

# 2018 Corporate Social Responsibility



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## Editorial Principles

### Professional Guidelines and Principles

The content structure of this report was written in accordance with the GRI Standards of Global Reporting Initiative (GRI) including core options and the responsibility principle AA1000 AP(2008) and was guided by the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies for all aspects of disclosure. The Company has published the Chinese and English versions of the reports on its official website. All are welcome to view and to download.

### Data Source and Management

All information and data used in this report were provided by all departments and factories of PHIHONG TECHNOLOGY CO., LTD., and then compiled by the Corporate Social Responsibility Report Group and was verified in administrative procedures to assure that it met the use of this report. The information in the financial report has been verified by accountants; the management system of environmental and safety and health receives internal audits and external audits from ISO 14001 and OHSAS 18001 every year. The greenhouse gas inventory data has been checked by the company itself according to international standards since 2010 from which the survey results are established to be the internal greenhouse gas reduction strategy. At the same time, some details and financial information are also disclosed on the company website and the annual report of shareholders. If there are any conditions which are estimated or hypothesized, they will be noted in each relevant section. In comparison with the previous version, any extension in this report will be

detailed in its relevant text.

### Internal Editing, Investigation and Finalizing

After the information and data used in this report were approved by the unit supervisors of all departments, they are provided to the CSR Report Group for compiling the draft and then reviewed and revised by the supervisors. After revision, the report is sent to the supervisors of every committee for review, and then submitted to the general manager and the chairman in administrative procedures to finalize the draft for publishing.

### External Verification

To enhance the compliance of the verification standard with the GRI Standards and SAES No. 1 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the information transparency policies of PHIHONG TECHNOLOGY CO., LTD., this report has entrusted the third party AFNOR Group to follow AA1000 AS (2008) Type 1 Medium Assurance Level to provide guarantee and has received an Independent Assurance Statement that it meets the said standards as well as the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.



### Data Range

The scope of this report covers the period of January 1, 2018 to December 31, 2018 and the data range was based on the important operation bases of PHIHONG

TECHNOLOGY CO., LTD. (hereafter referred to as "PHIHONG TECHNOLOGY", "PHIHONG" or "the Company") including the relevant operations in Taiwan Linkou Headquarters (including Tainan Plant) and in China Dongguan area. The financial data covers the overall parent and subsidiary operating performance and the remaining indicators do not cover other branches, component factories and re-investment companies.

### Contact

If you have any comments or information about the CSR Report of the Company, you are welcome to contact us:

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### Release Time and Cycle

The Company regularly issues corporate social responsibility reports in July each year. In order to implement the concept of environmental protection and to promote paperless reports, this report is only available on the Company website and available for download.

First edition was issued in June 2009.  
Former release version: issued in July 2018  
Current release version: Chinese version was issued in July 2019; English version in December 2019.  
Website : [www.phihong.com.tw](http://www.phihong.com.tw)

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## Operator statement

It's been the 47th year since Pihong Technology was established in 1972. While working hard on its original industry to gain operational performance, we have never forgotten to fulfill our Corporate Social Responsibilities and to practice the concept of "Corporate Sustainable Development". Through the effort of all our colleagues, after having won the Silver Award in the Taiwan Corporate Sustainability Award twice in a row, in 2018, our company won the Gold Award in the Taiwan Corporate Sustainability Report Award. Pihong's purpose is not to win the award, but to push itself to make more progress by participating in external evaluations. Our CSR report for this year was compiled by following the GRI standards so that the disclosed information can focus more on and meet the expectations of our stakeholders, and also can present systematically the outcomes of Pihong's efforts in sustainable development.

Recently the global economy has slowed down. In September 2018, the China–United States trade war broke out, which has caused a global economic shock and affected the development Taiwan's technological industry. Moreover, the serious shortage of components, the soaring material costs and the increase of basic wages in China and so on have severely reduced Pihong's business profit in 2018. Although the shipment volume of goods increased by 16.9% in 2018 in comparison with 2017, and the operating income also increased by 7.6% through the efforts of all the company staff, the net profit of operating

income in 2018 was still in the red.

Even so, in 2018 Pihong still made significant progress in developing and promoting products; EV BU has continuously developed charging solutions for a series of energy-efficient electric vehicles (EV), including AC/DC chargers which can be hung on the wall, set upright as a pillar or used in a portable way. Users can charge all types of EVs in different environments conveniently. So far, chargers have been set up in many places in Taiwan, and we have successfully cooperated with service providers to set up EV charging equipment in California. As for other power supply areas, we continue to develop and promote USB PD technology products, and keep working on developing a lighter and thinner power supply with a high power density.

For environmental protection, in addition to promoting energy-efficient solutions for relevant products, in order to go with the global trend of energy savings, carbon reduction and environmental protection, our company has continued to take comprehensive environmental management measures and to optimize our system. Especially in the performance of energy savings and carbon reduction, we have made obvious progress in 2018 compared with 2017. So I expect that all of our company colleagues can remain motivated and continue to be committed to promote environmental protection.

