



# 2024

2024  
PHIHONG  
SUSTAINABILITY  
REPORT

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## About this Report

This report is the 15th consecutive Sustainability Report issued by Pihong Technology Co., Ltd. (hereinafter referred to as "Pihong," "we," or "the Company"), and it is available in both Chinese and English for readers to download from the Pihong ESG website. We adhere to the principles of honesty and transparency in our reporting, comprehensively presenting the Company's commitments and actions in the field of sustainable development. This includes communication with stakeholders, medium- and long-term strategies for sustainability issues, implementation methods, and performance outcomes. We hope that through this report, we can join you, who have long supported Pihong, in moving together toward a more sustainable future.

### Reporting Boundary GRI 2-2




The reporting boundary includes Pihong Technology Co., Ltd., its subsidiary Zerova Technologies, as well as major global operating sites and manufacturing plants. Compared to the previous reporting period, Zerova Technologies (Dongguan) Co., Ltd. has been newly included. Financial data encompasses the overall operational performance of the parent and subsidiary companies (consistent with the scope of the financial statements). All other indicators do not include data from other branches, factories, or investee companies. The scope of data disclosure and corresponding company codes in this report are primarily listed as follows:

Pihong	Code	Pihong	Code	Zerova	Code
<ul style="list-style-type: none"> <li>Pihong Technology Co., Ltd.</li> <li>Pihong (Dongguan) Electronics Co., Ltd.</li> </ul>	<b>PHT PHC</b>	<ul style="list-style-type: none"> <li>Dong Guan Phitek Electronics Co., Ltd.</li> <li>Pihong Vietnam Co., Ltd.</li> </ul>	<b>PHP PHV</b>	<ul style="list-style-type: none"> <li>Zerova Technologies Taiwan Limited</li> <li>Zerova Technologies (Dongguan) Co., Ltd.</li> </ul>	<b>ZTM ZCM</b>



Entities that have a significant impact on Pihong's operations will disclose material topics and management approaches. The scope of impacts on stakeholders will also be included within the organization's external reporting boundaries.

### Material Topic Information Collection Scope

Aspects/Material Topics	Boundaries	PHT	PHC	PHP	PHV	ZTM	ZCM
 <b>Environmental Sustainability</b>	Climate Change Response	●	●	●	●	●	●
	Energy and Greenhouse Gas Management	●	●	●	●	●	●
	Waste Management	●	●	●	●	●	●
	R&D and Innovation	●	-	-	-	●	-
 <b>Social Inclusion</b>	Talent Attraction and Retention	●	●	●	●	●	●
	Talent Cultivation and Development	●	●	●	●	●	●
	Occupational Health and Safety	●	●	●	●	●	●
 <b>Corporate Governance</b>	Corporate Governance and Risk Management	●	●	●	●	●	●
	Financial Performance	●	●	●	●	●	●
	Integrity Management and Regulatory Compliance	●	●	●	●	●	●
	Information Security and Customer Privacy	●	●	●	●	●	●
	Sustainable Supply Chain Management	●	●	●	●	●	●

● Complete Information    ● Partial Information - Not Material, Excluded from the Information Collection Boundary



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## Internal Management GRI 2-14

The Chairman of the Sustainable Development Committee and the Group's General Manager serves as the issuer of this report. The Sustainability Development Office established a Sustainability Report Editorial Team to carry out the identification of material sustainability topics for 2024 and to compile the report. The completeness and accuracy of information and sustainability performance indicators from each department were initially reviewed by the respective department heads. Subsequently, the Sustainability Development Office coordinated the re-examination of data, content planning, and editorial revisions. The final compilation of the Sustainability Report, in cooperation with third-party external organizations for assurance or verification, is completed and publicly disclosed following approval by the Board of Directors.

## Restatements of Information GRI 2-4

The restatements of information in this report includes adjustments to the 2023 consolidated financial statement employee benefit expense data due to a redefinition of the subject content.

## Reporting Period, Frequency and Contact Point GRI 2-3

The report is issued annually. The reporting period covered is from January 1, 2024 to December 31, 2024 (consistent with the financial reporting period). For the sake of completeness and comparability of disclosed performance data, certain information has been retrospectively presented as far back as 2022.



- First Report: Issued in June 2009
- Previous Edition: Issued in August 2024
- Current Report: Issued in August 2025
- Next Edition: Scheduled for issuance in August 2026

## Feedback

To support environmental protection and promote paperless practices, this report is also published in electronic format on the Company's ESG website. We sincerely look forward to hearing and understanding your suggestions and thoughts regarding this report. If you have any inquiries or suggestions about the contents of this report, please feel free to contact us.

- Phihong Sustainability Development Contact Unit: Sustainability Development Office
- Address: No. 568, Fuxing 3rd Rd, Guishan Dist., Taoyuan City 333611, Taiwan, R.O.C.
- Tel: +886-3-3277288 ext.1666
- Email: ESG@phihong.com.tw

- ESG Info: Please click or scan the QR code below to the linked website information.



Phihong Group Website



Phihong ESG Website



Phihong ESG Facebook Page

## Reporting Principles and External Assurance GRI 2-4 、 2-5



### Non-Financial Information

#### Standards Followed

- GRI Sustainability Reporting Standards (2021 Edition)
- ISO 26000 Guidance on Social Responsibility
- SASB Standards – Electrical & Electronic Equipment Industry Indicators
- TCFD Framework for Climate-Related Financial Disclosures
- CDP Climate Change and Water Security Disclosures
- United Nations Sustainable Development Goals (SDGs)
- Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

#### External Assurance

- AFNOR International Certification Co., Ltd. Verified this report in accordance with the GRI Standards, the SASB Sustainability Accounting Standards, the Task Force on Climate-related Financial Disclosure (TCFD) framework, and the AA1000AS (v3) Type 1 Moderate Assurance Level



### Financial Information

#### Standards Followed

- IFRSs approved and published by the Financial Supervisory Commission
- Regulations Governing the Preparation of Financial Reports by Securities Issuers

#### Verification Institution

- Deloitte Taiwan





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## Message from the Management Team GRI 2-22

### Message from the General Manager

In the past year, the world has faced numerous challenges, with the ongoing Russia-Ukraine war, geopolitical unrest, increased pressure on the supply chain, and inflation driving up operational costs, all impacting market demand. The re-election of former U.S. President Donald Trump has further introduced new uncertainties to the global economy and climate policies. Trade protection policies are triggering a new round of trade wars, impacting the global supply chain; adjustments in energy policy may hinder the progress of carbon reduction, and businesses need to carefully weigh their strategies in energy. Meanwhile, according to the Global Risk Report 2025, extreme weather is no longer just an environmental topic but has become a critical factor directly affecting economic development. This is no longer a future risk, but a current reality. Therefore, for a company to maintain long-term competitiveness, sustainability must be incorporated into core decisions.

Despite the uncertainties in the external environment, Phihong continues to move forward steadily. In 2024, our revenue decreased by 11.6% compared to the previous year, but the gross margin still maintained slight growth. In terms of our main business, we continue to promote more efficient and environmentally friendly power technologies. In power supply products, we focus on high energy efficiency, high power density, and low-carbon design. Among these our wide-bandgap semiconductor GaN (Gallium Nitride) power supplies being the most widely recognized in the market. This technology not only significantly reduces product volume and weight, but also lowers the carbon footprint of materials. At the same time, it reduces energy consumption during transportation and use, thereby contributing to carbon emissions reduction. With the rapid growth of the electric vehicle market, the demand for charging stations is also continuously increasing. We are actively developing high-performance, high-power charging technologies and collaborating with government and corporate partners to jointly promote the construction of charging infrastructure, accelerating business transformation and growth.

In terms of our sustainability commitments and actions, we are dedicated to promoting key actions across the three major areas of sustainable development:

Environmental (E): Promoting circular economy and low-carbon design, strengthening management of carbon emissions and energy, and working collaboratively with the supply chain to reduce carbon emissions. Social (S): Ensuring workplace safety, promoting diversity and inclusion, valuing human rights and talent development, providing competitive compensation and benefits, and continuously investing in public welfare. Corporate Governance (G): Enhancing the effectiveness of the Board of Directors, implementing risk management, advancing research and innovation, and strengthening the sustainable supply chain. Furthermore, in 2025, Phihong officially introduced the Task Force on Nature-related Financial Disclosures (TNFD) framework, incorporating nature-related topics into the TCFD report for the first time, demonstrating its commitment and action toward sustainable development.

Phihong demonstrates outstanding performance in sustainable development! In Q1 2024, we successfully passed the SBTi carbon reduction target validation, and in Q4, received the EcoVadis Gold Medal, the Taiwan Corporate Sustainability Report Gold Level, and the RBA VAP Silver Rating. In addition, our CDP Climate Change evaluation received a B rating, and we implemented ISO 50001 Energy Management standard, ISO 14067 Carbon Footprint Inventory, and ISO 27001 Information Security Management standard, all of which were verified by third parties. Notably, Phihong has won the Golden Award for Happy Enterprises for five consecutive years, demonstrating our full commitment to sustainable development.

Looking ahead, while the global economic and political environment remains challenging and market uncertainty continues to rise, our commitment to sustainable development remains steadfast. We will further deepen our ESG strategy, establish specific performance indicators, strengthen internal governance structures, and advance data-driven decision-making to ensure the Company's development remains aligned with global trends. In fact, a corporation's influence reaches far beyond its own operations, extending to the entire supply chain, investors, and consumers. Therefore, we are committed to engaging all stakeholders through open and transparent information disclosure, working together to drive meaningful change.

Finally, we sincerely thank all employees, partners, and investors. Your efforts and support empower us to move forward steadily, even in the face of challenges. We will continue to move toward a more sustainable, inclusive, and resilient future!

**For a company to maintain long-term competitiveness, sustainability must be incorporated into core decisions.**

Group General Manager

林明和







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## Message from the Chief Sustainability Officer

The year 2024 marks a significant milestone for Phihong on our journey toward sustainable transformation. We fully recognize that as the global supply chain undergoes structural shifts and challenges from climate change, businesses must not only pursue steady growth but also embrace their responsibilities in environmental stewardship, social progress, and sound governance. This year, while maintaining stable operations, we have continued to deepen our ESG strategy, demonstrating our firm commitment to sustainable development.

In terms of operational performance, although Phihong encountered certain revenue challenges in 2024, we continued to demonstrate our competitive edge in the global market and our strength in continuous innovation. By enhancing R&D capabilities, optimizing supply chain management, and advancing digital transformation, we effectively responded to industry changes and market fluctuations, reinforcing the foundation of our core business while actively expanding into high-growth areas such as new energy and smart applications. Through strengthening research and development capabilities, optimizing supply chain management, and promoting digital transformation, we have effectively navigated industry changes and fluctuations in market demand. These efforts have reinforced the foundation of our core business while actively positioning ourselves to seize growth opportunities in areas such as new energy and smart applications.

In terms of the three ESG aspects, we have achieved a number of concrete accomplishments that are recognized internationally and carry strong credibility:

### Environmental

To respond to the global carbon reduction trend and climate risk management, we successfully obtained validation of our science-based carbon reduction targets (SBTi), confirming that our decarbonization pathway aligns with the global temperature control objectives set out in the Paris Agreement. At the same time, we received a B rating for the CDP Climate Change Questionnaire for the first time, demonstrating our maturity in carbon management transparency and risk response mechanisms. In addition, by obtaining ISO 50001 Energy Management System certification, we have further strengthened our energy efficiency and operational decarbonization performance.

### Social

We place great importance on employees' rights, labor conditions, and workplace safety, and have continuously maintained Silver-level certification from the Responsible Business Alliance (RBA), demonstrating our tangible commitment to human rights protection and social responsibility. Meanwhile, we continue to invest in talent cultivation, gender equality, and local public welfare, building an inclusive and resilient corporate culture.

### Governance

Information security and risk management are core priorities in the digital age. This year, we obtained ISO 27001 certification for our Information Security Management System, further strengthening internal controls and security safeguards to protect the data of our customers and partners. In addition, we have continued to enhance the effectiveness of the Board of Directors and the overall corporate governance framework, further improving transparency and strengthening stakeholder trust.

Looking ahead, Phihong will continue to uphold "innovation-driven development and responsible practices" as our core principles. We will deepen our ESG strategy, actively promote net-zero initiatives, strengthen sustainable supply chain management, and work closely with global partners to address climate and social challenges together. We believe that only by embedding the spirit of sustainability into corporate culture and daily operations can we create true long-term value.

**Only by internalizing the sustainable spirit into corporate culture and daily operations can a company create truly lasting value.**

Chief Sustainability Officer

周詩華





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## Key Sustainability Honors and Recognitions



Verified by SBTi for Carbon Reduction Targets

**Annual Carbon Reduction of 26.59%**

Scope 1 + 2



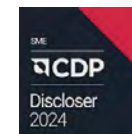
Annual Overall Performance Rating

**Gold Award Top 5%**



UL 2799 Zero Waste to Landfill

**Consistently Awarded Highest Level: Platinum**



2024 CDP Climate Change Questionnaire

**B (Management Level)**

Water Security Questionnaire

**B- (Management Level)**



Compliant with International Social Responsibility Standards

**SA8000 Certification**



5-time Consecutive Winner

**Happy Enterprise Gold Award**



Three Consecutive Years

**TCSA Corporate Sustainability Report Award - Gold Level**



2024 RBA VAP Verification

**Continued Achievement Silver Level**



Recipient of the first 104 Job Bank Award

**Best Employer Brand Award**



ZeroVA – Winner of the 3rd

**Taiwan Prime Award**



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## Overview of Pihong and Business Performance

### About Pihong

GRI 2-1、2-6 SASB RT-EE-000.B

Pihong Technology Co., Ltd. (Pihong) is headquartered in Hwa-Ya Technology Park, Taoyuan City, and is recognized as one of the world's top 10 leading power supply manufacturers. Pihong focuses on the research, development, and manufacturing of high-efficiency power supplies. Its product portfolio includes power adapters, battery chargers, Power over Ethernet (PoE) devices, industrial audio systems, extending into applications across consumer electronics, industrial equipment, medical devices, and telecommunications. These applications encompass PoE smart home solutions, AR/VR devices, gaming products, POS systems, small appliances, home healthcare equipment, e-bikes, building infrastructure, 5G networks, electric vehicles, and low-earth orbit (LEO) satellites.

Pihong has long been deeply involved in the electric vehicle charging station market, independently developing both AC and DC charging stations to deliver integrated charging solutions for the global EV market. In September 2022, Pihong established Zerova Technologies as a subsidiary by spinning off its electric vehicle energy business group. Committed to energy conservation, energy storage, and energy generation, Pihong provides global energy transformation services through intelligent system integration, realizing our vision of sustainable operations.


Chairman  
Lin, Chung-Min

Group General Manager  
Lin, Guan-Hong


#### Mission

Guided by our commitment to environmental stewardship, we provide comprehensive electric energy solutions and strive to be a trusted enterprise that creates shared prosperity for customers, employees, shareholders, and business partners.



#### Vision

To become the world's leading power supply provider by upholding energy saving, eco-friendliness, innovation, and service as our core values.



#### Management Philosophy

- Integrity** : Foundation of the Company and the guiding principle behind all actions.
- Innovation** : Driving sustainable growth and building a competitive advantage on the global stage.
- Challenge** : Key driver that inspires us to pursue continuous improvement and excellence.

● Headquarters

Taoyuan  
Taiwan


● Paid-in Capital Amount

NT\$ **4.312** billion

● Industry

Electronic  
Components

● 2024 Employees Worldwide

**5,051** people

● Established Since

**December 12, 1972**

● Listed on TWSE on 2001/09/17

Stock Code **2457**

● Production Site

**6**

● 2024 Consolidated Revenue of the Group

NT\$ **10.898** billion





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## Strategy Layout

Phihong has established multiple locations worldwide, integrating resources to enhance its competitive advantages and provide comprehensive solutions and local support to customers worldwide. The Company's main production sites are located in Dongguan, China, and Haiphong, Vietnam. In recent years, Phihong has actively promoted the development of the green industry by introducing GaN (Gallium Nitride) technology to improve power supply efficiency. The Company has also adopted Type-C ports equipped with PD fast charging technology, achieving an energy conversion efficiency of over 95%. The subsidiary, Zerova, focuses on electric vehicle charging solutions and has launched the MCS ultra-high-power charging system to meet the fast-charging needs of commercial electric vehicles.

### Main strategies include



**Establishing a Global  
Presence and Diversifying  
Industries Diversification**

Setting up global research and development centers to expand into areas such as EV charging stations, low Earth orbit satellite supply chains, and smart home applications.



**Developing Green,  
High-Efficiency,  
Energy-Saving Products**

Developing and promoting green, high-efficiency, energy-saving products to meet market demand and environmental protection trends.



**Investing in Production  
Automation and  
Intelligence**

Investing in production automation and smart manufacturing to enhance process efficiency and quality.



**Strengthening International  
Cooperation and Market  
Expansion**

Collaborate with leading global companies to expand into overseas markets, especially in the field of EV charging equipment. These efforts have driven Phihong's innovation in the power supply sector and contributed to global sustainable development.

TOTAL  
Global  
Locations

5,051



**Netherlands** EU  
**Amsterdam**

Sales / FAE



**USA** US  
**Fremont, New York**

Sales / R&amp;D / FAE



**Vietnam** VT  
**Hai Phong**

Sales &amp; Factory / R&amp;D

**JP** **Japan**  
**Tokyo**

Sales / FAE



**HQ** **Taiwan**  
**Taipei (HQ), Taiwan**

Sales / R&amp;D / FAE



**CN** **China**  
**Jianxi, Dongguan**

Sales &amp; Factory / R&amp;D







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## Financial Performance GRI 201-1、201-4

Phihong demonstrated robust operational performance in 2024, achieving consolidated revenue of NT\$10.898 billion for the full year, maintaining a gross margin of 27%, and generating a total gross profit of NT\$2.941 billion. Through technological advancements and the integration of global resources, the Company demonstrated strong cost management capabilities, effectively sustaining overall gross margins and profitability. In 2024, the Company also received government financial subsidies, including NT\$60,000 in Taiwan for employing people with disabilities and NT\$2,487 thousand in Mainland China for energy-saving equipment. Notably, these subsidies did not involve any government shareholding, highlighting Phihong's commitment to independent operations and continuous improvements in operational efficiency.

### 2024 Consolidated Financial Performance Statement

Unit: NT\$ million

Year	2022		2023		2024	
Accounting Items	Amount	%	Amount	%	Amount	%
Operating revenue	14,018	100.00	12,332	100.00	10,898	100.00
Gross profit	2,142	15.28	3,213	26.05	2,941	26.99
Operating expenses	2,128	15.18	2,858	23.18	3,094	28.39
Operating profit (loss) income (loss)	14	0.10	355	2.88	(153)	(1.40)
Non-operating income and expenses	174	1.24	109	0.88	452	4.15
Income before tax (loss)	188	1.34	464	3.76	299	2.75
Income tax expense	(117)	(0.83)	(201)	(1.63)	(93)	(0.85)
Net income for the period	71	0.51	263	2.13	206	1.90
Employee benefit expenses	2,604	-	2,910	-	2,980	-

Note: The financial data presented in this report is derived from the audited annual financial statements certified by the CPAs of Deloitte Taiwan. For additional financial information, please refer to [the Investors section on Phihong's official website](#).

### 2024 Sales Volume and Revenue SASB RT-EE 000A

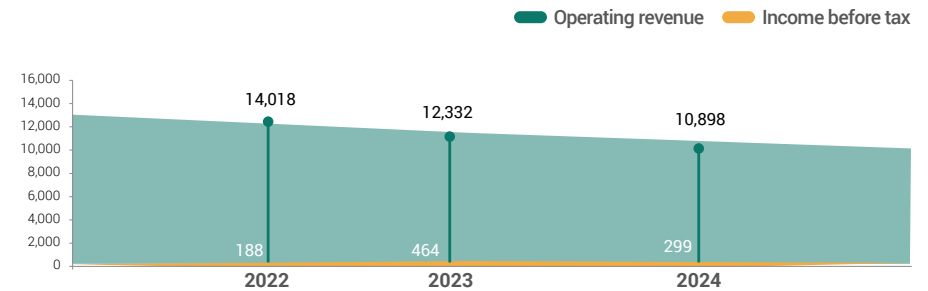
Unit: NT\$ thousand

Item	Production Volume (units)	Sales Volume (units)	Revenue	Revenue Share
Power supply products	40,311,742	39,384,766	6,296,245	57.8%
EV energy products	86,293	92,096	4,589,151	42.1%
Others	2	22	12,333	0.10%
Total	40,398,037	47,336,595	10,897,729	100%

Production sites: Dongguan, China; Haiphong, Vietnam; Tainan, Taiwan

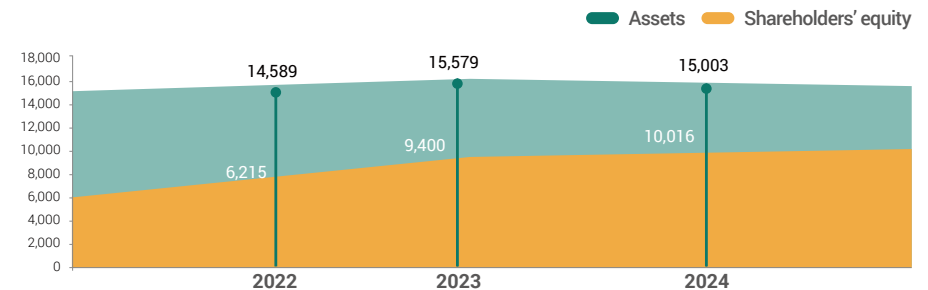
### Operating revenue and Income before tax

Unit: NT\$ million



### Total assets and Shareholders' equity

Unit: NT\$ million



Note:

- The chart presents consolidated revenue, gross profit, and net income. For detailed information on operational performance and financial results, please refer to the 2023 Annual Report disclosed on the Company's official website ([www.phihong.com.tw](http://www.phihong.com.tw)).
- For related earnings information, please refer to the [2024 Annual Report](#). Phihong Taiwan has applied for R&D tax incentives from the government under the Industrial Innovation Statute.



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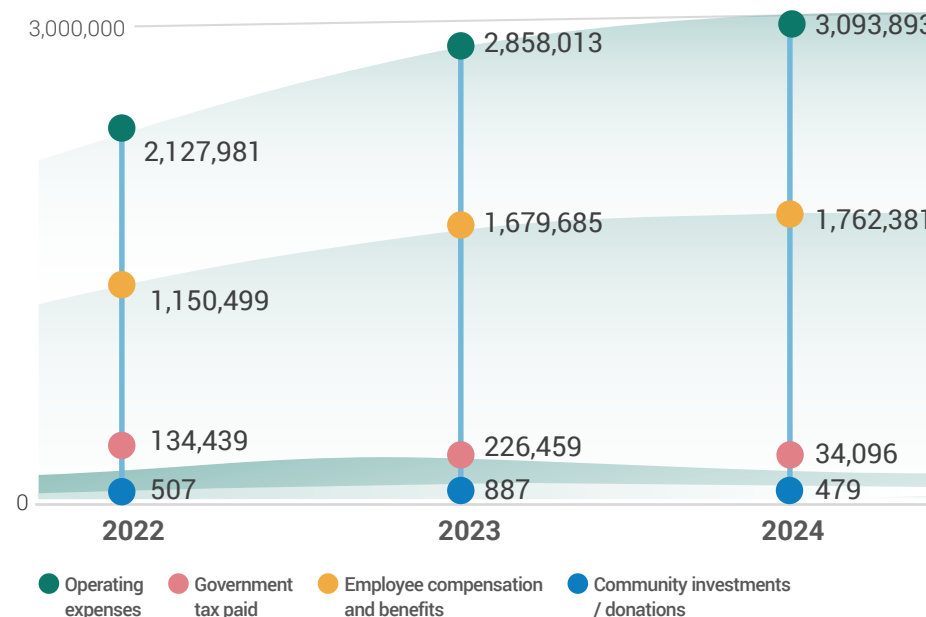
## Tax Expense Overview

Unit: NT\$ thousand

Item		2022	2023	2024
Income tax (expense) benefit		-116,834	-201,892	-92,676
Income tax paid		22,191	254,163	241,459
Income tax expense as a % of consolidated revenue		-0.83%	-1.64%	-0.85%
Operating expenses		2,127,981	2,858,013	3,093,893
Revenue (net sales)		14,017,575	12,332,397	10,897,729
Allocated economic value	Employee compensation and benefits	1,150,499	1,692,153	1,760,986
	Government tax paid	134,439	226,459	34,096
	Community investments / donations	507	887	479
	Payments to investors	0	0	0
Remaining economic value		12,732,130	10,412,898	9,102,168

Note:

- Operating expenses include employee compensation and benefits, government tax paid, and community investments / donations accounted for under operating expenses.
- Government tax paid (excluding deferred taxes) include taxes recognized as part of operating expenses and income tax expenses.



## Sales Region

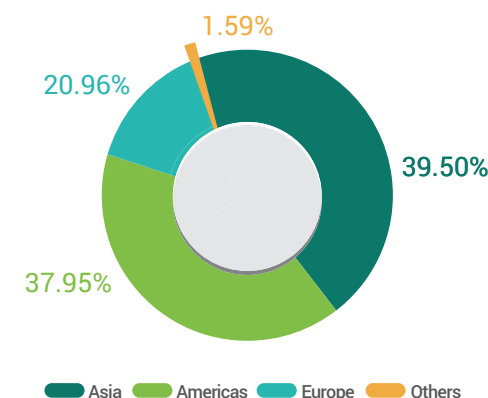
Pihong's sales regions span the globe, primarily concentrated in the Americas and Asia. In 2024, revenue from Asia accounted for 39.50%, while revenue from the Americas accounted for 37.95%. In 2024, Pihong did not experience any sales prohibitions or issues related to controversial products. For detailed product and shipment information, please refer to "Section 5.2 Analysis of Market as well as Production and Marketing Situation" in Pihong's [2024 Annual Report](#).

## Product Sales Regional Distribution Table

Unit: NT\$ thousand

Sales Region	2022		2023		2024	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Asia	9,892,905	70.58%	5,175,057	41.96%	4,304,208	39.50%
Americas	2,331,342	16.63%	5,367,868	43.53%	4,135,648	37.95%
Europe	1,622,631	11.58%	1,666,411	13.51%	2,284,466	20.96%
Others	170,697	1.21%	123,061	1.00%	173,407	1.59%
Total	14,017,575	100.00%	12,332,397	100.00%	10,897,729	100.00%

## 2024 Regional Sales Distribution

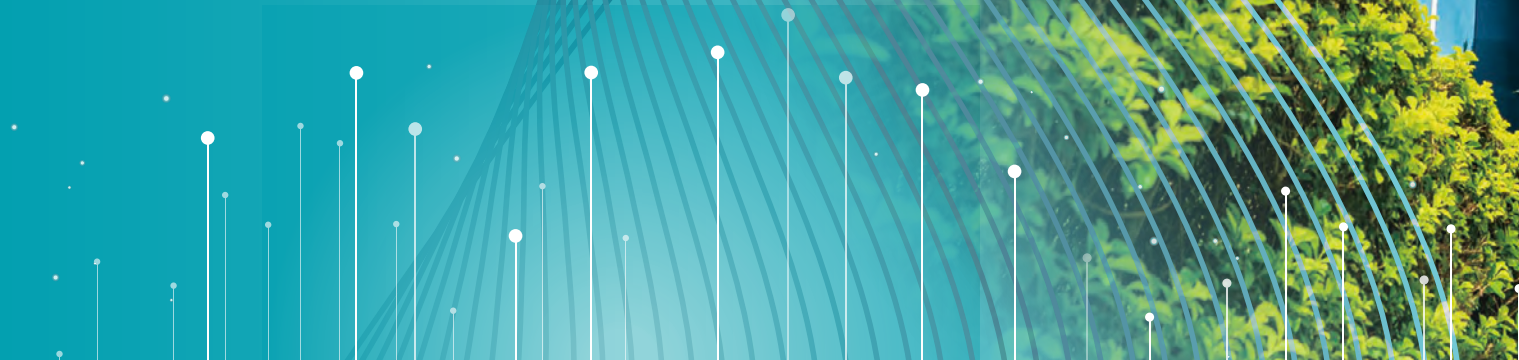




# 01

## | Sustainable Development

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- 1.2 Stakeholder Engagement
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## 1.1 Sustainable Blueprint and Governance

### Sustainable Strategy Blueprint

Phihong adopts the United Nations Sustainable Development Goals (SDGs) as a blueprint, integrating Environmental, Social, and Corporate Governance (ESG) concepts into its corporate culture and operational strategies. Centered on its core business of power research and development, Phihong has formulated a Sustainable Strategy Blueprint aligned with 14 SDGs. Through the implementation of various corporate sustainability initiatives, the Company works alongside global partners to advance the achievement of worldwide sustainable development goals.





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## Sustainable Development Committee GRI 2-12、2-13、2-14

Phihong officially established the "Sustainable Development Committee" in 2014 and set up the "Sustainable Development Office" in 2021 to lead ESG strategy implementation and facilitate cross-departmental communication and collaboration. To further enhance the Company's sustainability governance framework, a "Chief Sustainability Officer" position was established in September 2023, appointed to a Special Assistant to the General Manager's office.

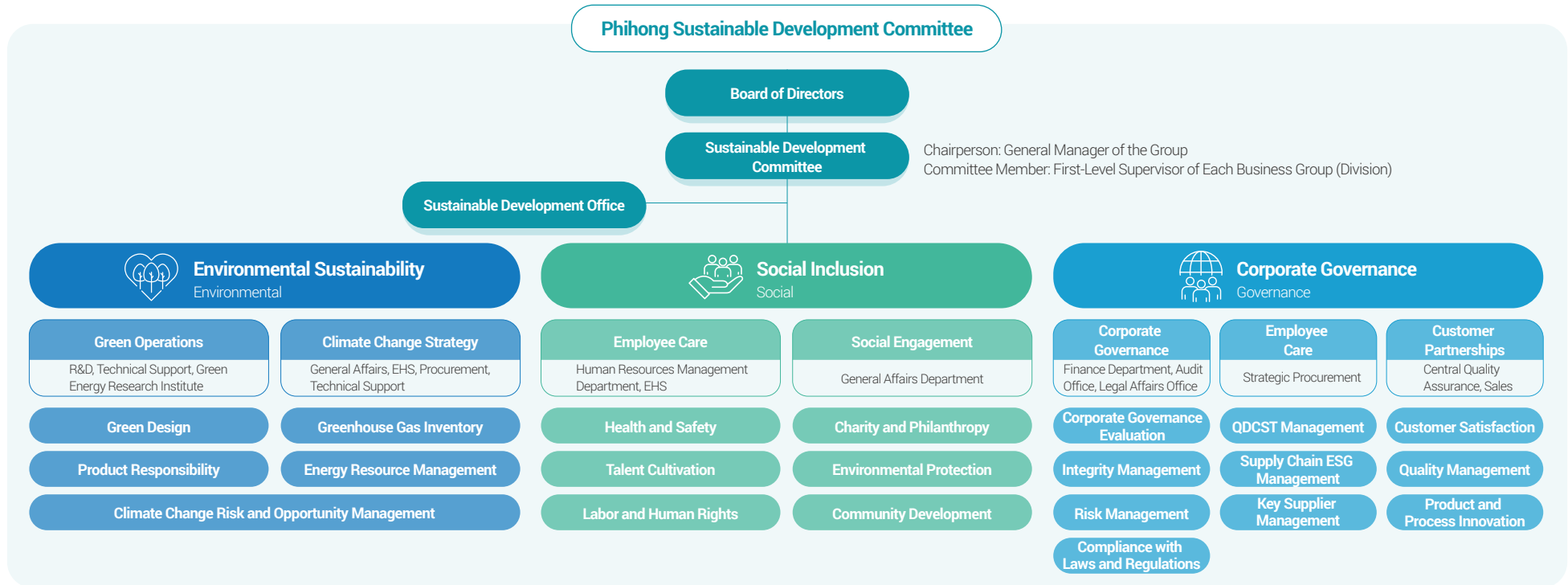
The "Sustainable Development Committee" is chaired by the Group's General Manager and comprises seven functional sub-groups. Its members consist of first-level supervisors from each division, and the committee's operations are coordinated by Phihong's ESG dedicated unit, the "Sustainable Development Office." The committee convenes monthly meetings to ensure the effective implementation of ESG objectives and to verify that project development is aligned with the Company's sustainable development policies.

Starting in 2023, the Chief Sustainability Officer has regularly reported progress to the Board of Directors. In 2024, a total of five reports were presented, covering issues such as the progress of Greenhouse Gas inventories across major production sites, the establishment of the "Sustainability

Report Compilation and Assurance Procedures," the revision of the "Code of Ethical Conduct," and the approval of significant sustainability issues and the report itself. This series of initiatives demonstrates Phihong's firm commitment to advancing corporate sustainability and its dedication to embedding Environmental, Social, and Corporate Governance (ESG) principles into corporate culture and operational strategies in alignment with the United Nations Sustainable Development Goals (SDGs).

### Main Responsibilities of the Sustainable Development Committee

- Formulate and advance sustainable development policies, integrating corporate sustainability values into the Company's business strategies.
- Review the Company's sustainability policies, objectives, strategies, and action plans, and assess their effectiveness.
- Guide and monitor the progress of various sustainability action plans and drive continuous performance improvement.
- Oversee the preparation and publication of ESG sustainability reports.







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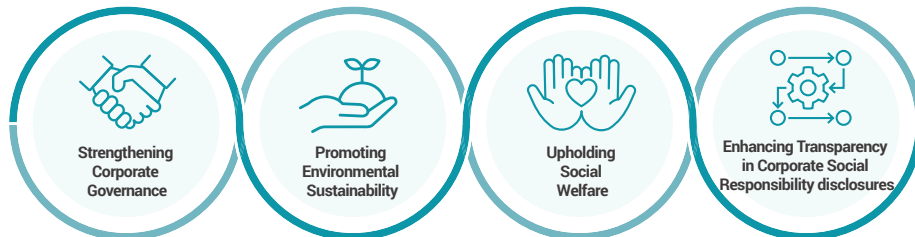
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## Sustainability Policy

To advance sustainable development, Phihong formulated the "Sustainable Development Practices Guidelines" in 2022, which were approved by the Board of Directors. The guidelines clearly define four core policies that serve as the Company's highest guiding principles for sustainability: (1) strengthening corporate governance, (2) promoting environmental sustainability, (3) Upholding social welfare, and (4) enhancing transparency in corporate social responsibility information disclosures.

In addition, the company has adopted a series of management guidelines, including the "Sustainable Development Committee Charter," the "Corporate Governance Best Practice Principles," the "Business Ethics and Conduct Guidelines," and the "Code of Ethical Conduct." These policies are continuously reviewed and updated in accordance with international developments, regulatory recommendations, and practical operational needs to ensure that the Company's sustainability strategy remains forward-looking and effectively implemented.



## Sustainable Vision Initiative

Phihong regards ESG as a core corporate commitment. Since 2022, the Company has comprehensively launched the "ESG Sustainable Vision Initiative," which is grounded in the three ESG dimensions and the annual material issues. This framework guides the formulation of short-, medium-, and long-term sustainability goals. Through annual reviews and refinements, Phihong ensures that its strategies remain continuously optimized. We embed the concept of sustainable operations throughout our global facilities, integrating it with our core competency in power research and development to drive each department in implementing more advanced sustainability practices. The "Sustainable Development Office" serves as the core driving unit of the initiative, while various functional committees are responsible for executing their respective tasks in a coordinated manner. Monthly meetings are convened to review the progress of targets, demonstrating the Company's strong commitment to fulfilling its sustainability pledges. In addition, through the promotion of the Sustainable Vision Initiative, Phihong actively cultivates professionals specializing in sustainability and carbon management, keeping pace with evolving trends and working collaboratively to create a friendly and sustainable future.

## Sustainable Vision and Strategy

**Vision:** To adopt ESG as the blueprint for sustainability, integrate the Sustainable Development Goals (SDGs), and promote low-carbon power to create sustainable value.

**Strategy:** To integrate economic growth, social inclusion, and environmental sustainability into operational decision-making, thereby advancing the achievement of sustainable development goals.

### Phihong ESG Sustainable Vision Initiative



## Sustainable Management System

Phihong not only focuses on operational growth but is also dedicated to safeguarding the interests of shareholders and employees. Anchored in the core of the Company's business, we have established a comprehensive Sustainable Management System that upholds standards exceeding local regulations and social ethical requirements. At the same time, we actively promote high-quality green products and services while prioritizing environmental protection, employee health and safety, and the protection of human rights, ensuring that the rights and interests of all stakeholders are comprehensively safeguarded. For more information about our certifications and attestations, please visit [the Phihong ESG official website under Sustainability Certifications](#).



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## Sustainability Management Systems and Certifications

Scope	Standard	Phihong				Zerova	
		PHT	PHC	PHP	PHV	ZTM	ZCM
Quality Management	ISO 9001:2015 Quality Management System	●	●	●	●	●	●
	IATF 16949:2016 Automotive Quality Management System					●	●
	ISO 13485:2016 Medical Device Quality Management System	●			●		
	IECQ QC 080000:2017 Hazardous Substance Management System			●	●		
Environmental Management	ISO 14001:2015 Environmental Management System	●	●	●	●	●	●
	UL 2799 Zero Waste to Landfill			●	●		
Energy and Greenhouse Gas Management	ISO 50001:2018 Energy Management System	●	△	●	●	●	●
	ISO 14064-1:2018 Greenhouse Gas Inventory	●	●	●	●	●	●
	ISO 14067:2018 Carbon Footprint Management	●				○	
Occupational Health and Safety Management	ISO 45001:2018 Occupational Health and Safety Management System	●	●	●	●	●	●
Information Security	ISO 27001:2022 Information Security Management System	●				●	
Business Principles	RBA Responsible Business Alliance Code of Conduct Assessment		●	●	●		
Social Responsibility	SA 8000:2014 Social Responsibility Standard				●		

Note: ● Indicates that third-party verification has been obtained and is currently valid. △ Indicates that the system is in the process of implementation. ○ Indicates a self-declared carbon footprint.



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## 1.2 Stakeholder Engagement

### Materiality Analysis and Stakeholder Engagement GRI 2-29

Materiality Analysis and stakeholder engagement are crucial processes in Phihong's sustainability strategy planning. Through diverse communication channels, Phihong builds constructive interactions with various stakeholders, strengthens communication platforms, and extensively gathers concerns and expectations to identify material topics. Based on these insights, the Company carries out risk management and operational policy planning to ensure the steady advancement of sustainable development. In 2024, Phihong identified key issues in accordance with the material topics identification process outlined in the GRI Universal Standards (GRI 3), defining the boundaries and scope of sustainability information disclosures. These results serve as an important foundation for setting long-term sustainability objectives.

### Engagement Mechanism GRI 2-16

Phihong follows the four major principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES): Materiality, Effectiveness, Flexibility, and Respect. Through a variety of channels and mechanisms, the Company listens to, understands, and responds to stakeholders' perspectives and needs. By maintaining ongoing communication and engagement, Phihong fosters mutual trust and shared value creation. To ensure the effective implementation of material topics, the Phihong Sustainable Development Office regularly reviews the identification of material topics and the formulation of related goals. At least once per year, the status of stakeholder communication, including survey results on the level of attention to sustainability topics, is reported to the Board of Directors. The 2024 stakeholder engagement status has been submitted to the Company's Board of Directors.

### 2024 Stakeholder Engagement Outcomes

Key Stakeholders	Definition	Relevance to Phihong	TOP 5 Topics of Concern	Response Methods and Channels	Frequency of Engagement	2024 Engagement Outcomes
 Shareholders and Investors	Long-term shareholders of Phihong are defined as those who have held their shares for at least 2 years, including employee shareholders, shareholding directors and supervisors, and major shareholders.	Phihong is committed to protecting the rights and interests of investors and shareholders, implementing sound corporate governance, maintaining continuous communication with investors, and strengthen information transparency.	<ul style="list-style-type: none"> <li>Financial Performance and Profitability / Dividend Policy</li> <li>Information Security and Customer Privacy</li> <li>Integrity Management and Regulatory Compliance</li> <li>Corporate Governance and Risk Management</li> <li>Innovation and Technology R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Annual shareholders' meeting, annual and quarterly financial reports</li> <li>Company official website</li> <li>Corporate governance</li> <li>Company official website</li> <li>Company official website, press release</li> </ul>	<ul style="list-style-type: none"> <li>Once per year</li> <li>Irregular</li> <li>Irregular</li> <li>Irregular</li> <li>Irregular</li> </ul>	<ul style="list-style-type: none"> <li>✓ Convened the annual shareholders' meeting once</li> <li>✓ Held two investor conferences</li> <li>✓ Regularly published financial and corporate governance information</li> </ul>
 Customers	Top 10 customers, international brand customers, or customers with over 3 years of long-term cooperation.	Phihong prioritizes customer needs, listens closely to customer feedback, and is dedicated to consistently delivering high-quality services are essential to enhance customer value.	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>R&amp;D and Innovation</li> <li>Procurement Practices Management</li> <li>Hazardous Substance Management</li> <li>Information Security and Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li>Customer service hotline, Company website</li> <li>Customer audit</li> <li>Customer satisfaction surveys</li> <li>ESG disclosure platforms such as CDP and EcoVadis</li> <li>Self-Assessment Questionnaire (SAQ) and on-site audit</li> </ul>	<ul style="list-style-type: none"> <li>Irregular</li> <li>Once per year</li> <li>Once per year</li> <li>Once per year</li> <li>Irregular (several times per year)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Customer satisfaction surveys: Phihong 80.8%, Zerova 82.42%, both meeting targets and exceeding industry benchmarks</li> </ul>



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Key Stakeholders	Definition	Relevance to Pihong	TOP 5 Topics of Concern	Response Methods and Channels	Frequency of Engagement	2024 Engagement Outcomes
 Employees	New hires and formal employees	Employees are Pihong's most important partners in sustainable development. The Company is committed to creating a diverse, equitable, and healthy work environment to foster mutual growth and development with all employees.	<ul style="list-style-type: none"> <li>Talent Attraction and Retention</li> <li>Financial Performance and Profitability</li> <li>Employee Rights, Diversity, and Equality</li> <li>Talent Learning and Development</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Labor/Management Meetings</li> <li>Employee Welfare Committee meetings</li> <li>Employee grievance and suggestion mailbox</li> <li>Continuous Improvement (CI) promotion platform</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Twice a year</li> <li>Monthly</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Held quarterly labor-management meetings and Employee Welfare Committee meetings</li> <li>✓ Conducted annual performance appraisal, employee promotions and salary adjustments.</li> </ul>
 Suppliers	Top 50 suppliers, key component suppliers, or suppliers with long-term cooperation for over 3 years	Pihong collaborates with supply chain partners to deliver high-quality materials and services, aiming to establish sustainable partnerships and jointly advance corporate sustainability.	<ul style="list-style-type: none"> <li>Information Security and Customer Privacy</li> <li>Supply Chain Management</li> <li>Integrity Management and Regulatory Compliance</li> <li>Procurement Practices Management</li> <li>Financial Performance and Profitability</li> </ul>	<ul style="list-style-type: none"> <li>New supplier reviews, audits, and interviews</li> <li>Quarterly Business Reviews (QBR) or quality meetings</li> <li>Self-Assessment Questionnaire (SAQ) and on-site audit</li> </ul>	<ul style="list-style-type: none"> <li>Irregular</li> <li>Irregular</li> <li>At least four times per year</li> </ul>	<ul style="list-style-type: none"> <li>✓ Among core suppliers, 90% signed the "Integrity Commitment Letter," a 2% increase compared to the previous year</li> <li>✓ Conducted 44 new supplier reviews (QSA) with a 100% completion rate; Conducted 105 existing supplier reviews (QPA)</li> </ul>
 Community	Representatives from the local park management center where the factory is located, and charity groups with frequent interactions	Pihong actively participates in community and park initiatives, engages in dialogue and responsiveness, and supports vulnerable groups to promote social inclusion and fulfill the Company's responsibilities as a sustainable corporate citizen.	<ul style="list-style-type: none"> <li>Wastewater Discharge and Waste Management</li> <li>Occupational Health and Safety</li> <li>Hazardous Substance Management</li> <li>Financial Performance</li> <li>R&amp;D and Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Company official website</li> <li>Routine meetings of the park management center</li> <li>ESG survey questionnaires</li> <li>Stakeholder grievance mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Irregular</li> <li>Annually</li> <li>Annually</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>✓ The environmental monitoring rate for effluents discharge has reached 100%, in full compliance with regulatory requirements.</li> <li>✓ Continued donations and environmental cleaning activities at orphanages; provided nutritional support and donations to the Guishan Elementary School Little League Team; contributed to the Hundred Dollar Club charity; supported international charity initiatives to deliver aid to communities in Africa.</li> </ul>
 Government Agencies	Local competent authorities involved in environmental, social and corporate governance matters	Pihong adheres to all relevant regulations and actively cooperates with government policies. Through transparent, two-way communication, the Company builds trust, support, and collaboration with regulatory authorities.	<ul style="list-style-type: none"> <li>Corporate Governance and Integrity Management</li> <li>Integrity Management and Regulatory Compliance</li> <li>Investor Protection</li> <li>Climate-related Financial Disclosures (TCFD)</li> </ul>	<ul style="list-style-type: none"> <li>Public Information Observatory maintained by the competent authority</li> <li>Policy promotion sessions organized by the competent authority</li> <li>Regulatory inspections conducted on-site by designated personnel</li> <li>Official correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Irregular</li> <li>Irregular</li> <li>Irregular</li> <li>Irregular</li> </ul>	<ul style="list-style-type: none"> <li>✓ Regularly disclosed operational information on the Public Information Observatory.</li> <li>✓ In the 11th Corporate Governance Evaluation, Pihong's ranking improved by two levels to the 21%-35% tier.</li> </ul>
 Non-Profit Organizations	Academic institutions, non-profit foundation corporations, as well as other non-profit organizations, experts, or consultants with expertise in the field of sustainability	Pihong collaborates with non-profit organizations to integrate resources, establish long-term sustainable partnerships, and engage more deeply with issues related to environmental carbon reduction and social development.	<ul style="list-style-type: none"> <li>Climate-related Financial Disclosures (TCFD)</li> <li>Energy and Greenhouse Gas Management</li> <li>Financial Performance and Profitability</li> <li>Integrity Management and Regulatory Compliance</li> <li>R&amp;D and Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Participation in relevant initiatives and reporting disclosures</li> <li>Participation in sustainability-related events</li> <li>Donations or sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Irregular</li> <li>Irregular</li> </ul>	<ul style="list-style-type: none"> <li>✓ Responded to the CDP Carbon Disclosure Project, receiving a B grade on the climate questionnaire and a B- management level on the water stewardship questionnaire</li> <li>✓ Followed and disclosed information in alignment with SASB and TCFD (TNFD) guidance</li> <li>✓ Received the Gold Award in the TCSA Taiwan Corporate Sustainability Award</li> </ul>

Through stakeholder communication engagement mechanisms, Pihong regularly or as needed leverages various platforms to communicate with stakeholders and conduct due diligence on issues related to environmental, social (including human rights), and corporate governance matters. The objective is to accurately identify, prevent, mitigate, and explain the actual or potential negative impacts and positive contributions of each issue. During the reporting period, due diligence was conducted across the value chains of Pihong and its subsidiaries. If Pihong identifies situations that have already caused adverse impacts, the Company will assess appropriate response measures based on the nature of the negative impact. This may include remediation to address actual negative impacts, as well as prevention or mitigation strategies to manage potential negative impacts.



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## 1.3 Management of Material Topics

### Materiality Analysis Process

GRI 3-1



**Three Key Focus  
Areas in Material  
Topic Identification**

#### 01 Optimizing Evaluation Indicators

Evaluate material topics based on the "degree of impact" and clearly define the methodology for calculating the impact index.

#### 02 Focusing on Key Stakeholders

Identify and survey representatives of key stakeholders who maintain close relationships with Phihong to enhance the relevance and credibility of the materiality assessment results.

#### 03 Incorporating Industry Standards

Incorporate sustainability topics from relevant industry standards into the materiality assessment scope and review material topics in alignment with those standards.

### STEP 1 Organizational Context and Stakeholder Identification

#### Collect Organizational Context

Sources of topics include sustainable standards and frameworks (GRI, SASB, RBA, TCFD, CDP, etc.), the United Nations Sustainable Development Goals (SDGs), and issues raised by stakeholders. A total of **17** topics were consolidated for stakeholder surveys to understand level of concern.

#### Identify Stakeholders (Inclusiveness)

Define **7** categories of stakeholders based on the principles of dependency, responsibility, influence, diverse perspectives, and tension. Identify key stakeholders who maintain close relationships with Phihong or exert substantial influence as the primary focus of engagement activities.

### STEP 2 Impact Analysis

#### Evaluate the Impact Degree (Materiality) of **17** Topics

##### Outside-in

Evaluate the impact degree of sustainability topics on the Group's operations, with participation from **33** members of the sustainability team and supervisory staff.

##### Inside-out

Assess the impact and likelihood of these topics affecting the external economy, society, and human rights.

##### Feedback

Impact Degree | Potential Issues

#### Stakeholder Concerns Survey

**A total of 557 valid questionnaires from key stakeholders**

Including Employees (341), investors (33), non-profit organizations (8), Customers (14), Suppliers (141), and Community Representatives (20)

### STEP 3 Establishment and Disclosure of Material Topics

#### Identify **12** Material Topics

Consolidate the viewpoints of the sustainability team and external stakeholders, review the identification results of material topics to ensure alignment with sustainability context and completeness disclosure requirements, and submit them to the Board of Directors for approval.

#### Respond to Stakeholders (Responsiveness and Impact)

Adhere to integrity, accuracy, and comparability in disclosure to enhance the quality of reporting.

### STEP 4 Regular Review and Continuous Improvement

Establish management policies and goals for highly material topics, and review them on a monthly basis.

Conduct the materiality identification process annually to assess the severity of topic impacts.





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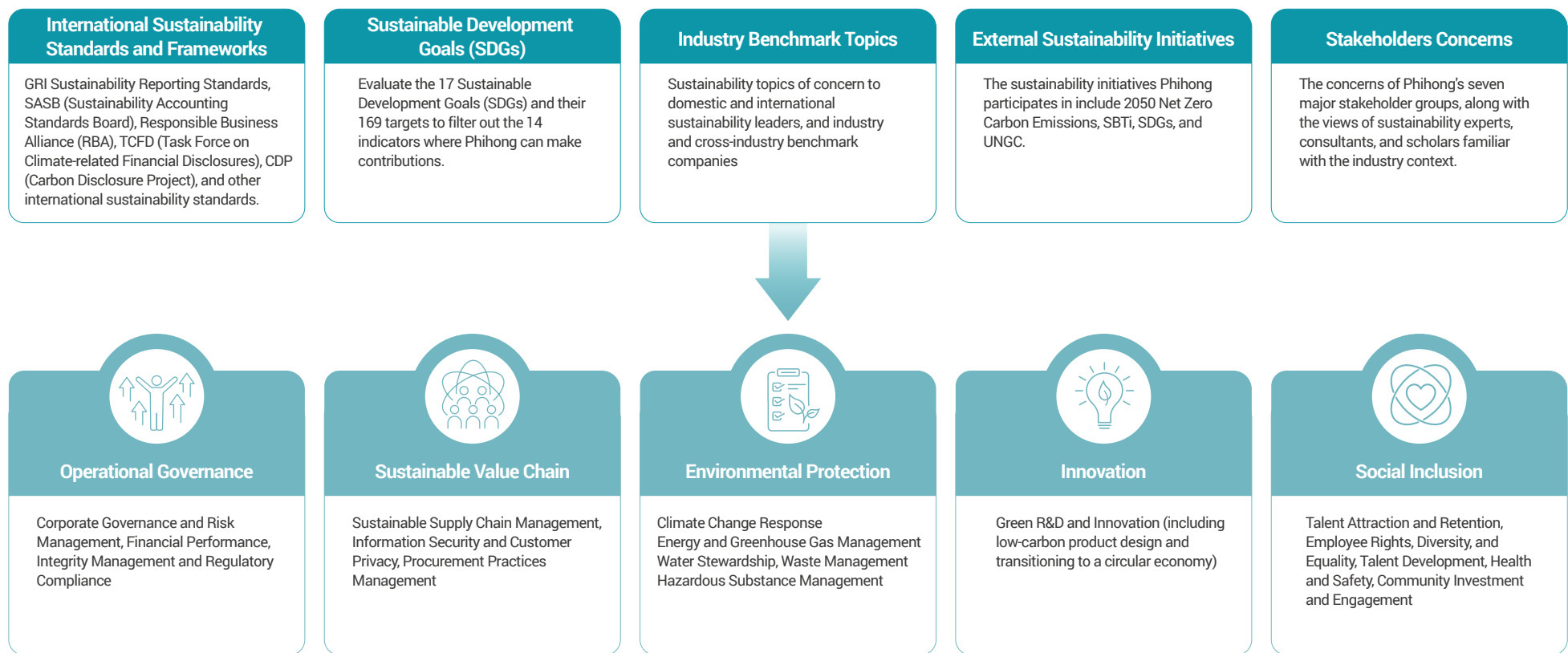

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## STEP 1. Organizational Context and Stakeholder Identification

### Collect Organizational Context

Phihong convenes members of the Sustainable Development Committee to identify sustainability issues related to internal and external operational activities. External issues include international sustainability standards and frameworks, the Sustainable Development Goals (SDGs), industry benchmark sustainability topics, external initiatives, and issues raised by stakeholder. Internal issues cover the Company's management philosophy, the Sustainable Strategy Blueprint, and organizational goals. A total of 84 operational activities were compiled. After discussions with department colleagues and the highest executives from each business group, these were consolidated into 17 sustainability topics.

### Sustainability Context and Topics





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## Stakeholder Identification

To ensure that the information disclosed in this report meets stakeholder expectations, Phihong collected and identified its list of stakeholders based on the three criteria: the parties to whom the organization is accountable, those impacted by its operations, and those who influence business performance. With reference to the GRI Sustainability Reporting Standards and the five core principles of AA1000SES 2015, namely responsibility, influence, tension, diverse perspectives, and dependency, the Company conducted an assessment to determine seven key stakeholder groups. Internal and external surveys were carried out to gather their priority concerns, followed by statistical analysis of the results.



### Who do we have obligations to?

Parties to whom we are legally, financially or operationally accountable  
Government Agencies / Shareholders, Investors / Customers / Employees



### Who do we impact externally?

Stakeholders who are affected by the organization's operations  
Customers / Shareholders and Investors / Suppliers / Government Agencies /  
Communities / Industry Peers / Non-Profit Organizations (NPOs and NGOs)



### Who influences our business?

Stakeholders who affect the organization's business performance  
Customers / Suppliers / Employees / Shareholders and Investors /  
Government Agencies / Industry Peers / Media



## Impact Assessments

This year, in accordance with the updated definition of "materiality" in the GRI Universal Standards 2021, we continue to evaluate the 17 sustainability topics from an impact perspective. The assessment focused on analyzing their influence on Phihong's internal operations as well as their impact on the "external economy, environment, and human rights." The evaluation approach centered on Phihong's internal Impact Index as the core foundation and incorporated stakeholder perspectives to assist in analyzing the Company's actual impact on the external environment.

### Stakeholder Concerns Survey

To ensure the representativeness and material relevance of the survey results, the focus was placed on key stakeholders who maintain close engagement with Phihong or possess forward-looking insights into sustainability topics. This approach ensures that respondents have a thorough understanding of Phihong, making their feedback more valuable for reference and supporting further analysis of the Company's impact on the external economy, environment, and human rights. A total of 557 stakeholder questionnaires were collected in this survey. The results serve as an important basis for adjusting the materiality of topics, assessing the substantial impact of each topic, and identifying potential sustainability topics that require prioritization and management.



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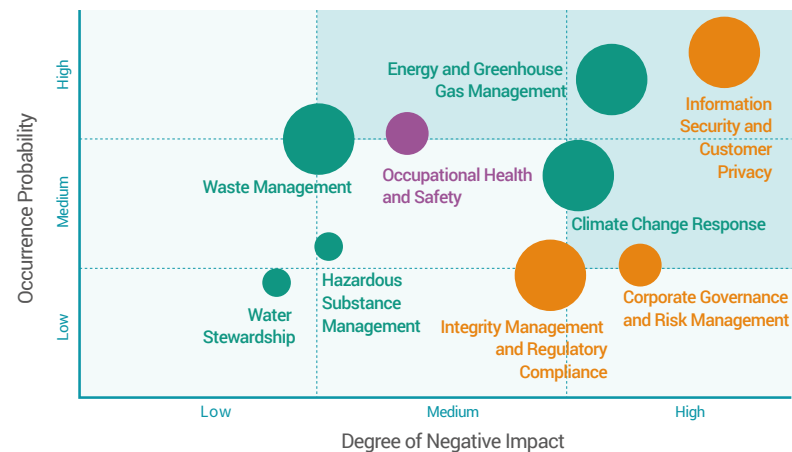
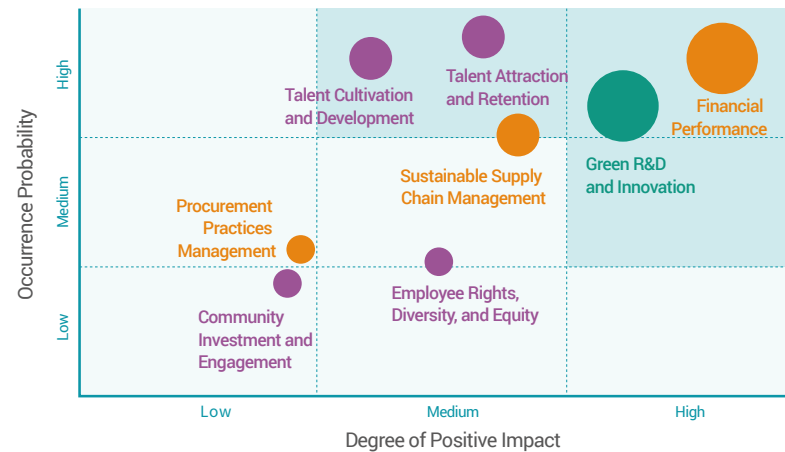

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## STEP 2. Impact Analysis

According to the latest definition of materiality in the GRI Universal Standards 2021, Phihong identified and consolidated 17 sustainability topics of stakeholder concern. The Company evaluated the actual and potential impacts of these topics on the external economy, environment, and society (including human rights). Through a materiality matrix analysis and discussions with relevant departments, the Sustainable Development Committee, and the working groups, 12 sustainability topics with high and medium-high materiality were confirmed as the core basis for report disclosures. The report details the management approaches and performance outcomes associated with each topic.

