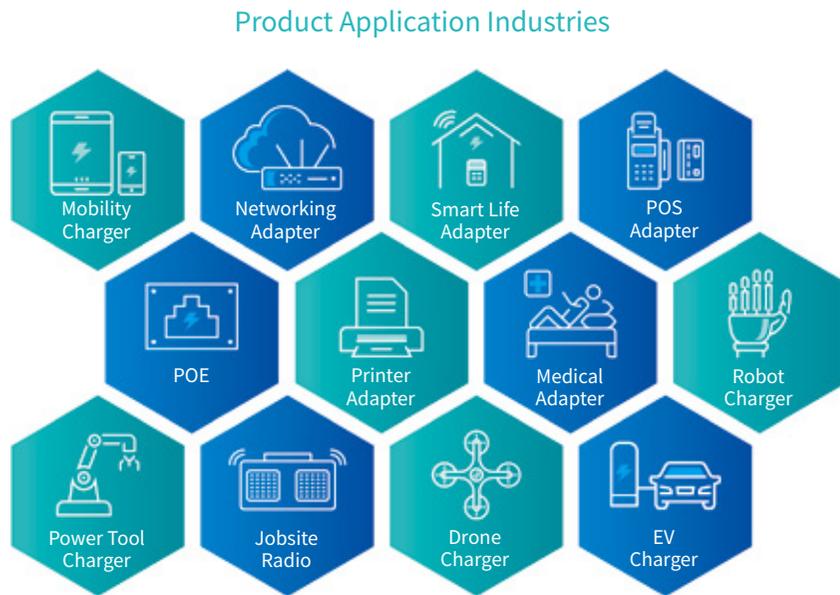
Customer Service and Supply Chain Management

- 3.1 Innovative Products and Technologies
- 3.2 Product Quality and Responsibility
- 3.3 Sales and Customer Service
- 3.4 Sustainable Supply Chain Management



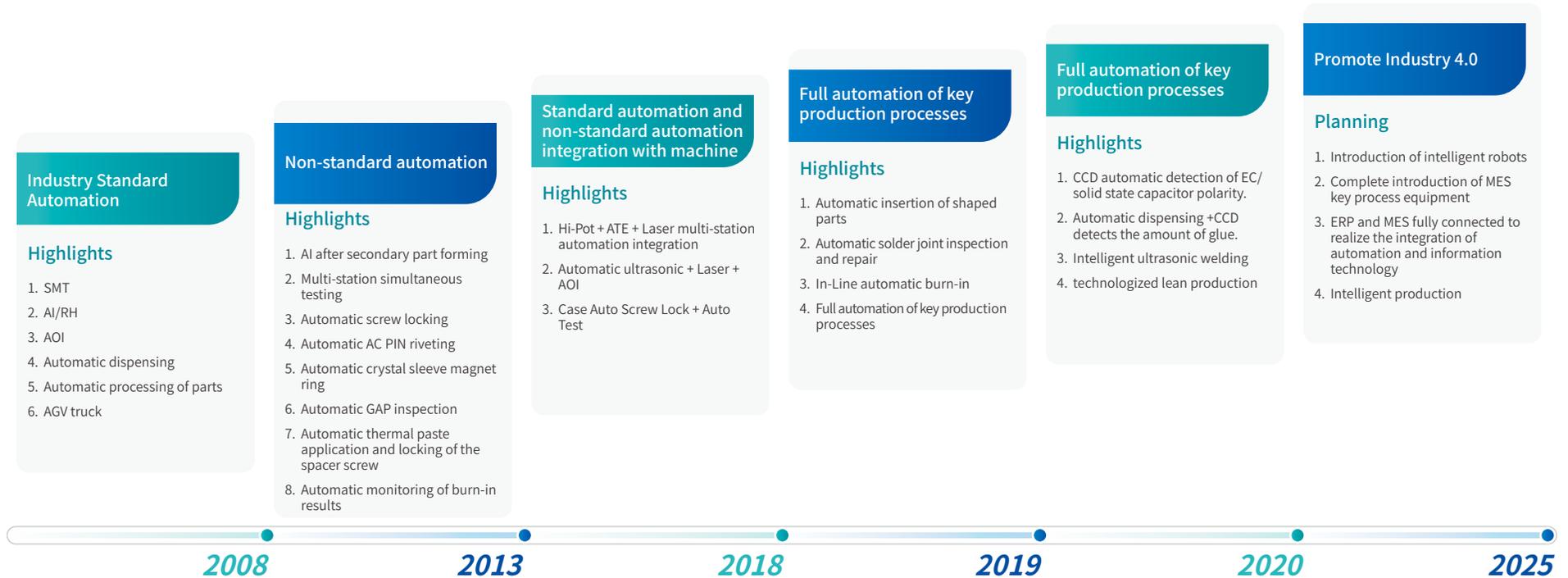
3.1 Innovative Products and Technologies

PHIHONG has been developing power supply products for many years. We are one of the top 10 power supply providers in the world. Our focus is on power supply products, including power adaptor, battery chargers, PoE (Power over Ethernet), AC/DC electric vehicle charging stations and their systems and cloud communication applications, 5G power applications and planning, and jobsite radio. We target end-use applications such as cell phone power, network power, mid-range and high-end smartphones, tablet PCs, power tools, POS machines, POE network smart homes, printers, TV boxes, home medical equipment, medical beauty equipment, robots, and e-bikes.



In response to the industry 4.0 era, automated production is the trend of development. The value is not only to improve productivity and reduce cost to become a strong competitive power, but also to achieve automatic monitoring, prevent major problems and stabilize product quality. Through production operations, a large amount of data is accumulated, such as the number and frequency of shipped items, the stage at which a problem occurred and frequency of problems, and the product yield. After professional analysis, the production process can be optimized to improve production efficiency. In recent years, PHIHONG has gradually planned and introduced some automated production lines. Automated machines are connected to production lines, from raw materials, assembly, distribution to packaging, all steps are automatically controlled by machines. We have achieved the expected results and increased competitiveness in the market.

The Roadmap for PHIHONG's Automation



280W Ultra High Power GaN Charger

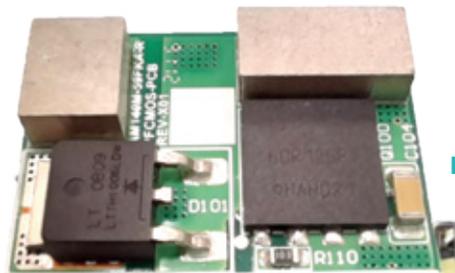
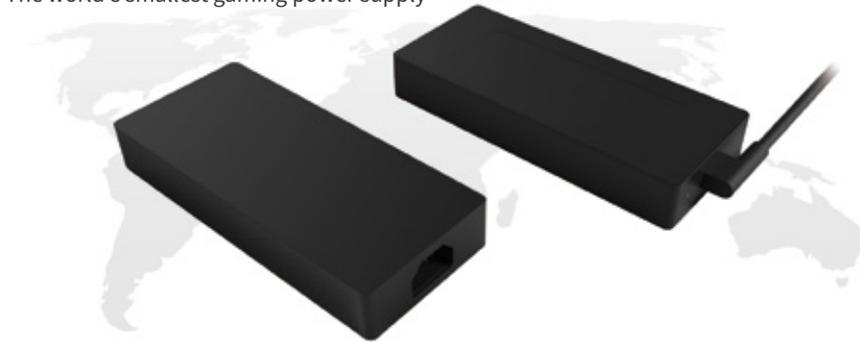
In response to the changing times and market demands, PHIHONG has made remarkable achievements in recent years in the fields of smart life, medical electronics, gaming, 5G, and industrial control. At the end of 2021, PHIHONG launched the new gaming laptop power supply. It is the world's smallest 280W gaming power supply. The new semiconductor material GaN is used for faster conduction and lower heat generation. With the size of a 180W transformer, it is lightweight and has higher power, bringing a breakthrough design and R&D highlight to the gaming power market.

The newly designed GaN-powered 280W charger is approximately the same size and weight as the previous 180W power supply. In terms of output power, AM280U-200A-R provides 280 W output, allowing users to get more power. AM280U-200A-R provides 5 safety mechanisms, including "Over Current Protection (> 17.22A), Over Voltage Protection (< 25.35V), Over Temperature Protection (Case < 105° C), Overload Protection (OLP)", and "Short Circuit Protection". Instead of automatic recovery, the protection mode is a safer latched off. This type of protection requires manual reboot of the power supply, providing a significantly higher level of protection. The new power supply is fully EMC certified and meets all industry standard safety requirements under IEC/EN 60950-1, 62368-1, and TUV NRTL mark. This product has breakthrough ultra-high power and volume, and is developing towards the trend of high power, miniaturization, and light weight

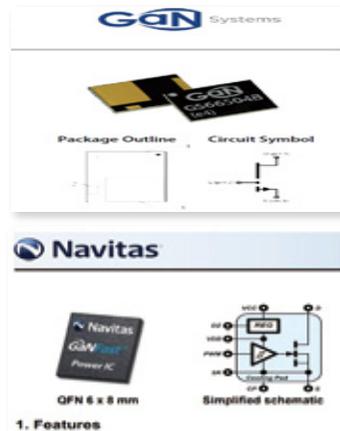
In addition, PHIHONG's R&D team is continuously improving its R&D technology. New power supply products are gradually introduced into the third generation of wide energy gap semiconductors, such as SiC and GaN. These new semiconductor components have high switching speed, high efficiency, and low loss; but the accompanying problems of electromagnetic noise interference and difficult design of peripheral driver circuits are bottlenecks in product development.

280W Ultra High Power GaN Charger

The world's smallest gaming power supply



1.3% Eff. UP

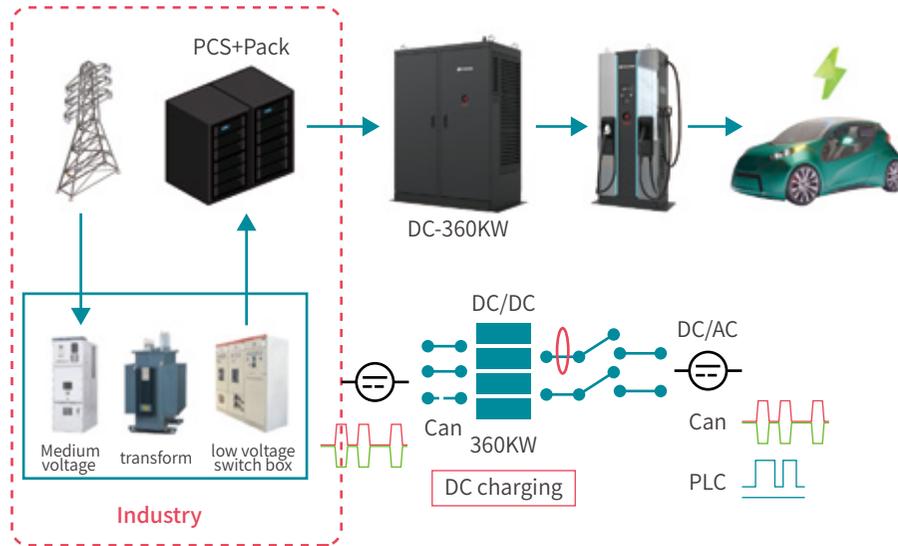


EV Total Charging Solution

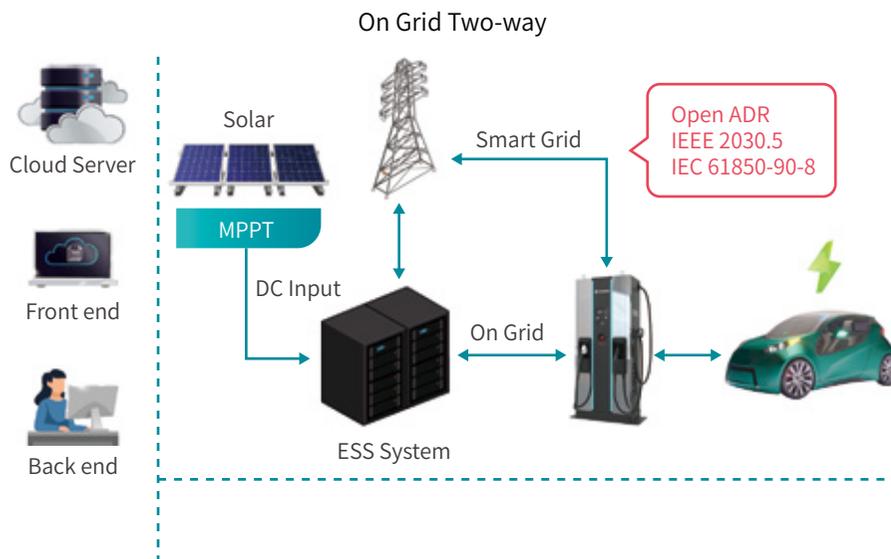
Electric vehicles have become a trend in vehicle development due to their energy-saving and environmentally friendly features. The compound annual growth rate of electric vehicles worldwide is estimated to reach 29% over the next decade. Total electric vehicle sales will increase from 2.5 million units in 2020 to 11.2 million units in 2025. The corresponding charging market is also proportional to the number of cars. The number of charging stations must be much higher than the number of cars, because cars need off-site charging or public charging services. PHIHONG is the first company in Asia to achieve 360kW charging point, which is standard-compliant and customizable. The company has also integrated green manufacturing to expand its carbon neutral business strategy. We also provide solutions for various industry pain points, including water-cooled bi-directional charging technology, energy storage technology and grid balancing technology.

1. R&D of water-cooled two-way charging technology: power module design, two-way controller design, and water-cooled cooling system research and development design. Water-cooling technology improves heat dissipation, extends the life of the charging system, and reduces the damage caused by noise. In addition, future regulations in 2025 require two-way charging systems that will feed electricity back into the grid or into energy storage.
2. R&D of energy storage technology: including control board design, active balancing design, power supply design, energy storage system and charging system integration design. We develop active balancing technology and combine energy storage and charging technology with software control.
3. R&D of grid balancing technology: including power integration technology, small energy storage grid management system algorithm. In the future, the electricity from electric vehicles will be fed back to the grid or fed back to the energy storage system, which will be used to become a regional power network and effectively use the electricity to become a smart grid.

R&D field development planning



Smart Grid + Energy storage system + Bi-directional charging



EV certification. First to take the opportunity

To electrical vehicle users, "EV READY" is a symbol of reliability and security. A charging point with this seal is a safe and secure product with excellent charging performance. At present, PHIHONG is the first and only charging point manufacturer in Taiwan to obtain EV Ready certification, providing the highest quality charging point products for the EV industry. The only way to enter the French market is to be EV Ready. The overall EV Ready test program focuses on the safety, EMC, and charging gun of the entire charging point. PHIHONG's charging point strives for having a small size, being light weight and having high efficiency. System integration and module customization of the charging point are very important.

Therefore, PHIHONG's DC charging point systems are developed and designed with a high degree of system integration and reliability in mind. PHIHONG's DC charging points include: 30kW mobile charger, 30kW wall-mounted charger, 60kW, 120kW ~ 180kW 3-in-1 charging point and 360kW split type DC charging point. Equipped with simple user-interface and charging cable management system, users can easily use PHIHONG's charging points. This not only demonstrates the maturity of PHIHONG's EV charging point technology, but also the design and practicality of AC charging point products. It not only conforms to the international mainstream charging standards, but also provides 24-hour abnormality monitoring mechanism to maintain a stable and safe charging service. It is slim, easy to install, IP55 waterproof and dustproof, which is suitable for various environments and utilize space effectively.



Charging, Storage and Energy Management (Ecosystem)

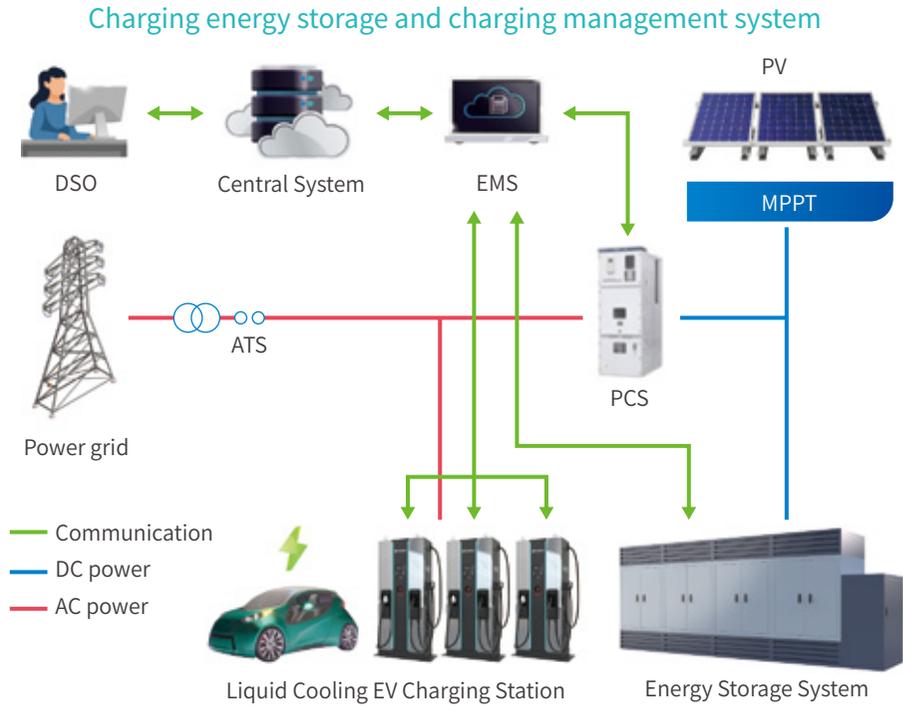
i-Green Energy Technical Center (i-GETC) has mainly the following 3 solutions:

- ◆ Grid Balancing:
 - Software for intelligent grid balancing control
- ◆ Green Energy & Energy Storage:
 - Integration and application of Green Energy and Energy Storage
- ◆ Electric vehicle charging point:
 - Water-cooled and 3rd-generation semiconductor applied to electric vehicle charging point charging solutions

In view of the increasing battery capacity of electric vehicles, PHIHONG is concerned about the user experience of each product. We are committed to the development of high-power electric vehicle charging products to accelerate the charging power and shorten the charging time. For this purpose, a water-cooled high-power power charging system is developed. It is combined with an energy storage system and energy management system with active balance battery management, to effectively achieve green power first and reduce the impact on the grid.

STEP 1	STEP 2	STEP 3
<ul style="list-style-type: none"> Unidirectional output water-cooled module charging point Energy storage system and green energy import EMS detection and management system 	<ul style="list-style-type: none"> Charging point with bi-directional water-cooled modules Central Cloud Management System 	<ul style="list-style-type: none"> Demand reflection Auto Frequency Control Assist Service Deep learning prediction and operational model building

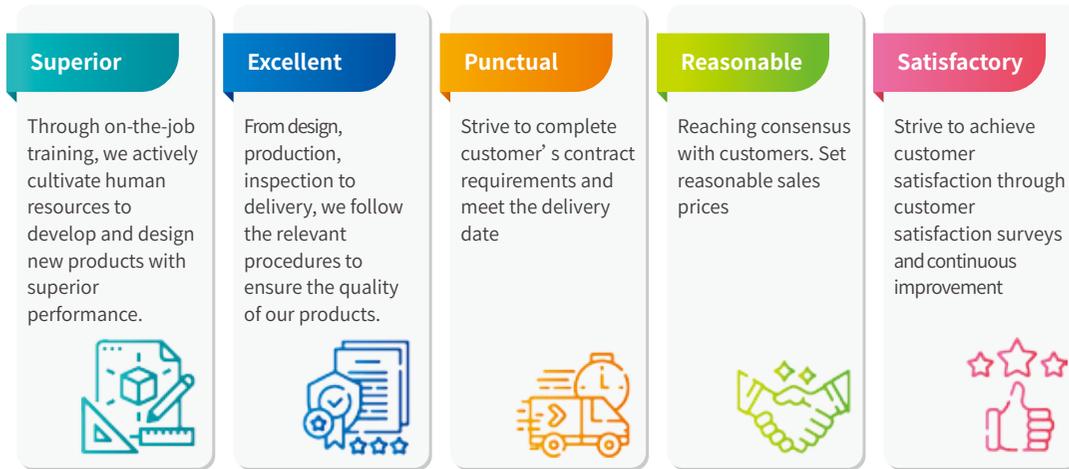
R&D Area	Short-term planning 2021-2022	
	R&D project	R&D Target
Material	Active component modularization	Sic-Mos / Sic-Diode
	Unidirectional Power Module	60KW-PFC / 30KW-DCDC
System	One-way water-cooled charging system	360KW Liquid Cooling Charger
EMS	Network Communication	IEC2030.5 / Open ADR
	Cloud platform	Backend platform / Power balancing algorithm



3.2 Product Quality and Responsibility

PHIHONG holds the concept of product life cycle thinking, incorporating environmental impact reduction and customer health and safety protection. According to the environmental management substance control standards, we select materials that comply with environmental regulations for product development and manage the design process strictly. Through product testing and quality assurance, we are certified by a third party to meet the requirements of national environmental regulations. Subsequent sales, manufacturing, supply chain and lifecycle operations all comply with legal requirements, to ensure customer expectations and data privacy, and to take into account the health and safety of users.

PHIHONG Quality Policy



Also, to achieve a healthy and safe life for our customers or product users, we have appropriate management practices in each stage of the product life cycle. At the design concept stage, we consider customer requirements, "environmental management substance control standards" and national regulations. We use qualified materials in the subsequent product design to ensure that our products are HSF (Hazardous Substance Free) green products. Our products have above standard recycling rates at the end of their life cycle. During the product development process, PHIHONG uses conservative design specifications (e.g., introduction of higher than standard safety margin) to ensure safety compliance after mass production. Through rigorous project design management, quality verification and design phase audits are conducted at each design stage. We also obtain regulatory testing and certification from a third-party certification unit prior to mass production. In 2021, PHIHONG no health and safety violations nor fines.

Restricted Use of Hazardous Substances

According to the international environmental protection standard, and with reference to the customer's hazardous substance control standard, PHIHONG has formulated the hazardous substance management method: "Hazardous Substance Free Management". New products are designed, and materials are selected according to the standard from the development stage. The selection of subsequent components, the product and quality requirements of our suppliers, and the production and sales of our products are strictly controlled by these standards. This ensures that the products we supply to our customers are environmentally friendly, healthy, and safe, and fully compliant with international environmental regulations.

The "Environmental Management Substances Control Standard" includes RoHS, REACH, prohibition of red phosphorus flame retardants, control of halogen-free specification products, and the EU RoHS Extension Directive 2015/863 to ban 4 plasticizers (Phthalates), (BBP, DBP, DIBP, DEHP). From the end of 2017, it is mandatory for suppliers to provide test reports for the 10 banned substances in RoHS when they perform part recognition and update their reports. For the REACH Substances of Very High Concern (SVHC) established by ECHA, a new list of substances is added every six months. As of January 21, 2022, 25 batches of substances have been updated, for a total of 223 substances under control, all of which have been immediately updated to our standard and be implemented. In addition, the U.S. Environmental Protection Agency (U.S. EPA) announced that the Toxic Substances Control Act (TSCA) includes five persistent, bio-accumulative, and toxic substances (PBT): decabromodiphenyl ether (DecaBDE), isopropylated triphenyl phosphate (PIP (3:1)), 2,4,6-tri-tert-butyl phenol (2,4,6-TTBP), hexachlorobutadiene (HCBT), and pentachlorothiophenol (PCTP). (HCBT), and pentachlorothiophenol (PCTP). Although PHIHONG is not included in the IEC 62474 specification framework, for the IEC 62474 regulated substances, excluding some controlled substances for applications other than the company's products, our halogen-free specification products can

meet 100% of the IEC 62474 specification. These products accounts for ~39 % of revenue in 2021. RoHS lead-free models can satisfy 95.03% of material items, accounting for 61% of revenue in 2021.

In addition to the updated control of hazardous substances, the company follows the WEEE regulations as the minimum requirement for product development to ensure the reuse, recycling, and recovery of products in their post-life cycle. All the above management and control of product materials not only meet the needs and expectations of customers and end-users; but are also the expectations and responsibilities of PHIHONG as a global citizen.

Product recyclability and environmental impact

The business model of PHIHONG is mainly B2B. To promote circular economy, in addition to meeting the WEEE recycling threshold for 100% of its models, the company is also committed to increasing the proportion of recyclable materials in its products to reduce the burden on the environment at the end-of-life stage PHIHONG mainly produces power supply products, and the main raw materials used are metals and plastics. For example, the total production volume of the top 5 production models until 2021 is 30% of the total production volume of all models. The 5 major models use a total of 602.48 tons of recyclable metals, 1,544.53 tons of plastics and 572.54 tons of other raw materials. The average total recycling ratio reached 96.46%.

Responsible Consumption and Production

Providing healthy and safe products is PHIHONG's commitment to our customers. PHIHONG also advocates the concept of "responsible consumption and production", which is the 12th of the 17 Sustainable Development Goals (SDGs) released by the United Nations, with the mission of producing safe and healthy products. Our quality requirements are implemented in the product design and development process, and even extend to product sales and after-sales services. Every step of the process is strictly controlled to ensure that our products meet international safety standards and environmental regulations to meet the expectations of our customers and users.

Moreover, all PHIHONG products, publicity items, product catalogues, foreign media promotions, or domestic / foreign exhibitions, as well as the marketing and labeling of PHIHONG's official website, all comply with the regulations of the trademark labeling Law and related standards. We make sure that the labeling is correct and clear. In the product labeling, power supply products for electrical applications must first comply with relevant

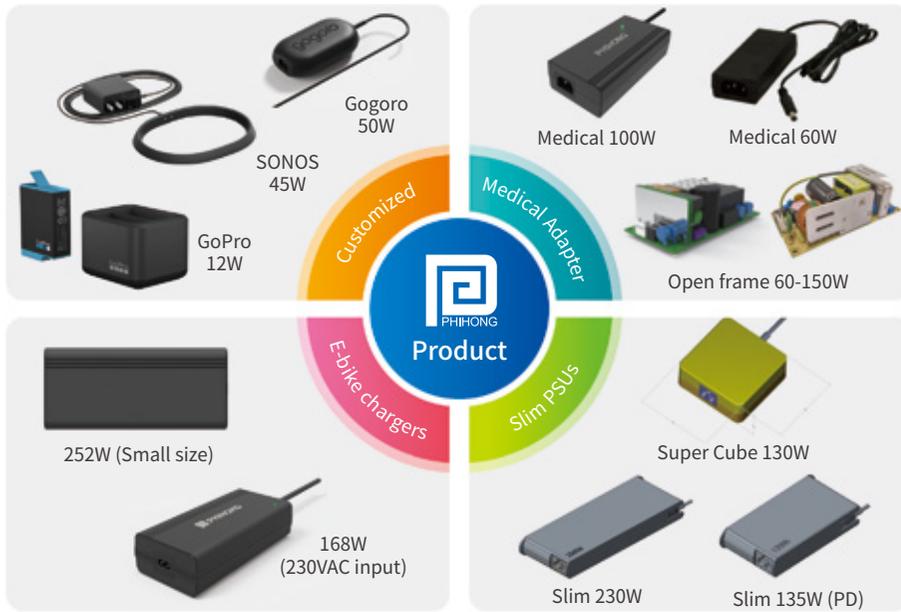
national and international safety standards and regulations and obtain certification before they can be sold and marketed in that country. There are clear statements and definitions of the devices, electronic components, and tests of power supply products in the safety regulations to test whether they will cause harm to human body. In particular, the product is tested under abnormal use conditions to avoid the risk of disaster due to poor design or improper use of the product, which may result in loss of life and property. According to the country of sale and certification, the procedures for applying for certification are as follows:

- ◆ Submit application documents to the certification body
- ◆ The certification body accepts the application
- ◆ Submit samples and product information to the certification body
- ◆ The certification body reviews the samples and data, to make sure they meet the specifications. A test is arranged.
- ◆ The certification body notifies the first factory inspection (required for the first application for certification)
- ◆ The test is passed, and the factory inspection is approved- The certification body issues the certificate before the applicant can state the compliance of the national safety requirements on the product.

"Safety Standard Certification" is the safety certification, which can be marked on the product or product label only after passing the inspection and certification.

Common safety certification labels are as follows: "U.S. UL, Canada CSA, Mexico NOM, Argentina IRAM, European Common Market CE, Europe TUV-GS, Taiwan BSMI, Japan PSE, Korea KC, China CCC, Singapore PSB, India BIS, Australia RCM, Customs Union EAC (CU) and South Africa SABS, etc. All of our products in mass production in 2021 meet the requirements of the laws and regulations of each country and are certified for safety in that country prior to shipment. Therefore, there are no violations nor fines.