In the operation management, Pihong introduced

a data analysis platform to enhance data management to provide immediate improvement solutions. We have also gradually introduced CRM systems to seize business opportunities and manage customer needs. Moreover, we have incorporated CSR relevant goals to enhance overall competitiveness. In response to the threat of the China-US trade war, we have begun to establish new production bases in Vietnam to deal with the impact and control risks because of the trade war.

For social care, building a happy company where all employees are taken care of is still one of our company's most important policies; we have promoted the adoption and cultivation of "An Acre of Land of Love" so that we can enhance the cohesion in the departments through the competition and also enable all employees to gain physical and mental health. Besides, we have also expanded the "Parent-to-Child Working Day" campaign to bring employees and their families closer to the company. We have continued to clean the beach and actively encouraged all employees to participate in community services and in public welfare activities to take care of the disadvantaged groups, in order to implement the enterprise spirit of Pihong Technology, "What we take from the society should be used for the society".

We at Pihong should expect more in 2019 and in the future and will focus on continuously raising the company's competitiveness in terms of quality, price and

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delivery, cultivate the power supply market, expand the income and profit from EVs, and explore the customers from a newly emerging industry market. We have started the Phihong Vietnam factory to avoid the risk of over-concentrated production in Dongguan, and also enhanced data management to control operating costs and expenses so that we could turn losses into profits. Because the corporate sustainable development is the ultimate goal of Phihong Technology, by achieving the company's mission, "Making environmental protection our responsibility by providing a full range of quality power energy solutions, while sharing the success with our customers, employees, shareholders, and manufacturers." We will be more active in practicing and fulfilling our corporate social responsibilities and strive to pursue sustainable development.



President

林中文



Executive Deputy General Manager

林泽宏

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## Summary of Achievement in 2018

### Increase in Revenue

**7.6%**

Revenue in 2018 increased by 7.6% than in 2017 and yield increased by 16.9%

**Future Goals**  
Continue to cultivate customers to raise revenue and focus on high-margin products to gain profit in reverse

### Product Certification

IATF16949

In May 2018, we obtained the Declaration of Conformity for Automotive Quality Management System Standard (IATF16949)

**Future Goals (2019)**

- CE, UK and cUL certifications for EV products
- Change to ISO 13485 certifications
- IATF16949 certification in Q2
- PHIHONG VIETNAM can achieve ISO 9001

### Green Partner

**SONY**

Sony Green Partner

**Future Goals**  
Continue to improve and gain more glory for the company

### Emission of Greenhouse Gases

Compared with the base year :

- Phihong Taiwan: Emissions reduced by 5.4%
- Phihong Dongguan: Emissions reduced by 5.9%

**Future Goals**  
Based on the greenhouse gas emissions in 2017, the Phihong Team will reduce emissions by at least 5% by 2020.

### Healthy Workplace Certification

- Implemented 100% monitoring of the operating environment and the employee health check which is better than regulatory requirements
- In 2018, Phihong Taiwan obtained again the Initiating Badge of Accredited Healthy Workplace of the Health Promotion Administration, Ministry of Health and Welfare.

**Future Goals**  
Continue to improve the quality of the operating environment and keep employees in good health  
Strive for Excellent Workplace Certification for healthy workplaces by 2020

### Company Governance

In the 5<sup>th</sup> Corporate Governance Evaluation System conducted by TWSE, for the evaluation results for 1,554 listed companies, Phihong was listed in the rankings "between top 6% to top 20% of companies". (A notch higher in comparison with 2017)

**Future Goals**  
Continue to improve and strive to be listed in the rankings "the top 5% of companies" in the evaluation results

### Green Research and Development

- Completed the miniaturization of USB-A 25W power supply by 35%
- Continued to set up EV charging stations in Decathlon Taiwan, parking lots of the Parking Management Office of Taichung, and California US
- Researched, developed and tested 360KW water cooling charger
- EV station obtained bronze award for Innovation Awards at TAIPEI AMPA (The only winner from the EV industry)

**Future Goals (2019)**

- Continue to reduce power supply size, increase efficiency and provide multi-voltage charging.
- In 2019, complete the miniaturization development of 84W power supply
- Promote cooperation with other industries and expand the EV charging station industry
- In 2019, complete the research and development of 360KW water cooling charger

### Environmental Management

- Implemented waste reduction and recycling
- In compliance with regulatory requirements, environmental monitoring rate of wastewater discharge reached 100%, Obtain ISO14001 2015 Certification

**Future Goals**  
Continue the 100% environmental monitoring to comply with regulatory requirements and improve the workplace environment

### Energy Management

- Phihong Taiwan: in comparison with the energy used in the base year 2016, there was a reduction in consumption by 9.5% (965J) and reached the 5% energy savings target by 2020.
- Phihong Dongguan: for the increase of yield in comparison with in 2017, the total electricity bill increased, but energy intensity (yield) reduced by 10.3%, and energy intensity (output value) reduced by 4.4%.

**Future Goals**  
Based on the energy used in 2016, the Phihong Group will reduce it by at least 5% by 2020.

### Supplier Management

The core supplier's integrity commitment signing rate reached 72% (up 3% from 2017)

**Future Goals**  
The core supplier's integrity commitment signing rate can reach 80% by 2019.

### Quality Performance

2018 Award :

- Sony Quality Award
- VIVO Quality Award
- Huawei Quality of the Year Award

**Future Goals**  
Continue to improve the quality, be appreciated by customers, and gain more glory for company

### Corporate Image

After having won the Silver Award for 2 consecutive years for the 2018 Taiwan Corporate Sustainability Award (TCSA), Phihong Taiwan won the Gold Award for 2018 TCSA.