Compared to the previous year's report, the 2024 report added "Waste Management" as a material topic to ensure the completeness of information and the continuity of sustainability management.

### Material Topic Analysis and Prioritization



Sustainability Topic	Prioritization	Level of Concern	Occurrence Probability	Degree of Impact	Positive / Negative	Actual / Potential	Materiality	Aspect
Financial Performance	1	High	High	High	Positive	Actual	●	G
Green R&D and Innovation	2	High	High	High	Positive	Actual	●	E
Information Security and Customer Privacy	3	High	High	High	Negative	Actual	●	G
Climate Change Response	4	High	Medium	High	Negative	Potential	●	E
Energy and Greenhouse Gas Management	5	High	High	High	Negative	Potential	●	E
Talent Attraction and Retention	6	Medium	High	Medium	Positive	Potential	●	S
Occupational Health and Safety	7	Medium	Medium	Medium	Negative	Actual	●	S
Integrity Management and Compliance	8	High	Low	Medium	Negative	Actual	●	G
Talent Cultivation and Development	9	Medium	High	Medium	Positive	Actual	●	S
Waste Management	10	High	Medium	Low	Negative	Potential	●	E
Sustainable Supply Chain Management	11	Medium	Medium	Medium	Positive	Actual	●	G
Corporate Governance and Risk Management	12	Medium	Low	High	Negative	Actual	●	G
Employee Rights, Diversity, and Equity	13	Low	Medium	Low	Positive	Potential		S
Procurement Practices Management	14	Low	Medium	Low	Positive	Potential		G
Water Stewardship	15	Low	Low	Low	Negative	Potential		E
Hazardous Substance Management	16	Low	Low	Medium	Negative	Actual		E
Community Investment and Engagement	17	Low	Low	Low	Positive	Potential		S



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## STEP 3. Establishment and Disclosure of Material Topics GRI 3-2

### Material Topic Impact Boundary Identification

✓ Actual Impact
✓ Potential Impact
▶ Direct Impact Caused by Facilitation or Business Relationships

Material Topic	Aspect	Corresponding Standard/Indicator	Impact Significance Assessment Description (Actual/Potential)	Positive / Negative Impact	Internal Impact	External Impact						Corresponding Section
						Suppliers	Customers	Shareholders	Community	Government Agencies	NGO	
Financial Performance	G	GRI 201: 2016 Economic Performance	Actual: Stable operations are key to Phihong's sustainable development. Through stable growth in revenue and profit, we attract talent and thereby create economic value.	⊕	✓	▶	▶	▶	✓	✓	✓	Foreword: Overview of Phihong and Business Performance
Green R&D and Innovation	E	Custom Topic	Actual: Introduce green design using a product life cycle mindset, develop green low-carbon products, and enhance market competitiveness and revenue.	⊕	✓	▶	▶	✓			✓	3.1 Research and Innovation, 3.2 Circular Economy, 3.3 Green Design
Information Security and Customer Privacy	G	GRI 418: 2016 Customer Privacy	Actual: Obtained ISO 27001 certification in 2024 to ensure effective management of information security.	⊖	✓	✓	▶	✓		✓		2.4 Information Security: Information Policy and Organization, 4.2 Customer Relationship Management: Customer Privacy
Climate Change Response	E、G	GRI 201: 2016 Economic Performance	Actual: Phihong operates in a sector that is not characterized by high carbon emissions. Through continuous reduction efforts and renewable energy usage plans, the Company sets carbon reduction targets and actively participates in initiatives such as SBTi and TCFD, taking actual actions to mitigate the negative impacts of climate change.	⊖	✓	▶	▶	✓		✓	✓	5.2 Climate Action and Biodiversity
Energy and Greenhouse Gas	E	GRI 302: 2016 Energy, GRI 305: 2016 Emissions		⊖	✓	▶	▶	✓		✓	✓	5.3 Energy and Greenhouse Gas Management
Talent Attraction and Retention	S	GRI 401: 2016 Employment, GRI 202: 2016 Market Presence	Actual: Phihong has established a comprehensive career planning and promotion system covering employee recruitment, transfer, and retention. This approach not only fosters individual career development but also helps employees realize their potential and explore new career paths and opportunities.	⊕	✓	✓	✓	✓	✓	✓		6.1 Talent Attraction and Retention: Compensation and Benefits, Employee Relationship Management



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Actual Impact
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 Direct Impact Caused by Facilitation or Business Relationships

Material Topic	Aspect	Corresponding Standard/Indicator	Impact Significance Assessment Description (Actual/Potential)	Positive / Negative Impact	Internal Impact	External Impact						Corresponding Section
						Suppliers	Customers	Shareholders	Community	Government Agencies	NGO	
Occupational Health and Safety	S	GRI 403: 2018 Occupational Health and Safety	Actual: Phihong actively strengthens risk management and preventive measures while promoting health promotion activities to create a sustainable and healthy work environment, ensuring the health, safety, and human rights protection of all workers. In 2024, Phihong recorded only minor work-related incidents, with no major occupational accidents or cases of work-related ill health.	⊕ ⊖	✔	✔	▶	✔		✔		6.4 Occupational Health and Safety
Integrity Management and Compliance	G	GRI 205: 2016 Anti-Corruption GRI 206: 2016 Anti-Competitive Behavior	Potential: Integrity is Phihong's core corporate value and business philosophy. The Company implements integrity management to high standards and has established comprehensive whistleblowing and protection mechanisms to mitigate negative impacts.	⊖	✔	▶	✔	▶		✔	✔	2.2 Integrity Management: Anti-Corruption Advocacy
Talent Cultivation and Development	S	GRI 404: 2016 Training and Education	Actual: Phihong develops personalized learning and development plans tailored to each employee's professional skills, career interests, and work styles. This approach empowers every employee to exceed their own expectations and unlock their full potential.	⊕	✔	✔	✔	✔		✔		6.2 Talent Cultivation and Development: Training and Development
Waste Management	E	GRI 306: 2020 Waste	Actual: The main plants have fully implemented zero waste practices and achieved UL 2799 Zero Waste to Landfill certification.	⊖	✔	▶	▶	✔		✔	✔	5.4 Environmental Pollution Control: Waste Management
Sustainable Supply Chain Management	E、S	GRI 308: 2016 Supplier Environmental Assessment; GRI 414: 2016 Supplier Social Assessment	Potential: Phihong and its suppliers jointly promote corporate social responsibility, advancing environmental sustainability and human rights protection. All Suppliers are required to sign relevant commitment documents, and to date, no supplier-related negative incidents have been recorded.	⊖	✔	▶	▶	✔		✔	✔	4.3 Supplier Sustainability Management: Supply Chain Management
Corporate Governance and Risk Management	G	GRI 205: 2016 Anti-Corruption GRI 206: 2016 Anti-Competitive Behavior	Potential: Phihong's Board of Directors is founded on principles of independence and diversity, with members possessing extensive cross-industry experience. The integration of a robust risk management system has laid a foundation for the Company's sustainable operations. There have been no corporate governance-related negative incidents at Phihong.	⊖	✔	▶	▶	✔		✔	✔	2.1 Operation of the Board of Directors 2.3 Risk Management





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## STEP 4. Regular Review and Continuous Improvement GRI 3-3

For material topics, Phihong has established management policies and developed action plans. The Company sets goals based on data analysis to measure progress and regularly tracks implementation. For other non-material topics, relevant indicators are disclosed in accordance with existing management processes and measures to enable stakeholders to understand Phihong's overall sustainability performance.

### Management Approach GRI 2-23

Material Topic	Policies and Commitments	Management Approach	Assessment Mechanism	Responsible Department	Annual Performance Highlights
Financial Performance	Strengthen the financial structure to ensure cost control	Establishment of a robust corporate governance framework and functional committees for oversight of overall operations and development	<ul style="list-style-type: none"> <li>Internal audit</li> <li>CPA audit and certification</li> </ul>	Each Business Group, Finance Department	<ul style="list-style-type: none"> <li>Gross profit margin of 27%, target achieved</li> </ul>
Green R&D and Innovation	Lead in low-carbon electricity and share sustainable development outcomes	<ul style="list-style-type: none"> <li>design low-carbon product</li> <li>Transitioning to a Circular Economy</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D KPI target management</li> <li>R&amp;D Patent incentive programs</li> </ul>	R&D Units of Each Business Group	<ul style="list-style-type: none"> <li>One product with carbon footprint certification and two products with self-declared carbon footprints</li> </ul>
Information Security and Customer Privacy	Enhance information security management to protect customer privacy	<ul style="list-style-type: none"> <li>Information asset risk assessments</li> <li>Implementation of personal data protection and management</li> </ul>	<ul style="list-style-type: none"> <li>System management and vulnerability scanning</li> <li>Customer satisfaction surveys</li> </ul>	Information Department	<ul style="list-style-type: none"> <li>Obtained ISO 27001 Information Security Management System certification</li> </ul>
Climate Change Response	Follow the core elements of TCFD to identify and disclose actions related to climate change adaptation and mitigation	<ul style="list-style-type: none"> <li>Identification and assessment of climate risks</li> <li>Participation in the SBTi</li> </ul>	<ul style="list-style-type: none"> <li>CDP questionnaire evaluation</li> <li>SBTi carbon reduction target setting</li> </ul>	Sustainable Development Office, Accounting Department, General Affairs Department	<ul style="list-style-type: none"> <li>CDP ratings – Climate: B; Water Security: B-</li> <li>SBTi target verification obtained</li> </ul>
Energy and Greenhouse Gas	Implement green sustainability practices to actively reduce the environmental impact and footprint of corporate operations	<ul style="list-style-type: none"> <li>Resource and Energy Conservation Management Procedures</li> <li>Greenhouse Gas Inventory Management Procedures</li> </ul>	<ul style="list-style-type: none"> <li>Energy management baseline</li> <li>Greenhouse Gas Inventory</li> </ul>	General Affairs Unit, EHS	<ul style="list-style-type: none"> <li>Achieved 26.59% reduction of Scope 1 + 2 GHG Emissions compared to the base year</li> <li>Obtained ISO 50001 Energy Management System certification</li> </ul>
Talent Attraction and Retention	Carefully select talent and appoint them according to their suitability	<ul style="list-style-type: none"> <li>Appointment Management Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Performance management system</li> </ul>	Human Resources Department	<ul style="list-style-type: none"> <li>Won the 104 First Best Employer Brand Award</li> <li>Awarded the Happiness Enterprise Gold Award for five consecutive years</li> </ul>
Occupational Health and Safety	Comply with occupational safety and health regulations to continuously improve the work environment, prevent accidents, and reduce risks	<ul style="list-style-type: none"> <li>ISO 45001 Occupational Health and Safety Management System</li> <li>Establishment of Occupational Health and Safety Committee</li> </ul>	<ul style="list-style-type: none"> <li>External periodic verification</li> <li>Environmental monitoring</li> </ul>	General Affairs and EHS Units	<ul style="list-style-type: none"> <li>No work-related injuries, occupational diseases, or serious occupational incidents occurred</li> </ul>
Integrity Management and Compliance	<ul style="list-style-type: none"> <li>Uphold corporate integrity culture</li> <li>Implement Business Ethics and Conduct Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Integrity Management Regulations</li> <li>Establishment of whistleblowing channels and reward and disciplinary systems</li> </ul>	<ul style="list-style-type: none"> <li>Internal audit</li> <li>Corporate Governance Evaluation</li> </ul>	Audit Office	<ul style="list-style-type: none"> <li>No incidents of corruption, bribery, or related misconduct occurred.</li> </ul>
Talent Cultivation and Development	Adopt TTQS as a benchmark for training quality, align it with the Company's vision and goals; uphold principle that talent is the cornerstone of the enterprise; establish a diverse development training system; enhance the quality of human resources and the competitiveness of the enterprise to achieve the Company's sustainable business goals	<ul style="list-style-type: none"> <li>Education and Training Management Procedures</li> <li>Talent Quality-management System</li> </ul>	<ul style="list-style-type: none"> <li>TTQS training quality evaluation</li> <li>Training satisfaction survey</li> </ul>	Human Resources Department	<ul style="list-style-type: none"> <li>Average annual training hours per employee: 47 hours</li> <li>New employee mentorship training implemented, resulting in a 42.4% reduction in turnover rate</li> </ul>
Waste Management	Reduce waste at the source, set "zero waste" facilities as a core goal, and "zero landfill" as an important development direction	<ul style="list-style-type: none"> <li>UL 2799 Zero Waste to Landfill Validation Standard</li> </ul>	<ul style="list-style-type: none"> <li>UL 2799 Zero Waste to Landfill Validation</li> </ul>	General Affairs Unit, EHS	<ul style="list-style-type: none"> <li>The Dongguan and Vietnam plants have obtained UL 2799 validation</li> </ul>
Sustainable Supply Chain Management	Incorporate sustainability into the procurement process and take responsibility for the social, economic, and environmental impacts caused by procurement activities	Supervision and management of labor rights, environmental protection, ethical standards, and safety and health risk control throughout the supply chain	<ul style="list-style-type: none"> <li>Supplier performance evaluation, supplier conferences</li> </ul>	Global Strategic Procurement Division	<ul style="list-style-type: none"> <li>The percentage of new suppliers screened using environmental and social criteria reached 100%</li> <li>Received the EcoVadis Top 5% Gold Award</li> </ul>
Corporate Governance and Risk Management	Assessing risk issues and operational performance to implement sustainable business practices.	<ul style="list-style-type: none"> <li>Risk Management Policies and Procedures</li> </ul>	<ul style="list-style-type: none"> <li>Risk identification and assessment</li> </ul>	Information Department	<ul style="list-style-type: none"> <li>In 2024, two additional risks related to global geopolitical factors and macroeconomic factors were identified, bringing the total to ten risk items</li> </ul>



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## Target Setting GRI 2-24

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Alignment
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Financial Performance	Annual growth in gross profit margin	>10%	27%	>10%	>10%	>10%	Goal 8: Decent Work and Economic Growth 
Green R&D and Innovation	Product carbon footprint implementation	Introduce carbon footprint	One product with carbon footprint certification and two products with self-declared carbon footprints	Complete carbon footprint inventory for 2 products	Establish a component carbon emission database	Integrate Bill of Materials (BOM) with the carbon emission database	Goal 12: Responsible Consumption and Production 
Information Security and Customer Privacy	ISO 27001 Certification for Information Security Management Systems	Implement an information security management system	Obtained ISO 27001 Certification	Maintain certification validity	Maintain certification validity	Maintain certification validity	Goal 12: Responsible Consumption and Production 
Climate Change Response	Strengthening of TCFD disclosures and introduction of TNFD-related disclosures	Introduce TCFD/TNFD projects	Disclosed TCFD/TNFD-related financial information	Issue the Climate and Nature Reports	Issue the Climate and Nature Reports	Issue the Climate and Nature Reports	Goal 13: Climate Action 
Energy and Greenhouse Gas	Absolute reduction of 4.7% in Scope 1 + 2 GHG Emissions annually, compared to the 2021 baseline year	-14.1%	-26.59%	-18.3%	-30.9%	-42%	Goal 7: Affordable and Clean Energy 
Talent Attraction and Retention	Employee satisfaction score (biennial)	>4.5	4.68	>4.5	>4.5	>4.5	Goal 8: Decent Work and Economic Growth 
	Happiness Enterprise Evaluation	Happiness Enterprise Gold Award	Awarded the Happiness Enterprise Gold Award and the Best Employer Brand Award	Gold Award	Gold Award	Gold Award	
Occupational Health and Safety	Zero major occupational accidents	0	0	0	0	0	Goal 3: Good Health and Well-being 
Integrity Management and Compliance	No incidents of corruption or bribery	0	0	0	0	0	Goal 16: Peace, Justice, and Strong Institutions 
	No penalties incurred for violations of ESG-related laws or regulations	0	0	0	0	0	
Talent Cultivation and Development	Average training hours per person per year	36	47	40	45	45	Goal 5: Gender Equality 
Waste Management	The main plants in Dongguan and Vietnam have obtained UL 2799 Zero Waste to Landfill validation	Obtain validation	Obtain validation	Obtain validation	Obtain validation	Obtain validation	Goal 12: Responsible Consumption and Production 
Sustainable Supply Chain Management	Response rate for the Sustainable Commitment Declaration from new suppliers	100%	100%	100%	100%	100%	Goal 12: Responsible Consumption and Production 
Corporate Governance and Risk Management	Corporate Governance Evaluation	Top 20%	Top 35%	Top 20%	Top 5%	Top 5%	Goal 8: Decent Work and Economic Growth 



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## 1.4 Sustainable Development Practices

Since the United Nations introduced the "Sustainable Development Goals (SDGs)," Phihong has actively embraced global sustainability initiatives. In alignment with the "Taiwan Sustainable Development Goals" announced by the government, we have comprehensively advanced relevant actions across the Company. Guided by the "SDGs Compass – The Guide for Business Action on the United Nations Sustainable Development Goals," which outlines 169 specific practice indicators, Phihong has thoroughly reviewed every aspect of its value chain operations related to its core business. We have integrated sustainability principles into our corporate social responsibility policies and operational strategies.

Building on the 17 core SDGs, Phihong has identified 14 goals that are most closely aligned with our substantial business activities, designating them as the annual focus areas for implementation

efforts. This approach underscores our commitment to embedding sustainability into every aspect of our operations. We bring the spirit of the SDGs into our day-to-day processes by setting clear objectives and regularly tracking progress through the Sustainable Development Promotion Team to ensure tangible results.

Looking forward, Phihong will continue strengthening dialogue and collaboration with stakeholders, proactively aligning with international sustainability trends, and fulfilling our role as a responsible corporate citizen. We regard corporate social responsibility as an essential part of our operations, dedicated to striking a balance between economic growth, environmental stewardship, and social well-being. Through these efforts, we aim to create meaningful impact and contribute to addressing global sustainability challenges.

Primary SDG Goal	Relevant SDG Target	Phihong's Target	Phihong's Alignment with the SDGs	Relevant Section
<b>No Poverty</b> 	1.5: Strengthen the resilience of the poor and those in vulnerable situations to recover from disasters, and reduce their exposure to the frequency and severity of climate-related extreme events and other disasters.	Uphold the principle of "friendly neighborhood and care for the vulnerable," and continue to support and care for disadvantaged groups.	<ul style="list-style-type: none"> <li>Launched the Phihong Charity Campaign, hosting four environmental and social welfare series events.</li> <li>Celebrated the tenth anniversary of the "Hundred Dollar Club" monthly scholarship assistance program, with cumulative donations exceeding NT\$2.55 million.</li> </ul>	6.5 Social and Cultural Care
<b>Zero Hunger</b> 	2.1: End hunger, and ensure that all people, especially the poor and those in vulnerable situations (including infants), have access to safe, nutritious, and sufficient food all year round.	Uphold the principle of "friendly neighborhood and care for the vulnerable," and continue to support and care for disadvantaged groups.	<ul style="list-style-type: none"> <li>Phihong provides regular monthly donations and nutritional supplements to the private Mu-hsiang Children's Home in Dayuan, Taoyuan, and the Guishan Elementary School Little League team.</li> <li>Global charitable initiatives include simultaneous mountain clean-up activities and care for the underprivileged at the Dongguan and Vietnam sites.</li> </ul>	6.5 Social and Cultural Care
<b>Good Health and Well-being</b> 	3.8: Achieve universal health coverage, including financial risk protection and access to quality essential healthcare services.	Promote a healthy workplace and create a safe and health-conscious work environment for employees.	<ul style="list-style-type: none"> <li>In accordance with the Regulations Governing Labor Health Protection, Phihong assigns full-time nurses and arranges on-site doctors to offer medical consultation and health promotion programs for employees.</li> <li>Phihong provides free annual health checkups for all employees, in addition to the statutory requirements.</li> </ul>	6.4 Occupational Health and Safety
<b>Quality Education</b> 	4.4: Enhance corporate management capabilities, including technical and vocational skills; 4.5: Ensure equal access to all levels of education and vocational training for vulnerable groups, including people with disabilities, Indigenous Peoples, and disadvantaged children.	Provide employees with opportunities for learning and development by establishing a comprehensive education and training system aligned with corporate strategies, organizational structure, and long-term vision.	<ul style="list-style-type: none"> <li>Phihong strengthens management capabilities through supervisory training, functional professional courses, and general education in language and health.</li> <li>A wide range of self-development resources is available, emphasizing both professional growth and personal well-being, including mental and physical health.</li> </ul>	6.2 Talent Cultivation and Development
<b>Gender Equality</b> 	5.5: Ensure full participation of women in political, economic, and public decision-making, and provide equal opportunities for leadership at all levels.	Promote the representation of women in management by integrating gender equality and women's empowerment into policies, training programs, and internal campaigns.	<ul style="list-style-type: none"> <li>Phihong's talent development policy prioritizes the right individuals to suitable roles based on ability, with a focus on managerial competencies regardless of gender.</li> <li>In 2024, nearly a hundred female managers at or above section chief level accounted for 28.82% of all managers, marking four consecutive years of growth.</li> </ul>	6.1 Talent Attraction and Retention
<b>Clean Water and Sanitation</b> 	6.4: Increase water-use efficiency across all sectors, and ensure sustainable freshwater supply and recovery to address water scarcity.	Improve water-saving performance by enhancing water facilities and implementing conservation strategies.	<ul style="list-style-type: none"> <li>The Taiwan plant has introduced a rainwater harvesting system, while Phihong (Dongguan) upgraded its infrastructure to separate rainwater and wastewater, thereby enhancing water use efficiency.</li> </ul>	5.4 Environmental Pollution Control
<b>Affordable and Clean Energy</b> 	7.2: Substantially increase the global share of renewable energy; Target 7.3: Improve energy efficiency.	Strengthen energy management through regional power monitoring systems and reduce energy consumption through continuous efficiency improvements.	<ul style="list-style-type: none"> <li>Zerova, along with Phihong (Dongguan) and Phihong (Vietnam), installed solar power systems for on-site generation and consumption of renewable energy.</li> <li>The ISO 50001 Energy Management System has been implemented, and replaced high-energy-consuming equipment. Multiple energy-saving measures were introduced at both factory and office areas.</li> </ul>	5.3 Energy and Greenhouse Gas Management

Primary SDG Goal	Relevant SDG Target	Phihong's Target	Phihong's Alignment with the SDGs	Relevant Section
<b>Decent Work and Economic Growth</b> 	8.5: Achieve full and productive employment with equal pay for equal work regardless of gender. 8.7: Enforce a zero-tolerance policy on child labor. 8.8: Ensure a safe and healthy working environment for all employees.	Implement equal pay policies regardless of gender in line with the RBA Code of Conduct; prohibit child labor; and ensure workplace health and safety through clear internal policies.	<ul style="list-style-type: none"> <li>Phihong complies with the RBA Code of Conduct by prohibiting child labor and ensuring equal pay for equal work regardless of gender. The company has also established an Occupational Health and Safety Committee under its Environmental, Health and Safety Policy and implemented the ISO 45001 management system.</li> </ul>	6.3 Human Rights Due Diligence 6.4 Occupational Health and Safety
<b>Industry, Innovation and Infrastructure</b> 	9.1: Build quality, safe, sustainable, and resilient infrastructure to support economic development and human well-being, ensuring affordable and equitable access for all. 9.4: Upgrade infrastructure and transform industrial and commercial operations to be sustainable, improving energy efficiency and adopting clean, environmentally friendly technologies and processes.	Commit to the development of high-power charging products to increase charging efficiency and shorten charging time; achieve strong performance in areas such as smart living, medical electronics, gaming, 5G, and industrial control.	<ul style="list-style-type: none"> <li>Phihong has built fast charging stations to support a more EV-friendly environment, helping reduce range anxiety and saving drivers' charging time.</li> <li>Through a new high-efficiency conversion technology platform, we achieve product miniaturization by enhancing conversion efficiency and reducing heat generated by components, such as in ultra-high-power GaN chargers.</li> </ul>	3.1 Research and Innovation 3.3 Green Design
<b>Reduced Inequalities</b> 	10.3: Ensure equal opportunities and reduce inequality by eliminating discriminatory laws, policies, and practices, and promoting appropriate legislation, policies, and actions.	Support the "United Nations Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," and the "RBA Code of Conduct" through policy alignment and internal commitment.	<ul style="list-style-type: none"> <li>Phihong's Global Human Rights Policy aligns with the RBA Code of Conduct and has been verified by a third party.</li> <li>In 2024, Zerova completed its first Human Rights Due Diligence report.</li> </ul>	6.3 Human Rights Due Diligence
<b>Sustainable Cities and Communities</b> 	11.6: Reduce the negative environmental impact of urban areas by focusing on air quality, urban management, and waste management.	Incorporate waste management into daily operations to effectively reduce waste volume and minimize environmental impacts.	<ul style="list-style-type: none"> <li>Phihong complies with the environmental laws and regulations at all operating sites and enforces effective waste management practices. Scrap materials are recycled, and waste is disposed of responsibly.</li> <li>Product carbon footprint assessments are conducted in accordance with Product Category Rules (PCR), laying the foundation for carbon management practices.</li> </ul>	5.3 Energy and Greenhouse Gas Management 3.2 Transformation to Circular Economy
<b>Responsible Consumption and Production</b> 	12.6: Incorporate sustainability information into the company's regular reporting cycle.	Promote environmental, social, and corporate governance (ESG) topics by integrating sustainability into business operations and regularly disclosing progress in the ESG report.	<ul style="list-style-type: none"> <li>The Phihong Sustainability Report was prepared in accordance with the GRI 2021 Universal Standards and SASB Standards, incorporating disclosures on climate- and nature-related risks and opportunities (TCFD/TNFD).</li> </ul>	About this Report 1.1 Sustainable Blueprint and Governance 1.3 Management of Material Topics 1.4 Sustainable Development Practices
<b>Climate Action</b> 	13.3: Enhance education, awareness, and institutional capacity to reduce and adapt to climate change risks, mitigate impacts, and establish early warning systems.	Disclose climate-related risks and opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework.	<ul style="list-style-type: none"> <li>Phihong discloses climate- and nature-related risks and opportunities (TCFD/TNFD) information;</li> <li>Promotes the development of low carbon products to support green industry growth;</li> <li>Commits to achieving an annual carbon reduction target of 4.7% as part of the SBTi.</li> </ul>	4.1 Product Quality and Safety 5.2 Climate Action and Biodiversity
<b>Peace, Justice, and Strong Institutions</b> 	16.5: Significantly reduce all forms of corruption and bribery. 16.7: Ensure decision-making at all levels is inclusive, participatory, representative, and responsive to public needs.	Uphold the "Code of Business Ethics and Conduct" by implementing anti-corruption and anti-bribery policies, maintaining harmonious labor-management relations, and respecting employees' freedom of association.	<ul style="list-style-type: none"> <li>Phihong implements its "Code of Business Ethics and Conduct," including anti-corruption and anti-bribery policies. No incidents of corruption or bribery occurred in 2024.</li> <li>Quarterly labor-management meetings are held to ensure effective communication on employee welfare and labor rights through reports and proposals.</li> </ul>	2.2 Integrity Management 6.1 Talent Attraction and Retention

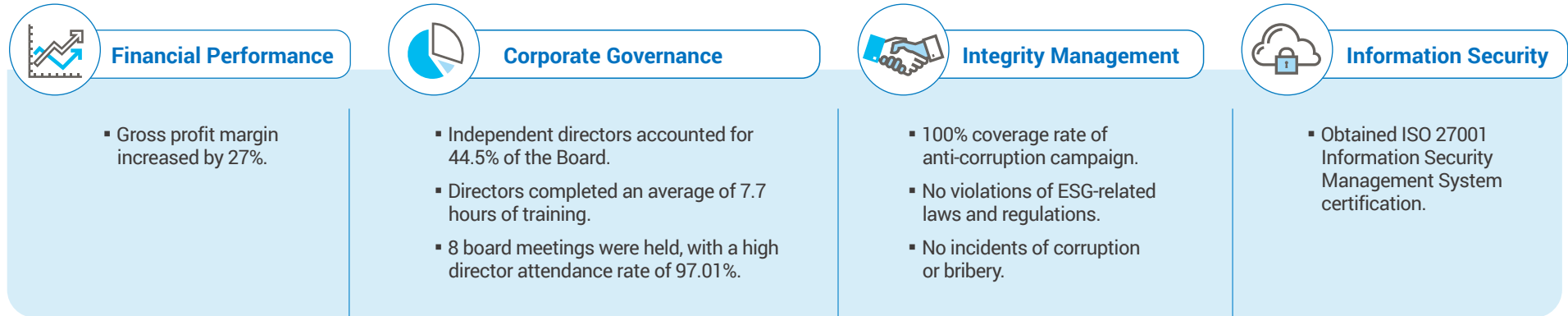


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






## | Operational Governance

- 2.1 Operation of the Board of Directors
- 2.2 Integrity Management
- 2.3 Risk Management
- 2.4 Information Security

## Annual Performance



## Material Topics and Target Management

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Practice
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Operating Performance	Annual growth in gross profit margin	>10%	27%	>10%	>10%	>10%	Goal 8 Climate Action 
Integrity Management and Compliance	No incidents of corruption or bribery	0	0	0	0	0	Goal 16 Affordable and Clean Energy 
	No penalties incurred for violations of ESG-related laws or regulations	0	0	0	0	0	
Corporate Governance and Risk Management	Corporate Governance Evaluation	6-20%	21%-35%	6-20%	Top 5%	Top 5%	Goal 8 Decent Work and Economic Growth 
Information Security and Customer Privacy	ISO 27001 Certification for Information Security Management Systems	 Implement an information security management system	 Obtained certification	 Maintain certification validity	 Maintain certification validity	 Maintain certification validity	Goal 12 Responsible Consumption and Production 





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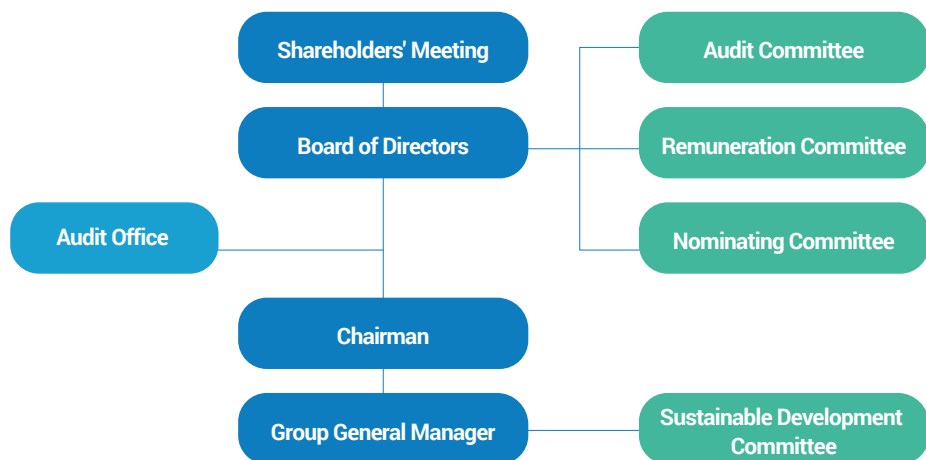
## 2.1 Operation of the Board of Directors

### Governance Organization

Pihong adheres to its "Articles of Incorporation," "Corporate Governance Best Practice Principles," and relevant laws and regulations to establish a robust corporate governance framework. This includes implementing comprehensive governance mechanisms, ensuring legal compliance, and upholding ethical business practices to support sustainable operations and stable growth. The Board of Directors plays a central role in overseeing the Company's operations, enhancing information transparency, fostering actively communication and engagement with stakeholders, and embedding a culture of sustainability. These are all key pillars of Pihong's corporate governance strategy.

In 2024, Pihong ranked within the 21%-35% tier among TWSE-listed electronics companies in the 11th Corporate Governance Evaluation conducted by the Taiwan Stock Exchange. Pihong remains committed to strengthening its corporate governance by reinforcing board functions, safeguarding shareholder rights, improving internal controls and risk management, enhancing information transparency, and advancing corporate sustainability. Through these efforts, the Company aims to continuously raise its governance standards and create long-term corporate value.

### Corporate Governance Framework



### Composition of the Board of Directors GRI 2-9 、 2-10 、 2-11

Pihong's Board of Directors is the Company's highest governing body and serves as the center for major business decisions. All directors act with the long-term interests of the Company and its shareholders in mind, providing strategic guidance, overseeing management, and ensuring the planning and implementation of sustainable development initiatives. Directors perform their duties objectively and independently, in accordance with the Articles of Incorporation and applicable laws, to ensure legal compliance and accountability to both the Company and its shareholders. Since its founding, Pihong has built a strong foundation over more than 50 years. Under the determined leadership and management of the current Chairman, Mr. Lin, Chung-Min, the Company has continued to grow steadily. Chairman Lin also serves as the Chief Executive Officer, meaning the highest governance and executive responsibilities are held by the same individual. To safeguard the impartiality of board decision, any director with a conflict of interest must abstain from participating in discussions and voting on the relevant matters, in accordance with legal requirements.

The current board consists of nine directors with diverse academic and professional backgrounds. Their profiles are available on [the Company's official website](#) and in [the 2024 Annual Report](#). Directors (including independent directors) are elected for a three-year term through a candidate nomination system, which ensures a fair, impartial, and transparent selection process. There are four independent directors, representing 44.5% of the board. Their independence is assessed and confirmed in accordance with relevant regulations. Pihong places great importance on board diversity. In 2024, a female independent director was elected. Her nomination was considered by the Nominating Committee during the selection process and finalized through voting at the shareholders' meeting in accordance with the Company Act. The nominee's sustainability impact management capabilities were also taken into consideration. Such qualifications will continue to be incorporated into future nomination and selection criteria.

The Board of Directors convenes at least once per quarter to revise internal control policies and procedures, review business performance, and deliberate on major impacts and strategic issues. Managers regularly attend board meetings to present updates on operations, finance, and business matters. During meetings, directors also provide professional insights on significant proposals and decisions for management's reference. In 2024, a total of eight board meetings were held, with a commendable director attendance rate of 97.01%. The table below outlines the directors' industry experience and areas of professional expertise.

Director Name	Item	Basic Information				Industry Experience				Areas of Expertise			
		Gender	Nationality	Concurrent Employee Position	Age	Electronic Technology	Product Design	Asset Management	Others	Business Management	Finance, Accounting, and Commerce	Law	IT
Chairman	Lin, Chung-Min	Male	ROC	V	71-80	V			V	V	V		V
Director	Lin, Fei-Hung	Male	ROC	V	41-50	V	V		V	V	V		
	Chiang, Wei-Feng	Male	ROC		51-60	V		V	V	V	V		V
	Lin, Yang-Hung	Male	ROC	V	41-50	V			V	V	V		V
	Yu, Ming-Jen	Male	ROC		51-60	V		V	V	V	V		V
	Hung, Yu-Yuan	Male	ROC		51-60	V			V	V	V		V
Independent Director	Lin, Kuei-Hung	Male	ROC		51-60	V	V		V	V	V		
	Wu, Chung-Shu	Male	ROC		61-70				V	V	V		
	Kang, Hui-Mei	Female	ROC		51-60	V		V	V	V	V		

Note: For an overview of the information on the Board of Directors and their backgrounds, please refer to the Corporate Governance section under Investor Relations on the Phihong website. The composition and expertise the board correspond to the key topics discussed in this report, including operational performance, corporate governance and risk management, information security and customer privacy, climate change response, energy and greenhouse gas management, and green R&D and innovation. These areas reflect the interests of key stakeholders such as shareholders/investors, customers, and employees.

## Continuing Education of Board Members GRI 2-17

Each year, Phihong's board members participate in continuing education in accordance with regulatory requirements. In 2024, all 9 members continued their tenure as directors, collectively accumulating 69 hours of training, with an average of 7.7 hours per person. This performance exceeds the minimum of 6 hours required under the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Training topics covered corporate governance, corporate social responsibility, net zero emissions, ESG sustainability, and international tax law reforms, aiming to strengthen the board's capacity to formulate and oversee decisions related to economic, environmental, and social matters. For detailed information on the board's continuing education in 2024, please refer to [the Phihong official website](#).

## Conflict of Interest Avoidance GRI 2-15

Information on potential conflicts of interest involving board members, such as their concurrent positions in other companies, has been disclosed in the related-party transactions section of the Company's Corporate Governance and Financial Reports in the 2024 Annual Report. Executives of the Company are appointed by the board of directors, while the appointment of other managerial positions is delegated to the executives. When a conflict of interest arises in a board meeting agenda item, the relevant director or executive is required to fully disclose their personal interest during the meeting and abstain from participating in discussion and voting on the matter. The board meeting minutes will document the agenda item, the director's name, the nature of the personal interest, and the voting results. This approach is intended to uphold the spirit of independent board operations.

## Functional Committee Operations

Committee	Established Since	Duties	Members	2024 Committee Operations			
				Required Frequency	No. of Meetings	Attendance Rate	Important Resolutions
Audit Committee	2017.6	Supervise the proper presentation of the Company's financial statements, the appointment and independence of certified public accountants, the effectiveness of internal controls, compliance with laws and regulations, and the management of existing or potential risks.	Composed of four independent directors. Chairperson: Independent Director Hung, Yu-Yuan.	Quarterly	5	94.44%	<ul style="list-style-type: none"> <li>Approval of annual and quarterly financial reports</li> <li>Review and approval of the annual budget and capital expenditure proposals</li> <li>Revisions to internal control systems and management procedures</li> <li>Approval of major capital loans and endorsement guarantees</li> </ul>
Remuneration Committee	2011.12	Establish and regularly review the policies, systems, standards and structures for the performance evaluation and compensation of directors and managers, and regularly assess and determine their remuneration.	Composed of four independent directors. Chairperson: Independent Director Hung, Yu-Yuan.	Once per year	5	93.75%	<ul style="list-style-type: none"> <li>Review and adjustment of directors' business execution expenses</li> <li>Salary adjustment and year-end bonus proposals for managers</li> </ul>
Nominating Committee	2017.8	Nominate and confirm the qualifications of director candidates, establish the organizational structure of functional committees, and review and amend rules related to the operation of the Board of Directors and its functional committees, including the Corporate Governance Best Practice Principles.	Composed of four independent directors. Chairperson: Independent Director Hung, Yu-Yuan.	Biannually	5	93.33%	<ul style="list-style-type: none"> <li>Nomination of director candidates</li> <li>Evaluation of director performance</li> <li>Revision to the Corporate Governance Best Practice Principles</li> </ul>
Sustainable Development Committee	2014.12	Coordinate the Company's corporate social responsibility and sustainability direction and objectives, propose and implement of related management policies and specific plans, and report to the Board of Directors on a regular basis.	Composed of the Group General Manager as the Chairperson and a designated Chief Sustainability Officer. First-level executives serve as conveners for the seven major sustainability topics.	Biannually	12	100%	<ul style="list-style-type: none"> <li>Setting of 44 ESG KPIs</li> <li>Approval of material ESG topics and sustainability report content</li> <li>Review of the Group's greenhouse gas inventory progress report</li> </ul>

## Board Performance Evaluation GRI 2-18 · 2-19 · 2-21

The remuneration of Phihong's directors and managers is handled in accordance with the "Regulations on the Remuneration of Directors and Managers." Directors receive travel allowances based on actual meeting attendance. For managers, annual remuneration primarily consists of monthly salaries. Performance evaluations for the Board of Directors, individual directors, and managers are conducted at least once a year. The results of these self-assessments serve as the basis for determining individual remuneration. Evaluation outcomes are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval. To reinforce ESG implementation, the General Manager (who also serves as a board member) and other managers incorporate sustainability performance indicators into their personal objectives. This ensures alignment with the Company's short- and long-term business goals and shareholder interests. Sustainable operation has become a shared objective and is integrated into the annual performance review, directly influencing remuneration level assessment. In 2024, all director and managerial remuneration proposals were reviewed by the Remuneration Committee and approved by the Board of Directors. The relevant remuneration policies can be found in [Phihong's 2024 Annual Report](#). Total Director remuneration in 2024 amounted to NT\$4,568 thousand, representing 2.214% of the net profit after tax. Managers' remuneration totaled NT\$37,611 thousand, accounting for 18.23% of the net profit after tax.



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### Internal Performance Evaluation



#### Board of Directors Self-Evaluation Indicators

1. Participation in company operations.
2. Enhancement of board decision-making quality.
3. Composition and structure of the board.
4. Selection and continuing education of directors.
5. Internal control effectiveness.



#### Individual Board Member Self-Evaluation Indicators

1. Understanding of company goals and missions.
2. Awareness of directors' responsibilities.
3. Participation in company operations.
4. Internal relationship management and communication.
5. Professional expertise and continuing education.
6. Internal control effectiveness.

## Internal Audit

Phihong has established an "Audit Office" in accordance with regulatory requirements. The Audit Office is directly under the Board of Directors and is staffed with one dedicated Chief Auditor and one audit officer. It is responsible for overseeing internal control procedures across the Company and its subsidiaries, executing the annual audit plan, and tracking the effectiveness of corrective actions.

The appointment or dismissal of the Chief Auditor must be approved by the Audit Committee and resolved by the Board of Directors. The appointment, annual performance evaluation, and remuneration of audit personnel are submitted by the Chief Auditor and approved by the Chairman. Audit activities are planned based on risk assessment results. The annual plan is executed upon approval by the Audit Committee and the Board of Directors, and special audits are conducted as necessary. Audit results are reported to the Audit Committee and the Board of Directors on a regular basis or when needed.

The Audit Office also supervises the annual self-assessment of internal control effectiveness conducted by internal departments and subsidiaries, and reviews their assessment reports. The consolidated results serve as the basis for the Board of Directors and the General Manager to sign the Statement on Internal Controls System, thereby reinforcing sound corporate governance.

The Audit Office is required to report on internal control implementation to the Board of Directors and the Audit Committee at least once every quarter. In 2024, it submitted four reports each to the Board of Directors and the Audit Committee. In Addition, it engaged in discussions with independent directors via email, meetings, or briefings, and held one dedicated session throughout the year. For more details on communications between independent directors, the Chief Auditor, and the accountants, please refer to [the Corporate Governance section of Phihong's official website or the Annual Report](#).

## 2.2 Integrity Management

### Integrity Management Policy

Integrity is Phihong's core value and the fundamental principle that underpins all business activities. The Company adopts a zero-tolerance policy toward corruption and bribery, and has established the "Code of Ethical Conduct" and the "Business Ethics and Conduct Guidelines." Both documents have been reviewed and approved by the Board of Directors and clearly define the Integrity Management Policy. This policy applies to Phihong and all its subsidiaries, ensuring that all decisions and actions reflect the Company's core values and commitment to ethical conduct. To strengthen integrity management, the Legal Affairs Office leads implementation efforts. Internal departments are responsible for executing specific measures and reporting their outcomes to the Board of Directors on an annual basis.

**Legal Affairs Office:** Responsible for formulating anti-corruption programs in accordance with regulations applicable to the Company's operating locations. The office also establishes standard operating procedures and code of conduct.

**Human Resources Department:** In charge of promoting and conducting training on the integrity policy to enhance employee awareness and ensure its effective implementation.

**Audit Office:** Responsible for planning and executing the whistleblower system. It supports the Board of Directors and management in reviewing integrity management practices, regularly assesses compliance, and submits reports. In 2024, a total of 43 audits were conducted. Based on the results and feedback gathered from internal and external sources, no incidents of corruption were identified.



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## Integrity Management Measures

### Risk Assessment and Prevention

In accordance with the "Code of Ethical Conduct," the Company regularly assesses risk and identifies areas prone to misconduct, particularly regarding inappropriate gift and entertainment in procurement activities. A vendor gift reporting mechanism is in place to proactively prevent corruption, bribery, and extortion.

### Supply Chain Integrity Management

- Integrity clauses are incorporated into all contracts, strictly prohibiting corruption, misconduct, and insider trading to uphold business ethics.
- Suppliers are required to sign the "Integrity Commitment Letter," pledging adherence to the principles of integrity management.

### Corporate Culture and Internal Oversight

- The Company foster a culture of integrity and ethical conduct through clear policies. The Employee Code of Conduct outlines performance evaluation, reward, and disciplinary measures.
- The "Board Meeting Rules" ensure effective conflict-of-interest avoidance mechanism, while the "Business Ethics and Conduct Guidelines" serve to prevent conflicts of interest.

### Stakeholder Communication and Grievance

A dedicated grievance channel has been established and is managed by the Audit Office. This mechanism ensures timely response and reinforces the commitment to integrity.

### Competition Compliance and Whistleblower System

- The Company complies with all relevant competition laws and prohibits unfair business practices.
- A whistleblower mechanism is in place to ensure anonymity and confidentiality, with defined procedures for investigation, rewards, and disciplinary actions.

## Anti-Corruption Advocacy GRI 205-1、205-2、205-3

To strengthen employees' awareness and practice of integrity, Phihong includes the "Business Ethics and Conduct Guidelines" as a mandatory component of onboarding training for all new hires. Upon joining the Company, new employees are required to sign both the "Acknowledgement Form for the Business Ethics and Conduct Guidelines" and the "Intellectual Property Rights and Confidentiality Agreement." The Company conducts biannual training sessions for new hires on employee ethics and professional conduct, and regularly communicates related information to all employees via internal bulletin boards, underscoring Phihong's strong commitment to integrity and ethical standard.

At overseas facilities, Phihong (Dongguan) integrates the Responsible Business Alliance (RBA) Code of Conduct into its onboarding curriculum for new employees. Additionally, all warehouse and finance personnel are required to sign an Employee Declaration, reinforcing Phihong's commitment to the RBA from the outset of employment. At Phihong (Vietnam), anti-corruption and anti-bribery principles are embedded in the "Corporate Philosophy and Culture" course of the onboarding program, helping to instill ethical awareness from the beginning of each employee's tenure.

In addition, for newly appointed directors, the Company provides orientation materials including the "Compliance Brochure for Directors and Supervisors of TWSE/TPEx-Listed and Emerging Market Companies" and "Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders." All new directors are required to sign the related documents and the Director Declaration, which are then submitted to the Taiwan Stock Exchange for filing. In accordance with the "Corporate Governance Best Practice Principles," the Company regularly reminds directors and insiders that trading company stock is prohibited during the blackout periods—30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial reports—ensuring governance compliance and transparency.

To reinforcing communication with business partners, Phihong sends quarterly emails to all suppliers who have engaged in transactions with the Company in the past year. These emails detail the Company's anti-corruption policies and reporting channels. In addition, the Company publicly disclosed its Social Responsibility Policy on the B2B website, ensuring 100% communication coverage and demonstrating Phihong's commitment to integrity and responsible business practices.

Taiwan Facilities (PHT/ZTM)	Staff Category	Participants	Hours	Passing Rate
Corporate Sustainability Development	New Hires	49	49	100%
Phihong Business Ethics and Conduct Guidelines	New Hires	57	57	100%
Dongguan Facilities (PHC/PHP/ZCM)	Staff Category	Participants	Hours	Passing Rate
Responsible Business Alliance (RBA) Code of Conduct and Corporate Social Responsibility Promotion	New Hires	1,806	1,806	100%
	Existing Staff	1,136	1,246	100%
Haiphong Facility (PHV)	Staff Category	Participants	Hours	Passing Rate
Introduction to the Social Responsibility System Corporate Philosophy and Culture	New Hires	1,708	13,664	100%
	Existing Staff	1,049	3,147	100%



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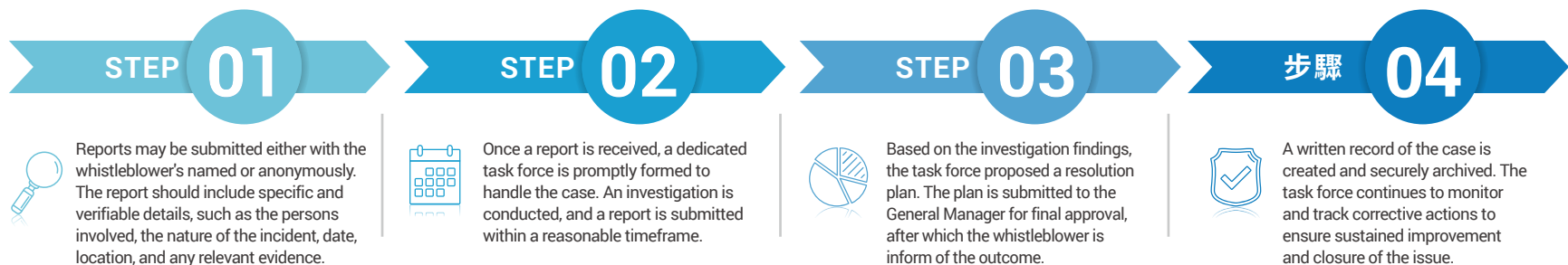
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## Whistleblower System GRI 2-25、2-26

Phihong conducts its business based on the principles of integrity and honesty, in full compliance with the laws and ethical standards of the jurisdictions in which it operates. To further strengthen regulatory compliance and corporate governance, Phihong has adopted the "Board Meeting Rules" to govern conflict-of-interest avoidance within the board operations. and the "Business Ethics and Conduct Guidelines" to guide employees in preventing conflicts of interest. A stakeholder grievance mechanism has also been established. The Audit Office Manager, who reports directly to the Board of Directors, serves as the designated contact person responsible for receiving, processing, and responding to stakeholder complaints. This mechanism reflects the Company's commitment to integrity management and its proactive approach to stakeholder engagement.



### ● Stakeholder Complaint Channel

Phihong has established a formal reporting channel for stakeholders. The Manager of the Audit Office, under the Board of Directors, serves as the designated contact person responsible for receiving and handling complaint cases and reporting investigation results to the relevant supervisors. The Company ensures strict confidentiality regarding the identity of the complainant and the content of the complaint. All cases are investigated and addressed proactively. If any individual is found to have violated professional ethics or relevant codes of conduct, complaints can be submitted through the following contact information.

Contact number : +886-3-327-9008 ext. 1340

Email : Charles\_Wang@phihong.com.tw

### ● Channels for Reporting Illegal, Unethical, or Dishonest Conduct

Employees may report suspected misconduct through the Audit Office's designated internal reporting channels, including the internal hotline (extension 1340) or via email at Charles\_Wang@phihong.com.tw.

### ● Internal Control Measures

To strengthen internal control management, Phihong conducts regular internal audits and related education and training programs. The "Code of Ethical Conduct" is promoted annually to ensure that directors, managers and employees fully understand and comply with the Company's integrity standards. To reinforce awareness of integrity and self-discipline, new employees are required to sign the Acknowledgement Form for the Business Ethics and Conduct Guidelines upon onboarding. In addition, all employees must sign the "Intellectual Property Rights and Confidentiality Agreement" to emphasize the importance of ethical and responsible business conduct.

### ● Grievance Handling Status in 2024

No grievance cases were reported at any of Phihong's facilities during 2024.



## Compliance with Laws (GRI 2-27、206-1、406-1、409-1、417-1、417-2、417-3、418-1) (SASB RT-EE-250a.1、RT-EE-250a.2、RT-EE-510a.1、RT-EE-510a.2、RT-EE-510a.3)

Compliance with laws and regulations is a fundamental requirement of corporate governance. Phihong places great importance on ensuring that both the Company and all employees adhere to all applicable laws and regulations. Each year, we periodically reinforce internal awareness of ethical standards related to business conduct, corporate governance, and personal integrity. In line with the principle of integrity, Phihong is committed to strict compliance with the laws and regulations of the jurisdictions in which it operates. This reflects Phihong's role and responsibility as a global corporate citizen. The Taiwan headquarters has established a Legal Affairs Office to assist employees in clarifying various legal issues. If any employee is found to have violated applicable laws, occupational safety regulations, labor contracts, or code of business ethics, Phihong will take appropriate disciplinary actions in accordance with relevant laws and internal policies.

Scope	Description	Management Mechanism	2024 Implementation Results
<b>Violation of Social and Economic Regulations</b>	Penalties imposed for violations of social and economic-related laws or regulations.	A mechanism is in place to track amendments to social and economic regulations. Significance legal changes that may impact operations are promptly identified, enabling timely adjustments to internal policies and systems to reduce the risk of legal violations and penalties while enhancing compliance benefits internally.	<ul style="list-style-type: none"> <li>➔ There have been no significant revisions to social and economic regulations directly impacting company operations.</li> <li>➔ The Company has not faced any penalties for violating social and economic regulations related to its operations.</li> </ul>
<b>Environmental Protection</b>	Penalties imposed for violations of environmental laws and regulations related to the Company's products, services, or marketing practices.	A tracking mechanism monitors amendments to environmental regulations related to products, services, and marketing activities. This ensures timely updates to internal policies and systems, mitigating risks of noncompliance and penalties while improving internal environmental law compliance.	<ul style="list-style-type: none"> <li>➔ There have been no significant revisions to environmental regulations directly impacting company products, services, and marketing activities.</li> <li>➔ The Company has not faced penalties for violating relevant environmental regulations in its products, services, or marketing activities.</li> </ul>
<b>Anti-Corruption and Anti-Bribery</b>	Financial, reputational, or image damage suffered due to employee corruption; losses resulting from the termination of cooperation by customers or business partners due to violation of anti-corruption policies.	<ol style="list-style-type: none"> <li>1. The Audit Office annually conducts corruption-related risk assessments covering 100% of operational locations, including the Linkou Headquarters, Zerova, Phihong (Dongguan), and Phihong (Vietnam), based on employment contracts, Employee Codes of Conduct, procurement procedures, and vendor Integrity Commitment Letter.</li> <li>2. Business ethics, corporate governance, and employee conduct standards are also periodically reinforced through internal communications and training.</li> </ol>	<ul style="list-style-type: none"> <li>➔ Risk reports identified key corruption risks, primarily involving inappropriate gifts, cash, or entertainment expenses in exchange for procurement benefits such as goods, services, or favorite bidding conditions.</li> <li>➔ Relevant departments periodically reinforced anti-corruption policies. No reports or incidents involving employee corruption or bribery occurred.</li> </ul>
<b>Anti-Competitive Behavior</b>	Involvement in anti-competitive behavior, antitrust violations, or monopolistic practices.	All business activities comply with applicable competition laws. Unfair competitive practices, such as price fixing, bid rigging, quota restrictions, and monopolistic abuse of market dominance are strictly prohibited.	<ul style="list-style-type: none"> <li>➔ There were no incidents involving anti-competitive, anti-trust, or unfair trade practices.</li> </ul>
<b>Prohibition of Child Labor, Anti-Discrimination, and Forced Labor</b>	Penalties imposed for violations of local labor laws regarding minimum employment age; penalties related to forced labor or inhumane treatment of employees.	Before hiring, effective measures are taken to verify applicants' age through official identification. Comprehensive training on human rights and occupational safety is provided to enhance employee awareness and legal compliance.	<ul style="list-style-type: none"> <li>➔ The Company verified employee identity prior to hiring and executed labor contracts with clearly defined rights and obligations. Periodic training on human rights and occupational health and safety was provided.</li> <li>➔ No significant violations of labor regulations, penalties, or legal proceedings occurred in 2024. Furthermore, no instances of child labor, employment discrimination, and etc.</li> </ul>
<b>Product Liability and Marketing Label</b>	No violations of health and safety regulations occurred during the life cycle of products and services.	Product safety and compliance with relevant health and safety regulations. are ensured throughout the design and manufacturing stages. Trademark labeling complies with applicable laws and standards.	<ul style="list-style-type: none"> <li>➔ No large-scale product recalls related to serious injuries or fatalities occurred. No legal disputes regarding product safety resulted in financial loss.</li> <li>➔ The Company did not receive any fines or warnings for violations of laws or voluntary agreements.</li> </ul>
<b>Protection of Customer Privacy and Intellectual Property Rights</b>	Disclosure of customer privacy or intellectual property caused by human error or inadequate hardware protection.	New employees receive training on trade secrets and intellectual property protection. All contracts with customers explicitly include confidentiality clauses, requiring recipients to protect disclosed business secrets and not disclose them to third parties. Information security risk control and management of personal data and confidential documents are continuously strengthened.	<ul style="list-style-type: none"> <li>➔ In 2021, a trade secret theft was identified by the Information Security Department and promptly reported to the authorities. A special report was submitted to the Board of Directors, and the offender was sentenced in July 2024 under the Trade Secrets Act.</li> <li>➔ In 2024, there were no claims of breach of contract due to the disclosure of customer trade secrets or personal information.</li> </ul>

## 2.3 Risk Management

### Risk Governance Structure

To enhance the Company's operational resilience and support sustainable development, Pihong has established a risk governance structure, with the Group's General Manager serving as the Chief Executive. Through a cross-functional framework, the Company has developed a systematic operating mechanism for managing risk-related matters. In accordance with the Risk Management Manual, risk identification and assessments are conducted across environmental, social, and corporate governance (ESG) topics relevant to business operations. The implementation status and results are reported to the Board of Directors annually to ensure board oversight of the effectiveness and execution of the risk governance mechanism.

The scope of risk governance covers all companies within the Group. Governance members consists of the highest-ranking executives from each business unit, while designated personnel from these units are responsible for executing daily risk management tasks.

### Risk Management Policies and Targets

Pihong has established and continues to improve an effective risk management system to fulfill its commitments to customers, protect shareholder interests, ensure a safe and healthy working environment for employees, and advance sustainable operations. For the full policy, please refer to [the Company's Risk Management Manual](#).