For medical power supply products, PHIHONG uses IEC 60601-1 as the main safety standard, and then applies for European TUV or North American UL certification according to customer requirements. For power supplies for gaming laptops, IEC 62368 is the main safety standard. The safety regulations for lithium battery chargers for e-bike are mainly IEC 60335 in Europe and UL 1310, UL 1012 and UL 62368-1 in North America. Our charger products are designed with complete safety certification in mind, depending on the product application and customer's sales region. We also verify the reliability of our products before mass production to improve the safety of our products.



▲ ISO 9001:2015 (Phihong Groups)



▲ ISO 9001:2015 (Vietnam Factory)



▲ IATF 16949:2016



▲ ISO 13485:2016



▲ ISO 14001:2015



▲ ISO 45001:2018

Eco-friendly and energy-saving design

In 2021, PHIHONG has designed and developed a total of 672 models (products), all of which are 100% compliant with WEEE regulations. Among which the results of lead-free (RoHS) and halogen-free (Halogen Free) models are as follows:

- ◆ The number of cases of lead-free RoHS (compliant with the International Green Directive benchmark) models: 545. An increase of 189 newly developed cases compared to 2020.
- ◆ The Number of Halogen Free (above the International Environmental Directive benchmark) models: 127. An increase of 21 newly developed cases compared to 2020.
- ◆ All machine parts are WEEE compliant. The total recycling rate (recyclable materials) can reach more than 80%. The total recycling rate of some models can even reach 90% or more.

In addition, in response to corporate sustainability, ESG has become a global consensus in the industry. Carbon reduction, net-zero carbons emissions, and carbon neutrality are the future trends. Under the wave of energy saving, carbon reduction and sustainable management, it is the direction for all enterprises to think and work hard to leave a bright future for the next generation.



PHIHONG Green Product Lifecycle

- | | |
|-------------------------|---|
| 01. Raw material use | <ul style="list-style-type: none"> • Comply with international environmental standards • Adoption of Hazardous Substance Management System • Comply with RoHS, REACH, SVHC and other relevant regulations • Comply with the environmental standards of exporting countries, such as California Proposition 65, TSCA, or to meet the requirements of halogen-free specifications of customers' products, etc. • Raise local procurement • Drive supply chains to jointly promote environmental sustainability and ban the use of conflict minerals |
| 02. Production Planning | <ul style="list-style-type: none"> • All plants are certified to ISO 14001/ISO 45001 Environmental Health Management System or equivalent. Compliant emissions. • Improve energy efficiency to reduce energy consumption and greenhouse gas emissions • Comply with production process volatile organic compounds (VOCs) specification |
| 03. Transportation | <ul style="list-style-type: none"> • Optimize transportation route dispatch planning and reduce transportation trips • For frequent transport routes, the transportation distance and the use of packaging materials are evaluated and recycled for reuse. |
| 04. Consumer safety | <ul style="list-style-type: none"> • Comply with the safety certification of electronic products from various countries, including UL, FCC, BSMI, etc. |
| 05. Recycling design | <ul style="list-style-type: none"> • PHIHONG's products comply with the EU WEEE Directive for Waste Electrical and Electronic Equipment |

3.3 Sales and Customer Service

PHIHONG has reached its 50th anniversary in the power supply field. The company has been providing top technical services and increasing the number of global production and service locations to raise customer satisfaction. With our headquarters in Linkou, Taiwan as our starting point, we have service points all over the world. Customer satisfaction is one of the main goals of sustainable business operation. PHIHONG uses various channels and methods to listen to our customers and understand their concerns and needs. On the one hand, this motivates us to find solutions, grow and move forward. On the other hand, this helps us to build a close partnership with our customers to achieve a win-win situation and create mutual benefits.

The “Best” Power Solution Provider in The World !



Customer Satisfaction

We are committed to environmental protection and provide a full range of electrical energy solutions. We provide our customers with cleaner, more efficient, and reliable total energy saving solutions. Also, we reduce the consumption of global resources and greenhouse gas emissions to create more values for our customers. We proactively send out satisfaction questionnaires to customers and continue to improve according to customer suggestions. By communicating directly with our customers, we understand their problems at the product design stage. By consulting and hiring talented people for various departments, we accurately grasp end market needs and exceed customer expectations. To gain a deeper understanding of our customers' satisfaction with PHIHONG products and services, we hold an annual customer satisfaction survey. The customer satisfaction assessment and survey results are considered as an important basis for improving customer relationship development. Through questionnaire analysis and in-depth interaction with customers, we can explore potential business opportunities in the market, improve product design, get closer to customer needs. This helps us to establish a win-win relationship, and to meet customer expectations on PHIHONG.

◆ Satisfaction Survey Result

We try to understand customer needs and feelings through multiple channels. We keep improving and return better results to our customers. We take environmental protection as our responsibility and provide a full range of power solutions, to realize our core values of energy saving, innovation and service. Our vision is to become the world's best power supplier. We optimize our internal processes, improve production process, and make innovations in our daily operations. We face our customers' needs with a proactive attitude.

The return rate of the customer satisfaction survey 2021 is 100% (45 questionnaires were sent out and 45 valid questionnaires were returned), with a customer satisfaction (overall) rating of 84.9% (the 14th evaluation indicator). The average customer satisfaction rate of the Group was 81.8%, while the average customer satisfaction rate of the industry was 71.7%, outperforming the industry average by 10.1%. The survey results showed that customers are “very satisfied” and “satisfied” with PHIHONG’s key technology mastery, leading technology, manufacturing quality, organization and operation, technical service capability, quick response, marketing capability, customer demand response, and customer satisfaction.

Customers responded in several questionnaires that PHIHONG should improve cost control. This reflects that PHIHONG’s R&D technology and product quality are trustworthy. However, the cost of raw materials has increased due to the impact of COVID, inflation, and a raise in raw material price due to the shortage of labor and materials. For the high-volume models of our top 3 customers and the model of our general customers, we have not increased the price of our products in line with the increase in raw material cost, which is the reason for the low satisfaction level of cost control. Therefore, we are looking for better quality and lower material cost to improve customer satisfaction. The average customer satisfaction rate of PHIHONG in 2021 has increased by about 6% compared to previous years, which shows that the internal continuous improvement efforts have paid off.

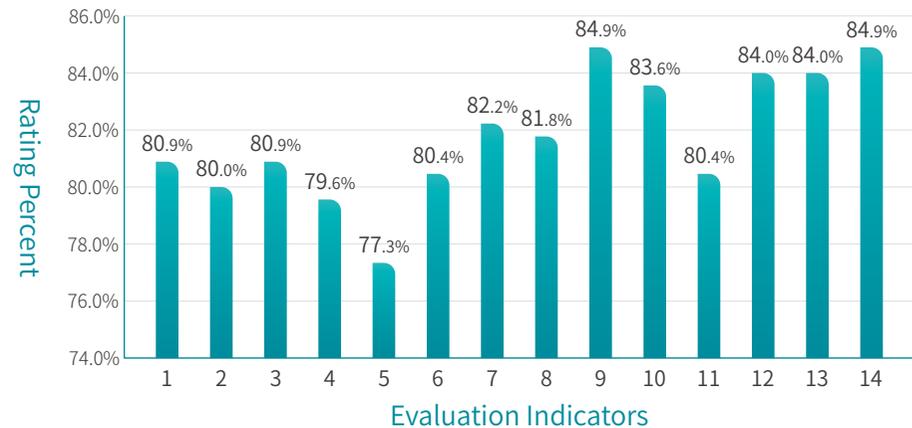
14 evaluation indicators in customer service & satisfaction survey



Customer satisfaction survey results for the past 3 years

Year	2019		2020		2021	
	PHIHONG	Industry	PHIHONG	Industry	PHIHONG	Industry
Questionnaire recovery rate	100%	-	100%	-	100%	-
Customer satisfaction (overall)	78.7%	75.0%	78.4%	74.3%	84.9%	72.0%
Avg. customer satisfaction	75.5%	71.3%	75.8%	71.1%	81.8%	71.7%

2021 Customer Satisfaction Review



Customer Privacy

To protect our competitive advantage, intellectual property, and customer information, we have established the "Company Information Handling and Customer Data Protection Procedures" to regulate the principles of information handling of employees, customers, legal requirements, government, shareholders, and the public. For customer data protection, we follow this procedure for information security management. We not only implement it in our operation process, but also promote it from time to time to raise employees' awareness of information security. The following are the personnel and operations related to the implementation of customer data protection:

◆ **Head office information department:**

responsible for the maintenance and update of the company website.

◆ **Each business group's business department:**

responsible for customer data protection and maintenance/update operations. Only authorized personnel have the right to read.

◆ **General Corporate Legal Office:**

responsible for the review of customer procurement (sales) contracts and confidential contracts, printing, contract expiration notification reminders and contract system updates and maintenance.

◆ **Document Control Center (DCC):**

Responsible for registering, managing, maintaining, and updating customer external documents submitted by each business group into the system.

In addition, new employees are required to receive training on "Corporate Ethics and Business Conduct" and sign an "Intellectual Property Rights and Confidentiality Agreement" to assume the obligation of confidentiality and data protection. For customer orders and business-related confidential information and documents, all business and customer-related personnel are required to strictly observe the Code of Business Ethics and Business Conduct, except for internal circulation and transmission for business needs. They shall not disclose, distribute, or transmit to peers, business partners, suppliers or unrelated third parties.

All external documents, product technical data (e.g., product specifications, circuit diagrams, drawings, etc.), software, intellectual property, and other data files (including paper, CD, USB flash drive and any other storage type information and documents) shall be properly registered, stored, maintained, and updated in a timely manner. The "Technical Document Control Regulations" and "Document Handling Procedures" shall be followed. The protection, management, and use of all electronic data media in the company are based on the "Electronic Information Management Procedures". PHIHONG insists on a strict and thorough protection mechanism to manage customers' confidential information and privacy, to build trust and long-term cooperation with customers and create a win-win situation for both PHIHONG and customers. In 2021, there were no complaints from customers about information, privacy breaches or loss of customer data.

3.4 Sustainable Supply Chain Management

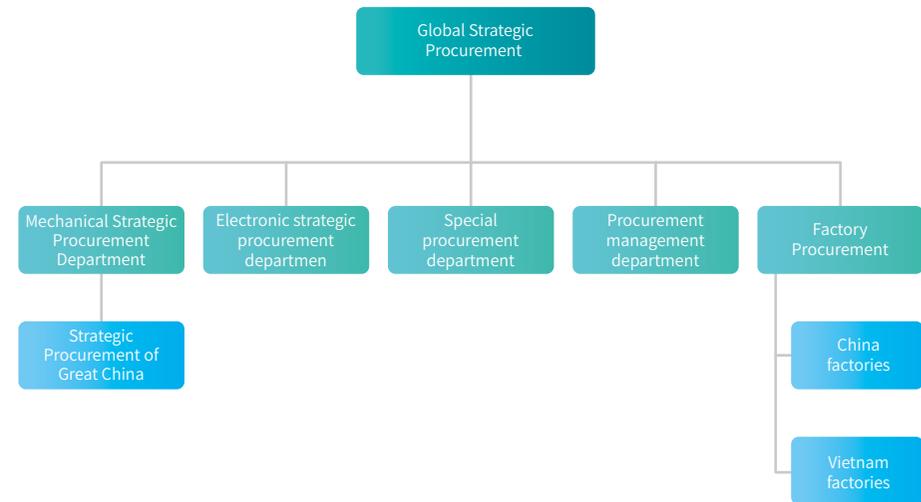
PHIHONG values the importance of establishing a sustainable supply chain. Through the "Procurement Management Procedures" and other related systems, we regulate the various procedures of supplier management. We also require our suppliers to sign the "Integrity Pledge", "Confidentiality Agreement", "Environmental and Social Responsibility Pledge", and "Conflict Minerals Reporting Template" to understand and control labor rights, environmental protection, ethical regulations, safety, and health risk management in the supply chain. This reduces the operational risks and costs for us and our suppliers. We will work together towards a stable and sustainable future.

PHIHONG Supply Chain Organization

In 2021, in response to the continuous development of the Vietnam plant, the Global Procurement Office recruited local buyers in Vietnam to facilitate the localization of material sources. PHIHONG's rights and responsibilities in the supply chain are divided into 3 parts:

- ◆ **Global Procurement Division:**
responsible for new supplier development, new supplier review, price negotiation, order allocation, supplier relationship, supplier collaboration, new technology and new process exchange and introduction, etc.
- ◆ **Factory procurement:**
from scheduling incoming materials, chasing materials, collaborative handling of quality issues, to deal with factory payment problems, etc.
- ◆ **SQM:**
Assist in the evaluation of new suppliers and be responsible for the annual review of qualified suppliers, counseling, and supply quality improvement.

Global procurement division

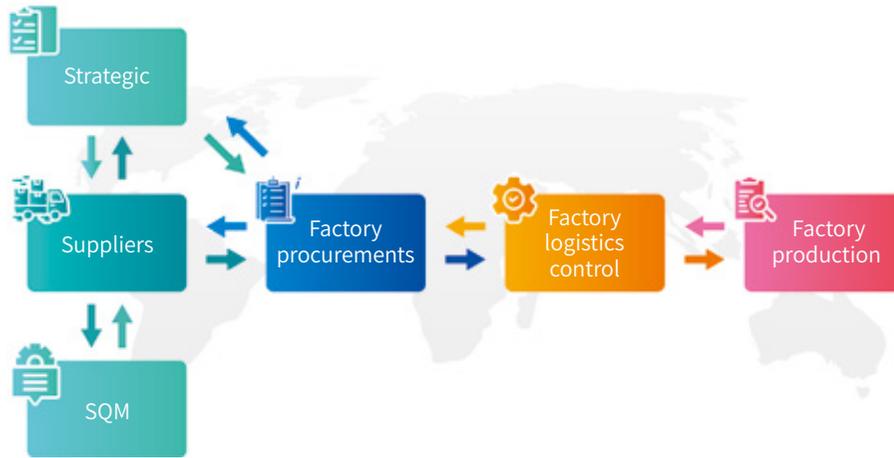


Supply Chain Management

PHIHONG attaches great importance to supply chain management, which is an important part of the company's competitiveness and sustainable development. Supply chain management is divided into the following aspects:

- ◆ Price competitiveness
- ◆ Supply risk management
- ◆ Green Procurement
- ◆ Conflict Minerals
- ◆ Implementation of Corporate Social Responsibility
- ◆ Strategic partnership between companies in the green supply chain

PHIHONG supply chain



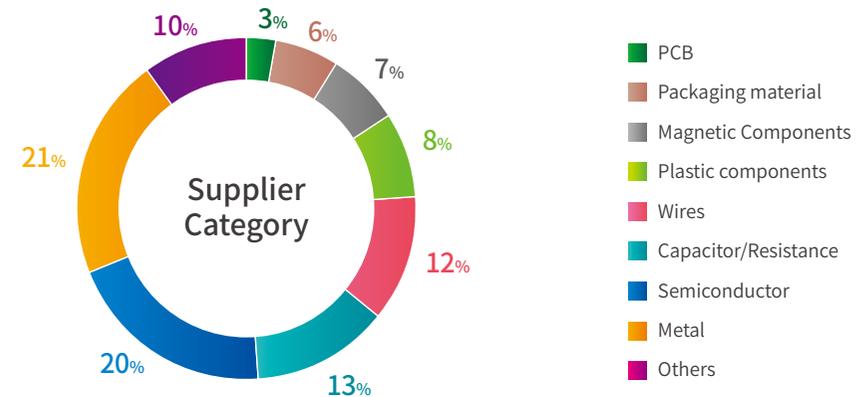
PHIHONG upholds a strict, fair, just, and open supplier management system. We comply with laws and social regulations. We continue to keep up with the times and actively develop excellent suppliers. Following the relevant assessment methods, we conduct investigations and evaluations, and establish a supplier classification management system. We ensure that our supply sources meet the quality, delivery, price, and after-sales service requirements to strengthen our supply chain risk management. Moreover, we integrate all our partner companies. Through the partnership between each other, we can raise the awareness of CSR and form a complete industry value chain.

◆ Price competitiveness

In the face of global competition, not only PHIHONG must face it, but also our customers and suppliers. In such a competitive business environment, when demand exceeds supply, it is the responsibility of the supply chain to do its best to contain price increases. Conversely, when supply exceeds demand, it is the supply chain's responsibility to ensure that prices are competitive. Strategic procurement will be based on the changes in the market, to perform cost review of our product models, quarterly price negotiation (QPR), alternative material proposal and introduction, new supplier introduction, etc. to ensure price competitiveness.

◆ Supply Chain Situation

In 2021, PHIHONG dealt with 700 manufacturers. The main categories of suppliers are hardware, semiconductors, capacitors/resistors and wires, accounting for nearly 60% of the total.



Supply Chain Risk Management

In early 2020, COVID-19 struck most countries around the world. The epidemic caused personnel in factories around the world to be unable to return to normal production. Faced with unprecedented risk challenges, under the direction of the company's Response Team, we adopted the following supply chain risk management responses to reduce the impact on PHIHONG's production.

1. Inventory of finished goods, semi-finished goods, and raw materials of the factories.
2. Intensive checks were conducted on the risk response mechanism and capability of our suppliers, COVID status at customers' locations, return of our employees to the workforce and our productivity recovery status.
3. Significantly increase the frequency of video/teleconference with suppliers.

In 2021, the COVID epidemic eases, the world economy shows recovery and consumption increases, and the demand for automobiles increases greatly. However, with global inflation continuing to rise and the rebound of the epidemic outside of Taiwan, there is a huge gap in demands of plastics, semiconductors, and basic metals such as copper and aluminum. Under these circumstances: prices are rising, lead times are increasing, and there are repeated rumors of stock-shortage, supply risk has been increasing. The supply chain has adopted the following countermeasures:

1. Identify out-of-stock materials. Whenever our business unit receives an order and the material is in demand, regardless of the delivery time, we will order for them. This is to reduce the impact of material shortages and price increases.
2. Expand the quantity of materials received. Enable the delivery of semiconductor parts before the demand date to increase the inventory level.
3. Ask the supplier to keep a certain percentage of stock.

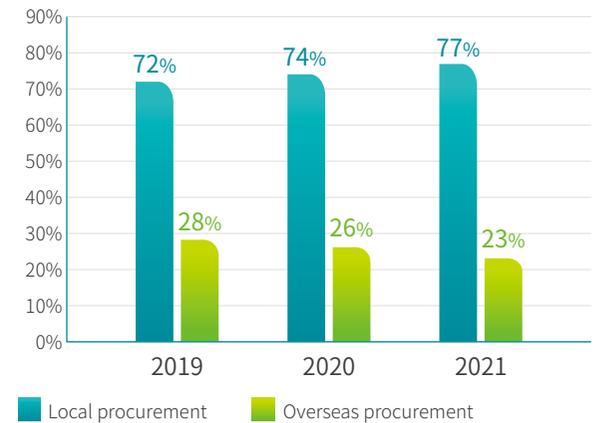
Key component	Risk type	Strategic measures
 Semiconductor	1. price increase 2. difficult to obtain 3. fakes	1. Buy in advance, order in advance, transport material in advance 2. Import alternative materials. Reserve a certain amount at the factories 3. Only deal with official agents or original factories
 Plastics	1. price increase 2. fakes, substandard materials	1. Contract price 2. Periodically confirm the orders placed by the injection molding factory to the original factory
 Metal wires	1. price increase 2. difficult to obtain	1. place orders in advance, transport material in advance, discuss the cost of raw materials to confirm a reasonable price 2. Reserve a certain amount at suppliers
 PCB	1. price increase 2. difficult to obtain	1. place orders in advance, transport material in advance, discuss the cost of raw materials to confirm a reasonable price 2. cooperate with suppliers in advance to purchase sufficient raw materials

Green Procurement

PHIHONG is a large professional power supply design, production and manufacturing factory, and the products are delivered to customers with considerable scale and industry status. We are very concerned about environmental substances and green procurement, and our green supply chain management is as follows:

- ◆ Choose suppliers close to our production sites to reduce our carbon footprint.

In 2021, the proportion of local and overseas procurement is as follows: 77% local procurement, which is only 3% higher than that of 2020. The overall strategy goal remains unchanged, and we continue to strive for the introduction of local materials. Currently, new suppliers, both structural and electronic materials, are procured within 2 hours' drive from our factory. We hope to further increase the ratio. By localizing the procurement process, we can reduce the logistics of overseas procurement and reduce the impact of greenhouse gas emissions on the environment. If the materials need to be purchased from overseas, we also measure the delivery time and reduce the number of shipments, to reduce the cost of goods and suppliers' delivery costs.



- ◆ Supplier material meets environmental requirements

PHIHONG pays attention to the control of environmental substances in the materials. We always pay attention to changes in important international regulations such as RoHS2.0 (2011/65/EU & 2015/863/EU), REACH-SVHC, Halogen-Free, SONY SS00259... etc. and update our internal control documents accordingly. New control standards for environmental management substances will be published in the supplier's Kanban board download area at any time with the changes of international related organizations, so that suppliers can download and inquire. To emphasize the importance of environmental substance control, the system for suppliers to upload environmental substance information also clearly displays a reminder.

In the material recognition stage, suppliers are required to attach the test reports of third-party impartial units during the validity period. Supplier should upload a guarantee to the PHIHONG Environmental Protection Document System, to ensure that the supplier's materials meet environmental requirements. New environmental management substance control standards are also published for suppliers to view and download along with the changes of international organizations. To promote the importance of environmental substance control, the environmental substance data uploading system is also clearly display a reminder to suppliers.



◆ Supplier Conference

To familiarize new suppliers with PHIHONG’s environmental protection data system, and to provide advice and discussion opportunities for existing suppliers on the use of environmental protection data, we hold regular supplier conference every 6 months. In 2021, due to the severity of COVID, the event was held in the second half of the year when the epidemic was less severe. All these measures are designed to ensure that our manufacturers can keep up with the times and protect the environment in a sustainable manner.



◆ Conflict Minerals

PHIHONG advocates the RBA Conflict Free Mineral Policy. We promote it to our suppliers by disclosing the following Conflict Free Mineral Policy on the company's supplier Kanban board: follow the requirements of RBA (Responsible Business Alliance) and GeSI (Global e-Sustainability Initiative) for Conflict Free Minerals, and fulfill its corporate social responsibility by avoiding the use of conflict metals from the RDC and neighboring countries:

- We do not purchase or use conflict metals.
- If the supplier uses conflict metal from the conflict area, the supplier should inform PHIHONG and propose improvement plan.
- In case of conflict metals usage violation, besides removing the supplier's qualification, the supplier shall be responsible for any losses incurred by PHIHONG.

Before qualifying as a new supplier, a "Conflict Minerals Commitment" and "Conflict Minerals Reporting Template" must be completed by the supplier to confirm that the conflict minerals policy of the supplier is consistent with that of PHIHONG. Conflict metals are sourced from RBA certified smelters. In addition, the RBA will update the LIST of qualified smelters, and then request suppliers to confirm and update.

◆ Supplier ESG Practices and Commitments

As a professional power supply manufacturer in Taiwan, PHIHONG is not left behind in promoting and maintaining corporate social responsibility. We hope to work together with our suppliers.

PHIHONG’s ESG policy is as follows:

1. Comply with all laws and regulations signed by the company in the production and operation of the company. Cooperate with the Occupational Safety and Health Management System/Quality Management System/Environmental Management System to manage the company.
2. Respect the rights of all persons. Prohibit discriminatory practices and forced labor and unlawful punitive measures.
3. Comply with customer and industry ethics and business conduct standards. We also select suppliers/outsourcers based on their ability to meet social responsibility standards.
4. Continuously improve management, standardize behavior, accept external review, and supervise employee in accordance with social responsibility standards.
5. Employee representatives have the right to communicate or negotiate with management representatives on social responsibility issues.
6. All employees can have access to information on our social responsibility system at any time and make suggestions, without any negative impact.

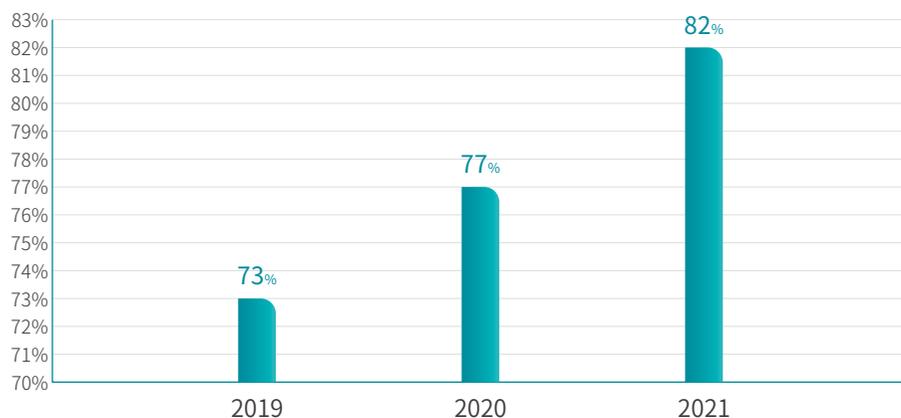
PHIHONG's social responsibility, environmental policy, occupational safety and health policy, and conflict-free metal policy are all displayed on the supplier's Kanban board. Our suppliers are selected according to the relevant policies:

1. Maintain good corporate governance. Adhere to a strict code of corporate ethics and business conduct.
2. Comply with local laws and regulations.
3. Provide a safe and healthy working environment where employees can fully utilize their talents, as well as getting a reasonable compensation and benefits.
4. Create company value and enhance shareholders' equity.
5. Develop and manufacture HSF-compliant and energy-saving products. Implement environmental management systems to reduce the impact on the environment.

◆ Supplier Integrity Pledge

The biggest risk in the procurement process is that suppliers provide gifts, money, or entertainment expenses in exchange for preferential treatment of suppliers' goods and services bids. PHIHONG's Code of Business Ethics and Business Conduct specifies anti-corruption and anti-bribery policies for procurement staff and suppliers. In 2021, 82% of the 176 core suppliers signed the Integrity Pledge, a 5% increase from the previous year.

Pledge signing rate



◆ Supplier Counseling

PHIHONG conducts regular quality and environmental system audits and evaluations for new suppliers and qualified suppliers. We ensure that suppliers' quality of products, environmental systems, and corporate and social responsibility practices meet PHIHONG's requirements. The production sites of our suppliers are mainly located in China. To strengthen the management of our suppliers and reduce the loss caused by the risks of product quality, environmental protection system, corporate and social responsibility, we have delegated the function and authority of supplier management to the factory SQM, for a prompt response locally, on-spot, and close to the reality.

The Supply Chain Counseling Team consists of SQM, Technical and Purchasing. It is responsible for conducting the evaluation of new suppliers. The SQM unit conducts audits/coaching/evaluation of suppliers according to the actual situation. In 2021, a total of 34 new supplier audits (QSA, Quality System Audit) were conducted with the following results:

Item	Qualified Suppliers	Unqualified / suspended suppliers
No. of suppliers	30	4
%	88.24%	11.76%

Note: Disqualification and suspension of audit cases are not caused by CSR issues

In 2021, a total of 51 supplier audits (QPA, Quality Process Audit) were conducted. The results are as follows:

Audit type	Result	Total	%
ESG audit	Pass	6	11.8%
QPA & ROHS audit	Pass	30	58.8%
QPA audit	Pass	4	7.8%
RoHS audit	Pass	2	3.9%
Annual audit	Pass	7	13.7%
Supplier counseling	Pass	1	2.0%
	Failed, to be reviewed	1	2.0%
Total		51	100.0%

Note: In the quality/environmental protection system audit and counseling evaluation, there are 50 times that the reviewed supplier is qualified, with 1 time unqualified and to be reviewed.

Environment-relevant Substance Management

In addition to requiring suppliers to meet environmental requirements, the SQM team verifies that suppliers meet PHIHONG's requirements as part of green supply chain management. Before PHIHONG introduces new suppliers, there is a review to make sure all suppliers meet our environmental standards. 100% of our new suppliers are screened using environmental criteria. In the new supplier review, the following environment-relevant substance management items are reviewed:

- | | |
|--|--|
| 1. Procedures and standards | 5. Whether production equipment and fixtures are managed |
| 2. Control lists, confirmation plans and confirmation methods | 6. Document management |
| 3. Traceability | 7. Division of labor and training of professional staff |
| 4. Whether suppliers are informed and confirm their implementation | |

Suppliers must check whether their environmental substance management complies with PHIHONG's standard before the audit. During the audit, the auditor must use the audit form to verify that the various actions taken by the supplier in environmental substance management are accurate, to avoid product contamination and possible loss and damage to the environment due to inadequate management.