**Future Goals**  
Continue to participate in and strive for awards regarding CSR and corporate development to gain higher glory for the company

### Employee Relations

- Imported Office365 questionnaire for online employee satisfaction survey
- Imported CI improvement promotion platform to collect the improvement opinions from employees.
- Implemented birthday leave

**Future Goals**  
Plan and import public welfare leave in 2019

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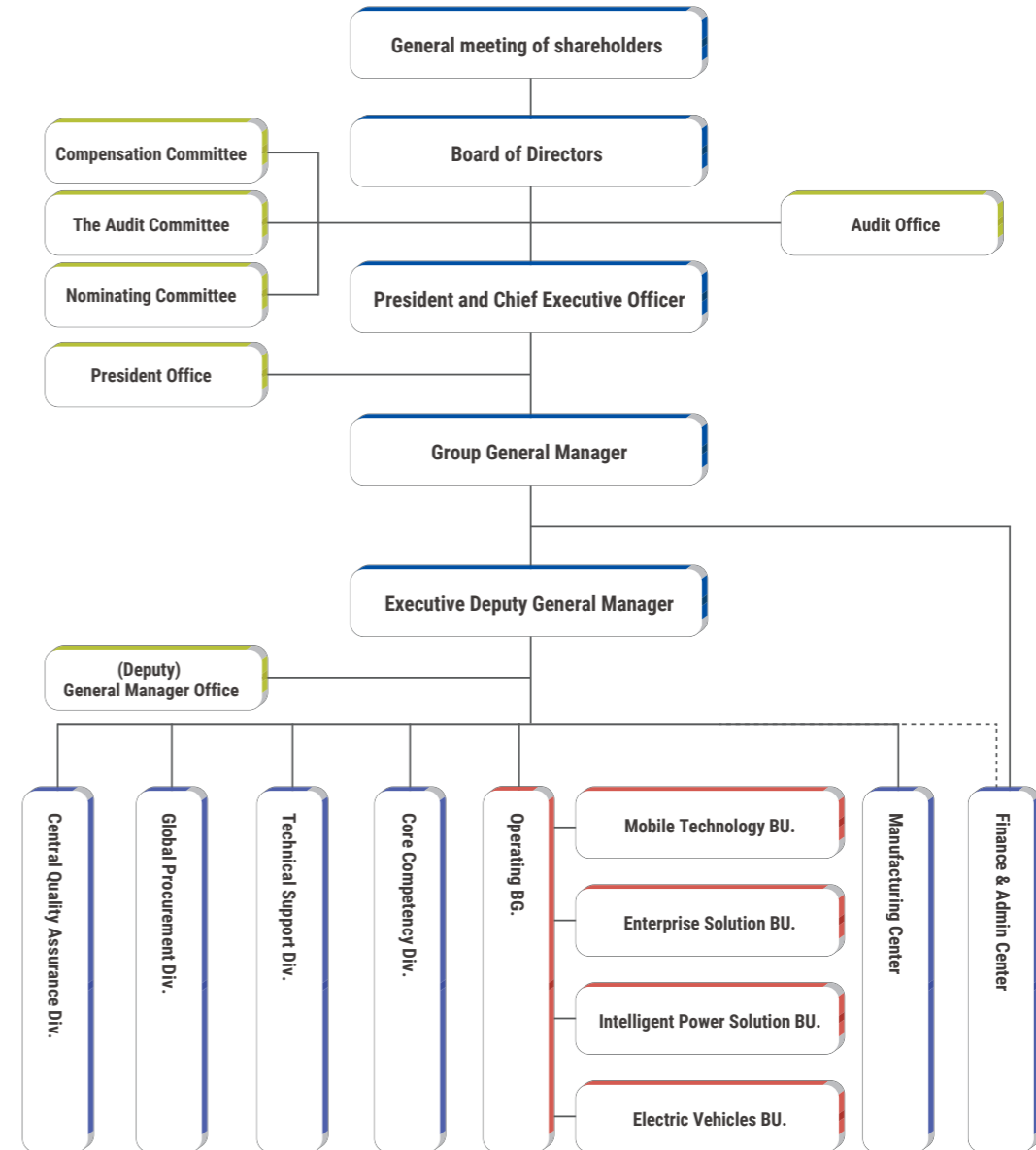
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## Company Profile

Phihong Technology is a Taiwan stock listed company (stock code 2457). Its operating headquarters is located in Taoyuan Hua Ya Technology Park. Its manufacturing base is located in Dongguan, Guangdong Province, China. It also has subsidiaries in California and Tokyo, Japan to provide customers with instant business and technical services. During the reporting period, there were no significant changes in the ownership of Phihong and its subsidiaries. Besides, in order to respond to the China-US trade war and the wage increase in China, and also to diversify over-centralized plants, the Board of Directors passed the resolution on November 9, 2018 to establish a Vietnamese subsidiary with a shareholding ratio of 100%.