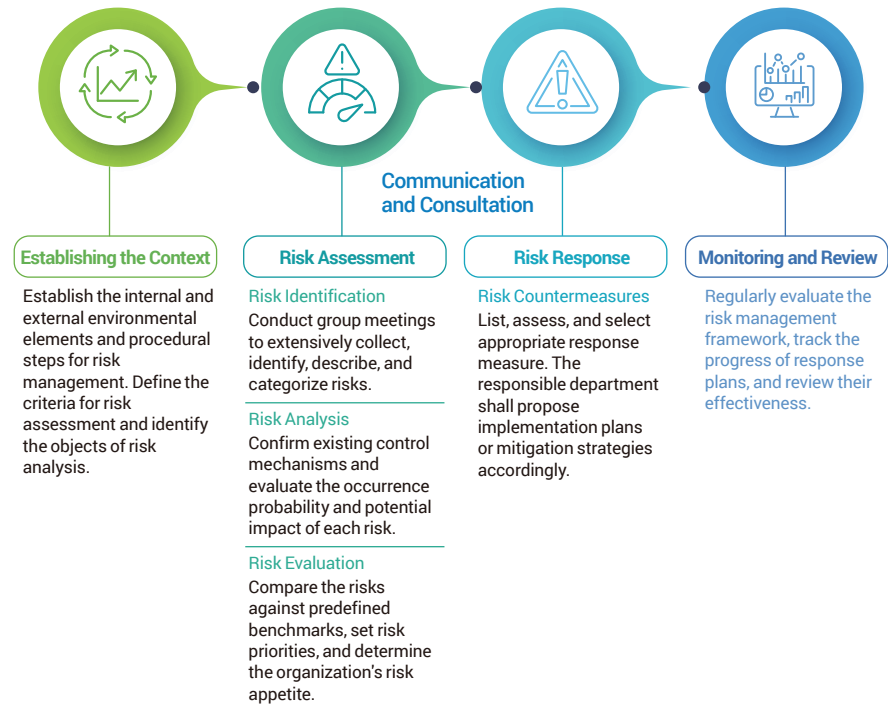
#### Risk Management Targets



### Risk Management Procedures

#### Risk Identification and Monitoring

Pihong identifies and assesses potential risks and impacts arising from both internal and external environments. In 2024, the Company identified ten key risks across areas such as operations, technology, information security, facilities, supply chain, finance, and human resources. Compare to the previous year, global geopolitical risks and macroeconomic risks were additionally recognized. For each identified risk, Pihong has formulated specific impact response and mitigation measures and designated responsible personnel to oversee their execution. In addition, the Company has established a structured set of procedures, covering early warning, contingency planning, crisis management, and recovery operations. These mechanisms are designed to ensure business continuity and reinforce the Company's ability to operate sustainably.





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Aspect	Type of Risk	Impact on Operations	Mitigation Measures	Business Opportunities
 Environmental (E)	Power and Water Disruptions	Disruptions in electricity and water utilities affect normal operations.	<ul style="list-style-type: none"> <li>Develop emergency response plans to mitigate the impact of power and water disruptions.</li> <li>Install generators, uninterruptible power systems, and assess the introduction of energy storage facilities.</li> <li>Establish in-factory water storage and external water support mechanisms; implement water and energy conservation measures.</li> </ul>	Accelerate improvements in energy and resource efficiency, adopt renewable energy, and establish emergency mechanisms for energy and resource management.
	Environmental and Climate Change Risks	Greenhouse gas emission management. Energy resource management Pollution control including air, water, waste, toxic substances, and noise.	<ul style="list-style-type: none"> <li>Monitor international environmental trends and development protection strategies aligned with operational needs.</li> <li>Conduct disaster prevention monitoring and drills to strengthen emergency response and recovery capabilities.</li> <li>For specific impacts and response strategies, please refer to the "Climate Change Risks and Opportunities" section.</li> </ul>	For potential opportunities, please refer to the "Climate Change Response" section.
 Social (S)	Threat of Major Infectious Diseases	Infectious disease outbreaks may prevent employees from reporting to work and delay material deliveries, causing production line stoppages and failure to meet customer demands.	<ul style="list-style-type: none"> <li>Activate epidemic prevention structure and SOP mechanisms to ensure employees safety and resume operations.</li> <li>Implement remote and off-site working arrangements to mitigate risks.</li> <li>Strengthen supply chain partnership and jointly enforce epidemic prevention measures.</li> </ul>	Restore normal production swiftly and prudently to demonstrate crisis management capabilities, build customer trust, and capture additional business opportunities.
	Occupational Safety Risks	Occupational injuries and public safety incidents disrupt operations and may cause personnel and property losses, potentially leading to factory shutdowns depending on the severity.	<ul style="list-style-type: none"> <li>Identify occupational hazard factors and reduce employee exposure.</li> <li>Raise daily safety awareness and conduct drills; initiate task forces during emergencies or incidents.</li> <li>Strengthen labor-management dialogue and promote harmonious relations.</li> <li>Conduct regular employee health check-ups.</li> </ul>	Reduce and prevent occupational accidents, ensure the safety of personnel and property, and enhance stakeholders' confidence in business continuity.
 Corporate Governance (G)	Global Geopolitical Risks	Political conflicts and instability pose potential threats to operations and the supply chain, including labor market turbulence, exchange rate fluctuations, and currency devaluation.	<ul style="list-style-type: none"> <li>Regularly review geopolitical issues related to operations in Mainland China and partner sites.</li> <li>Develop a command system and production transfer plans; coordinate with key customers.</li> </ul>	Strengthen supply chain resilience, reduce reliance on a single country or supplier, and evaluate partnerships with suppliers in politically stable countries.
	Macroeconomic Risks(Market Demand)	In 2024, global economic downturn risk intensified, particularly as the U.S. and Europe markets showed negative growth momentum and persistent weakness, impacting overall corporate sales.	<ul style="list-style-type: none"> <li>Maintain regular communication with customers regarding sales forecasts.</li> <li>Review capital expenditures and control factory production costs.</li> </ul>	Consolidate and expand core competitiveness, highlight differentiated advantages, and take the lead in advancing dual transformations in green, low-carbon products and the circular economy.
	Ethical Risks	Violations of integrity and conduct principles may result in company losses. In 2024, corruption risk assessment at various plant identified major risks in procurement, such as the acceptance of improper gifts or monetary benefits and the exchange of hospitality expenses for preferential treatment.	<ul style="list-style-type: none"> <li>Require new employees at Pihong to complete training on "Business Ethics and Conduct Guidelines" and to sign an acknowledgment upon completion.</li> <li>Promote the importance and practice of ethical management through periodic education and company-wide advocacy.</li> </ul>	Adhere to the Business Ethics and Conduct Guidelines, and implement integrity-based management across the organization.
	Information Security Risks	Information leaks, data theft, sabotage, or damage from natural disasters may lead to abnormal system performance, disrupt internal and external communications, result in operational losses, and damage the Company's reputation.	<ul style="list-style-type: none"> <li>Conduct biannual off-site data recovery drills to ensure rapid system restoration in case of disasters.</li> <li>Maintain redundant telecom lines for uninterrupted operations. Strengthen encryption and password management.</li> <li>Conduct training to enhance awareness of information security and compliance.</li> </ul>	Build a highly reliable information security management system to prevent communication disruption, data loss, and breaches, thereby earning the trust and support of all stakeholders.
	Financial Risks	<ul style="list-style-type: none"> <li>Changes in interest and exchange rates impact financial income and expenses, affecting leverage and inflation exposure.</li> <li>Tariff barriers may reduce customer orders, increase production costs, and disrupt the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate interest rate exposures and the impact of floating rates.</li> <li>Hedge exchange rate risks naturally; invest short-term funds in safe, liquid, and principal-protected instruments. Avoid high-risk and leverage investments.</li> <li>Improve cash flow through asset disposals and financing.</li> <li>Expand production in Vietnam to reduce trade tariff impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Manage the impact of interest rate and exchange rate fluctuations on assets and cash flow to maintain stable financial operations.</li> <li>Strengthen operational and production flexibility, expand partnerships across the supply chain, and enhance long-term sustainability.</li> <li>Align with government incentives to reinforce R&amp;D and technology capabilities at the Taiwan headquarters and expand production capacity beyond China.</li> </ul>
	Supplier Risks	Inability of suppliers to deliver raw materials on time affects normal operations and shipping schedules.	<ul style="list-style-type: none"> <li>Review inventory management and implement a "timely material supply alert system."</li> <li>Set up alternative supplier mechanisms to ensure supply stability.</li> <li>Regularly audit suppliers' BCP and support their risk management capability.</li> </ul>	Strengthen sustainable partnerships with suppliers to meet customer needs and expectations, fostering mutual growth and shared success.



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## Organizational Risk Early Warning

Pihong closely monitors changes and risks in both domestic and international business environments. We strictly comply with government regulations and internal policies, and continually strengthen risk control mechanisms. The specific measures are as follows:

### Financial Risk Control

The Company adheres to the principle of prudent management and refrains from engaging in high-risk or high-leverage investments. To manage exchange rate risks, we adopt a natural hedging strategies and reduce exposure by securing U.S. dollar-dominated borrowings. Short-term idle funds are primarily invested in liquid, principal-protected bank financial products and fixed-term deposits that balance safety and returns. In addition, to ensure the stability of working capital and long-term capital expenditures, we secure funding through private placements of common stock, the issuance of five-year fixed-rate corporate bonds, and credit facilities from financial institutions.

### Operational Risk Control

Recognizing the potential impact of natural disasters and unforeseen incidents on production and employee safety, Pihong adopts proactive prevention and management strategies. We rigorously implements risk management plans and safety protocols to uphold the highest safety standards within the power supply industry.

To mitigate the effects of emergencies such as fires, earthquakes, typhoons, water and power outages, armed conflicts, political unrest, terrorist attacks, food poisoning, statutory infectious diseases, and environmental pollution, the Company has established a comprehensive response mechanism that enables rapid recovery of operations. These measures help minimize financial losses for both the Company and its clients, protect our corporate reputation, and ensure employee safety. Additionally, we also mitigate operational risk through comprehensive insurance planning and consistent insurance premiums, thereby minimizing potential losses and supporting the Company's stable development.

## 2.4 Information Security

Pihong continuously enhances its information security management framework and strengthens protection capabilities through the Information Security Management Committee. The Committee promotes and implements a range of information security management measures to safeguard the Company's intellectual property and customer data, raise employee awareness, and strengthen risk control mechanisms across the organization.

### Information Security Strategy and Governance

To ensure the confidentiality, integrity, and availability of its information assets, Pihong introduced an Information Security Management System (ISMS) by the end of 2023 and obtained ISO/IEC 27001:2022 certification in October 2024. By applying the Plan-Do-Check-Act (PDCA) cycle, the Company continuously refines its security measures, implements information security policies, strengths employee awareness, and adopts advanced cybersecurity technologies. These efforts help mitigate operational and financial risks related to information security threats, enhances the Company's overall resilience, and build customer trust.

#### Information Security Risk Management

- Information Security Risk Identification and Assessment
- Information Security Risk Management and Countermeasure Formulation
- Compliance with Information Security Laws and International Standards

#### Multi-Layered Information Security Protection

- Personnel and Physical Security
- Account and Privilege Management
- Information Security Monitoring and Operations
- Network Security
- Endpoint Security
- Data Security
- Cloud Security



#### Review and Continuous Improvement

- Review and Improvement of Information Security Measures
- Information Security Training and Awareness Promotion
- Monitoring of Information Security Threats and Technological Advancements

#### Monitoring of Information Security Management Effectiveness

- Continuous Information Security Monitoring
- Quantitative Assessment of Information Security Metrics
- Information Security Threat Simulation Exercise
- Certification Achieved Through External Information Security Audit







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Sustainable Development



**Operational Governance**



Innovation



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Environmental Protection



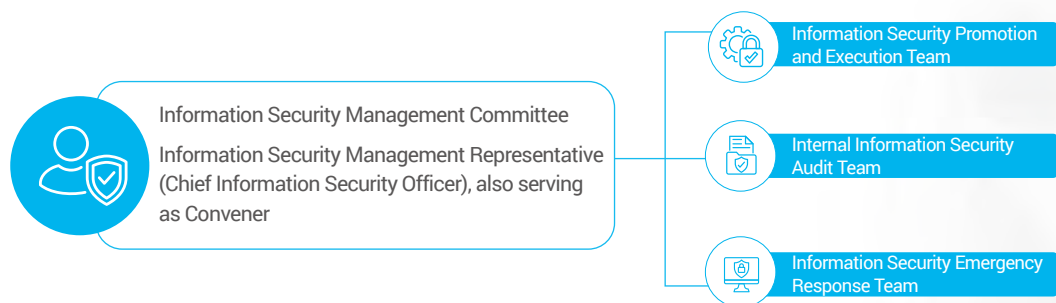
Social Inclusion



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## Information Security Policy and Organization

To ensure the confidentiality, integrity, and availability of information and related assets, and to comply with regulatory requirements, Phihong has introduced an information security management mechanism. This mechanism is designed to prevent unauthorized access, use, leakage, or destruction of information systems, thereby safeguarding business operations, product and customer data, and personal privacy. Phihong established the Information Security Committee in 2021, with the General Manager serving as the Chief Information Security Officer. In 2023, the Company further established the Information Security Department, which is responsible for formulating and overseeing information security policies and promoting related projects. The Information Security Committee assesses risks and implements protective measures through regular management review meetings and reports governance outcomes to the Board of Directors annually. The committee comprises the "Information Security Management Representative" (Chief Information Security Officer), the "Information Security Promotion and Execution Team," the "Internal Information Security Audit Team," and the "Information Security Emergency Response Team," which collectively work to uphold the Company's information security.



## Information Security Management Measures

Management Aspect		Management Measures
Govern	(GV)	Monitor and evaluate information security strategies and practices to ensure compliance, continuously improve information security management, and safeguard the organization's information security targets.
Identify	(ID)	Identify information security risks, resources, and requirements, conduct risk assessments, formulate strategies and policies, and establish a foundation for information security governance.
Protect	(PR)	Implement security controls to protect resources from unauthorized access, perform encryption and configuration management, and prevent information security incidents.
Detection	(DE)	Deploy detection tools to monitor system anomalies, collect logs and monitoring data, and quickly identify potential information security threats.
Respond	(RS)	Respond promptly to information security incidents, establish an incident response plan, reduce losses, and effectively manage such events.
Recover	(RC)	Restore business operations and data, implement a disaster recovery plan, and ensure rapid rebuilding and continuity following an incident.

## Information Security Implementation Result

Management Category	2024 Implementation Status	Management Aspect
<b>Information Security Management System (ISMS) and Audit Mechanisms</b>	<p>Phihong implemented and obtained ISO 27001:2022 Certification in 2024, establishing a comprehensive Information Security Management System (ISMS) to enhance its information security framework and meet the requirements of customers and stakeholders. Key measures include:</p> <p>ISO 27001:2022 Implementation and Execution: Established the ISMS in accordance with the international standards and continuously improved it through the PDCA cycle to reduce information security risks.</p> <ul style="list-style-type: none"> <li>Information Security Policy and Document Management: Formulated and revised 12 information security management documents in 2024 to ensure the system meets actual operational needs.</li> <li>Execution and Auditing: Conducted regular internal and external audits to ensure compliance with information security standards and drive continuous optimization.</li> <li>Certification and Maintenance: Obtained ISO 27001:2022 certification in October 2024 and continued to maintain the ISMS to ensure regulatory compliance and build customer trust.</li> </ul> <p>These actions enhanced the Company's information security management and ensured the stability of information and business operations.</p>	(GV) (ID)
<b>Stricter Account and Authentication Management</b>	<p>Enhancing Account and Authentication Management: Increased password length and complexity, and implemented periodic update requirements to strengthen account security.</p> <ul style="list-style-type: none"> <li>AD Account Protection Platform: Enhanced the management and monitoring of Active Directory (AD) accounts, including privileged and service accounts, to ensure account protection.</li> <li>Company-wide Implementation of MFA: Introduced multi-factor authentication (MFA) across all company systems, incorporating biometric technologies to mitigate the risk of weak passwords and improve account security, authentication efficiency, and overall protection strength.</li> </ul>	(PR)
<b>Strengthened Endpoint Device Management</b>	<ul style="list-style-type: none"> <li>Operating System Upgrades and Security Patching: Fully upgraded operating systems and conducted regular updates and security patches to reduce system vulnerabilities and ensure endpoint stability and security.</li> <li>Deployment of Asset Management Tools: Deployed asset management tools across all endpoint devices to strengthen control over operating systems, software versions, and network usage, thereby enhancing device security and data protection.</li> <li>Introduction of Antivirus and Endpoint Detection Software: Implemented antivirus software and endpoint detection systems on all endpoint devices to defend against malware, intrusion attempts, and other cyberattacks, enhancing the level of information security protection.</li> </ul>	(PR) (DE)
<b>Information Security Alerts and Employee Awareness Enhancement</b>	<ul style="list-style-type: none"> <li>Threat Intelligence Notification: Proactively notified relevant units through government and various intelligence sources to help prevent information security incidents.</li> <li>Information Security Training : <b>Developed internal materials and videos covering ISO 27001 procedural requirements, emerging security trends, and phishing email identification and prevention. All employees were required to complete two hours of training annually to enhance information security awareness.</b></li> <li>Social Engineering Drills: Regularly conducted simulated phishing attacks and incorporating real-world scam techniques to improve employees' awareness of malicious emails. In 2024, a total of eight drills were carried out, with supplementary training provided to those who mistakenly clicked to strengthen response capabilities.</li> <li>Security Awareness Promotion: Updated information on security trends and major incidents daily, and held Information Security Month activities to raise employee awareness and strengthen preventive capabilities.</li> </ul>	(PR)
<b>System Vulnerability Detection and Remediation</b>	<ul style="list-style-type: none"> <li>Internal Vulnerability Scanning and Patching: Conducted weekly scans of internal systems and network environment, and developed and executed corresponding patching plans.</li> <li>External Threat Intelligence and Vulnerability Remediation: Leveraged external security intelligence to identify potential vulnerabilities and implemented patching and upgrades for devices, systems, and software to enhance system security.</li> </ul>	(PR) (DE)
<b>Network Security Enhancement</b>	<ul style="list-style-type: none"> <li>Strengthen the firewall backup mechanism: Upgraded to 24/7 service level to enhance fault tolerance and reduce the risk of operational disruption.</li> <li>Firewall Security Strategy Optimization: Conducted regular reviews and adjustments of firewall policies to strengthen network security protection.</li> <li>SIEM System Implementation: Deployed a Security Information and Event Management (SIEM) system that integrates EDR, NDR, firewall logs, and threat intelligence to enable automated detection, alerts, and response actions.</li> </ul>	(PR) (DE) (RS)
<b>Software Development Security</b>	<ul style="list-style-type: none"> <li>Implementation of Version Control Systems: Adopted version control tools such as Git and SVN to ensure the integrity, traceability, and security of source code, reducing the risk of unauthorized changes.</li> <li>Enhanced Code Security Testing: Utilized source code analysis tools to regularly perform Static Application Security Testing (SAST), identifying and remediating potential vulnerabilities such as SQL injection and XSS attacks.</li> <li>Account and Privilege Management: Reinforced access control and credential management within the CI/CD process to ensure secure separation of development, testing, and production environments, preventing unauthorized operations.</li> </ul>	(PR)
<b>Information Security Incident Reporting and Management</b>	<p>In accordance with the Company's information security incident management procedures, any information security incident must be reported immediately and addressed promptly to ensure timely recovery of operations. Phihong has implemented an Advanced Persistent Threat (APT) monitoring system and engaged external cybersecurity experts to support internal teams. This setup enables faster alert recognition and incident handling, thereby significantly enhancing the efficiency of detection and response.</p>	(RS)
<b>Business Continuity Management and Disaster Recovery Drills</b>	<p>To ensure business continuity and reduce the risk of service disruption during major disasters, Phihong conducts an annual full-scale recovery drill for its core systems to validate the ability to resume operations promptly. In addition, the Company regularly tests the readability of backup data, availability of storage media, and the restoration process to verify the reliability of backup mechanisms. These measures help ensure effective disaster recovery, maintain business continuity, and mitigate operational risks.</p>	(RC)



# 03

## I Innovation

- 3.1 Research and Innovation
- 3.2 Circular Economy
- 3.3 Green Design





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## Annual Performance



### Research and Innovation

- Developed a GaN-based power supply that reduces charging time by over 50% and decreases product size by one-third.
- Received the Innovation Award at CES 2024 in the United States for the "iXCharger 65W."
- Achieved an automation rate of 84.62% for standard product models.



### Circular Economy

- The materials used are 100% recyclable.
- Recycled up to 87.3% of electricity used during testing by introducing energy recovery cabinets and feeding the power back into the grid.
- Enhanced packaging protection and durability through snap-lock designs, enabling reuse for over three cycles and reducing packaging use by more than 6,000 sets annually.



### Green Design

- Disclosed product carbon footprints for one power supply product (externally certified) and one AC and one DC charging station product (self-declared).
- Achieved over 20% carbon reduction with a third-generation GaN-based machine tool charger.

## Material Topics and Target Management

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Practice
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Innovation and R&D	Product carbon footprint implementation	Introduce carbon footprint inventory	Disclosed product carbon footprints for one power supply product (externally certified) and one AC and one DC charging station product (self-declared).	Complete carbon footprint inventory for 2 products	Establish a component carbon emission database	Integrate Bill of Materials (BOM) with the carbon emission database	Goal 12 Responsible Consumption and Production







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## 3.1 Research and Innovation

### Green Innovation for a Sustainable Future

The global push for net-zero carbon emissions has accelerated investment in green energy. Phihong has maintained a long-term focus on developing high-efficiency power supplies, while its subsidiary, Zerova offers fully customized electric vehicle (EV) charging solutions that integrate both software and hardware. These innovations support the advancement of next-generation charging modes and contribute to the global adoption of EVs, moving toward a green and sustainable future.

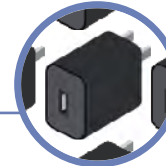
Building on its existing power product portfolio, the Phihong Intelligent Power Business Group continues to expand its capabilities in high-performance power products to meet the evolving needs of both customer and the environment. Key offerings include high-efficiency compact adapters, smart battery chargers, PD (Power Delivery) power applications and system planning, jobsite radios, home-use medical devices, aesthetic medical equipment, robotics, and electric bicycles, serving a wide range of industries.

### Product Categories



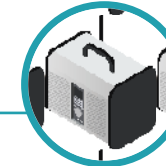
#### PoE (Power over Ethernet) Solutions

- IEEE802.3
- Standard and Passive Injectors
- Midspan Devices
- Splitters
- Extenders



#### SMPS (Switching Mode Power Supply)

- 1W -1kW
- General Chargers
- Type-C PD Chargers
- Battery Chargers
- Medical Power Solutions
- Industrial Power Solutions



#### Jobsite Radios

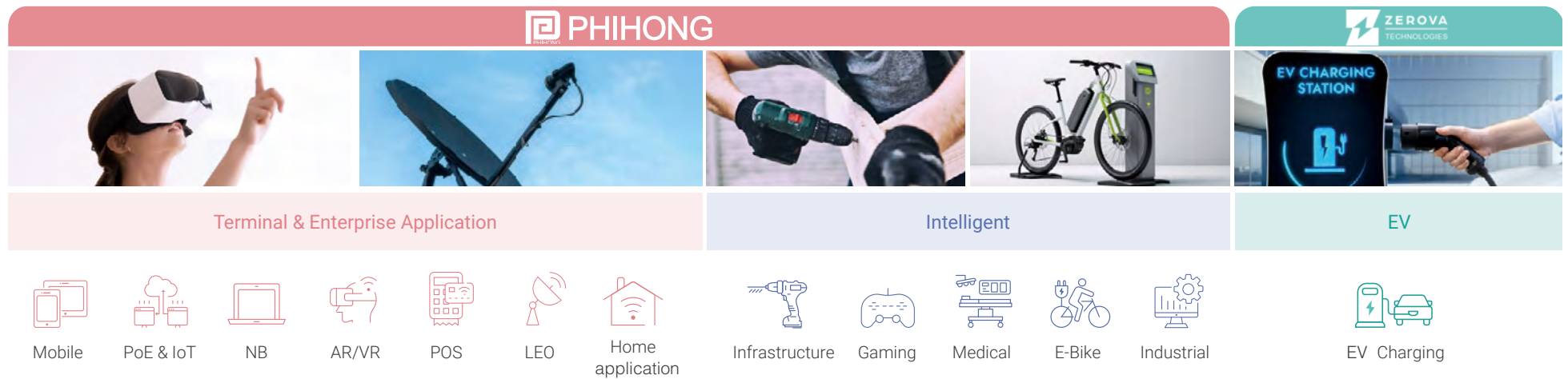
- Bluetooth Speakers
- Radio Systems



#### EV Charging Solutions

- 15kW -480kW
- AC Charging Piles
- DC Fast Charging Piles
- DC Ultra-Fast Charging Piles

### Product Applications



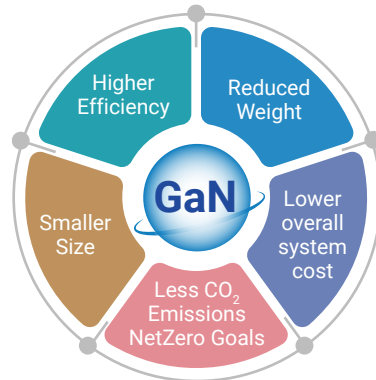


## Green Revolution: Advancing the Core Value of GaN Technology

Gallium nitride (GaN) has emerged as a revolutionary technology in the field of power electronics in recent years. With key advantages such as low conduction resistance and high switching speed, GaN enables the development of more compact and efficient power converters and motor drivers, generating a significant impact across industries ranging from consumer electronics to renewable energy.

At Computex 2024, Pihong showcased a series of PD fast-charging power supplies featuring GaN technology. These products reduce charging time by over 50% and reduce size by one-third, resulting in a more compact and lightweight design. In parallel, Pihong integrates environmental sustainability into product design and manufacturing by streamlining production processes and improving energy conversion efficiency, thereby effectively reducing carbon emissions in line with the Company's sustainability goals.

Pihong also formed a strategic alliance with Vinpower Digital to jointly launch the "iXCharger 65W", a dual-function charger that integrates high-speed 65W fast charging with a built-in 1.5TB storage capacity. The product received the Innovation Award at CES 2024, reflecting its outstanding performance among global consumer electronics and recognition of its seamless integration of design and engineering excellence. Beyond technological innovation, the iXCharger 65W reflects Pihong's commitment to sustainability. Its multi-functional design helps reduce the need for additional electronic devices, supporting environmental goals. The product also aligns with the European Union's 2024 policy establishing Type-C as the universal charging standard, and is fully designed with Type-C compatibility. This combination of sustainability, convenience, and safety has earned the iXCharger 65W strong market recognition. Looking ahead, Pihong remains committed to sustainable development. The Company will continue to drive green technology innovation, promote harmony between business, society, and the environment, build a green supply chain, and ensure products compliance with international environmental standards. These efforts aims to deliver smarter and more sustainable charging experiences for users worldwide.



## High-Power Fast Charging Solution for E-Bikes GRI 302-5

For high-end electric bicycles that adopt higher-output motors, lithium battery capacity has also increased significantly. Although Pihong's existing 546W lithium battery charger can support batteries ranging from 500Wh to 1.3kWh, its size and weight are limited by the original circuit architecture and traditional semiconductor components. This makes it inconvenient for users to carry while traveling, and therefore the product is mainly used at fixed charging stations. To address this issue, Pihong has developed a new 530W high-power and high-efficiency charger that adopts a more efficient active-bridge architecture. The power factor correction (PFC) circuit also incorporates third-generation silicon carbide (SiC) power semiconductors. The key advantage of SiC lies in its ability to significantly reduce high-frequency switching losses while maintaining stable performance under high temperatures, which helps improve overall thermal design. Compared to the original 546W model, the new 530W charger has reduced its volume by approximately 35% and its weight by about 45%. These improvements contribute to energy savings and carbon reduction during transportation, aligning with Pihong's sustainability goals.



The 530W and 546W models feature significantly reduced volume and weight

## A Comprehensive EV Charging Solution

Amid the global green industry revolution triggered by climate change, EVs have become an irreversible development trend. Zerova offers a wide range of charging station configurations with flexible customization services tailored to different usage scenarios. Its AC and DC charging solutions cover large-scale charging systems, heavy-duty vehicle charging technologies, innovations in water-cooled charging, and the development of V2H and V2G products. In 2024, Zerova launched several new-generation charging products, including standalone DC charging stations and advertising chargers equipped with 50-inch 4K displays. Meanwhile, high-power chargers rated at 480kW and 720kW can be integrated into a combined cabinet design to form a unified charging station. These systems enable multi-vehicle simultaneous charging through Zerova's dynamic intelligent distribution software, effectively improving charging efficiency. As the world progresses toward net-zero goals, Zerova remains committed to delivering comprehensive EV charging technologies. By focusing on green energy as its core, the Company continues to drive the upgrade of global charging infrastructure and work closely with partners to foster a low-carbon and sustainable future, contributing concrete solutions to global energy transition.



Dynamic intelligent distribution design for multi-unit EV charging

## EV Product Applications



Residential Communities



Commercial and Office Buildings



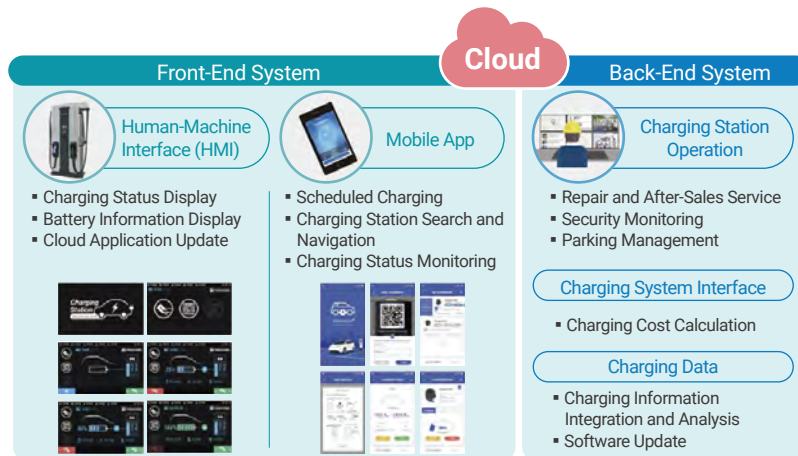
Gas Stations

## Network Security Technology Implementation

Cybersecurity for EVs is a critical foundation for advancing green transportation. Through the implementation of end-to-end encryption, multi-factor authentication, and alignment with international standards such as UN R155 and ISO/SAE 21434, we ensure both the privacy of driver data and the stable operation of charging infrastructure. These measures help reduce resource waste and operational interruptions caused by security threats. By strengthening system resilience and user trust, we support the widespread adoption and long-term development of low-carbon mobility solutions.

## Charging Station Product Safety Certification

While expanding its market presence, Zerova continues to uphold exceptional product quality in full compliance with international safety standards. In addition to obtaining VPC certification from Taiwan's Bureau of Standards, Metrology and Inspection (BSMI), Zerova's charging station products have also received multiple high-standard international certifications. These include Energy Star, Intertek, and UL certifications from the United States, as well as CE, CB, and EV Ready certifications from Europe, and JARI and TR25 certifications from Japan and Singapore, respectively. Zerova collaborates with leading laboratories such as DEKRA, CB, UL, and Intertek for testing and certification, ensuring high product quality and comprehensive after-sales service. These efforts reinforce product safety, guarantee accuracy in billing and user protection, and further enhance the application of charging solutions. As a result, Zerova helps improve the efficiency of charging station deployment.



## Global Certification Distribution Map





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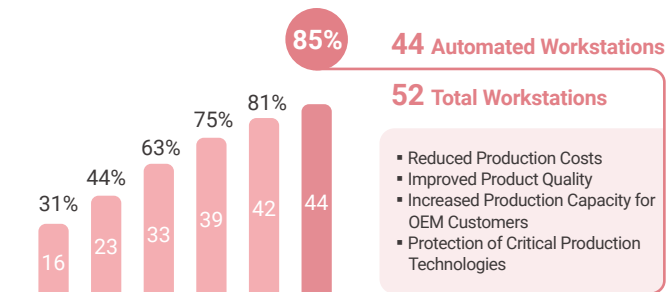
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## Smart Manufacturing and Industry 4.0

In the era of Industry 4.0, automated production has become an inevitable trend in industrial development. Its value extends beyond improving production efficiency and reducing operational costs. It also plays a critical role in strengthening overall corporate competitiveness. Through the implementation of automated systems, real-time monitoring and early warning mechanisms can be established to effectively prevent major anomalies and ensure consistent product quality. Moreover, the large amount of data generated during production, including shipment quantities and frequencies, defect locations and frequencies, and product yield rates, can be professionally analyzed to support process optimization and further enhance operational efficiency.

In recent years, Pihong has actively planned and progressively deployed automated production lines by integrating automation equipment across all stages of manufacturing. From raw material supply and assembly operations to packaging and distribution, every step is managed and controlled through systematic automation. For example, in one standard product model, 44 out of a total of 52 workstations have completed automation deployment, resulting in an overall automation rate of 84.62%. This advancement has significantly improved production efficiency and reinforced market competitiveness, successfully achieving the expected outcomes.

### Highest Level of Automation for Standard Models



## 3.2 Circular Economy

### A Comprehensive Power Product Integration

Pihong focuses on the development of a broad range of power products, including EV charging piles, power adapters, advanced USB Power Delivery (USB-PD) adapters, chargers, ISO 13485-compliant medical power solutions, open-frame power supplies, various battery chargers, high-performance and compact desktop gaming power supplies, PoE solutions, and smart home applications. In addition to delivering high-efficiency and high-quality products and services, Pihong is actively transforming to a circular economy. Building upon its foundation in power product manufacturing, the Company has evolved into a provider of comprehensive charging solutions, integrating cutting-edge technology, system-level application consulting, and full-service product delivery to offer customers end-to-end value.

#### Application of Power Supply Design with PCR Plastics

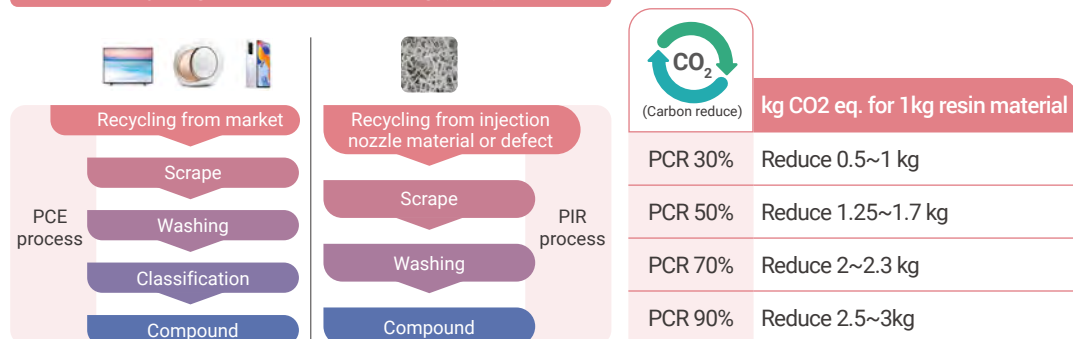
Post-Consumer Resin (PCR) refers to materials that have been recovered after consumer use and processed for reuse. These are commonly known as recycled or reclaimed materials. Pihong currently uses recyclable materials for its plastic components. Looking ahead, the full adoption of PCR plastics will require careful consideration of regulatory compliance and achieving the appropriate ratio within material formulations. Despite its environmental benefits, PCR material adoption presents several challenges. As a composite material, PCR generally exhibits lower reliability and impact resistance compared to conventional plastics. It also involves relatively higher production costs, which must be addressed during implementation. Nonetheless, the adoption of PCR materials has become an inevitable trend. Guided by its green technology vision, Pihong remains committed to advancing the application and development of PCR materials.

To progressively fulfill its environmental sustainability goals, Pihong has outlined a phased implementation plan:

2024	30%~50%	Prioritize the introduction of products containing PCR content.
2026	70%	Expand the application scope based on customer requirements and increase PCR content.
2028	↑ 90%	Further promote the use of products with over PCR content, moving toward full-scale green manufacturing.

Pihong will continue to take concrete actions to fulfill its corporate social responsibility and contribute to building a more sustainable future.

### Plastic Recycling and Remanufacturing (PCR) Process







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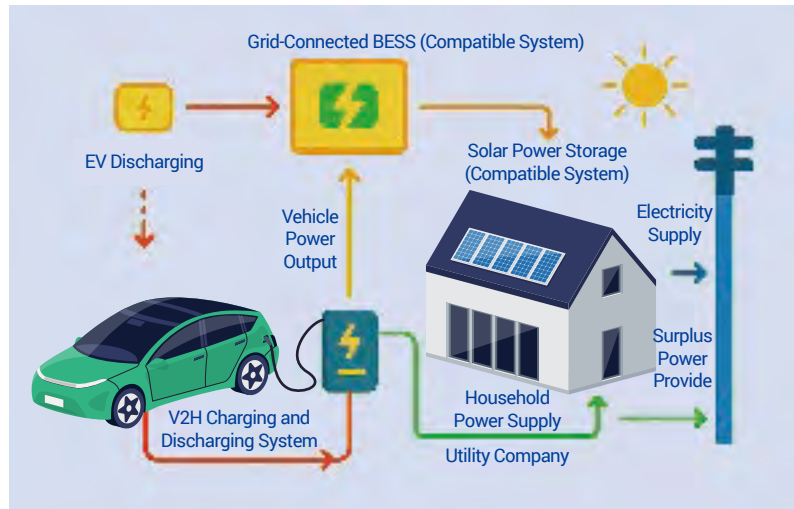
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### V2H Smart Bidirectional Charging and Storage System

Zerova is dedicated to delivering advanced power management solutions globally. In addition to developing charging technologies, we also explore how EV batteries can function not only as a power source for mobility, but also as mobile energy storage systems. By enabling energy circulation, we aim to enhance energy efficiency and support environmental protection. At the core of this initiative is our Vehicle-to-Home (V2H) bidirectional power transfer technology, which supports sustainable development and promotes energy self-sufficiency. The V2H home energy solution integrates Zerova's bidirectional charger with a Home Energy Management System (HEMS) to enable smart home energy control. This solution allows EV to not only draw power for charging but also return energy to the household grid, transforming the vehicle into a mobile storage unit capable of supplying power during peak hours or emergency situations. The key benefits and applications of V2H include:

Improve Energy Efficiency	Carbon Reduction and Sustainability	Smart Energy Management	Promotion of Green Energy Awareness	Infrastructure Upgrades
Use EV batteries as backup power during peak demand or outages to optimize household energy usage.	Integrate renewable energy sources to reduce carbon emissions and promote a green lifestyle.	Implement advanced energy dispatch systems for more flexible and autonomous electricity control.	Increase user awareness of environmental issues and encourage participation in the V2H ecosystem.	Facilitate collaboration between public and private sectors to expand bidirectional charging infrastructure and promote widespread adoption of V2H technologies.

Through this comprehensive approach, V2H enhances the energy resilience of both households and communities while driving the transition to a low-carbon economy. Looking ahead, we will continue advancing the application of V2H technology to realize the concept of EVs as virtual power plants, creating a smarter and more sustainable energy future.



Automotive Bidirectional Charging and Discharging:  
V2G / V2H Technology

### Packaging Material Reuse and Energy Recovery

The adoption of reusable packaging materials and energy recovery systems helps enhance product competitiveness while reducing environmental impact. During transportation, products must undergo multiple stages of inspection, such as pre-shipment checks, customer acceptance inspection, and post-installation verification. Each inspection stage requires unpacking, which traditionally involved the repeated use or reconstruction of single-use wooden crates. To address this issue, Zerova has introduced reusable snap-lock wooden crates that are easy to assemble and disassemble. This not only streamlines the nailing process and improves operational efficiency, but also extends the usage of each crate from a single use to 3 to 5 cycles. The reuse of crates significantly reduces material waste and contributes to the conservation forest resources. Furthermore, to address the high energy consumption associated with aging tests, the Company has implemented energy recovery cabinets. These systems recover electricity used during testing and feed it back into the power grid for reuse. This approach significantly reduces energy waste and effectively lowers electricity costs. Each charging pile can achieve an energy savings of approximately 87%. For example, during a test with a 120kW charging pile, the output power at the charging gun measured 120.2kW, while the grid-supplied power was only 15.3kW. This indicates that 105 kWh of energy was successfully recovered, resulting in a recovery rate of 87.3%.

#### Circular Economy Initiative

Action	DC Charging Pile Wooden Case Packaging	DC Test Power Recovery
Traditional Practice	Single-Use	No Recovery
Circular Economy Practice	Redesigned packaging with screws instead of nails and a snap-lock system for enhanced protection. Each crate can be reused more than three times.	Recovered test power is fed back into the grid for reuse, significantly reducing energy waste. Each charging pile can save approximately 87.3% of electricity.
Annual Benefits	Reduced the use of 6,000 wooden crates.	Recovered 315,000 kWh of electricity.





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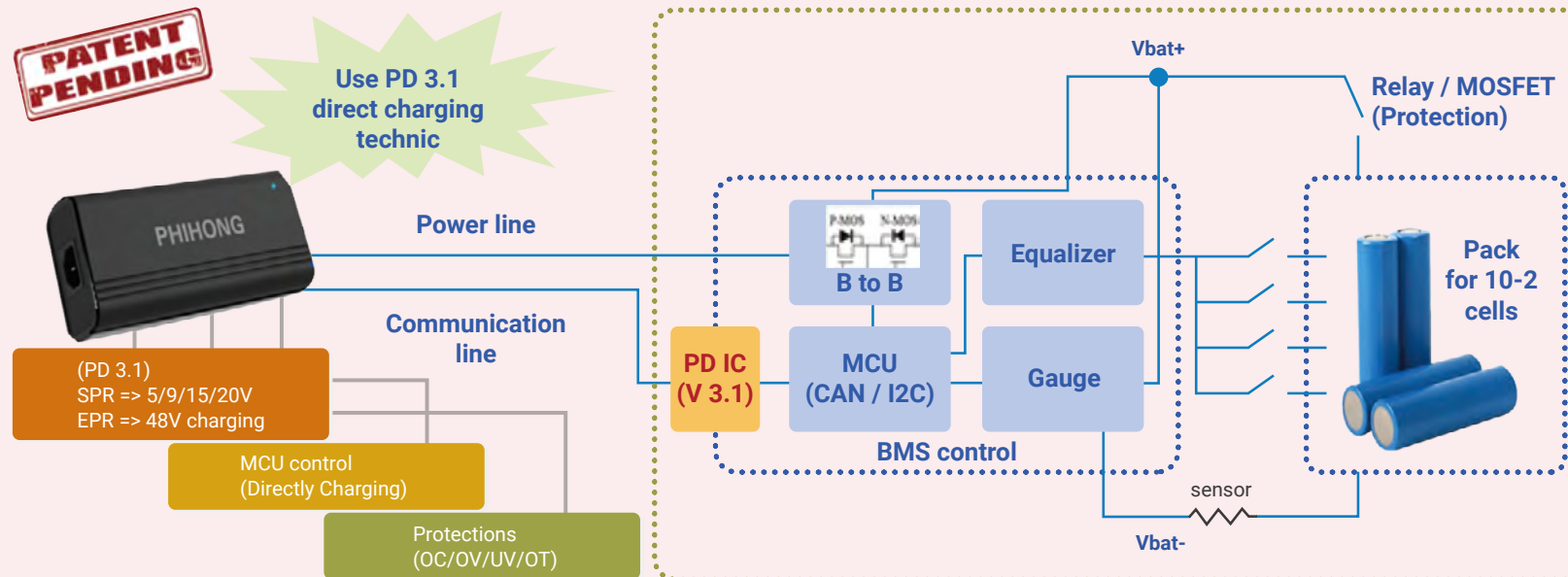
## Circular Economy for Electronic Zero Waste

According to the United Nations' "Global E-waste Monitor 2020," a total of 53.6 million metric tons of electronic waste was generated worldwide in 2019. The total volume increased by more than 20% within five years, making electronic waste from consumer devices one of the fastest-growing categories globally. To address this environmental challenge, the European Union passed a regulation in June 2022 requiring that all small electronic devices, such as mobile phones, tablets, cameras, and e-readers, adopt the USB Type-C charging standard by the fall of 2024. Larger devices, including laptops, will also be required to comply with this specification in subsequent phases.

In response to climate change and the global 2030 net-zero emissions goal, Phihong has taken proactive steps to reduce waste and accelerate the transition to a circular economy. A key achievement is the development of a universal charger that combines extensive experience in electric bicycle charging with USB Power Delivery (USB-PD) technology commonly used in mobile device chargers.

This solution supports both the PD 3.1 protocol and the specific charging parameters required by lithium batteries in electric bicycles. The charger features a USB Type-C connector and uses USB-PD protocol to identify the appropriate voltage and current for the connected device. When connected to general electronics, the charger supplies power based on standard USB-PD communication. When connected to an electric bicycle, the embedded Power Delivery Integrated Circuit (PD IC) communicates with the bicycle's system using a protocol co-defined with the manufacturer. Once compatibility is confirmed, the charger supplies the exact voltage and current needed for that battery, ensuring safe and efficient charging. However, according to the standards set by the international USB Power Delivery (USB-PD) association, the PD 3.1 protocol allows for a maximum output voltage of 48V and a maximum current of 5A. By incorporating a customized PD IC and specially designed USB cables, Phihong's universal charger can exceed these specifications and deliver up to 58.8V and 9A. This allows electric bicycle users to enjoy a safe and efficient charging experience beyond the limits of the current PD standard.

### Phihong USB Type-C PD 3.1 Direct Charging Current Design Patent Pending





## 3.3 Green Design

Guided by a commitment to green innovation, Phihong remains dedicated to delivering high-quality products and services while integrating environmental protection into its product design. Green strategies are implemented across all stages of the product lifecycle to reduce carbon footprints and enhance product value.

### Green Design Across the Product Lifecycle

Raw Material Sourcing and Selection	<ul style="list-style-type: none"> <li>Promote local sourcing to reduce carbon emissions from raw material transportation.</li> <li>Collaborate with supply chain partners to promote environmental sustainability and prohibit the use of conflict minerals.</li> <li>Select raw materials that comply with international environmental regulations and adopt a hazardous substances management system.</li> </ul>
Product Research and Development	<ul style="list-style-type: none"> <li>Develop innovative products to improve recyclability and increase the rate of material reuse.</li> </ul>
Product Manufacturing	<ul style="list-style-type: none"> <li>All plants are ISO 14001 certified to minimize the environmental impact of production processes.</li> <li>Improve energy efficiency to reduce energy consumption and greenhouse gas emissions.</li> <li>Ensure compliance with volatile organic compounds (VOCs) regulations during production.</li> </ul>
Product Transportation and Distribution	<ul style="list-style-type: none"> <li>Optimizing transportation route planning to reduce the number of delivery trips.</li> <li>Evaluating transportation distances and packaging material usage for high-frequency logistics partners, and promoting material recovery and reuse.</li> </ul>
Product Use	<ul style="list-style-type: none"> <li>Ensuring compliance with product safety certifications in different countries, including UL, CE, and BSMI.</li> </ul>
End-of-Life and Waste Management	<ul style="list-style-type: none"> <li>Apply circular economy mindset to increase product recyclability.</li> <li>Ensure full product compliance with the European Union's WEEE Directive on waste electrical and electronic equipment.</li> </ul>

### Third-Generation Semiconductor Power-Tool Charger GRI 302-5

For tool machine charging equipment, enhancing both charging efficiency and capacity is crucial. The focus of research and development focus is to achieve a high-efficiency, high-capacity design within existing dimensions. By enabling multi-functional charging with a compact footprint, the product supports energy conservation and carbon reduction goals. The new generation DIY power-tool chargers leverages third-generation GaN technology to increase power conversion efficiency from the original 88% to 92% and double the output power. It supports fast charging while remaining compatible with the previous-generation battery specifications. The charger also retains its original mechanical structure, reducing the use of plastic components and achieving a carbon reduction of over 20%.

### Product Carbon Footprint Development

Carbon footprint assessment enables enterprises to comprehensively understand the carbon emissions associated with their products throughout the entire lifecycle. This includes stages such as raw material sourcing, manufacturing, transportation, and end-of-life disposal. These data help identify potential areas for emission reduction and inform the implementation of more effective environmental strategies to reduce both production costs and resource consumption. DC fast charging represents a key development trend in the evolution of charging piles. Conversion efficiency and charging speed are regarded as core technological advantages. A DC charging pile consists of electronic components, structural elements, and electromechanical parts. According to the analysis shown in the figure below, two major components, namely the PSU module and the cabinet structure, together account for approximately 75% of the total product carbon footprint. These are critical areas for future carbon reduction efforts. In addition, the Company has focused on the DZ480 main cabinet, the Combox charging gun cabinet (which houses the EV charging connectors), and the Nnovae Power split-type cabinet design. By standardizing internal components and centralizing system functions within the main cabinet, the overall volume of the charging pile has been significantly reduced. This design approach lowers the carbon footprint at the source and reduces energy consumption through a streamlined HMI interface.

In addition, we focus on the DZ480 main cabinet, the gun cabinet Combox, and the Nnovae Power split-type cabinet design. By sharing internal components of the main cabinet and centralizing functions, we significantly simplify the size of charging piles, reducing the product's carbon footprint from the source of design, and effectively reduce energy consumption with a streamlined HMI design. At the same time, the Company has adopted sequential charging technology expanding the number of charging ports from supporting simultaneous charging of 6 vehicles to 12. This enhancement effectively improves resource utilization efficiency. In addition, by integrating Autocharge functionality with app-based charging authentication, the system is able to automatically allocate charging resources. This helps eliminate vehicle idling and significantly improves the operational efficiency of bus fleets and logistics systems. These innovative designs not only provide an excellent user experience but also effectively reduce overall carbon emissions.

Global Warming		Cobra 4A (Fit-in to 2A case)		Cobra 2A	
		Volume	448.67 cc		Volume
		Q' ty / Carton	48 PCS	Q' ty / Carton	48 PCS
		Efficiency	92.50 %	Efficiency	88.00 %
		Power saving	0.11 W	Power saving	0.11 W
		1,500,000 PCS		hours one year	
ME	Package	0.05 KGs	0.05 KGs		
	Carbon emissions / unit	0.07 KGs CO <sub>2</sub> e	0.07 KGs CO <sub>2</sub> e	0%	—
	Resin	115 KGs	115 KGs		
	Carbon emissions / unit	402.5 KGs CO <sub>2</sub> e	402.5 KGs CO <sub>2</sub> e	0%	—
	AC / DC Cord	95 KGs	95 KGs		
	Carbon emissions / unit	19.95 KGs CO <sub>2</sub> e	19.95 KGs CO <sub>2</sub> e	0%	—
EE	PCB	20 KGs	20 KGs		
	Carbon emissions / unit	163.6 KGs CO <sub>2</sub> e	163.6 KGs CO <sub>2</sub> e	0%	—
	Efficiency	92.5 %	88.0 %	20%	▼
	Carbon emissions / unit	17.52 KGs CO <sub>2</sub> e	14.02 KGs CO <sub>2</sub> e		
	Power saving	0.107 W	0.107 W		
	Carbon emissions / unit	0.62 KGs CO <sub>2</sub> e	0.62 KGs CO <sub>2</sub> e	0%	—
Transportation	Q'ty / Pallet	768	768	8%	▼
	Carbon emissions / unit	40.12 KGs CO <sub>2</sub> e	36.72 KGs CO <sub>2</sub> e		

Personal DIY power-tool charger with double the charging capacity in the same form factor



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Sustainable Value Chain



Environmental Protection



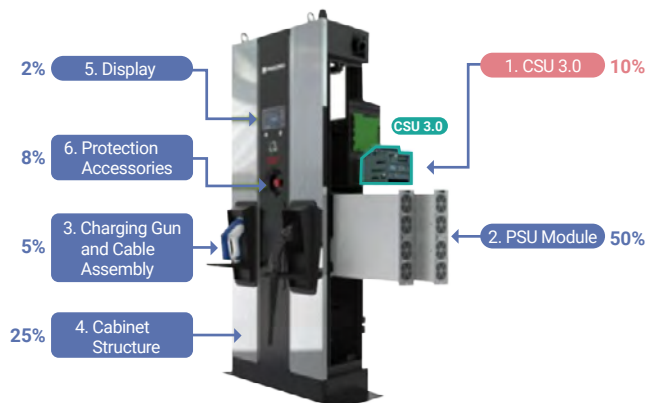
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### Carbon Footprint Breakdown of a DC Charging Pile

Composition of the DC Charging System



### DZ480 Split-Type Power Cabinet



### MCS: The World's Most Powerful DC Fast Charging System

Zerova unveiled its MCS (Megawatt Charging System) ultra-high-power charging solution for the first time at CES 2024. Designed to meet the substantial and rapid charging needs of commercial electric vehicles, the system is ideal for long-haul transport, heavy-duty commercial trucks, and electric marine vessels. The MCS system operates with direct current and delivers up to 3.84 megawatts of power, 1,250 volts, and a maximum output of 3,000 amperes. This output is six times higher than the current CCS water-cooled specification of 500 amperes, making it the world's most powerful commercial single-connector DC fast charging solution. It is compatible with a wide range of charging standards, including CCS1, CCS2, NACS, GBT, and CHAdeMO. It also complies with key international standards OCPP 2.0, DIN70121, and ISO 15118. Zerova has adopted a modular system design to accommodate the diverse requirements of different commercial fleet operators. This allows for scalable upgrades and future power expansion. In addition, the MCS system also features advanced remote diagnostic capabilities, enabling faster and more accurate troubleshooting.



MCS Megawatt Charger

### Low Energy Consumption and Energy-Efficient Products SASB RT-EE-410a.2 、 RT-EE-410a.3

Zerova has consistently prioritized the needs of customers and users by developing customized solutions and obtaining diverse safety certifications in response to market demand. Its DD series 360kW split-type charging pile, DO series energy cabinet, and DS series 180kW standalone charging pile have successfully obtained the Energy Star certification from the U.S. Department of Energy and the Environmental Protection Agency. Through the promotion of promoting energy-efficient products, these offerings help consumers, businesses, and industries reduce operating costs and carbon emissions. Zerova remains committed to combining green energy with sustainable development, leading the global green circular supply chain, and delivering positive social innovation for shareholders, employees, communities, and the environment.

In addition, according to the announcement issued by the U.S. Environmental Protection Agency in May 2010, the ENERGY STAR® program for external power supplies (EPS) was officially terminated in December of that year. As Phihong's main products fall under the EPS category, the Company has adopted widely recognized industry energy efficiency standards that better meet customer expectations. These include the DOE Level VI standard, which has been enforced by the United States Department of Energy starting in February 2016. For products shipped to the EU, the ErP (CE) standard is applied while EV charging pile products primarily follow ENERGY STAR® certification. According to the 2024 shipping records, 87.9% of total revenue was generated from products that comply with DOE Level VI, ErP (CE) or ENERGY STAR® energy efficiency standards. At the same time, Phihong continues to explore multiple pathways to reduce operational carbon emissions. These include replacing high-energy-consuming air conditioning and lighting systems, building in-house solar power generation systems, and signing power purchase agreements. In the first quarter of 2024, Phihong completed and officially commissioned a 2 MW rooftop solar photovoltaic (PV) system across Phases 1 to 3 of its Dongguan Tiesong facility. In addition, the Company is planning to install rooftop solar generation systems at its Haiphong facility in Vietnam. The project is scheduled for completion in the second half of 2025 and is expected to generate approximately 2.5 million kWh (equivalent to 9 million MJ) of electricity annually, reducing carbon emissions by an estimated 1,375 metric tons of CO<sub>2</sub>e. These efforts demonstrate Phihong's commitment to advancing green energy transformation and fulfilling its long-term sustainability goals.



Energy Star Label



# 04

## Sustainable Value Chain

- 4.1 Product Quality and Safety
- 4.2 Customer Relationship Management
- 4.3 Sustainable Supply Chain Management
- 4.4 Initiatives and Organizational Participation





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## Annual Performance



### Product Quality and Safety

- Achieved 100% model compliance with WEEE directive.
- Reached a product recyclability rate of 95.73%.
- Reported no violations or fines related to product marketing or safety.



### Customer Service

- Achieved customer satisfaction scores of 80.81% for Pihong and 84.42% for Zerova, both exceeding internal targets and outperforming industry benchmarks.
- Recorded zero incidents of customer complaints, information or privacy breaches, or data loss in 2024.



### Sustainable Supply Chain

- Introduced Supply Chain ESG Resilience Cloud Assessment Mechanism.
- Increased the Integrity Commitment Letter signing rate to 90%, a 2% increase compared to the previous year.
- Received the EcoVadis Gold Medal(TOP 5%) for supply chain annual overall performance.



### Initiatives Participation

- Passed verification for science-based carbon reduction targets under the SBTi framework.

## Material Topics and Target Management

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Practice
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Sustainable Supply Chain Management	Response rate for the Sustainable Commitment Declaration from suppliers	100%	100%	100%	100%	100%	Goal 12 Responsible Consumption and Production 



## 4.1 Product Quality and Safety

### Quality Policy and Service

Phihong upholds the philosophy of "Customer First, Quality Foremost, and Service Innovation," and is committed to the quality policy of "Excellent Design, Outstanding Quality, Timely Delivery, Reasonable Pricing, and Satisfactory Service" to deliver premium products and services.

To protect the health and safety of customers and product users, Phihong implements comprehensive management practices across all stages of the product lifecycle. During the design phase, we incorporate customer requirements, the "Hazardous Substance Free (HSF) Control Standard," and applicable national regulations. Only qualified materials are used in product development to ensure that all products are free from hazardous substances and meet green product standards with recyclability rates exceeding lifecycle benchmarks. Throughout the product development process, Phihong adopts conservative design specifications, such as applying safety clearances that exceed regulatory requirements, to ensure compliance after mass production. A rigorous project management system governs each phase of the design process, including quality validation and design reviews. Third-party certifications are also obtained before mass production begins. In 2024, Phihong Group recorded zero violations or fines related to health and safety regulations.



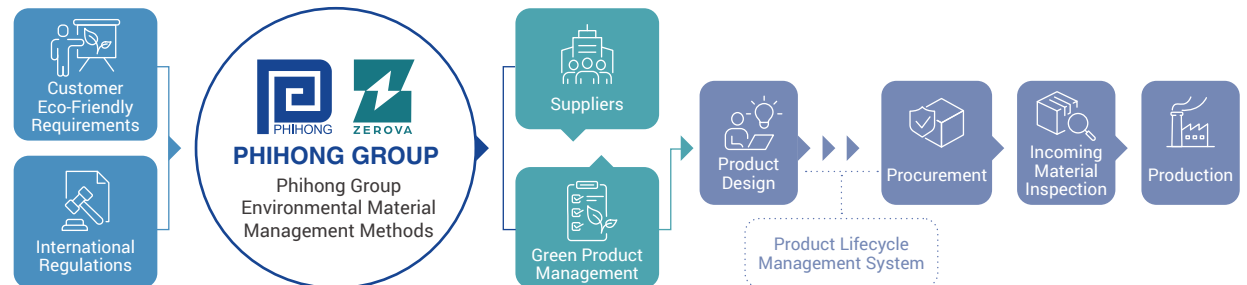
### Green Product Management

#### Prohibited and Restricted Use of Hazardous Substances **SASB RT-EE-410a.1**

To ensure health and environmental safety, Phihong strictly complies with chemical substance regulations across various countries and customer requirement. We also require our suppliers to limit or prohibit the use of regulate hazardous substances. In line with international environmental standards and customer-specific substance control requirements, we have established comprehensive Green Product Management Standards and Hazardous Substance-Free Technical Standards. In addition, we have established an electronic Green Information Platform that publicly discloses our hazardous substance-related requirements and standards. This information is upload to the supplier management platform, and we regularly organize internal and external education and training.