When PHIHONG introduces new suppliers, it is required in the review that all suppliers are familiar with our Labor Practice Standards. 100% of our new suppliers are screened using the Labor Practice Standards. Just like the importance of environmental substance management, the requirements for suppliers' occupational safety and work environment are also indispensable. Suppliers must check whether their occupational safety management complies with PHIHONG's standards before the audit. The auditor must use the audit form to confirm whether the various actions of the manufacturer in occupational safety management are accurate, to avoid violating the law, such as causing harm to employees due to the imperfect management of the working environment, which in turn causes risks in goods supply. The contents of the audit form are summarized as follows:

- | | |
|---|--|
| 1. Compliance with laws and regulations and implementation of labor contracts | 5. On-site management, supervision, and guidance system |
| 2. Assurance of a complaint channel | 6. Prevention of misconduct |
| 3. Prohibition of child labor | 7. Completeness and maintenance of occupational safety equipment |
| 4. Fairness in the workplace | |

In response to the increasing concern of society, government, and the public about environmental issues, PHIHONG is also subjected to demands from various parties on environmental issues. To fundamentally solve the environmental problems in the supply chain, we must work closely with related companies in the supply chain to jointly improve environmental performance.

ESG Corporate Sustainability

PHIHONG conducts regular annual social responsibility audits of qualified suppliers. During the review process, we will identify any potential or existing deficiencies in the code of conduct, and then develop improvement plans. We will keep implementing and monitoring the plans.

◆ Supplier Carbon Emission Survey

Under the trend of rapid global warming, the sustainable development of human society is under serious threat. With the global goal of net zero carbon emissions by 2050, more and more companies are putting sustainable development and green low carbon development strategies on the agenda. Carbon neutrality has become not only a national strategy, but also an important goal for the future development of each industry. In 2021, PHIHONG conducted a preliminary supplier carbon emission survey. We actively collected relevant data to improve the survey content, calculate and grasp the sources of carbon emission to gradually implement carbon reduction.



4

Green Operations

- 4.1 Environmental Sustainability Management
- 4.2 Green Sustainable Design
- 4.3 Climate Change Risks and Opportunities
- 4.4 Energy Resource Management



4.1 Environmental Sustainability Management

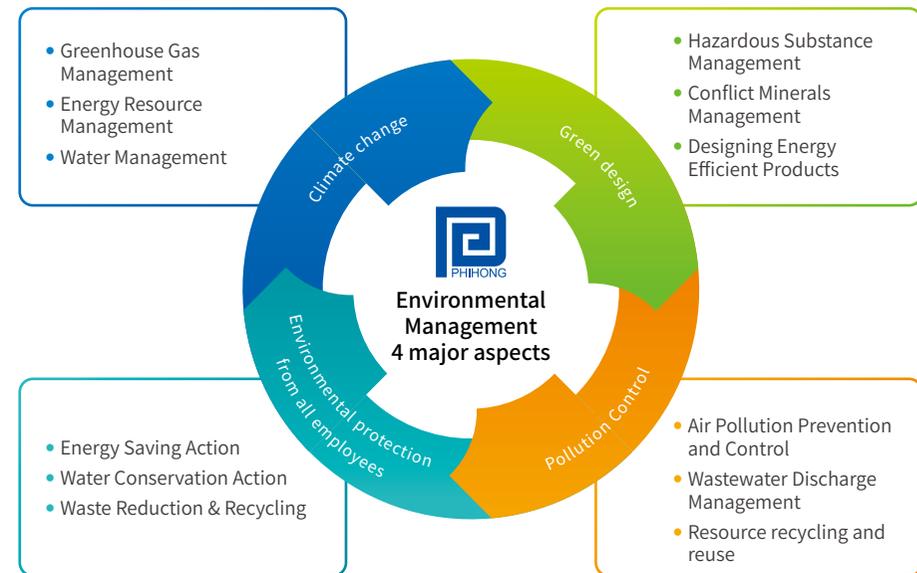
Phihong’s vision in "environmental sustainability management" is "energy saving, carbon reduction, and environmental impact reduction". We hope to help reduce environmental impact by establishing environmental management systems, responding to climate change, and developing green designs. As human civilization advances and activities increase, global energy and resource depletion and climate change have become key issues that the world must face. Air pollution caused by the accumulation of exhaust gas from the use of fossil fuels directly affects the greenhouse effect of climate change, which triggers extreme weather that brings serious natural disasters. In addition, excessive development and use of energy and water resources, emissions and substantial amounts of human waste pollute land, water and oceans, undoubtedly impacting human activities and life safety at a rapid rate. The frequency of extreme high and low temperatures and extreme heavy rainfall due to climate change has also increased. Mastering the risk situation and seeking potential opportunities is an indispensable part of a company’s pursuit of sustainable development. Phihong is committed to promoting green energy, mitigating climate change, and responding to government environmental policies. We continue to promote energy saving, carbon reduction and water saving for the whole group. In addition to our mission to be a friendly land with a global perspective, we also fulfill our responsibility as a global citizen, caring for what we can do in our immediate area. Mastering the risk situation and seek potential opportunities is an indispensable part of corporate pursuit of sustainable development.

We actively promote the development and manufacture of green products with the goal of environmental sustainability, and are committed to managing hazardous substances, improving the energy efficiency of power supply products, and increasing the proportion of recycled products. Through cross-departmental division of labor, we are actively implementing various environmental protection measures and expecting all employees to raise their awareness of environmental protection. Through the promotion of environmental protection concepts and the setting of performance targets, we recognize and actively participate in the corporate culture of environmental sustainability.

Environmental Management and Certification

In 1997, Phihong introduced and passed ISO 14001:2004 environmental management system, which is verified by a third party every year to ensure smooth operation and environmental responsibility. In response to the increasing global climate change and environmental risks and the revision of the International Organization for Standardization (ISO), Phihong applied for the new ISO 14001:2015 certification in 2018, a more sustainable international standard certification, to improve environmental performance and the environmental management system. We are working on 4 major aspects: climate change, green products, pollution prevention, and environmental protection from all employees.

We also adopt the product lifecycle concept from product design, raw material supply, manufacturing process, factory operation, end product, after-sales service and waste treatment for a comprehensive management. This reduces the negative impact of climate change and environmental hazards in the product lifecycle.



Environmental Policy and Commitment

Environmental policy refers to the mission and belief of social responsibility and environmental protection. In the pursuit of maintaining the overall ecological environment and sustainable development, in addition to striving for technological advancement and breakthroughs, we actively promote our environmental management system and related activities in a prudent manner to implement pollution prevention, create an excellent working environment, protect the physical and mental health of our employees, comply with environmental laws and regulations, and fulfill our corporate responsibility for social responsibility and environmental protection. We also insist on the following commitments as the leading guideline for our environmental management decisions:

- ◆ Environmental policy
 - ✓ Promote environmental management in the spirit of PDCA and CONFIRM to reduce and prevent environmental impacts.
 - ✓ Systematic management to enhance environmental performance: energy saving, continuous improvement and pollution prevention.
 - ✓ Comply with environmental laws and regulations and customer environmental requirements regarding wastewater, waste gas, waste materials, noise, chemicals, banned substances and toxic substances, and promote the implementation of the necessary regulations.
 - ✓ Regularly review environmental objectives and targets and publish relevant achievements.
- ◆ Environmental Statement

Living with the world. Greening the Earth.



4.2 Green Sustainable Design

With the belief of green innovation, Phihong has built up its R&D strength and production capability to provide customers with high efficiency and high-quality products and services. In addition to our commitment to provide excellent products and services, we actively implement the concept of environmental protection into our green product policy and provide our customers with a variety of power supply solutions through innovation and implementation of green and sustainable design thinking. We require compliance with environmental protection and energy saving concepts and standards (RoHS, REACH) right from the R&D and design stage. In particular, the choice of components is the most crucial factor that affects the green environment of a product. Phihong restricts the use of any substance that may pose a threat to humans or the environment, whether it is used in products or production processes, even if not required by law. Together, we will create a clean, green, and low-carbon future. Watch the [Phihong 50 ESG Corporate image video](#)



Small, lightweight, efficient power supply

To improve the environmental friendliness of our power supply products, we are working on an innovative technology platform with high conversion efficiency to reduce the size of our products by increasing conversion efficiency and reducing heat generation of components. Take the 280W gaming laptop power supply as an example. The power density of the old product is about 8W/inch³. With the introduction of GaN and high conversion efficiency, the new product has a maximum power density of about 16W/inch³. This means that the new product is 50% smaller, 30% lighter, and has 15% fewer parts for the same output power specification. This not only significantly reduces the amount of raw materials used, but also significantly reduces the volume and cost of shipping the product.

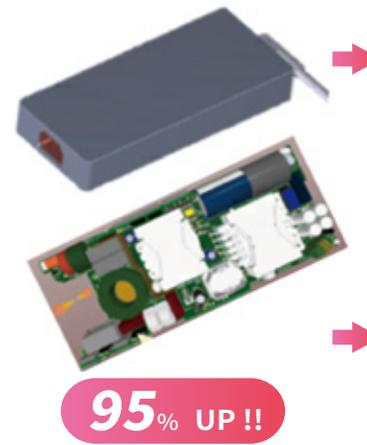
Improving efficiency and reducing power consumption is the beginning of environmental transformation. As the overall efficiency of the product is improved compared with the 280W products of the same class on the market, the efficiency is improved by 3-4%. The relative power consumption has been reduced by 6W, which can save about 20 kWh a year for an 8 hours per day usage. For one million units, we can save up to 20 million kWh of electricity per year. From the perspective of the whole life cycle of this product, the carbon emissions from material manufacturing, product assembly, transportation, product use and disposal are significantly reduced.



Key Features:

- Efficiency up to 94% - 95%
- All protections ready (OCP/OVP/OTP/SCP)
- Universal input with Active PFC
- Reduced weight around 300g
- Peak Load with 180% - 225% conditions
- GaNFET desian ready

	PHOHONG (GaN-Based)
Output Power	280W
Dimension (H*W*L) (MM ³)	24.9x70x164
Weight(g)	750(Typ.)
Leakage current (uA) Max.)	150
Power Density (W/in ³)	16
Volume (C.C)	374.9



280W FULL LOAD 19.5V~42V~48V
The efficiency test comparison is as follows

Vin(V)	Efficiency(%)			
	19.5V	36V (42V 往下調)	42V	48V
90V	94.49	94.61	95.64	95.69
110V	95.08	95.29	96.26	96.46
230V	95.75	95.79	96.70	96.87
264V	95.65	95.78	96.74	96.88

Phihong is committed to a green research and development direction. Through the integration of nearly 50 years of technological advantages, we have been developing and manufacturing high performance and low pollution miniaturized products. Recently, we have used this advantage to develop miniaturized POE Switch open-frame power supply applications to create small, high performance and modular products.

1. POE Switch 530W:

Compared with the same power PCB in the market, the area of 215x98x34 mm is reduced to 190x90x31 mm. The total volume is reduced by 27%, and the full-load efficiency can reach 94%.

2. POE Switch 950W:

Compared with the same power PCB in the market, the area of 210x110x34mm is reduced to 210x90x31mm. The total volume is reduced by 25%, and the full-load efficiency can reach 93%.

3. Modularization:

Integrate driver and protection circuits into one module to improve the consistency of the power supply solution, reduce development costs and improve the commonality of parts.



▲ Drive circuit module



▲ Protection circuit module

In addition, under the globalization of chargers, we have developed 45W, 65W, and 100W USB PD3.0 products with high efficiency and miniaturization, which have an average efficiency of over 90% and meet DoE 6 & Coc V5 Tier 2 requirements. The power density is 11W/Inch³, 12.1W/Inch³ and 14.2W/Inch³ respectively, achieving small size, high efficiency, and minimal impact on the environment.



▲ 45W



▲ 65W

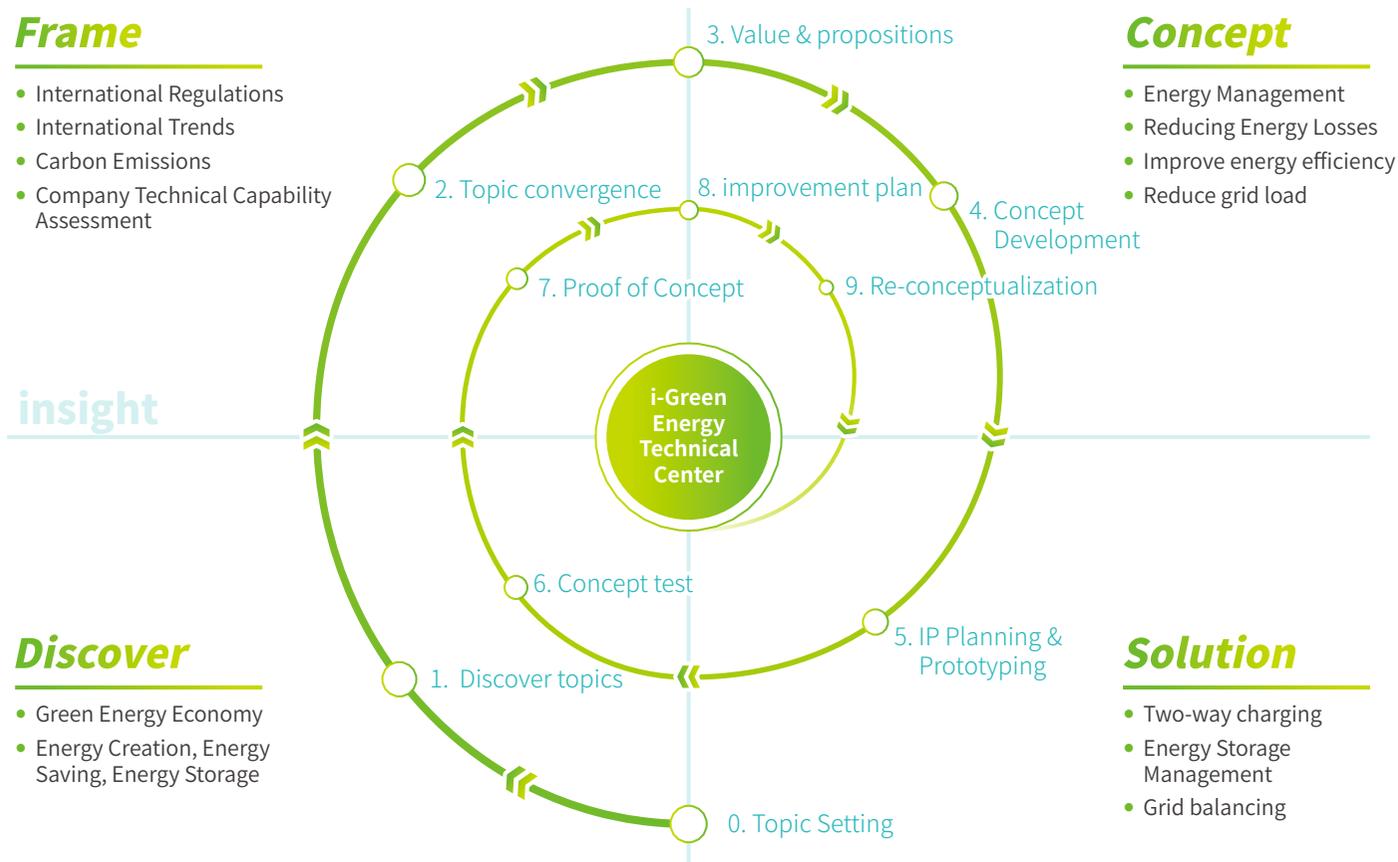


▲ 100W

In addition, according to the U.S. Environmental Protection Agency's May 2010 notice, the External Power Supply and ENERGY STAR® programs ended in December of that year. The external power supplies of Phihong's main products adopt the industry's common norms and customer expectations for energy efficiency, i.e., DOE-VI standards, which were implemented by the U.S. Department of Energy in February 2016; external power supplies of products sold in the European Union are ErP (CE) compliant; and EV charging stations are still mainly ENERGY STAR® certified. According to 2021 shipment records, 73.7% of total revenue came from products that meet DOE-VI, ErP (CE) energy efficiency regulations or ENERGY STAR® certification. Moreover, Phihong is evaluating multiple channels to reduce carbon emissions from its operations, including replacing energy-consuming air conditioners and lighting fixtures, building its own solar power generation equipment, and signing power purchase agreements. In the second half of 2021, we have started to plan the installation of solar power (photovoltaic) rooftop power generation equipment at our Tie-Song plant in Dongguan and our second and third plants in Tainan, Taiwan, which are currently under design. The plan is to apply for self-generating equipment to be self-sufficient from solar power, to replace fossil fuels with renewable energy and reduce carbon emissions.

From Energy Generation to Energy Saving - i-Green Energy Technical Center

With 50 years of experience in power supply design and development, Pihong is a pioneer in the industry. We have a full range of specifications for direct AC quick EV charging points and the technology to manufacture high power superchargers over 360KW. Our product performance is superior to our competitors, and our maturity in technology and practical application is sufficient to design a perfect solution. However, at this stage, the company is mainly based on ODM & OEM model, which is structured under Business Unit. The core competence unit becomes horizontal design resources to assist BUs to complete product design, focusing on mature products, which makes it difficult to develop advanced technology foresight. Therefore, i-Green Charging Solution Technical Center (i-GCSTC) was established. The goal is to develop water-cooled two-way charging technology to extend the life of the charging system and reduce noise, and to expand more feasible charging areas. Improve charging efficiency with ESS energy storage technology and can be applied to electric vehicle home energy storage system in combination with household power system. The grid balancing technology is applied to the electric energy feedback of household electric vehicles. In addition to improving charging efficiency, extending battery life, and applying active balancing technology to create battery reuse, Pihong has set up green energy and global sustainability-related technologies as the main axis. We implemented the technology expansion of preliminary research to create maximum profits with innovative technologies.



Global Trend Forecast

Shell, the world's second largest fossil fuel company, announced in December 2021 that it has signed a contract with Pihong will become Shell's global charging equipment sourcing supplier and will begin delivering charging pads around the world. Shell is now actively converting its gas stations into charging stations. The first Shell Recharge station opened in Hong Kong with two 120kW DC quick charging points, capable of charging most electric vehicles in Hong Kong from 10% to 80% in 40 to 55 minutes. Newer EVs can be charged in as little as 25 minutes. With Pihong's 360kW Extreme Charging Point, charging can be completed in just 20 minutes.

With the world-renowned power conversion technology, Pihong has successfully developed a series of energy-efficient electric vehicle charging solutions. Since 2013, Pihong has been developing electric vehicle systems and EV charging point market. To date, we have become a supplier of EV charging point for electric bus manufacturers in Canada. We have received recognitions from many internationally renowned vehicle manufacturers and operators in China, Japan, the United States and Europe. In the future, we will work together with our strategic alliance partners to achieve the mission of energy transformation and zero carbon emission, and to contribute to environmental sustainability and move towards a sustainable future.



In expanding business of electric vehicle charging equipment, Pihong has been able to gain new projects in 2021. In Taiwan, since the epidemic did not have a significant impact, and the government and car manufacturers are actively promoting the electric vehicle industry, we have successfully cooperated with European car manufacturers to establish quick EV charging technology. We also participated in the government projects of nationalization of electric buses. Through the actual results of these projects, our overseas customers have been able to understand the R&D technology and production capability of Pihong. In the future, we will promote more powerful charging solutions according to the needs of different customers and markets. In addition, Pihong has an exclusive share of 80% of the quick charging stations for electric buses in Taiwan, which allows electric buses to be charged in 15 minutes. Our technology has been expanded to countries such as Germany, Finland, the US, Central and South America.

- ◆ Taiwan - Create a charging friendly environment in Taiwan
 In April 2021, Phihong built a 360KW quick EV charging point at its headquarters in Lin Kou, Taoyuan. We invited the Mayor of Taoyuan, Mr. Cheng Wen Chan, to join the ribbon-cutting ceremony. Through the cooperation with Taoyuan City Government, we expect to build more quick charging stations to create a more friendly environment for electric vehicles, so that electric vehicle owners no longer have to worry about driving distance and can save more charging time.

The 360kW EV charging point has the highest power charging technology in Taiwan. The hardware and software of the central control center of the charging equipment are developed and designed solely by Phihong. The cloud platform can be connected to European and American backend systems. The EV charging point can provide 4 sets of DC fast charging at the same time. This means that one system can provide 4 parking spaces, making it easier for carpark and car-rental operators to increase the number of fast charging park spaces in their planning.

- ◆ Europe - Electric bus charging station in Helsinki, Finland
 We have partnered with a well-known local smart bus charging operator to build an intelligent DC high power commercial electric bus charging station. The charging station can intelligently deploy power from the storage system and the local grid to provide the best efficiency charging power based on the power usage status of the site. Thus, we can provide charging equipment that best meets the operational needs.



◆ United Kingdom –Electric bus charging station strategy

Phihong has partnered with Zenobe Energy, a London-based battery storage developer and operator. Zenobe Energy has announced plans to deploy a 100MW installed capacity battery storage system in the UK. This is the first energy storage system of its kind to receive a long-term partnership with a UK transmission system operator to absorb and manage grid reactive power. The project will be deployed near Chester in the northwest of England. It has officially started operations in April 2022.

Through the partnership with Zenobe Energy, Phihong has worked with several well-known smart bus charging operators, such as Leeds City bus station in Leeds, UK, and Cardiff Bus in Willcliffe, UK. A total of 18 DS180kW DC quick chargers have been installed.

Leeds City bus station



Cardiff Bus



EARTH HELPER Sustainable partner

The use of renewable energy and the pursuit of environmental sustainability is an unstoppable global trend. Governments will actively invest in green energy. In 2021, Phihong was successfully selected by TCC's green supply chain and joint TCC Storage to launch a new generation charging station. We became the first "EV charging point power supplier" in Taiwan to join NHQA.TCC 's "EARTH HELPER" sustainable tandem program. By joining this program and through the concept of working with companies and the environment, we will provide a more convenient pure electricity life for Eastern Taiwan and create a sustainable environment.

In the TCC's (NHQA.TCC) "EARTH HELPER" sustainable tandem program, the concept is to call on all electric vehicle owners in Taiwan to convert their daily charging into carbon reduction actions. The carbon reduction of every charge is equivalent to the amount of carbon absorbed by planting trees for the earth every year. This achieves the purpose of charity and revitalizing the local environment. Through the joint promotion of both TCC and Phihong, the carbon-emission reduction charging of EV owners, and encourage owners to participate in the EARTH HELPER low-carbon and energy-saving action, a powerful carbon reduction community is formed.

In the future, we will continue to work with our strategic partner NHQA.TCC's "10-Year Plan" to strengthen the technological capabilities of Taiwan's energy storage chain. At the same time, we will eye on the international market to pursue the next wave of charging facility business opportunities in the global market. We will achieve the goal of selling 15,000 EV charging points in Europe and the United States by 2025 and increasing it to 90,000 by 2030.



Hualian DAKA charging station is operated by NHQA.TCC. There are two DC EV charging point provided by Phihong.



4.3 Climate Change Risks and Opportunities

The management of climate-related risks and opportunities is one of the key strategies for the sustainable development of Phihong. The purpose is to meet the international trend, comply with the government regulations and company system, and to continuously evaluate the changes and risks of the domestic and international business environment. We reference TCFD's recommendation report, which reveals the risks and opportunities brought about by climate change. In addition, we demonstrate Phihong's due responsibilities and strategies to allocate capital more reasonably and effectively, in order to achieve the vision of low-carbon economic transformation. In view of this, Phihong started to introduce GHG inventory in Phihong Dongguan in 2009 by the Operation Control Law. In 2016, the scope of the inventory was extended to all Dongguan plants. Also, the year of 2016 has been set as the base year for the GHG inventory data of the Dongguan plant, to keep effectively manage energy saving and carbon reduction. When Phihong Taiwan built its new factory in Tainan in 2015, it also built solar power generation equipment on its roof for self-powered use. We plan to complete the overall carbon reduction target for SBTi by 2022 and take a more proactive approach to energy saving and carbon reduction.



Governance

To effectively manage and respond to the impact of climate change risks, Phihong has brought the issue to the Corporate Sustainability Committee for discussion and management. The Environmental Sustainability Group drives the process and identifies significant opportunities and risks. The President, a member of the Board of Directors, serves as the Vice Chairman of the Corporate Sustainability Committee and oversees sustainability-related policies and decisions, including those related to climate change, major risks, and business opportunities. The Environmental Sustainability Group focuses on 4 themes: Climate Change Carbon Disclosure Project (CDP), Greenhouse Gas Inventory (GHG), Energy and Water Resources Reduction, and Waste Reduction. The Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) was adopted. The TCFD identifies the transformation risks and physical risks of the business process and assesses the potential fiscal impact. The results are used to develop a response plan. The TCFD method identifies 7 major risk items, as well as 5 major opportunity items from the emerging opportunities brought by climate change. The time of occurrence is then divided. In the future, the risks and opportunities are reviewed year by year to build a resilient climate change culture.

Strategy

	Main Strategy	Estimated management costs to invest
Promote low-carbon production processes and products	With the product lifecycle thinking, we develop low-carbon products with green design. We have also established the i-Green Charging Solution Technical Center, which specializes in researching opportunities for energy creation and energy storage.	<ul style="list-style-type: none"> The development cost of low-carbon power products and energy storage equipment is about NTD200 million. Phihong Taiwan second plant in Tainan will be equipped with a solar power system of NTD 7.7 million, with an estimated annual capacity of 255,000 kWh.
Build and use renewable energy	Evaluate the chance to build solar power systems in new and old plants to increase the use of renewable energy. The shortfall will be met by purchasing green power.	<ul style="list-style-type: none"> The new third plant in Tainan is planned to be equipped with a solar power system. The goal is to obtain a green building (diamond level) (the overall budget is under preparation).
Improve energy use efficiency	To implement energy-saving measure. We will continue to replace old air-conditioning and ice machines and introduce energy management systems to improve energy efficiency.	<ul style="list-style-type: none"> Phihong Dongguan plans the retirement of solar power system and air compressor system through EMC (energy management contract) cooperation model. We also use renewable energy in the form of power buy-back. Phihong Taiwan plans to replace old air conditioners. We introduce an energy management system with a budget of NTD 30 million in order to improve energy efficiency.

Climate Change Risk Management

In accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Phihong conducts comprehensive climate risk management from 4 perspectives: governance, strategy, risk management, and indicators & targets. First, we identify risks with significant potential impacts. We evaluate the fiscal impact paths and impact sizes of each risk factor under different scenarios, take stock of countermeasures, and set targets for regular monitoring and tracking.

◆ Risk Identification Process

Phihong integrates the risk and opportunity identification of climate issues with the ISO 14001 program to effectively integrate the management mechanism. Once a year, the internal and external environmental issues are assessed through a risk assessment process, mainly by the R&D, energy management, safety and health, and sustainable development departments. Each department reviews and evaluates the relevance and magnitude of each issue to the company's operational risk from various perspectives. The assessment methodology is based on the recommendations of the TCFD report (Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017). Risk scenarios are defined by considering both transformation risk (policy and legal/market/technology/reputation) and physical risk (chronic and acute). When the amount of fiscal impact exceeds \$20 million, it is classified as a material level of risk to the company (i.e., with a material fiscal impact).