In order to draw on its strengths in the highly competitive power industry, Phihong Technology integrates the company's products and services into the development of environmental and social innovations so that it can achieve the goals of sustainable management. Following the "Vision and Strategic Planning Consensus Camp" held in 2017, the company redefined its vision and mission, and incorporated corporate social responsibility into the company's operations and development to strengthen the core value of Phihong Technology. In 2018, the company held for the second time the "Vision and Strategic Planning Consensus Camp" to review the company's eight major improvement issues: revenue growth momentum, gross profit growth in reverse, business expense control, optimization of supply chain capability, improvement of product/design quality, enhancement of data management, utilization of human resources, upgrade of industry foresight and new technological capabilities and then discussed short-, medium- and long-term strategies. In addition, we will make sure to incorporate the goals regarding corporate social responsibility into the annual KPIs of each department for management so that sustainable management can be implemented throughout the company.

Phihong Technology Organization Chart





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### VALUES

Having deeply plowed in the power industry for more than 47 years, Pihong founder Lin Zhong-min has bound himself to the business philosophy of Integrity, Innovation, and Challenge to commit to product development, manufacturing capability upgrade as well the growth and expansion of business scale. Integrity is the core of Pihong Technology as well as the central philosophy in its implementation of all activities. In order to enable all colleagues to imbibe this concept, Pihong Science and Technology Department has promoted and listed it as a compulsory course for new employees in its new digital training course. The training rate is as high as 100%.

### VISION

To become the world's best power supplier with its core values of energy conservation, environmental protection, innovation and services.

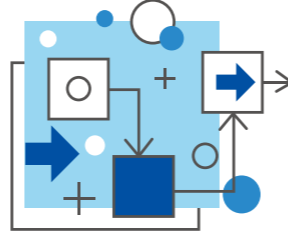
### MISSION

Taking the responsibility of environmental protection and love for the earth to provide a full range of power solutions and prove to be a high-quality enterprise that shares common prosperity with customers, employees, shareholders and suppliers.




**Integrity**

The core philosophy of the enterprise for its implementation of all activities



**Innovation**

Achievements for sustainable management with the competitive advantage in the world stage



**Challenge**

Promote reform and pursue the most important driving force in the process of excellence

## Products and Technology

After nearly 47 years of innovating in power products, Pihong Technology has become one of the top 10 suppliers of power supplies in the world, mainly engaging in the development of power products containing adapters, battery chargers, PoE (Power over Ethernet), electric vehicle chargers, construction site audio, along with consumer electronics such as, POE Smart Home, POS, small appliances, home medical equipment, e-bike, construction, industrial, electric vehicles and so on. Now we also plan and prepare for the coming of 5G.

### Product Strategy

- In response to market competition, the main business policies are to increase market share and sales profit.
- Continue to develop and promote green high-efficiency products and actively invest in research and development of new energy-related products in response to market demand.
- Enhance the quality standard, provide satisfying and safe products for our customers and focus on various developing industries and pursue the leading value.
- Deepen the investment in automation and intelligent production to improve production efficiency and to develop towards lean manufacturing.
- Reduced plant operating costs by streamlining idle capacity and equipment.
- Vertical integration of lean production and enhanced internal produced parts to reduce production costs and eliminate production consumption.
- Establish strategic alliance with suppliers to reduce costs and to strengthen raw material quality.
- Enhance the design ability of innovation, creativity and creation to respond to the future trend and strengthen the competitive advantages of products.
- Continue to expand demand in emerging markets in order to create more revenue sources.