Our "Hazardous Substance Free (HSF) Control Standard" covers multiple regulatory frameworks, including RoHS, REACH, restrictions on red phosphorus flame retardants, and halogen-free product requirements. Under the EU RoHS Directive 2015/863, four additional plasticizers (BBP, DBP, DIBP, DEHP) are now regulated. Suppliers are required to submit test reports on all ten banned RoHS substances when performing part approval and report updates. Regarding the Substances of Very High Concern (SVHC) designated by the European Chemicals Agency (ECHA) under REACH, new substances are added every six months. As of January 21, 2025, Phihong has updated 33 batches of listed substances, covering a total of 247 controlled items. Zerova has updated 32 batches of listed substances, covering 242 substances. All updates have been implemented promptly. Recently, we also expanded our list to include 28 specific phthalates, including [Phthalato(2-)]dioxotrilead. Although Phihong is not covered by the IEC 62474 framework, we manage substances in accordance with its requirements. We have ensured that all halogen-free products fully comply with the IEC 62474 standard. In addition, Phihong adopts the WEEE directive as the minimum requirement for product development, ensuring that products can be reused, recycled, or recovered at the end of their life cycle. These efforts not only meet the needs and expectations of customers and end users, but also reflect Phihong's responsibility and commitment as a global enterprise.

#### Product Recyclability and Environmental Impact **GRI 301-1**



Phihong 's business model is mainly B2B. To promote a circular economy, the Company not only ensures that 100% of its product models meet the recycling thresholds required by the WEEE directive, but also increases the use of recycled materials to reduce environmental impact at the end-of-life stage. Phihong primarily manufactures power supply products, and the main raw materials used are metals and plastics. Based on data from the top five product models before 2024, which together accounted for 20.21% of total production volume, Phihong utilized approximately 602.48 metric tons of recyclable metals, 1,544.53 metric tons of plastics, and 572.54 metric tons of other raw materials, amounting to a of 2,719.55 metric tons. The average product recyclability rate across these models reached 95.73%.



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## Responsible Consumption and Production

Providing healthy and safe products is Phihong's commitment to its customers. The Company also advocates the United Nations' 12th Sustainable Development Goal (SDG 12), which promotes responsible consumption and production, and is committed to delivering products that are both safe and health-conscious. Phihong integrates rigorous quality requirements throughout the product design and development process, extending through to sales and after-sales services. Each stage is carefully managed to ensure that products comply with international safety and environmental standards, thereby meeting the expectations of customers and end users.

Moreover, all Phihong products, promotional materials, catalogs, promotional materials, catalogs, external media content, domestic and international exhibitions, as well as marketing and labeling on the Company's official website, adhere to applicable trademark labeling laws and related standards. All labels are verified for clarity and accuracy. For power supply products used in electrical applications, relevant national and international safety certification must be obtained prior to being marketed or sold in a given country.

These safety standards include specific requirements for devices, electronic components, and testing procedures. Products are tested for potential harm to human health, particularly under abnormal usage conditions, to mitigate risks associated with poor design or misuse that could result in accident, injuries, or property damage. Phihong offers products in accordance with the certification and safety requirements of each market, ensuring the delivery of high-quality products and comprehensive after-sales service to its global customer base.

### Commitment

Phihong is committed to designing and manufacturing green products that comply with regulatory and environmental requirements, ensuring that the products are Hazardous Substance Free (HSF).

### Policy

- Ensuring user safety: All products undergo strict design verification procedures, and their designs comply with relevant safety regulations.
- Reducing environmental impact: Product materials and manufacturing processes comply with environmental management regulations and legal requirements.

## Product Responsibility

Phihong upholds a full product life cycle approach, striving to reduce environmental impact and protect customer health and safety. In product development, we strictly select materials in accordance with the Hazardous Substance Free (HSF) Control Standard. We ensure quality through a rigorous design processes, internal quality assurance, and third-party testing and certification.

From design and manufacturing to sales and supply chain operations, we strictly adhere to all applicable laws and regulations to meet high performance expectations and ensure health and safety throughout the product life cycle.

## Ensuring Customer Health and Safety

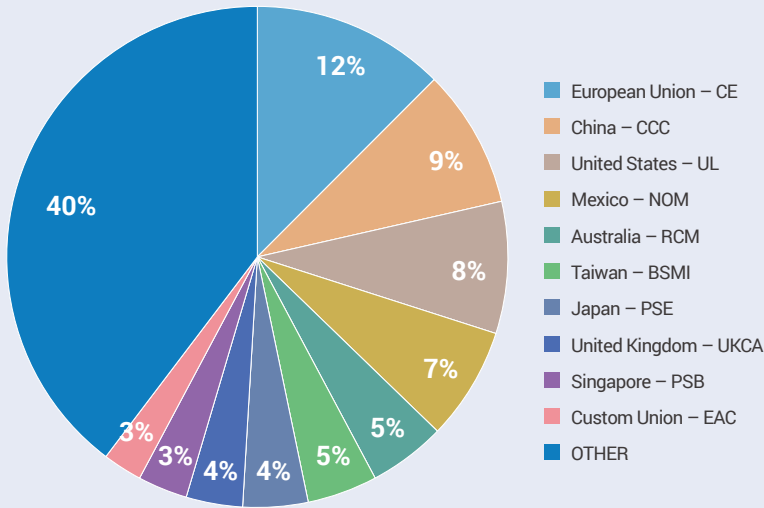
Phihong implements comprehensive management measures across all stages of the product life cycle to protect customer and user health. From the initial design phase, we incorporate customer requirements and are committed to developing green products that are Hazardous Substance Free (HSF). We also ensure these products achieve end-of-life recycling rates that exceed regulatory standards. During development, Phihong adopts conservative design principles, such as safety clearances above regulatory minimums, to ensure compliance after mass production. Through structured project management, we conduct audits and quality verification at each stage, followed by third-party testing and certification before mass production to meet regulatory requirements.

As of 2024, Phihong reported zero complaints regarding customer or user health and safety, no product recalls (including those involving injuries or fatalities), and no legal proceedings or financial losses related to product safety.

## Marketing and Safety Labeling GRI 417-1 、 417-2 、 417-3

All Phihong products, promotional materials, catalogs, media communications, domestic and international exhibitions, as well as official website content comply with trademark labeling laws and related regulations. We ensure that all labeling is accurate, clear, and lawful. Power supply products must first comply with relevant national and international safety standards and regulations before safety marks may be affixed. Common certification marks include: UL (United States), CSA (Canada), NOM (Mexico), CE (EU), BSMI (Taiwan), PSE (Japan), CCC (China), PSB (Singapore), RCM (Australia), CU EAC (Customs Union), and UKCA (United Kingdom). In 2024, most of mass production shipments were to Europe and the North America, all of which complied with relevant laws and received required safety certifications before shipment. All products produced and shipped in 2024 met regulations regarding marketing, labeling, and service information. No violations or penalties were recorded.

Phihong designs medical power products primarily in accordance with the safety requirements of IEC 60601-1, and applies for CE or UL certification based on customer needs in Europe or North America. For gaming laptop power adapters, the applicable safety standard is IEC 62368-1. As for lithium battery chargers for electric bicycles, the safety standards in Europe primarily adhere to IEC 60335, while in North America, the products are designed to comply with UL 1310, UL 1012, and IEC 62368-1. Phihong incorporates comprehensive safety certification considerations during the product design phase, tailored to specific product applications and sales markets. Reliability verification is completed prior to mass production to enhance product safety in actual use.



## Achievement in Eco-Friendly and Energy-Saving Design

In 2024, Pihong developed a total of 459 power supply models, continuing to drive eco-friendly and energy-saving progress through innovative technologies. The development results of lead-free (RoHS) and halogen-free products throughout the year are as follows.

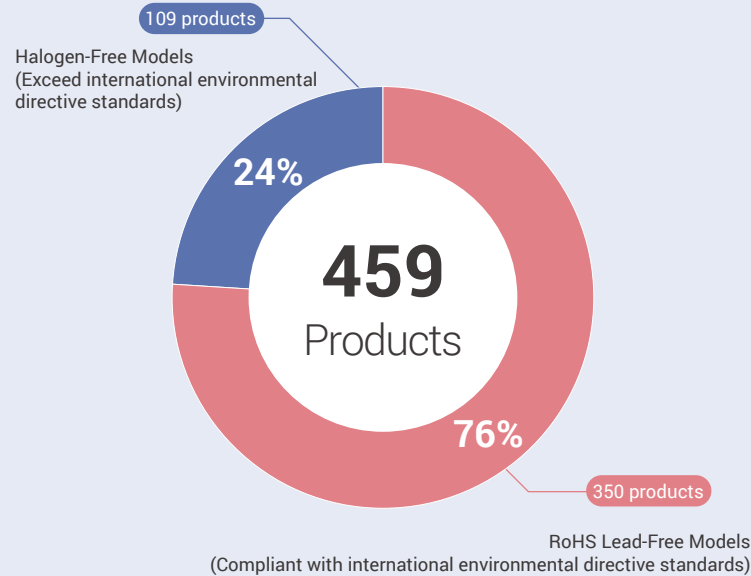
**Lead-Free (RoHS) Products:** A total of 350 models were developed in full compliance with international environmental directives. Among them, the Zerova DS90~180kW series obtained RoHS certification from the third-party inspection agency SGS in 2024, demonstrating Pihong's solid achievements in environmental compliance.

**Halogen-Free Products:** A total of 109 models were developed, all exceeding international halogen-free standards. Many new designs adopted specially selected environmentally friendly materials, reflecting Pihong's proactive approach toward halogen-free and environmentally friendly product development.

Additionally, all product models comply with the WEEE e-waste recovery regulations, achieving an overall recovery rate of 80%, with some models reaching over 90%. These efforts contribute significantly to resource efficiency and reuse.

In terms of energy conservation, Pihong cooperated with US Underwriters Laboratories Inc. and CLEAResult Consulting, Inc. to complete 11 NRCAN composite report sand one 80 Plus Gold report in 2024. The associated products meet energy regulation and certification requirement in multiple countries, including U.S. DOE, California CEC, Canada NRCAN, EU ErP, COC V5, and Australia RCM, showcasing Pihong's global energy compliance capabilities. Product performance has also been fully upgraded to meet the latest COC V5 T2 and DOE Level 7 no-load efficiency standards, facilitating customer attainment of ENERGY STAR certification.

In the field of charging stations, Zerova charging stations have been introduced to 45 global markets, with a cumulative shipment volume exceeding 100,000 units. Pihong actively complies with local regulations and standards to develop products that meet local needs. All charging station models meet RoHS lead-free standards and WEEE recovery rate requirements of at least 80%, with some models reaching above 85%. In response to growing global attention to corporate sustainability, Pihong places ESG at the core of its strategy, continually advancing carbon reduction, net-zero emissions, and carbon neutrality. It actively practices energy saving and carbon reduction to create a better and more sustainable living environment for future generations.



#### Phihong's Green Product Lifecycle

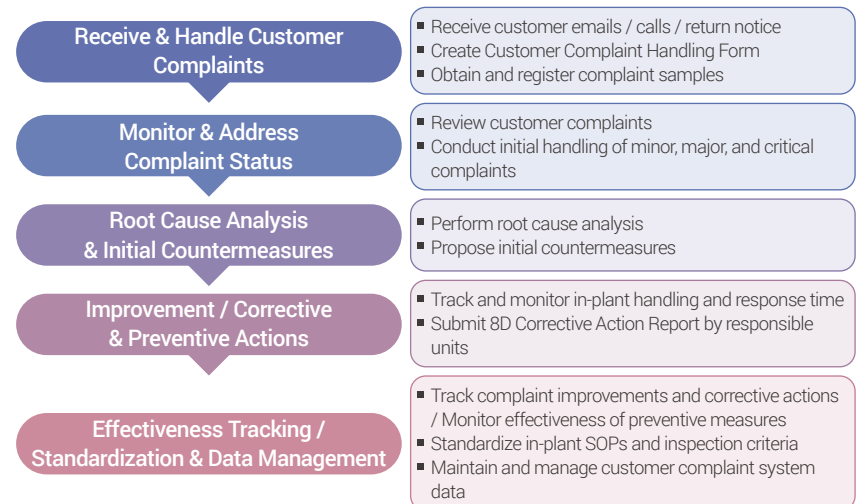
Raw Material Selection Standards	<ul style="list-style-type: none"> <li>Complying with international environmental indicators and implementing a hazardous substance management system</li> <li>Meeting the requirements of RoHS, REACH and Substances of Very High Concern (SVHC) and other relevant regulations</li> <li>Adhering to the environmental standards of export markets, including: California Proposition 65, Toxic Substances Control Act (TSCA), or customer-specified halogen-free material requirements</li> <li>Enhancing local sourcing and promoting supply chain collaboration on environmental sustainability, while banning the use of conflict minerals</li> </ul>
Production Planning	<ul style="list-style-type: none"> <li>Obtaining ISO 14001 or ISO 45001 Environmental Health Management System (or equivalent) certifications for all manufacturing sites to ensure compliant emissions</li> <li>Improving energy efficiency to reduce energy consumption and greenhouse gas emissions</li> <li>Ensure compliance with volatile organic compounds (VOCs) regulations during production.</li> </ul>
Transportation & Distribution Assessment	<ul style="list-style-type: none"> <li>Optimizing transportation route planning to reduce the number of delivery trips.</li> <li>Evaluating transportation distances and packaging material usage for high-frequency logistics partners, and promoting material recovery and reuse.</li> </ul>
Consumer Usage Safety	<ul style="list-style-type: none"> <li>Ensuring compliance with product safety certifications in different countries, including UL, CE, and BSMI.</li> </ul>
Recycling & Reuse Design	<ul style="list-style-type: none"> <li>Ensuring that all electronic products comply with the EU WEEE Directive</li> </ul>

## 4.2 Customer Relationship Management

### Customer Service

Customer satisfaction is one of Phihong's core values. The Company has established a "Customer Feedback Handling Procedure" to ensure that feedback is addressed promptly and appropriately by designated responsible units. To fully understand and respond to customer needs regarding product quality, delivery times, pricing, technology, and services, the Company communicates with customers through the following methods:

- 1 A dedicated Customer Quality Service (CQS) unit serves as the primary contact point for product-related technical issues.
- 2 A cross-functional customer service team, comprising personnel from sales, quality assurance, and technical departments, provides complaint handling, RMA repair services, and technical support.
- 3 Ad hoc meetings, on-site visits, factory tours, phone and email communications, and attendance at international exhibitions help ensure continuous engagement with customers.
- 4 An annual customer satisfaction survey is conducted to collect customer ratings and feedback. This process enables Zerova to promptly and comprehensively gather customer feedback and suggestions.







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## Customer Satisfaction

Phihong conducts an annual customer satisfaction survey as a key reference for strengthening customer relationship and enhancing market competitiveness. Through questionnaire analysis and direct engaging with key customers from the previous year, the Company identifies potential business opportunities, refines product designs, and accurate responds to customer needs to achieve mutually beneficial partnerships while staying abreast of market trends and striving to exceed expectations.

The survey covers six major aspects: service, R&D, quality, delivery, hazardous substance-free compliance, ESG, and other improvement suggestions. A sampling approach is adopted, with the survey targeting at least the top three customers. In 2024, Phihong distributed a total of 41 questionnaires and achieve a 100% response rate. The overall customer satisfaction score reached 80.81%, surpassing the industry average of 77.26% by 3.55%. The results indicate high satisfaction with Phihong's hazardous substance-free compliance, product quality, and service. However, there remains room for improvement in areas such as new product/sample development lead times,

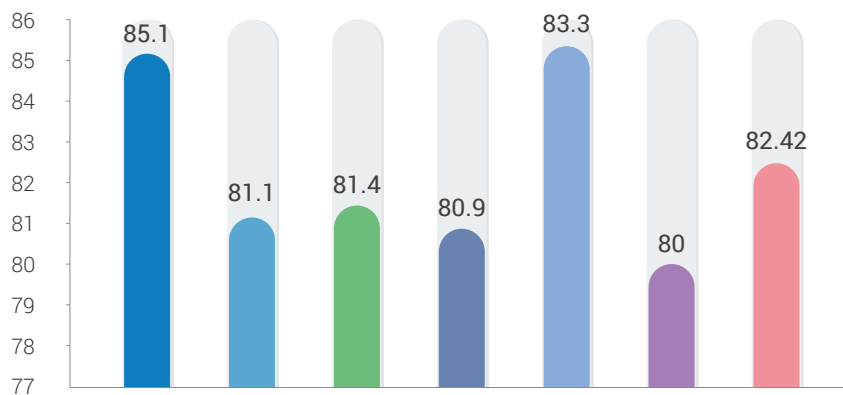
development scheduling, and quotation efficiency. These findings suggest strong customer trust in Phihong's product quality and service, while also highlighting opportunities to enhance project management capabilities. It is worth noting that overall satisfaction score slightly declined by 1.06% compared to 2023. This decrease is mainly attributed to the expansion of the survey sample, as the number of returned questionnaires increased from 27 in 2023 to 41 in 2024, representing a growth of 51.9%. With the expansion of the sample size and a more diverse base, valuation criteria became more stringent, which contributed to the slight decline.

For Zerova, 33 questionnaires were distributed in 2024, also achieving a 100% response rate. The overall customer satisfaction score reached 82.42%, exceeding the industry average. Survey results revealed strong recognition for Zerova's product quality and service, while also identifying opportunities for improvement in scheduling of new product development.

### Customer Satisfaction (Phihong)



### Customer Satisfaction (Zerova)



### Customer Satisfaction in Recent Years (Phihong)

Year	2022		2023		2024	
	Phihong	Industry Average	Phihong	Industry Average	Phihong	Industry Average
Response Rate	100%	-	100%	-	100%	-
Customer Satisfaction	80.2%	83.7%	81.9%	78.3%	80.8%	77.3%

### Customer Satisfaction in Recent Years (Zerova)

Year	2023		2024	
	Zerova	Industry Average	Zerova	Industry Average
Response Rate	100%	-	100%	-
Customer Satisfaction	80.00%	78.30%	82.42%	73.02%



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## Customer Privacy

Pihong is committed to safeguarding its competitive edge, intellectual property, and customer information. Upholding the principle of integrity and strict confidentiality, the Company views the protection of customer privacy as a fundamental responsibility. In accordance with local regulations at its operating locations and the EU General Data Protection Regulation (GDPR), Pihong has established the its Information Processing and Customer Data Protection Procedures as its overarching framework for privacy protection. These procedures apply to Pihong, its subsidiaries, suppliers, contractors, external consultants, and other partners to ensure customer data security.

### Data Protection and Responsible Units

Information Departments at the Headquarters, Branch Office and Manufacturing Sites: Responsible for maintaining the Company's website and managing enterprise operating systems, including e-mail and data-sharing platforms, with a focus on managing user accounts, access rights, and system permissions within the platforms to ensure the security of customer information.

Sales Departments of Business Groups: Responsible for protecting and maintaining customer data. Access is strictly limited to authorized personnel.

Legal Affairs Office at the Headquarters: Responsible for reviewing, executing, and stamping customer procurement, sales, and confidentiality agreements, as well as tracking their expiration and maintaining the contract management system.

Document Control Center (DCC) Unit at the Headquarters: Responsible for registering, tracking, maintaining, and updating the external customer documents submitted by each business group.

### Employee Training and Confidentiality Obligations

New employees are required to complete training on the "Business Ethics and Conduct Guidelines" and sign the "Intellectual Property Rights and Confidentiality Agreement" thereby acknowledging their responsibilities in confidentiality and data protection. All business personnel and employees who interact with customers must strictly adhere to the Company's Business Ethics and Conduct Guidelines and are prohibited from disclosing, distributing, or transmitting customer confidential information to competitors, business partners, suppliers, or unrelated third parties.

## Data Management and Protection

Pihong rigorously follows internal regulations such as the "Technical Document Control Measures" and "Document Handling Procedures" to ensure the secure registration, storage, and updating of technical documentation, software, and intellectual property provided by customers. The protection, management, and use of all electronic data media within the Company are based on the "Electronic Information Management Procedures."

### Trust and Collaboration

Pihong implements robust and comprehensive protection mechanism to manage customer confidential information and uphold privacy rights. These efforts are central to establishing trust and long-term partnerships that foster mutual success. For instance, in 2021, a confidential data breach involving charging piles technology was detected by Pihong's IT personnel. The anomaly was proactively reported and investigated, ultimately resulting in the successful resolution of the case in 2024.

### Privacy Protection Measures

Pihong regularly provides privacy protection training to all employees and evaluates its effectiveness. In addition to strengthening training and awareness for all employees, the Company continuously upgrades its information security infrastructure. External channels are also in place for reporting privacy concerns or violation. Any suspected breach or infringement of privacy policies can be reported through a dedicated hotline or via email. Pihong adopts a zero-tolerance policy toward violations of customer privacy. In 2024, Pihong reported no incidents of customer complaints, privacy breaches, or loss of customer data.



Privacy Protection Hotline

03-3277288#1340



Privacy Protection Email

Charles\_Wang@pihong.com.tw

### 4.3 Sustainable Supply Chain Management

Phihong regards suppliers as essential partners in value creation. While committed to delivering optimal solutions, the Company also actively works to reduce environmental and social risks, thereby advancing the development of a sustainable supply chain. Beyond product quality and on-time delivery, Phihong closely monitors supplier performance in environmental, social, and governance (ESG) aspects. Through regular evaluations and two-way communication, the Company continuously stays informed of suppliers' operations and strengthens the sustainability capabilities of both parties.

#### Supply Chain Management Policy

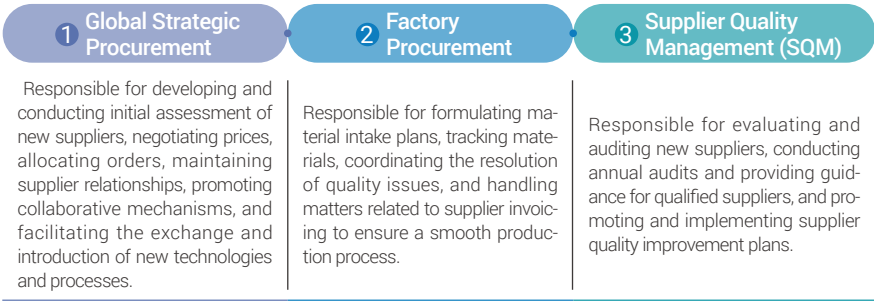
Phihong manages supplier-related processes in accordance with its "Procurement Management Procedure" and relevant internal systems. This framework helps control operational risks and supports sound, stable development. Suppliers are required to sign the "Integrity Commitment Letter," "Confidentiality Agreement," "Environmental and Social Responsibility Commitment Letter," and "Conflict Minerals Survey." These agreements ensure the protection of labor rights, environmental stewardship, ethical business conduct, and health and safety risk control—laying the foundation for a responsible supply chain. The Supply Chain Management Policy is as follows:



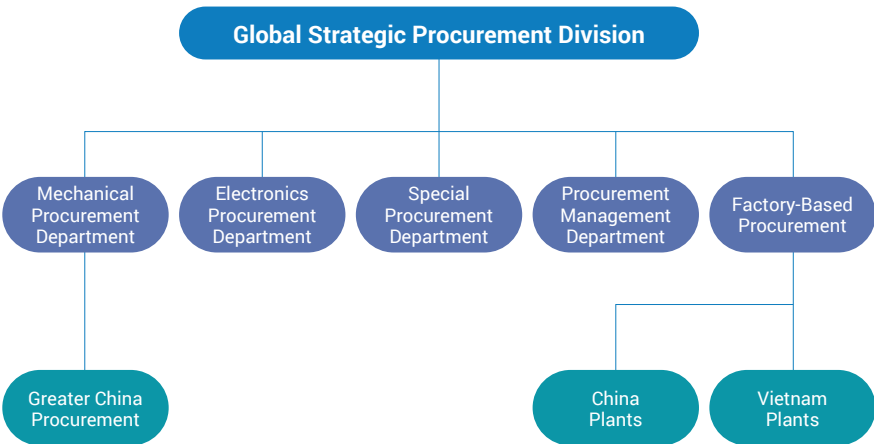
Phihong collaborates with suppliers to reduce operational risks and costs, promote supply chain transparency and responsible operations, and stride toward a resilient and sustainable future together.

#### Supply Chain Organization

In response to the continuous expansion of Phihong's operation in Vietnam, the Global Strategic Procurement Departments have recruited procurement personnel locally to actively promote the localization of material sourcing, enhancing supply chain resilience and regional deployment. Phihong's supply chain management is structured into three main aspects:



#### Global Strategic Procurement Division



## Supplier Quality Management (SQM)

Phihong prioritizes suppliers with internationally recognized certifications during the selection process to ensure consistent supply chain quality. To fulfill corporate responsibilities for product safety and environmental protection, Phihong requires suppliers to perform independent product inspections and provide comprehensive inspection reports. Additionally, suppliers are also required to sign the RoHS Restricted Substances Commitment Letter and the EU REACH SVHC (Substances of Very High Concern) Declaration to ensure the safety and regulatory compliance of raw materials at the source.

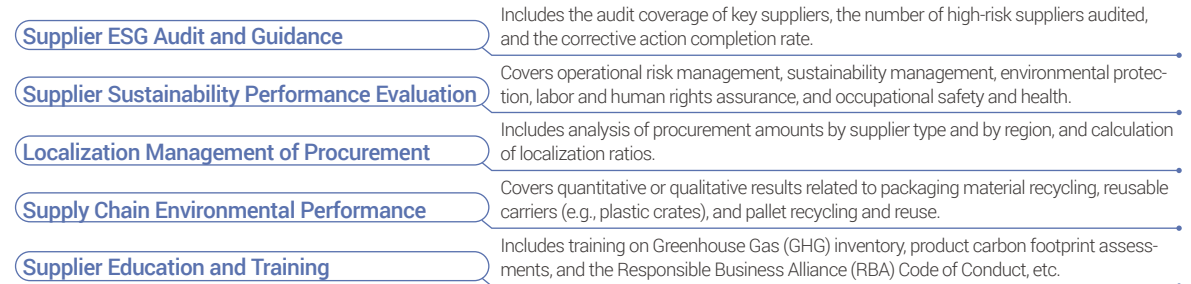


## Sustainable Supply Chain Development Strategy

### Sustainability Standards

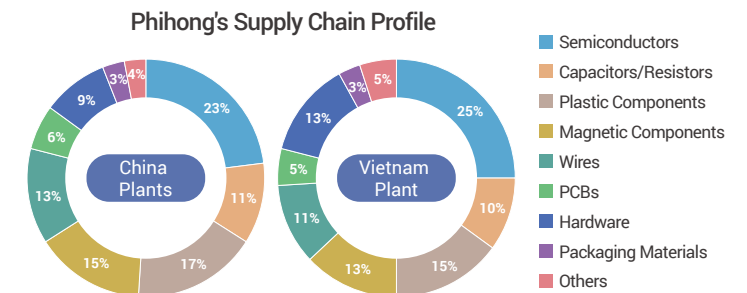
Phihong is committed to ensuring that suppliers meet high standards in managing environmental protection, social responsibility, labor safety, and right. The Company actively promotes the adherence to its Sustainable Supply Chain Management Policy across all supply chain partners. All suppliers are required to sign the "Supplier Code of Conduct," "Integrity Commitment Letter," "Conflict Minerals Survey," "Environmental and Social Responsibility Commitment Letter," and "Confidentiality Agreement." These requirements help ensure that suppliers maintain a clear understanding of, and effective control over, key sustainability topics such as labor rights, environmental protection, ethical standards, and occupational safety and health risks. Through these measures, Phihong works to reduce operational risks and costs in its supply chain while fostering resilient and sustainable growth in partnership with its suppliers.

## Management Mechanism



## Supply Chain Profile

Phihong maintains a diverse and flexible product and service portfolio, supported by a large-scale procurement network. In 2024, the Company worked with over 600 suppliers. Key sourcing categories included semiconductors, capacitors/resistors, plastic components, magnetic components, and cables, which together accounted for over 70% of the total procurement value. Among these, semiconductors represented the largest proportion of raw material purchases.



## Supplier Code of Conduct

To ensure a safe working environment across its supply chain, protect employee dignity and rights, and fulfill environmental protection responsibilities and business ethics, Phihong has established the Supplier Code of Conduct. All suppliers are required to adhere to this Code, while also complying with all applicable laws and regulations in their respective countries of operation. In 2024, all newly engaged suppliers signed the Supplier Code of Conduct. Through ongoing collaboration, communication, auditing, and follow-up evaluations, Phihong continuously drives supply chain improvement and performance enhancement.

## Supplier ESG Awareness Course

In 2024, Phihong introduced a dedicated digital ESG awareness course for suppliers, offering free access to sustainability-related learning resources. This program is designed to help suppliers better understand ESG concepts and how Phihong implements them into its operations. The course covers five major topics, including Phihong's sustainable development strategy, sustainable supply chain management, the Responsible Business Alliance (RBA) framework, an overview of conflict minerals, and the promotion of green practices in the supply chain. Suppliers' learning outcomes are tracked through post-training assessments, helping to strengthen their understanding and implementation of sustainability principles and enhance the overall sustainability performance of the supply chain.





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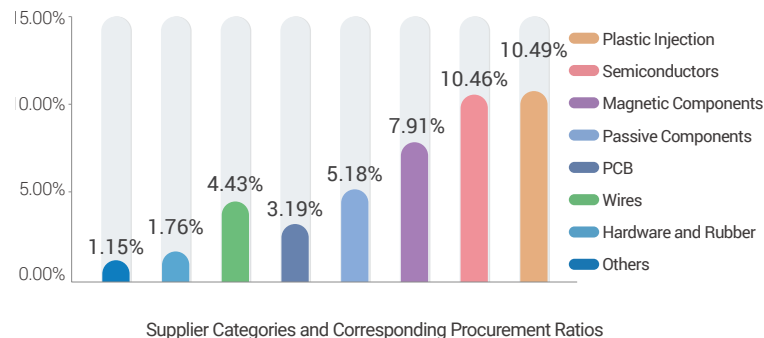
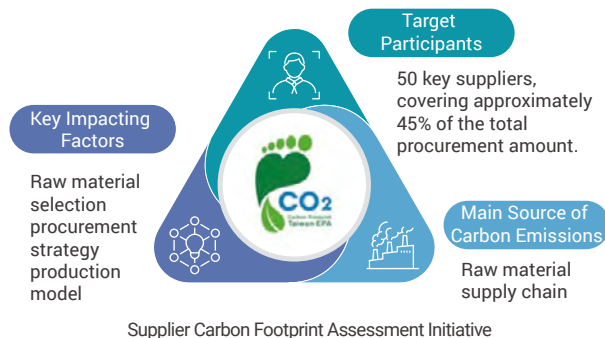
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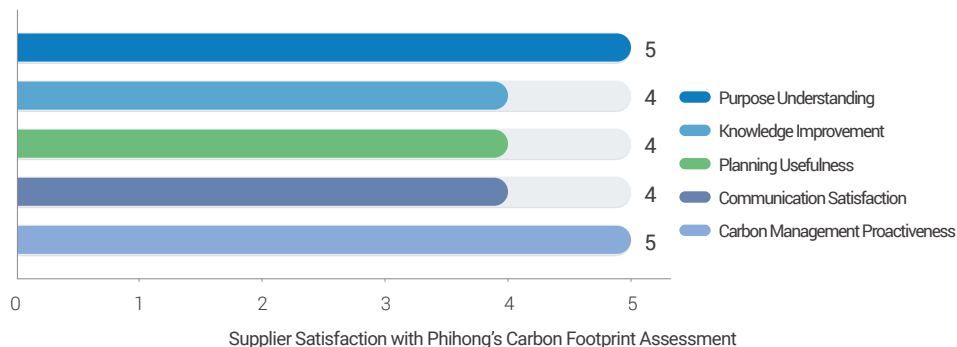
## Supplier Carbon Footprint Assessment

Pihong has launched a carbon footprint assessment initiative targeting 50 key suppliers, selected based on the Company's supply chain structure and procurement characteristics. These suppliers account for approximately 45% of the total procurement amount. The supplier industry categories and their procurement amount ratios are as follows:



Through the introduction of capacity-building resources, Pihong is working collaboratively with its suppliers to pursue carbon reduction targets. Analysis of the carbon footprint data submitted by suppliers indicates that raw material supply chains are the main source of carbon emissions. This underscores the importance of raw material selection, procurement strategies, and production model as key factors in achieving emission reductions. To enhance supplier carbon management capabilities, Pihong has organized relevant training programs, guidance support, and exchange activities. In parallel, a satisfaction survey was conducted among the 50 key suppliers. A total of 48 responses were received, representing a 96% response rate, with an overall satisfaction score of 4.4 out of 5. The survey results highlighted the priorities and future directions as follows:

Key Findings from the Satisfaction Survey	Future Directions (Targets for the Next Year)
<ol style="list-style-type: none"> <li>Most suppliers gave positive feedback on the activities.</li> <li>There is still room to enhance knowledge and practical capabilities of carbon reduction.</li> <li>Communication and engagement with suppliers can still be further optimized.</li> </ol>	<ol style="list-style-type: none"> <li>Enhance the quality of carbon footprint data by increasing the ratio of primary data.</li> <li>Expand the scope of supplier collaboration and increase the number of participating suppliers.</li> <li>Continue promoting training and guidance mechanisms to strengthen carbon management capabilities across the supply chain.</li> </ol>



## Achievements of Low Carbon Supplier Seminars

Pihong actively conveyed its low-carbon development vision through the organization of supplier seminars, aiming to foster a collaborative transition toward decarbonization across the supply chain. Through in-depth exchanges and experience sharing between both parties, many suppliers have begun planning their own low-carbon development strategies, setting directions for strengthening carbon reduction efforts over the next five years. Some have already launched internal carbon reduction programs and started adopting energy-saving equipment.

Pihong encourages suppliers to actively adopt various energy-saving solutions, such as solar power systems and high-efficiency equipment, to effectively reduce carbon emissions and improve energy performance. In the future, Pihong and its suppliers will work together to establish concrete targets for reducing electricity consumption per unit of output. The Company also supports the introduction of renewable energy sources to lessen reliance on conventional energy. In addition, Pihong will continue to collaborate with suppliers, to evaluate and adopt innovative low-carbon technologies, fully advancing the green transformation of the supply chain, and achieving the dual targets of corporate sustainable development and environmental protection.

Target	Implementation Method	2024 Results
<ul style="list-style-type: none"> <li>Define low-carbon development goals</li> <li>Provide internal low-carbon guidance and support</li> <li>Apply energy-saving equipment</li> <li>Evaluate low-carbon technologies</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate supplier participation in low-carbon transition exchanges</li> <li>Train employees and establish monitoring mechanisms</li> <li>Promote the adoption of solar power and high-efficiency energy-saving equipment</li> <li>Drive green transformation across the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Some suppliers have initiated low-carbon transition strategies</li> <li>Strengthened employees' environmental awareness and practical capabilities</li> <li>Set targets for electricity savings per unit of production output</li> <li>Continued dialogue and collaboration to balance corporate growth and environment sustainability.</li> </ul>

## Supply Chain Risk Management

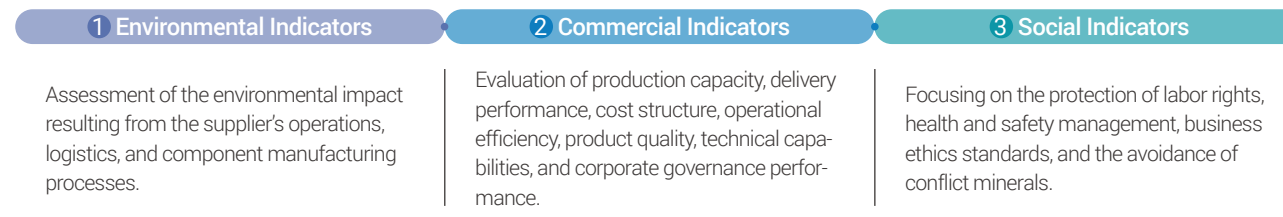
### New Supplier Assessment and Supplier Performance Evaluation

To ensure suppliers have stable supply capabilities and product quality, and to reduce operational risks, Phihong conducts a comprehensive review according to internal regulations before officially introducing new suppliers. This review mechanism evaluates compliance with relevant regulations and technical standards, supply reliability, and the implementation of corporate social responsibility practices, including management systems such as business ethics, environmental protection, and occupational health and safety. The scope and depth of the assessment are adjusted based on the complexity of the procurement item, whether it involves products, materials, services, or technology. Key assessment criteria include human resources, equipment capability, manufacturing and design development capability, financial status, cross-department decision-making capability, as well as overall execution performance in areas such as project management, change control, logistics, and customer service. In addition, Phihong reviews supplier compliance with environmental-related regulations (e.g., RoHS, REACH, halogen-free standards, etc.) and assesses their cooperation with in carbon emission disclosure and related surveys. These factors are incorporated into the qualification process to determine supplier eligibility. To strengthen supplier performance and overall management, Phihong semiannual evaluations of core suppliers. A structured scoring mechanism is in place to enhance supplier collaboration and performance. Evaluation results are used as a reference for future procurement strategies and partnership decisions, contributing to improved supply chain resilience and competitiveness.



### Sustainability Criteria for New Supplier Introduction

Phihong regards ESG (Environmental, Social, Corporate Governance) as a core criterion in the evaluation and selection of suppliers. All new suppliers are required to sign the "Environmental and Social Commitment Letter" before cooperation begins. The content includes compliance with the five domains specified by the Responsible Business Alliance (RBA): labor, health and safety, environmental protection, business ethics, and management systems. We further evaluate suppliers based on the following three major sustainability dimensions:



Through the above institutionalized processes, Phihong is dedicated to building a sustainable, transparent, and efficient supply chain ecosystem. The Company actively fulfills its corporate social responsibility and works together with suppliers to advance shared sustainability goals.





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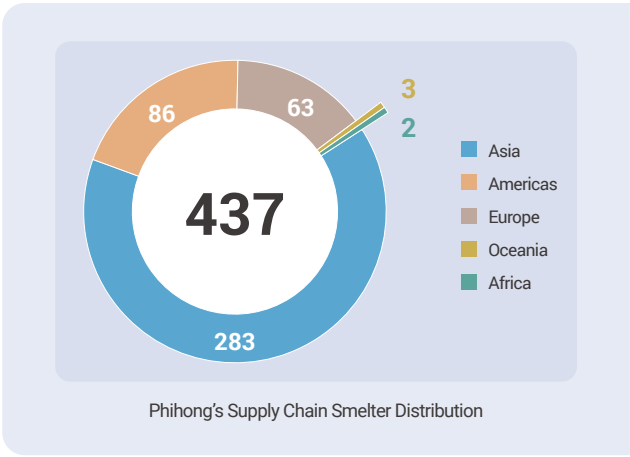


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Conflict Minerals Management

- Compliance with Responsible Business Alliance (RBA) standards and active implementation of policies prohibiting the use of conflict minerals, along with the public disclosure of the "Conflict Minerals Management Policy" on the supplier communication platform, to enhance information transparency and foster a shared understanding across the supply chain.
- All new suppliers are required to sign a "Conflict Minerals Commitment Letter" before qualification, clearly committing to banning, refusing to support, and refrain from using conflict minerals.
- Both new and existing suppliers must submit a "Conflict Minerals Survey" whenever there is a change in smelter usage. The Company conducts a 100% review to verify that all mineral sources come from RBA-certified compliant smelters.
- Based on the results of document review and corrective actions, suppliers are required to immediately eliminate and prohibit the use of any non-compliant smelters. This ensure the supply chain remains aligned with international due diligence standards and corporate social responsibility commitments. This management measure integrates the RBA and OECD Due Diligence Guidelines. These practices reinforce supplier accountability, avoid the use of minerals sourced from regions affected by armed conflict or human rights violations, and safeguard the Company's long-term sustainability and social image.

Pihong's Conflict Minerals Management	
Conflict Minerals Policy	<ul style="list-style-type: none"><li>▪ RComply with the standards of the RBA and GeSI</li><li>▪ Avoid the use of conflict metals from the Democratic Republic of the Congo and its neighboring countries</li></ul>
Mandatory Forms for New Suppliers	<ul style="list-style-type: none"><li>▪ Conflict Minerals Commitment Letter</li><li>▪ Conflict Minerals Survey</li></ul>



## Key Material Risk Management SASB RT-EE-440a.1

Phihong adopts a proactive risk management strategy for key materials and critical equipment suppliers. The process begins with the collection of information through supplier self-assessment questionnaires, followed by reviews conducted by the Supply Chain Management Team to identify potential risks and implement corresponding risk control measures. For materials identified as high risk, Phihong increases the safety stock levels and establishes an early warning system to continuously monitor inventory changes, ensuring supply stability.

Supply contracts include clearly defined force majeure clauses and alternative solutions, including substitute material specifications and emergency procurement procedures, to enhance response capabilities. In addition, Phihong also maintains close communication with customers, incorporating flexible terms into sales contracts to reduce the risk of breach of contract due to delivery delays. In summary, the main measures adopted by Phihong for key material risk management are presented on the right-hand side.

	Key Components	Risk Types	Strategic Measures	Common Measures
Semiconductors		<ol style="list-style-type: none"> <li>Excessive order volume</li> <li>In-plant inventory</li> </ol>	<ol style="list-style-type: none"> <li>Strengthen control over excess inventory</li> <li>Monitor supplier status for special-use materials</li> </ol>	<ol style="list-style-type: none"> <li>Conduct price negotiations</li> <li>Establish a cross-functional project team to strictly control production order quantities</li> <li>Coordinate order cancellations or delays</li> </ol>
Plastics		<ol style="list-style-type: none"> <li>Supplier production reduction or shutdown</li> <li>Slower inventory turnover</li> </ol>	<ol style="list-style-type: none"> <li>Regularly verify inventory levels at injection molding factories</li> <li>Regularly verify production capacity changes at material suppliers</li> </ol>	
Hardware Wire		<ol style="list-style-type: none"> <li>Supplier workforce adjustment</li> <li>Raw material overstock</li> </ol>	<ol style="list-style-type: none"> <li>Regularly assess supplier workforce changes</li> <li>Regularly verify material inventory at supplier sites</li> </ol>	
PCB		<ol style="list-style-type: none"> <li>Supplier workforce reduction</li> <li>Decreased raw material supplier capacity</li> </ol>	<ol style="list-style-type: none"> <li>Regularly assess supplier workforce changes</li> <li>Regularly verify production utilization at original manufacturers</li> </ol>	

## Supplier Integrity Commitment

One of the most significant risks in the procurement process is the offering of gifts, money, or entertainment expenses by suppliers in exchange for preferential treatment during bidding for goods and services. Phihong's Business Ethics and Conduct Guidelines clearly specifies anti-corruption and anti-bribery policies applicable to both procurement personnel and suppliers. In 2024, 90% of Phihong's 180 core suppliers signed the Integrity Commitment Letter, representing a 2% increase compared to the previous year.







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## Supplier Guidance

Phihong conducts regular quality and environmental system audits, along with guidance evaluations, for newly developed and qualified suppliers to ensure that their product quality, environmental management systems, and corporate social responsibility practices meet Phihong's requirements. As many of our suppliers are located in China, Phihong has delegated substantial supplier management responsibilities and authority to local SQM (Supplier Quality Management) units. This approach aims to integrate the "three realities" – actual site, actual situation, and actual condition – enabling timely and effective responses while reducing risks associated with quality, environmental compliance, and social responsibility. Phihong's supply chain guidance team is composed of members from SQM, Technology, and Procurement departments, who jointly evaluate new suppliers during onboarding. The SQM unit conducts audits, guidance sessions, and evaluations as needed based on the supplier's specific situation. In 2024, Phihong conducted a total of 44 Quality System Audits (QSA) for new suppliers and 105 Quality Process Audits (QPA) for existing suppliers. The audit results are presented below.

### Result of Phihong's Quality Process Audit (QPA)

Audit Type	Total Result	Total	%
RBA Audit	✓ Pass	13	12%
HSF Audit	✓ Pass	3	3%
QPA & HSF Audit	✓ Pass	26	25%
QPA Audit	✓ Pass	9	9%
Annual Audit	✓ Pass	43	41%
New Material Process Audit	✓ Pass	8	8%
Supplier Guidance	✓ Pass	3	3%
Grand Total		105	100%

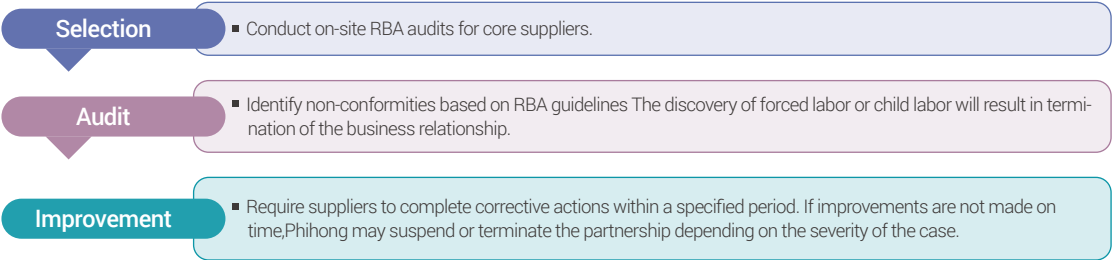
### Result of Phihong's New Supplier Quality System Audit (QSA)

Item	Qualified Suppliers	Disqualified / Suspended Suppliers
No. of Suppliers	33	11
Ratio	75%	25%

Note: Disqualifications and suspensions were not due to CSR issues.

### Supplier RBA Audit GRI 308-1、308-2、414-1、414-2

Pihong conducts on-site audits in accordance with the Responsible Business Alliance (RBA) standards for suppliers with transaction amounts exceeding NT\$10 million and those with close cooperation. In 2024, 14 suppliers underwent RBA audit, and no supplier had cooperation terminated due to forced labor or child labor. A overview is provided in the table below. Overall, Pihong ensures that new suppliers are 100% compliant with environmental and social standards before engagement. Suppliers with potential concerns are not approved. The same scrutiny is applied to existing suppliers. In 2024, no suppliers were identified as having significant actual or potential negative impacts.



Aspect	Major Deficiencies	Improvement Actions	Tracking Mechanism
Human Rights and Labor Protection	Weekly total working hours (including overtime) exceeded 60 hours during peak season	<ul style="list-style-type: none"> <li>Develop a written program to control overtime and enhance training</li> <li>Recruit additional staff according to actual operational needs</li> <li>Improve employees' technical skills through training to improve production efficiency and promote, automation, and lean manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Audit deficiency reports adopt the SQE audit report as the standard format</li> <li>Suppliers submit continuous improvement plans and complete corrective actions for identified deficiencies. The complied audit report is then submitted for review by the supervisor.</li> <li>The audit team decides whether the deficiencies can be closed or if on-site verification is required. All cases must be closed within two months.</li> </ul>
	Factory policies, practices and codes do not include anti-discrimination provisions	<ul style="list-style-type: none"> <li>Develop factory policies, procedures, and codes of conduct to prevent discriminatory incidents</li> <li>Conduct anti-discrimination training for employees in accordance with the training plan, and implement proper training record management</li> </ul>	
RBA Management	The company lacks awareness related to RBA and has not assigned qualified personnel to participate in RBA audit	<ul style="list-style-type: none"> <li>Set up an RBA training plan to enhance all employees' understanding and awareness of RBA standards</li> <li>Appoint a designated person to regularly monitor updates to the RBA standard and ensure timely implementation of the latest version.</li> <li>Arrange targeted RBA training for relevant personnel and strengthen training and supervision for supplier audit staff.</li> </ul>	
Supply Chain Management	No investigation on the use of conflict mineral was conducted during new supplier introduction	<ul style="list-style-type: none"> <li>Commit to conducting due diligence on the sourcing and chain of custody of minerals in accordance with the "OECD Due Diligence Guidelines"</li> </ul>	
Social Responsibility	No corporate social responsibility (CSR) training program was provided to existing employees	<ul style="list-style-type: none"> <li>Incorporate social responsibility training into the annual training plan assign specialists to follow up on training completion</li> </ul>	
Occupational Health and Safety	Employees in high-risk positions did not undergo pre-employment, on-the-job, or exit medical examinations.	<ul style="list-style-type: none"> <li>Arrange annual occupational health examinations for employees in high-risk positions, conducted by medical professionals onsite</li> </ul>	



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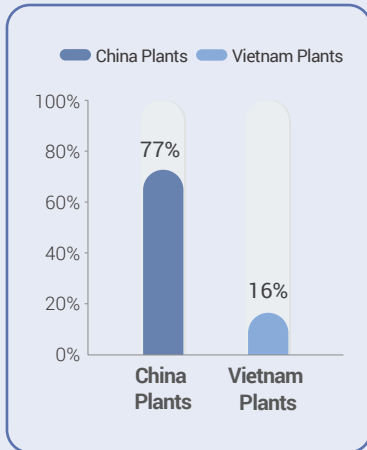
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## Local Procurement

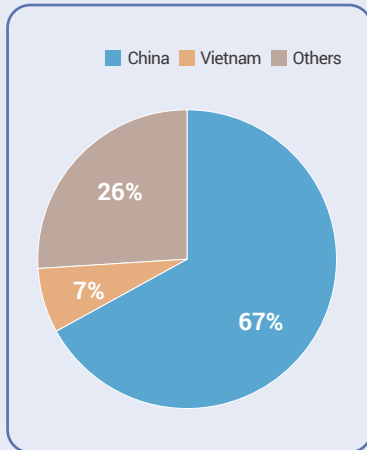
Phihong promotes green supply chain management by strengthening its local procurement strategy. This not only effectively reduces supply chain risks and overall carbon emissions, but also helps create local job opportunities. We prioritize suppliers located in the same region as our production sites to minimize carbon footprint from logistics and transportation. In 2024, the localization procurement ratio is shown in the chart below, with China having the highest proportion. In Vietnam, efforts continue to promote the introduction of locally sourced components to increase the local procurement rate. New suppliers, whether for mechanical or electronic components, are selected based on their proximity, ideally within a 2-hour drive from the factory, to effectively enhance supply chain localization.

By advancing local procurement, we are able to reduce reliance on international logistics, thereby lowering greenhouse gas emissions and minimizing the environmental impact. If overseas procurement is necessary, careful planning of delivery schedules and shipment frequency is conducted to reduce both import costs and supplier shipping expenses, achieving sustainable procurement goals that balance environmental and economic benefits.

Phihong's Localization Procurement Ratio in 2024



2024 Regional Breakdown of Procurement Value



## Supplier Material Compliant with Environmental Requirements

Phihong is committed to the control of environmental substances in materials. We closely monitor updates to major international regulations, such as RoHS 2.0 (2011/65/EU & 2015/863/EU), REACH-SVHC, Halogen-Free, and SONY SS00259, and promptly revise our internal control documents accordingly. New control standards for environmental management substances are published on the supplier communication platform in line with updates from international organizations, allowing suppliers to download and reference them in a timely manner. To reinforce awareness of environmental substance control, the system used by suppliers to upload relevant data clearly displays visual reminders. During the material approval stage, suppliers are required to submit valid third-party test reports and guarantees, and upload them to Phihong's environmental documentation system to ensure compliance with environmental requirements. New environmental substance control standards are updated in accordance with changes made by relevant international organizations and made available for supplier reference and download. To emphasize the importance of environmental substance control, clear reminders are also displayed in the environmental data upload system for suppliers.

## Collaborating with Suppliers to Promote Packaging Material Recovery and Reuse

To reduce resource waste and deforestation, and to protect the ecological environment, Phihong actively collaborates with suppliers to encourage the transition from small to large packaging, thereby reducing the use of packaging materials. These efforts particularly focus on the recovery and reuse of packaging materials such as blister packs, cartons, and plastic boxes (barrels). In product packaging design, Phihong prioritizes the use of eco-friendly materials and avoids excessive packaging, with a strong commitment to recovery and reuse. We track the monthly statistics of packaging material recovery volume, recovery rate, and target achievement rate, and implement reviews and corrective actions for projects that fall short of targets. Through a robust packaging material recovery management mechanism, we not only extend the lifespan of packaging materials and reduce costs, but also effectively minimize waste generation, demonstrating our commitment to sustainable operations.



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## Promoting Supplier Packaging Recycling Performance



Packaging Material  
Recycling



Reusable  
Carriers



Plastic Barrel Recovery  
and Reuse

### Key Summary

- 1 Optimize packaging design by selecting materials that are easily recoverable, renewable, and biodegradable; simplify packaging structures; reduce material usage; and avoid the use of complexity of composite materials made from different sources.
- 2 Collaborate with upstream and downstream enterprises in the industrial chain to share information and resources, thereby increasing the recovery and reuse rate of packaging materials.

- 1 Cooperate with local institutional suppliers to adopt reusable carriers, such as plastic crates.
- 2 Partner with upstream suppliers to provide high-quality and durable plastic crates to increase usage rate.
- 3 Establish and improve the reusable system for packaging materials, including plastic boxes.

- 1 Collaborate with local suppliers to increase investment in the development of efficient cleaning and disinfection technologies to remove residual chemicals and improve the reusable quality of plastic barrels.
- 2 Design plastic barrels that are safe, easy to clean, disassemble, and durable to improve the feasibility of reusable and extend their lifespan.

### Quantitative/Qualitative Achievements

In 2024, a total of 652,620 units were recovered, weighing 374,754 KG, of which 57% were plastic, 27% cartons, and 16% plastic boxes/barrels.

In 2024, a total of 178,016 cartons were recovered, with a recovery weight of 135,059 KG.

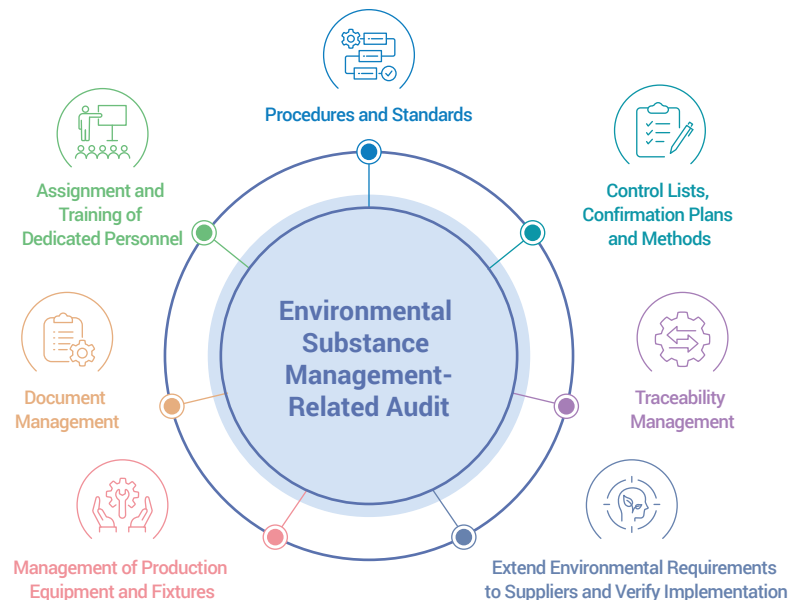
In 2024, 105,501 plastic boxes/barrels were recovered, with a recovery weight of 199,879 KG.



## Management of Environmentally Related Substances

In addition to requiring that supplier materials meet environmental standards, the Company's SQM team verifies that suppliers meet our specific requirements. This is a critical part of our green supply chain management. When introducing new suppliers, Phihong requires all vendors to meet environmental standards, which is a mandatory review criterion. All newly onboarded suppliers complied with environmental standards, achieving a 100% compliance rate. The environmental substance management review for new suppliers covers seven key aspects: procedures and standards, control lists and verification plans/methods, traceability, extension to sub-suppliers and confirmation of their implementation, production equipment and fixture management, document management, and the division and training of dedicated personnel.

Before the audit, suppliers are required to independently confirm that their environmental substance management meets with Phihong's standards. During the audit, the auditor will verify each item on a standardized checklist to ensure the supplier's measures in environmental substance management are implemented effectively. This ensures that there are no omissions in management, and helps prevent product contamination, loss, or damage to the environment due to inadequate management.



## Supplier ESG Implementation and Commitment

Phihong values the corporate social responsibility (CSR) performance of the supply chain and conducts annual social responsibility audits for qualified suppliers. Through the audit process, identify potential or actual deficiencies in suppliers' compliance with the Code of Conduct, formulate specific improvement plans accordingly, and ensure their effective implementation and continuous monitoring. As a leading brand in the power supply industry, Phihong is dedicated to promoting and maintaining corporate social responsibility, hoping to collaborate with suppliers to jointly achieve the target of sustainable operations.

In addition, Phihong has publicly disclosed its Supplier Management Policy, Supplier Code of Conduct, Integrity and anti-corruption advocacy, social responsibility, environmental policies, occupational health and safety policies, and conflict-free minerals policies on the supplier communication platform, and carefully selects suppliers in accordance with the standards of these policies. Phihong's Supplier ESG Policy is presented below.

1. Comply with all applicable laws, signed internal regulations, and integrate with the Occupational Health and Safety Management System, Quality Management System, and Environmental Management System.
2. Respect the rights of all individuals; prohibit discrimination, forced labor, and unlawful punitive measures.
3. Comply with customer and industry codes of ethics and business conduct; select suppliers and contractors based on their ability to meet social responsibility standards.
4. Continuously improve management practices, standardize conduct, accept external audits, and encourage employee oversight in accordance with social responsibility standards.
5. Allow employee representatives to communicate or negotiate with management representatives on social responsibility matters.
6. Ensure all employees have access to social responsibility system documentation and may provide suggestions without fear of negative consequences.



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## 4.4 Initiatives and Organizational Participation GRI 2-28

Corporate sustainability initiatives and organizational participation play a crucial role in today's social and economic environment. They not only help enhance corporate image but also strengthen long-term competitiveness and have a positive impact on the environment and society. Phihong embraces the principles of sustainable development by actively responding to external initiatives, aligning with international standards, and participating in international, national, and regional advocacy organizations. Through in-depth communication and collaboration, Phihong demonstrates its commitment to environmental, social, and corporate governance (ESG) issues, and works along side stakeholders from all sectors to jointly advance sustainable development.