◆ Climate Risk and Opportunity Matrix

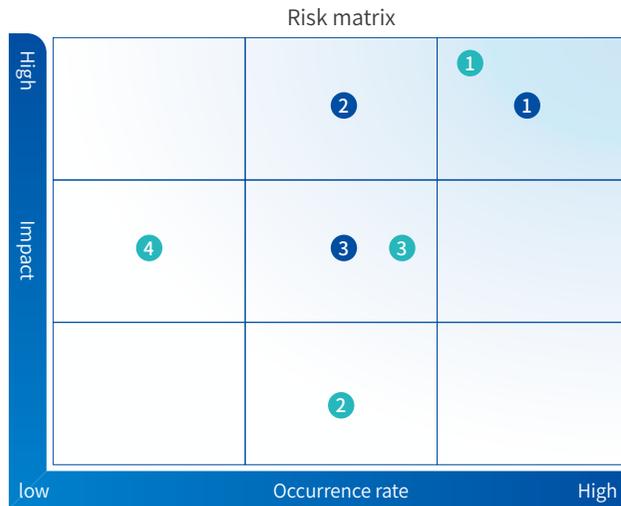
In accordance with the Risk Management Guidelines, Phihong systematically identifies climate risks that may be faced in its operations. There are 2 main climate risk categories: transformation and physical, which are subdivided into regulatory, technical, market, business reputation, and immediate and long-term. Opportunities are divided into 5 categories: resource efficiency, energy sources, products and services, markets, and resilience. Risk and opportunity matrices are evaluated and mapped out by considering 2 factors: incidence and impact. After discussions in the Environmental Sustainability Group, we determine the major risks and opportunities that Phihong may face. Then, we adopt effective strategies and management measures to grasp the potential opportunities in order to strengthen the Group's operational strength and competitiveness. In 2021, we have listed the major climate change transformation risks, physical risks, opportunities, financial impacts, and responses as follows:

Transition Risk

- 1 Greenhouse gas and renewable energy regulations development
- 2 Low carbon product market and service demand
- 3 Non-financial performance selection of investment targets

Physical risk

- 1 Typhoon, heavy rain, flooding
- 2 Unstable water supply
- 3 Increase in average temperature
- 4 Rise of sea level



Climate change opportunities

- 1 Discovering new business opportunities
- 2 Energy Efficiency Improvement
- 3 Low Carbon Renewable Energy
- 4 Energy Saving Green Building
- 5 Low Carbon Product Development and Services



◆ Analysis of the fiscal impact of climate change (risk)

Transformation risks (1)

Risk type	Risk factor	Potential risk description	Impact Time	Fiscal impact	Strategies and Management measures
Policy and Regulations	Development of regulations related to greenhouse gases and renewable energy	<ul style="list-style-type: none"> In response to the rising global awareness of environmental protection due to climate change, authorities and customers are increasingly demanding relevant regulations for sustainability issues, promoting the development of low-carbon production European Union activates Carbon Border Adjustment Mechanism (CBAM), and Taiwan's temperature control law intends to impose carbon fees, which may impact operating costs in the short term 	Short-term	Increase in operating costs Increase in capital expenditure	<ul style="list-style-type: none"> A comprehensive review of the replacement of power-consuming equipment, such as air conditioners, and the introduction of an energy management system to reduce carbon emissions. Implement the energy management system and energy saving improvement program to achieve the target of 2.5% annual energy saving rate. Introduce ISO 14064 greenhouse gas inventory and set reduction targets. Install renewable energy equipment such as solar power generation in new and old plants.
Technology / Market	Low carbon product market and service demand	<ul style="list-style-type: none"> The initial introduction of new process technologies may result in low yields and affect raw materials and energy reinvestment, resulting in higher operating costs. Customer behavior change requires sustainable/ environmental/low carbon products 	Mid-term	Increase in operating costs Increase in capital expenditure	<ul style="list-style-type: none"> Adopt product life cycle thinking and introduce product carbon footprint to reduce negative impact on the environment. Build a green factory and obtain green building certification.
Business reputation	Select investment targets for non-financial performance	<ul style="list-style-type: none"> Failure to comply with the regulations will affect the investor's willingness to invest or cooperate 	Short-term	Damage business reputation	<ul style="list-style-type: none"> Establish a Corporate Sustainability Committee to annually reveal ESG sustainability management performance

Physical risks (1)

Risk type	Risk factor	Potential risk description	Impact Time	Fiscal impact	Strategies and Management measures
Immediate	Typhoon, rain, and floods	<ul style="list-style-type: none"> Affect production scheduling and increase operating costs, or even cause damage to the company's production and operating equipment resulting in operation interruption 	Short-term	Property Loss Business interruption Decrease in revenue	<ul style="list-style-type: none"> Strengthen disaster prevention measures and drills to reduce the level of impact Transferring risk to reduce asset loss by taking out comprehensive property insurance
Immediate	Unstable water supply	<ul style="list-style-type: none"> Climate change causes unstable water supply, which affects process operation; suppliers are restricted by water resources, resulting in increased process costs 	Short-term	Business interruption Decrease in revenue	<ul style="list-style-type: none"> In addition to water conservation management on a regular basis, we have planned three-stage response measures to maintain operations during the extraordinary period of water restrictions to reduce the impact of drought on our operations
Long-term	Average temperature rise	<ul style="list-style-type: none"> Extreme hot temperatures in summer cause increased electricity consumption for air conditioning; accelerated damage to assets and equipment, reduced operational efficiency and increased cooling equipment 	Mid-term	Increase in energy consumption Increase in operating costs	<ul style="list-style-type: none"> Introduce and follow Paris Agreement below 2C° and SBTi scientific carbon reduction methodologies. Expect to set an absolute annual GHG reduction target from 2022 onwards.
Long-term	Sea level rise	<ul style="list-style-type: none"> Flooding of the plant, causing damage to infrastructure or causing damage to operating equipment or interruption of operations 	Long-term	Increase in capital expenditures	<ul style="list-style-type: none"> Strengthen emergency response measures Increase disaster prevention equipment

◆ Climate Change Strategies and Management Measures (Opportunities)

Climate Change Opportunities (+)

Opportunity type	Opportunity factor	Potential opportunity description	Impact time	Fiscal impact	Strategies and Management measures
Market	Discovering New Business Opportunities	The global promotion of net-zero carbon emissions policy, the booming electric vehicle industry, and the wave of fuel vehicle replacement bring huge business opportunities for EV charging points	Short-term	Increase in operating income	<ul style="list-style-type: none"> Green design thinking in product development to reduce energy consumption in the production process and usage Continued development of high-efficiency EV charging points and energy storage equipment
Resource Efficiency	Energy efficiency improvement		Mid-term		<ul style="list-style-type: none"> A comprehensive review of the replacement of power-consuming equipment, such as air conditioners and ice machines, and the introduction of an energy management system to reduce carbon emissions.
	Low Carbon Renewable Energy	Increase the use of low-carbon renewable energy to avoid carbon taxation. Also reduce the cost of electricity consumption and reduce the risk of uncertainty about greenhouse gas reduction regulations.	Short-term	Reduce energy usage costs Boost business reputation	<ul style="list-style-type: none"> Install renewable energy equipment such as solar power generation in new and old plants Set up an energy saving task force to regularly review the energy management status of plants, encourage energy saving projects and share successful experiences in energy saving.
	Energy Efficient Green Building		Short-term		<ul style="list-style-type: none"> Newly built plants are integrated with energy management information systems, and AI intelligence is used to manage plant services to achieve optimal settings and green building goals.
Products & Services	Low Carbon Product Development and Services	Introducing a carbon footprint mechanism and using recycled packaging, low carbon or energy saving labels. Help enhance product competitiveness and meet the needs of high-end customers who value environmental impact	Mid-term	Increase revenue Boost business reputation	<ul style="list-style-type: none"> Introduce ISO 14067 carbon footprint for green supply chain and logistics. Establish the Phihong i-Green Energy Technical Center to grasp the market demand with green energy sustainability as the main axis and implement the forward-looking low-carbon technology expansion to create maximum profits for the company.

Targets and Indicators

◆ Greenhouse Gas and Carbon Reduction

Phihong implements integrated carbon management and conducts annual GHG inventory to track carbon emissions in accordance with international standards. The results of its own inventory not only serve as the basis for formulating internal GHG reduction strategies and carbon asset management, but also review the risks and opportunities of climate change. We establish carbon reduction action plans and targets, and plan to incorporate them into long-term business strategies. To achieve these goals and fulfill our corporate social responsibility. In 2010, Phihong had set organizational boundaries with 100% operational control, conducted the first inventory of the 2 plants in Dongguan, and also passed the third-party verification by LRQA according to ISO14064-1 standard. From 2016, Phihong Dongguan expanded the scope of inventory to all Dongguan factories (including Dahong factory) and set the year as the base year for Phihong Dongguan. Phihong Taiwan has been conducting greenhouse gas inventory since 2017, so the same year is set as the base year. In 2021, Phihong introduced ISO 14064-1:2018 to fully promote the 7 types of greenhouse gas emissions inventory and verification, taking the lead in setting reduction targets and seeking reduction opportunities for category 1 and 2 greenhouse gases. We propose improvement plans to gradually enhance the performance of greenhouse gas reduction. We also plan to conduct a group wide GHG inventory and third-party verification.

For greenhouse gas emissions reduction, we expect to complete the SBTi target setting in 2022, with a short-term carbon reduction of 2.5% per year. In the medium and long term, the target is to reduce emissions by 4.2% per year below the average temperature rise of 1.5° C. Also, it is expected that proactive and concrete actions such as the installation of solar power generation system, the replacement of old air-conditioners and ice machines, as well as the building of a green factory, will help environment protection and curb global warming. The greenhouse gas emissions of each plant in fiscal year 2021 are listed below:

2021 Greenhouse gas (GHG) emission table

Category/Unit	Phihong Taiwan					Phihong Dongguan					Phihong Haiphong		
	2017 (Base year)	2019	2020	2021	vs. base year	2016 (Base year)	2019	2020	2021	vs. base year	2020	2021	vs. last year
Direct emission (Category-1) / T-CO ₂ e	13.0	14.0	15.0	15.0	15.4%	1,135.0	581.2	581.5	495.6	-56.3%	103.4	102.0	-1.4%
Indirect emission(Category-2) / T-CO ₂ e	1,521.0	1,513.0	1,477.0	1,442.0	-5.2%	27,204.0	22,851.3	22,817.0	23,994.1	-11.8%	2,264.0	3,277.0	44.7%
Total emission / T-CO ₂ e	1,534.0	1,527.0	1,491.7	1,457.0	-5.0%	28,339.0	23,432.4	23,398.5	24,489.6	-13.6%	2,367.4	3,379.0	42.7%
No. of employees	460	476	503	544	18.3%	4,936	4,056	3,474	4,483	-9.2%	572	904	58.0%
Emission intensity (T-CO ₂ e / person)	3.3	3.2	3.0	2.7	-19.7%	5.7	5.8	6.7	6.3	-4.8%	4.1	3.5	-15.4%
Emission intensity(T-CO ₂ e / million)	NA	NA	NA	NA	NA	2.5	2.4	2.8	2.4	-4.5%	2.7	1.9	-27.3%

Note: 1. The GWP value is based on IPCC AR5; Phihong Dongguan's emission coefficient (0.8042 CO₂e kg/KW.H) is from China Southern Power Grid. Haiphong's emission coefficient (0.6840 CO₂e kg/KW.H) is from Vietnam Ministry of Environmental Protection. Phihong Taiwan's 2011 electricity emission coefficient (0.502 CO₂e kg/KW.H) was obtained from the Bureau of Energy, Ministry of Economic Affairs.

Note: 2. Since Phihong Taiwan is the headquarters of the Group and has no production line, only per capita emissions are calculated for emission intensity. The denominator of the total emission intensity is calculated based on the sales generated by each plant.

2021 Greenhouse Gas Emission Type Statistics

Type	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
Emission	29,732	457	3	1	0	0	0	30,193

Unit: metric tons of carbon dioxide equivalent ※Only calculate category I, category II, the data is rounded to an integer.

4.4 Energy Resource Management

Energy usage and intensity

Phihong is practicing green design and has implemented this policy throughout its main production facilities. While developing high efficiency and high-power density power supply products, we are strengthening the management through regional power usage monitoring system in the manufacturing process. Through energy-saving improvements, we aim to reduce energy consumption, protect the environment, and achieve sustainable development.

In terms of energy consumption, Phihong Taiwan uses electricity as the main source of energy, supplemented by renewable energy (solar energy is generated at Phihong Tainan Plant). The energy is for own use without external sales. The Dongguan plant uses electricity as the main source of energy and fossil fuels (diesel) as a supplement to ensure backup use in case of abnormal supply of electricity and natural gas. In 2021, the energy consumption statistics for the Dongguan plant decreased by 3.3% compared to 2016 (base year). The use of reserve oil-fired generators for electricity supply resulted in a 232.56% increase in diesel use compared to the base year; a 61% decrease in natural gas use compared to 2016; and a 95.86% decrease in the use of petrol compared to the base year.

The types of energy consumed by Phihong in its production activities are relatively simple. The primary energy source is electricity, and the secondary energy source is compressed air. At present, compressed air has not yet been evaluated. Since energy usage is positively correlated with production volume and operating income, we cannot fully identify the effectiveness of energy saving measures by comparing the absolute value of annual energy usage. Phihong uses energy unit intensity for annual target setting.

Energy Resource Consumption Table

Unit: Joule (GJ)

Energy type	2019		2020			2021		
	Taiwan	Dongguan	Taiwan	Dongguan	Haiphong	Taiwan	Dongguan	Haiphong
Electricity	9,967	99,765	10,100	103,169	11,915	9,954	107,409	17,973
Diesel	-	62	-	310	1,180	-	452	32
Gas	-	172	-	165	-	-	117	-
Gasoline	-	-	-	-	-	-	5,628	-

The percentage of energy to total use

Unit: Joule (GJ)

Plant Type	Unit	Taiwan	Dongguan	Haiphong	Total (GJ)	Types of energy % of total use
Purchased electricity	KWH	2,765,000	29,835,965	4,790,791		
	GJ	9,954	107,409	17,973	135,336	98.7%
Gasoline	KG	-	12,804	29,390		
	GJ	-	6	982	988	0.7%
Gas	KG	-	2,459			
	GJ	-	117		117	0.1%
Diesel	KG	-	11,473	825		
	GJ	-	452	32	484	0.4%
Solar energy	KWH	28,097	-			
	GJ	101	-		101	0.1%
Total use	GJ	10,055	107,984	18,987	137,026	100%
Total energy share by plant	GJ	7.34%	78.81%	13.86%	100.00%	

Note 1: The heat value and emission coefficients for Taiwan are based on the "2019 electricity coefficients published by the Bureau of Energy, Ministry of Economic Affairs on 2020/07/20. The heat value of purchased electricity is 860kcal/kwh".

Note 2: The heat value and emission coefficients for China are based on the "2019 China Regional Grid Baseline Emission Factor" published by the Ministry of Ecology and Environment of the PRC for purchased electricity. The emission factor for gasoline, diesel, and natural gas = IPCC raw factor x fuel heat value. The source of fuel heat value is the national standard of the People's Republic of China, GB/T2589-2008, which is a general rule for calculating comprehensive energy consumption. The heat value of gasoline is 14,110kcal/L. The heat value of diesel is 10,200kcal/kg. The heat value of natural gas is 8,500kcal/M3.

Note 3: For the source of heat value and emission coefficient in Vietnam, the heat value of purchased electricity is based on the 2006 IPCC National Greenhouse Gas Inventory Guidelines; the heat value of gasoline and diesel fuel is 0.0443GJ/KG from Cross Sector Tool; the heat value of diesel fuel is 0.043GJ/KG.

Energy Saving and Low Carbon Practices

In 2021, the overall electricity consumption of Phihong Taiwan reduced by about 1.5% compared to 2020. The energy savings reached 40,555 kWh, which is an outstanding energy saving result. In order to achieve global warming mitigation, environmental sustainability and corporate competitiveness, Phihong invited the Energy Saving Team from the Ministry of Economic Affairs (MOEA) to conduct energy saving diagnostic services at the Lin Kou headquarters and Tainan plant in 2016. The team provided diagnostic and energy-saving recommendations on electrical and mechanical, lighting, air conditioning, and elevators. Phihong completed the improvements one by one according to the experts' recommendations. In 2021, the annual electricity consumption of Lin Kou headquarters is 248,000 kWh less than the base year. This is mainly due to the replacement of 30 RT air conditioners and ice machines in 2020 resulting in significant energy savings.

Energy intensity	Unit	2019		2020			2021		Energy intensity (2021 vs. 2020)	
		Dongguan	Dongguan	Haiphong	Dongguan	Haiphong	Dongguan	Haiphong	Dongguan	Haiphong
Electricity	KW·H	27,858,378	28,658,063	3,309,757	29,835,965	4,992,636		4.11%	50.85%	
Productivity (Volume)	Production units	102,386,209	89,677,743	12927932	86,736,722	16,605,266		-3.28%	28.44%	
Energy intensity	KW/H/1000 units	272.09	319.57	256.02	343.98	300.67		7.64%	17.44%	
Output value NTD	NTD	9,705,427,541	8,489,523,865	891,365,904	10,142,394,657	1,750,222,483		19.47%	96.35%	
Energy intensity	KW/H/10kNTD	28.70	33.76	37.13	29.42	28.53		-12.86%	-23.18%	

Note: Phihong's production base is mainly located in Dongguan. The energy consumption of Haiphong increased significantly since its operation in 2021. Phihong Taiwan is research and development center with no production line, and most of the electricity is domestic use, so it is not included in the energy intensity calculation.

Phihong Taiwan Electricity Saving Result (Lin Kou Headquarters)

Year	2016 (Base year)	2019	2020	2021	Vs. base year	
					Difference	Difference in%
Electricity usage (kWh)	1,896,016	1,770,400	1,736,800	1,648,000	↓ -248,016	-13.08%
Electricity bill (NTD)	5,976,380	5,737,218	4,607,622	5,437,895	↓ -538,485	-9.01%

◆ Energy saving in office buildings

According to statistics, if we can implement energy-saving improvements in electricity, lighting, air conditioning, and office equipment in buildings, we can save about 20% of energy used. In order to reduce energy usage in buildings, Phihong Group has been promoting electricity consumption management in office buildings in all of our plants. In addition to implementing energy-saving improvement measures for energy-consuming equipment, we also work to build consensus through internal communication and advocacy.

Energy saving design and measures at Phihong

Energy saving design and measures	Description	<input checked="" type="checkbox"/> Implemented <input checked="" type="checkbox"/> In planning		
		Plant		
		Taiwan	Dongguan	Haiphong
Review of Contract Capacity	Regularly review the capacity value of reasonable electricity consumption contracts to reduce basic electricity expenses and excessive over-contract value fines.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Building Energy Efficiency Improvement and Renewal Project	Exit signs and evacuation direction indicators replaced with LED products	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Demand control load management and intelligent power management	Demand control load management and intelligent power management to avoid over-contract value fines.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Installation of lighting timing control equipment	Garden lights and pool lighting fitted with timing control equipment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Installed sensor lighting & use alternative lighting	Installation of induction lighting in restrooms and art corridors; set to switch on every other lamp or reducing the number of lamps in office areas with fewer access.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Air conditioning temperature management and time control	The temperature of the ice water host is set at 13 degrees (usually 10 degrees). The main unit will be unloaded when it reaches the set temperature. Reduce energy consumption and implement air conditioning on/off time control.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adding light steel frame circulation fan in the ceiling	Light steel frame energy-saving circulation fans are installed in office and meeting rooms to enhance the cooling effect to achieve energy saving.	<input checked="" type="checkbox"/>		
Close water dispenser ice outlet setting	Because iced water needs to be boiled and then cooled, it is extremely energy consuming and not beneficial to human body. Therefore, we turn off the compressor cooling function and eliminate the supply of ice water to save electricity.	<input checked="" type="checkbox"/>		
Implemented nightly air conditioning and lighting inspection	After the end of each day, the security department will inspect the night air conditioning and lighting and register the units that are not turned off. The General Affairs Department will issue a reminder notice on the next day.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Automatic opening and closing of air windows to cool down the heat	In summer, the indoor temperature reaches 30° C, and the heat is exhausted to cool down; in winter, the outdoor temperature is below 23° C, the outside air convection reduces energy consumption. The annual energy saving of air conditioning can reach 4-5%.	<input checked="" type="checkbox"/>		
Replace old lighting fixtures with T5 and LED energy-saving lighting fixtures	The whole plant has replaced T5 and LED energy-saving lamps. The proportion of energy-saving lamps has reached 98%.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
High efficiency air conditioner and ice water machine for new buildings	Phihong Taiwan's Tainan plant adopts evaporative air-conditioning unit; Phihong Dongguan and Phihong Haiphong adopt heat recovery ice water unit to convert heat energy into hot water for daily use.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Electricity saving control for elevators in the factory	Freight elevators are registered and controlled. Passenger elevators and hall elevators are set to operate with fewer units during off-peak hours.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Use of solar power system	Phihong Taiwan's Tainan plant has installed a solar power system with a capacity of 28,000 kWh in 2021, mainly for air conditioning and R&D equipment. Phihong Dongguan is planning to build a rooftop solar power system in 2022. Haiphong uses solar power for streetlights.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Water resource management

The main source of water resources in each of Pihong's plants is tap water, and the water consumption is mainly from the employees' daily life. Pihong Dongguan and Pihong Haiphong are electronic assembly plants, which do not use water resources and do not generate wastewater in their production process, so the wastewater from each plant comes from daily use. Pihong does not use any recycled water at present, and the main focus of water resource management in each plant is to promote water conservation. The implementation strategy is to improve water facilities, such as installing water-saving valves in toilets and introducing water-saving faucets as water conservation measures. As for the waste and drainage treatment, the drainage from the operation and each plant meets the discharge standards set by the local government. In addition, each production site is located in an industrial park, and the water quality is regularly checked to ensure that it meets the discharge standards of the wastewater treatment system of the local industrial area. In 2021, Pihong has not experienced any violations of wastewater discharge standards or penalties.

In 2021, the overall water intake of Pihong Taiwan was 9% lower than that of 2016. According to the Bureau of Resources for the Northern Region of the Water Resources Administration, Ministry of Economic Affairs, the daily industrial water demand in the Lin Kou headquarters area is approximately 460 million m³ and the daily domestic water demand is approximately 1,565 million m³. According to the Bureau of Resources for the Southern Region of the Water Resources Administration, the daily demand for industrial water in the Tainan area of Pihong is approximately 634 million m³ and the daily demand for domestic water is approximately 778 million m³. The Ministry of Economic Affairs (MOEA) and the Department of Water Resources (DWR) confirmed that Tainan is not a water shortage area. The Worldwide Fund for Nature's (WWF) Water Risk Filter also indicates that Pihong Taiwan is located in a low-risk area of the water stress zone. Pihong Dongguan is in a medium-risk area, while Pihong Haiphong is in a medium-low risk area. (Source: Water Resources Administration, Ministry of Economic Affairs/WWF).

Water consumption table

Energy Type (Unit)	2019		2020			2021		
	Taiwan	Dongguan	Taiwan	Dongguan	Haiphong	Taiwan	Dongguan	Haiphong
Water intake/water consumption (million L)	14.177	556.983	12.194	396.93	13.121	13.11	386.23	26.41
Number of employees	476	4056	503	3474	573	544	3869	962
Water consumption intensity (Million L/person)	0.03	0.137	0.024	0.114	0.023	0.024	0.100	0.027
※ Waste water emissions (million L)	0.013	0.501	0.011	0.357	0.0105	0.0118	0.348	0.021

Note: The discharge coefficient of Pihong Dongguan is 0.9 times of the water intake (based on the evaluation coefficient in the environmental impact assessment report reviewed by the State Environmental Protection Administration of China). Pihong Taiwan also uses 0.9 times the water intake as the discharge coefficient. For Haiphong, the discharge coefficient is 0.8 times the water intake (based on the local municipal sewage charges).

Waste Management

Phihong has incorporated waste disposal into its management to effectively reduce the amount of waste and prevent the impact on the environment, in accordance with its corporate conscience to avoid pollution caused by waste. In addition to complying with environmental protection laws and customer requirements, we also conduct awareness-raising sessions with relevant personnel on the necessary regulations for wastewater, exhaust, waste, noise, chemicals, banned substances and toxic substances. Every year, we are certified by a third-party inspection organization (LRQA) to ISO 14001. We conduct regular audits and disclose our environmental performance results. We manage waste through waste reduction, carbon reduction, pollution prevention, and compliance with environmental regulations in our operations. We thoroughly implement a waste management system, and actively reduce the amount of waste generated by acquiring and recycling scraps and imposing a fee on cleanup.

The waste generated by Phihong in the course of its operations includes 2 major categories: "household waste" and "business waste", all of which are properly disposed of by legal vendors in accordance with the regulations of the place of operation. Household waste is disposed of by incineration or burial in the disposal site. Business waste is recycled or otherwise disposed of according to the category. Hazardous waste is treated in accordance with local regulations. In addition, we have promoted the concept of "resource recycling and reduction" in each plant to promote waste reduction by all employees from the inside out. In 2021, Phihong had no major leakages, nor any major violations of environmental laws and regulations, nor any penalties or fines for environmental violations.

Waste classification and statistical table

Type of waste(ton)		2019		2020			2021		
		Taiwan	Dongguan	Taiwan	Dongguan	Haiphong	Taiwan	Dongguan	Haiphong
Household waste (ton)		23.03	1,051.20	25.60	1,861.14	87.63	20.27	345.60	18.72
Business waste	general business waste (ton)	1.03	1,075.04	4.70	1,067.71	112.48	6.04	738.41	70.29
	Hazardous waste (ton)	-	158.39	-	232.21	16.23	-	265.28	88.82
Total weight (ton)		24.06	2284.63	30.30	3161.05	216.33	26.30	1,349.29	177.83
Per capita household waste output (ton)		No statistics		0.06	0.76	0.29	0.05	0.35	0.19

Note: Waste disposal methods: 1. Household waste is incinerated or buried in disposal sites 2. Business waste is recycled or otherwise disposed of according to categories 3. Hazardous waste is treated in a harmless manner according to the requirements of laws and regulations.

Waste disposal method

Plant	General Waste	Business waste	
		General business waste	Hazardous business waste
Phihong Taiwan	100% incinerated	55% incinerated 45% scrap metal recycled	100% harmless treatment
Dongguan	100% incinerated	100% recycled	100% harmless treatment
Haiphong	100% incinerated	80% recycled 20% incinerated	100% harmless treatment

Note: Phihong complies with local environmental regulations, namely Taiwan: Taiwan Waste Disposal Law. Dongguan: China's Solid Waste Pollution Prevention and Control Law. Haiphong: Vietnam Environmental Protection Law.

Environmental Investment

In view of the increasing trend of environmental costs for companies in the future, the establishment of environmental expenditure benefit statistics can be an effective management tool for companies. In accordance with environmental accounting standards, environmental economic benefits are calculated based on the reduction in energy, water use, or waste generation as a result of implementing environmental protection programs. The cost savings are estimated. In addition, the benefits from the recycling of waste materials are added. The environmental benefits presented in this report include real monetary income, such as revenue from waste recycling, as well as other cost savings resulting from the implementation of environmental programs. The statistics of environmental protection expenses and benefits of each Phihong plant are as follows:

2021 Environmental Expense Statistics

Currency: NTD

Environmental Cost Item Classification	Description	Taiwan	Dongguan	Haiphong
1. Direct cost of reducing environmental load	(1) Air pollution prevention and control expenses, water pollution prevention and control expenses, and other pollution prevention and control expenses	125,989	-	819,843
(1) Cost of pollution prevention				
(2) Cost in saving resource consumption	(2) Costs to save resources (e.g., water, electricity)		19,491,909	
(3) Business waste and office general waste disposal and recycling costs	(3) For business waste treatment (sludge removal fee, waste solvent, wastewater, general garbage disposal)	469,973	2,391,541	399,768
	(1) Environmental education spending	341,250	52,517	76,995
	(2) Environmental Management System and Certification Acquisition Fee			
2. Reduction of indirect costs of environmental load (environmental related management costs)	(3) Monitoring Environmental Load Fees	18,900	14,106	49,000
	(4) Personnel costs related to environmental protection organizations			
	(5) Increased cost by purchasing environmentally friendly products			
	(1) Soil remediation and natural environment restoration costs			
3. Other environmental related costs	(2) Environmental pollution damage insurance premiums, government-imposed environmental taxes, and fees, etc.			
	(3) Environmental problem settlements, damages, fines, and litigation costs			
Total		956,112	21,950,073	1,345,606

2021 Environmental Benefits Statistics

Item	Description	Taiwan	Dongguan	Haiphong
Business waste recycling	Such as electronic parts scraps, waste computers	78,410	18,732,960	NA

Note: Phihong Dongguan began to use “evaporative cooling new energy-saving air conditioners” in November. Only the amount from November to December 2021 are calculation.

5

Employee Relations and Social Care

- 5.1 Talent selection and cultivation
- 5.2 Employee Care and Human Rights
- 5.3 Workplace Safety and Health
- 5.4 Environmental Protection and Social Inclusion



5.1 Talent selection and cultivation

Becoming the best power supply supplier in the world is PHIHONG’s vision. We regard our employees as important partners for sustainable growth. We believe that "talent" is the key to sustaining PHIHONG’s core competitiveness. In order to stimulate employees’ innovative ability to sustain quality growth and to have the motivation for continuous improvement, PHIHONG strives to create a comfortable, safe, healthy and friendly working environment to create a sense of employee happiness. We provide competitive salary, benefits, talent training programs, and a sound performance appraisal system to raise job recognition. We look forward to bringing our talented people unlimited development space and possibilities, to grow together with the company and move towards the world, creating a future of sustainable development of talents.