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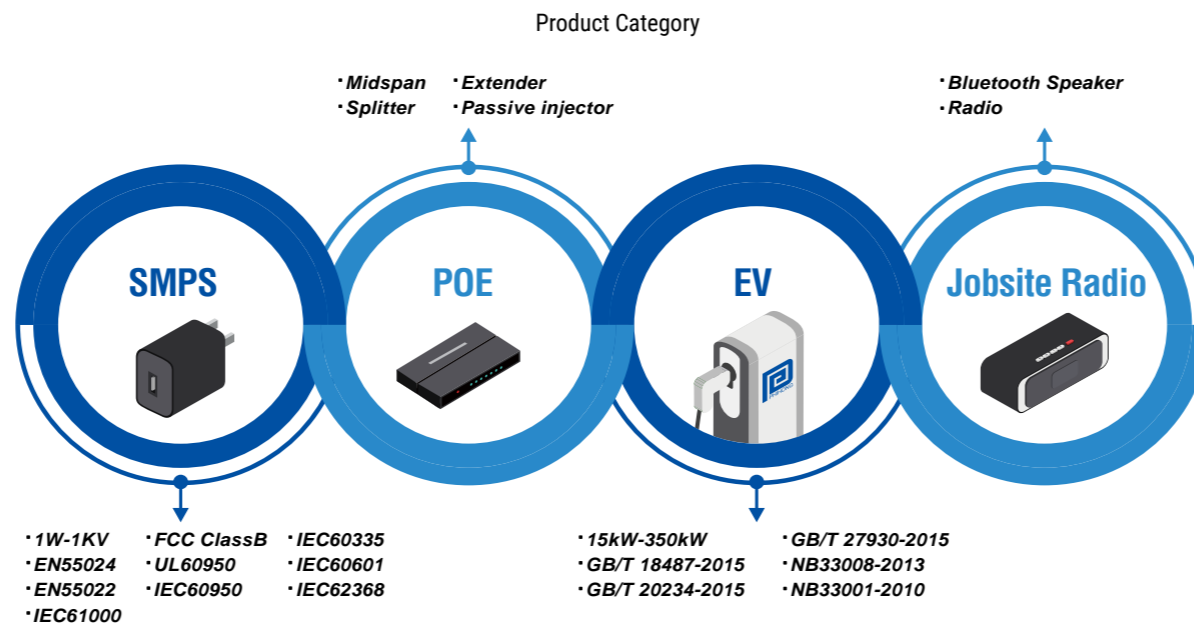
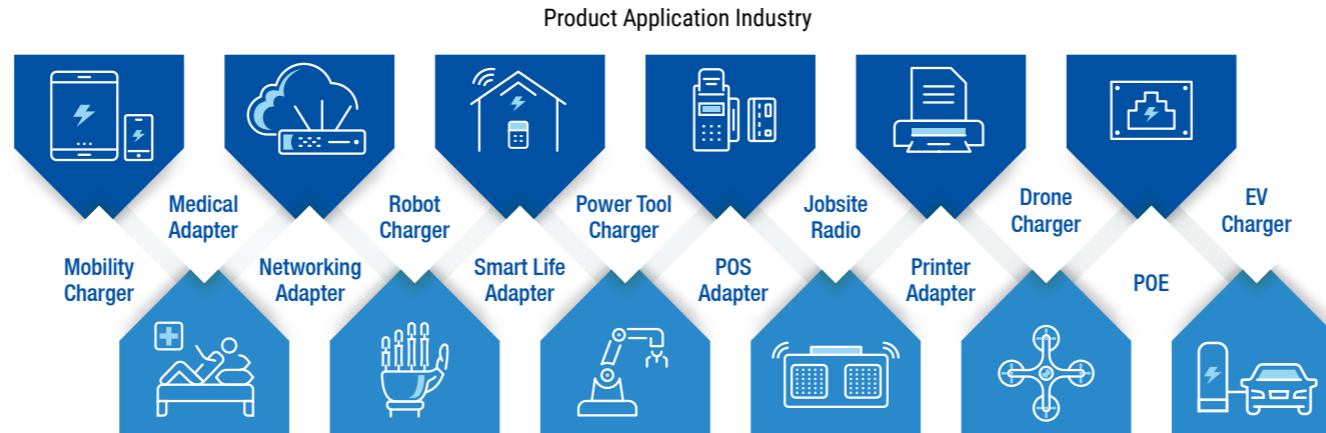
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# Products and Technology



## Technical blueprint

- To enhance product design and sales with the core values of energy saving, environmental protection and service.
- To lock the application areas of terminal products, such as the power supply for USB PD/QC power, Netcom power, medium and high-end smart phones, tablets, electric tools, POS machines, POE Netcom smart home, printers, TV boxes, home medical equipment, medical beauty equipment, robots, e-bikes and other products to be the main market as the development target.
- To review the global market trends, cultivate the equipment of our current customers and continue to expand the market share of electric tools and audio power for construction sites.
- To enhance the development of wide band gap semiconductor GaN in power supply applications to develop high-frequency, miniaturized, high-efficiency power supplies, and to launch new products in a timely manner to meet market demand so that the company can increase profitability and create maximum value for shareholders.
- To Increase the development of consumer electronics and the direct integration with the channel market to meet the needs of IoT (Internet of Things) and other industries, and to continue to focus on the power in the emerging industries such as wearable devices, drone VR (virtual reality) and 5G construction and market development so the company can participate at the right moment
- To continue the research, development and promotion of products saving energy and reducing carbon, such as EV charging stations in the European, American, Japanese and Greater China markets; and to actively expand the location-based services in Taiwan and continue to expand market share
- To continue to promote product design suitable for automated production and to coordinate the increase of the proportion of production automation to raise management efficiency and to complete the cloud information platform.

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## Products and Technology

### Quality Policies



#### Excellent Design

Actively cultivate talents and develop new products with superior design performance through on-the-job education and training.



#### Good Quality

Conduct monitoring from the relevant process of design, production, inspection to delivery in order to ensure product quality.



#### Accurate Delivery

Work hard to achieve and meet customer requirements for delivery according to customer contract



#### Reasonable Price

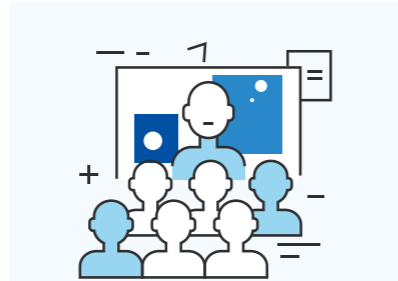
Reach a consensus with customers to set a reasonable sales price.



#### Satisfactory Service

Strive to achieve customer satisfaction with service through customer satisfaction surveys and continuous improvement.