### Climate Action Initiatives

In support of the Paris Climate Agreement's target to limit global warming to 1.5°C, Phihong officially pledged in 2022 to achieve net-zero emissions by 2050, and subsequently launched its "Net Zero Action Plan." To achieve this target, Phihong has developed concrete action plans covering direct emissions from operational activities (Scope 1), indirect emissions from energy use (Scope 2), and other indirect emissions across its value chain (Scope 3), thereby implementing a comprehensive decarbonization strategy. In practice, Phihong participates in multiple international platforms to gain insights and best practices through cross-sectoral exchange, further strengthening its capabilities in driving sustainable development. The Company has actively engaged with the Carbon Disclosure Project (CDP), actively responded to investor questionnaires, and committed to setting Science-Based Carbon Targets (SBTi), using scientific methods to assess carbon reduction pathways and practically establish carbon reduction targets. In March 2024, Phihong was officially verified by SBTi for Science-Based Carbon Reduction Target, demonstrating its firm commitment to carbon reduction actions.

Since 2018, Phihong has responded to global climate and water-related risks and opportunities through the Carbon Disclosure Project (CDP). In doing so, the Company has disclosed its climate strategies with integrity and transparency, covering key information such as climate governance structure, risk identification and opportunity analysis, greenhouse gas emissions, reduction targets, and performance. Furthermore, in 2022, Phihong signed on to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), aligning itself with international standards. The Company is also continuing the optimization of its climate change risk and opportunity identification process. Through quantitative assessment of the financial impact, Phihong gains a clearer understanding of the potential effects of climate change on its operations and strategy, and effectively monitors, manages, and responds to various climate risks.

Guided by the vision of sustainable operations, Phihong remains dedicated to facilitating the low-carbon transformation. By leveraging innovation and advancing sustainable practices, the Company actively embraces new opportunities and remains steadfast in its journey toward achieving net-zero emissions by 2050.



#### Taiwan 2050 Net-Zero Initiative

In 2022, Taiwan announced its goal to achieve net zero emissions by 2050 and began laying the groundwork for phased implementation of its national "Net Zero Action Plan." In support of this national policy direction, Phihong has taken concrete steps to implement its own decarbonization strategy, addressing Scope 1 (direct emissions from operations), Scope 2 (indirect emissions from energy use), and Scope 3 (indirect emissions across the value chain) as part of its alignment with Taiwan's net-zero roadmap.

#### Response to the Carbon Disclosure Project (CDP)

Since 2018, Phihong has responded to CDP's climate and water security disclosures. In 2024, it received a B rating in climate change and a B- management level in water security.



#### Verified by the Science-Based Targets initiative (SBTi)

In March 2024, Phihong received official SBTi validation for its science-based carbon reduction targets. This effort ensures alignment with climate science, supports the Paris Agreement's goal of limiting global warming to 1.5°C, and strengthens the Company's competitive advantage in the low-carbon transition.

#### Taskforce on Nature-related Financial Disclosures (TCFD & TNFD)

To better understand the risks and opportunities that climate change poses to its operations, Phihong began identifying and assessing climate-related risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2021. In 2022, Phihong formally endorsed the TCFD initiative and began disclosing relevant information, marking its official participation in global climate action and alignment with international decarbonization efforts. To further strengthen its management of nature-related risks and opportunities, Phihong adopted the Taskforce on Nature-related Financial Disclosures (TNFD) framework in the fourth quarter of 2024.





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2024 Phihong Sustainability Report

## List of Phihong's Participation in External Initiatives

Aspect	Initiative Organizations or Conventions	Role / Action	Phihong (Taiwan)	Phihong (Dongguan)	Phihong (Vietnam)	Zerova
Environment	Task Force on Climate-related Financial Disclosures (TCFD) (TCFD)	Supporter	✓	✓	✓	✓
	Taskforce on Nature-related Financial Disclosures (TNFD)	Supporter	✓	✓	✓	✓
	International Carbon Disclosure Project (CDP)	Supporter	✓	✓		✓
	Science-Based Target initiative (SBTi)	Supporter	✓	✓	✓	✓
	Taiwan E-Intelligent Vehicle & Green Energy Tech Association (TEGA)	Member				✓
Social	Global Reporting Initiative (GRI)	Supporter	✓	✓	✓	✓
	Responsible Business Alliance (RBA) Code of Conduct	Member	✓	✓	✓	✓
	Eden Social Welfare Foundation	Donor	✓			
	Muhsiang Children's Home, Taoyuan City	Donor	✓			
	Step30 International Ministries	Supporter & Donor	✓			
Governance	Taiwan Corporate Sustainability Forum (TCSF)	Supporter	✓			
	Taiwan Industrial Holding Association	Member	✓			
	BCSD Taiwan	Supporter	✓			✓
	Sustainability Accounting Standards Board (SASB)	Supporter	✓	✓	✓	✓
	The Institute of Internal Auditors, R.O.C	Member	✓			✓
Economic	Taiwan Electrical and Electronic Manufacturers' Association	Member	✓			
	Taiwan Plastics Industry Association	Member	✓			
	Taiwan Advanced Automotive Technology Development Association	Member	✓			
	Open Charge Alliance	Member	✓			
	Taipei Computer Association	Member	✓			
	Tainan City General Industrial Association	Member	✓			
	CHAdeMO Association, Japan	Member				✓
	Open Charge Alliance	Member				✓
	CharIN Alliance	Member				✓
	Taiwan Business Association in the Netherlands	Member				✓



# 05





## Environmental Protection

- 5.1 Sustainable Environmental Management
- 5.2 Climate Action and Biodiversity
- 5.3 Energy and Greenhouse Gas Management
- 5.4 Environmental Pollution Control













## Annual Performance

 <b>Environmental Management</b>	 <b>Climate Action</b>	 <b>Greenhouse Gas Reduction</b>	 <b>Energy Management</b>
<ul style="list-style-type: none"> <li>Received a B (Management Level) in the CDP Climate Assessment Questionnaire and a B- (Management Level) in Water Security.</li> <li>Continuously achieved the highest level of UL 2799 Zero Waste to Landfill Platinum Level certification.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened TCFD disclosure and introduced TNFD-related financial information reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained the third-party verification statement for the 2024 carbon inventory.</li> <li>Achieved a 26.59% reduction in Scope 1 and Scope 2 emissions compared to the base year.</li> </ul>	<ul style="list-style-type: none"> <li>Five plants obtained ISO 50001 Energy Management System certification.</li> <li>Completed the evaluation of the solar power system at Phihong Vietnam, with an expected annual electricity generation of 2.5 million kWh.</li> </ul>

## Material Topics and Target Management

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Practice
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Climate Change Response	Strengthening of TCFD disclosures and introduction of TNFD-related disclosures	Introduce TCFD/TNFD implementation project	Disclosed TCFD/TNFD related financial information	Issue the Climate and Nature Reports	Issue the Climate and Nature Reports	Issue the Climate and Nature Reports	Goal 13 Climate Action 
Energy and Greenhouse Gas	Response rate for the Sustainable Absolute reduction of 4.7% in Scope 1 + 2 GHG Emissions annually, compared to the 2021 baseline year	-14.1%	-26.59%	-23.33%	-32.67%	-42%	Goal 7 Affordable and Clean Energy 
Waste Management	The main plants in Dongguan and Vietnam have obtained UL 2799 Zero Waste to Landfill validation	 Obtain validation	 Achieved Platinum Level certification	 Obtain validation	 Obtain validation	 Obtain validation	Goal 12 Responsible Consumption and Production 



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## 5.1 Sustainable Environmental Management

Pihong upholds the philosophy of "global symbiosis and a greener planet," actively promoting sustainable development and embedding environmental sustainability deeply into its corporate culture. The Company continuously enhances employees' environmental awareness and fully implements its environmental management targets through cross-departmental collaboration. To enhance climate resilience, by the end of 2024, Pihong strengthened its alignment with the Task Force on Climate-related Financial Disclosures (TCFD) and introduced the Task Force on Nature-related Financial Disclosures (TNFD) framework. A comprehensive climate risk assessment process was established to systematically evaluate risks and opportunities, as well as dependencies and impacts. Environmental targets are now closely integrated into management-level KPIs to reinforce climate governance.

In addition, Pihong actively engages in the research, development, and manufacturing of green products, promotes the adoption of renewable energy, and continuously reduces carbon emissions through energy management and the greenhouse gas inventory system. In terms of waste management, the Company strictly enforces the classification and treatment of hazardous and non-hazardous waste, emphasizes source reduction, and maximizes recovery and reuse efforts to realize resource circulation, and advance environmental sustainability.

### Environmental and Energy Policy

Pihong pays closely monitors international environmental issues and trends. In addition to complying with environmental regulations in all global operating locations, the Company adopts a proactive and prudent approach to comprehensively promote environmental policies and related initiatives. Grounded in its corporate social responsibility and the target of sustainable operation, Pihong is committed to pollution control, energy conservation, and carbon reduction, and continues to contribute to environmental protection through ongoing action.

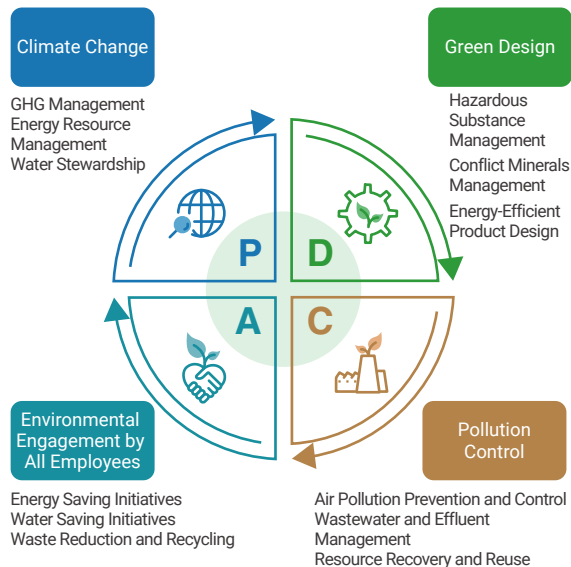
 <b>Environmental Policy</b>	<ul style="list-style-type: none"> <li>Promote environmental management by integrating the spirit of PDCA (Plan-Do-Check-Act), aiming to reduce and prevent environmental impacts.</li> <li>Use systematic management to save energy and water resources and move toward the goal of net-zero carbon emissions.</li> <li>Comply with environmental regulations and customer environmental requirements, with a focus on the prevention of wastewater, air pollution, waste, and noise.</li> <li>Ensure that prohibited, restricted, and toxic substances are not used in production processes or products; adhere to or exceed international environmental standards to avoid environmental impacts.</li> <li>Regularly review environmental goals, improve performance and climate risk assessment, disclose environmental achievements, and fulfill corporate social responsibilities.</li> </ul>
 <b>Energy Policy</b>	<ul style="list-style-type: none"> <li>Continuously improve energy efficiency and reduce energy use costs.</li> <li>Strictly comply with applicable laws and regulations, and fully identify energy-related aspects.</li> <li>Review energy targets to ensure access to necessary information and resources.</li> <li>Implement an energy management system to reduce greenhouse gas emissions.</li> </ul>

## Management Systems and Certifications

Pihong adopts a comprehensive approach to environmental issues, covering four major aspects: climate change, green product development, pollution control, and company-wide environmental engagement. Leveraging a product lifecycle perspective, the Company integrates environmental considerations across product design, raw material supply, manufacturing processes, factory operations, end products, after-sales services, and waste treatment, striving to minimize environmental and climate impacts.

Starting from 2024, all Pihong plants across the Group have fully implemented the ISO 50001 Energy Management System, further strengthening energy-saving and carbon reduction efforts to actively reduce the corporate carbon footprint. Pihong adheres to international standards to maintain the effectiveness of its environmental management certifications, including ISO 14001 and ISO 14064-1. Through annual reviews of environmental objectives, the Company continuously optimizes environmental management performance and advances toward its sustainable development goals.

### 4 Aspects of Environmental Management





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## 5.2 Climate Action and Biodiversity

### Enhancing Climate Resilience

In response to the growing challenges of climate change, Phihong officially endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in 2022, aligning its climate strategy with international standards. In 2024, Phihong adopted the frameworks of both TCFD and TNFD for the first time, focusing on four key disclosure areas: governance, strategy, risk and impact management, and metrics and targets. The Company has established a comprehensive process for identifying climate- and nature-related risks and opportunities. Through the quantification of potential financial impacts, Phihong gains clearer insights into how such risks and opportunities may affect its operations and strategic direction. This enables the Company to effectively monitor, manage, and respond to climate-related issues, while also identifying opportunities for innovation and business development. By integrating these practices into its sustainability management framework, Phihong actively advances its transition toward a low-carbon economy. For detailed information, please refer to [Phihong's 2024 Climate and Nature Biodiversity Report](#).

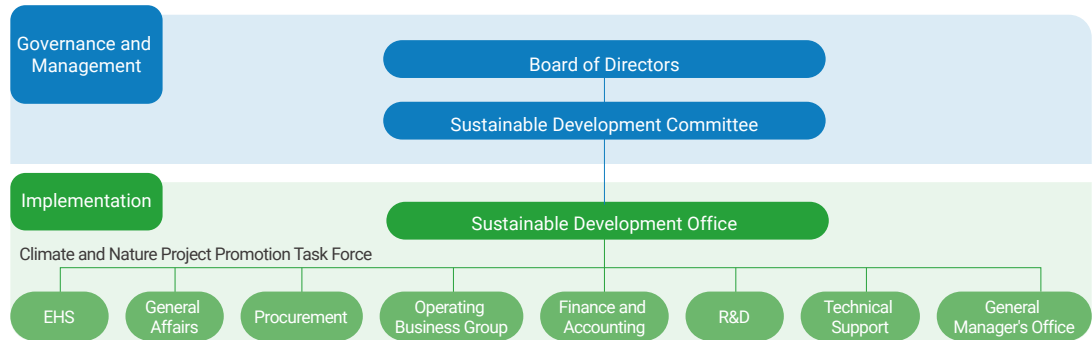


### Governance

In alignment with the TCFD and TNFD frameworks, Phihong has established a comprehensive climate and nature governance structure to ensure that related risks and opportunities are effectively assigned, managed and integrated into the Company's operations and decision-making processes. The Board of Directors serves as the highest decision-making body for the Group's climate and nature governance. Under the Board, a "Sustainable Development Committee" has been established, chaired by the Group's General Manager, with participation from the Chief Sustainability Officer and senior executives of each business unit. The Committee is responsible for overseeing the execution and progress of climate- and nature-related initiatives and targets across. It also plays an active role in supporting the Board's review of major decisions by ensuring comprehensive evaluation of potential impacts, dependencies, risks, and opportunities related to climate and nature topics. The Committee emphasizes the importance of incorporating stakeholder perspectives to ensure that decision-making appropriately balances sustainability goals with business needs.

At the management and execution level, the "Sustainability Development Office" is led by the Chief Sustainability Officer, serves as the Group's core unit dedicated to ESG affairs. The Office is also responsible for convening the "Climate and Nature Project Promotion Task Force." The task force coordinates the annual processes for identifying, evaluating, and managing climate and nature-related risks and opportunities. It assists the Board of Directors and the Sustainable Development Committee in gaining a comprehensive understanding of potential risks and opportunities, ensuring effective monitoring of operational risks, and providing concrete improvement recommendations. Each participating department evaluates the probability and potential impact of identified risks and opportunities within the scope of its responsibilities. These evaluations feed into a structured risk and opportunity management mechanism, through which necessary response strategies are developed and implemented. The Chief Sustainability Officer reports quarterly to the Board of Directors on the execution status and progress of the "Climate and Nature Project Promotion Task Force."

#### Diagram of the Climate and Nature Governance Framework



#### Roles and Reporting Frequency

Level	Governance / Execute Responsibilities	Reporting Frequency
<b>Board of Directors</b>	Oversee the targets and achievement status of climate- and nature-related strategies across all levels of the organization.	At least once per year
<b>Sustainable Development Committee</b>	Chaired by the Group's General Manager, the Committee reviews and approves sustainability-related policies and major decisions. It also evaluates the annual execution results of key topics.	Biannually
<b>Sustainable Development Office</b>	<b>Climate and Nature Project Promotion Task Force</b> Coordinate the identification, evaluation, and management of annual climate- and nature-related risks and opportunities; track and assess the execution progress and effectiveness.	Quarterly
	<b>Executing Units</b> Implement climate- and nature-related risk and opportunity management measures; coordinate and communicate climate and nature topics with internal and external stakeholders.	



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## Strategy

Phihong deeply understands the importance of climate- and nature-related risks and opportunities on long-term business sustainability. The Company has incorporated low-carbon transformation and environmental sustainability into its core strategies. We have established specific commitments to net-zero emissions and protect biodiversity, and we continue to reduce environmental impact through forward-looking management and technological innovation.

### Net Zero Strategy

Phihong is committed to achieving net-zero emissions and has formulated specific carbon reduction measures to align with the global net-zero transition and international standards. The Group's carbon reduction targets have been approved by the SBTi, aiming to reduce Scope 1 and 2 emissions by 42% by 2030 (compared to 2021) and lower Scope 3 carbon intensity by 51.6% by 2030 (compared to 2021), with the ultimate goal of achieving net-zero emissions by 2050. To achieve these targets, the Group actively promotes energy transition by increasing the use of renewable energy and reducing dependence on fossil fuels through the deployment of in-house solar power systems and the purchase of green power certificates. At the manufacturing level, smart energy management system are implemented to optimize production processes and improve energy efficiency.

On the product side, Phihong continues to develop low carbon innovations by selecting environmentally friendly materials and optimizing processes to reduce product carbon footprint. For example, the DIY power-tool charger "Power-tool Charger," developed using third-generation Gallium Nitride (GaN) technology, improves energy efficiency and reduces carbon emissions. Similarly, the "For E-bike Charger" utilizes Silicon Carbide (SiC) technology to reduce size and weight while minimizing energy loss, further enhancing energy efficiency. Zerova focuses on EV charging solutions and infrastructure consulting. Backed by strong technical background, it has supported the installation of over 100,000 charging stations worldwide, contributing to the global shift toward green transportation and net-zero carbon emissions, and playing an important role in environmental protection and climate change mitigation. We actively collaborate with supply chain partners to promote carbon reduction initiatives, encouraging suppliers to implement carbon inventories and greenhouse gas reduction strategies, thereby facilitating a comprehensive low-carbon transformation across the supply chain.

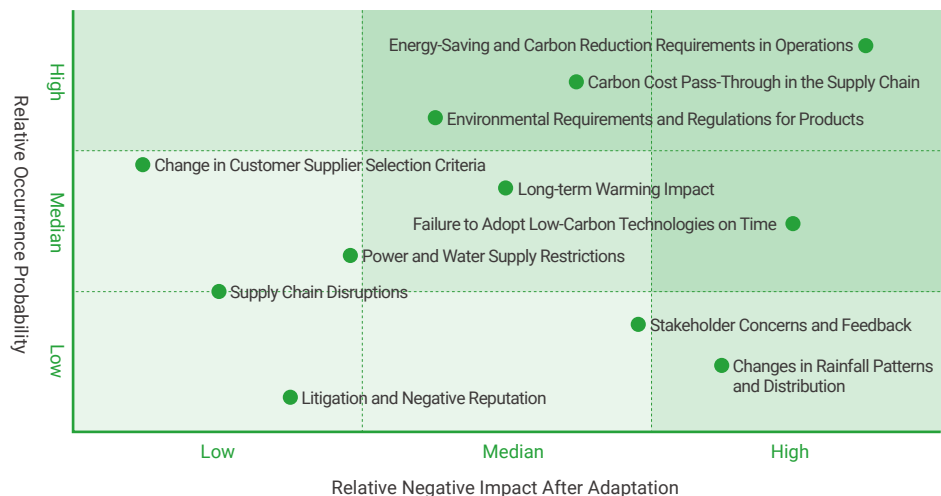
### Climate Risks and Opportunities Assessment Results and Management

Phihong categorizes risks and opportunities associated with climate- and nature-related issues by timeframe: short-term (within 2 years), mid-term (2–6 years), and long-term (beyond 6 years). The Sustainability Development Office systematically identifies potential risks and opportunities through regular reviews of international research reports, industry trend analysis, and multi-stakeholder surveys. In 2024, a total of 11 risks and 6 opportunities were identified. In the regular meetings of the Climate and Nature Project Task Force, all departments are invited to assess each item based on the occurrence probability and impact level, using a structured questionnaire. Key items are then prioritized for management. After comprehensively assessing the occurrence probability and potential impact level, we identified the six most significant risks, characterized by both high

occurrence probability and high impact level, as well as the three most promising opportunities.

The main risks include the impact of extreme weather events on plant operations, the cost pressure associated with the global push for net-zero policies, and the potential of carbon cost pass-through within the supply chain resulting from carbon pricing mechanisms. In addition, long-term warming trends and changes in rainfall patterns caused by climate change may lead to increased operational management costs and a higher risk of business disruptions. To mitigate these risks, the Group has established a comprehensive risk identification and response mechanism to ensure the resilience and stability of its operations and value chain. In terms of opportunities, the Group regards low-carbon transformation as a core strategy. Phihong leverages technological innovation, product design optimization, and the adoption of renewable energy to strengthen its market competitiveness. For example, it develops high-efficient, energy-saving power products to meet growing demand for low carbon products, and actively participates in international green supply chain initiatives to expand business opportunities. Through clear strategic planning and execution, Phihong proactively addresses climate change and nature-related risks while seizing opportunities arising from the green transition, thereby safeguarding long-term corporate competitiveness.

### Climate and Nature Risk Ranking and Analysis Results





## Key Climate/Nature Risks and Corresponding Countermeasures

Climate/Nature Risk Category	Risk Item	Risk Description	Impact Level	Likelihood of Occurrence	Expected Timeframe	Value Chain Position	Financial Impact	Countermeasures
Climate	Policies and Regulations	Energy-Saving and Carbon Reduction Requirements in Operations	High	High	Short-, Mid- and Long-Term	Own Operations	Increase in operating costs. Increase in capital expenditures.	<ol style="list-style-type: none"> <li>Continuously monitor the development of carbon pricing regulations and legislative progress across key countries.</li> <li>Regularly evaluate and analyze internal carbon pricing mechanisms, and incorporate them into plant operations to proactively promote early implementation of carbon reduction measures and reduce financial impacts.</li> <li>Continuously and actively develop in-house renewable energy projects and evaluate long-term green electricity procurement contracts to ensure cost stability and energy security</li> </ol>
Climate	Policies and Regulations	Carbon Cost Pass-Through in the Supply Chain	Medium	High	Short-, Mid-Term	Upstream Supply Chain	Increase in procurement costs.	<ol style="list-style-type: none"> <li>Actively collaborate with supply chain partners to jointly promote carbon reduction and regularly track suppliers' carbon emissions performance.</li> <li>Adopt diverse and flexible procurement strategies to reduce the risk of cost transfer.</li> <li>Diversify sourcing away from high-carbon-risk suppliers, taking into account regional differences in carbon tax and fee policies</li> </ol>
Climate, Nature	Policies and Regulations	Environmental Requirements and Regulations for Products	Medium	High	Mid- and Long-Term	Downstream - Products and Services	Decrease in revenue.	<ol style="list-style-type: none"> <li>Establish a mechanism to track relevant regulations and proactively initiate research on corresponding technologies.</li> <li>Introduce circular manufacturing technology and renewable materials.</li> <li>Monitor market trends and customer needs to drive forward-looking technology development.</li> </ol>
Climate, Nature	Technology	Failure to Adopt Low-Carbon Technologies on Time	High	Medium	Short-, Mid- and Long-Term	Downstream - Products and Services	Increase in R&D costs. Decrease in revenue.	<ol style="list-style-type: none"> <li>Continuously invest in the research and development of low-carbon technologies, such as high-efficiency EV charging solutions and energy-saving power supplies.</li> <li>Actively collaborate with supply chain partners to promote the use of low-carbon materials and renewable energy, fostering a green manufacturing system.</li> <li>Strengthen the cultivation and retention of talent in green technology R&amp;D.</li> </ol>
Climate	Physical; Long-term	Long-term Warming Impact	Medium	Medium	Mid- and Long-Term	Own Operations	Increase in operating costs.	<ol style="list-style-type: none"> <li>Enhance factory energy efficiency through high-performance thermal insulation materials, shading systems, and optimized ventilation design; regularly inspect and maintain air conditioning and cooling systems.</li> <li>Implement staggered shifts to avoid peak heat periods, increase rest breaks, provide cooling beverages, and establish a high-temperature alert and response mechanism.</li> <li>Deploy a smart energy management system to monitor electricity usage, install heat recovery devices, regularly test equipment efficiency, and replace outdated energy-intensive equipment.</li> </ol>
Climate, Nature	Physical; Long-term	Changes in Rainfall Patterns and Distribution	High	Low	Mid- and Long-Term	Own Operations	Increase in operating costs. Decrease in revenue.	<ol style="list-style-type: none"> <li>Install water storage facilities and water retention systems, introduce water recycling and reuse technologies, and regularly maintain water supply equipment to ensure operational efficiency.</li> <li>Establish a tiered control mechanism for water shortages and flood events, prepare alternative production plans, develop workforce allocation and supply chain contingency measures, and conduct regular drills to enhance emergency response capabilities.</li> <li>Expand the capacity of plant drainage systems, install floodgates, establish real-time monitoring systems, adopt waterproof designs for important equipment, and raise ground-level elevations where necessary.</li> </ol>



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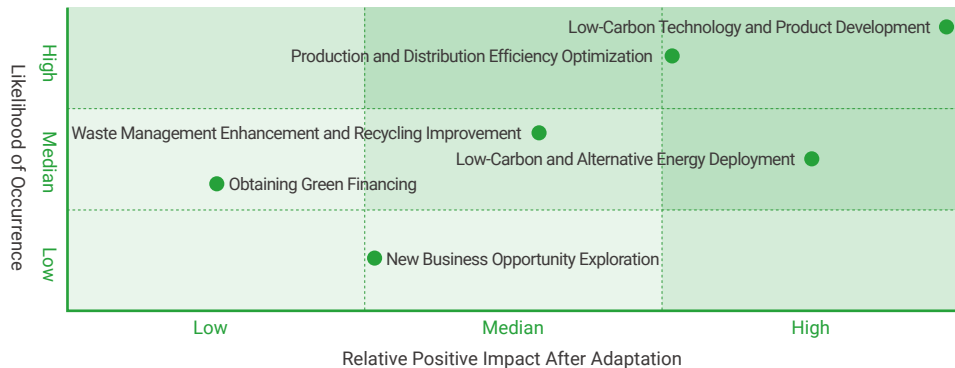

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### Climate and Nature Opportunity Ranking and Analysis Results



Climate/Nature Opportunity Category	Opportunity Item	Opportunity Description	Impact Level	Likelihood of Occurrence	Expected Timeframe	Value Chain Position	Financial Impact	Response Strategies
Climate	Products/ Services	Low-Carbon Technology and Product Development	High	High	Short-, Mid-Term	Downstream - Products and Services	Increase in revenue	<ol style="list-style-type: none"> <li>Establish a waste data tracking system to monitor output and costs, identifying key areas for improvement.</li> <li>Strategically collaborate with professional recovery vendors to optimize the processes and efficiency of precious metals recovery.</li> <li>Continuously expand the scope of UL2799 certification, considering everything from product design to final disposal, to improve waste conversion rates.</li> </ol>
Climate	Energy Sources	Low-Carbon and Alternative Energy Deployment	High	Medium	Short-, Mid-Term	Own Operations	Decrease in operating costs	<ol style="list-style-type: none"> <li>Assess the feasibility of rooftop solar installations at factory sites, and plan a phased construction project to generate on-site green electricity and reduce electricity costs.</li> <li>Identify opportunities for recovering waste heat from production processes and establish thermal energy reutilization systems to improve overall energy efficiency.</li> <li>Continuously monitor green electricity procurement plans, participate in power purchase agreements in a timely manner, and secure long-term electricity price advantages.</li> </ol>
Climate, Nature	Resilience	Production and Distribution Efficiency Optimization	High	High	Short-Term	Own Operations	Decrease in operating costs	<ol style="list-style-type: none"> <li>Establish a process energy monitoring system to identify energy consumption hotspots and optimize production scheduling in order to reduce energy use costs.</li> <li>Introduce smart predictive maintenance to reduce equipment failure risks and decrease material and energy waste.</li> <li>Establish a cross-site coordination team to share best practices and implementation experiences in smart manufacturing across production facilities.</li> </ol>



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## Risk Management

Phihong conducts comprehensive identification of potential internal and external risks and impacts, covering areas such as operations, technology, information security, facilities, supply chain, finance, and human resources. A comprehensive response mechanism has been established, encompassing early warning, emergency response, crisis management, and recovery actions. A dedicated unit is responsible for Implementation to enhance risk resilience and ensure operational stability and sustainable development. For detailed description, please refer to section [2.3 Risk Management of this report](#).

### Risk Management Framework

Phihong continuously optimizes its risk management mechanism, regularly identifies emerging risks, and enhances response capabilities and operational resilience. The risk governance structure is led by the Group's General Manager, who serves as the Chief Executive Officer, and is responsible for coordinating cross-unit resources. According to the Risk Management Manual, the Group systematically evaluates environmental-, social-, and governance-related (ESG) operational risks to enhance corporate resilience and sustainable development capabilities. The Group's General Manager provides annual reports to the Board of Directors on the implementation status and achievements, ensuring effective board oversight of the risk governance mechanism.

### Risk Opportunity Identification and Assessment Process

Phihong has established a comprehensive climate and nature risk management framework that adopts a forward-looking approach to identify both challenges and business opportunities. These insights are integrated into the Company's corporate strategies and daily decision-making processes. We follow a four-step process to assess climate and nature-related risks and opportunities. This approach ensures effective risk mitigation and opportunity capture, thereby strengthening organizational resilience and generating long-term sustainable value. For key risks and opportunities, we formulate quantifiable response strategies and Action plans, define performance indicators and phased targets, and conduct regularly reviews using the PDCA cycle. This continuous improvement mechanism ensures flexibility and effectiveness, allowing us to adapt our strategies in response to evolving market dynamics.

Through this robust risk and opportunity assessment process, the Group not only responds swiftly to international regulatory and market changes, but also actively expands its sustainability impact across the value chain. By engaging partners in climate and nature-related initiatives, we reinforce our leadership position and operational resilience in the low-carbon transition.

### Climate and Nature Risk and Opportunity Identification and Assessment Process



#### STEP 1 Topic Collection

**Establish a comprehensive list of climate- and nature-related risks and opportunities.**

The Sustainability Development Office regularly collects external development trends and internal climate- and nature-related issues encountered by the Group



#### STEP 2 Impact Identification and Assessment

**Evaluate and rank risks and opportunities.**

The significance of each topic is based on their occurrence probability and potential impact on Phihong, enabling the prioritization of key risks requiring management attention and opportunities for proactive development



#### STEP 3 Strategy Formulation

**Key risks and opportunities formulate response strategies**

For each identified risk and opportunity, feasible response strategies and concrete action plans are developed, and corresponding metrics and targets are set to facilitate subsequent oversight operations.



#### STEP 4 Monitoring and Management

**Follow the PDCA principles regulatory risks and opportunities**

In accordance with the PDCA (Plan–Do–Check–Act) cycle, significant climate- and nature-related risks and opportunities are continuously monitored and reviewed annually to ensure the relevance of strategies and the effectiveness of implementation measures

### Scenario Analysis Results

Following the identification of key climate-related risks, Phihong conducted a quantitative assessment of significant climate and nature risks to better understand potential risk patterns under different climate scenarios. The analysis covers short-, medium-, and long-term timeframes and supports the development of appropriate mitigation and adaptation measures. For detailed information, please refer to [Phihong's 2024 Climate and Nature Biodiversity Report](#).

## Transition Risk Scenario Analysis

Risk Background	With the advent of the era of carbon pricing, companies are expected to incur additional compliance and carbon reduction costs in order to meet national net-zero targets. These costs may have a significant impact on business operations.																																					
Analytical Assumptions	<p>This scenario analysis assumes achievement of Pihong's SBTi-approved targets by 2030, with a 42 percent reduction in Scope 1 and 2 greenhouse gas emissions compared to the base year, and achievement of net-zero emissions by 2050. The financial impacts are assessed under two scenarios: the Business as Usual (BaU) scenario and the Transition Strategy scenario. These impacts include, but are not limited to, increased compliance and operational costs associated with implementing carbon reduction measures, operating management systems, and increasing the proportion of renewable energy use. In response, Pihong has developed the following two strategic scenarios.</p> <p>❶ <b>BaU (Business as Usual) – No Additional Proactive Measures Taken</b></p> <p>This scenario assumes no additional decarbonization efforts beyond current practices. Carbon emissions projections to 2050 are based on current emission levels and revenue growth rates. Pihong evaluates the estimated annual financial impact of meeting progressive compliance requirements by incorporating national carbon reduction targets and carbon pricing mechanisms, assuming no further mitigation actions are implemented.</p> <p>❷ <b>Transition Strategy – Active Energy Transformation</b></p> <p>This scenario incorporates not only country-specific carbon pricing mechanisms but also the projected costs of gradually increasing the share of renewable energy as part of Pihong's orderly net-zero transition plan. The anticipated annual financial impact is assessed under the assumption that the transition strategy is successfully implemented, reflecting both operational adjustments and strategic investments.</p>																																					
Scenario Selection	2050 Net-Zero Scenario																																					
Financial Impact	<table><tr><th colspan="3">Expected Financial Impact as a Percentage of Revenue (%)</th></tr><tr><th></th><th>Business-as-Usual Scenario</th><th>Transition Strategy Scenario</th></tr><tr><td>Short-Term</td><td>0.04</td><td>0.02</td></tr><tr><td>Mid-Term</td><td>0.57</td><td>0.17</td></tr><tr><td>Long-Term</td><td>1.70</td><td>0.71</td></tr></table>	Expected Financial Impact as a Percentage of Revenue (%)				Business-as-Usual Scenario	Transition Strategy Scenario	Short-Term	0.04	0.02	Mid-Term	0.57	0.17	Long-Term	1.70	0.71	<div><div>Business-as-Usual Scenario</div><div>Transition Strategy Scenario</div><div>Unit: %/year</div></div> <table><thead><tr><th>Year</th><th>Business-as-Usual Scenario (%)</th><th>Transition Strategy Scenario (%)</th></tr></thead><tbody><tr><td>2025</td><td>0.00</td><td>0.00</td></tr><tr><td>2030</td><td>0.00</td><td>0.00</td></tr><tr><td>2035</td><td>0.00</td><td>0.00</td></tr><tr><td>2040</td><td>0.57</td><td>0.17</td></tr><tr><td>2045</td><td>1.00</td><td>0.30</td></tr><tr><td>2050</td><td>1.70</td><td>0.71</td></tr></tbody></table>	Year	Business-as-Usual Scenario (%)	Transition Strategy Scenario (%)	2025	0.00	0.00	2030	0.00	0.00	2035	0.00	0.00	2040	0.57	0.17	2045	1.00	0.30	2050	1.70	0.71
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2025	0.00	0.00																																				
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2035	0.00	0.00																																				
2040	0.57	0.17																																				
2045	1.00	0.30																																				
2050	1.70	0.71																																				
Expected Countermeasures	<ul style="list-style-type: none"><li>Continuously improve energy efficiency and reduce carbon emissions intensity.</li><li>Actively plan for and expand the procurement and deployment of renewable energy, with the goal of steadily increasing its share in overall energy use.</li><li>Evaluate the adoption of internal carbon pricing mechanisms to inform investment and procurement decisions.</li></ul>																																					

## Physical Risk Scenario Analysis – Long-Term Warming Risk

Risk Background	With the increasing variability of the climate system, the world is facing more frequent and severe natural disasters. The continued rise in average global temperatures may lead to reduced energy efficiency at production facilities and result in higher operating costs.																																				
Analytical Assumptions	Evaluate the financial impact of increased electricity costs under scenarios of varying intensities of the long-term warming trend.																																				
Scenario Selection	<div>① SSP1-RCP 2.6</div> <div>② SSP5-RCP 8.5</div>																																				
Financial Impact	<table><thead><tr><th rowspan="2"></th><th colspan="2">Expected Financial Impact as a Percentage of Revenue (%)</th></tr><tr><th>RCP 2.6</th><th>RCP 8.5</th></tr></thead><tbody><tr><td>Short-Term</td><td>0.000</td><td>0.000</td></tr><tr><td>Mid-Term</td><td>0.029</td><td>0.057</td></tr><tr><td>Long-Term</td><td>0.053</td><td>0.144</td></tr></tbody></table>		Expected Financial Impact as a Percentage of Revenue (%)		RCP 2.6	RCP 8.5	Short-Term	0.000	0.000	Mid-Term	0.029	0.057	Long-Term	0.053	0.144	<div><div></div> RCP 8.5<div></div> RCP 2.6</div> <div>Unit: %/year</div> <table><thead><tr><th>Year</th><th>RCP 2.6 (%)</th><th>RCP 8.5 (%)</th></tr></thead><tbody><tr><td>2025</td><td>0.000</td><td>0.000</td></tr><tr><td>2030</td><td>0.000</td><td>0.000</td></tr><tr><td>2035</td><td>0.000</td><td>0.000</td></tr><tr><td>2040</td><td>0.029</td><td>0.057</td></tr><tr><td>2045</td><td>0.035</td><td>0.085</td></tr><tr><td>2050</td><td>0.053</td><td>0.144</td></tr></tbody></table>	Year	RCP 2.6 (%)	RCP 8.5 (%)	2025	0.000	0.000	2030	0.000	0.000	2035	0.000	0.000	2040	0.029	0.057	2045	0.035	0.085	2050	0.053	0.144
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2040	0.029	0.057																																			
2045	0.035	0.085																																			
2050	0.053	0.144																																			
Expected Countermeasures	<div><div>■ Improve factory building design and equipment configuration to enhance thermal insulation and cooling efficiency.</div><div>■ Evaluate the feasibility of introducing intelligent energy-saving systems to optimize energy resource allocation during high temperature periods.</div><div>■ Analyze and track global temperature and electricity price trends to inform business planning.</div></div>																																				







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2024 Pihong Sustainability Report

**Physical Risk Scenario Analysis - Extreme Weather Events (Heavy Rain and High Temperatures)**

<b>Risk Description</b>	With reference to the risk levels defined in the NGFS dataset, this analysis assesses the expected impact of extreme rainfall and daily extreme high temperatures on Pihong's key operational sites under two climate scenarios: SSP1-RCP 2.6 and SSP5-RCP 8.5. The risk levels are categorized into five grades, with Level 1 represents the lowest relative impact and Level 5 represents the highest.					
<b>Scenario Selection</b>	① SSP1-RCP 2.6 ② SSP5-RCP 8.5					
<b>Financial Impact</b>	<b>Plant</b>	<b>Baseline Period</b>	<b>Extreme Rainfall</b>		<b>Extreme High Temperature</b>	
			<b>RCP2.6</b>	<b>RCP8.5</b>	<b>RCP2.6</b>	<b>RCP8.5</b>
	PHT	Mid-Term	Level 2	Level 2	Level 1	Level 2
		Long-Term	Level 1	Level 5	Level 2	Level 3
	ZTM	Mid-Term	Level 2	Level 2	Level 1	Level 2
		Long-Term	Level 1	Level 3	Level 2	Level 3
	PHC/PHP/ZCM	Mid-Term	Level 1	Level 2	Level 1	Level 2
		Long-Term	Level 2	Level 2	Level 2	Level 3
	PHV	Mid-Term	Level 1	Level 1	Level 1	Level 2
		Long-Term	Level 1	Level 3	Level 2	Level 3
<b>Expected Countermeasures</b>	<ul style="list-style-type: none"> <li>Conducted annual assessments of natural disaster vulnerability at major operational sites to support the enhancement of the overall risk management framework and improve operational resilience.</li> <li>Establish standardized climate disaster response procedures to enhance response efficiency.</li> <li>Enhance insurance coverage for assets in high risk areas.</li> </ul>					

風險等級表

Level 1 | Low risk

Level 2 | Low-to-medium risk

Level 3 | Medium risk

Level 4 | Medium-to-high risk

Level 5 | High risk



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## Value Chain Natural Risk Assessment

GRI 101-4 、 101-5

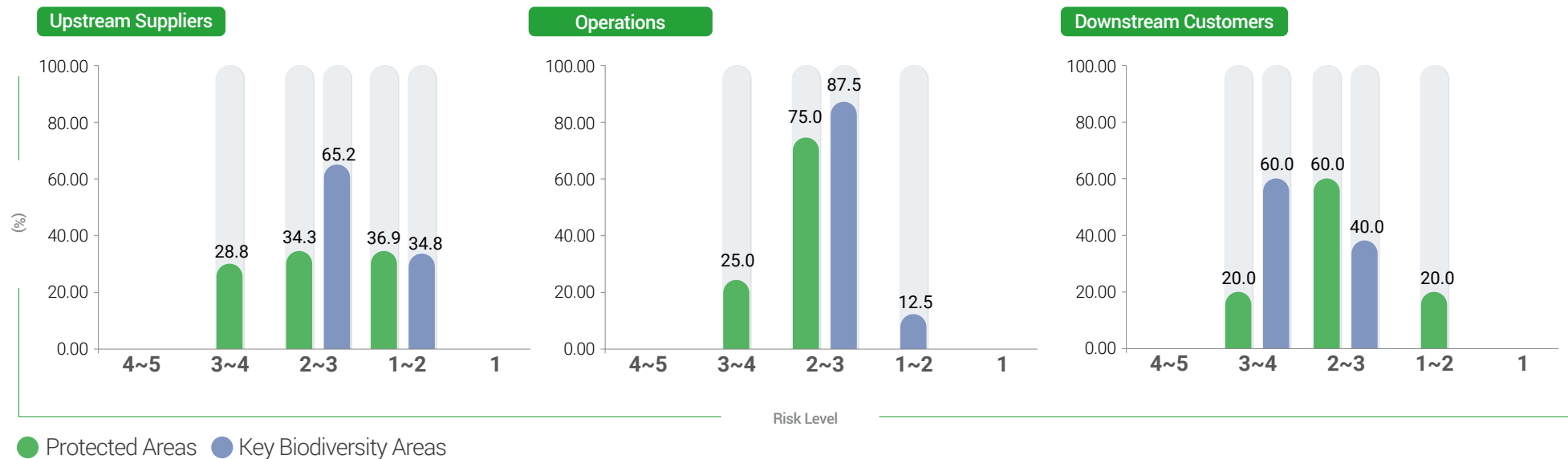
In response to emerging trends in nature-related risk management, Phihong initiated an assessment this year to evaluate potential impacts and risks on biodiversity-sensitive areas across its value chain. The assessment leveraged the Biodiversity Risk Filter developed by the World Wide Fund for Nature (WWF) to evaluate the geographic locations of upstream suppliers, Phihong's own operations sites, and downstream partners. This serves as a crucial basis for future climate- and nature-related risk management and disclosure.

This assessment covered 100% of the Group's operational sites, core suppliers, and all waste disposal contractors. Risk levels were classified based on the potential impact level on Protected Areas (PA) and Key Biodiversity Areas (KBA) in each location to ensure the completeness and representativeness of the analysis results.

The impact level was divided into five grades, ranging from 1 (lowest) to 5 (highest). All sites were statistically analyzed based on their score intervals (1, 1~2, 2~3, 3~4, 4~5), with a focus on identifying whether any stage of the value chain falls within high potential risk zones (i.e., scores of 4~5).

As shown in the figure below, none of the Group's upstream suppliers, operation sites, or downstream customers are located in areas with high biodiversity sensitivity (scores of 4~5). The majority of sites fall within low-to-medium risk ranges (between 2~3 and 3~4), indicating that the overall biodiversity-related risk across the value chain is currently low. Although there are no current exposures to high-risk areas, Phihong will continue to monitor biodiversity risk trends in the regions where value chain sites are located. This information will be integrated into supplier selection, site planning, and sustainability strategies to minimize potential impacts on natural capital and strengthen the Group's ability to manage nature-related risks.

## Phihong Group – Distribution of Natural Risk Impact Levels





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### Uninterrupted Operations with Enhanced Response Capabilities

As climate change intensifies, the frequency and severity of extreme weather events and sudden disasters continue to rise globally. To strengthen risk preparedness and operational resilience, Phihong has established a Business Continuity Planning (BCP) to serve as the foundation for responding to operational interruption risks. In the event of an emergency, the BCP enables the Group to swiftly activate response mechanisms, ensuring the timely resumption of operations and minimizing potential impacts.

To ensure BCP remains effective over the longterm, Phihong conducts annual reviews and continuously optimizes its content. The BCP is also linked to key performance indicators (KPI) to enhance overall response efficiency and management effectiveness. The plan applies to all subsidiaries and branches within the Group and is coordinated by the General Manager to ensure the effective implementation of all operating performance indicators. Currently, Phihong has established standard operating procedures (SOPs) to address seven major operational interruption risks: natural disasters, man-made incidents, product safety issues, infectious disease outbreaks, workplace safety incidents, information security risks, and supplier emergencies. Additionally, insurance mechanisms are utilized to help disperse potential risks and mitigate the financial impact of major events, thereby supporting the Group's stable and sustainable operations.

### Targets and Indicators

To address the potential impact of climate and nature-related changes on operations, Phihong has set green operation targets. These targets are supported by specific strategies across key areas, including energy conservation and carbon reduction, renewable energy generation, water resources usage, and waste management. The Company also reviews implementation results on an annual basis and continuously develops and implements improvement measures to enhance the overall effectiveness of environmental management.

### Targets and Indicators of Climate and Nature

Management Target		2024 Achievement	Short-Term (2025-2026)	Mid to Long-Term (2027-2030)
Carbon Emissions and Energy	Scope 1+2 Reduction Rate (Base Year: 2021)	26.59%	23.33%	42.00%
	Annual Renewable Energy Generation (Cumulative, kWh)	2,167,991	3,000,000	5,000,000 ★
	Proportion of EVs in Official Vehicles	EV50	EV55	EV60
Water Resources	Water Intensity Reduction (Base Year: 2021)	29.52%	20%	20%
Waste Management	Waste Generation Intensity Reduction (Base Year: 2022)	38.89%	10%	20%

★ The mid- to long-term renewable energy generation is expected to include the total generation capacity of Phihong's US subsidiary.





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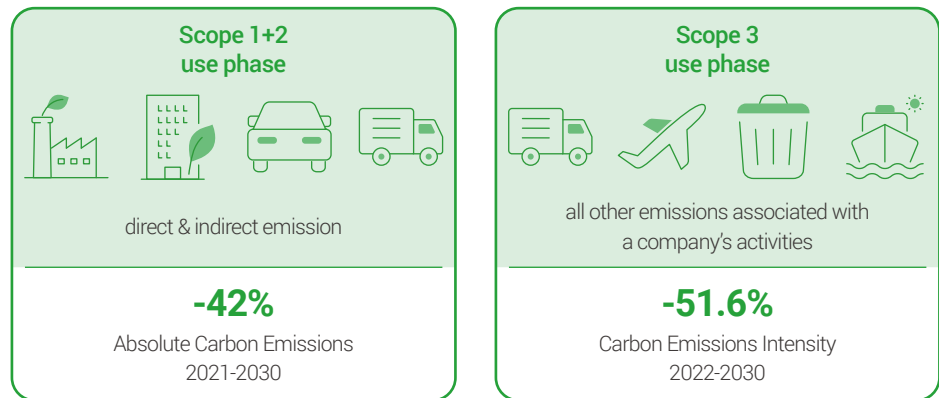

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## SBTi Science-Based Carbon Reduction Target

In 2021, Phihong proactively adopted the Science-Based Targets Initiative (SBTi) framework and submitted its carbon reduction commitment. In November 2023, following the SBTi Net-Zero Standard, the Group set science-based targets to reduce absolute Scope 1 and Scope 2 GHG emissions by 42% by 2030, using 2021 as the base year. Additionally, Scope 3 carbon intensity is targeted for a 51.6% reduction by 2030, based on 2022 as the base year. These targets align with the goals of the Paris Agreement to limit global temperature rise to 1.5°C above pre-industrial levels. The targets were officially approved by SBTi in March 2024.

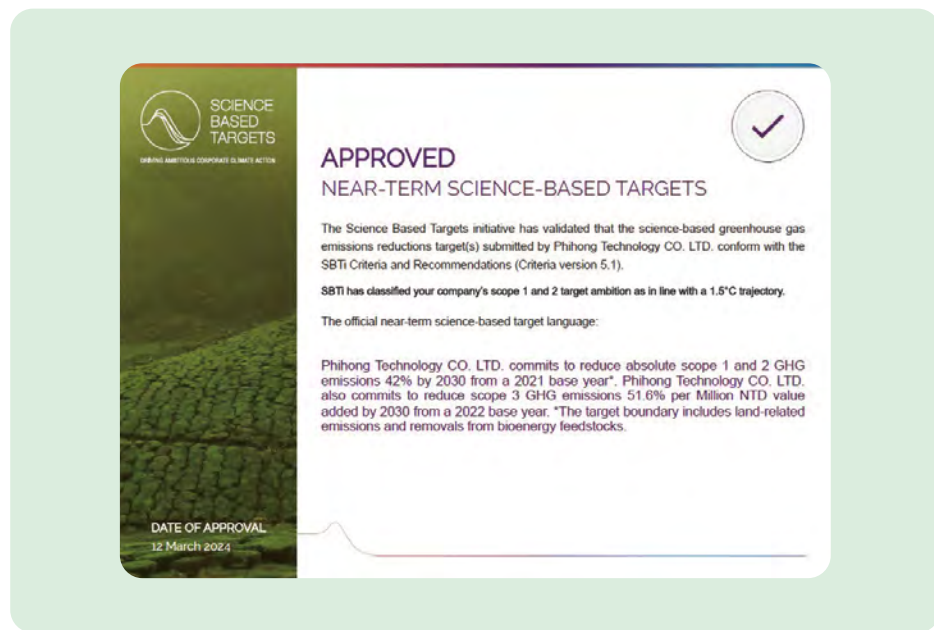
In terms of carbon reduction achievements, Phihong has significantly increased the use of renewable energy, replaced outdated cooling systems, As a result, in 2024 the Group's overall emissions intensity decreased by 17.25% and total emissions were reduced by 26.59% compared with 2021 (the baseline year), well exceeding the original reduction targets. In addition, regarding the medium- to long-term Scope 3 reduction plans, Phihong is driving a green and low-carbon transformation of its supply chain through three major strategies: advancing sustainable procurement, promoting localized management, and reducing the carbon footprint across the value chain These actions reflect Phihong's strong commitment to addressing climate change and achieving long-term sustainability goals through proactive and science-based approaches.

## Science-Based Carbon Reduction Target (SBTi)



## CDP Environmental Information Disclosure

The annual environmental information disclosure and scoring system of CDP, an international non-profit organization, is widely regarded as a key global benchmark for evaluating corporate transparency on environmental issues. Phihong has participated in the CDP Supply Chain program for many years, using the CDP platform to disclose key information on corporate environmental impacts, risks, and opportunities. In the 2024 CDP evaluation report, Phihong received ratings of B in "Climate Change" and B- in "Water Security," marking its first entry into the Management Level category. This represents a significant three-tier improvement from 2023, indicating strong external recognition of Phihong's efforts in addressing climate change and water stewardship.







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## 5.3 Energy and Greenhouse Gas Management

### Energy Consumption GRI 302-1、302-2 SASB RT-EE-130a.1

To effectively manage energy use, reduce energy intensity in production, and lower greenhouse gas emissions, Phihong implemented the ISO 50001 Energy Management System in 2024. The Company also continued developing an electricity monitoring system to identify and manage significant energy-consuming items. We maintain strict control over the addition and modification of equipment and conduct regularly reviews of energy-saving target achievement, while actively promoting energy-saving awareness throughout the organization. Phihong adheres to the principles of energy diversification and reliability, establishing a scientifically managed energy system that primarily relies on electricity with diesel as a supplementary source. This strategy enables the Company to effectively mitigate potential energy supply risks. In the event of sudden power outages or unstable natural gas supply, diesel can be swiftly activated as a backup to ensure the stability and continuity of production operations.

Starting from 2023, Phihong (Dongguan) responded to the clean energy transition trend by fully phasing out the use of natural gas, achieving 100% electricity-based energy supply, and further optimizing the energy structure. At the same time, the usage of gasoline and diesel also significantly decreased compared to the 2021 base year. In 2024, the Phihong (Dongguan) continued to promote energy-saving technological upgrades, expand solar power generation, and implement refined energy management practices. These efforts delivered significant results. In 2024, the electricity supply at the Phihong (Vietnam) remained stable, with no power outages reported. The plant's remained focused on purchased electricity, and diesel was used only for generator testing purposes. Recognizing the positive correlation between energy usage, production scale, and revenue, Phihong acknowledges that a comparison of absolute energy usage alone cannot fully reflect energy efficiency improvements. Therefore, the Company uses "Energy Intensity" as the basis for annual target setting to more accurately measure the actual effectiveness of energy-saving measures.

#### Energy Consumption for Each Plant

Category	Unit	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)	Total	% of Total Energy Consumption
Electricity	kWh	1,656,000	13,048,981	14,969,548	2,559,682	2,828,079	35,062,290	93.49
	GJ	5,961.60	46,976.33	53,890.37	9,214.86	10,181.08	126,224.24	
Gasoline	L	3,407	11,421	2,851	3,098	3,197	20,567	0.58
	GJ	111.19	372.75	93.04	101.11	104.34	782.42	
Diesel	L	419	874	4,469	118	-	5,462	0.15
	GJ	14.73	30.72	157.08	4.16	-	206.69	
Solar Energy	kWh	-	2,136,078	-	31,913	-	2,167,991	5.78
	GJ	-	7,689.88	-	114.89	-	7,804.77	
Total Consumption	GJ	6,087.52	55,069.68	54,140.48	9,435.01	10,285.42	135,018.12	100
% Share of Each Source	%	4.51	40.79	40.10	6.99	7.62	100	

Note 1: Starting in 2024, Zerova (Dongguan) was newly separated from Phihong (Dongguan) for individual reporting.

Note 2: Electricity 1 kWh = 3,600 kJ.

Note 3: The calorific values of gasoline and diesel are based on the Greenhouse Gas Emissions Coefficient Management Table announced by the Climate Change Administration, Ministry of Environment. Diesel 1L = 8,400 kcal, Gasoline 1L = 7,800 kcal.



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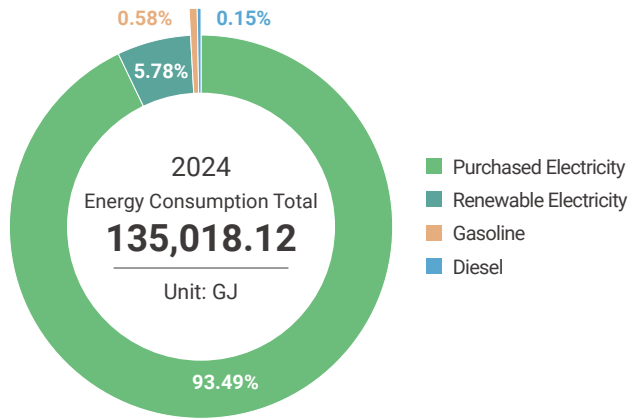


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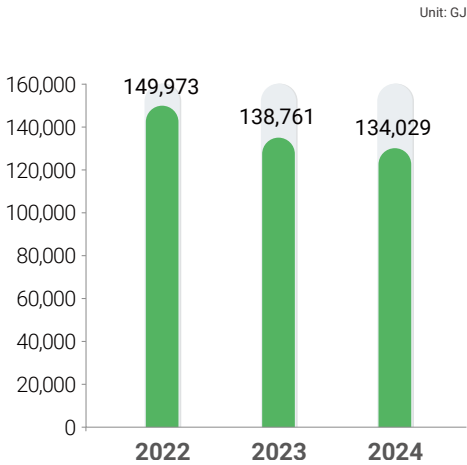
### Group Energy Consumption Over the Past Three Years (Unit: Gigajoules GJ)

Energy Category	2022	2023	2024
Purchased Electricity	149,859.00	134,498.94	126,224.24
Renewable Electricity	114.00	4,262.17	7,804.77
Natural Gas	57.00	-	-
Gasoline	471.40	1,082.71	782.42
Diesel	675.30	144.20	206.69
Total	151,176.70	139,988.02	135,018.12
Energy Intensity (GJ/NT\$ million)	10.78	11.35	12.39
Year-over-Year Comparison	-	+5.29%	+9.16%

### Group Energy Consumption Percentage Chart



### Group Electricity Usage Trend Chart



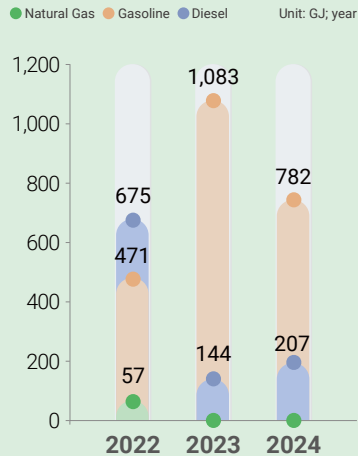
### Energy Intensity Chart

Item	Electricity	Production value	Energy intensity
Site/Year	kWh	NT\$ million	kWh/NT\$ million
Phihong (Dongguan)	2022	27,868,580	10,156
	2023	22,178,040	4,635
	2024	13,048,981	4,516
Phihong (Vietnam)	2022	10,647,384	2,367
	2023	13,635,644	2,280
	2024	14,969,548	3,318
Zerova (Tainan)	2024	2,559,682	1,147
Zerova (Dongguan)	2024	2,828,079	2,169

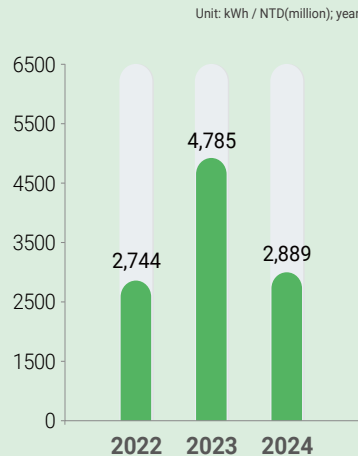
Note1: Starting in 2024, Zerova (Dongguan) was newly separated from Phihong (Dongguan) for individual reporting.

Note 2: Zerova (Taina) has been added to this table this year.