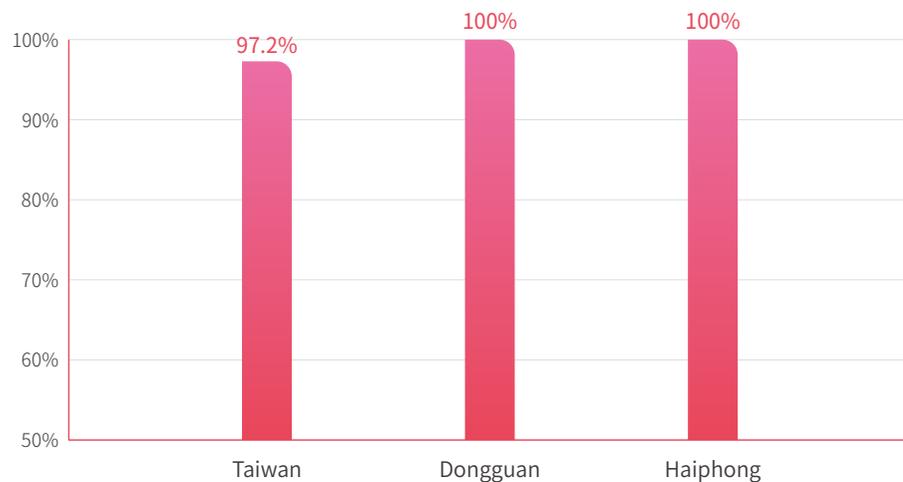
Human Resources Structure

In 2021, the total number of employees worldwide will be 5,931. Since the manufacturing centers are mainly in Dongguan and Haiphong, the number of employees in these two factories accounts for 90% of the Group’s workforce. The ratio of male to female employees remains the same as in 2020 at 6:4. The key R&D workforce remains in Taiwan. In PHIHONG’s global operations, local employees are our primary hiring target. The hiring rate of local employees in Taiwan is 97.24%. Dongguan, China and Haiphong, Vietnam plants have 100% local employees, the same as in 2020.

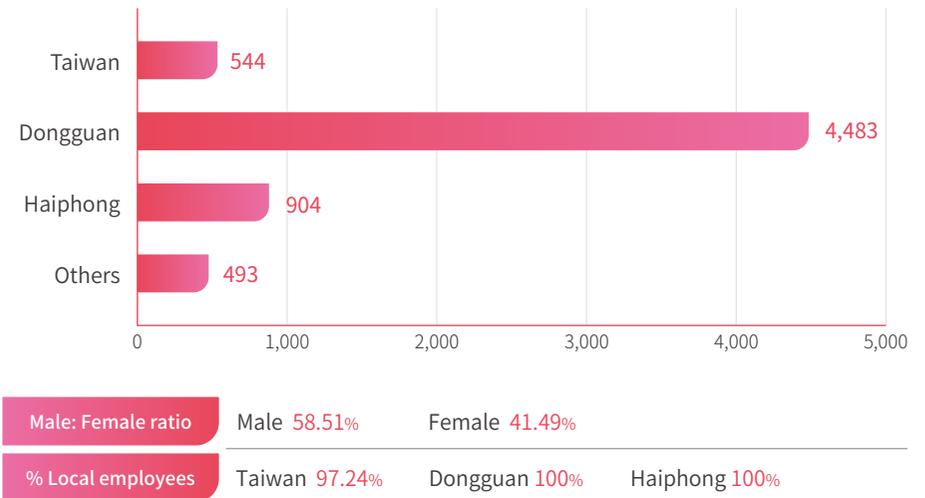
◆ Preferential hiring of management from the local community

In order to effectively promote local employment and economic development in each of our operating bases, to enhance our understanding of local needs, and to strengthen our human capital, we not only provide numerous job opportunities for the locals, but also give priority to them for promotion. In 2021, the proportion of locals in management is 100% in Dongguan and Haiphong. In Taiwan, the percentage of management positions held by the locals is 97.2%.

Local employment rate of management of PHIHONG Group in 2021



Employee Structure



PHIHONG 2021 Human Resources Structure

Category	Group	Male		Female		Group sub-total and %		
		Heads	% Of the group	Heads	% of the group	Heads	% of all employees	
Duty	Managers	199	74.53%	68	25.47%	267	4.50%	
	Others	3,271	57.75%	2,393	42.25%	5,664	95.50%	
Work locations	PHIHONG Taiwan	317	58.27%	227	41.73%	544	9.17%	
	PHIHONG Dongguan	2,791	62.26%	1,692	37.74%	4,483	75.59%	
	PHIHONG Haiphong	362	40.04%	542	59.96%	904	15.24%	
Age	Below 30	1,867	65.51%	983	34.49%	2,850	48.05%	
	Aged 31~40	967	52.30%	882	47.70%	1,849	31.18%	
	Aged 41~50	525	50.34%	518	49.66%	1,043	17.59%	
	Above 51	111	58.73%	78	41.27%	189	3.19%	
Education	Doctors	3	100.00%	0	0.00%	3	0.05%	
	Masters	85	75.22%	28	24.78%	113	1.91%	
	Bachelors	390	54.47%	326	45.53%	716	12.07%	
	Others	2,992	58.68%	2,107	41.32%	5,099	85.97%	
Nationality	Locals	3,464	99.83%	2,452	99.90%	5,916	99.75%	
	Foreigners	6	0.17%	9	0.10%	15	0.25%	
Employment type	Taiwan	Indefinite contract (full-time)	302	57.85%	220	42.15%	522	95.96%
		Term Contract (Temporary)	15	68.18%	7	31.82%	22	4.04%
	Dongguan	Indefinite contract (full-time)	914	54.70%	757	45.30%	1,671	37.27%
		Term Contract (Temporary)	1,877	66.75%	935	33.25%	2,812	62.73%
	Haiphong	Indefinite contract (full-time)	33	25.19%	98	74.81%	131	14.49%
		Term Contract (Temporary)	329	42.56%	444	57.44%	773	85.51%
Sub-total per gender		3,470	58.51%	2,461	41.49%	-		
Overseas plants				493				
Total				5,931				

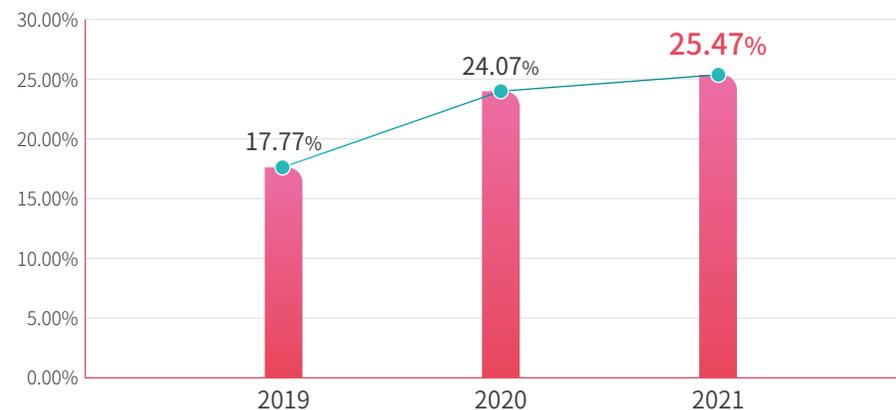
◆ Recruitment

Through an open and transparent selection process, PHIHONG's recruitment and appointment policy is based on the job requirements of the vacancy, taking into account the job qualifications, potential and achievements of the applicants. We do not discriminate or treat job applicants or employees differently based on race, class, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, or physical or mental disabilities in the recruitment, screening, hiring, distribution, deployment, evaluation, or promotion.

◆ Gender Friendliness

In terms of cultivating management talents, PHIHONG emphasizes on management duties, especially on management traits and skills. We actively promote colleagues with excellent performance regardless of gender, encouraging and supporting their career advancement. In 2021, PHIHONG have a total of 68 female managers above the section level, accounting for 25.47% of all managers. Among them, there are 36 managers above the middle level, showing a year by year rising trend for 3 consecutive years.

2019-2021 年飛宏集團女性主管佔比



2019-2021 Ratio of male and female managers of PHIHONG Group

Year / Rank	2019					2020					2021				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Basic to Section Level	62	72.09%	24	27.91%	86	68	71.58%	27	28.42%	95	74	69.81%	32	30.19%	106
Mid-level to Associate level	152	86.86%	23	13.14%	175	89	75.42%	29	24.58%	118	104	76.47%	32	23.53%	136
Intermediate to Division	16	80.00%	4	20.00%	20	43	82.69%	9	17.31%	52	16	80.00%	4	20.00%	20
Senior to Vice President or above	6	100.00%	0	0.00%	6	5	100.00%	0	0.00%	5	5	100.00%	0	0.00%	5
Total	236	82.23%	51	17.77%	287	205	75.93%	65	24.07%	270	199	74.53%	68	25.47%	267

Note: Calculation of the ratio of men to women in each management level = the respective no. of men and women / the total no. of men and women in each management level *100%.

2019-2021 Ratio of male and female managers of PHIHONG Taiwan

Year / Rank	2019					2020					2021				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Basic to Section Level	36	72.00%	14	28.00%	50	33	73.33%	12	26.67%	45	30	65.22%	16	34.78%	46
Mid-level to Associate level	54	78.26%	15	21.74%	69	59	75.64%	19	24.36%	78	65	78.31%	18	21.69%	83
Intermediate to Division	15	78.95%	4	21.05%	19	13	76.47%	4	23.53%	17	12	75.00%	4	25.00%	16
Senior to Vice President or above	6	100.00%	0	0.00%	6	5	100.00%	0	0.00%	5	5	100.00%	0	0.00%	5
Gender Subtotal / %	111	77.08%	33	22.92%	144	110	75.86%	35	24.14%	145	112	74.67%	38	25.33%	150
% of Taiwan employees	22.89%		6.80%		29.69%	22.45%		7.14%		29.59%	22.18%		7.52%		29.70%

Note: Calculation of the ratio of men to women in each management level = the respective no. of men and women / the total no. of men and women in each management level *100%.

Note: % of Taiwan employees = Total number of men and women respectively in each management level / Total number of employees in Taiwan in each year *100%.

2019-2021 Ratio of male and female managers in PHIHONG Dongguan

Year / Rank	2019					2020					2021				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Basic to Section Level	26	72.22%	10	27.78%	36	34	69.39%	15	30.61%	49	36	70.59%	15	29.41%	51
Mid-level to Associate level	20	71.43%	8	28.57%	28	30	75.00%	10	25.00%	40	31	70.45%	13	29.55%	44
Intermediate to Division	1	100%	0	0%	1	2	100.00%	0	0.00%	2	4	100.0%	0	0.00%	4
Senior to Vice President or above	0	0%	0	0%	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0
Gender Subtotal / %	47	72.31%	18	27.69%	65	66	72.53%	25	27.47%	91	71	28.2%	28	28.2%	99
% of Dongguan employees	0.82%		0.31%		1.14%	0.46%		1.66%		1.24%	1.33%		0.52%		1.85%

Note: Calculation of the ratio of men to women in each management level = the respective no. of men and women / the total no. of men and women in each management level *100%.

Note: % of Dongguan employees = Total number of men and women respectively in each management level / Total number of employees in Dongguan in each year *100%.

2021 Ratio of male and female managers in PHIHONG Haiphong

Year / Rank	2020					2021				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Basic to Section Level	1	100.00%	0	0.00%	1	8	88.89%	1	11.11%	9
Mid-level to Associate level	0	0.00%	0	0.00%	0	8	88.89%	1	11.11%	9
Intermediate to Division	28	84.85%	5	15.15%	33	0	0.00%	0	0.00%	0
Senior to Vice President or above	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%	0
Gender Subtotal / %	29	85.29%	5	14.71%	34	16	88.89%	2	11.11%	18
% in Haiphong employees	4.11%		0.71%		4.82%	1.77%		0.22%		1.99%

Note: Calculation of the ratio of men to women in each management level = the respective no. of men and women / the total no. of men and women in each management level *100%.

Note: % of Haiphong employees = Total number of men and women respectively in each management level / Total number of employees in Haiphong in each year *100%.

Appointing the right talent. Selecting carefully

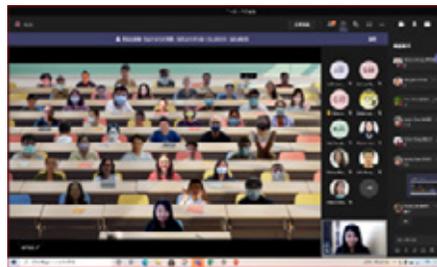
PHIHONG insists on "selecting talents carefully and appointing the right ones". In order for PHIHONG to develop sustainably and to keep up with international trends and operational plans, we search for the right talents through fair, just and open channels such as online human resource bank, campus recruiting, job expo, industry-academia cooperation, job hunters and internal recruitment. By actively utilizing diversified recruitment channels, PHIHONG continuously recruit talents to raise the overall professional capabilities of our team. This contributes to the development of PHIHONG. Our recruitment strategy focuses on expanding the employment of information data talents and overseas local talents. We promote the development and activation of the industry's employment market, to create and pursuit an excellence and superior quality technology life with PHIHONG's team.

◆ PHIHONG's Human Resource Development Policy



Employees are the most important asset of Phiohong. They are also the key energy to maintain our company's sustainable operation and innovative R&D. Nurturing employees is the source of corporate competitiveness. We believe that through education and training, we can ensure continuous value-adding to our human capital. We transform our employees from "human resources" to "talents" and "income". We proactively provide various learning and development resources for our employees to enhance their professional capabilities in line with the needs of the organization and to build a learning organization atmosphere. In addition to meeting employees' needs for self-improvement, we also adjust and arrange trainings according to organizational development or hierarchical needs, so as to create an active learning environment to cope with the fast-changing external environment, increasingly fierce international competition and the unpredictable global epidemic.

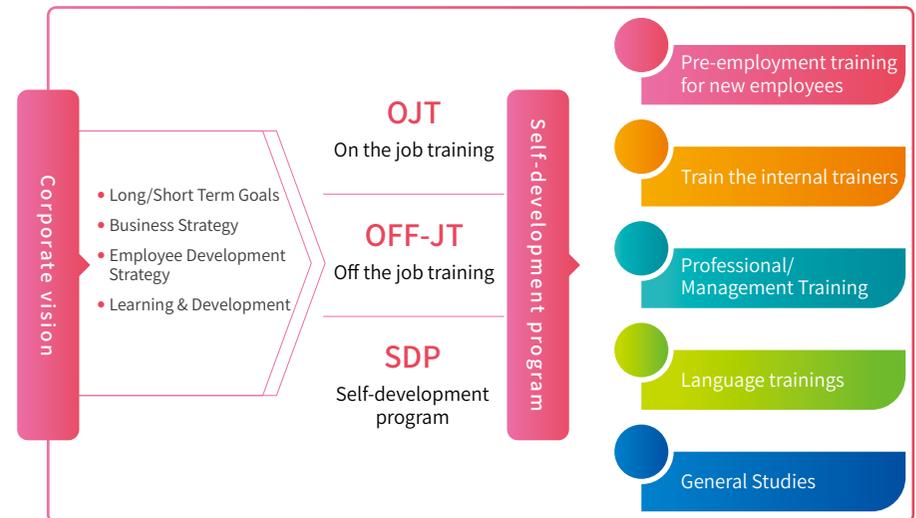
We believe that quality and stable learning resources help PHIHONG to improve our productivity and competitive edge. We provide multiple channels for each employee to receive relevant learning resources at any time and use multiple education and training resources to stimulate the independent learning spirit of our employees. We hope that both the company and its employees will continue to improve, master the core values, and maintain the competitive edge. In the future, we will continue to plan and provide a learning environment suitable for the development of our employees and become an excellent employer for nurturing talents.



Training and Development

PHIHONG not only constructs a safe and healthy working environment, but also strives to provide space for employees to learn and grow. In line with the company's overall strategy and organizational structure and vision, we have developed a comprehensive education and training development system and implemented various training and development programs based on this system. The PDDRO (Plan, Design, Do, Review, Outcome) process is the framework to ensure the reliability and correctness of the training process. The courses includes new employee training to convey the company's corporate culture, supervisory management training to strengthen management skills, professional courses to enhance work efficiency, general courses such as workplace safety and health, language training to strengthen the competitive edge in the workplace, and 'train the trainers' to pass on the company's knowledge, in order to strengthen the effectiveness of the company's training and development system. Employees uses our internal training and knowledge management platform to learn, share and create the required functional knowledge online and offline, and promote the growth of internal knowledge and creativity. At the same time, we provide various learning resources such as external training, mini-courses, and workshops to promote the implementation of a learning organization and enhance the effectiveness of our overall talent development and training.

PHIHONG' s Education and Training Development System



Employees are the key to PHIHONG's core competitiveness. We value each and every employee as a partner for sustainable growth. We encourage our employees to continuously enrich their professional knowledge and integrate it with their work practices to show their growth motivations. We assist employees to strengthen their skills and further enhance their work engagement and self-worth. We have established the "Education, Training and Promotion System Framework", which incorporates career learning plans and growth hours as one of the criteria for promotion. We hope to enhance the learning atmosphere of our employees and create an improving learning environment, so that individual learning and organizational contribution can grow together.

In order to encourage employees to continue to develop their self-learning spirit, PHIHONG provides various self-development learning resources. In addition to job skills and professional competency training for career development, we also emphasize personal health and spiritual growth, as well as workplace-related training in response to regulatory requirements. PHIHONG not only builds a safe and healthy working environment, but also provides employees with the space to learn and grow.

PHIHONG believes that only through education and training can we continuously add-value to our human capital. To nurture employees with the ability to face the fierce challenges of global technology and master the pulse of the industry, PHIHONG has developed a comprehensive education and training system and a digital learning platform, so that our employee trainings not only include basic annual education and training system courses, but the training contents are adjusted and arranged according to the company's vision and operational strategy. The relevant training programs can meet employees' need for self-improvement and enhance the overall quality of the company's workforce, thus strengthening PHIHONG's competitive strength in the market.

Training and Promotion System Structure

Work grade	Management Positions	Staff / Technical positions				Hierarchical Training System		Professional Training System		Pre-employment training system		Subject-specific training system			
1 A	General Manager	Special Assistant	Chief Secretary	Director Sales Representative	Chief engineer	Management Skills, Development Training	MTP Middle Level Supervisor Training Management fundamentals, work improvement, work control, work coordination, and staff development	On-the-job training in vocational skills	Pre-employment training for expatriate staff	Pre-employment training for new staff	Internal train the trainer training	Quality Management Training (ISO9000, TSO14001, ISO9000)	Safety and health training, (firefighting lectures) exercises and drills, first aid training, labor safety and health concepts)	Self-learning (lectures, school education)	
1 B	Vice President														
2 A	BU General Manager														
2 B	BU Vice President														
3	Assistant Vice President (Deputy) Director														
4	Manager														Chief Commissioner
5	Project manager, Deputy manager														Senior commissioner
6	Section Manager														
7	Deputy Section Manager														Commissioner
8	Supervisor														
9	Deputy Supervisor														
10	Team Leader	Administrator													
11	Deputy Team Leader														
12		Assistant	Driver, Chief		Senior technician										
13					Technician										
14		Work students	Work students		Operator										
15															

2021 Employee Training Hours Statistics

Rank / Region	PHIHONG Taiwan						Overseas Plants (Dongguan + Haiphong)					
	Number of employees			Yearly Accumulated Hours			Number of employees			Yearly Accumulated Hours		
Total	544			18,924.5			15,044			431,078.5		
Hours per head	34.79						28.7					
Male / Female Training Data	Male			Female			Male			Female		
	Hours	Heads	Hours per head	Hours	Heads	Hours per head	Hours	Heads	Hours per head	Hours	Heads	Hours per head
General Staff	9,016	210	42.93	6,521.5	191	34.14	290,060	9,992	29	135,300	4,936	27.4
Basic-level Managers	770.5	31	24.85	345	16	21.56	1,158	39	29.7	487.5	17	28.7
Mid-level Managers	1,384.5	62	22.33	458.5	16	28.66	764	42	18.2	257	14	18.4
Middle & Senior Managers	230.5	9	25.61	64	4	16.00	29	2	14.5	12	1	12
Senior Managers	134	5	26.8	0	0	0	12	1	12	0	0	0

Note: 1. Yearly cumulative hours include internal/external training, new hire training and e-Learning in Taiwan; internal/external training and new hire training in China.

2. The no. of employees in Taiwan is calculated based on the no. of employees in Dec 2021;

the no. of employees in Mainland China and Vietnam is calculated based on the no. of employees ever employed in 2021.

3. PHIHONG employees, regardless of gender, can attend internal and external training courses at all of our plants.

Although the average no. of training hours of male employees in Taiwan is significantly higher than that of female employees,

it is because most of the R&D engineering staff are male, and there are regular weekly R&D internal seminars, so the no. of hours of male is higher than that of female.

◆ Non-Stop Learning during the Epidemic - Diverse Channels, Continuous Learning

During the peak of the global epidemic, PHIHONG has been providing employees with more learning tools and flexibilities. In addition to the existing systematic e-Learning platform, PHIHONG has also combined its internal communication software, Teams, to create the "Micro e-charge" micro-learning platform. We digitized physical courses, enabled online co-learning, and promoted external learning platforms to enrich digital learning channels and expand digital teaching capabilities. PHIHONG leads our colleagues to teaching and learning with innovative technologies. In order to establish long-term and harmonious labor-management relations, PHIHONG Taiwan also takes the initiative to provide free information on external learning platforms to employees who are retiring or about to leave, to encourage them to stay competitive and learn as long as they live! For employees who have left the company involuntarily, PHIHONG not only provides severance pay based on seniority, but also provides 2 days of job search leave per week for seeking the next job opportunity. PHIHONG also provides a window to apply for unemployment benefits and information on vocational training courses so that employees can maintain and improve their professionalism while seeking employment.

Item	Target Participants	Description	2021 learning achievements
Micro e-charging	All employees	Provide micro-courses in all aspects of Work Life. Create a healthy career with colleagues	A total of 22 micro-courses have been launched since April 2021, with a total of 6,153 views.
Digitalized physical courses	All employees	National epidemic prevention. Physical courses are conducted online to ensure a safe social distance.	In 2021, a total of 19 physical courses are converted to online courses, with a total of 664 participants.
Top 100 CEOs Online Co-Learning	Elite managers	Top 100 external CEOs shared their management experience and business management tips.	A total of 9 courses were learned online, with a total of 275 participants.
External Learning Platform Promotion	All employees	Share external learning platforms. Encourage all colleagues to learn independently without worrying about the epidemic. 1. TaiwanLIFE 2. www.smelearning.org.tw 3. portal.wda.gov.tw 4. TaiwanJobs 5. hahow 6. YOTTA	External independent study with 39 participants and 280.5 learning hours.
347.com.tw -eLearning platform	All employees	In-company learning platform. In addition to online learning module courses, there are also functions such as training records, course-related notifications, and external training applications.	In 2021, the number of learning hours is 18,924.5, with 544 employees and 34.79 learning hours per person.



◆ Online Language Learning Resources

With the goal of international development, and with English and Japanese as the main languages spoken by our customers, PHIHONG has been encouraging employees to enrich their foreign language skills and invites professional language training institutions to our company every year to conduct language learning classes. In recent years, in response to the epidemic, we have promoted digital learning as the main method, supplemented by subsidies for enrollment in language trainings and foreign language certifications. In addition, various levels of language certification standards are set according to job categories. Those who pass the standards will be reported to the administration and rewarded according to the results, so as to encourage employees to continuously improve their language skills. This enhances their competitive edge in the workplace and expand their horizons and career development.

- In response to the epidemic, we have been promoting digital language courses since 2020. Self-learning through the Internet without time limit. This does not only reduce the cost of training, but also ensures a safe social distance.

Item/Year	2019	2020	2021
Languages	English/Japanese	Online English	Online English
Participants	30	40	50
Invest in funds	\$214,800	\$192,000	\$240,000

歡迎同仁參加 7/16 (五) 10:00 - 10:30 英語線上課程說明會, 參加立即贈送CNN雜誌

2021 飛宏科技線上英語進修方案

全數優化:

- 聽音準確易懂
- 聽音準確英文
- 聽音多益單字
- 聽音CNN新聞
- 聽音新據上報
- 每月活動抽獎

再送多禮:

- 多益及聽譯
- 多益複考題
- 多益必考單字

開課資訊

上課期間: 2021/08/01 ~ 2022/07/31 (一年期)
 網址: <https://livelearning.liveabc.com>
 特價: 4,800元 (一年期無限時數)
 課程特色: 生活15級 X 商業9級, 聽說讀寫超過2500課
 免費試用: phihong@vips (密碼:vips) (即日起至07/27止)

公司學習補助

凡達第一項標準, 補助50%
 同時達兩項標準, 補助100%

標準一: 總學習課數70課 (測驗70分以上)
 標準二: 參加筆考測驗3回 (分數不限)

*報名期間: 即日起至7/23前歡迎報名

電腦、手機、平板隨時登入上課, 行動學習好便利

報名送五大好禮: (贈品送完為止)

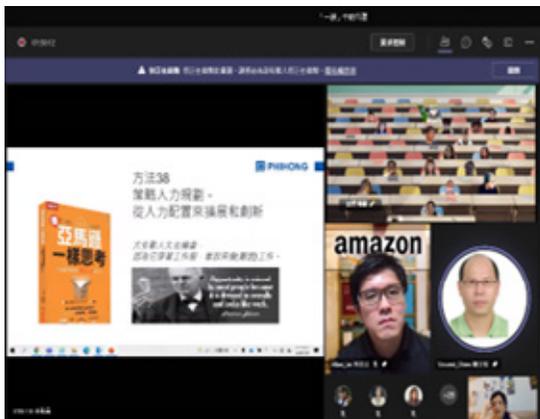
1. 全球華生意必備雙語英語 (價值320元)
2. LiveTalk一對一外語真人對話點數 20點 (價值4000元)
3. LiveWriting練習作加改服務 2-21篇 (價值3600元)
4. LiveABC真人發音電子學習包一年期 (價值598元)
5. 新多益電腦線上模塊測驗11回 (價值6600元)

7/23前報名加贈: 海外商務禮儀的烹調片錄(價值249元)

◆ PHIHONG Reading Club - Team Reading

Learning is a never-ending process! In order to create the atmosphere of a learning organization and establish an active learning culture, the " PHIHONG Reading Club" was established in 2020 under the leadership of the CEO and is vigorously promoted from top to bottom in person. We believe that by reading a book together, we can build a consensus among the team and explore the possibility of putting it into practice within the company by starting from the theory of the book. By the end of 2021, we have held 18 book reading gatherings with 477 participants. During the epidemic, we also used internal communication software to share, discuss, and interact online. Through the use of the digital environment, the book club can be held without restriction.

The PHIHONG Book Club breaks the traditional one-way information transmission format of the book club and emphasizes multi-way interaction and communication. It provides a space for dialogue and stimulates diversified thinking, allowing members to learn from each other and to respect and tolerate each other. In addition to enhancing internal interpersonal interaction and achieving a virtuous cycle, the process of reading together cultivates colleagues' ability to listen and think. This stimulates each member's potential. In addition, we have established the information platform of PHIHONG Reading Association. Through the promotion of virtual and real integration of the platform, we create a knowledge service platform for lifelong learning.



◆ Industry-academic cooperation, campus relations

In the face of the severe global epidemic, PHIHONG has not given up on cultivating talents on campus and provided quality internship opportunities for students. We believe that cultivating students can help the sustainable development of the power supply industry. Therefore, we actively provided college students with the opportunity to put the theories they have learnt from school into practice in the industry. In 2021, we established the "PHIHONG R&D Training Center" to support 2 colleges and universities to train 6 interns. From classroom learning taught by senior managers to hands-on experience in technical units, we aligned the professional needs of industry and academia. Through hands-on experience, students learnt about the development and manufacture of advanced technologies. Video teaching is also used during the epidemic so that learning will not be interrupted. The internship program is designed to cover 5 major components.

- 1 Get to know PHIHONG
- 2 In-depth learning of and build power supply design concept
- 3 Build basic prototyping skills
- 4 Establish a Power Supply Design Proof of Concept
- 5 Learn the project documentation system

The 5 stages of the course are compact. There was online teaching feedback with the lecturers at each stage. We hope that through the complete professional internship, students can fully understand and experience the job content. So, students are prepared for work after graduation, and will be able to make effective use of what they have learnt to achieve a better work performance!



◆ Performance-linked Bonus System

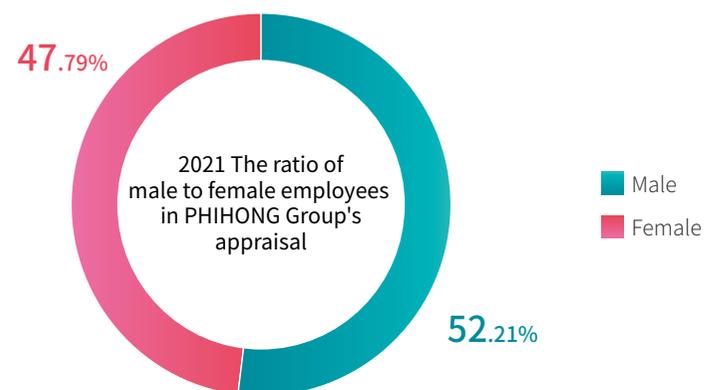
PHIHONG implements the performance management system in each factory and holds annual meetings regularly to set the operation strategy direction and goals. By using the E-based performance management system, employees set performance goals at the beginning of the year and then discuss with their supervisors whether the goals are set in line with the strategic direction. In the middle of the year and at the end of the year, we regularly review and assess the achievement of the goals. Through real-time interactive feedback between employees and supervisors, we provide coaching, encouragement, and career consultation to help employees achieve their desired goals by objectively and truly controlling their work results. Through regular evaluation of employees' contributions and abilities, which is an important basis for employee training and career development and linking the evaluation results to career planning such as promotion and job adjustment, we can make employees fit for the right position and achieve sustainable development. We divide the appraisal into "probationary appraisal, mid-year appraisal, and year-end appraisal", and link the performance appraisal results with the bonus for a reasonable and fair distribution. This encourages our employees to work hard as a team to achieve satisfactory results, as well as improves the performance management system, which enhances employee productivity and increase the competitiveness of the company.