### Occupational Safety and Health Policy



Comply with all safety and health requirements and strengthen communication between internal and external management



Continuously improve the working and living environment to prevent various safety incidents from occurring



Reduce the risk of occupational safety and health to fully protect employees

### Environmental policies

In order to achieve sustainable operations, Phihong Technology will uphold its corporate social responsibilities and avoid environmental pollution to commit to the implementation of the following guidelines:

- Combine with the PDCA of PLAN, DO, CHECK, ACTION and the spirit of CONFIRMATION to promote environmental management and to reduce and prevent the occurrence of negative environmental effects.
- Promote environmental performance to save energy, continuously improve and prevent pollution through institutional management.
- Comply with and implement the environmental regulations and customer environmental requirements regarding (sewage) water, waste gas, wastes, noise, chemicals, banned substances, toxic materials.
- Design and manufacture green products that meet the legal requirements related to environmental management (such as Hazardous substances free, HSF).
- Review environmental objectives, target on a regular basis, and publicize environmental outcomes.

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## Global bases

Phihong Technology enhances its core strengths by integrating global resources and expands its products in various major markets around the world; With its business locations or R&D centers in Taipei, China, Japan, the US, Europe, and the manufacturing center in Dongguan, China,

the company can provide customers with global services. In response to the changes in international economic trends, the threat of the China-US trade war and the risk of over-centralized production in Dongguan, Phihong Technology also started to plan the establishment of

Vietnam production bases in 2018 which is expected to be completed in Q4 of 2019 and can start mass production so the company can meet the needs of customers with a more flexible operation, and furthermore maximize the company operations.



America	Europe	China	Vietnam	Taiwan	Japan
Fremont New York	United Kingdom France Germany	Qingxi Dongguan	Hanoi	Taipei Tainan	Tokyo

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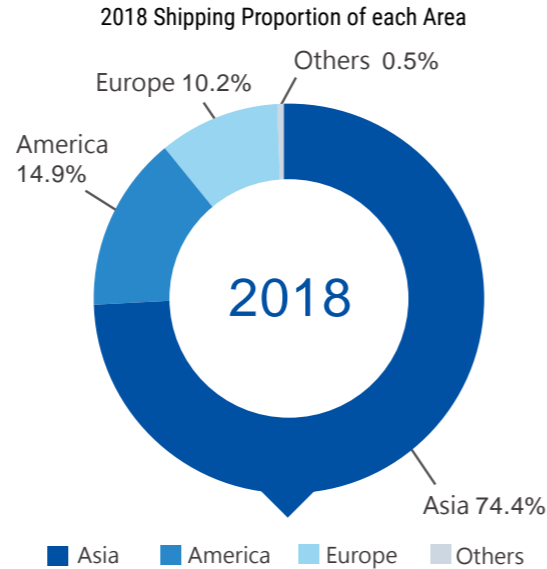
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## Global bases

### Sales Area

Phihong's sales areas are all over the world, and its main shipping markets are mainly in Asia Pacific (74.5%), America (14.9%) and Europe (10.2%). No prohibited sales or controversial products have ever occurred in 2018.



Distribution of revenue of major sales areas

Unit: NT\$ thousand

Sales Area	2018 Sales Revenue	%
Asia	9,041,084	74.4%
America	1,803,955	14.9%
Europe	1,234,840	10.2%
Others	58,844	0.5%
Total	12,138,723	100.0%

### Operational Performance

Phihong Technology sold about 156 million power-related products throughout the year 2018. The annual turnover was NT\$12.139 billion with an increase of 7.6% from 2017. The net loss before tax was NT\$180 million, and after tax was NT\$247 million with a gross margin of 10%. In 2018, the company has faced instability in major economies, and the tough challenges such as the shortage,

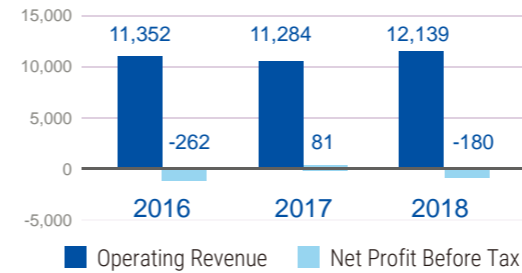
long delivery time and soaring prices of components such as passive components, and the increase of production wages costs because of the basic wage increase implemented by the mainland government resulted in the failure to achieve the targeted profit although the revenue was higher than last year.

2018 Consolidated Financial Performance Table

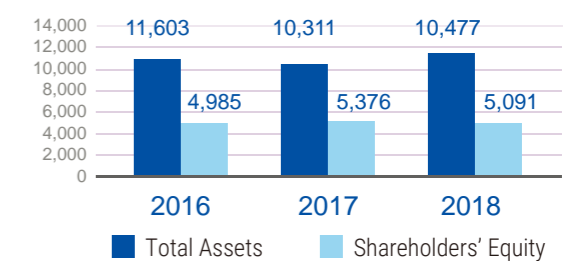
Unit: NT\$ million

Year	Item	2016		2017		2018	
Operating revenue		11,352	100.00%	11,284	100.00%	12,139	100.00%
Operating gross profit		1,368	12.05%	1,314	11.64%	1,263	10.40%
Operating expenses		1,677	14.77%	1,520	13.47%	1,624	13.38%
Operating net profit (loss)		-309	-2.72%	-206	-1.83%	-361	-2.97%
Non-operating revenue and expenses		47	0.41%	287	2.54%	181	1.49%
Net profit before tax (loss)		-262	-2.31%	81	0.72%	-180	-1.48%
Revenue tax expense		39	0.34%	-75	-0.66%	-67	-0.55%
Current net profit		-301	-2.65%	6	0.05%	-247	-2.03%