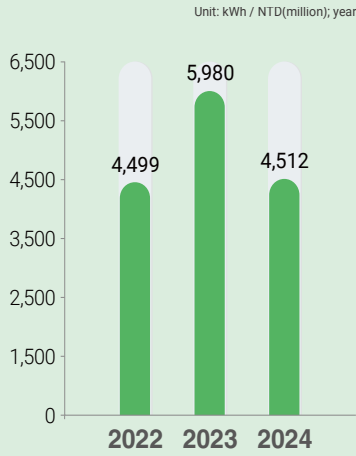
### Group Energy Consumption Trend Chart



### Phihong (Dongguan) Energy Intensity Trend Chart



### Phihong (Vietnam) Energy Intensity Trend Chart



Expenses: Energy intensity is measured in kWh/NT\$ million.



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## Greenhouse Gas Inventory

Under the challenges of climate change, businesses must continually reduce GHG emissions in their operations to mitigate their environmental impact. If overall carbon emissions continue to rise, companies will face growing pressure from carbon fees or taxes in the future, and may fall short of meeting market and customer expectations for sustainable development. To effectively manage GHG emissions and reduce their impacts on the climate, Phihong actively promotes Science Based Targets initiative Targets (SBTi) and has obtained ISO 14064-1:2018 certification. We continuously promote carbon reduction actions GHG inventory, verification, and target setting. Starting in 2023, Phihong has adopted an online carbon management platform to enhance the transparency and efficiency of the its GHG emissions management. The Linkou Headquarters and major global manufacturing plants undergo annual ISO 14064-1 verification. We are also expanding the verification scope to include service locations and subsidiaries. By 2026, the Group aims to achieve 100% verification of GHG emissions data for all individual entities and consolidated subsidiaries, further strengthening our carbon reduction commitments and sustainable development goals.

### Greenhouse Gas Emissions

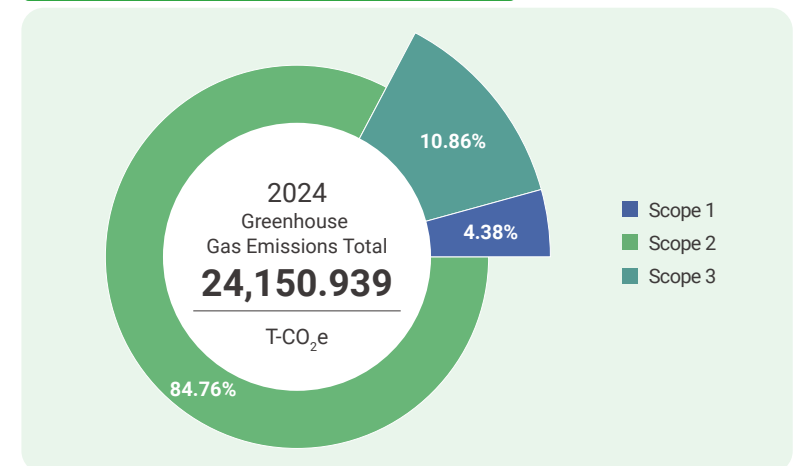
In 2024, Phihong continued to conduct GHG inventories in accordance with the ISO 14064-1:2018 standard. The results show that the primary source of emissions was Scope 2 purchased electricity, which accounted for 84.76% of total GHG emissions. To reduce Scope 2 emissions, Phihong introduced the ISO 50001:2018 in 2024 to establish electricity-saving targets and enhance equipment energy efficiency. In addition, we continuously focus on green energy development and have actively promoted the planning and implementation of solar energy generation projects, striving to further reduce GHG emissions. Compared to the base year (2021), the Group achieved a 26.59% reduction in combined Scope 1 and Scope 2 emissions in 2024. This represents 63.31% progress toward the Group's SBTi target of a 42% reduction by 2030.



### Group Greenhouse Gas Emissions Breakdown (T-CO<sub>2</sub>e)

Scope	Item	Emissions (T-CO <sub>2</sub> e)	Percentage (%)
Scope 1	Stationary Combustion	8.7643	0.04%
	Mobile Combustion	66.0831	0.27%
	Process Emissions	0.8180	0.00%
	Fugitive Emissions	983.2588	4.07%
Scope 2	Purchased Electricity	20,470.1035	84.76%
Scope 3	Business Travel	258.5651	1.07%
	Employee Commuting	1,177.5462	4.88%
	Use of Products (electricity, gasoline, diesel)	1,169.7863	4.85%
	Waste Treatment	16.0142	0.06%

### Group Greenhouse Gas Emissions Breakdown





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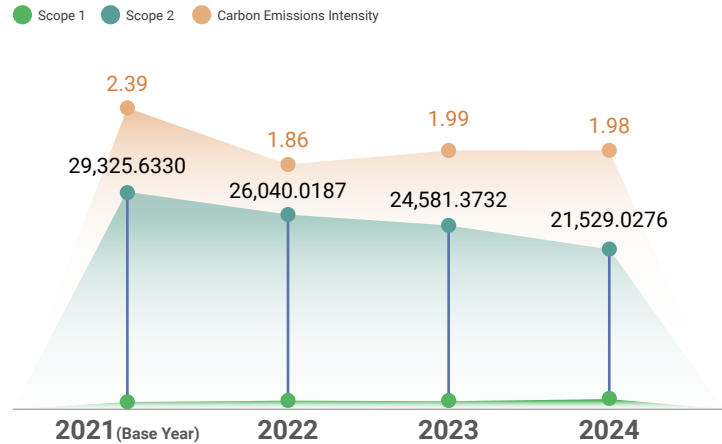
## Scope 1 and Scope 2 Greenhouse Gas Emissions GRI 305-1、305-2、305-4

### Scope 1 and 2 GHG Emissions (T-CO<sub>2</sub>e)

Item	2021 (Base Year)	2022	2023	2024	Versus Base Year
Scope 1	612.6000	906.0500	727.7034	1,058.9241	72.86%
Scope 2	28,713.1000	25,133.9687	23,853.6698	20,470.1035	-28.71%
Total Emissions	29,325.6330	26,040.0187	24,581.3732	21,529.0276	-26.59%
Carbon Emissions Intensity (T-CO <sub>2</sub> e/NT\$ million in revenue)	2.3873	1.8576	1.9932	1.9755	-17.25%

Note: The 2024 Global Warming Potential (GWP) values are based on the IPCC Sixth Assessment Report (AR6). The electricity emission factor for Taiwan is based on the 2023 value (0.494 ton-CO<sub>2</sub>e per MWh) announced by the Bureau of Energy, Ministry of Economic Affairs. Dongguan region uses the national electricity carbon dioxide emission factor of 0.5366 ton-CO<sub>2</sub>e per MWh as published by China's Ministry of Ecology and Environment for 2022. Pihong (Vietnam) in Haiphong uses the 2023 electricity factor of 0.6592 ton-CO<sub>2</sub>e per MWh announced by Vietnam's Department of Climate Change (DCC).

### Scope 1 and 2 GHG Emissions Trend (T-CO<sub>2</sub>e)



### Scope 1 and 2 Greenhouse Gas Emissions Types (T-CO<sub>2</sub>e)

Types	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Emissions	2,0545.0284	412.2758	0.7633	570.9601	0.0000	0.0000	0.0000	21,529.0276
%	95.43%	1.92%	0.00%	2.65%	0.00%	0.00%	0.00%	100.00%





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## Scope 3 Greenhouse Gas Inventory Results Trend Table (T-CO<sub>2</sub>e) GRI 305-3

Phihong expanded the scope of its Scope 3 GHG inventory based on results of materiality assessment. In addition to existing categories such as waste treatment and energy consumption, the inventory now also covers business travel and employee commuting. In 2024, Scope 3 emissions increased compared to both the base year and 2023, mainly due to higher emissions from employee commuting and business travel. In contrast, emissions from the product usage phase showed a steady and notable decrease, down by 45.01% versus the base year. Emissions from waste treatment remained largely unchanged from the previous year and decreased by 82.47% compared to the base year. However, as waste-related emissions account for only a small share of total Scope 3 emissions, their overall impact remains limited.

### Scope 3 Greenhouse Gas Inventory Results Trend Table (T-CO<sub>2</sub>e)

Scope	2022 (Base Year)	2023	2024	Versus Base Year
Business Travel	76.9520	201.4096	258.5651	236.01%
Employee Commuting	656.2741	695.6473	1,177.5462	79.43%
Use of Products (electricity, gasoline, diesel)	2,127.3591	2,053.0052	1,169.7863	-45.01%
Waste Treatment	91.3654	15.9578	16.0142	-82.47%
<b>Total Emissions</b>	<b>2,951.9506</b>	<b>2,966.0199</b>	<b>2,621.9118</b>	<b>-11.18%</b>

Note: 2022 is used as the base year as was the first year Categories 3–6 were included in the inventory.

### Scope 3 Greenhouse Gas Emission Trend (T-CO<sub>2</sub>e)





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## Energy Efficiency Investments and Progress Toward Carbon Neutrality GRI 302-4 、305-5

In 2024, Phihong actively advanced its energy management practices by establishing an Energy Management Team and implementing an Energy Management System. Through continuous energy monitoring and audits, the Company identified opportunities for efficiency improvement, set measurable energy-saving targets, and regularly tracked and reported performance to ensure effective implementation and continuous enhancement. In terms of equipment upgrades, the Linkou Headquarters redesigned and replaced the cooling towers with high-efficiency energy-saving models in 2024 to improve the operational efficiency of the chiller systems. Meanwhile, Phihong (Dongguan) successfully operated solar power generation systems across phase 1, 2, and 3 of the plant, generating 2.14 million kWh (7.7 million MJ) of electricity over the year and reducing carbon emissions by 942.25 metric tons of CO<sub>2</sub>e. In addition, the Haiphong plant in Vietnam is actively planning the installation of a solar energy system, scheduled to begin operations in the second half of 2025. The project is expected to save 2.5 million kWh (9 million MJ) annually compared to the old equipment, reducing carbon emissions by 1,375 metric tons of CO<sub>2</sub>e. These initiatives further demonstrate Phihong's commitment to renewable energy adoption and its broader sustainability goals.

Plant	Energy Saving Type	Major Initiatives Implemented	Investment Amount (NT\$10,000)	Implementation Status	Expected Benefits
<b>Linkou Headquarters</b>	Cooling tower	Replacement of inefficient cooling towers (from 300T to 450T)	285	Construction in Q4 2024, with operations starting in January 2025.	Expected to save 36,000 kWh (129,600 MJ) annually, reducing carbon emissions by 17.78 metric tons of CO <sub>2</sub> e.
<b>Phihong (Dongguan)</b>	Air Compressor	Energy-saving retrofit of air compressor system	264	Construction in December 2023, with operations starting in January 2024.	In 2024, the air compressor electricity consumption was reduced by 638,228 kWh compared to 2023, resulting in a yearly carbon reduction of 281.1 metric tons of CO <sub>2</sub> e.
	Solar photovoltaic (PV) system	Installation of solar power generation systems at phase 1, 2, and 3 buildings	Energy Performance Contracting	Currently in operation	In 2024, actual power generation reached 2.14 million kWh (7.7 million MJ), achieving a yearly carbon reduction of 942.25 metric tons of CO <sub>2</sub> e.
<b>Phihong (Vietnam)</b>	Solar photovoltaic (PV) system	Solar power system installation	Energy Performance Contracting	Planning in 2024, construction to begin after signing an LOI in Q1 2025; expected to be operational in the second half of 2025.	Expected to save 2.5 million kWh (9 million MJ) annually compared to traditional equipment, resulting in a yearly carbon reduction of 1,375 metric tons of CO <sub>2</sub> e.



Replacement of cooling towers  
(Linkou Headquarters)



Air pressure improvement at  
Phihong (Dongguan)



Installation of Solar photovoltaic (PV) system at  
Phihong (Dongguan)



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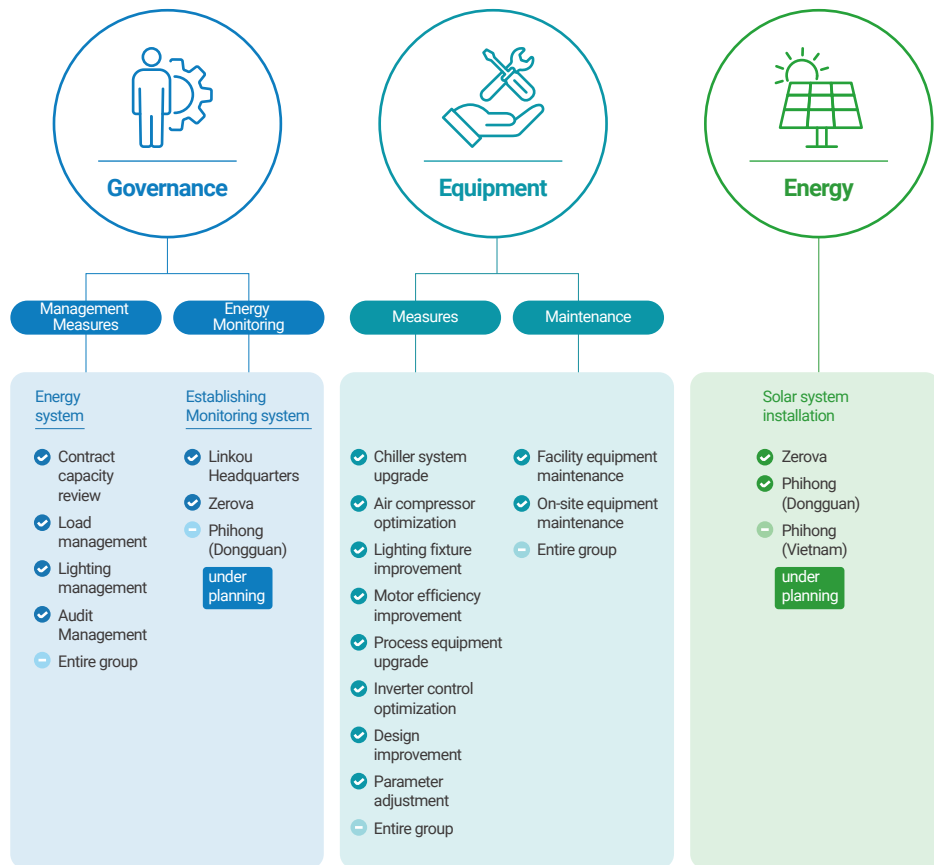


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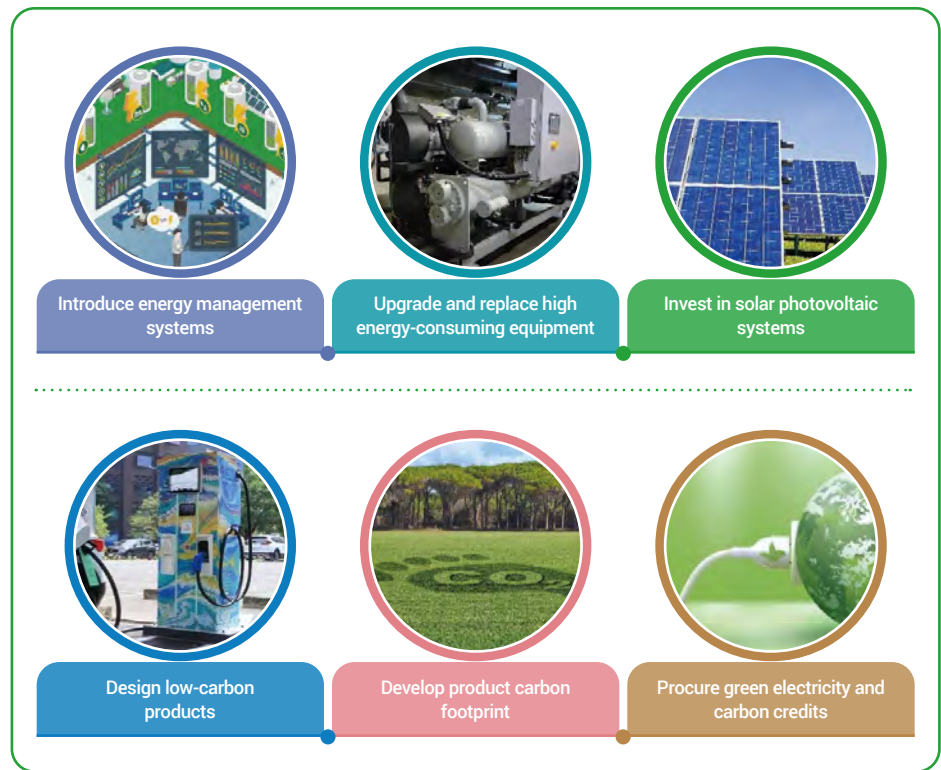
## Energy-Saving Initiatives and Awareness Promotion

According to the "Office Energy Saving Manual" published by Taiwan's Ministry of Economic Affairs, implementing energy-saving improvements in electricity systems, lighting, air conditioning, and office equipment can reduce energy consumption in buildings by approximately 20%. To reduce energy usage in buildings, Phihong Group continues to promote electricity management in office buildings across its facilities. In addition to actively upgrading energy-consuming equipment, the Group also enhances employee awareness and fosters shared commitment to energy conservation through internal communication and awareness campaigns.

### Phihong Energy Management Measure



## Phihong 2050 Net Zero Carbon Reduction Actions





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## 5.4 Environmental Pollution Control

### Water Stewardship

Pihong's manufacturing sites primarily engage in product assembly processes, which do not involve water-intensive operations and thus do not generate industrial wastewater. Water usage is mostly for domestic purposes, and all facilities within the Group rely on tap water. To reduce water consumption, Zerova's Phase I and Phase II plants have installed rainwater collection systems for recycling and reuse. Collected rainwater is primarily used for toilet flushing and irrigation, with future plans to utilize it for air conditioning cooling. Pihong (Dongguan) regular maintenance and technical upgrades are conducted on water-intensive equipment such as cooling towers to improve water recycling rates and further reduce overall water consumption. Other sites manage water resources by improving water-saving equipment, such as installing water-saving valves in toilets and using water-saving faucets to promote water conservation practices in daily life. In 2024, Pihong Group' has achieved a 37.47% reduction in total water consumption and a 29.52% decrease in water intensity compared to the 2021 base year, surpassing its 2025 target of a 20% reduction ahead of schedule.

### Water Resource Risk and Wastewater Management

#### GRI 303-3 、303-4

Pihong values global water resources and continuously conducts risk management and plans corresponding measures to enhance operational risk management. The Group adopts the Aqueduct Water Risk Atlas tool from developed by the World Resources Institute (WRI) to assess water stress levels. The results show that except for Dongguan Plant, which is a low-risk area, plants in Taiwan and Haiphong are both low-to-medium risk. All wastewater generated by Pihong's operations originates solely from daily domestic use. Effluent monitoring equipment is installed at each sites to ensure that discharge quality complies with the wastewater standards of the respective industrial parks or local authorities. In 2024, Pihong recorded no violations of wastewater discharge regulations and was not subject to any penalties. Water withdrawal and discharge activities at all sites had no significant impact on local water resources.

Current Water Resource Status Table

Item	Linkou Headquarters	Pihong (Dongguan)	Pihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)
Water Stress Index	Low to Medium	Low	Low to Medium	Low to Medium	Low
Water Source	Shihmen Reservoir	Qiyeshi Reservoir	Benzhou Reservoir	Mixed supply from Zengwen Reservoir and four others	Qiyeshi Reservoir
Receiving Water Body	Nankan River	Qingxi River	Huanglou River	Yanshui River	Qingxi River
Wastewater Treatment Facility	Hwa-Ya Technology Park Southern District Waste-water Treatment Plant	Qingxi Changshantou Wastewater Treatment Plant	An Duong Industrial Park Wastewater Treatment Plant	Municipal wastewater treatment system	Qingxi Changshantou Wastewater Treatment Plant
Effluent Standard	pH	6~9	6~9	-	6~9
	COD(mg/L)	350	500	-	500
	SS(mg/L)	200	400	-	400

Note 1: The effluent standard follow local environmental regulations or the specific requirements set by the respective industrial park's wastewater treatment facilities.

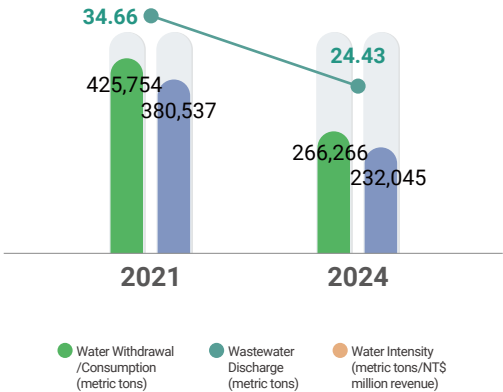
Note 2: Zerova (Tainan), located outside an industrial zone, does not use water in its manufacturing processes. Domestic wastewater is discharged directly into the municipal wastewater treatment system following approved pipeline connection.

Water Consumption Table

Energy Category ( Unit )	2021 (Base Year)	2024
Water Withdrawal/Consumption (metric tons)	425,754	266,226
Wastewater Discharge (metric tons) <sup>Note</sup>	380,537	232,045
Annual Revenue (NT\$ million)	12,284	10,898
Water Intensity (metric tons/NT\$ million revenue)	34.66	24.43

Note: The drainage coefficient for Pihong (Dongguan) is 0.9 times the water withdrawal (based on the evaluation coefficient of the Environmental Impact Assessment Report reviewed by the China National Environmental Protection Agency). The same 0.9 coefficient is applied to Pihong (Taiwan). For Pihong (Vietnam), the drainage coefficient is 0.8 times the water withdrawal, in accordance with local municipal wastewater fee regulations.

Water Consumption Chart







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## Waste Management

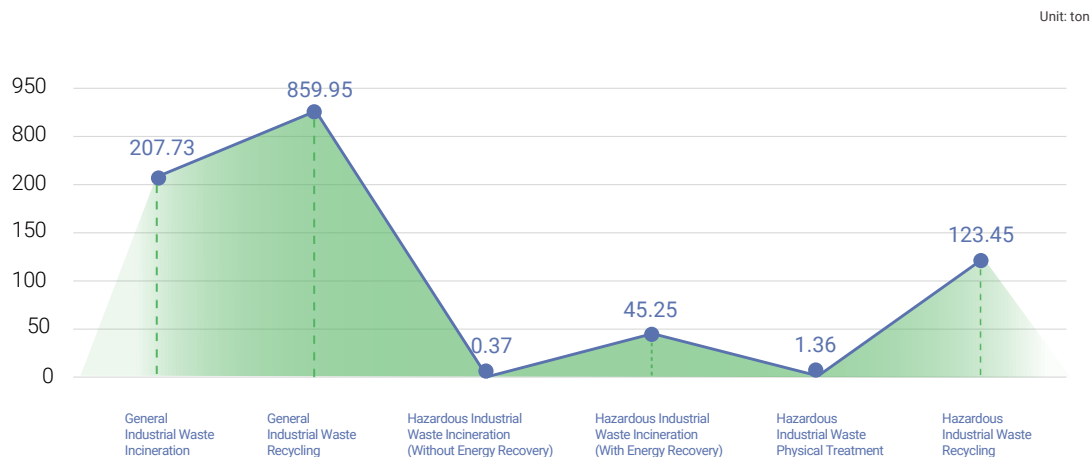
### Source Reduction GRI 306-1、306-2、306-3 SASB RT-EE-150a.1、RT-EE-150a.2

Pihong is committed to source reduction and efficient management of waste, reducing waste generation from the design stage to minimize environmental impact. We conduct ongoing environmental awareness campaigns and training to help employees thoroughly understand the Company's environmental policies, waste management guidelines, and the importance of resource sustainability. These initiatives also promote source reduction and resource conservation in both production processes and daily operations. In addition, we place great emphasis on monitoring environmental performance and driving continuous improvement. Each year, we engage professional third-party organizations to conduct audits and review performance targets, ensuring continuous enhancement of our environmental management effectiveness and contributing to sustainable development.

Waste Treatment Details Table

Item	Treatment Method	2024	Unit
General Industrial Waste	Incineration	207.73	ton
	Recycling	859.95	ton
	Recycling Rate	80.54	%
Hazardous Industrial Waste	Incineration (Without Energy Recovery)	0.37	ton
	Incineration (With Energy Recovery)	45.25	ton
	Physical Treatment	1.36	ton
	Recycling	123.45	ton
	Recycling Rate	72.43	%
Overall Recycling Rate		79.43	%

Chart of General and Hazardous Industrial Waste Treatment Volume





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## UL Zero Waste to Landfill Certification (UL 2799)

Phihong actively promotes green manufacturing in response to global carbon reduction and net-zero initiatives. Committed to sustainable resource management, the Company aims to establish "zero waste" facilities, with "zero landfill" as a key development direction.



Starting from 2022, Phihong initiated its zero waste landfill program at Phihong (Dongguan) and completed a preliminary review in the same year. This initiative prompted a comprehensive review of the entire production process, including raw material selection, product design, and waste minimization strategies, and fully integrated circular economy principles. The project adheres to the UL 2799 Environmental Claim Validation Procedure (ECVP) for Zero Waste to Landfill verification, ensuring that all waste streams are managed in compliance with relevant regulations and are directed toward recycling, reuse, or energy recovery instead of landfilling. Certification is awarded when the waste diversion rate reaches 80% or higher. Hence, Phihong has made waste reduction a top priority. The effectiveness of achieving zero landfill is assessed in accordance with the UL 2799 standard across several dimensions:

On-site: Waste reduction and reuse rates

Off-site: Rates of recycling, composting, anaerobic digestion, conversion to biofuels, or energy recovery

Non-divertible portion: Proportion of waste sent to landfill or incineration

Through ongoing improvement efforts, the Group's Dongguan plant once again achieved a 100% waste diversion rate in 2024, including 8% incineration with thermal energy recovery. The site has maintained Platinum-Level certification under the UL 2799 Zero Waste to Landfill program. At the same time, Phihong expanded the certification scope to its Haiphong facility in Vietnam, which has passed UL 2799 verification for two consecutive years. In March 2025, it achieved a 91% waste diversion rate and received Silver-Level certification, demonstrating Phihong's firm commitment to moving toward zero waste production and contributing to the United Nations Sustainable Development Goals (SDGs).

## Environmental Investment

As corporate environmental costs continue to rise, compiling statistics on environmental expenditures and benefits has become an important tool for improving management efficiency. In accordance with environmental accounting standards, environmental economic benefits are calculated based on reductions in energy and water consumption, as well as decreased waste generation achieved through the implementation of environmental protection initiatives. These reductions are then translated into estimated cost savings. In addition, revenues generated from waste recycling and reuse are also taken into account. This report presents the environmental benefits, including tangible monetary income such as proceeds from waste recycling and savings in operational costs resulting from environmental measures. Detailed statistics on the environmental expenditures and benefits statistics for Phihong's various plants are provided in the adjacent table.

## 2024 Annual Environmental Protection Expenditure Statistics

Currency: NT\$

Category	Description	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)
Direct Costs of Reducing Environmental Impact	Air pollution prevention, water pollution prevention, and other pollution control costs	-	2,945,019	786,238	-	-
	Industrial waste treatment (e.g., sludge removal, waste solvents, wastewater, general waste) fees	409,645	931,517	332,795	956,789	36,475
Indirect Costs of Reducing Environmental Impact	Environmental management systems and certification acquisition fees	363,770	323,167	-	-	7,152
	Environmental load monitoring costs	8,400	-	28,982	-	-
Other Costs	Expenses related to resources conservation (e.g., water and electricity)	2,992,500	-	223,684	-	-
Total Expenditure		10,346,133				

## Environmental Benefit Statistics

Item	Description	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)
Industrial Waste Recycling	Examples include scraps of electronic components and discarded computers	-	9,748,634	1,886,447	460,685	1,050,416
Total Benefits		13,146,182				

# 06





## | Social Inclusion

- 6.1 Talent Attraction and Retention
- 6.2 Talent Cultivation and Development
- 6.3 Human Rights Due Diligence
- 6.4 Occupational Health and Safety
- 6.5 Social and Cultural Care






# Annual Performance

 <b>Friendly Workplace</b>	 <b>Talent Cultivation</b>	 <b>Respect for Human Rights</b>	 <b>Social Care</b>
<ul style="list-style-type: none"> <li>Awarded the Happiness Enterprise Gold Award for five consecutive years.</li> <li>Increased the percentage of female managers for fourth consecutive year, reaching 28.82%.</li> <li>Achieved an average salary adjustment of 4.57% in 2024.</li> <li>Reduced the overall resignation rate by 3.6% compared to the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>Recorded an average of 47 training hours per employee per year.</li> <li>Conducted counselor training, reducing the turnover rate of new employees by 42.4%.</li> </ul>	<ul style="list-style-type: none"> <li>Zero completed human rights due diligence.</li> <li>Pihong (Vietnam) passed SA8000 and obtained RBA Silver Certification.</li> <li>Pihong (Dongguan) obtained RBA Silver Certification.</li> </ul>	<ul style="list-style-type: none"> <li>Launched the Pihong Charity Campaign, hosting four environmental and social welfare series events.</li> <li>Celebrated the tenth anniversary of the "Hundred Dollar Club" monthly scholarship assistance program, with cumulative donations exceeding NT\$2.55 million.</li> </ul>

# Material Topics and Target Management

Material Topic	Performance Indicator	2024 Results		Future Targets			SDGs Practice
		Target	Achievement	Short-Term (2026)	Mid-Term (2028)	Long-Term (2030)	
Talent Attraction and Retention	Employee Satisfaction Score (biennial)	>4.5	4.68	>4.5	>4.5	>4.5	Goal 8 Decent Work and Economic Growth 
	Happiness Enterprise Evaluation	 <b>Happiness Enterprise Gold Award</b>	 <b>Awarded the Happiness Enterprise Gold Award for five consecutive years</b>	 <b>Gold Award</b>	 <b>Gold Award</b>	 <b>Gold Award</b>	
Employee Cultivation and Training	Average Training Hours per Person per Year	40	47	40	45	45	Goal 5 Gender Equality 
Occupational Health and Safety	Zero Major Occupational Accidents	0	0	0	0	0	Goal 3 Good Health and Well-being 





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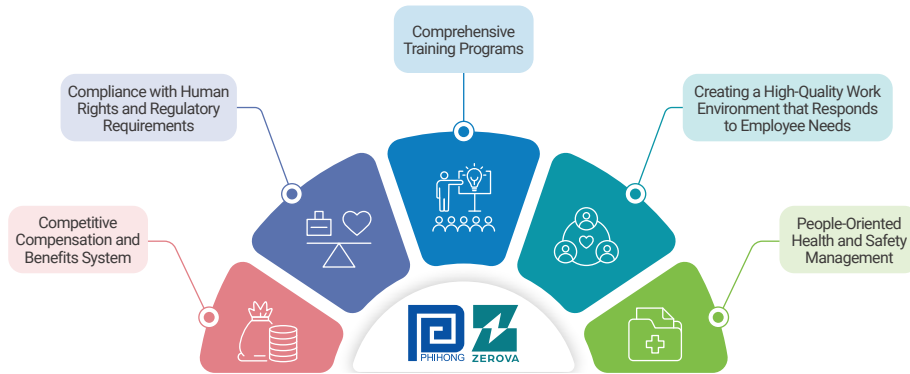
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## 6.1 Talent Attraction and Retention

Phihong upholds the core values of "innovation, flexibility, equality, and openness," and is committed to identifying and leveraging while fostering a spirit of innovation among employees. Our recruitment process consistently adheres to the principles of fairness, impartiality, and transparency, ensuring that every employee can reach their potential in a fair competitive environment. In line with our global expansion and the rapid growth of diversified business operations, we continue to attract and develop internationally mobile talents. We are committed to building a company that earns the trust of employees and grows alongside them. This includes promoting a diverse and equitable workplace culture, maintaining sound labor relations, providing a comprehensive compensation and benefit system, and ensuring a safe and respectful working environment.

### Phihong's Human Resources Development Policy



### Manpower Structure GRI 2-7 、 2-8 、 403-8

As of the end of December 2024, Phihong's employed a total of 5,051 people worldwide, representing an approximately 7% increase compared to 2023. Phihong (Dongguan) and Phihong (Vietnam) serve as the Group's main manufacturing hubs, together accounting for approximately 70% of the total workforce. In Taiwan, the Linkou Headquarters and its subsidiary, Zerova function as the Group's core research and development center. Phihong prioritizes local hiring at all its global operational sites. Local hiring accounted for 99% of the workforce at the Linkou Headquarters, while both Phihong (Dongguan) and Phihong (Vietnam) achieved 100% local employment. This reflects the Company's commitment to supporting local labor markets.

### Phihong Global Manpower Structure in 2024

Category	Group		Male		Female		Total & Ratio	
			Number	Ratio	Number	Ratio	Number	Ratio
Duty	Managers		284	71.18%	115	28.82%	399	8.73%
	Other Staff		2,099	50.29%	2,075	49.71%	4,174	91.27%
Work Location	Linkou Headquarters		232	57.57%	171	42.43%	403	8.81%
	Phihong (Dongguan)		1,205	60.80%	777	39.20%	1,982	43.34%
	Phihong (Vietnam)		551	35.85%	986	64.15%	1,537	33.61%
	Zerova		395	60.68%	256	39.32%	651	14.24%
Age	Aged 30 and under		1,033	59.20%	712	40.80%	1,745	38.16%
	Aged 31–40		751	49.44%	768	50.56%	1,519	33.22%
	Aged 41–50		468	42.94%	622	57.06%	1,090	23.84%
	Aged 51 and above		131	59.82%	88	40.18%	219	4.79%
Education	Doctorate		4	100.00%	0	0.00%	4	0.09%
	Master's		147	71.01%	60	28.99%	207	4.53%
	Bachelor's		456	51.06%	437	48.94%	893	19.53%
	Others		1,776	51.20%	1,693	48.80%	3,469	75.86%
Nationality	Locals		451	57.97%	327	42.03%	778	17.01%
	Foreigners		1,932	50.91%	1,863	49.09%	3,795	82.99%
Employment Type	Linkou Headquarters	Full-Time	231	57.89%	168	42.11%	399	99.01%
		Part-Time	1	25.00%	3	75.00%	4	0.99%
	Phihong (Dongguan)	Full-Time	569	55.68%	453	44.32%	1,022	51.56%
		Part-Time	636	66.25%	324	33.75%	960	48.44%
	Phihong (Vietnam)	Full-Time	2	13.33%	13	86.67%	15	0.98%
		Part-Time	549	36.07%	973	63.93%	1,522	99.02%
	Zerova	Full-Time	388	60.25%	256	39.75%	644	98.92%
		Part-Time	7	100.00%	0	0.00%	7	1.08%
Total			2,383	52.11%	2,190	47.89%		
Other Overseas Plants			478					
Total			5,051					

Note 1: Phihong (Dongguan) includes employees from PHC and PHP, while Zerova includes employees from Zerova (Taiwan) (ZTM) and Zerova (Dongguan) (ZCM).

Note 2: Part-time staff are defined as those who work non-fixed hours and have fewer hours than full-time employees.

Note 3: Non-employee workers refer to contractors and dispatched personnel performing duties such as security, cleaning, and on-site catering. In 2024, the number of non-employee workers at each site was as follows: 9 at Linkou Headquarters, 66 at Phihong (Dongguan), 22 at Phihong (Vietnam), and 9 at Zerova, representing 2.06% of the total workforce.



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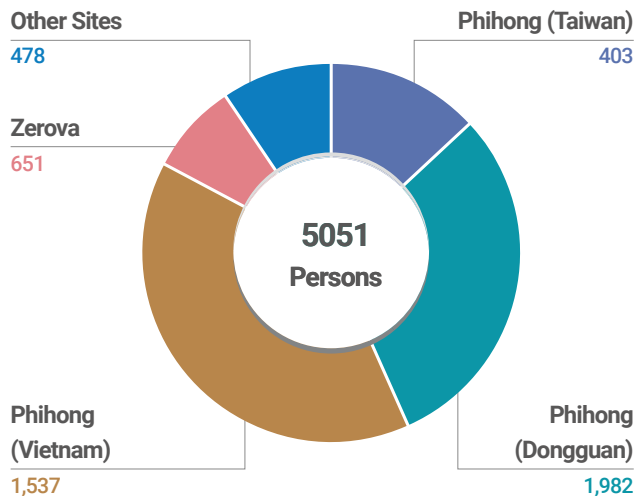


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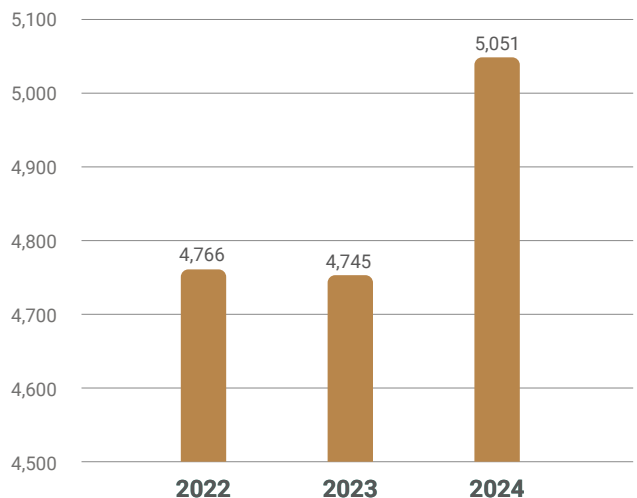


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## Phihong Employee Distribution



## Number of Employees of Phihong Group, 2022–2024



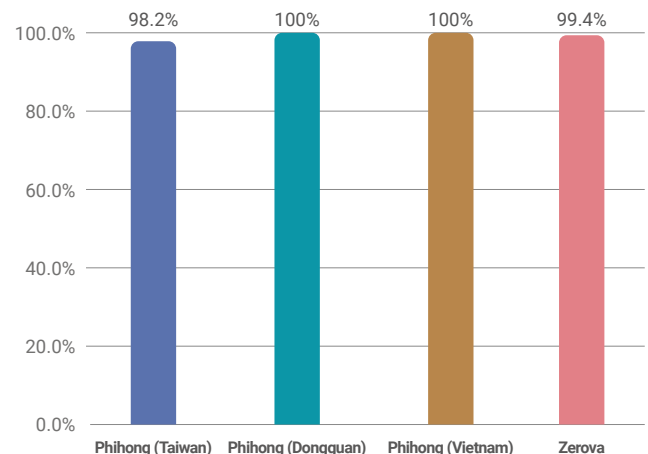
## Global Recruitment and Multicultural Integration

Phihong is committed to creating a globally-oriented and diverse work environment, actively seeking and attracting talent from a wide range of backgrounds. We not only focus on the alignment of professional capabilities, but also place great importance on the richness of cultural diversity as a driver for cross-cultural exchange and innovation. Across all stages of recruitment, selection, employment, assignment, evaluation, and promotion, Phihong upholds the principles of fairness and transparency. The Company strictly prohibits any form of discrimination or unequal treatment based on factors such as race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, physical features, or physical and mental condition.

### Prioritizing the Promotion of Local Management Talent GRI 202-2

To promote local employment and economic development at its operational sites, Phihong not only provides job opportunities for local residents but also prioritizes the cultivation and promotion of local talents. In 2024, over 98% of management positions across Phihong's global sites were held by local employees. We believe that local managers have a deeper insight into the local culture, industry characteristics, and market demand, which enables more effective team collaboration and resource integration. This not only helps enhance operational efficiency but also highlights Phihong's commitment to the local communities, fostering a corporate image closely connected with the locations.

### Proportion of Local Management Hiring in 2024



### Diversity, Inclusion, Gender Equality and Friendly GRI 2-7 、 2-8 、 405-1

At Phihong, we are committed to building a diverse, equal, and inclusive workplace environment that emphasizes gender equality and intergenerational integration, allowing every employee to reach their full potential in a supportive and respectful workplace. All employment decisions, including hiring, promotion, and talent development, are based on competencies and potential. Regardless of gender, age, or personal background differences, we actively recognize and promote outstanding individuals and encourage their continued growth and advancement. In recent years, we have placed special emphasis on the development and recruitment of mid- to senior-aged talent. Their wealth of experience and professional expertise provides strong support for the Company's sustainable growth.

In 2024, male employees accounted for 52.11% and female employees for 47.89% of Phihong's workforce, indicating a trend toward gender balance. The number of female managers at or above the section level increased by approximately 15 compared to the previous year, bringing the proportion of women in management positions to 28.82%—a record high for the Company.



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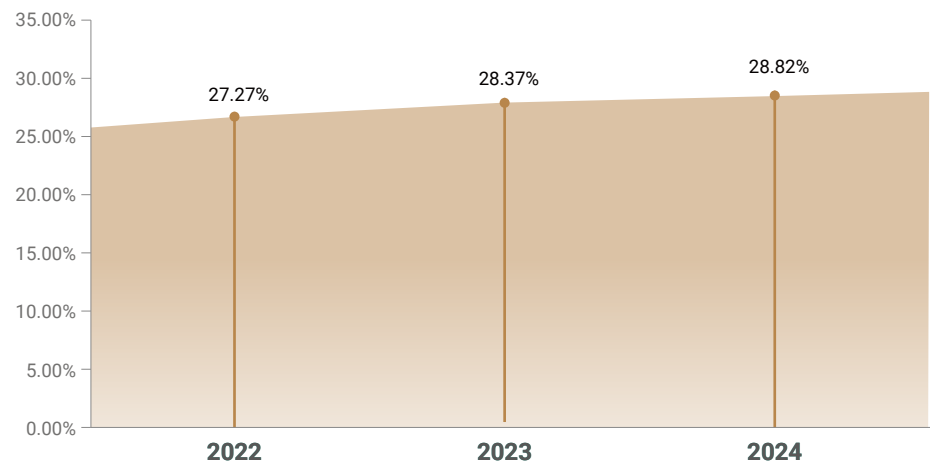

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## Gender Ratio in Management Positions

Rank \ Year	Phihong Group				
	Male	Ratio	Female	Ratio	Total
Entry-Level (Section Supervisor)	116	64.09%	65	35.91%	181
Mid-level (Manager / Assistant Manager)	133	75.57%	43	24.43%	176
Upper-Mid Level (Division Manager)	27	87.10%	4	12.90%	31
Senior Level (Vice President and Above)	8	72.73%	3	27.27%	11
<b>Total</b>	<b>284</b>	<b>71.18%</b>	<b>115</b>	<b>28.82%</b>	<b>399</b>

Note: Gender ratio at each management level = Number of male or female employees at each level ÷ Total number of employees at that level × 100%

## Proportion of Female Managers (2022–2024)



## Gender Ratio in Management Positions by Site

Rank \ Year	Linkou Headquarters					Zerova					Phihong (Dongguan)					Phihong (Vietnam)				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Entry-Level (Section Supervisor)	17	53.13%	15	46.88%	32	52	61.18%	33	38.82%	85	36	70.59%	15	29.41%	51	11	84.62%	2	15.38%	13
Mid-level (Manager / Assistant Manager)	50	78.13%	14	21.88%	64	42	73.68%	15	26.32%	57	27	67.50%	13	32.50%	40	14	93.33%	1	6.67%	15
Upper-Mid Level (Division Manager)	11	84.62%	2	15.38%	13	10	90.91%	1	9.09%	11	4	80.00%	1	20.00%	5	2	100.00%	0	0.00%	2
Senior Level (Vice President and Above)	4	100.00%	0	0.00%	4	4	57.14%	3	42.86%	7	0	0.00%	0	0.00%	0	0	0	0	0	0
<b>Gender Ratio</b>	<b>82</b>	<b>72.57%</b>	<b>31</b>	<b>27.43%</b>	<b>113</b>	<b>108</b>	<b>67.50%</b>	<b>52</b>	<b>32.50%</b>	<b>160</b>	<b>67</b>	<b>69.79%</b>	<b>29</b>	<b>30.21%</b>	<b>96</b>	<b>27</b>	<b>90.00%</b>	<b>3</b>	<b>10.00%</b>	<b>30</b>
<b>Overall Employee Ratio</b>	<b>20.35%</b>		<b>7.69%</b>		<b>28.04%</b>	<b>16.59%</b>		<b>7.99%</b>		<b>24.58%</b>	<b>3.38%</b>		<b>1.46%</b>		<b>4.84%</b>	<b>1.76%</b>		<b>0.20%</b>		<b>1.95%</b>

Note: Gender Ratio = (Male or Female Managers at a Level ÷ Total Employees at the Same Level) × 100%; Overall Employee Ratio = (Male or Female Managers ÷ Total Employees) × 100%



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## Appropriate Appointment to Build an Strong Employer Brand

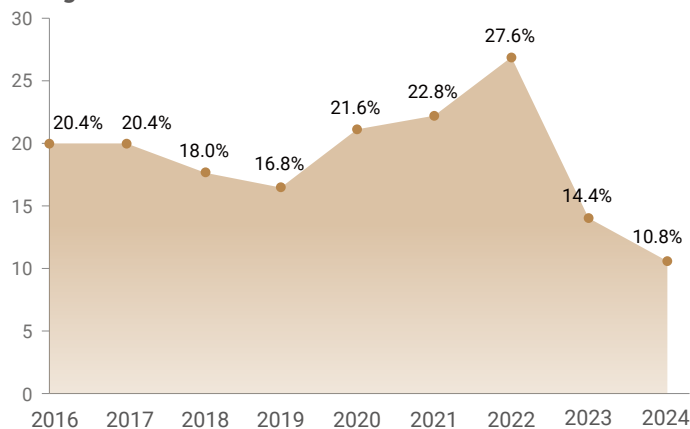
Phihong upholds the principle of carefully selecting and appropriately appointing talent, ensuring that the right people are placed in the right roles. We adhere to labor regulations at all operational sites and align our practices with international trends. Through diverse recruitment channels, Phihong actively recruits outstanding talents, ensuring openness and transparency in the recruitment and selection processes, providing equal opportunities to all candidates. At the same time, we are committed to building a diverse, friendly, and inclusive employer brand that emphasizes work-life balance and fosters a culture of enthusiasm and continuous learning. We aim to attract like-minded partners, making significant efforts in both employee retention and talent attraction. In 2024, Phihong was recognized with the Best Employer Brand Award in the inaugural 104 Employer Brand Awards, becoming one of only 46 companies to receive this honor. This recognition reflects our exceptional capabilities in attracting and retaining top talent.

### Talent Mobility GRI 401-1

In 2024, Phihong's overall resignation rate decreased by 3.6% compared to the previous year, which demonstrates the effectiveness of our employee retention incentive programs. We place great importance on supporting all new employees from the moment they join the Company. A structured onboarding and development plan is implemented immediately, which includes the assignment of a dedicated mentor and a three-month functional training program to help new hires quickly integrate into the Phihong family. In addition to daily guidance provided by mentors, the Human Resources team conducts one-on-one interviews with new employees at the end of their probation period. These interviews aim to listen to feedback regarding job adaptation and team dynamics, and to offer support when needed. Furthermore, gain deeper insights into employee feedback and the reasons behind turnover, Phihong also conducts exit interviews prior to departure. The findings serve as a valuable reference for shaping future talent development and retention strategies, while also helping to identify and resolve issues that may reduce staff turnover over time.

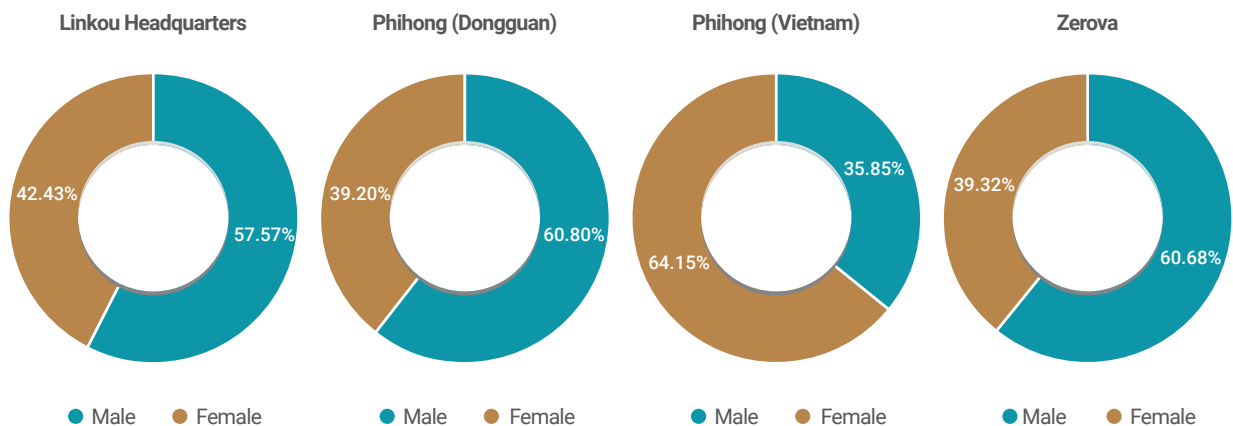


### Phihong Linkou Headquarters – Annual Average Resignation Rate



Note: Average Resignation Rate = (Number of resignations + Number of employees on unpaid leave of absence in the year) ÷ Monthly average headcount

### Gender Ratio of Phihong's Workforce in 2024







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## Summary Table of Employment and Resignation by Age and Gender in 2024

Plant	Linkou Headquarters		Pihong (Dongguan)		Pihong (Vietnam)		Zerova	
	Employment	Resignation	Employment	Resignation	Employment	Resignation	Employment	Resignation
Number	68	61	3,350	3,426	1,656	1,335	301	280
Male Employees	44	33	2,241	2,283	769	703	189	199
Female Employees	24	28	1,109	1,143	887	632	112	81
Aged 30 and under	33.82%	32.79%	75.85%	72.53%	59.60%	61.95%	45.18%	50.00%
Aged 31–40	32.35%	31.15%	17.10%	19.00%	26.45%	28.61%	32.23%	26.43%
Aged 41–50	30.88%	18.03%	6.99%	8.11%	13.89%	9.36%	17.61%	18.93%
Aged 51 and above	2.94%	18.03%	0.06%	0.35%	0.06%	0.07%	4.98%	4.64%
Male Ratio	64.71%	54.10%	66.90%	66.64%	46.44%	52.66%	62.79%	71.07%
Female Ratio	35.29%	45.90%	33.10%	33.36%	53.56%	47.34%	37.21%	28.93%



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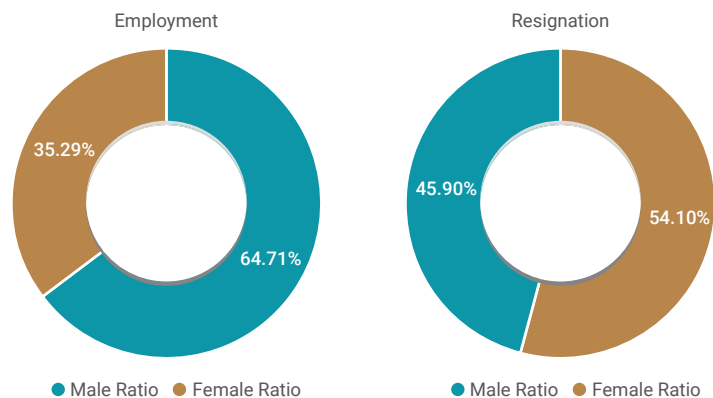
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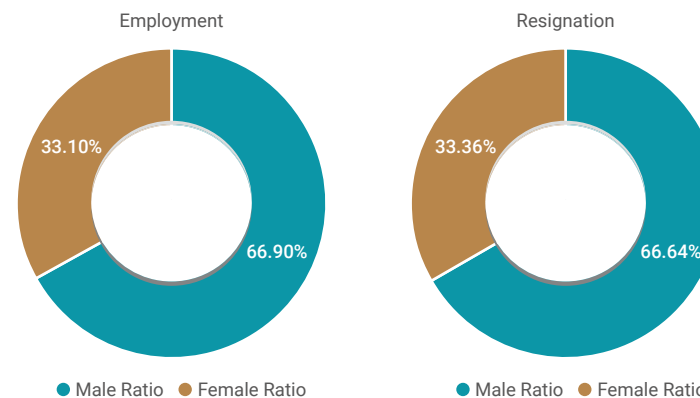
## Gender Composition of Hired and Resigned Employees at Phihong's Operating Sites in 2024

### Linkou Headquarters (PHT)



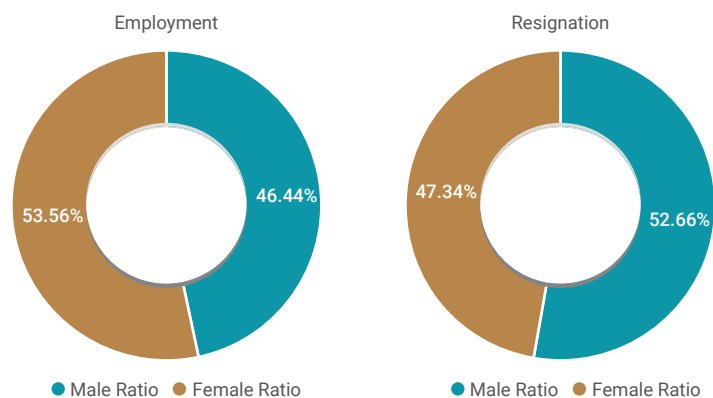
Note: A total of 44 men and 24 women were hired, while 33 men and 28 women resigned from the headquarters.

### Phihong (Dongguan) (PHC/PHP)



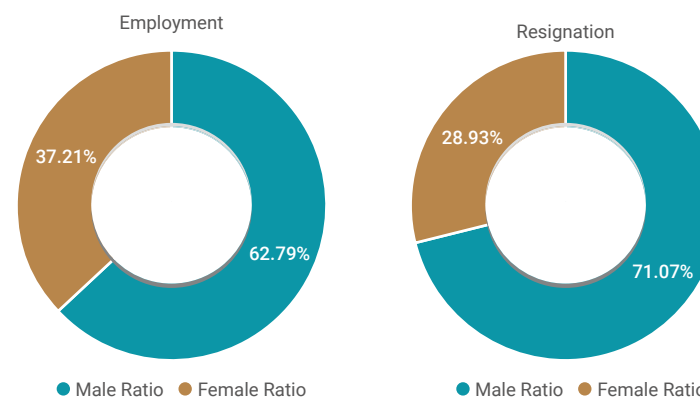
Note: A total of 2,241 men and 1,109 women were hired, while 2,283 men and 1,143 women resigned from the Dongguan site.

### Phihong (Vietnam) (PHV)



Note: A total of 769 men and 887 women were hired, while 703 men and 632 women resigned from the Haiphong site.

### Zerova (ZTM/ZCM)



Note: A total of 189 men and 112 women were hired, while 199 men and 81 women resigned from Zerova.



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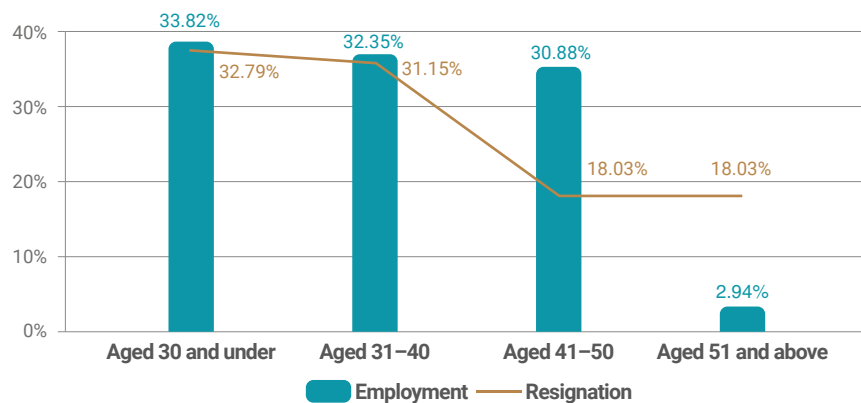
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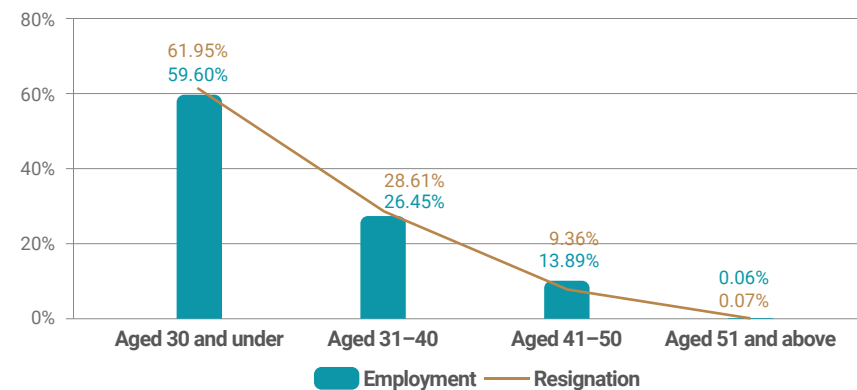
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## Structure of Hired and Resigned Employees in 2024 – Age Group Ratio

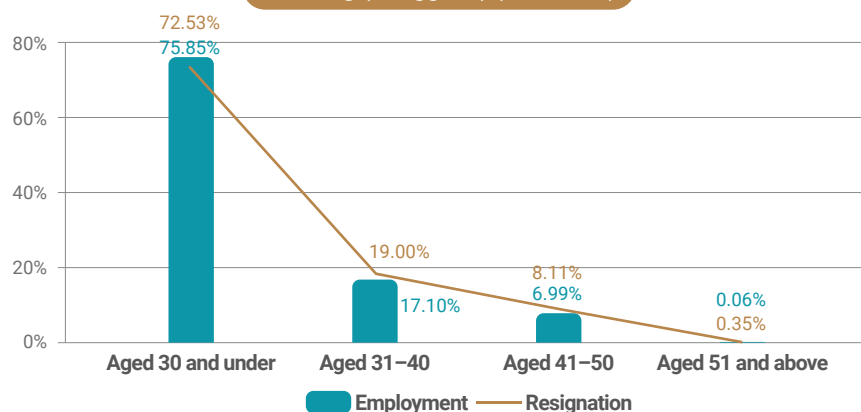
### Linkou Headquarters (PHT)



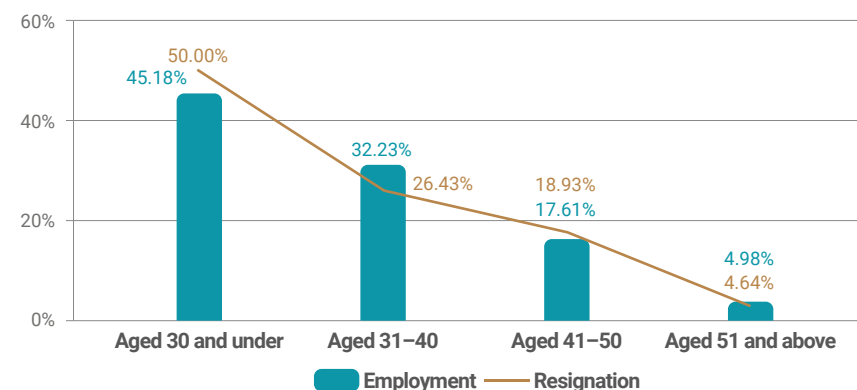
### Phihong (Vietnam) (PHV)



### Phihong (Dongguan) (PHC/PHP)



### Zerova (ZTM/ZCM)



Note 1: Calculation of age and gender ratio = (Number of male or female employees in each age group ÷ Total number of hired or resigned employees) × 100% The relatively high resignation rate among factory employees was primarily due to a shortage of frontline (direct labor) workers.