We incorporate the performance appraisal process into our daily work management. From goal setting and confirmation at the beginning of the year, target progress controlling in the middle of the year, and performance appraisal at the end of the year, we promote and effectively control each period in order to achieve the purpose and maximum effectiveness of the performance appraisal. When the company has a profit at the end of the year, according to the company's standard bonus payment method. Depending on the performance appraisal results, we will pay year-end bonuses, employee bonuses or stocks to the employees in the current year in order to motivate and retain outstanding employees.

◆ PHIHONG's performance evaluation process.

1. Target management: set the targets → manager's confirmation
2. Review and controlling: Review targets → progress control
3. Annual appraisals: Mid-year appraisal → Year-end appraisal

2021 The ratio of male to female employees in PHIHONG Group's appraisal



2021 Number of employees in the appraisal

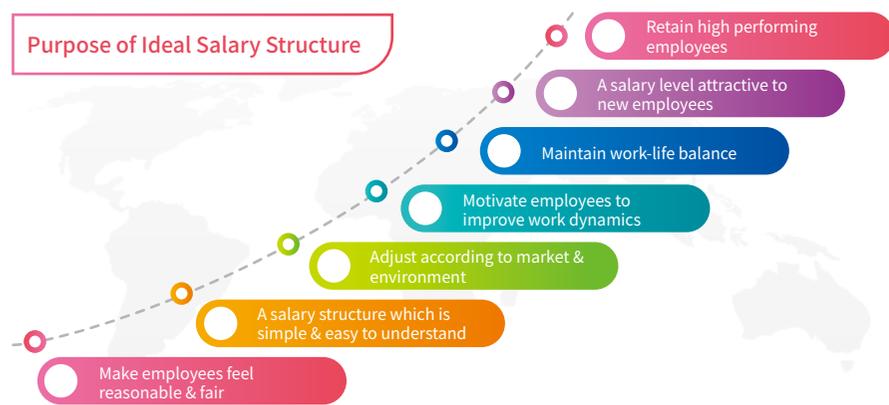
Appraisals	Year / gender		PHIHONG Taiwan				PHIHONG Dongguan				PHIHONG Haiphong			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
			Mid-year	Year-end	Mid-year	Year-end	Mid-year	Year-end	Mid-year	Year-end				
Rank / Count														
Manager (section level of above)	105	38	99	34	69	28	68	28	0	0	0	2		
General employees	164	161	153	156	882	772	819	722	0	0	362	485		
Total	269	199	252	190	951	800	887	750	0	0	326	487		

Remuneration and Benefits

PHIHONG has always held the philosophy that "the key to business growth is to have good people". By offering competitive salaries that are better than the local base salary, we aim to attract, motivate, and retain talented people to ensure the competitiveness of the organization and the sustainable development of the company. In 2021, the minimum salary for the indirect employees of PHIHONG Taiwan has increased to 1.12 times of the local basic salary compared to the previous year. All direct employees of PHIHONG Dongguan and PHIHONG Haiphong are hired at a salary standard that meets the local basic wage.

◆ Remuneration Policy

- Pay in accordance with ability:
Salary is approved according to employee's function fitness and in accordance with local laws and regulations.
- Fairness and Reasonableness:
The salary is paid based on the principle of fairness within the company and take into account the market salary.
- Annual salary adjustment:
The salary is adjusted based on the company's operational performance, current year's price index, employee performance, etc.
- Rewards from operations:
Each year, according to the overall business achievement rate, growth rate, and personal performance of the previous year, project bonuses, bonuses, year-end bonuses, etc. of the year are distributed to reward employees for their contributions and motivate employees to continue to work hard.



2021 is a year of growth for PHIHONG against the global trend. Although the world is still affected by COVID, the overall revenue of the company still has a slight growth. So, the employees' welfare and care are the priority! In 2021, we provided various career development opportunities according to employees' performance. We use an open and transparent promotion system to actively promote talents with superior performance and development potential. We give them more responsibilities and higher salaries to drive the overall positive development of the organization. We made salary adjustments for all employees, taking into account market salary levels and inflation. The average salary increases in 2021 is about 3.8%, which is expected to attract, retain, and motivate outstanding colleagues.

In order to strengthen corporate social responsibility, PHIHONG Taiwan regularly reviews the salary levels and provides employees with motivational compensation. Since 2018, we have appointed a certified public accountant to conduct an annual audit of the information related to "compensation of full-time employees not holding executive positions" in order to disclose the information in a fair, transparent, accurate and complete manner. The average annual salary of non-executive employees has increased slightly since 2018. In 2021, it has increased by 2.1% compared to 2018. This shows how much PHIHONG cares for our employees. The statistical analysis of "Additional Disclosure" for 2021 is listed below:

2019- 2021 PHIHONG Taiwan Additional Disclosure Information

Unit:NTD 1000

Item	2019	2020	2021	Difference with previous year
Non-supervisory employees (number)	496 persons	481 persons	517 persons	↑ 7.48%
Non-supervisory employees (total salary)	423,125	411,038	451,204	↑ 9.77%
Non-supervisory employees (average annual salary)	853	855	873	↑ 2.11%
Non-supervisory employees (median annual salary)	737	744	744	Staying flat

Note: Supervisory position means the manager (vice president level or above) as stipulated in the letter No. 920001301 of Securities and Futures Commission, Ministry of Finance, Taiwan No. 3 dated March 27, 2003.

The salaries of all employees at PHIHONG do not differ based on gender, age, education, nationality, political affiliation, etc. The base salary ratio is 1 for both male and female employees of the same position and grade. The salary level is paid in accordance with the salary adjustment and annual promotion. Taiwan PHIHONG is a R&D center; the total number of male Professional R&D and management employees is higher than that of female. Therefore, the ratio of base salary and base compensation for male employees are higher than that of female. The ratio of base salary for non-managerial female employees to male employees has been decreasing year by year, with a decrease of 2.6% in 2021 compared to 2019. This shows the fair and positive positioning of the overall remuneration policy.

PHIHONG Taiwan Female to Male Base Salary Ratio

By duty	Year	2019		2020		2021	
		Female	Male	Female	Male	Female	Male
Middle/High Level Managers		1	1.26	1	1.20	1	1.26
Others		1	1.16	1	1.14	1	1.13

PHIHONG Taiwan Female to Male Base Compensation Ratio

By duty	Year	2019		2020		2021	
		Female	Male	Female	Male	Female	Male
Middle/High Level Executives		1	1.17	1	1.20	1	1.28
Others		1	1.08	1	1.08	1	1.13

5.2 Employee Care and Human Rights

In 2021, PHIHONG was once again awarded as one of the top 20 companies with the happiest employees by the working population. We believe that the key to corporate sustainability comes from the happiness of our employees. We have always cherished, valued, and treated our employees well, providing a safe, comfortable, and friendly working environment. The PHIHONG Art Corridor is set up in the company, with different exhibition themes changing regularly every 2 months. So, employees can cultivate their temperament through appreciating art and humanities works while working. In the office environment, we provide green plants, installation arts, gymnasium, basketball room and multi-functional creative space to increase the leisure and interactive space for employees at work, which raises their happiness and productivity.



PHIHONG provides a number of welfare systems above the statutory requirements. In addition to the social insurance, medical insurance, and vacation system, we have established the Employee Welfare Committee (Welfare Committee) in accordance with the Employee Welfare Act, based on the principle of taking care of our employees and sharing profits. Based on the monthly revenue, we allocate a fixed amount of funds for various welfare measures, club activities, parent-child days, and competitions. In addition to basic wedding and funeral subsidies, emergency relief, and childbirth subsidies, we also provide cash-gifts for major festivals such as May Day, Dragon Boat Festival, Mid-Autumn Festival, and the Chinese New Year. In recent years, due to the impact of COVID-19, we have suspended some club and gathering activities. In the future, we will adjust and hold various activities depending on the epidemic situation to ensure employee safety and work balance.

PHIHONG Taiwan 2021
Subsidy statistics for the Welfare Committee's main activities

Currency:NTD

Item	Budget for application	Total No. of Subsidies	Total amount granted
Wedding & Funeral	1,500-2,100	48	86,800
Birthday Bonus	200-1,400	507	677,400
Childbirth gift	2,000	10	20,000
Injury/hospital condolences	2,000	8	16,000
Employee Travel - Allowance Subsidy	500-4,000	414	1,582,660
Employee domestic travel activities	0	0	0
Festival cash-gifts (New year / Dragon Boat / Mid-Autumn / May Day)	670-6,000	1361	4,349,360
Clubs Support	1,100-2,000	-	3,100
Christmas Lucky Draw	2000	164	344,320

Communication Channels

PHIHONG places foremost importance on humanized and flexible management and flat organization. To establish a harmonious relationship between the company and employees, PHIHONG has set up multiple communication channels for employees to maintain a smooth two-way communication, so as to listen and respond to employees' voices. In addition to the daily communication channels, we have established a comprehensive communication platform through regular departmental meetings, labor-management meetings, e-platform, employee grievance channels and satisfaction surveys, to make communication faster and more efficient. Also, company policies can also be communicated in a timely, correct, and effective manner. By constantly listening to employees' voices, we can optimize the working environment, strengthen employees' loyalty, and resolve employees' demands to achieve continuous improvement and a win-win situation for both employers and employees, thus laying the foundation for good employee relations.

No matter for various satisfaction surveys or feedback collection, through the design of professional and user-friendly online questionnaires, our employees can provide immediate and comprehensive feedback, understand important internal issues, and employees' commitment to the company. In 2021, the response rate is 98.5%, which is the highest ever. This shows the participation of our employees and the comprehensiveness of the opinions collected.

Communication Channel	Board of Directors / Management	Managers at all levels	Human Resources Department	Employee Grievance System
Communication methods	<ul style="list-style-type: none"> Senior Management Meeting 	<ul style="list-style-type: none"> Internal notices Email Interdepartmental meetings for cross-level communication Employee appraisal meeting 	<ul style="list-style-type: none"> Electronic bulletin board Employee Opinion Survey Regular labor-management meetings Human Resources Team Non-regular communication meeting Employee Welfare Committee Meeting Other corporate activities 	<ul style="list-style-type: none"> Employee Complaint Mailbox

Labor-Management Relations

PHIHONG has established good and harmonious labor relations. We respect the freedom of assembly and association of employees. We promise that employees and representatives participating in labor-management meetings will not be discriminated or labeled. In accordance with the Regulations for Implementing Labor-Management Meeting, PHIHONG Taiwan holds quarterly labor-management meetings to discuss the welfare, rights, and interests of employees through reports or proposals. We continue to implement and improve the labor-management meeting system. With voluntary consultations and discussions between employers and employees, we forge consensus and pool the wisdom of all to work together to implement resolutions, and to create a win-win vision for both employers and employees. In 2021, there were a total of 72 opinions from employees, including one labor issue submitted through the employee mailbox. All were 100% resolved. For overseas plants, PHIHONG Dongguan has established an employee representative assembly as a body for employees to exercise their democratic management rights; PHIHONG Haiphong has established a labor union in September 2021 after the official start of production. 100% of the employees signed a group agreement to participate.

Case source	Total no. of case	No. of resolved cases
Labor-Management Meeting	19	19
Satisfaction survey	26	26
Employee suggestions	26	26
Employee Mailbox	1	1
Total	72	72

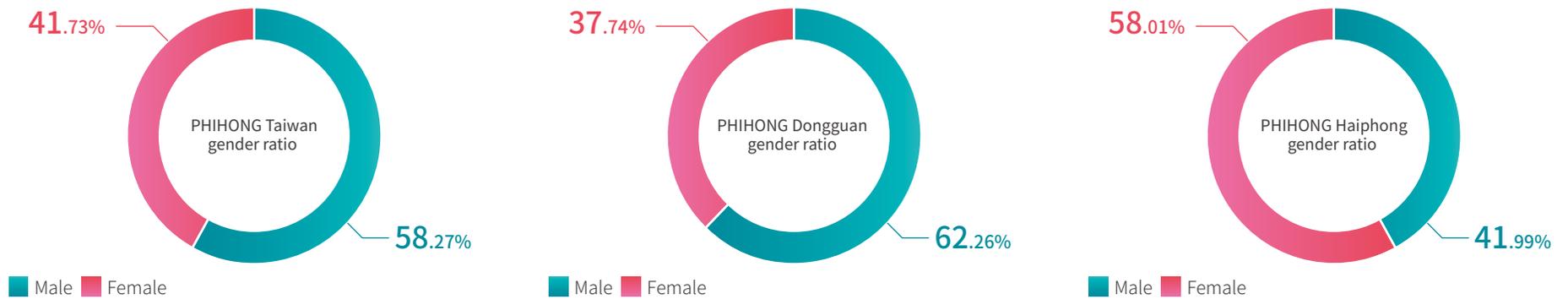
Item / Plant location	PHIHONG Taiwan	Dongguan	Haiphong
Freedom of association and the right to collective bargaining (%)	100	100	100
Number of violations of employee association and collective bargaining	0	0	0
Labor-Management Meeting	At least quarterly	Once a year	Once a year
Employee Union	No	No	Yes



New hire care and Exit interview

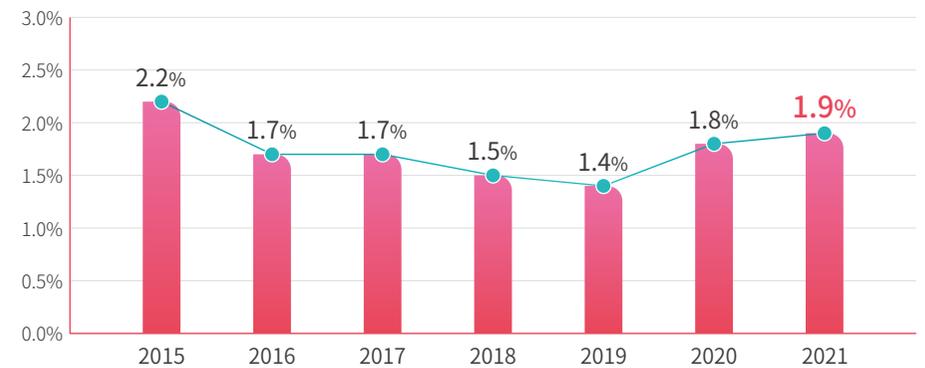
We care and value every new employee who joins PHIHONG. In addition to the training provided by the HR unit on the first day of employment and the 3-month professional training provided by their respective units, each new employee also has a dedicated mentor to provide assistance in work and life. Through the companionship and care of our mentors, we provide assistance in work and daily life, and help the new hires to understand the basic needs of work, including meals, commuting, company facilities and related employee welfare regulations. We hope our employees can quickly understand and adapt to PHIHONG's workplace and corporate culture in a unique environment.

Gender Ratio of Pihong Technology'e Employees in 2021



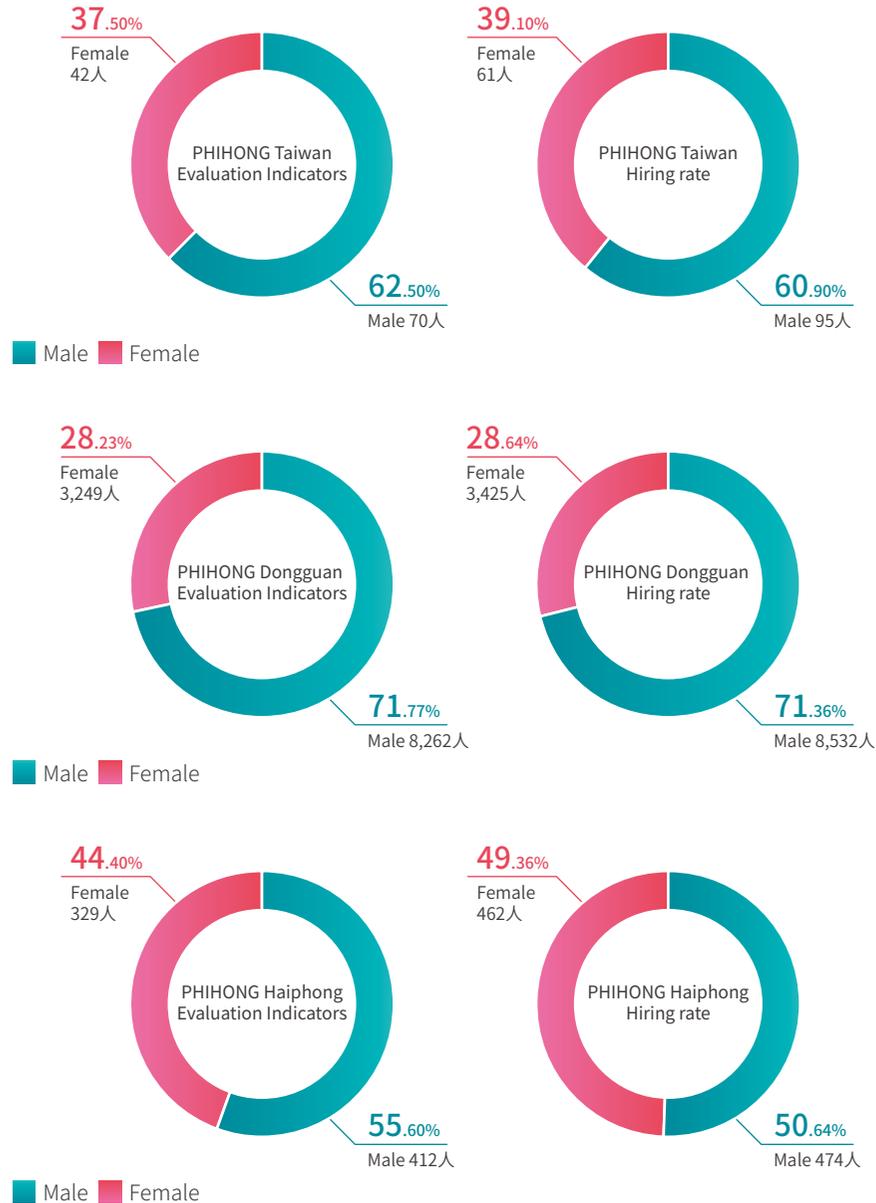
To implement the positive attitude of all-round care and concern for all employees, when employees apply for resignation, PHIHONG's human resources department tries to understand the problems the employee encountered at work through one-on-one interviews, helps them overcome their difficulties. Furthermore, work adjustments are coordinated. We proactively and diligently eliminate the main factors for employees to resign to reduce the turnover rate. In 2021, the average turnover rate increased slightly by 0.1% compared to the previous year due to the continued impact of the epidemic on operations.

Average annual turnover rate of PHIHONG Taiwan



Note: The calculation of the average turnover rate is {(no. of employees leaving + no. of employees staying) / 12} / average no. of employees per month for the current year.

2021 Hiring and Leaving Employee Structure - Male to Female Ratio



2021 Employment and Resignation Structure in 2021 - Age Group Ratio



Note 1: Calculation of the ratio of each age group and male to female = the no. of males and females of each age / the total no. of employment (resignation) * 100%; the high turnover ratio of factory employees is mainly due to the absences of direct labor.

Note 2: In Taiwan, there were 156 employees & 112 resignations; in Dongguan, 11,957 employees and 11,511 resignations; in Haiphong, 936 employees and 741 resignations.

◆ Retirement and pension, PHIHONG care

PHIHONG Taiwan handles employee retirement in accordance with the Labor Standards Law and the Labor Pension Act. The human resources department also regularly reviews the list of employees who have reached retirement age and understands their retirement preference in advance each year, so as to provide advice to employees on their career planning. PHIHONG Taiwan has established a Labor Retirement Fund Supervisory Committee to handle labor retirement applications and benefit standards. Employees who arrived at work before June 30, 2005 (inclusive) are entitled to the old system pension seniority. The old-system pension is paid at 2% of each employee's monthly salary to the Bank of Taiwan's retirement reserve account. An actuarial report is submitted by the actuary at the end of each year to ensure that the pension fund is fully funded to protect employees' rights and benefits. The total amount of pension contributions in 2021 is NT\$54,332,295. While an employee who is entitled to the new pension system contribute 6% of the monthly salary as pension to the employee's account, and the employee can voluntarily contribute an addition 0-6% of the monthly salary to the personal pension account. This allows employees to apply for personal pensions when they meet the retirement requirements and protects the rights and interests of employees.

In accordance with local laws and regulations, PHIHONG's other operating locations have established retirement systems to provide retirement benefits for employees. In accordance with local laws and regulations, PHIHONG Dongguan insures employees with pension insurance and contributes the full amount; Phhong Haiphong's employees participate in social insurance so that they can enjoy peace of mind after retirement. Our human resources department regularly reviews the list of employees who are eligible for retirement and understands their retirement preference in advance so as to counsel them on career planning.

◆ Human Resources APP (PHIHONG Taiwan)

PHIHONG emphasizes flexibility and humane management. The Human Resources App platform was launched in 2020. In 2021, due to the severe COVID-19 epidemic, during the 4 months of Level 3 alert in Taiwan, all PHIHONG employees can use their mobile devices to clock in, take leave, and check payroll when they are working from home, so that they are not affected by the epidemic. PHIHONG managers can also use the APP platform to sign and approve processes, manage employee attendance, and to keep an eye on employee dynamics in a timely manner.

PHIHONG's contribution to pension as a percentage of salary

Locations	Retirement Method	Contributor	% Salary
Taiwan	Old system: Company pension account	Employer	2%
		Employee	0 ~ 6%
Dongguan	Pension insurance: Employee pension account	Employer	13%
		Employee	8%
Vietnam	Social insurance: Employee pension account	Employer	17.5%
		Employee	8%

收到系統通知信後，於手機系統商店搜尋並下載SmoothTeam應用程式

登入相關資訊：

伺服器網址：<https://hrmobile.phihong.com.tw>

帳號：職號

密碼：Citrix登入密碼 (現場測試時間，密碼請先輸入123456)



多功能行動自助服務

GPS定位打卡、出勤管理

出勤單據送審/簽核

使用手機就能搞定



Employee welfare in PHIHONG

◆ Community Service Leave (PHIHONG Taiwan)

The company leads annual community service activities such as beach cleaning and community caring visits to encourage employees to go out of the workplace and put community service into action, experiencing the touch of giving. Although some activities were suspended in 2021 due to the epidemic, PHIHONG Taiwan still accumulated 166 hours of community service activities in the entire year, integrating the corporate culture mission “to serve the society” into life.

◆ Festival Subsidies (PHIHONG Taiwan)

The company never misses any of the employees' life events. In addition to the subsidies provided by the Welfare Committee, PHIHONG also provides a gift of \$12,000 for each employee's wedding, \$10,000 for a funeral, a childbirth subsidy for the birth of a child, and a condolence payment in case of injury or illness. PHIHONG is always ready to give support to employees when they need it as a token of our appreciation.

◆ Paid-leave of Birthday

In recent years, due to the impact of COVID and to avoid group gatherings, PHIHONG Taiwan's monthly birthday celebration dinner is suspended. However, we allow each employee to take a day off to celebrate with family and friends in the month of their birthday to enhance the interaction of family life. The welfare committee also gives birthday red packets to employees, adding warmth and happiness to PHIHONG's workplace. The Dongguan plant also provides delicious birthday cakes gifts to the birthday kids as the company's birthday wishes.

In addition, we provide funds for socializing, and provide departmental teams to hold dinners and social events from time to time in the hope of building internal cohesion and increasing interactions among colleagues.

◆ Travel subsidies (PHIHONG Taiwan)

To allow employees to travel with their families and enjoy leisure and happy family time, the welfare committee arranges, plans, and fully subsidizes domestic daytrips. In recent years, due to the impact of COVID, domestic travel activities have been suspended. However, the welfare committee still provides travel subsidies to allow employees to freely and flexibly arrange domestic and overseas travel itineraries, so that they can relax and balance their minds and bodies besides working.



◆ Beitou Spring Hotel Offer

Beitou Spring Hotel is an affiliate of PHIHONG and offers various exclusive discounts for PHIHONG employees: New Year's Day special discount (New Year's dinner group purchase, set tickets) / wedding banquet special discount for family and friends / 20% discount and free service charge for staff meals / discounts for using other related facilities.



◆ Diversified Clubs

To promote the development of social circles and interests among employees, PHIHONG has established various clubs within the company and obtained subsidies from the Welfare Committee for various clubs. In recent years, due to the epidemic, all club activities and parent-child day activities have been suspended in 2021 as a social distancing protective measure.

◆ Double care for expatriates

In addition to providing comprehensive group insurance and 24-hour overseas medical services, PHIHONG has also drafted the "Regulations for the Management of Expatriate Employees", which provides for various subsidies such as housing-rental, transportation, home visits and bringing family members.

◆ Christmas season - Sending warmth with old shoes

In 2021, PHIHONG held a "Shoe Box with Love, Love in Christmas" charity event. We had charity donations as well as sent our employees to Bethlehem Warehouse for charity service in order to let people feel the overflowing warmth. On Christmas Day, Welfare Committee staff went to each unit of the company to deliver Christmas gifts and treats to celebrate the joy of Christmas with all employees, so that everyone can welcome the arrival of Christmas happily!



◆ Year-end party. Have fun together

In order to thank our colleagues for their hard work and dedication in the year, even PHIHONG cancelled the arrangement of the annual table gathering during the epidemic, sufficient funds are allocated to plan and prepare a lot of fun activities, rich prizes and delicious refreshments in the afternoon of Christmas, so that every colleague could leave unforgettable and beautiful memories in the annual party at the end of the year.



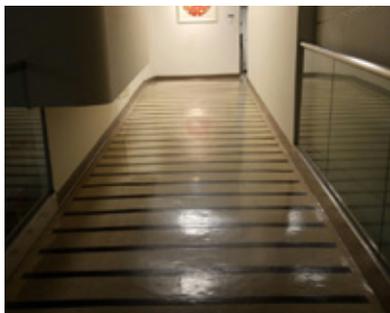
◆ Senior Role Model, R&D Patent. Memorial Recognition (Taiwan PHIHONG)

For nearly 50 years in Taiwan, we have made a commemorative gold coin for each senior employee who has worked for 5 years at PHIHONG in the year-end party to thank and recognize their hard work and dedication to the company. For excellent employees with outstanding performance in the year, we conduct an all-employee selection campaign. Everyone can vote for their “excellent employee representative” in an open election. At the end of the year, we reveal the winners of the awards, so that the excellent employee representatives can receive recognition from all employees and high bonuses, special vacations, and medals as an encouragement. In addition, in recognition and appreciation of the R&D colleagues who have focused on the research and development of innovative technologies and products, the CEO will award employees who have achieved R&D innovations and patents in 2021 and present them with awards at the annual year-end grand event.



◆ PHIHONG with love. Accessible Environment

We welcome people with physical and mental disabilities to join the PHIHONG family, and we provide and employ people with physical and mental disabilities with long-term and stable employment opportunities. PHIHONG Taiwan is equipped with barrier-free ramps at all entrances and interior floors, as well as multiple elevators for wheelchair access. At the same time, we value the diversity of our employees and the culture of each ethnic group, and adopt fairness in the employment of all employees, especially those from disadvantaged groups. Every year, PHIHONG Taiwan employs more people with physical and mental disabilities than the legal quota of the Law for the Protection of the Rights of Persons with Physical and Mental Disabilities. We receive quarterly incentive payments for the extra hires. There are no employment rules for the mentally and physically challenged at the Dongguan plant, and not mentally and physically challenged employees are currently employed.