Operating Revenue and Net Profit Before Tax Unit: NT\$ million



Total Assets and Shareholders' Equity Unit: NT\$ million



- The chart shows Phihong's consolidated revenue, gross profit and net profit, detailed operating conditions and financial performance. Please refer to Phihong's 2018 annual report disclosed on the Company's official website ([www.phihong.com.tw](http://www.phihong.com.tw))
- Please refer to pages 159-162 and page 70 of the 2018 Annual Report for data on company assets, liabilities, equity and products.
- Please refer to pages 159-162 of the 2018 Annual Report for information on earnings retention.
- Phihong Taiwan applies for the R & D tax incentives with the government.

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## Association Participation

Based on the company's sustainable position, Phihong Technology actively participates in international/ national/regional initiative organizations or joins the organizations as a member to participate in their meetings to express opinions. It is expected to gather the strength of the industry, promote industrial exchange, and meet the expectations of non-profit organizations and society. Following is the list of non-profit organizations that the Company participates in. It contains relevant associations and national or international initiatives that the company expressed participation or support of in terms of economic, environmental and social charters, principles or other initiatives initiated by the outside world. The relevant institutions that Phihong has participated in are as follows.

Aspects	Initiative organization or convention	Position/ Initiative
Economic Aspect	Taiwan Electrical and Electronic Manufacturer's Association	Member
	Institute of Internal Auditors (IIA)-Taiwan	Member
	Tainan County Industrial Association	Member
	Manufacturer Promotion Association of Taoyuan Asia Silicon Hwa Ya Technology Park	Founding Member
	Guangdong Huangpu Customs Association	Member
	Guangdong Entry and Exit Association	Member
	Qingxi Branch of Dongguan Taishang Chamber of Commerce Member	Member
Social Aspect	Global Sustainability Reporting Initiative (GRI)	Initiative
	Responsible Business Alliance (RBA)	Initiative
	Eden Social Welfare Foundation	Donation
	Taiwan Children's Family Support Foundation	Monthly fixed donation
	Taiwan Toy Library Association	Initiative
Environmental Aspect	Association of Taiwan Marine Environmental Education Promotion	Initiative
	CharIN e.V. ( Charging Interface Initiative eingetragener Verein )	Member
	CHAdEMO Association (CHArge de MOve)	Ordinary Member

### Actual performance in the main initiatives and external organizations

Phihong Technology actively participates in CSR, sustainable development and industry-related public policies. The company has not only participated in social welfare activities, it has also spared no effort in devoting itself to public affairs. The company expects to integrate governmental, industrial, and individual resources to make some contribution to Taiwanese society or its related industries. With our active participation in national (Taiwan Electrical and Electronic Manufacturer's Association), regional associations (Manufacturer Promotion Association of Taoyuan Asia Silicon Hwa Ya Technology Park), functional associations or Environment Health Safety organizations, NGOs, etc., The company expects to play a positive role and to use corporate and personal resources to enhance its social and industrial leap. In order to disclose corporate sustainability and social responsibility as well as complete organizational information, Phihong followed two international standards and guidelines, namely the GRI Standards, 2016 from Global Reporting Initiative and the AA1000AP (2008) to continuously communicate with stakeholders on the policies and performances of corporate social responsibility yearly and to detail the specific actions and progress of Phihong Technology in corporate social responsibility every year.

### Responding to conflicting mineral policies

Phihong follows requirements for conflict-free metals of RBA (Responsible Business Alliance) and GeSI (Global e-Sustainability Initiative) and fulfills corporate social responsibility avoiding the use of conflict metal from Congo and its neighboring countries.

- We don't purchase or use any conflict metal.
- If our suppliers have used any conflict metal from conflict zones, they should inform Phihong proactively and propose solutions.
- If they violated the guidelines on the use of conflict metal, they should be disqualified from our suppliers and will be responsible for the losses of Phihong.

We are looking forward to our supply chains' respect and support of the internationally recognized human rights movement. When procuring metals from Congo and neighboring countries, we will not tolerate, use, invest, assist or support to violate or abuse human rights in any way. We request our suppliers to comply with the Code of Conduct of the Electronic Industry Alliance and expect suppliers to work with Phihong to support their supply chain and comply with this policy.

### Quality and environmental initiative Environmentally friendly policy

It is not only Phihong Technology's expectation and responsibility to provide environmentally friendly and safe products but also a commitment to customers; therefore, from the implementation of the selection of materials in the development phase of product design to production and sales of products, each link is strictly controlled and examined to ensure that products comply with international environmental regulations so we can enhance the uniqueness and competitiveness of products to meet the needs and expectations of customers and users. As a leader in the power supply industry, Phihong Technology is the first company to follow the European Union's Restriction of Hazardous Substances Directive (RoHS, REACH, WEEE) for comprehensive product development and to produce products that meet specifications.