Note 2: Linkou Headquarters: 68 employees hired, 61 employees resigned; Zerova: 301 employees hired, 280 employees resigned; Phihong (Dongguan): 3,350 employees hired, 3,426 employees resigned; Phihong (Vietnam): 1,656 employees hired, 1,335 employees resigned



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## Remuneration Policies GRI 401-2

Pihong upholds the principles of fairness and transparency in remuneration, providing employees with competitive remuneration that aligns with their expertise, skills, competencies, and duties. The company also strictly complies with all applicable local laws and regulations to ensure that salaries are both reasonable and legally compliant.

### Remuneration Policies

#### Merit-Based Pay

Salaries are determined based on the degree to which employees meet job competency requirements, while ensuring full compliance with the local laws and regulations. This approach guarantees fairness and reasonableness in compensation.

#### Fairness and Reasonableness

Compensation decisions are guided by internal equity principles and external market benchmarks to ensure fair and competitive pay for all employees.

#### Annual Salary Adjustments

Salary reviews are conducted annually based on the Company's operating results, employee performance, market salary positioning, external talent competitiveness, and changes in the consumer price index (CPI), to maintain the competitiveness of the remuneration system.

#### Performance-Based Rewards

Bonuses, including project-based incentives, profit-sharing, and year-end bonuses are awarded based on the previous year's overall business achievement rate and growth performance as a means of recognizing and rewarding employees for their hard work.



## Employee Motivation and Retention GRI 202-1

Pihong is committed to providing competitive salaries aligned with local standards to attract and motivate outstanding talent, thereby ensuring organizational competitiveness and supporting the achievement of sustainable development goals. When the Company is profitable, no less than 10% of annual profits is allocated to employee compensation. This allocation is decided by the Board of Directors and distributed either as stock or cash. The recipients include employees of subsidiaries who meet certain conditions. Pihong also introduced an employee stock ownership plan, with 100% of the stock funds allocated to individual accounts. In addition, a long-term stock-based incentive trust has been established for senior managers to further align long-term interests and performance.

In 2024, the salary levels of indirect employees at the Linkou Headquarters and Zerova (Taiwan) exceeded the local minimum wage, while the salaries of direct employees at Pihong (Dongguan), Zerova (Dongguan), and Pihong (Vietnam) met the local minimum wage requirements. Taking into account market salary levels and inflation, a company-wide salary review and adjustment was conducted. In 2024, the average salary adjustment rate reached 4.57%, reinforcing our efforts to attract more outstanding talent and reward high-performing employees, thereby supporting talent retention.

Pihong regularly reviews its compensation levels and is committed to providing employees with competitive remuneration. Every year, the Company commissions certified public accountants to audit and verify the "remuneration of full-time employees in non-supervisory positions." This process ensures that remuneration is disclosed fairly, transparently, accurately, and completely. The total salary and average annual salary in 2024 have both increased by more than 15% compared to the previous year, indicating Pihong's high regard and care for its employees. (A statistical analysis of additional disclosure information is shown in the table below.)

Operating Entity	Median Pay Ratio	Median Pay Increase Ratio
Linkou Headquarters	17.96 : 1	0.3 : 1

Note 1: Median pay ratio is calculated as the annual total compensation of the highest-paid individual divided by the median annual total compensation of all other employees.

Note 2: Median pay increase ratio is calculated as the percentage increase in annual total compensation of the highest-paid individual divided by the median percentage increase in annual total compensation of all employees, excluding the highest-paid individual.





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## Additional Disclosure Information – Taiwan Phihong (2022–2024)

Unit: NT\$ thousand

Item	2022	2023	2024	Year-on-Year Difference
Non-supervisory Employees (Headcount)	369	382	392	▲ 2.61%
Non-supervisory Employees (Total Salary)	339,138	385,933	449,537	▲ 16.48%
Non-supervisory Employees (Average Annual Salary)	919	1,010	1,146	▲ 13.47%
Non-supervisory Employees (Median Annual Salary)	794	877	947	▲ 7.98%

Note: Supervisory positions refer to roles at the Vice President level and above, as defined in Directive No. 920001301 issued by the Ministry of Finance of Taiwan on March 27, 2003.

### Gender Equality and Fair Pay **GRI 405-2**

Gender equality and fair pay are important targets for Phihong in achieving sustainable development. We adhere to the principle of non-discrimination based on gender, age, education, nationality, or political stance. For employees in the same position and job grade, the basic salary ratio between male and female employees is maintained at 1:1. Salary levels are adjusted according to raises, benefits, and annual promotions.

As the Linkou Headquarters and Zerova (Taiwan) serve as the Group's R&D centers, where there is a higher concentration of male employees in professional technical and managerial roles. As a result, the average basic salary and total compensation for male employees are slightly higher than those for female employees. In 2024, the ratio of female-to-male basic salary decreased by over 6% compared to the previous year. This reflects Phihong's commitment to fairness in its overall remuneration policies.





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**Basic salary refers to regular (fixed) compensation**

Year	2022		2023		2024	
Job Category	Female	Male	Female	Male	Female	Male
Plant	Linkou Headquarters					
Mid-/Senior-Level Managers	1	1.41	1	1.38	1	1.42
Others	1	1.13	1	1.22	1	1.15
Plant	Phihong (Dongguan)					
Mid-/Senior-Level Managers	1	1.35	1	1.35	1	2.34
Others	1	0.98	1	0.98	1	1.5
Plant	Phihong (Vietnam)					
Mid-Level / Senior-Level Managers	1	NA	1	NA	1	NA
Others	1	1.08	1	1.05	1	1.03
Plant	Zerova					
Section-Level and Above Managers	1	1.18	1	1.21	1	1.36
Others	1	1.11	1	1.09	1	1.07

**Basic remuneration refers to the total of both regular and non-regular compensation**

Year	2022		2023		2024	
Job Category	Female	Male	Female	Male	Female	Male
Plant	Linkou Headquarters					
Mid-/Senior-Level Managers	1	1.16	1	1.16	1	1.42
Others	1	1.14	1	1.05	1	1.11
Plant	Phihong (Dongguan)					
Mid-/Senior-Level Managers	1	1.40	1	1.07	1	2.15
Others	1	0.99	1	0.86	1	1.39
Plant	Phihong (Vietnam)					
Mid-Level / Senior-Level Managers	1	NA	1	NA	1	NA
Others	1	1.03	1	1	1	0.96
Plant	Zerova					
Section-Level and Above Managers	1	1.33	1	1.25	1	1.46
Others	1	1.14	1	1.09	1	1.07



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## Employee Relationship Management

### Diverse Communication Channels GRI 2-26

Phihong establishes comprehensive communication platforms and diverse channels such as regular department meetings, labor-management meetings, electronic platforms, employee complaint channels, and satisfaction surveys to listen to and address employees' needs and opinions. In addition to day-to-day communications, we continually interact with employees to enhance the work environment, strengthen team cohesion, resolve employee concerns, and achieve mutual benefits between labor and management, laying the foundation for a positive workplace and increased employee satisfaction.

Communication Channel	Board of Directors / Management	Managers at All Levels	Human Resources Department	Employee Grievance System
Communication Methods	<ul style="list-style-type: none"> <li>Senior Management Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-Face Communication</li> <li>Employee Performance Reviews</li> <li>Cross-Level Communication in Department Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Electronic Bulletin Board</li> <li>Employee Suggestion Box</li> <li>Labor/Management Meetings</li> <li>Human Resources Team</li> <li>Ad-Hoc Communication Meetings</li> <li>Employee Welfare Committee Meetings</li> <li>Sexual Harassment Prevention Policy</li> </ul>	<ul style="list-style-type: none"> <li>Factory Health Promotion Center</li> <li>Legal Counseling Services</li> <li>Communication Skills Workshop</li> </ul>

### Harmonious Labor Relations GRI 407-1

We are committed to fostering harmonious labor relations and respecting employees' freedom of assembly and association. In accordance with Taiwan's Labor Standards Act, Phihong holds regular labor-management meetings every quarter to report on and discuss issues related to employee welfare and rights, ensuring full communication. We strive to implement a robust labor-management meeting system, fostering consensus and pooling wisdom to create win-win outcomes for both parties. In 2024, a total of 12 employee suggestions or opinions were received and fully addressed.

To establish harmonious workplace communication, Phihong (Dongguan) holds monthly employee forums, providing a direct platform for dialogue with management. During these forums, employee representatives have the opportunity to fully express their opinions, addressing issues of concern to employees, including work environment, meals, accommodation, salaries, and benefits, and receive timely responses with improvement measures.

Item/Plant	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova
Freedom of Association and Right to Collective Bargaining (%)	100	100	100	100
Number of Violations of Employee Association and Collective Bargaining	0	0	0	0
Labor/Management Meetings	Quarterly	Annually	Annually	Quarterly
Employee Union	No	No	Yes	No

Case Source	Total		Resolved	
	Phihong	Zerova	Phihong	Zerova
Labor/Management Meetings	4	3	4	3
Employee Suggestions	7	0	7	0
Employee Mailbox	1	4	1	4
Total	12	7	12	7





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## Employee Care

### Family-Friendly Support GRI 401-3

Phihong is committed to fostering a family-friendly work environment. We uphold the principles of employee care and profit-sharing, offering a diverse array of benefit programs that help employees maintain a healthy work-life balance. The Employee Welfare Committee allocates a fixed monthly budget based on revenue performance to support various life events, including weddings, funerals, celebrations, emergency assistance, and childbirth subsidies—demonstrating our care for employees through every stage of life. This includes regularly organizing family days and parenting workshops, as well as offering a variety of festive bonuses for Labor Day, the Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year to strengthen the bond between employees' families and the Company. In addition to statutory holidays, employees are entitled to 1 day of paid birthday leave during their birth month. The Welfare Committee also prepares birthday cash gifts and cakes with care, creating a warm and joyful atmosphere beyond the workplace.

To support employees family needs, Phihong has fully implemented a flexible work schedule from 07:30 to 09:30, enabling parents to drop off and pick up their children and easing the commute for long-distance employees. This arrangement helps achieve a seamless integration of work and family life. To further address childcare needs, we offer various support measures:

- ✓ Dedicated breastfeeding rooms and specialized refrigerators are provided to ensure the hygiene and safety of breast milk storage.
- ✓ Collaborations with nearby educational institutions to provide childcare discounts, helping to reduce the financial and time burden on working parents.
- ✓ In accordance with the Gender Equality in Employment Act, employees may apply for unpaid parental leave, with a guaranteed return-to-work arrangement upon completion, allowing them to balance family responsibilities and career development without worry.

After the pandemic, we resumed Phihong Family Day events, inviting children spend a day at work with their parents. Activities included singing, dancing, storytelling, obstacle games, inflatable slides, and handicraft classes, ensuring a fun and memorable experience for every child.

We believe that by implementing family-friendly policies and continuously enhancing employee benefits, we can effectively strengthen employees' sense of belonging and happiness, laying a solid foundation for the Company's long-term, sustainable growth. Winning the Happiness Enterprise Gold Award for five consecutive years is the best recognition for us.

### Family-Friendly



### Gender-Based Leave under the Gender Equality Act (Taiwan Region)

Item	Gender	2022	2023	2024
Maternity Leave (person-times)	Female	43	66	70
Paternity (Examination) Leave (person-times)	Male	54	65	62
Menstrual Leave (days)	Female	88	72	210
Family Care Leave (days)	Male	22	60	101
	Female	20	43	133





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## Gender Ratio for Parental Leave (Taiwan Region)

Item	Gender	2022	2023	2024
Number of employees eligible for parental leave in the year	Male	18	9	8
	Female	20	13	4
	Total	38	22	12
Number of employees who applied for parental leave in the year	Male	1	0	3
	Female	5	5	7
	Total	6	5	10
Expected number of employees returning from parental leave in the year (A)	Male	0	0	2
	Female	7	2	5
	Total	7	2	7
Actual number of employees who returned from parental leave in the year (B)	Male	0	0	2
	Female	4	3	4
	Total	4	3	6
Reinstatement rate (B/A)	Male	NA	NA	100%
	Female	57%	150%	80%
Actual number of employees who returned from parental leave in the previous year (C)	Male	0	0	1
	Female	2	4	3
	Total	2	4	4
Number of employees who continued working for at least one year after reinstatement (D)	Male	0	0	1
	Female	2	0	1
	Total	2	0	2
Retention rate (D/C)	Male	NA	NA	100%
	Female	100%	0%	33%

Note 1: Retention Rate = Number of employees who remained employed for more than one year after returning from parental leave ÷ Number of employees who actually returned in the previous year

Note 2: Number of employees who applied for parental leave: Refers to employees still on unpaid parental leave during the reporting period

Note 3: Number of employees eligible to apply for parental leave in the year: Refers to employees who were granted maternity or paternity leave in the year





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## Employee Satisfaction

Employee satisfaction is a key metric for understanding employees' needs and the work environment. To this end, we conduct work satisfaction surveys targeting both new hires and all formal employees. We also gather feedback and suggestions through channels such as labor-management meetings, all-staff meetings, employee suggestion boxes, and the HR director's mailbox. By listening to employees' voices, we gain valuable insights into their perceptions, expectations, and behavioral tendencies. Based on the analysis of these responses, we implement appropriate measures to enhance employee well-being and sense of belonging, creating a supportive and inclusive workplace. Additionally, important initiatives and promotional messages are promptly communicated through bulletin boards to ensure employees are kept up to date with the Company's latest policies, working together toward shared success.

### Purpose of the Satisfaction Survey

#### Regularly Feedback collection

Conduct periodic surveys to gather employee opinions on the work environment, compensation and benefits, and management practices, ensuring a platform for open and honest expression.

#### Response and Action

Respond to and follow up on suggestions or concerns with transparent updates on progress outcomes.

#### Open Communication

Encourage transparent and respectful communication between supervisors and employees, reducing hierarchical barriers.

#### Learning and Development

Develop training programs and career development plans tailored to employees' needs to enhance satisfaction and sense of belonging.

#### Review and Improvement

Regularly assess the effectiveness of implemented measures and refine them based on the latest feedback.

#### Multiple Feedback Channels

Establish dedicated feedback mailboxes, online platforms, and regular face-to-face discussion meetings, making it easy for employees to share suggestions or voice concerns.

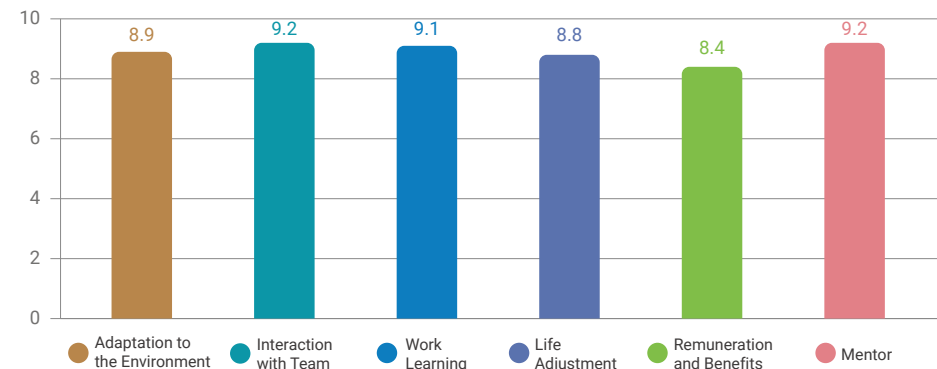
## New Employee Satisfaction Survey

Each new employee is assigned a dedicated mentor to provide comprehensive support, enhancing their sense of security, belonging, and workplace stability. The mentor assists with daily needs such as food, clothing, housing, transportation, and work-related matters. A care interview is conducted three months after onboarding to ensure ongoing communication and support. This approach helps new employees feel valued and cared for by the Company, thereby enhancing job satisfaction and retention rate.

### Survey Details

- Survey Target: Employees who passed probationary period and transitioned to full-time status
- Survey Period: January to December 2024
- Questionnaire Response Rate: 100%
- Number of Valid Questionnaires: 55

### 2024 New Employee Satisfaction Survey Results





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## Employee Satisfaction Survey for All Employees

To gain deeper insights into employee needs and improve organizational effectiveness, the Company regularly conducts "Employee Satisfaction and Engagement Surveys," evaluating six core domains: supervisor leadership, remuneration and benefits, colleague relationships, job content, career development, and corporate culture.

Since 2022, the survey frequency has been adjusted to once every two years. In the latest 2024 survey, we are pleased to see significant improvements in various indicators:

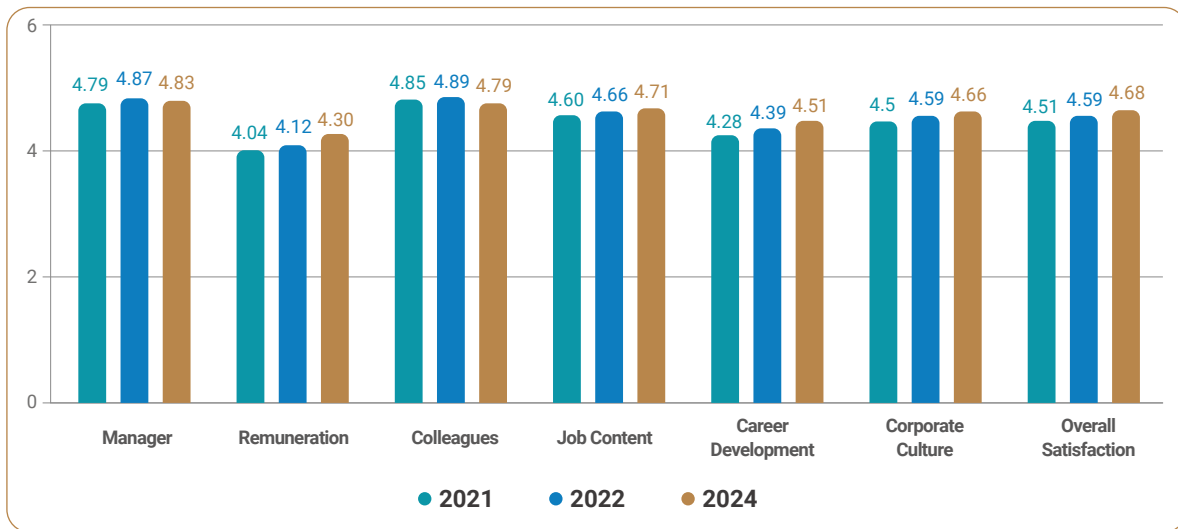
- ✓ Overall satisfaction reached 4.68, representing a 1.96% increase from the previous period.
- ✓ Scores across the five core dimensions all increased, indicating the effectiveness of our improvement measures.
- ✓ Employee engagement reached a record high, reflecting strong commitment and recognition from employees.

For items with relatively lower scores, the Company has conducted an in-depth review through labor-management meetings and instructed responsible unit to propose concrete improvement plans. We are committed to turning employee feedback into a driving force for progress, continuously optimizing employee experience and strengthening corporate cohesion.

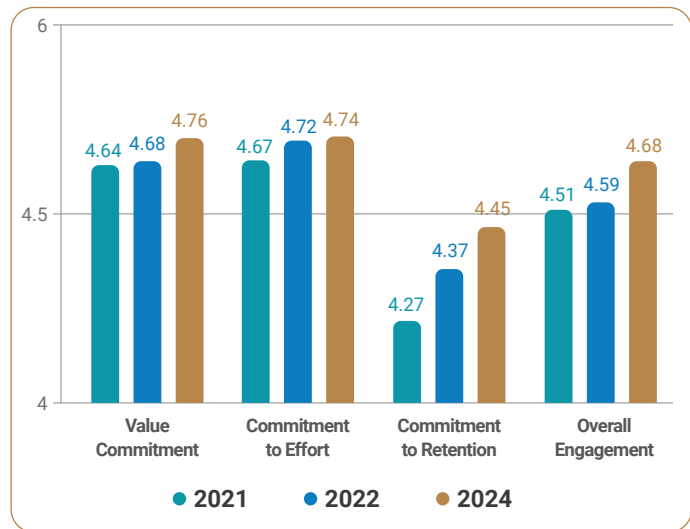
### Survey Details

- Survey Target: All formal employees
- Survey period: October 2024
- Valid Response Rate: 87%
- Number of Valid Questionnaires: 297

### Employee Satisfaction



### Employee Engagement



Note: A maximum score of 6 is used for both employee satisfaction and engagement.



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## Optimal Work-Life Balance

Pihong is committed to supporting in achieving a healthy work-life balance. To this end, we offer a variety of measures to support the diverse needs of employees:

### Fellowship and Team Cohesion

We provide fellowship funds to support departments in organizing gatherings and fellowship activities, fostering stronger team cohesion and interpersonal communication.

### Comfortable Work Environment

On-site facilities such as a gym, showers, and a library, allowing employees to enjoy convenient exercise and relaxation spaces beyond work. Our employee cafeteria offers a wide range of dining options, including buffet meals, vegetarian choices, and noodle stations, catering to a variety of tastes.

### Travel Subsidies

Annual subsidies for domestic and international travel encourage employees to enjoy quality time with their families, recharge, and strengthen family relationship.

### Club Activities

A range of hobby and interest-based clubs are promoted to build a vibrant and engaging community, thereby encouraging interaction and cooperation between different plants.

### On-site Services

We offer convenient on-site services, including food, vendors, promotional sales, and exhibition discounts, enhancing the daily convenience of factory life.

### Year-End Party

An annual grand event celebrating long-serving and outstanding employees as well as those in R&D and Innovation. It features exciting performances, delicious food, and generous prize s to celebrate the year's accomplishments and create lasting memories.

These initiatives reflect Pihong's continued commitment to employee well-being and reinforce each individual's sense of value and belonging within the organization.

## Optimal Work-Life Balance







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## Well-Being and Sustainable Living Program GRI 201-3 、 402-1

Phihong complies with legal requirements to allocate retirement reserves for all full-time employees and regularly reviews retirement intentions to provide career planning support. Employees in the Taiwan region are entitled to labor retirement fund protection. Those who joined before June 30, 2005, are covered by the old retirement fund system, with 2% of their monthly salary deposited monthly into an account at Bank of Taiwan. In 2024, the total amount of retirement fund contributions amounted to The new retirement fund system contributes 6% monthly to individual employee accounts, with employees free to make voluntarily contribution of additional 0-6%. For details on other post-retirement benefit plans, please refer to [Phihong's 2024 Annual Report](#). In accordance with local laws, other operational sites have established appropriate retirement mechanisms. For instance, Phihong (Dongguan) provides endowment insurance, while Phihong (Vietnam) enrolls employees in social insurance schemes to ensure post-retirement protection.

When significant operational changes occur, Phihong follows applicable local regulations to give employees advance notice. Necessary assistance is also provided, such as internal job transfers or support in applying for relevant government subsidies.

### Phihong's Retirement Fund Contribution as a Percentage of Salary

Region	Retirement Plan Scheme	Contributor	% of Salary
Taiwan	Old system: Company pension account	Employer	2%
		Employee	0 ~ 6%
	New system: Individual pension account	Employer	6%
Dongguan	Pension insurance: Individual pension account	Employer	14%
		Employee	8%
Vietnam	Social Insurance: Individual pension account	Employer	17.5%
		Employee	8%

### Double Care for Expatriates

Phihong deeply understands the challenges and needs of expatriates and is committed to providing comprehensive support to allow them to focus on their work without worries. In addition to providing group insurance and 24-hour overseas medical services, we have also formulated the "Overseas Personnel Management Regulations," which provide subsidies for housing, transportation, home visits, and accompanying family members. These measures aim to support expatriates' day-to-day needs and foster a sense of security and comfort, even when away from home.

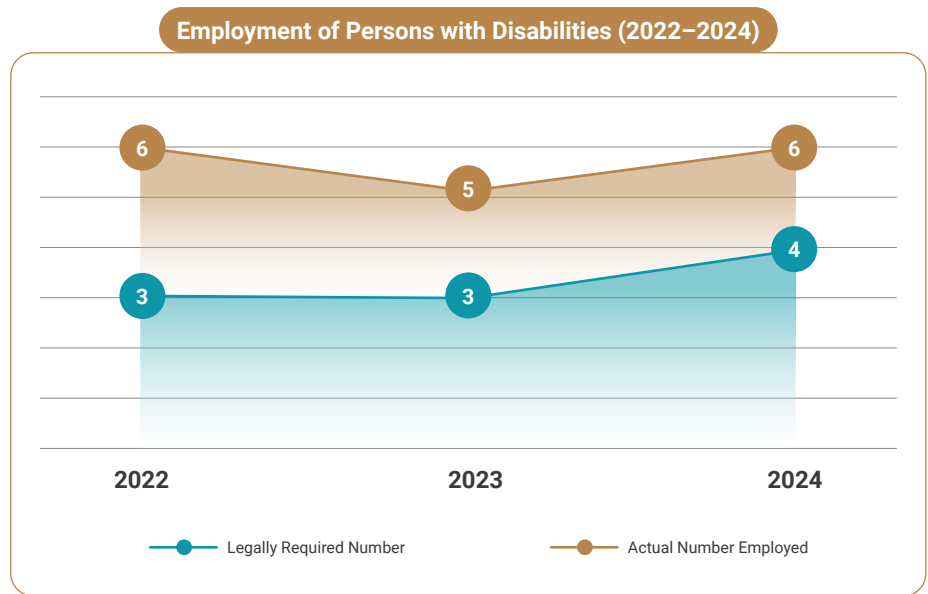
## Accessible and Inclusive Environment

Phihong warmly welcomes individuals with disabilities to join our corporate family. We are committed to providing long-term and stable employment opportunities while fostering a barrier-free and inclusive work environment. To ensure mobility and accessibility for all, our facilities across various operational sites are equipped with accessible ramps at entrances and internal levels, as well as multiple spacious elevators to accommodate wheelchair users. These features enable all employees to navigate and work comfortably within the workplace.

We value diversity and inclusion, respect different groups and cultures, and adhere to the principle of fairness and equality in employing all employees. Special attention is given to safeguarding the employment rights of disadvantaged groups. In Taiwan, Phihong has consistently exceeded the legal quota for the employment of persons with disabilities as stipulated in the People with Disabilities Rights Protection Act, earning government recognition and incentive awards each year.

In 2024, the Phihong employed a total of 27 persons with disabilities across the Group: 6 in Taiwan, 19 in Dongguan, and 2 in Vietnam. In the future, we will also continue to promote a friendly workplace, allowing every employee at Phihong to utilize their strengths and achieve self-fulfillment.

### Employment of Persons with Disabilities at Linkou Headquarters (2022–2024)





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## 6.2 Talent Cultivation and Development

Pihong regards talent development as the core of sustainable operation, dedicating efforts to enhancing employees' professional capabilities and career development. Through the "Education, Training, and Promotion System Framework," we integrate training hours into promotion criteria to encourage self-directed learning and foster a proactive learning culture. We are committed to building a learning organization, providing diverse learning opportunities, enhancing employees' competitiveness, and advancing mutual growth between individuals and the Company. Pihong also follows the TTQS Talent Development Quality Management System set by the Ministry of Labor, Executive Yuan, and was once again awarded the Silver Medal Certification in 2024, demonstrating our ongoing commitment to talent cultivation.

### Training and Development GRI 404-2

Pihong utilizes the PDDRO training management cycle to establish a comprehensive learning and development system, ensuring the stability and appropriateness of training quality. We offer a diverse range of learning resources, including pre-employment training, professional competency courses, and management development. Through both online and offline formats, employees can engage in flexible learning to enhance their practical knowledge and innovation capabilities.

In 2024, guided by the core philosophy of "learning is growth, development is value," Pihong further strengthened its career and training development efforts through the following key initiatives:

#### Internal Trainer Development

Successfully trained 16 internal instructors, 6 of whom have begun conducting classes, reinforcing internal knowledge transfer.

#### New Employee Mentorship Program

Organized refresher training, with 42 participants completed, achieving a high satisfaction score of 9.8, effectively supporting new employee adaptation.

#### Diverse Learning and Self-Development

Promoted book clubs (a total of 48 meetings), themed monthly events, micro-courses, and other learning opportunities to encourage self-driven professional growth.

#### General Knowledge Seminars

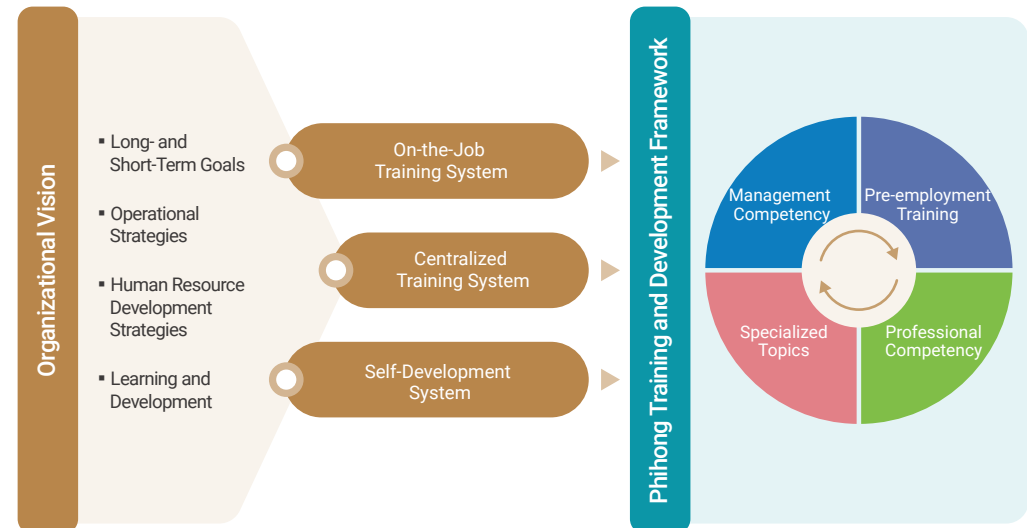
Organized five seminars covering topics such as health promotion, prevention of unlawful harassment, and parenting, supporting holistic employee development.

#### Language Learning Support

Offered free international language courses with open enrollment, resulting in a significant increase in participation and paving the way for global engagement.

We are committed to building a learning organization, providing diverse learning opportunities, emphasizing the internalization and application of knowledge, enabling learning to truly become competitive advantage.

### Pihong Education and Training System





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Job Hierarchy and Grades						General Training Category	Core Training Categories									
Job Grades	Management Positions	Staff/Technical Positions				Pre-Employment Training System		Professional Competency Development System	Managerial Competency Development System		Specialized Topics Training System					
1A	General Manager								<div>[M3] Senior Manager Management Training</div> <div>Strategy Planning Skills Business Analysis Techniques Organizational Change Management</div>		<div>1. Culture Promotion</div> <div>2. High-Potential Talent and Succession Development</div> <div>3. Specific Professional Talent Cultivation</div> <div>4. Quality Management Training (ISO related)</div> <div>5. Corporate Sustainability Courses (ESG)</div> <div>6. Internal Trainer Development</div> <div>7. Occupational Health and Safety Related</div> <div>8. Information Security Related</div> <div>9. Human Rights Related</div> <div>10. Self-Enlightenment Related (Language, General Knowledge)</div>					
1B	Deputy General Manager															
2A	BU General Manager															
2B	BU Deputy General Manager															
3	Assistant Manager, Director Level	Lead Specialist	Special Assistant	Executive Secretary	Lead Sales Representative	Chief Engineer			<div>[M2] Intermediate Manager Management Training</div> <div>Management Steps and Procedures Subordinate Leadership and Performance Management</div>							
4	Senior Manager															
5	Project Manager /Assistant Manager			Senior Specialist	Secretary				Senior Sales Representative	Senior Engineer					<div>[M1] Basic Supervisor Management Training</div> <div>Basic Management Concepts and Techniques Motivation Theory and Objection Handling Personnel Selection and Interview Techniques Interpersonal Communication and Team Operation</div>	
6	Section Manager															
7	Deputy Section Manager	Specialist			Sales Representative	Engineer										
8	Supervisor															
9	Deputy Supervisor	Management Associate				Assistant Engineer										
10	Team Leader															
11	Deputy Team Leader	Assistant	Driver	Reception Operator		Senior Technician										
12																
13																
14																
15		Intern	Intern			Operator										



## Resignation Support and Career Development GRI 404-2

Phihong is committed to fostering long-term labor relations and supporting employees' career development. For employees nearing retirement or resignation, the Company conducts one-on-one interviews and provides free learning resources to help enhance their professional skills. For those who leave the company involuntarily, Phihong provides severance in accordance with legal requirements and grants two paid job-search days per week. We also assist with unemployment benefit applications, offer career counseling, and share information on vocational training programs to support a smooth and stable transition. Phihong firmly believes that the Company's achievements stem from the growth of its employees. Whether during their tenure or after departure, we are committed to providing the best support, cultivating a culture of continuous learning, and strengthening workforce competitiveness. Together, we create shared value and move forward toward a more sustainable future.





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## Newcomer Mentor Training GRI 404-2

In 2024, Phihong continued to implement its newcomer mentor training program, including annual refresher sessions to ensure mentors' skills remain current. A total of 42 mentors completed the training during the year, achieving a course satisfaction score of 9.8 points, reflecting strong recognition of the program's content. Through systematic training and a continuously improving mentorship mechanism, Phihong is committed to creating a comprehensive support environment for new employees. This helps them establish a solid foundation during the critical adaptation period while enhancing the Company's internal talent development capabilities.



## Internal Instructor Program: Fostering a Culture of Learning

Upholding the principle of "begin with the end in mind," Phihong successfully trained 16 internal instructors in 2024 through an intensive two-day training. The training received a satisfaction score of 9.7, showcasing the participants' enthusiasm for learning and professional growth. Following the training, monthly internal courses have been conducted, with six instructors already taking on teaching responsibilities, further promoting knowledge sharing and a culture of continuous learning within the organization. That same year, Zerova held 125 internal training courses, 67.2% of which were led by internal instructors, fully demonstrating the Company's emphasis and commitment to knowledge transfer. Phihong will continue to expand the influence of internal instructors, making the inheritance of expertise a solid driving force for corporate development, collectively building a learning organization. By advancing both the mentor and internal instructor programs in parallel, Phihong further strengthens its talent cultivation system and lays a strong foundation for sustainable growth.



## Enhancement of Leadership at All Management Levels GRI 404-2

We firmly believe that leadership is the key driver of corporate success. To this end, we have designed the Leadership Development Program, inviting external professional instructors to conduct leadership workshops tailored for junior, mid-level, and senior executives. These sessions are designed to strengthen leadership, decision-making, and team management skills through role-playing, case simulations, and team-based exercises, equipping managers with the practical competencies needed to navigate real-world challenges.







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## Strengthening Foreign Language Skills to Expand Global Reach GRI 404-2

To establish a bridge between Phihong employees and the international community, we collaborate with external language learning institutions to launch diverse language learning projects. In 2024, we provided a flexible and accessible digital learning platform that enabled employees to engage in language courses anytime, anywhere, free of charge, broadening their horizons. Employees could freely select from various international languages, and the number of course participants reached a new record high, demonstrating strong enthusiasm for language advancement and personal growth. The flexibility of digital learning allows employees to independently arrange their learning schedule, thereby enhancing workplace competitiveness and building a professional team with a global mindset.



Year Item	2022	2023	2024
Language	Online English	Online English	Online English International Language
Participants	67	32	114
Funding	\$301,500	\$144,000	\$270,000

## Phihong Book Club: Fostering a Culture of Learning









To cultivate a learning organization, Phihong has established the "Phihong Book Club" under the guidance of the Group General Manager since 2020. By setting an example at the executive level, the initiative encourages employees to read together, deepen their professional knowledge, and explore the practical applications of theoretical concepts. By the end of 2024, the Phihong Book Club has held 48 sessions, attracting a total of 1,148 participants. Through shared reading and the exchange of perspectives, employees are inspired to think critically and transform learning into a driving force for team growth. At the same time, the Club provides ample space for open dialogue, stimulating innovative thinking and enhance internal knowledge sharing. To support this, Phihong has established a dedicated Book Club information platform that archives the content of past events, allowing all employees to visit and learn from the discussions while sustaining engagement. Through steady promotion and long-term commitment, the Book Club has become an important cornerstone of Phihong's learning culture.



### Diverse Learning Experiences

Phihong is committed to the comprehensive development of its employees. In addition to professional skills training, the Company actively promote general education to enhance employees' physical and mental well-being, as well as overall quality of life. In 2024, Phihong organized five diverse lectures covering topics such as parent-child interaction, health management, and workplace inclusion. A total of 233 employees participated, with the sessions receiving an average satisfaction score of 9.6.

### Selected Lectures in 2024

February	May	July	August	November
<p><b>Balloon Twisting Fun for Families</b></p> <p>A Magical Start! - Introduction to balloon art promoting shared parent-child learning. (35 participants, satisfaction score: 9.8)</p>  	<p><b>Release &amp; Renew</b></p> <p>Fascial Stretching for Body and Mind Wellness - Relieving tension and Enhancing work performance. (47 participants, satisfaction score: 9.66)</p>  	<p><b>Weight Loss Journey</b></p> <p>Managing health and becoming a better version of oneself. (51 participants, satisfaction score: 9.63)</p> 	<p><b>TABATA Beginner's Guide</b></p> <p>High-intensity exercise to boost vitality and energy. (48 participants, satisfaction score: 9.46.)</p>  	<p><b>Gender Equality and Friendly Measures</b></p> <p>Sexual Harassment Prevention - Promoting a more inclusive and respectful work environment. (52 participants, satisfaction score: 9.46.)</p> 

Phihong believes that learning should be seamlessly integrated into everyday life. The Company will continue to offer enriching and practical learning opportunities, empowering employees to grow beyond the workplace and to cultivate a healthier and happier workplace life.



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**Employee Training Hours Statistics** **GRI 401-1**

Region Job Level	Linkou Headquarters						Overseas Joint Facilities (Dongguan + Haiphong)						Zerova					
	Number		Annual Training Hours				Number		Annual Training Hours				Number		Annual Training Hours			
Total	403		18,952				7,047		140,923.5				631		16,105.9			
Average Hours	47						20						25.5					
Training Hours by Gender	Male		Average Hours	Female		Average Hours	Male		Average Hours	Female		Average Hours	Male		Average Hours	Female		Average Hours
	Hours	Number		Hours	Number		Hours	Number		Hours	Number		Hours	Number				
General Employees	7,923	150	52.82	5,902	140	42.16	75,213	3,769	20.0	61,441.5	3,096	19.8	7,245.2	303	23.91	5,730.5	211	27.16
Basic Supervisors	917	17	53.94	634	15	42.27	1,813	68	26.7	713.0	32	22.3	469	19	24.68	872.1	24	36.34
Mid-Level Supervisors	2,272	50	45.44	700	14	50	1,298	56	23.2	272.5	15	18.2	1,043.4	43	24.27	295.4	13	22.72
Mid-/Senior-Level Managers	428	11	38.91	31	2	15.5	136	9	15.1	37.0	2	18.5	373.6	10	37.36	22.2	1	22.22
Senior Executives	145	4	36.18	0	0	0	0	0	0	0.0	0	0	13	4	3.25	41.5	3	13.83

Note 1: Annual training hours for the Taiwan region include internal and external training, new employee training, and e-Learning online courses; for overseas regions, it includes internal and external training and new employee training.

Note 2: Employee numbers for the Taiwan region are based on the number of employees as of December 2024 (including Taiwanese expatriates); for overseas regions, the count is based on the total number of employees who were employed at any point during 2024.

Note 3: At Pihong, both male and female employees are equally eligible to participate in relevant external training courses. The significantly higher average annual training hours for male employees at the Linkou headquarters are primarily due to the fact that most R&D engineers are male and regular internal seminar sessions are held weekly.







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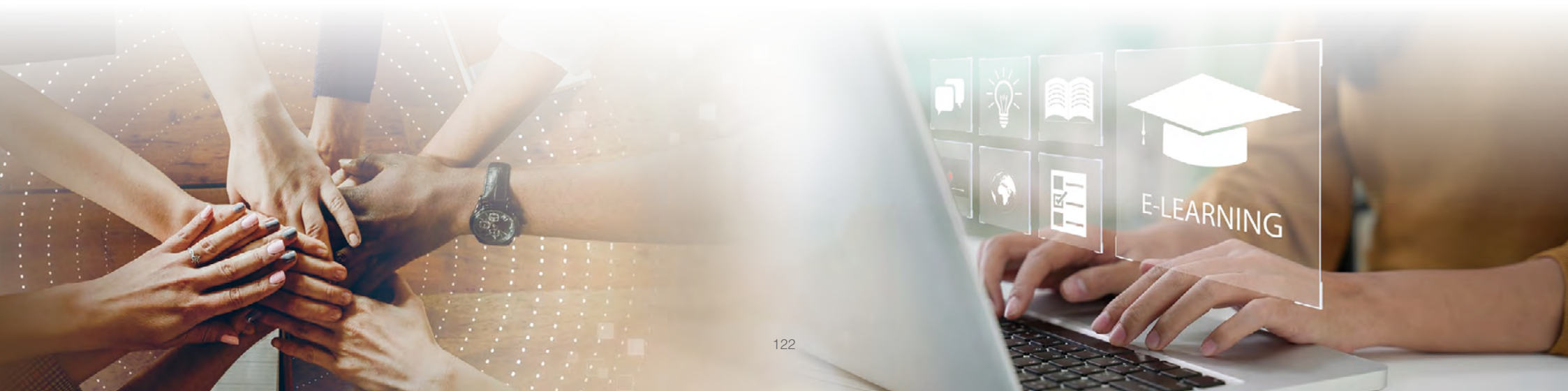

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Item	Description	Target Participants	2022 Learning Achievements	2023 Learning Achievements	2024 Learning Achievements
<b>Micro E-Learning Course</b>	Multi-faceted micro-courses on work and life topics to support employees' career well-being	All employees	24 micro-courses; 6,915 total views.	23 micro-courses; 5,061 total views.	24 micro-courses; 5,138 total views.
<b>Top 100 CEOs Online Co-Learning</b>	Management insights and best practices shared by top 100 external CEOs	Elite managers	33 courses; 1,598 total participants	45 courses; 1,211 total participants	5 courses; 117 total participants
<b>External Learning Platform Promotion</b>	Promotion of external learning platforms to encourage self-directed learning. 1. TaiwanLIFE 2. SME e-university 3. Workforce Development Digital Service Platform 4. TaiwanJobs 5. Hahow 6. YOTTA 7. Dada Master	All employees	844 participants; 3,545.8 total learning hours	625 participants; 3,105.2 total learning hours	682 participants; 1,582.6 total learning hours
<b>E-Learnig Platform</b>	Internal learning platform offering online learning module courses, training and learning records, course notifications, and external training applications.	All employees	25,855 total learning hours; 648 employees; average 39.9 hours/employee	20,261.8 total learning hours; 394 employees; average 51.4 hours/employee	18,952 total learning hours; 403 employees; average 47 hours/employee

Note 1: Although the total learning hours in 2024 were lower than in 2023, the was mainly due to the introduction of a new learning system in 2023, which required multiple company-wide training sessions and led to an exceptional spike in that year's total hours. Excluding this one-time factor, the learning hours in 2024 remained at a high level, indicating the continued steady implementation of learning activities.

Note 2: The Top 100 CEOs Online Co-Learning program recorded only 5 learning courses in 2024, as the collaborative platform ceased live-streaming activities in April 2024.

Note 3: Participation in micro-courses viewing and learning platforms remains stable, indicating that digital learning has become an integral part of employees' daily routines. Furthermore, short-duration courses align more closely with employees' learning needs and have emerged as the preferred learning format.







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## Performance Evaluation and Development

Phihong operates a performance management system aligned with its overall annual operational strategies and individual employee goals. Progress is regularly tracked and reviewed to ensure that Company targets are consistent with the performance goals of managers and frontline employees, allowing for timely strategic adjustments when necessary. Through the use of a digital management system, Phihong facilitates ongoing communication and dialogue around goals, enabling managers to monitor progress, support employees in improving performance, and foster their professional development. The system promotes two-way communication and real-time feedback between supervisors and their direct reports, thereby enhancing organizational competitiveness and strengthening overall team performance. By managing performance through clearly defined targets, the Company effectively monitors outcomes, enhances efficiency, boosts employee morale, and promotes their continuous growth.

### Performance Target Management

#### Target Setting

Establish clear, specific, and measurable objectives for individuals or departments in alignment with the organization's strategic direction, following the SMART criteria (Specific, Measurable, Achievable, Relevant, Time-bound).

#### Real-time communication

Ensure all relevant personnel have a shared understanding of the targets, coordinate resource allocation, and clarify work responsibilities.

#### Performance Evaluation

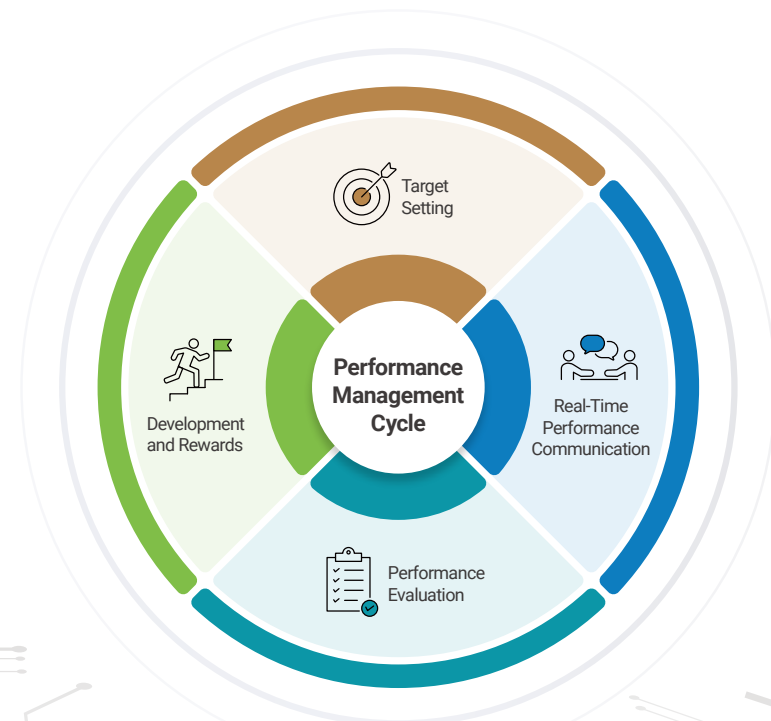
Assess outcomes based on predefined performance indicators and provide constructive feedback to support growth and improvement

#### Development and Rewards

Link award honors and recognition to performance results, and identify areas for improvement to drive continuous development.

At the same time, the salary structure of the Group's General Manager and senior executives is closely tied to the Company's operational performance and individual performance indicators. These include non-financial aspects such as corporate governance, green design, and sustainability-related performance indicators, ensuring strong alignment between the remuneration system and the Company's short-term and long-term operational targets and shareholder interests. Starting from 2023, the remuneration packages for senior executives includes a long-term incentive plan through a stock ownership trust, further integrating the link between remuneration, long-term corporate performance, and the interests of shareholders.

Additionally, performance-linked rewards, promotions, and bonus allocations are conducted in a fair and transparent manner. Performance evaluations are carried out in multiple stages, including the probationary period, mid-year review, and year-end review, to incentivize productivity and improve the performance management system. In profitable years, the Company distributes annual bonus, employee profit-sharing, and project-based incentives in accordance with relevant bonus policies and based on individual performance results. These measures are designed to incentivize and retain high-performing employees, further enhancing overall corporate competitiveness.





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## Sustainability Performance Indicators for Senior Executives

Sustainable Development Performance Indicators		Weighting (%)	General Manager	Senior Executives (Members of the Seven Sustainability Functional Teams)						
				Green Operations	Climate Change	Employee Care	Social Engagement	Corporate Governance	Supply Chain Management	Customer Partnerships
 Environmental	Development of low-carbon products and circular economy initiatives	15%	V	V						
	Achievement of carbon reduction targets		V		V				V	
	Energy resource management				V					
 Social	Happy Workplace Evaluation (employee satisfaction and engagement)		V			V				
	Human rights due diligence and promotion					V	V			
	Promotion of social welfare services									
 Governance	Corporate governance valuation, risk management, and information and communication management		V					V		
	Responsible sourcing								V	
	Customer relationship management satisfaction									V

## Number and Proportion of Employees Included in Year-End Performance Evaluation GRI 404-3

Plant/Gender Level/Headcount	Linkou Headquarters (PHT)		Pihong (Dongguan) (PHC/PHP)		Pihong (Vietnam) (PHV)		Zerova (ZTM/ZCM)	
	Male	Female	Male	Female	Male	Female	Male	Female
Managers (Section level & above)	82	32	82	36	0	2	73	33
General Employees	130	132	485	415	422	918	255	196
Total	212	164	567	451	422	920	328	229
Percentage of Total Workforce Evaluated	52.6%	40.7%	28.6%	22.8%	27.5%	59.9%	50.4%	35.2%

Note: Employees with less than three months of service are excluded from the year-end evaluation.



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## 6.3 Human Rights Due Diligence

Phihong firmly believes that respecting human rights and creating a dignified work environment are crucial. The Company is committed to following and supporting various international recognized human rights principles and standards, including the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. In alignment with these principles, the Company strictly abides by labor laws at all operational locations to protect the legal rights of employees. The Company also regularly reviews and updates its human rights policy. Guided by the three core principles of "Protect, Respect, and Remedy," Phihong adopts practices in line with the RBA Code of Conduct. We strictly prohibit any actions that infringe upon human rights, demonstrating a high level of commitment to human rights through concrete actions.

### Human Rights Management Policies

Phihong's Human Rights Policy applies to all employees within the Phihong Group, covering full-time, part-time, contract-based personnel, and interns. It also extends to domestic and overseas subsidiaries, suppliers, customers, partners, joint ventures, and other entities or legal persons with substantial control. All stakeholders are expected to adhere to consistent standard of human rights, working together to prevent form of human rights violation or infringement.

#### Our Commitment

1

Firmly believe that protecting human rights is a crucial foundation for sustainable operation.

2

Consider human rights issues in all aspects of operations.

3

Provide stakeholders with smooth communication channels.

### Human Rights Policy Guidelines

- Prohibit child labor, forced labor, and human trafficking.
- Employees are free to resign in accordance with regulations and enjoy the freedom of association and collective bargaining rights. Respect employees' right to freely resign in accordance with regulations, and uphold freedom of association and the right to collective bargaining.
- Provide fair compensation, reasonable working hours, and equitable employment conditions.
- Eliminate discrimination and inhumane treatment to ensure equal opportunities in the workplace.
- Safeguard occupational safety and support employees' physical and mental well-being to promote work-life balance.
- Conduct regular human rights education and training to foster a culture of respect for human rights.
- Establish an independent grievance and response mechanism to protect whistleblowers and prevent retaliation.
- Conduct periodic reviews of human rights risk and implement remedial and mitigation measures to ensure continuous improvement.
- Disclose human rights policies and implementation results in an open and transparent manner to strengthen stakeholder communication.

### Human Rights Due Diligence Procedures GRI 2-25 、 2-26

Phihong conducts human rights due diligence in alignment with the RBA Code of Conduct. The objective is to identify and further assess potential risks related to human rights issues, implement appropriate actions and mitigation measures, and ensure ongoing improvements. All of this is aiming to fulfill our firm commitment to respecting and protecting human rights.

1

Issue  
Identification

- Refer to national regulations and international standards.
- Collect and identify issues related to fundamental human rights, workplace health and safety, and other human rights concerns.



2

Risk  
Assessment

- Conduct due diligence on employees.
- Evaluate the potential risk occurrence probability and impact level.



3

Due  
Diligence

- Establish a human rights risk matrix based on the survey results to determine the risk level.



4

Corrective and  
Mitigation Measures

- For medium- and high-risk topics, establish mitigation strategies or remediation plans.



5

Continuous  
Improvement

- Evaluate the effectiveness of corrective actions and review outcomes.
- Engage in ongoing planning and refinement of management practices.





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## Human Rights Risk Topics Assessment GRI 2-25, 408-1, 409-1

In 2024, Phihong's subsidiary, Zerova, conducted its first comprehensive identification of human rights topics, covering its own operations as well as third-party personnel (including dispatched workers or outsourced personnel, etc.). We actively collect opinions from key stakeholders on human rights risk situations, evaluating them using a two-axis framework with severity and frequency of occurrence as the two dimensions. Risk levels were categorized on a scale from 1 to 10. Based on the identification results of human rights issues at various points in the value chain, we systematically assessed potential at-risk groups and proposed corresponding human rights risk mitigation and remediation measures. In parallel, we continuously refine our human rights policies to ensure alignment with corporate social responsibility and long-term sustainability goals.

Identification Scope	Topics of Concern	Risk Topic Description	Assessment Tools
Self-Operation (Employees) Third-Party Employees	Labor Privacy Protection	<ul style="list-style-type: none"> <li>Leakage of employees' personal information caused by system vulnerabilities, security oversights, or failure to properly notify affected individuals.</li> </ul>	RBA Self-Assessment Questionnaire Annual Risk Assessment on Unlawful Infringement Annual Labor and Ethics Risk Assessment Employee Interviews Compliance with Labor Laws
	Personal Freedom and Safety	<ul style="list-style-type: none"> <li>Occurrence of threats, physical assaults, illegal human trafficking, or harassment (e.g., sexual harassment), endangering employees' personal safety or adversely affecting their physical and mental well-being.</li> </ul>	
	Protection of Working and Employment Conditions	<ul style="list-style-type: none"> <li>Noncompliance of the work environment or labor conditions with legal standards, resulting in the inability to safeguard basic labor rights (such as working hours, wages, health and safety, equal treatment, etc.), or the use of inappropriate employment arrangements (such as excessive use of contract workers, dispatch workers, or foreign workers, etc.) to deny legitimate employment opportunities.</li> </ul>	
	Right to Health	<ul style="list-style-type: none"> <li>Inadequate operational training or safety education provided to employees, leading to occupational safety incidents.</li> <li>Failure to provide legally required health protections (such as rest periods and reasonable shift scheduling), resulting in employees working excessively long hours in a high-pressure conditions.</li> </ul>	
	Freedom of Speech and Expression	<ul style="list-style-type: none"> <li>Lack of safe and effective channels for employees to voice opinions</li> </ul>	
	Freedom of Assembly and Association	<ul style="list-style-type: none"> <li>Use of coercive measures to suppress free speech (such as litigation, intimidation, or threats), causing employees to face pressure or retaliation in their work or personal lives.</li> <li>Failure to provide fair and reasonable treatment for employees who participate in external labor unions or legally protected union activities.</li> </ul>	
	Child Protection	<ul style="list-style-type: none"> <li>Employment of workers below the legal working age or assignment of hazardous duties to underage employees.</li> </ul>	
	Non-Discrimination	<ul style="list-style-type: none"> <li>Unfair treatment during recruitment unrelated to job performance, such as discrimination based on nationality, ethnicity, gender, age, political inclinations, or physical disabilities.</li> <li>Unfair treatment during promotion unrelated to job performance, such as discrimination based on nationality, ethnicity, gender, age, political inclinations, or physical disabilities.</li> </ul>	
	Forced Labor	<ul style="list-style-type: none"> <li>Imposition of forced labor through improper means such as withholding identification documents or wages, or through physical or psychological coercion (e.g., forced overtime, underreporting of working hours).</li> </ul>	
	Right to Family Life	<ul style="list-style-type: none"> <li>Lack of opportunities for employees to fulfill family caregiving responsibilities, such as the inability to take parental or maternity leave, or insufficient facilities and support for childcare or breastfeeding.</li> <li>Excessive overtime demands placed on employees, impairing their right to family life.</li> </ul>	



Note: Third-party employees include dispatched or outsourced personnel, such as those engaged in cleaning, security, catering, etc.

## Human Rights Due Diligence GRI 2-25

In 2024, Zerova conducted a human rights risk assessment survey, distributing 378 questionnaires and receiving 352 valid responses, achieving a high response rate of 93%. The survey results all indicated that all assessed items fell within the medium to low risk range. A human rights risk matrix was established based on the formula: Risk Exposure = Likelihood of Occurrence × Severity of Impact. Topics with higher exposure values were provided to the management team to support effective risk mitigation.