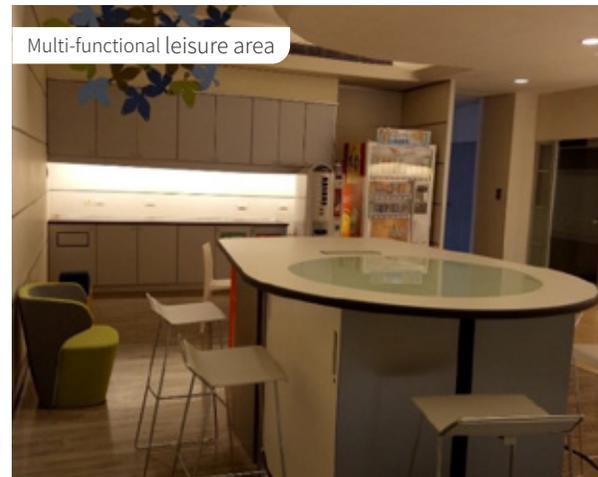
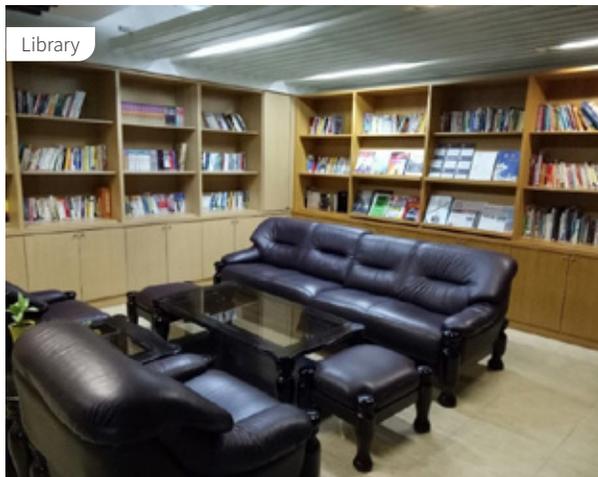
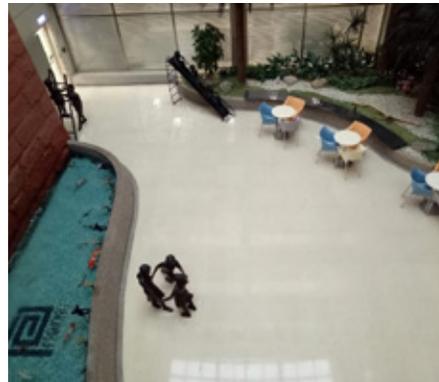
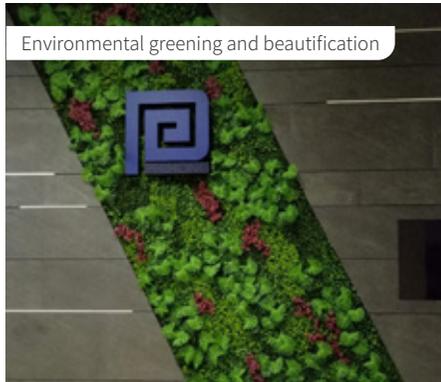
▲ PHIHONG Accessible Space

2019–2021 PHIHONG Taiwan hiring persons with physical or mental disabilities



◆ Perfect facilities. Leisure and fun

There are gymnasiums, billiard rooms, basketball rooms, showers, libraries, and employee lounges in the PHIHONG plants. However, due to the epidemic, facilities are closed to reduce social contacts to ensure the health and safety of employees. Female breastfeeding rooms has a user-registration system, and cleaners are repeatedly asked to clean and disinfect the rooms. The staff cafeteria offers a variety of meal choices, such as buffets, noodle areas, simple meals, vegetarian meals, coffee machines, and beverage and food vending machines, etc. During the epidemic, meal boxes are distributed with quota meal sessions to maintain hygiene and safety.

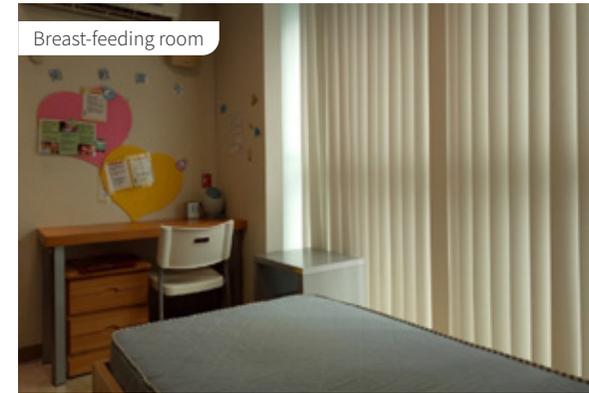


◆ Food, Clothing, Housing and Transportation. Factory-stationed Service

In order to protect the health and safety of all employees and to eliminate the possibility of foreign infections, a complete ban on foreign guests was imposed in 2021. The original planning and arrangement of factory services, including festive food, group insurance, banks, travel agencies, merchandise sales, exhibition coupons, book fairs, etc., have all been suspended.

◆ Parenting Care · Breastfeeding Support

To care our mother colleagues, and to support and encourage breastfeeding, the company has set up a bright, spacious, safe, and comfortable breastfeeding room in the factory. A special refrigerator is equipped to ensure the hygiene of breast milk storage, so that mother colleagues can use it with peace of mind and confidence. Also, to relieve the burden of our employees, we have negotiated with the nearby childcare educational institutions to provide exclusive offers and more support to our employees, so that they can work with a piece of mind without worrying about childcare.



◆ Support for Human Rights Equality

Recruitment	PHIHONG's recruitment and appointment policies are open and transparent, and are based on the company's job requirements, taking into account the job qualifications, potential and achievements of the applicants. In our recruitment, screening, hiring, distribution, allocation, performance evaluation or promotion process, we do not discriminate or treat job seekers or employees differently based on race, class, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities.
Human rights protection	We support the "United Nations Universal Declaration of Human Rights," the "United Nations Guiding Principles on Business and Human Rights," the "Code of Conduct of the Coalition for Responsible Business", and the "United Nations International Labor Organization". Our Group's operations do not commit any human rights violations or infringements and implement human rights protection. PHIHONG recognizes and abides by the local laws and regulations on human rights protection in each plant, so as to raise the human rights awareness of our employees and stakeholders. PHIHONG respects the differences between individuals from all over the world and treats all employees with dignity, without any differences based on race, gender, age, religion, nationality, or political stance.
Ban on child labor	The identity and age are confirmed upon recruitment and job commencement. We comply with the Labor Standards Law, the International Labor Organization (ILO), and labor-related laws and regulations of the countries in which we produce. We do not employ anyone under the legal employment age. No child labor incidents occurred in 2021.
No discrimination against indigenous	In 2021, there were no human rights-related cases involving discrimination against indigenous people's rights, no complaints through formal mechanisms, and no violations of laws or penalties, and no human rights-related audits or impact assessments. Each employee of PHIHONG signs a written labor contract on the day of employment, which stipulates that the employment relationship is established based on the premise of mutual consent and is regularly reviewed and controlled to protect the rights and interests of both employees and employers.

In addition, PHIHONG has set up a Sexual Harassment Complaint Committee and established the "Sexual Harassment Prevention and Control Measures Management Procedures" to handle sexual harassment and gender equality violations through a dedicated reception unit, window and complaint channel to prevent sexual harassment. One incident of sexual harassment occurred in 2021, and was resolved after mediation, deliberation, and assistance from the committee. The Company's Code of Conduct clearly defines that no physical or mental abuse, harassment or aggressive behavior is allowed. Any threatening or violent or bullying behavior is prohibited. There were no incidents of workplace bullying in 2021.

◆ Parental Leave

In accordance with the "Gender Equality Act", PHIHONG has established the "Management Procedures for unpaid parental leave". Employees, regardless of gender, can apply for unpaid leave for up to 2 years before their children reach the age of 3, depending on their needs. In addition, we will assist our employees to return to their original units and duties when they apply for reinstatement after the leave. In 2021, we revised our internal regulations in response to the relaxation of the law, so that employees with childcare needs can combine family and work.

◆ Work-life balance

PHIHONG also follows the regulations of the Gender Equality Act and promotes work-life balance by providing employees with statutory leave such as maternity leave, paternity leave, menstrual leave, COVID unpaid family care leave, family care leave, and tocolysis leave for pregnant women to help employees achieve a balance between work and family life.

◆ Termination Notice Period

PHIHONG Taiwan complies with the relevant provisions of the Labor Standards Law, which stipulates that an employee must submit an application for termination of employment within the notice period. The application procedures and processes are clearly defined and announced in the employee code of conduct to protect the rights and obligations of both parties. In accordance with the provisions of the Labor Standards Law, both employers and employees shall abide by the following notification regulations:

1. Those who continue to work for more than 3 months but less than 1 year shall be notified 10 days in advance.
2. Those who continue to work for more than 1 year, but less than 3 years will be notified 20 days in advance.
3. Those who continue to work for more than 3 years shall give notice 30 days in advance.

In accordance with the Labor Contract Law in Mainland China, PHIHONG Dongguan signs a labor contract on the day the employee arrives at work and specifies the notice period for termination in the labor contract and employee handbook: the employee should give 30 days' written notice of termination and 3 days' notice during the probationary period. In accordance with Vietnam's labor law, PHIHONG Haiphong signs a labor contract on the day the employee arrives and gives 45 days' notice to the employer of the employee's termination, and 3 days' notice during the probationary period.

2019-2021 PHIHONG Taiwan
Gender ratio of applications for parental leave

Item	Gender	2019	2020	2021
Number of people eligible to apply for parental leave in the current year	Male	37	28	24
	Female	29	27	23
	Total	66	55	47
Actual number of applicants for parental leave in the current year	Male	0	0	0
	Female	4	7	5
	Total	4	7	5
Number of people who are expected to return to work in the current year on parental leave (A)	Male	0	0	0
	Female	2	4	4
	Total	2	4	4
Number of people who returned to work in the year of parental leave (B)	Male	0	0	0
	Female	1	4	2
	Total	1	4	2
Reinstatement rate (B/A)	Male	NA	NA	NA
	Female	50%	100%	50%
	Total	2	0	0
Actual number of people reinstated from parental leave in the previous year (C)	Male	2	0	0
	Female	4	1	4
	Total	6	1	4
Employees who have continued to work for 1 year after reinstatement from parental leave in the previous year (D)	Male	2	0	0
	Female	4	1	3
	Total	6	1	3
Retention rate (D/C)	Male	100%	NA	NA
	Female	100%	100%	75%

Note 1: Retention rate = no. of people who have worked for more than 1 year after being reinstated from parental leave / the no. of people actually reinstated in the previous year.

Note 2: No. of people applying for parental leave: No. of people who remain on parental leave

Note 3: No. of people eligible for parental leave in the current year: No. of employees applying for maternity leave and paternity leave in 2019-2021.

Employee Satisfaction & Engagement Survey

PHIHONG values every employee's feedback to the company. Every year, we conduct a survey on the job satisfaction of new and all regular employees and collect opinions from employees in quarterly labor meetings. After analyzing and compiling the opinions, we pass the results to the relevant units for evaluation and response to create a friendly workplace, develop a competitive system, and improve company benefits so that both the company and employees can grow together. Moreover, important matters and promotional content will be announced to employees in real time through announcements. So that every employee can understand the company's latest policies immediately and accurately, in order to achieve the purpose of common good.

◆ Objectives of the Satisfaction Survey

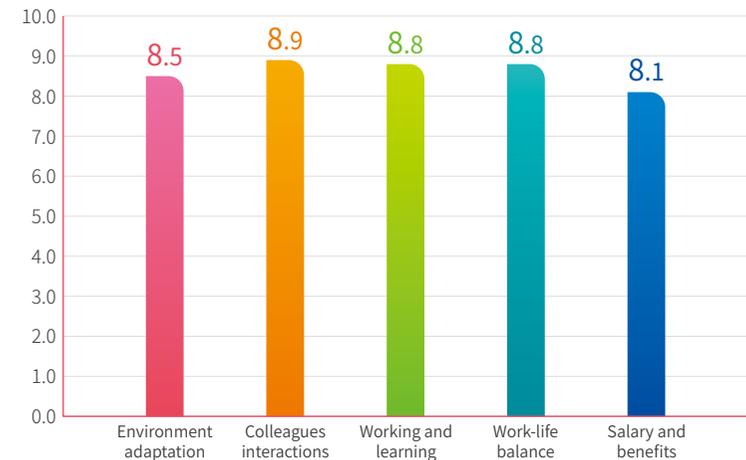
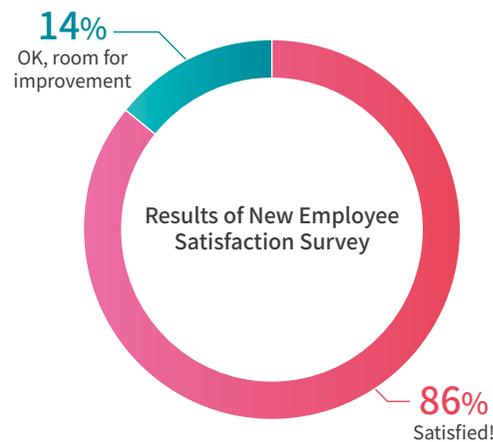
- Proactive care: to give employees a sense of participation and existence
- Expression of goodwill: employees can clearly feel the company's goodwill
- Two-way communication: let employees understand that the company is willing to listen to employees' voices
- Immediate handling: to let employees feel the company's determination to keep building a friendly environment
- Raise satisfaction: to make employees satisfied, so that they can work with peace of mind and enjoy their work

◆ New Employee Satisfaction Survey (PHIHONG Taiwan)

PHIHONG arranges a dedicated tutor for each new employee, to enhance the new employee's sense of security, belongingness and stability. The tutor can provide appropriate guidance and assistance to the newcomers in terms of food, clothing, housing, transportation and any work-related needs and problems in the company. The HR unit arranges a one-on-one interview with the new employee when he/she reaches 3 months of employment to understand his/her adaptation to the work and environment, so as to help the company to keep up with the times in recruiting outstanding talents.

- Survey target: Employees who are hired after the probation period
- Survey period: Jan-Dec 2021
- Questionnaire completion rate: 100%
- No. of valid questionnaires: 96

2021 Results of New Employee Satisfaction Survey

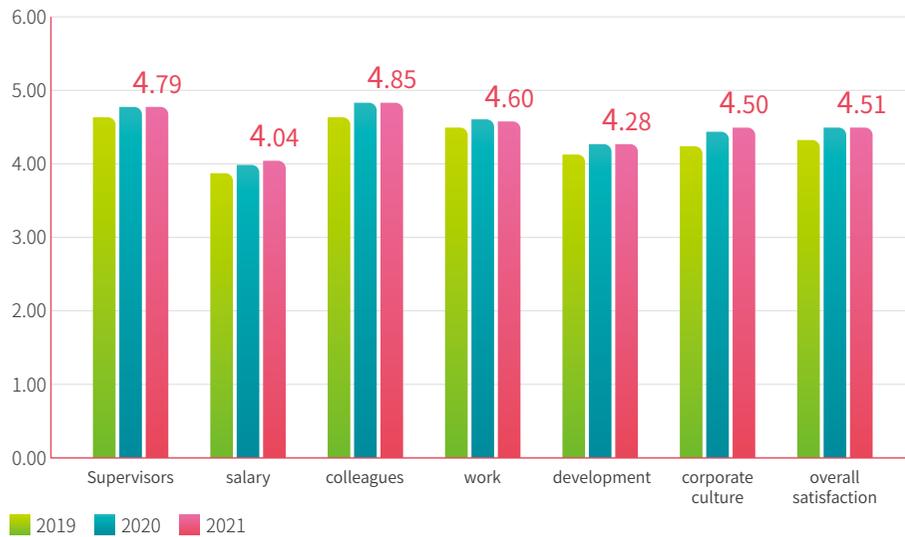


◆ Employee Satisfaction and Engagement Survey (PHIHONG Taiwan)

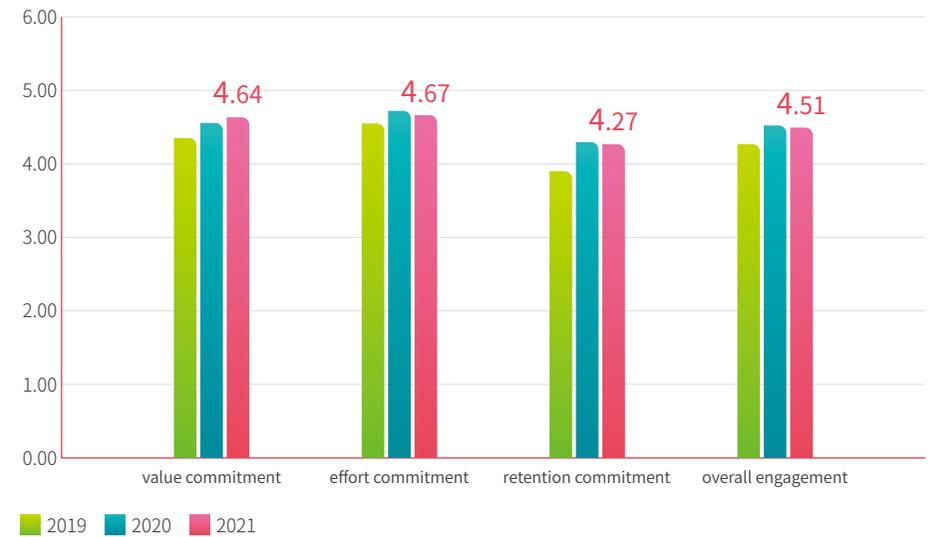
PHIHONG regularly conducts annual employee satisfaction and engagement surveys. Through a professional survey platform, we combine data analysis of employee feedback and suggestions to gain a deeper understanding of employee needs. This allows us to continuously create a better working environment and employee satisfaction and enhance employee recognition. The employee satisfaction survey covers supervisors, colleagues, work, salary, development, corporate culture, and overall satisfaction; while the engagement survey focuses on value commitment, effort commitment, retention commitment, and overall engagement. In the 2021 survey, the overall satisfaction score was 4.51, an improvement of 0.02 points from last year. All satisfaction scores have improved compared to 2020. The overall satisfaction rate has increased by 0.45%. For those items with relatively low satisfaction rate, feedbacks from the survey will be analyzed and action plans will be developed.

- Survey target: All regular employees
- Questionnaire completion rate: 85%
- Survey period: Nov 2021
- No. of valid questionnaires: 371

Employee Satisfaction Survey



Employee Engagement Survey



5.3 Workplace Safety and Health

Occupational Safety and Health Management

PHIHONG has incorporated occupational safety and health management into one of its corporate sustainable development strategies to maintain factory safety, work environment and employee health. PHIHONG Taiwan has formulated an "Environmental Safety and Health Policy" and established an Occupational Safety and Health Committee in accordance with the "Occupational Safety and Health Act" to promote the occupational safety and health management system. We pass the Occupational Safety and Health Management System certification every year. To create a healthy and safe workplace for employees and to prevent occupational injuries, we thoroughly inspect and monitor the safety of the work environment to comply with the local government regulations and company policy requirements. In 2021, PHIHONG completed the Occupational Safety and Health Management System (ISO 45001:2018) conversion certification and auditor training, and received the certificate in September of the same year. In the same year, PHIHONG established the EHS Department as an occupational safety and health unit to assist in supervising and advising occupational safety & health related planning, and reviewing occupational safety related issues. All workers covered by the new management system are employees and contractors of PHIHONG Dongguan, with a total of 3,995 employees. All operations are carried out based on the occupational safety and health management system, including hazard identification, risk assessment, operation audit and accident investigation.

In 2021, PHIHONG did not have any occupational injuries that caused the death of workers or identified as occupational diseases or serious occupational injuries. We continue to provide a safe and carefree working environment for our employees, with the ultimate goal of achieving a zero-hazard workplace.

2019-2021 PHIHONG Taiwan Employee's Lost work rate / Absence rate / No. of incidents

Item	2019		2020		2021		Formula
	Male	Female	Male	Female	Male	Female	
Occupational injury rate	0.98	0.97	0.34	1.91	0.63	0.44	(Disability) No. of work-related injuries/total working hours*200,000
Employee lost workday rate	11.74	15.04	18.41	40.91	7.92	0.44	The total no. of days of work-related injury claims in the year/the total no. of employee attendance days in the year*200,000
Employee absence rate	0.01	0.01	0.01	0.01	0.01	0.04	Absence days in the year/Total attendance days in the year (Statistical scope of absence rate covers work injury leave, personal leave, and sick leave)
Number of employee accidents (cases)	3	2	1	4	2	1	No. of work-related injuries in the year

Note 1: GRI: 200,000 coefficients, which refers to 2,000 hours of work per 100 employees per year as the basis of calculation.

Note 2: In 2021, the total no. of workhours by Male employees is 631,464 and the total no. of workhours by Female employees is 452,184.

Note 3: In 2021, there were 3 employee accidents: 2 commuting accident and 1 burn injury; the above accidents are included in the calculation of occupational injury rate.

Note 4: In 2021, there was zero accidental injuries to contractors.



▲ LRQA ISO 45001 Certificates

2019-2021 PHIHONG Dongguan Employee' s Lost work rate / Absence rate / No. of incidents

Item	2019		2020		2021		Formula
	Male	Female	Male	Female	Male	Female	
Occupational injury rate	0.52	0.33	0.83	0.26	0.32	0.18	(Disability) No. of work-related injuries/total working hours*200,000
Employee lost workday rate	6.33	2.81	13.06	7.84	5.25	1.71	The total no. of days of work-related injury claims in the year/the total no. of employee attendance days in the year*200,000
Employee absence rate	0.03	0.04	0.03	0.06	0.03	0.03	Absence days in the year/Total attendance days in the year (Statistical scope of absence rate covers work injury leave, personal leave, and sick leave)
Number of employee accidents (cases)	12	5	21	4	9	3	No. of work-related injuries in the year

Note 1: GRI: 200,000 coefficients, which refers to 2,000 hours of work per 100 employees per year as the basis of calculation.

Note 2: In 2021, the total no. of workhours by Male employees is 5,584,000 and the total no. of workhours by Female employees is 3,386,000.

Note 3: In 2021, there were 12 employee accidents: 1 crush injury, 5 scratch injuries and 6 bruises.

Note 4: In 2021, there was zero accidental injuries to contractors.

2020-2021 PHIHONG Haiphong Employee' s Lost work rate / Absence rate / No. of incidents

Item	2020		2021		Formula
	Male	Female	Male	Female	
Occupational injury rate	3.11	0.32	0.00	0.23	(Disability) No. of work-related injuries/total working hours*200,000
Employee lost workday rate	3.11	0.32	0.00	35.55	The total no. of days of work-related injury claims in the year/the total no. of employee attendance days in the year*200,000
Employee absence rate	0.04	0.03	0.04	0.03	Absence days in the year/Total attendance days in the year (Statistical scope of absence rate covers work injury leave, personal leave, and sick leave)
Number of employee accidents (cases)	7	1	0	1	No. of work-related injuries in the year

Note 1: GRI: 200,000 coefficients, which refers to 2,000 hours of work per 100 employees per year as the basis of calculation.

Note 2: In 2021, the total no. of workhours by Male employees is 662,371 and the total no. of workhours by Female employees is 871,924.

Note 3: In 2021, there were 1 employee accident: 1 falling down.

Note 4: In 2021, there was zero accidental injuries to contractors.

◆ Occupational Safety and Health Organizations and Operations

In accordance with the Occupational Safety and Health Management Act, PHIHONG Dongguan has established an Occupational Safety and Health Organization. The Occupational Safety and Health Committee makes recommendations on the safety and health policies and management systems proposed by the company, and reviews, coordinates and recommends safety and health related matters. The committee consists of the chairman (assistant manager, plant manager) and members (department assistant manager/unit supervisor/ EHS section staff/ labor representative). The labor representative is selected by the employees. The current selection committee consists of 17 managers and 52 members, for a total of 69 members. Managers account for 25% of the committee members. The committee meets quarterly, the labor representatives voice for all employees to discuss, coordinate, plan and make decisions on occupational safety and health related issues together with the management. This is a concrete measure to implement employee participation, consultation and communication.

◆ Hazard Identification and Risk Assessment

PHIHONG Dongguan avoids endangering the safety and health of personnel due to operations, activities or services and facilities, which causes loss to the safety and health of plant personnel or company finances, the company takes appropriate preventive measures, implements necessary control methods or eliminates hazards through continuous safety and health, hazard identification, risk and opportunity assessment, and identifies improvement opportunities to control the risks to an acceptable level. Moreover, every three years, we conduct hazard

identification and risk assessment for existing, potential future and temporary changes in the plant's various operations and the underground pipelines for transporting hazards outside the plant. A baseline review team, composed of unit supervisors trained in process safety assessment, uses semi-qualitative and quantitative descriptions to assess and select the risk level. According to the classification control, occupational safety and health objectives and management plan, a target plan is set to eliminate, replace, engineering control measures, labeling/warning or management control measures, and the improvement sequence of personal protective equipment. We aim to reduce the risk to an acceptable level, find the best improvement plan to reduce the risk, and continuously improve.

For employees with high incidence and risk of occupational diseases, PHIHONG equipped them with appropriate personal protective equipment for protection, and arranges health checks for occupational disease prevention, and monitors the environment of the workplace. For those employees with abnormal test values, we will track and manage them and provide them with necessary individual health consultation and advice, so that they can grasp their own health status. In 2021, there was no occupational disease cases reported in PHIHONG's factories.

Risk Assessment Levels and Management Principles

Risk Grade	Risk level value	Risk Level	Management Principles
Grade 1	> 100	Risks to be listed as a significant risk source for tracking and improvement	Risk level value > 100 and the severity level of the consequence is ≥ 10 : Identified as an important risk source, included in the "list of important hazards and their control measures", which requires management and improvement. The methods are elimination, replacement, engineering control and improvement, etc.
Grade 2	81~100	Significant risks to be controlled through corrective actions	Risk level value 81~100: If hazardous sources are under operational control on the existing basis, and there are improvement measures to control them, then it is not necessary to propose the occupational health & safety (OHS) management program. If hazardous sources are not under operational control or the risk of harm is not keep reducing, then the target improvement program must be proposed as a controlling measure.
Grade 3	51~80	Risks to be controlled through training and the set-up of safety regulations	Risk level value 51~80: Control through education, training, and the set-up of safety regulations
Grade 4	21~50	Risks to be controlled by labeling	Risk level value 21~50: Control through warning signs and use of protective equipment
Grade 5	≤ 20	Acceptable risks	Risk level value ≤ 20 : Acceptable risks, just keep monitoring

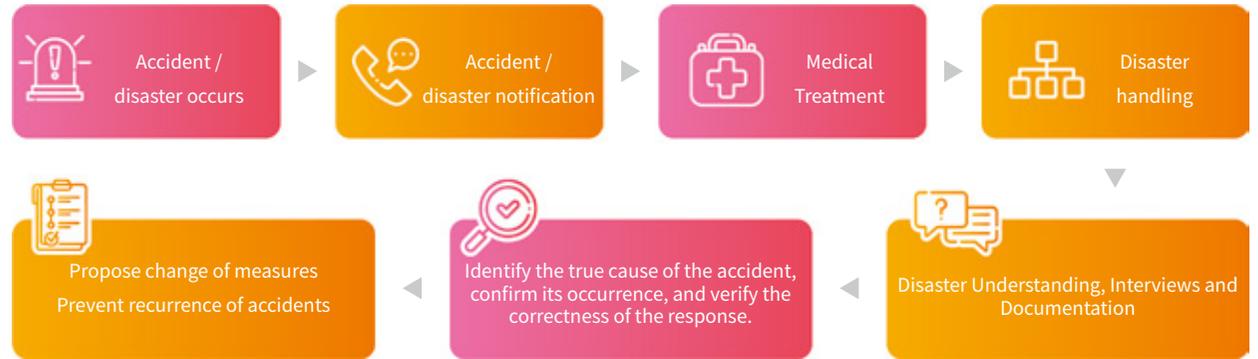
◆ Notification and Investigation Process for Occupational Accidents

The purpose is to deal with injuries as soon as possible when an occupational disaster occurs, to prevent the expansion of the disaster, and to review the basic causes as a basis for accident and disaster prevention measures and safety and health improvement.

◆ Occupational Safety Training

Each factory conducts fire drills and training courses every year to enhance the self-defense and disaster prevention mechanism of fire prevention management sites. We strengthen the firefighting group training of general venues to ensure the safety of workers and staff in the event of a fire. We also provide to self-defense fire-fighting groups guidance on training, preparation, and response. Drills and training programs include self-defense and fire-fighting teaming, disaster notification, and evacuation drills.

To accelerate our operations, PHIHONG Dongguan has increased the number of counseling sessions and group discussions. We review the implementation progress half-yearly. By the end of 2021, a total of 12 training sessions have been completed, with a total of 2,820 participants and 6,512 hours of training.



◆ Employee Health Check

PHIHONG believes that the key to corporate sustainability lies in the physical and mental health of our employees. We value the health of our employees and believe that a healthy and energetic workforce brings the best performance. In accordance with labor health protection rules, PHIHONG arranges a full-time nurse to provide employees with various medical consultations and health promotion activities. In addition to statutory requirements, PHIHONG provides annual health checkups for all employees. We work together with professional health-check institutes to keep our employees healthy. PHIHONG Taiwan also provides free health checkups for all employees once a year after their probationary period.