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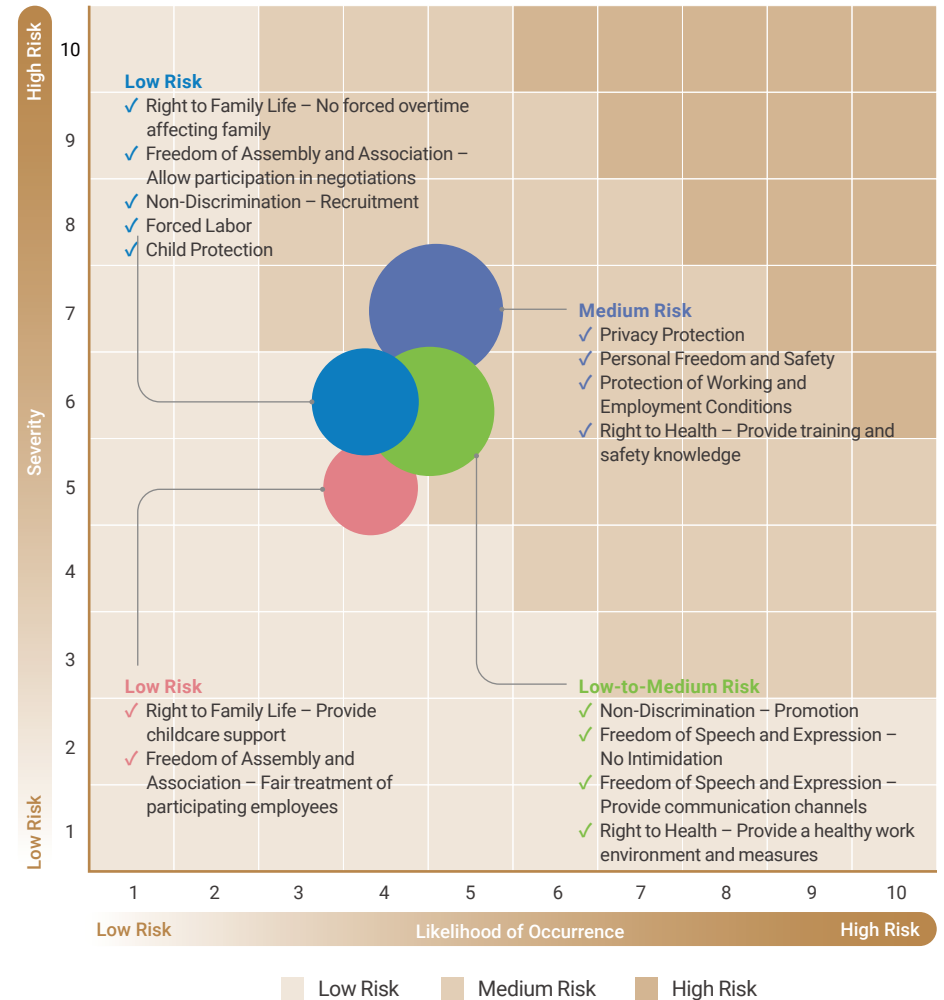

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Topic	Likelihood of Occurrence (Probability)	Severity of Impact (Impact)	Risk Exposure
Privacy Protection	4	6	24
Personal Freedom and Safety	4	6	24
Protection of Working and Employment Conditions	4	6	24
Right to Health – Provide training and safety knowledge	4	6	24
Right to Health – Provide a healthy work environment and measures	4	5	20
Freedom of Speech and Expression – Provide communication channels	4	5	20
Freedom of Speech and Expression – No Intimidation	4	5	20
Non-Discrimination – Promotion	4	5	20
Freedom of Assembly and Association – Allow participation in negotiations	3	5	15
Child Protection	3	5	15
Non-Discrimination – Recruitment	3	5	15
Forced Labor	3	5	15
Right to Family Life – No forced overtime affecting family	3	5	15
Freedom of Assembly and Association – Fair treatment of participating employees	3	4	12
Right to Family Life – Provide childcare support	3	4	12





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## Action Measures and Continuous Improvement GRI 2-25

Phi Hong regularly reviews and strengthens human rights management mechanisms, enhances human rights awareness through education and training and employee communication, and develops targeted mitigation and improvement programs. In 2024, Pihong (Vietnam) continued to obtain the SA8000 certification, and formulated a Corporate Social Management Manual in accordance with SA8000 standards and relevant international conventions, supporting sustainable operations and responsible business practices. Pihong is committed to going beyond local regulatory requirements by integrating environmental protection, employee health and safety, and human rights considerations, thereby safeguarding the rights of stakeholders. At the same time, human rights policies and management mechanisms are regularly reviewed for legal compliance, with due diligence results and improvement progress reported to the management team to fulfill social responsibility and enhance human rights awareness.



Method	Mitigation Measures
 Establishment of Management Procedures	<ul style="list-style-type: none"> <li>✓ Declare zero tolerance for unlawful conduct in the workplace. Provide orientation for new hires and require the signing of the "Unlawful Infringement Procedure" and the "Business Ethics and Conduct Guidelines," covering topics such as labor and human rights, health and safety, environmental protection, management systems, and business ethics.</li> <li>✓ Establish procedures for managing unlawful conduct to safeguard equality and personal dignity in the course of duty. Provide clear guidance for the prevention, reporting, and disciplinary handling of misconduct.</li> </ul>
 Education and Training	<ul style="list-style-type: none"> <li>✓ Require all new hires to complete the RBA Code of Conduct as a mandatory course for new hires, with a post-course assessment on RBA-related topics that must be passed with a perfect score.</li> <li>✓ Conduct regular training on human rights topics. Publish relevant policies on the internal website for real-time access and reference by all employees. Monitor human rights protection issues, promote related training programs, enhance awareness of human rights protection, and reduce the likelihood of risk occurrence.</li> </ul>
 Diverse and Open Communication Environment	<ul style="list-style-type: none"> <li>✓ Respect the freedom and rights of all employees, and establish a diverse communication platform to create an open communication environment. Employees can express their opinions, either named or anonymously, in a confidential manner without fear of retaliation.</li> <li>✓ Provide diversified communication channels, utilize communication mechanisms such as "all-staff meetings, employee suggestion boxes, and HR director's mailbox" to ensure all employees receive appropriate care and attention.</li> </ul>
 Labor/Management Meetings	<ul style="list-style-type: none"> <li>✓ Establish company work rules through labor-management meetings, covering working hours, rest periods, types of leave, wages, allowances and bonuses, records, attendance, leave, rewards and disciplinary actions, promotions, hiring, termination, layoffs, resignations and retirements, compensation for work-related injuries and illnesses, and welfare measures are discussed and decided upon.</li> </ul>



## Responsible Business Alliance (RBA)

The Responsible Business Alliance (RBA) is the largest corporate social responsibility coalition in the global industrial supply chain, committed to establishing standardized codes of conduct for social responsibility. Phihong upholding its commitment to corporate social responsibility and sustainable development, became a certified RBA member in 2022. The Company fully supports RBA's vision and goals, promotes its Code of Conduct, and aims to share its achievements with employees, customers, suppliers, and society. Obtaining RBA Validated Assessment Program (VAP) certification has become a significant indicator of a company's commitment to social responsibility.

In December 2024, Phihong (Dongguan) (PHC/PHP) successfully passed the RBA VAP audit and obtained Silver Certification, achieving scores of 162.9 and 169.2, respectively. In March 2025, Phihong (Vietnam) also passed the RBA VAP audit and successfully obtained certification. Through this verification process, Phihong demonstrated the compliance and implementation of its internal systems, thereby fulfilling its social responsibility values and fully aligning with the RBA 8.0 standards. Phihong is committed to continuously improving its internal management systems, conveying sustainability awareness to supply chain partners, and strengthening management and resilience to gain global customer recognition and expand sustainable business opportunities.





## 6.4 Occupational Health and Safety

### Occupational Health and Safety Management **GRI 403-1**

To maintain and promote the health of all employees, Phihong has integrated occupational health and safety management into its core strategies for sustainable development. All plants have obtained ISO 45001:2018 Occupational Health and Safety Management System certification, with ongoing efforts to maintain certification validity.

The group strictly adheres to occupational health and safety related regulations, establishes an "Occupational Health and Safety Policy," and sets up an Occupational Health and Safety Committee to promote a comprehensive safety management system. Beyond regulatory and policy compliance, we actively prevent work-related injuries by comprehensively reviewing and monitoring the work environment. Hazard identification and risk assessments are conducted regularly based on different job types and working conditions. Priority is given to addressing high-risk areas, with continuous integration of risk management into the occupational safety management system for follow-up and improvement.

Additionally, regular internal and external audits are conducted to ensure that each plant complies with local government regulations and company policies. These efforts aim to eliminating potential workplace hazards and provide employees with a safe and healthy work environment. In 2024, the Phihong Group reported zero fatalities, with no confirmed cases of occupational disease or serious work-related injuries.







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## Phihong Employees' Lost Work Rate, Absence Rate, and Number of Accidents GRI 403-8 、 403-9

Plant	Linkou Headquarters (PHT)						Phihong (Dongguan) (PHC & PHP)						Phihong (Vietnam) (PHV)						Zerova (Tainan) (ZTM)				Zerova (Dongguan) (ZCM)	
Year	2022		2023		2024		2022		2023		2024		2022		2023		2024		2023		2024		2024	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Occupational Injury Rate	0.00	0.00	0.46	0.00	0.43	0.59	0.06	0.10	0.33	0.23	0.33	0.38	0.23	0.06	0.17	0.00	0.00	0.09	1.53	1.30	0.47	0.00	0.00	0.00
Lost Work Day Rate	0.00	0.00	0.92	0.00	0.43	0.88	12.51	18.83	9.22	14.07	16.78	9.81	6.09	2.03	0.83	0.00	0.00	0.37	19.51	10.65	3.74	0.00	0.00	0.00
Employee Absenteeism Rate	0.01	0.01	0.01	0.01	0.09	0.12	0.03	0.02	0.04	0.04	0.04	0.03	0.01	0.02	0.13	0.12	0.02	0.02	0.03	0.02	0.01	0.01	0.03	0.03
Number of Employee Accidents	0	0	1	0	1	1	3	5	4	2	4	3	4	1	1	0	0	1	2	0	2	0	0	0

Note 1: GRI: The coefficient of 200,000 refers to the calculation based on every 100 employees working 2,000 hours per year.

Note 2: Employee total working hours in 2024: Linkou Headquarters: males 460,288, females 339,264; Phihong (Dongguan): males 2,419,640, females 1,560,216; Phihong (Vietnam): males 1,500,000, females 2,164,800; Zerova (Tainan): males 522,000, females 334,000; Zerova (Dongguan): males 295,913, females 175,583.

Note 3: Employee accidents in 2024: Linkou Headquarters: 2 employees (1 strain, 1 sprain); Phihong (Dongguan): 7 employees (3 crush injuries, 4 falls); Phihong (Vietnam): 1 employee (1 crush injury); Zerova (Tainan): 2 employees (1 abrasion, 1 electric shock).

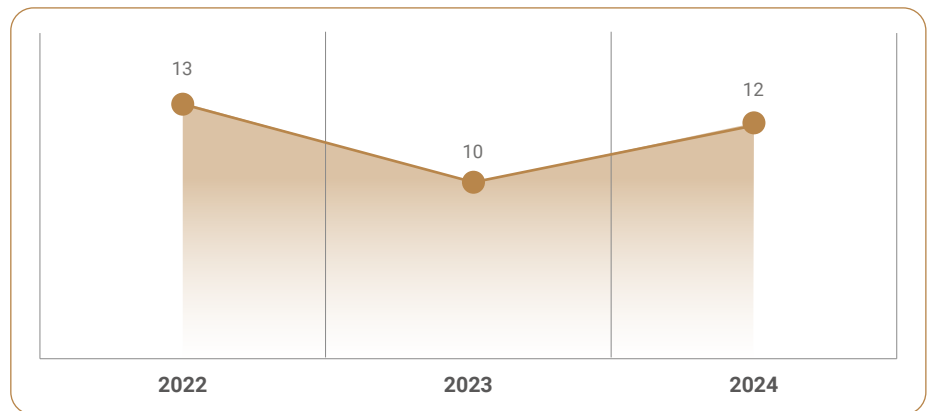
Note 4: In 2024, all plants reported no accidents involving non-employees, with a ratio of 0%.

## Occupational Safety and Health Organization and Operation GRI 403-4

Phihong complies with the Occupational Safety and Health Management Regulations by establishing an Occupational Health and Safety Committee. The committee is responsible for advising on the Company's safety and health policies and management systems, as well as reviewing and coordinating related matters. Committee members include a chairperson (Assistant Manager or Plant Manager), department heads, dedicated EHS personnel, and labor representatives elected by employees.

The Committee at Phihong (Dongguan) consists of 35 members, including 4 management personnel. At Zerova (Tainan), the Committee includes 31 members, 14 labor representatives, exceeding the one-third statutory requirement (approximately 45%). Committee meetings are held quarterly, during which the EHS department reports on the implementation of occupational safety and health initiatives in the site. Through interdepartmental collaboration and communication, the Company ensures full employee participation and continuously optimizes safety and health management to create a healthy and safe work environment.

## Total Number of Employee Accidents in the Group





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## Hazard Identification and Risk Assessment Identification and Risk Assessment GRI 403-2 \ 403-7

Pihong prevents damage to employees' safety and health from operational activities or facilities and avoids financial losses to the company through continuous hazard identification and risk assessment. Appropriate preventive measures, control methods, or hazard elimination strategies are implemented, along with continuous improvement efforts, to keep risks within acceptable levels. Every three years, hazard identification and risk assessments are carried out for existing operations, potential future activities, temporary changes, and external hazardous substances. A baseline review team, trained in process safety assessment, conducts evaluations using semi-quantitative and qualitative methods to assess and classify risk levels. Control measures and targets are then established based on a risk-based classification system, in alignment with occupational safety and health objectives and management plans. Pihong adopts measures such as elimination, substitution, engineering controls, signage and warning, administrative controls, and personal protective equipment (PPE) to reduce risks and continuously improve. For high-risk operations, appropriate PPE is provided, and preventive health examinations along with workplace environment monitoring are conducted. Employees identified with abnormal test results are subject to follow-up management, including individualized health consultations, care, and guidance. In 2024, no cases of occupational diseases were reported across Pihong group.

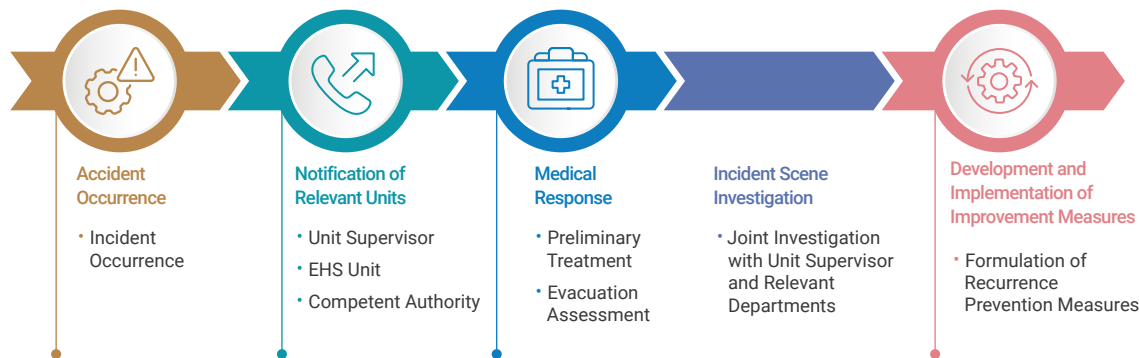
## Risk Level and Management Measures



## Emergency Response and Incident Investigation GRI 403-2 \ 403-7

To effectively respond to emergencies and prevent similar incidents from recurring, Pihong has established emergency response procedures and incident investigation processes. Regular emergency response drills and training sessions are conducted to enhance emergency response capabilities. At the same time, employees are encouraged to report all kinds of near-miss incidents, and various reporting methods are provided to facilitate employees in reporting to the EHS. For each reported incident, we conduct a root cause analysis, propose corrective measures to eliminate risks, and record and track relevant progress.

## Occupational Incident Reporting and Investigation Process



## Diversified Near-Miss Reporting Methods





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## Chemical Management **GRI 403-7**

Phihong has established a comprehensive chemical management system to ensure a safe working environment and reduce the risk of employee exposure to hazardous substances. In 2024, the execution team at Zerova (Tainan) successfully identified and replaced two chemicals, further enhancing operational safety and reducing the impact on employees' health. Key measures include:

### Registration and Identification

Establish a chemical inventory, recording the names, quantities, and locations of use. Ensure each chemical has the latest Safety Data Sheet (SDS) available for employees to review.

### Storage Requirements

Store flammable chemicals in fireproof and explosion-proof cabinets to ensure proper safety.

### Training and Education

Provide personal protective equipment and standardize operating procedures. Conduct annual hazard communication training and regularly train employees on chemical safety practices and emergency response.



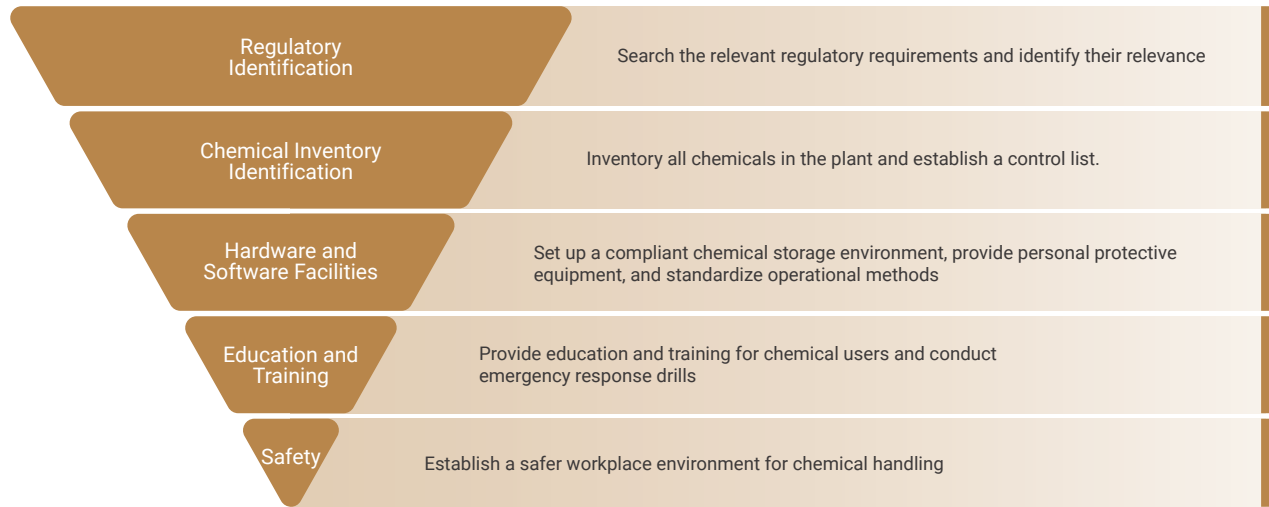
Hazard communication training - June 28, 2024



Disclosure of Safety Data Sheet (SDS)



Hazard labeling on chemical containers





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## Occupational Safety Education and Training GRI 403-5 、403-7

Phihong provides new employee safety orientation for all new hires. If the job involves specific hazards, specialized safety training is conducted before the employee begins related tasks. In addition, regular and non-routine occupational safety and health training sessions are organized to enhance on-the-job safety awareness. All Phihong facilities, both domestic and overseas, conduct annual safety, health, and fire safety training and drills. At the Dongguan sites (PHC/PHP/ZCM), an EHS knowledge competition is jointly held, achieving 100% employee participation. The Linkou Headquarters conducts fire drills and lectures in accordance with regulatory requirements. In 2024, two sessions of 4-hour fire drills and lectures were conducted to strengthen occupational safety awareness and reinforce fire prevention and self-defense mechanisms at the Linkou Headquarters. These trainings aim to protect the safety of employees and other occupants in the event of a fire. Additionally, CPR first aid training was introduced to help employees understand and practice CPR techniques, thereby improving their emergency response knowledge and skills. The training also covers guidance on organizing and preparing internal fire brigades and emergency response teams. Topics covered include brigade formation, disaster reporting, and evacuation drills.

We enhance employee safety awareness and response capabilities through occupational

safety and health training. Training programs include new employee safety orientation, hazard identification, emergency response drills, and professional training for on-site supervisory personnel. Through regular assessments and hands-on exercises, we ensure employees are well-versed in safety regulations and protective measures, fostering a zero-accident safety culture. In addition, Phihong (Vietnam) invites professional government agencies to conduct occupational safety and health training, and employs qualified and experienced professionals to oversee safety and health management, ensuring production and life safety while preventing occupational injuries. Currently, the facility has 50 volunteer firefighters, 20 volunteer first aiders, and 15 EHS auditors, further strengthening the safety management system.



health training



Plant-wide evacuation and escape drill



Plant emergency response drill


Training and education for on-site  
supervisory personnel





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## Occupational Safety and Health Training Summary Table

Item/Plant	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)
Sessions	5	14	20	16	12
Participants	149	6,036	5,964	439	495
Total Person-Hours	503	8,878	19,321	5,268	670

## Contractor Management GRI 403-7

Phihong places importance on the workplace safety of contractors. The Company has established relevant management regulations and provides safety and health training on an irregular basis. In 2024, a total of 161 training sessions, were conducted, with 584 participants and a cumulative total of 564.5 person-hours. During the contracting process, Phihong communicates its "Occupational Health and Safety Policy" to contractor personnel. We conduct comprehensive evaluations of contractor qualifications, equipment safety, and operational risks, and implement necessary risk elimination measures. Occupational health and safety personnel perform both regular and non-routine inspections of various work sites and document the results. Contractors are required to comply with relevant safety and health regulations. If any concerns arise, work must be suspended immediately and may only resume once improvements have been implemented, to ensure the safety of all contractor personnel.

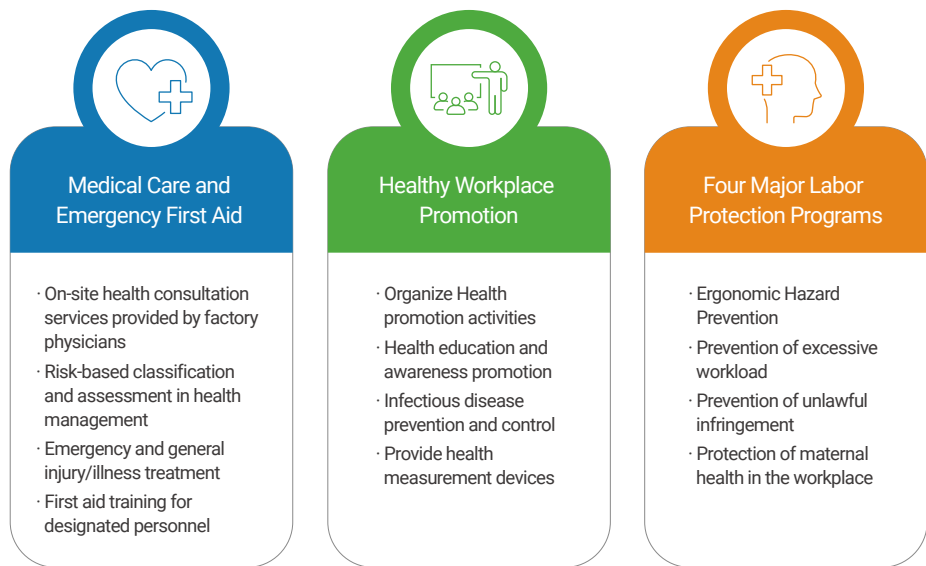
## Employee Health Promotion and Management GRI 403-3 、403-6 、403-10

Phihong values the physical health of its employees and aims to create a workplace that balances work and life by offering health examinations that exceed legal frequency and scope, a variety of health seminars, health promotion activities, and psychological consultations. This initiative is to promote a healthy lifestyle and ensure the physical and mental well-being of employees. On-site medical and lactation rooms have been established in accordance with legal requirements. In addition, a dedicated occupational health nurse is stationed at the site, and a certified occupational physician visits monthly to provide professional services. In 2024, Zerova (Tainan) conducted preventive and follow-up consultations for 26 employees with abnormal health examination results, 17 identified as high risk for work overload, and 12 at high risk of ergonomic injuries.

### General Table of Health Promotion

Item/Plant	Linkou Headquarters	Phihong (Dongguan)	Phihong (Vietnam)	Zerova (Tainan)	Zerova (Dongguan)
Health exam participants	312	849	1,608	255	166
Participants in the promotional seminar	182	18	29	766	13

## Phihong's Three Aspects of Health Promotion





### Overview of Health Examinations

Target Group	Category	Frequency	Implementation Method	Description
New Hires	General Physical Exam	Within probation period	New hires visit medical institutions on their own	1. If a physical check indicates the employee is unfit for a specific job, job placement evaluation is conducted. 2. Records are maintained per the Labor Health Protection Regulations. Fee: subsidized up to NT\$600.
	Special Physical Exam	Not applicable due to a non-hazardous working environment (lead-free soldering fully implemented).		
Existing Staff	General Health Exam	Once per year (exceeds legal requirement)	Conducted at a Ministry of Labor–designated hospital	1. If found unfit, job placement evaluation is conducted. 2. Records are maintained per the Labor Health Protection Regulations. Fee: fully covered by the Company.
	Special Health Exam	No work environment with specific health hazards		

### Four Major Labor Health Protection Plans (Taiwan Region)

To implement effective employee health services, Phihong's facilities in Taiwan comply with the four major labor health protection plans required by law: ergonomic hazard prevention, prevention of abnormal workload, prevention of unlawful infringement, maternal health protection. These programs are accompanied by corresponding measures to mitigate workplace risks and are part of Phihong's commitment to ensuring employee safety, health, and well-being while fostering a work environment that promotes both physical and mental health.

Four Major Labor Health Protection Plans (Taiwan Region)	Achievements in 2024	
<b>Ergonomic Hazard Prevention</b>	<p>Regular surveys using the Nordic Musculoskeletal Questionnaire (NMQ) revealed issues such as shoulder and neck stiffness and lower back pain caused by prolonged sitting in office environments. To address this, two health seminars were held in 2024: "Release &amp; Renew: Fascial Stretching for Body and Mind Wellness" and "TABATA Beginner's Guide." These seminars taught employees effective stretching techniques and promoted physical activity. A total of 88 employees participated.</p> <p><b>Seminar on prevention of ergonomic hazards</b></p>	
<b>Prevention of Diseases Triggered by Abnormal Workloads</b>	<p>Regular health medical consultation services are provided, along with access to a gym, indoor basketball court, and employee clubs, to encourage regular exercise. Additionally, weight loss and fat reduction activities and health lectures were organized to promote health knowledge awareness among employees.</p> <p><b>Disease prevention from abnormal workloads (physical fitness exercises)</b></p>	



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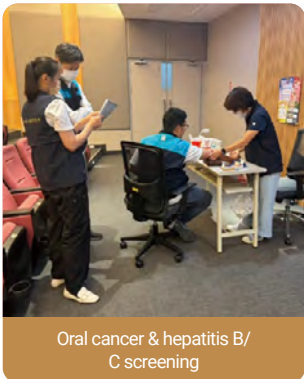
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Four Major Labor Health Protection Plans (Taiwan Region)	Achievements in 2024
<b>Maternal Health Protection</b>	<p>Health seminars on maternal and infant wellness and women's health were held. A private and comfortable lactation room is provided on-site, and the rights of female employees to take parental leave and return to their original positions are fully protected. In 2024, the parental leave return rate at the Linkou Headquarters reached 100%.</p> <p><b>Maternal health protection - Lactation room</b></p> 
<b>Preventing from Unlawful Infringement During Duty Execution</b>	<p>Pihong promotes a zero tolerance policy toward workplace violence, establishes accessible and confidential grievance channels, and strengthens education on relevant laws and regulations. In 2024, legal experts were invited to deliver prevention seminars titled "Workplace Unlawful Infringement and Sexual Harassment Prevention" at Linkou Headquarters and Zerova (Tainan), with a total of 124 participants.</p> <p><b>Legal seminar on prevention of unlawful infringement</b></p> 

## Physical and Mental Health Seminars

Health promotion activities were organized, including health education campaigns, health promotion competitions, seminars on the prevention of unlawful infringement, and vaccination events. In addition, health-related knowledge is regularly shared on the plant's electronic bulletin board to enhance employees' awareness and encourage proactive health management. In 2024, a total of 823 participants joined these activities at in the Taiwan Plant.



Oral cancer & hepatitis B/  
C screening



Weight loss and fat reduction  
challenge award ceremony



Physical and mental health seminars and  
vaccination events

## Group Insurance Coverage

Pihong is committed to doing everything with care and excellence. In addition to complying with legal requirements for labor insurance, National Health Insurance, and labor pension contributions, the Company also provides comprehensive planning for group medical insurance for employees. The insurance coverage and service providers are reviewed and evaluated annually to ensure that the most suitable group insurance plans and service teams are selected. This allows employees to focus more wholeheartedly on their work, thereby strengthening their sense of unity and commitment to the Company.



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## 6.5 Social and Cultural Care

Phihong has long focused on two key areas: environmental protection and social services, we guided by the principles of sustainable contribution, local prosperity, and social inclusion. While promoting future development, Phihong integrates eco-friendly technology into product manufacturing to reduce Carbon Emissions, and implements social service plans focused on the three domains of "the environment," "caring for the underprivileged," and "friendly neighborhoods," fulfilling corporate social responsibility. Among these efforts, the "Hundred Dollar Club" monthly scholarship assistance program marked its 10th anniversary in 2024, with cumulative donations exceeding NT\$2.55 million. The program continues to provide educational support for children from economically disadvantaged backgrounds. Phihong actively encourages employees to participate and transform love into blessings through various charitable activities, fulfilling corporate responsibility and implementing the UN Sustainable Development Goals (SDGs).

### Phihong Charity Campaign Launched

Guided by the belief that "those with the ability have the responsibility to do more," Phihong is committed to giving back to society and extend the spirit of social care. In line with ESG principles and the pursuit of sustainable development, Phihong designated 2024 as the "Year of Public Welfare Action" and launched the Phihong Charity Campaign—a series of four themed events. Each event drew enthusiastic participation and received widespread recognition from both employees and the community. In the future, Phihong will continue to operate the Charity Campaign forward, advancing toward a low-carbon and sustainable lifestyle through social welfare and environmentally conscious living. Together with all employees, we will extend our care to every corner of society, infinitely expanding Phihong's love and compassion.



Station	Activity Name	Content	Achievement	Event Highlights
Station 1 (2024.6)	Phihong Waste-Free Circular Treasure Market	Your old items, my treasures! This initiative encouraged everyone to participate by following simple steps to register secondhand items. By transforming unused belongings into valuable resources, the event promoted decluttering, reduced waste, and gave items a second life through reuse and recycling.	A total of 346 items were collected, with 322 successfully redistributed, achieving an impressive 93% reuse rate.	
Station 2 (2024.7)	Sustainable Vegetarian Day	The Sustainable Vegetarian Day promotes a healthy lifestyle and eco-friendly concepts, inviting everyone to enjoy delicious vegetarian food while reducing carbon emissions and supporting environmental philanthropy through action.	Over the course of four event days, a total of 222 employees took part, reducing carbon emissions by 158 kilograms.	





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Station	Activity Name	Content	Achievement	Event Highlights
<b>Station 3 (2024.9)</b>	Mid-Autumn Volunteer Activity	Phihong invited employees to participate in a charitable Mid-Autumn Festival gift box packaging event, held in collaboration with the Down Syndrome Foundation. Through this initiative, warm blessings were delivered to individuals with Down syndrome, demonstrating care and inclusion.	A total of 50 volunteers participated, accumulating 200 volunteer hours, and completing over 1,000 Mid-Autumn Festival gift boxes.	
<b>Station 4 (2024.9)</b>	Charity Sale – "Little Happiness Meal Boxes"	Phihong launched "Let's Eat! Little Happiness Meal Boxes" charity sale. The charity sale promoted warm, meaningful companionship for children with developmental delays during mealtimes. All proceeds from the event were donated to the Syin-Lu Social Welfare Foundation to support its ongoing efforts in caring for these children and filling their lives with happiness.	In collaboration with the Syin-Lu Social Welfare Foundation, a total of 85 employees participated and helped raise 142 "Little Happiness" meal boxes, amounting to NT\$49,558.	

## Beach Cleanup for Ocean Protection

Taiwan is an island surrounded by the ocean, and its marine ecosystems are deeply intertwined with our daily lives. Each year, approximately 8 to 13 million tons of waste flow into the ocean, with plastic waste posing a server threat to marine life. Many of these plastics are non-biodegradable, lingering in the ocean for hundreds of years. The waste on the beach not only damages the natural beautiful of beaches but also threatens the marine ecosystem, with microplastics further impacting human health and the environment. Phihong has long supported environmental stewardship by organizing beach cleanup events at Dingliao Beach in Linkou. In 2024, we once again mobilized employees to take action, reinforcing our shared commitment to protecting the planet.





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## Neighborhood Engagement and Care for the Underprivileged

Kind Garden, located in Guanyin District, Taoyuan, is a legally registered public welfare organization that provides shelter and employment opportunities for individuals with medium to severe intellectual disabilities, including those with autism, multiple disabilities, and Down syndrome. In addition to daytime care services, the facility offers vocational training in baking, enabling residents to learn baking skills and make delicious snacks and cakes. The bakery was once a designated mooncake supplier for the Presidential Office for several consecutive years. The baking workshop is designed to train the attitude and capabilities of individuals with disabilities. Its inclusive and empowering approach has also drawn participation from individuals with disabilities outside the program. Upholding the values of neighborhood engagement and care for the underprivileged, Pihong selected the bakery at Kind Garden as the designated supplier of birthday cakes for employees. At the end of 2024, the Company also organized a donation drive, encouraging employees to contribute winter supplies to bring warmth and support to individuals with intellectual disabilities.



## Nurturing Taiwan's National Sport from the Ground Up: Long-Term Sponsorship of the Guishan Elementary School Little League Team

In 2024, Taiwan baseball shone brightly on the global stage, showcasing outstanding achievements. Developing future national athletes begins at the grassroots level, where early support is essential to cultivating talent and passion. Since November 2021, Pihong began paying close attention the Guishan Elementary School Little League team. With limited funding from the education system and no access to professional league resources, the team is fueled by strong enthusiasm and determination, underscoring the pressing need for support from local enterprises. Therefore, Pihong began making long-term donations and providing nutritional supplements to the team in 2022. Through their persistent efforts, the young athletes represented Taiwan in the Asia-Pacific Regional Little League Tournament for the second consecutive year and advanced to the Little League World Series in Pennsylvania, USA. In 2024, the team achieved a remarkable milestone by securing second place globally. Witnessing these children push their limits, embody the spirit of baseball, and fight for their dreams on the field fills us with immense pride.







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Month	Activity Name	Participation Status	Description
June	Dingliao Beach Cleanup: Making Waves for International Coastal Cleanup Day!	24 Participants	In line with the New Taipei City Government's coastal adoption program and in conjunction with International Coastal Cleanup Day, Pihong organized the "Clean by You and Me" beach cleaning activity at Linkou Dingliao Beach, inviting employees to take action in protecting the ocean.
Full Year	Home Run for Guishan: Empowering Our Little League Stars!	Monthly donations & nutritional supplement sponsorship	To support the development of Taiwan's national sports and promote grassroots baseball, Pihong backs the local Guishan Elementary School Little League team in Taoyuan, helping young players shine on the field without worries.
December	A Warm Christmas for Guanyin Kind Garden: Winter Drive & Fundraising!	Donations were made by 75 employees	During the winter supply donation drive organized by Kind Garden, employees were encouraged to give generously to improve the quality of life for individuals with disabilities. The total value of donated supplies and funds reached NT\$69,564.
Full Year	Seeing Beyond Sight: On-Site Massage by Visually Impaired Therapists	Accumulative of 282 hours	To promote employment for individuals with disabilities, Pihong has maintained a long-term partnership with visually impaired massage therapists, providing them with stable job opportunities. The weekly massage service has become a much-anticipated moment of relaxation for employees.
Full Year	Pihong's Charitable Hundred-Dollar Donation	Pihong: 741 donors; Zerova: 224 donors	Through the "Pihong Hundred Dollar Club," employees make regular monthly donations. In 2024, Pihong raised NT\$159,200 and Zerova contributed NT\$46,400 to support children residing in the Muhsiang Children's Home in Taoyuan due to family-related circumstances.



### Supporting Guishan Little League

Asia-Pacific Champions,  
Runner-Up at LLB



### International Coastal Cleanup Day

140kg of Waste Collected  
at Bali Dingliao Beach



### 1,000 Mid-Autumn Gift Boxes Packed

In Collaboration With Down Syndrome  
Foundation's "ABRAZO" Brand



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**Waste-Free Circular Market,  
346 Items Donated  
322 Successfully Matched**



**Hiring Visually Impaired  
Massage Therapists to Provide  
Stable Job Opportunities**



**Phihong Team-Led  
Mountain Cleanup &  
Hiking**



**Phihong & Zerova Family Day:  
Sharing the Values of Environmental  
Protection With Future Generations**

## Global Philanthropy

Phihong Group actively practices the concept of social and humanistic care in its overseas plants, serving the local disadvantaged groups. Through employee-led charity clubs and plant initiatives, staff regularly engage in activities such as companionship visits, environmental cleanups, mountain cleanups, and donation drives at, extending support to underserved groups in the regions where we operate. For instance, Phihong (Dongguan) organized the "Love as Wings, Let Love Fly" event on December 3, 2024, in observance of the International Day of Persons with Disabilities, conveying care and support for individuals with physical and mental disabilities. Additionally, the site also held the "Accompanied by Love, Walking with Warmth" activity to distribute care packages to the elderly, while calling on employees to participate in environmental protection efforts and raise ecological awareness. Phihong (Vietnam) organizes four Community Care for the Disadvantaged activities each quarter, delivering warmth and support to elderly individuals living alone and children with disability, while also providing assistance to the families of employees facing hardship. These philanthropic efforts reflect Phihong's strong commitment to giving back to society and fulfilling its corporate social responsibility in every region where it operates.

### Phihong (Dongguan)'s Care for disabled people and respect for the elderly community activities







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# Appendices

## Appendix 1 GRI Content Index

Statement of Use	Phihong follows the GRI standards to compile our 2024 Sustainability Report, covering data and information from January 1, 2024, to December 31, 2024.
GRI 1 Version	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A

GRI 2: General Disclosures 2021				
Disclosure	Requirement	Corresponding Section / Explanation	Omissions	Page Number
Organization and Reporting				
2-1	Organizational details	Overview of Phihong and Business Performance		8-11
2-2	Entities included in the organization's sustainability reporting	About this Report		3
2-3	Reporting period, frequency and contact point	About this Report		4
2-4	Restatements of information	About this Report		4
2-5	External assurance	About this Report, Appendix 5		4 、 152
2-6	Activities, value chain, and other business relationships	Overview of Phihong and Business Performance, 4.3 Sustainable Supply Chain Management		8 、 23 、 58 、 61
2-7	Employees	6.1 Talent Attraction and Retention: Diversity, Inclusion, Gender Equality, and Friendliness		99
2-8	Workers who are not employees	6.1 Talent Attraction and Retention: Diversity, Inclusion, Gender Equality, and Friendliness		99
Governance				
2-9	Governance structure and composition	2.2 Operation of the Board of Directors: Board Composition		31
2-10	Nomination and selection of the highest governance body	2.2 Operation of the Board of Directors: Board Composition		31
2-11	Chair of the highest governance body	2.2 Operation of the Board of Directors: Board Composition		31
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainable Blueprint and Governance: Sustainable Development Committee		14
2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Blueprint and Governance: Sustainable Development Committee		14
2-14	Role of the highest governance body in sustainability reporting	About this Report: Internal Management, 1.1 Sustainable Blueprint and Governance: Sustainable Development Committee		4 、 14
2-15	Conflicts of interest	2.1 Operation of the Board of Directors: Conflict of Interest Avoidance		32



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## GRI 2: General Disclosures 2021

Disclosure	Requirement	Corresponding Section / Explanation	Omissions	Page Number
2-16	Communication of critical concerns	1.2 Stakeholder Engagement, 2.2 Integrity Management: Compliance with Laws		17 - 37
2-17	Collective knowledge of the highest governance body	2.1 Operation of the Board of Directors: Continuing Education of Board Members		32
2-18	Evaluation of the performance of the highest governance body	2.1 Operation of the Board of Directors: Board Performance Evaluation		33
2-19	Remuneration policies	2.1 Operation of the Board of Directors: Board Performance Evaluation		33
2-20	Process to determine remuneration	Disclosure omitted	The salary decision process is confidential information of the organization	-
2-21	Annual total compensation ratio	2.1 Operation of the Board of Directors: Board Performance Evaluation		33
2-22	Statement on sustainable development strategy	Message from the Management Team		5 - 6
2-23	Policy commitments	1.3 Management of Material Topics: Management Policies		25
2-24	Embedding policy commitments	1.3 Management of Material Topics: Target Setting		26
2-25	Processes to remediate negative impacts	2.2 Ethical Business Practices – Whistleblowing Mechanism, 6.3 Human Rights Due Diligence		35 - 126-128
2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical Business Practices – Whistleblowing Mechanism, 6.3 Human Rights Due Diligence: Human Rights Due Diligence Procedure		35 - 125
2-27	Compliance with laws and regulations	2.2 Integrity Management: Compliance with Laws		37
2-28	Membership associations	4.4 Initiatives and Organizational Participation		72-73
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement		17
2-30	Collective bargaining agreements	Disclosure omitted	In compliance with national laws, collective bargaining agreements are adhered to. However, no formal collective agreements have been signed.	-

## GRI 3

Disclosure	Requirement	Corresponding Section / Explanation	Omissions	Page Number
3-1	Process to determine material topics	1.3 Management of Material Topics: Materiality Analysis Process		19
3-2	List of material topics	1.3 Management of Material Topics: STEP3. Establishment and Disclosure of Material Topics		23
3-3	Management of material topics	1.3 Management of Material Topics: STEP4. Regular Review and Continuous Improvement		25-26



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GRI Topic	Requirement	Corresponding Section / Explanation	Omissions	Page Number
<b>Material Topic - GRI 200 Series (Economic)</b>				
*Integrity Management, Corporate Governance and Risk Management				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 2 Operational Governance		25-26 、 30
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	2.2 Integrity Management: Anti-Corruption Advocacy 2.2 Integrity Management: Anti-Corruption Advocacy 2.2 Integrity Management: Anti-Corruption Advocacy		35
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Integrity Management: Compliance with Laws		39
*Financial Performance				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 2. Operational Governance		25-26 、 30
	201-1 Direct economic value generated and distributed	Overview of Phihong and Business Performance		10
GRI 201: Economic Performance 2016	201-3 Define benefit plan obligations and other retirement plans	6.1 Talent Attraction and Retention: Well-Being and Sustainable Living Program		115
	201-4 Financial assistance received from government	Overview of Phihong and Business Performance		10
*Sustainable Supply Chain Management				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 4 Sustainable Value Chain		25-26 、 54
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	4.3 Sustainable Supply Chain Management: Supplier RBA Audit		68
	308-2 Negative environmental impacts in the supply chain and actions taken	4.3 Sustainable Supply Chain Management: Supplier RBA Audit		68
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.3 Sustainable Supply Chain Management: Supplier RBA Audit		68
	414-2 Negative social impacts in the supply chain and actions taken	4.3 Sustainable Supply Chain Management: Supplier RBA Audit		68
*Information Security and Customer Privacy				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 4 Sustainable Value Chain		25-26 、 30
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			37



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GRI Topic	Requirement	Corresponding Section / Explanation	Omissions	Page Number
Material Topic - GRI 300 Series (Environmental)				
*Climate Change Response, Energy and Greenhouse Gases				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 5 Environmental Protection		25-26 、 75
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.3 Energy and Greenhouse Gas Management: Energy Consumption		87-88
	302-3 Energy intensity	5.3 Energy and Greenhouse Gas Management: Energy Consumption		87-88
	302-4 Reduction of energy consumption	5.3 Energy and Greenhouse Gas Management: Energy Efficiency Investments		92
	302-5 Reductions in energy requirements of products and services	3.1 R&D and Innovation: High-Power Fast Charger for Electric Bicycles ("For E-bike Charger")		46
		3.3 Green Design: Third-Generation Semiconductor Power Tool Charger ("Power-tool Charger")		51
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.3 Energy and Greenhouse Gas Management: Scope 1 and Scope 2 Greenhouse Gas Emissions		89
	305-2 Energy indirect (Scope 2) GHG emissions	5.3 Energy and Greenhouse Gas Management: Scope 1 and Scope 2 Greenhouse Gas Emissions		89
	305-3 Other indirect (Scope 3) GHG emissions	5.3 Energy and Greenhouse Gas Management: Scope 3 Greenhouse Gas Emissions		91
	305-4 GHG emissions intensity	5.3 Energy and Greenhouse Gas Management: Scope 1 and Scope 2 Greenhouse Gas Emissions		89
	305-5 Reduction of GHG emissions	5.3 Energy and Greenhouse Gas Management: Energy-Saving Investments for Achieving Carbon Neutrality		92-93
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5.4 Environmental Pollution Control: Source Reduction		93
	306-2 Management of significant waste-related impacts	5.4 Environmental Pollution Control: Source Reduction		95
	306-3 Waste generated	5.4 Environmental Pollution Control: Source Reduction		95
	306-4 Waste diverted from disposal	5.4 Environmental Pollution Control: Source Reduction		95
	306-5 Waste directed to disposal	5.4 Environmental Pollution Control: Source Reduction		95
*Green R&D and Innovation				
Custom Topic		3.1 Research and Innovation		45-47





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GRI Topic	Requirement	Corresponding Section / Explanation	Omissions	Page Number
Material Topic - GRI 400 Series (Social)				
*Talent Attraction and Retention				
3-3 Management of Material Topics		1.3 Management of Material Topics: Management Policies, Target Management, 6 Social Inclusion		25-26 、 98
GRI 401: Employment 2016	401-1 New employee hires and employee turnover by age group, gender, and region.	6.1 Talent Attraction and Retention: Talent Movement		102-105
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant location of operation	6.1 Talent Attraction and Retention: Remuneration and Benefits		106
	401-3 Parental leave	6.1 Talent Attraction and Retention: Family-Friendly Support		110-111
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.1 Talent Attraction and Retention: Employee Incentives and Retention		106
	202-2 Proportion of senior management hired from the local community at significant locations of operation	6.1 Talent Attraction and Retention: Priority Promotion of Local Management Talent		100
*Talent Cultivation and Development				
3-3 Management of Material Topics		1.3 Identification of Material Topics: Management Policies, Target Management, 6 Social Inclusion		25-26 、 98
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee by gender and by employee category	6.2 Talent Cultivation and Development: Training and Development		121
	404-2 Programs for upgrading employee skills and transition assistance programs	6.2 Talent Cultivation and Development: Training and Development		116-120
	404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Talent Cultivation and Development: Performance-Linked Rewards		124
*Occupational Health and Safety				
3-3 Management of Material Topics		1.3 Identification of Material Topics: Management Policies, Target Management, 6 Social Inclusion		25-26 、 98
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.4 Workplace Health and Safety: Occupational Health and Safety Management		130
	403-2 Hazard identification, risk assessment, and incident investigation	6.4 Occupational Health and Safety: Hazard Identification and Risk Assessment		132
	403-3 Occupational health services	6.4 Occupational Health and Safety: Employee Health Promotion and Management		135-137
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.4 Occupational Health and Safety: Occupational Safety and Health Organization and Operations		131
	403-5 Worker training on occupational health and safety	6.4 Occupational Health and Safety: Occupational Safety Education and Training		134
	403-6 Promotion of worker health	6.4 Occupational Health and Safety: Employee Health Promotion and Management		135-137
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4 Occupational Health and Safety: Occupational Health and Safety Management		132-135
	403-8 Workers covered by an occupational health and safety management system	6.4 Workplace Health and Safety: Occupational Health and Safety Management		131
	403-9 Work-related injuries	6.4 Workplace Health and Safety: Occupational Health and Safety Management		131
	403-10 Work-related ill health	6.4 Workplace Health and Safety: Employee Health Promotion and Management		135-137



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GRI Topic	Requirement	Corresponding Section / Explanation	Omissions	Page Number
Voluntary Disclosure Topic				
GRI 101: Biodiversity 2024	101-4 Identification of impacts on biodiversity	5.2 Climate Action and Biodiversity: Natural Capital Risk Assessment Across the Value Chain		84
	101-5 Locations with biodiversity impacts	5.2 Climate Action and Biodiversity: Natural Capital Risk Assessment Across the Value Chain		84
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.1 Product Quality and Safety		55
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	5.4 Environmental Pollution Control: Water Resource Risk and Wastewater Management		94
	303-4 Water discharge	5.4 Environmental Pollution Control: Water Resource Risk and Wastewater Management		94
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	6.1 Talent Attraction and Retention: Well-Being and Sustainable Living Program		115
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1 Talent Attraction and Retention: Diversity, Inclusion, Gender Equality, and Friendliness		100
	405-2 Ratio of basic salary and remuneration of women to men	6.1 Talent Attraction and Retention: Gender Equality and Fair Compensation		107-108
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	2.2 Ethical Business Practices: Compliance Implementation		37
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.1 Talent Attraction and Retention: Harmonious Labor Relations		109
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	6.3 Human Rights Due Diligence: Human Rights Risk Assessment		126
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.2 Integrity Management: Compliance with Laws, 6.3 Human Rights Due Diligence: Human Rights Risk Assessment		37 、 126
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	2.2 Integrity Management, 4.1 Product Quality and Safety: Marketing and Safety Labeling		37 、 56
	417-2 Incidents of non-compliance concerning product and service information and labeling	2.2 Integrity Management, 4.1 Product Quality and Safety: Marketing and Safety Labeling		37 、 56
	417-3 Incidents of non-compliance concerning marketing communications	2.2 Integrity Management, 4.1 Product Quality and Safety: Marketing and Safety Labeling		37 、 56

## Appendix 2 SASB Index

### Industry Standard: Electrical & Electronic Equipment

Topic	Accounting Metric	Type	Measurement Unit	Code	Phihong's Response
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1	125,302.07 93.04 6.23
Hazardous Waste Management	(1) Amount of hazardous waste generated (2) Percentage recycled	Quantitative	Metric tons (t), Percent (%)	RT-EE-150a.1	170.43 72.43%
	(1) Number of reportable spills and the total (2) Percentage recycled	Quantitative	Number, Kilograms (kg)	RT-EE-150a.2	No significant spills of hazardous waste occurred. 0
Product Safety	(1) Number of recalls issued (2) Total units recalled	Quantitative	Number,	RT-EE-250a.1	0 0
	Total monetary losses from legal proceedings associated with product safety	Quantitative	Units	RT-EE-250a.2	No
Product Lifecycle Management	Percentage of revenue from product containing IEC 62474 declarable substances	Quantitative	Amount	RT-EE-410a.1	100%
	Percentage of revenue from products with energy efficiency certifications	Quantitative	Percentage of revenue (%)	RT-EE-410a.2	Please refer to Low Energy Consumption and Energy-Efficient Product P.52
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Percentage of revenue (%)	RT-EE-410a.3	Please refer to Low Energy Consumption and Energy-Efficient Product P.52
Material Acquisition	Description of risk management associated with the use of critical materials	Discussion and Analysis	Amount	RT-EE-440a.1	Please refer to Key Material Risk Management P.66
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	N/A	RT-EE-510a.1	Please refer to Compliance with Laws P.37
	Total amount of monetary losses from legal proceedings associated with bribery or corruption	Quantitative	N/A	RT-EE-510a.2	0
	Total amount of monetary losses from legal proceedings associated with anti-competitive behavior regulations	Quantitative	Amount	RT-EE-510a.3	0

Topic	Accounting Metric	Type	Measurement Unit	Code	Response
Activity Metrics	Number of units produced, by product category	Quantitative	Units	RT-EE-000.A	Please refer to the report overview P.9
	Number of employees	Quantitative	Headcount	RT-EE-000.B	Number of employees: 5,051



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## Appendix 3 Sustainable Disclosure Indicators - Electronic Components Industry

No	Indicator	Indicator Type	Unit	Response
1	Total energy consumption, percentage of purchased electricity, and renewable energy usage rate	Quantitative	Gigajoule (GJ), Percentage (%)	135,085.12GJ 、 93.49% 、 5.78%
2	Total water withdrawal and total water consumption	Quantitative	Thousand cubic meters (M3)	266.23 M3
3	Weight of hazardous waste generated and recycling rate	Quantitative	Metric tons (t), Percentage (%)	Weight: 170.43 t Recycling rate: 100%
4	Description of occupational injury types, number of cases, and injury rate	Quantitative	Percentage (%), Number	Number of people: 12 (all general occupational accidents) Injury rate: 0.2456%
5	Disclosure of product life cycle management, including the weight of end-of- life products and e-waste and the percentage of recycling	Quantitative	Metric tons (t), Percentage (%)	Weight: 2,719.55 t Recycling rate: 95.73%
6	Description of risk management associated with the use of critical materials	Qualitative Description	N/A	Please refer to 4.3 Sustainable Supply Chain Management
7	Total monetary losses resulting from legal proceedings related to anti-competitive behavior	Quantitative	NT	NT\$0
8	Output of main products by product category	Quantitative	Units	Power supply products: 40,311,724 EV energy products: 86,293





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## Appendix 4 TCFD Alignment Table

Pillar	Code	Disclosure Item	Corresponding Section	Page Number
Governance	TCFD 1(a)	Describe the Board of Directors' oversight of climate-related risks and opportunities	5.2 Climate Action and Biodiversity: Governance	77
	TCFD 1(b)	Describe management's role in evaluating and managing climate-related risks and opportunities	5.2 Climate Action and Biodiversity: Governance	77
Strategy	TCFD 2(a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	5.2 Climate Action and Biodiversity: Strategy	78-80
	TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	5.2 Climate Action and Biodiversity: Strategy	78-80
	TCFD 2(c)	Describe the resilience of the organization's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario	5.2 Climate Action and Biodiversity: Strategy	82-84
Risk Management	TCFD 3(a)	Describe the organization's processes for identifying and assessing climate-related risks	5.2 Climate Action and Biodiversity: Risk Management	81
	TCFD 3(b)	Describe the organization's processes for managing climate-related risks	5.2 Climate Action and Biodiversity: Risk Management	81
	TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	5.2 Climate Action and Biodiversity: Risk Management	81
Metrics and Targets	TCFD 4(a)	Disclose the metrics used by the organization to evaluate climate-related risks and opportunities following its strategy and risk management processes	5.2 Climate Action and Biodiversity: Indicators and Targets	85
	TCFD 4(b)	Disclose Scope 1, Scope 2, and Scope 3 (if applicable) GHG emissions and related risks	5.3 Energy and Greenhouse Gas Management: Greenhouse Gas Management	89-91
	TCFD 4(c)	Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets.	5.2 Climate Action and Biodiversity: Indicators and Targets	85-86



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## Appendix 5 AA1000 AS Assurance Statement

**afaq** **Independent Assurance Statement**

**PIHHONG TECHNOLOGY CO., LTD. 2024 SUSTAINABILITY REPORT**

The AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This assurance work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFQ 2609, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers, AFNOR ASIA LTD. (hereinafter referred to as AFNOR ASIA) and PIHHONG TECHNOLOGY CO., LTD. (hereinafter referred to as PIHHONG) are independent entities. Except for the content described in this independent assurance statement, AFNOR ASIA is not involved in the preparation process of the sustainability report of PIHHONG.

**RESPONSIBILITIES**

PIHHONG is responsible for reporting its economic, environmental, and social operating activities and performance in Taiwan and overseas operating locations in its sustainability report (hereinafter referred to as "the Report") in accordance with the declared sustainability reporting standards.

AFNOR ASIA is responsible for providing an independent assurance statement to PIHHONG and its stakeholders in accordance with the described scope and method. This statement is for PIHHONG use only and is not responsible for any other purpose.

**SCOPE AND CRITERIA**

The assurance scope of the agreement between PIHHONG and AFNOR ASIA includes:

- The scope of assurance operation is consistent with the scope disclosed in the "PIHHONG TECHNOLOGY CO., LTD. 2024 SUSTAINABILITY REPORT".
- AFNOR ASIA performs assurance operation according to the Type 1 assurance of the AA1000 assurance standard (v3), reviewing and evaluating PIHHONG's compliance with the AA1000 Accountability Principles (2018).
- The assurance operation includes reviewing and evaluating PIHHONG's relevant processes, systems and controls and available performance information, as well as compliance with the following reporting criteria:
  - GRI Standards
  - Task Force on Climate-related Financial Disclosures
  - Sustainability Accounting Standards Board Standards

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**afaq** **METHODOLOGY**

- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for compliance with the GRI Standards for general disclosure and specific topic disclosure.
- The verification team interviewed relevant personnel to confirm the communication and response mechanism for stakeholders and the decision-making process for material topics, but did not directly contact external stakeholders.
- All documents, data and information related to the preparation of the Report were verified by the verification team through interviews with relevant personnel.
- The process of reviewing organizational outputs, collecting and managing qualitative and quantitative data disclosed in reports based on a sampling plan.
- By interviewing the responsible personnel of each group, examining and reviewing the relevant documents, materials and information, the verification team evaluated the reasonableness of the sources of supporting materials and evidence for the contents of the Report.

**CONCLUSION**

◆ **AA1000 Accountability Principles**

**Inclusivity**

PIHHONG has in accordance with the AA1000 stakeholder engagement standards and referred to relevant international reporting standards to identify stakeholders that are highly relevant to its operations, engage with stakeholders through multiple communication channels, and use the results of the engagement in the decision-making process for material topics, demonstrating the organization's concrete practice of the inclusivity principle.

**Materiality**

PIHHONG has carried out a systematic decision-making process for material topics in accordance with the GRI standards, identifying and updating material topics that are critical to its operational performance and stakeholders, and reflecting the organization's priority for handling material topics in the Report. The Report has revealed the positive and negative impacts of material topics and the content of management plans, showing the specific results of the organization's implementation of the materiality principle.

**Responsiveness**

PIHHONG has maintained communication channels with various stakeholders, according to the division of business, relevant departments are responsible for communication and responding to

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issues of concern to stakeholders. The dedicated Sustainable Development Office regularly summarizes the performance of material topics management and the status of stakeholder engagement and reports to the board of directors. The relevant policies and operating conditions are disclosed through Report and official websites, demonstrating the organization's good practice in the responsiveness principle.

**Impact**

PIHHONG has developed relevant quantitative goals for material topics of its operations and decisions under a data-based measurement strategy to demonstrate monitoring and measurement of impacts. The Sustainability Office regularly tracks operational performance and progress, and discloses them to stakeholders through Reports and official websites, allowing stakeholders to understand and evaluate the organization's management and demonstrate good management of impacts.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, it is confirmed that the general disclosures, specific topic disclosures, and material topics management disclosures in the Report have complied with the requirements of the GRI Standards. In the future, the organization can continue to optimize the management performance of each operating location and disclose sufficient sustainable information to stakeholders.

◆ **Task Force on Climate-related Financial Disclosures**

Based on the results of the review, the Report has revealed the impact of climate change on the organization's operations, as well as measures to address risks and opportunities. In the future, the organization can continue to pay attention to and update climate scenario information to evaluate and develop response strategies and disclose the potential financial impact of response actions.

◆ **Sustainability Accounting Standards Board Standards**

Based on the results of the review, the Report has disclosed relevant information based on the Sustainability disclosure topics & metrics and activity metrics of the SASB Standards. In the future, the organization will continue to collect and report information through its internal information management and analysis system in accordance with the SASB Standards and provide valuable information to investors.

**ASSURANCE OPINION**

AFNOR ASIA has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by PIHHONG and the facts seen during on-site verification, we

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adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization. In our opinion, the information and data presented in the Report by PIHHONG provides a fair and balanced representation. We believe the focuses on economic, social, and environmental indicators in PIHHONG in 2024 are well represented.

**ASSURANCE LEVEL**

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

For and on behalf of AFNOR :

**Dr. August Tsai**  
The Director for Certification and Assessment  
Jul.23.2025

Verification team: Chao-Wan Chou (Lead Verifier), Jheng-Hao Jian (Verifier), Chao-Jui Jian (Verifier)

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# 2024

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PHIHONG  
SUSTAINABILITY  
REPORT