An Overview of Physical/Health Checks

Targets	Types	Period	Method	Remark
New employee	General bodycheck	Completed during probation	New employees go to medical institutions on their own for examination	1. When a medical examination reveals that the employee is not suitable for a certain job, a job evaluation of the job selection is performed. 2. Check records kept in accordance with the Occupational Safety and Health Management Act stipulated format and retention period. 3. Body-check Fee: Maximum subsidy of NT\$600.
	Special bodycheck	Use only lead-free soldering since 2012, and there is no special health hazard in the factory.		
Regular employees	General health-check	Once a year, additional to the statutory requirements	Arrange the qualified hospital designated by the Labor Affairs Commission to come to the factory	1. When a health check reveals that a worker is not suitable for a certain type of work, a job selection assessment is conducted. 2. Check records kept in accordance with the Occupational Safety and Health Management Act stipulated format and retention period. 3. Health-check fee: paid in full by the company.
	Special health-check	No special health hazards in the operating environment		

◆ Group Insurance

PHIHONG has always been adhering to the principle of "doing the best in everything we do". In addition to the employee's labor insurance, universal health insurance and labor pension contribution according to the law, we also have a perfect plan for the employee's medical group insurance. Every year, we review and evaluate the group insurance coverage for our employees and select the most suitable group insurance coverage and service team for them. This allows our employees to be more dedicated to their work. In this way, we are able to unite our employees' commitment to the company.

◆ Physical and mental health seminars

We provide a wide range of health services. Seminars on health issues are held from time to time. Also, we post the latest health information on the company's internal electronic bulletin board. This is to promote new knowledge and concepts of self-health management among employees.



5.4 Environmental Protection and Social Inclusion

Take from the society, contribute to the society. PHIHONG is committed to fulfilling our social responsibility with care and sincerity. Our social service plan is based on 3 major areas of "Community Friendliness", "Care for the Disadvantaged" and "Ecological Environment". While developing our future, we actively participate in various charity activities. We encourage our employees to join hands with us to fulfill our corporate social responsibility and benefit the community. Through various charity activities, we hope to spread our love into blessings.

In 2021, Taiwan has been facing the threat of COVID epidemic. Based on the concept of "Community Friendliness, Care for the Disadvantaged", we took the initiative to provide masks and hypochlorite water to low-income households and nurseries in the vicinity. For the "ecological environment", we continue to support the International Beach Cleanup Day by organizing an annual beach cleanup event. At the end of the year, PHIHONG launched a donation campaign to Africa. From the neighborhood to Kenya, PHIHONG continues to carry out various kinds of charity activities in the hope of creating a coexisting and co-prosperous social environment, as well as moving towards the goal of sustainable development.

Ecological Environment

Oct

“Love the Sea, Love the Earth, Clean the Beach” - Dingliao Beach, Lin Kou

The 4th edition of the event was held to reduce marine pollution through actions. We do our part for the land we live on.



Nov

“Love the Sea, Love the Earth, Clean the Beach” - Sikcho Coast, Tainan

For the 5th consecutive year, the event was held in response to the environmental protection, hoping to express the determination to love the earth through practical actions.



Love the Sea, Love the Earth, Clean the Beach

Taiwan is surrounded by the sea. The ecology of the ocean is closely related to us, but there is a lot of garbage polluting the ocean. According to statistics, 8-13 million tons of garbage flows into the ocean every year. This not only destroys the beauty of the beaches, but also harms the marine life and ecology. The danger of plastic particles even affects our lives. Since 2017, "Love the Sea, Love the Earth, Clean the Beach" has been one of the highlights of PHIHONG's annual community service. In 2021, the event has been held for 5th consecutive years. Despite the wind, sand and strong sun, our employees went to Dingliao Beach, Lin Kou and Sikcho Coast, Tainan. We are working hard to protect the earth by protecting the land we tread on with practical actions. We hope that every year in the future we can continue to do more for the ocean and for our home.



Community Friendliness

Aug

"Epidemic Prevention Me+1" - distribute epidemic prevention materials to nearby low-income households and nurseries

Visited "Muhsiang Sweet Home" nursery and 6 neighborhoods near PHIHONG Headquarters to present masks and hypochlorite water to express our care for the disadvantaged groups (families).

"Epidemic Prevention Me+1" - distribute epidemic prevention materials to nearby low-income households and nurseries

In the past two years, the world has been threatened by the COVID epidemic. It is because of the efforts of all the people and the government's measures to prevent the epidemic that Taiwan has been able to contain it. PHIHONG has put in all our effort in epidemic prevention. We donated epidemic prevention materials to the six neighboring low-income households and the "Muhsiang Sweet Home" nursery in the district to help the disadvantaged groups to prevent the epidemic. Muhsiang provides a temporary refuge for children who have suffered from family problems and protects them from real-life persecution during their growth. Due to government regulations, Muhsiang is unable to actively raise funds externally and can only passively accept donations, so resources are quite limited. Based on PHIHONG's philosophy of "Community Friendliness" and "Care for the Disadvantaged", PHIHONG has made Muhsiang a long-term beneficial target. In addition to the monthly donations from our staff, we also provide quarterly cleaning and disinfection services for the nursery environment, hoping that the children can learn and grow up in a good environment.



Care for the Disadvantaged

Dec

“Collect old shoes to save lives”

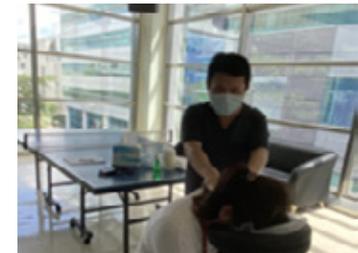
Over 200 items were collected, and the donations were packaged as a Christmas gift and sent to Africa, outside of Taiwan.



Year-long

“Across the visual barrier” employs visually impaired masseurs to provide on-site services

Encourage the employment of people with physical disabilities. We hire visually impaired massage therapists to work in PHIHONG Taiwan and provide them with stable job opportunities.



Genesis social welfare foundation invoice collection box

Donate invoices to save the vegetative, the elderly and the poor. 721 invoices were collected in 2021

Sunshine Social Welfare Foundation Invoice Collection Box

We will support and accompany our burned friends through the challenging time together with our actions. All the invoices donated will be used for the physiological rehabilitation fund for those with facial damage and burns.



PHIHONG's “Hundred Dollar Club” donation

The " PHIHONG Hundred Dollar Club", which calls on colleagues to make regular and voluntary donations. We raised NT\$223,500 to help children who are boarding at “Muhsiang Sweet Home” nursery due to family circumstances.

Old shoes save lives and care for the disadvantaged

It is the season of spreading love at the end of the year. Every Christmas, PHIHONG encourages colleagues to participate in various charity activities. In 2017, we sent love outside of Taiwan for the first time. In 2021, PHIHONG once again participated in the "Old Shoes Save Lives" activity of Bethlehem Warehouse, inviting our colleagues to turn our old clothes and shoes into a blessing, spreading love to Africa, outside of Taiwan. In addition to donating goods, we also invite our colleagues to roll up their sleeves and join the volunteer service of "Old Shoes Save Life". This way we can experience in person, rearrange, and repack each valuable item, and turn the donated items into a blessing through our actions. We want to pass on our happiness to the residents in Africa, so that they can also feel the warmth of happiness brought by PHIHONG.

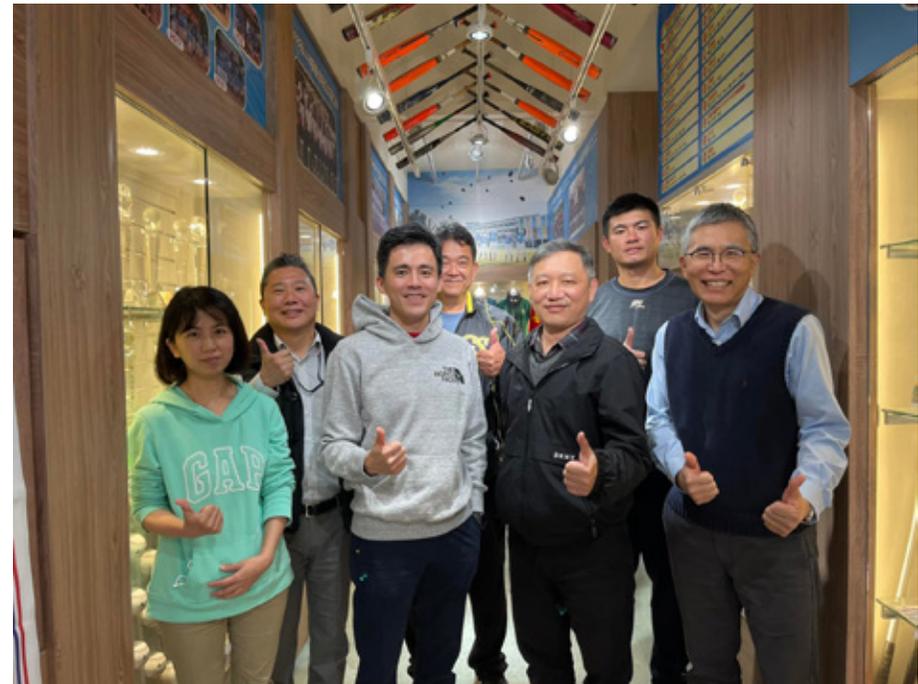
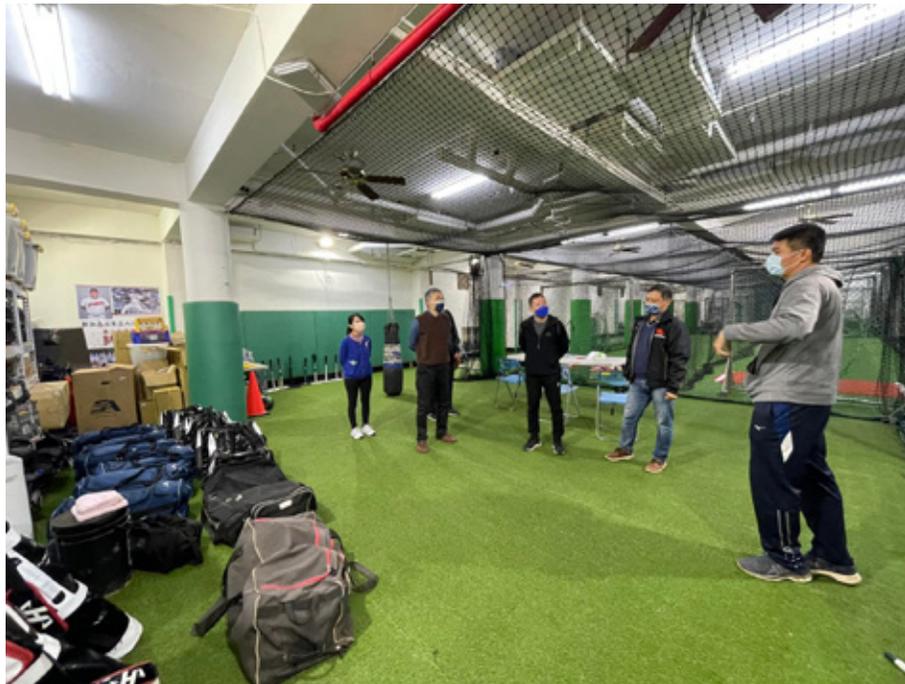
Moreover, PHIHONG arranges visually impaired professional massage therapists to visit the factory regularly every month to provide massage and stress relief service to our employees. The money collected was also donated to the charity to help the disadvantaged groups. In 2021, the massage program was suspended due to the COVID-19 epidemic. However, the 100 Dollar Club, a long-term internal donation program, was continued despite the epidemic. In 2021, 1003 people participated, and NT\$223,200 was donated.



Supporting baseball in Taiwan and the Guishan District Guishan Elementary School's baseball team

Baseball is the most representative sport in Taiwan and a childhood memory for many people. The Guishan District Guishan Elementary School baseball team was founded in 2002. The early years were extremely difficult, with problems such as funding, sources of players, school cooperation, and doubts from parents and instructors. Yet, with perseverance and determination, the team was able to overcome the problems one by one. The team has represented Taoyuan City and Taiwan in many domestic and international tournaments and has been qualified for the national team 9 times so far. The team has won many international competitions and is the light of Taoyuan. In 2009, the school won the first runner-up in the 63rd Williamsport Little League Baseball Tournament. Although the team did not win the championship, it was still the best result of Taiwan since 2003, when Taiwan returned to the World Little League. The school has established a baseball storytelling museum for this historically significant event in 2018.

PHIHONG upholds the charity philosophy of sustainable return to the society, local mutualism, and social inclusion. In November 2021, PHIHONG visited the Guishan District Guishan Elementary School Little League team. Under the enthusiastic introduction of Principal Ding and Coach Zhengda Li, the founding coach of the team, the team's history was detailed. We also visited the baseball storytelling hall and practice environment and were impressed by the indomitable spirit of the young players. After reporting to the senior management of the company, we decided to make a fixed monthly donation and donate nutritional supplements to the team. We hope that the children will continue to shine on the field. Let the baseball spirit continue to exceed their limits and to win. This also realizes the goal of sustainable development and corporate responsibility of PHIHONG SDGs. In addition, we hope more companies will follow PHIHONG in our charity work in supporting baseball in Taiwan.



Appendix

AA1000 v3 External Assurance Statement



獨立保證意見聲明書

2021 飛宏科技永續報告書

英國標準協會與飛宏科技股份有限公司(簡稱飛宏科技)為相互獨立的公司，英國標準協會除了針對 2021 飛宏科技永續報告書進行評估和查證外，與飛宏科技並無任何財務上的關係。

本獨立保證意見聲明書之目的，僅作為對 2021 飛宏科技永續報告書所界定範圍內的相關事項進行保證之結語，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人，英國標準協會並不負責或承擔任何法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查飛宏科技提供之相關資訊所作成之結論，因此審查範圍乃基於並侷限在這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，將由飛宏科技一併回覆。

查證範圍

飛宏科技與英國標準協會協議的查證範圍包括：

1. 本查證作業範疇與 2021 飛宏科技永續報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 V3 的第 1 應用類型評估飛宏科技遵循 AA1000 當責性原則(2018)的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結 2021 飛宏科技永續報告書內容，對於飛宏科技之相關運作與永續績效則提供了一個公平的觀點。基於保證範圍限制事項、飛宏科技所提供資訊與數據以及抽樣之測試，此報告書並無重大之不實陳述。我們相信有關飛宏科技的環境、社會及治理等績效資訊是被正確無誤地呈現。報告書所揭露之永續績效資訊展現了飛宏科技對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 V3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就飛宏科技所提供之足夠證據，表明其符合 AA1000 保證標準 V3 的報告方法與自我聲明依循 GRI 永續性報導準則核心選項係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於飛宏科技政策進行訪談，以確認本報告書中聲明書的合適性
- 與管理層討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 12 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作空告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下：

包容性

2021 年報告書反映出飛宏科技已持續尋求利害關係人之參與，並建立重大永續主題，以發展及達成對永續具有責任且策略性的回應。報告書中已公正地報告與揭露環境、社會及治理的訊息，足以支持適當的計畫與目標設定，以我們的專業意見而言，這份報告書涵蓋了飛宏科技之包容性議題。

重大性

飛宏科技公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題，永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了飛宏科技之重大性議題。

回應性

飛宏科技執行來自利害關係人之期待與看法之回應。飛宏科技已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了飛宏科技之回應性議題。

衝擊性

飛宏科技已鑑別並以平衡和有效之量測及揭露方式公正展現其衝擊。飛宏科技已經建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言，這份報告書涵蓋了飛宏科技之衝擊性議題。

GRI 永續性報導準則

飛宏科技提供有關依循 GRI 永續性報導準則之自我宣告，與相當於“核心選項”(每個涵蓋特定主題 GRI 準則之重大主題，至少一個特定主題的揭露項目依循其全部的報導要求)的相關資料。基於審查的結果，我們確認報告書中參照 GRI 永續性報導準則的永續發展相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了飛宏科技的永續性主題。

保證等級

依據 AA1000 保證標準 V3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份永續報告書所屬責任，如同責任信中所空稱，為飛宏科技負責人所有。我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2021094
2022-07-19

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GRI Sustainability Reporting Standards Content Index

The following has been verified by the British Standards Institution (BSI), a third-party impartial body. The results of the verification are shown in the Statement of Assurance in Appendix 1.

GRI standards: Material topics index table - Core Options

「*」Material topics, 「☑」External assurance

GRI Standards Category / Topic	No.	GRI Standards Disclosure Name	Corresponding section / description	External assurance	Page
1. Organizational profile					
GRI 102: 2016 General Disclosures	102-1	Name of the organization	2.1 Operational overview: about Phihong	☑	33
	102-2	Activities, brands, products, and services	2.1 Operational overview: about Phihong, 3.1 Innovative Products and Services	☑	33.53
	102-3	Location of headquarters	2.1 Operational overview: about Phihong	☑	33
	102-4	Location of operations	2.1 Operational overview: global strategy	☑	34
	102-5	Ownership and legal form	2.1 Operational overview: about Phihong	☑	33
	102-6	Markets served	2.1 Operational overview: Globalization strategy	☑	34
	102-7	Scale of the organization	2.1 Operational overview: Globalization strategy, 5.1 Talent selection and cultivation: Talent deployment	☑	34.95
	102-8	Information on employees and other workers	5.1 Talent selection and cultivation: Talent deployment	☑	96
	102-9	Supply chain	3.4: Sustainable Supply Chain Management	☑	65
	102-10	Significant changes to the organization and its supply chain	Editor's Note, 2.1 Operational overview: about Phihong, 3.4: Sustainable Supply Chain Management	☑	2.33.65
	102-11	Precautionary Principle or approach	2.4 Implement risk management, 4.3 Risks and opportunities of climate change	☑	47.82
	102-12	External initiatives	2.3 Integrity and compliance with laws: Organizational participation and advocacy	☑	46
	102-13	Membership of associations	2.3 Integrity and compliance with laws: Organizational participation and advocacy	☑	46
2. Strategy					
GRI 102: 2016 General Disclosures	102-14	Statement from senior decision-maker	Foreword: Words from the operator	☑	4
	102-15	Key impacts, risks, and opportunities	2.4 Implement risk management, 4.3 Risks and opportunities of climate change	☑	47.82
3. Ethics and integrity					
GRI 102: 2016 General Disclosures	102-16	Values, principles, standards, and norms of behavior	2.2 Corporate Governance, 2.3 Integrity and compliance with laws	☑	38.41
	102-17	Mechanisms for advice and concerns about ethics	2.3 Integrity and compliance with laws, 2.4 Implement risk management	☑	41.47

GRI Standards Category / Topic	No.	GRI Standards Disclosure Name	Corresponding section / description	External assurance	Page
4. Governance					
GRI 102: 2016 General Disclosures	102-18	Governance structure	1.1 Sustainability Vision and Strategies, 2.2 Corporate Governance	✓	13.38
	102-19	Delegating authority	1.1 Sustainability Vision and Strategies, 2.2 Corporate Governance	✓	13.38
	102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 Sustainability Vision and Strategies	✓	13
	102-21	Consulting stakeholders on economic, environmental, and social topics	1.2 Stakeholder Engagement	✓	17
	102-22	Composition of the highest governance body and its committees	1.1 Sustainability Vision and Strategies, 2.2 Corporate Governance	✓	13.38
	102-23	Chair of the highest governance body	1.1 Sustainability Vision and Strategies, 2.2 Corporate Governance	✓	14.38
	102-26	Role of highest governance body in setting purpose, values, and strategy	Foreword: Words from the operator, 1.1 Sustainability Vision and Strategies, 2.2 Corporate Governance	✓	4.14.38
	102-29	Identifying and managing economic, environmental, and social impacts	1.1 Sustainability Vision and Strategies, 1.2 Stakeholder Engagement, 1.3 Major topics in sustainable development	✓	13.17.21
	102-31	Review of economic, environmental, and social topics	1.2 Stakeholder Engagement, 1.3 Major topics in sustainable development	✓	17.21
102-32	Highest governance body's role in sustainability reporting	1.1 Sustainability Vision and Strategies	✓	13	
5. Stakeholder engagement					
GRI 102: 2016 General Disclosures	102-40	List of stakeholder groups	1.2 Stakeholder Engagement: Identification of Stakeholders	✓	18
	102-41	Collective bargaining agreements	5.2 Employee Care and Human Rights	✓	109
	102-42	Identifying and selecting stakeholders	1.2 Stakeholder Engagement: Identification of Stakeholders	✓	18
	102-43	Approach to stakeholder engagement	1.2 Stakeholders discussion: Stakeholders communication mechanism	✓	19
	102-44	Key topics and concerns raised	1.3 Material topics in sustainable development	✓	21
6. Reporting practice					
GRI 102: 2016 General Disclosures	102-45	Entities included in the consolidated financial statements	Editor's Note, 2.1 Operational overview: Globalization strategy, Sales Regions	✓	2.34.36
	102-46	Defining report content and topic Boundaries	Editor's Note, 1.3 Major topics in sustainable development	✓	2.21
	102-47	List of material topics	1.3 Major topics in sustainable development	✓	21
	102-48	Restatements of information	No restatement of information	✓	
	102-49	Changes in reporting	1.3 Major topics in sustainable development	✓	21

GRI Standards Category / Topic	No.	GRI Standards Disclosure Name	Corresponding section / description	External assurance	Page
GRI 102: 2016 General Disclosures	102-50	Reporting period	Editor' s Note	✓	2
	102-51	Date of most recent report	Editor' s Note	✓	3
	102-52	Reporting cycle	Editor' s Note	✓	3
	102-53	Contact point for questions regarding the report	Editor' s Note	✓	3
	102-54	Claims of reporting in accordance with the GRI Standards	Editor' s Note	✓	2
	102-55	GRI content index	Appendix: Appendix II	✓	135
	102-56	External assurance	Appendix: Appendix I	✓	134
Topic specific Standards: GRI 200 series (Economic)					
*Economic performance					
GRI 103 2016 Economic performance, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
GRI 201 2016 Economic performance, Topic disclosures	201-1	Direct economic value generated and distributed	2.1 Operational overview: Economic performance	✓	35
	201-2	Financial implications and other risks and opportunities due to climate change	4.3 Risks and Opportunities of Climate Change	✓	82
	201-3	Defined benefit plan obligations and other retirement plans	5.2 Employee care and human rights: Retirement and pension, Phihong care	✓	114
*Market Presence					
GRI 103 2016 Market Presence, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
GRI 202 2016 Market Presence, Topic disclosures	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Talent selection and cultivation: Remuneration and Benefits	✓	108
	202-2	Proportion of senior management hired from the local community	5.1 Talent selection and cultivation: Preferential hiring of management from the local community	✓	97

GRI Standards Category / Topic	No.	GRI Standards Disclosure Name	Corresponding section / description	External assurance	Page
*Integrity and Anti-Corruption					
GRI 103 2016 Anti-corruption, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	24
GRI 205 2016 Anti-corruption, Topic disclosures	205-1	Operations assessed for risks related to corruption	2.3 Integrity and compliance with laws, 2.4 Implement risk management	✓	41.47
	205-2	Communication and training about anti-corruption policies and procedures	2.3 Integrity and compliance with laws, 2.4 Implement risk management	✓	42.48
	205-3	Confirmed incidents of corruption and actions taken	2.3 Integrity and compliance with laws	✓	43
*Innovative Products / Green and Sustainable Design					
Self-proposed topic		Innovative Products / Green and Sustainable Design	3.1 Innovative products and technologies; 4.2 Green and Sustainable Design	✓	53.75
Topic specific Standards: GRI 300 series (Environmental)					
*Materials					
GRI 103 2016 Materials, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
GRI 301 2016 Materials, Topic disclosures	301-1	Materials used by weight or volume	3.2 Product quality and responsibility	✓	58
*Energy					
GRI 103 2016 Energy Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	22
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	22
GRI 302 2016 Energy, Topic disclosures	302-1	Energy consumption within the organization	4.4 Energy & resource management: energy use and intensity	✓	87
	302-3	Energy intensity	4.4 Energy & resource management: energy saving and low carbon practice	✓	88

GRI Standards Category / Topic	No.	GRI Standards Disclosure Name	Corresponding section / description	External assurance	Page
*Emissions					
GRI 103 2016 Emissions, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
GRI 305 2016 Emissions, Topic disclosures	305-1	Direct (Scope 1) GHG emissions	4.3 Risks and Opportunities of Climate Change: Targets and indicators	✓	86
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Risks and Opportunities of Climate Change: Targets and indicators	✓	86
	305-4	GHG emissions intensity	4.3 Risks and Opportunities of Climate Change: Targets and indicators	✓	86
	305-5	Reduction of GHG emissions	4.3 Risks and Opportunities of Climate Change: Targets and indicators	✓	86
*Environmental Compliance					
GRI 103 2016 Environmental Compliance, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	22
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	25
GRI 307 2016 Environmental Compliance, Topic disclosures	307-1	Non-compliance with environmental laws and regulations	2.3 Integrity and compliance with laws	✓	44
Topic specific Standards: GRI 400 series (Social)					
*Employment					
GRI 103 2016 Employment, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
GRI 401 2016 Employment, Topic disclosures	401-1	New employee hires and employee turnover	5.2 Employee Care and Human Rights: New hire care and exit interview	✓	112
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee Care and Human Rights: Employee welfare in Phihong	✓	115
	401-3	Parental leave	5.2 Employee Care and Human Rights: Parental leave	✓	120

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*Occupational Health and Safety					
GRI 103 2016 Occupational Health and Safety, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	403-1	Occupational health and safety management system	5.3 Workplace Safety and Health: Occupational Safety and Health Management	✓	123
GRI 403 2018 Occupational Health and Safety, Topic disclosures	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Workplace Safety and Health: Hazard identification and risk assessment Hazard identification, risk assessment	✓	125
	403-3	Occupational health services	COVID-19 Response and Management 5.3 Workplace Safety and Health: Employee Health Screening, Physical and Mental Health Seminar	✓	9 126.127
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Workplace Safety and Health: Occupational Safety Training, Physical and Mental Health Seminar	✓	126.127
	403-5	Worker training on occupational health and safety	5.3 Workplace Safety and Health: Occupational Safety Training	✓	126
	403-6	Promotion of worker health	COVID-19 Response and Management 5.3 Workplace Safety and Health: Employee Health Screening, Physical and Mental Health Seminar	✓	9 126.127
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Workplace Safety and Health: Occupational Safety Training, Physical and Mental Health Seminar	✓	126.127
	403-8	Workers covered by an occupational health and safety management system	5.3 Workplace Safety and Health: Occupational Safety and Health Management	✓	123
	403-9	Work-related injuries	5.3 Workplace Safety and Health: Occupational Safety and Health Management	✓	125
	403-10	Work-related ill health	5.3 Workplace Safety and Health: Occupational Safety and Health Management	✓	125
	*Training and Education				
GRI 103 2016 Training and Education, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
GRI 404 2016 Training and Education, Topic disclosures	404-1	Average hours of training per year per employee	5.1 Talent selection and cultivation: training and development	✓	102
	404-2	Programs for upgrading employee skills and transition assistance programs	5.1 Talent selection and cultivation: training and development	✓	102
	404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Talent selection and cultivation: Performance-linked Bonus System	✓	101.107

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*Customer Health and Safety					
GRI 103 2016 Customer Health and Safety, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
GRI 416 2016 Customer Health and Safety, Topic disclosures	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Product quality and responsibility	✓	58
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Integrity and compliance with laws, 3.2 Product quality and responsibility	✓	45.58
*Customer Privacy and Information Security					
GRI 103 2016 Customer Privacy, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
GRI 418 2016 Customer Privacy, Topic disclosures	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3 Integrity and compliance with laws, 3.3 Sales and Customer Service	✓	45.63
*Socioeconomic Compliance					
GRI 103 2016 Socioeconomic Compliance, Management Approach	103-1	Explanation of the material topic and its boundary	1.3 Major topics in sustainable development: identify material topic and its boundary	✓	23
	103-2	The management approach and its components	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
	103-3	Evaluation of the management approach	1.3 Major topics in sustainable development: Management approach for major topics	✓	26
GRI 419 2016 Socioeconomic Compliance, Topic disclosures	419-1	Non-compliance with laws and regulations in the social and economic area	2.3 Integrity and compliance with laws	✓	45

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GRI 408 2016 Child Labor, Topic disclosures	408-1	Operations and suppliers at significant risk for incidents of child labor	2.3 Integrity and compliance with laws, 3.4 Sustainable Supply Chain Management: Environmentally related substances management, 5.2 Employee Care and Human Rights: Supporting Human Rights Equality	✓	45.67.119
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