In addition, the Company has introduced high standards to ban hazardous substances control in some of its product development, such as no red phosphorus flame retardant, halogen-free, no plasticizer, and no other harmful substances in complying with the California 65 Act (depending on the product sales area). At the same time, a database of suppliers' materials is established to ensure that supply chain management is in line with international environmental regulations. This allows customers to be safer and more secure in their use of the product, and to minimize the impact of products and services on the environment by increasing the recyclability of materials.



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# Stakeholder Relationship

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# Stakeholder Communication

## Stakeholder Identification

According to on the definition of stakeholders, "Subjects that will be affected by our activities, products or services, or their actions will determine whether we can implement policies or achieve goals successfully.", CSR Reporting Editorial Team has listed 11 company relevant stakeholders through brainstorming. In the following, we will use the three aspects below to assess through overlapping the identification of the main stakeholders of this year's report:



Stakeholder List

Stakeholder	Suggested subject
Shareholder	General shareholders (including employee shareholders), legal person shareholders and rating agencies
Customer	Existing customers of international and domestic brands
Employee	Direct/indirect personnel, Phihong Taiwan has indirectly classified personnel and China Dongguan factory has directly classified personnel as the main target (including organizations with various levels of supervisors and employees)
Supplier	The main target is the materials supplier, others including some engineering contractors/cleaning service manufacturers, waste cleaning manufacturers, etc.
Local Community	The local park management center staff and local people in the factory area
Government/ NGOs	Local government agencies and non-profit foundations, etc.
Competition	Allies of related industries

## Stakeholder Groups

According to the assessment above, the CSR Report Editor Team has identified the main stakeholders as shareholders (investors), customers, employees, suppliers (contractors), communities, government, and peers (competitors). In comparison with the main stakeholders in 2017, the company has added peers as stakeholders in 2018. Because of the competition, the peers are stakeholders who will not only affect the performance of our organization but are also affected by the organization's operation.

## Communication policy with stakeholders

Phihong Technology's CSR Editorial Team has not only reviewed the major issues disclosed in the previous reports as a reference for the following reports, but also examined whether stakeholders are inclusive. As for the communication policy with stakeholders, the company based on the interaction of daily sales with stakeholders, as well as the questionnaire survey of stakeholders. Besides, in order to build a timely and basic communication channel, Phihong has set a stakeholder complaint mailbox (CSR@phihong.com.tw) on its official website so that stakeholders can have conversation and communication with the company at any time.

Phihong Technology has communicated with stakeholders on all relevant major topics and has collected customers' feedback according to [Customer Feedback Processing Procedure] to communicate with them. Moreover, the company has also established [Environmental Security Management Communication Procedure] and [Information Communication Control Procedure] to allow the relevant authorities to communicate with relevant stakeholders through such communication procedures. In this way, the company can not only understand effectively what stakeholders actually expect and need but also can accelerate feasible solutions. In case of any complaints, the company also follows external regulations, existing internal regulations, relevant procedures or methods of all management systems to deal with, such as processing procedures for opinions from the public and employees, the education training for environmental safety, and health and participation methods for communication consultation. Under special circumstances or in case of important stakeholders' needs, the authority department will inform the CSR committee immediately and if necessary, a project meeting will be held for special projects.

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Communication policy with stakeholders

Objects	Communication Channel	Frequency	Communication Points
Shareholders, Investors	<ul style="list-style-type: none"> <li>Annual General Meeting of Shareholders</li> <li>According to regulations, regularly release the annual (seasonal) financial report</li> <li>Make a statement or an inquiry about email</li> <li>Significant information is disclosed on the company official website</li> <li>CSR questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> <li>4 times a year</li> <li>Irregularly</li> <li>Irregularly</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Company management</li> <li>State of industrial competition</li> <li>Sales development and performance</li> <li>Risk management</li> <li>Dividend policy</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer service hotline / website public information</li> <li>Customer Satisfaction Questionnaire</li> <li>Email, meetings and audits</li> <li>CSR questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Once a year</li> <li>Irregularly</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection compliance</li> <li>Products and services</li> <li>Emission of greenhouse gases</li> <li>Customer privacy</li> <li>Forced labor</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Internal announcements and electronic bulletin boards</li> <li>Group meal communication meeting</li> <li>Employee opinion survey</li> <li>Employee complaint mailbox</li> <li>Symposium for newcomers and high-ranking chiefs</li> <li>Staff welfare committee</li> <li>Labor-management meeting</li> <li>CSR questionnaire</li> <li>CI improvement promotion platform</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Half a year</li> <li>Once a year</li> <li>Permanent</li> <li>Irregularly</li> <li>Once a month</li> <li>Once a season</li> <li>Once a year</li> <li>Permanent</li> </ul>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Labor employment</li> <li>Labor/management relationship</li> <li>Training and education</li> <li>Human rights complaints mechanism</li> <li>Assembly freedom and negotiation</li> <li>No discrimination</li> <li>Any suggestions for improvement</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Website public information</li> <li>Supplier audit and interview</li> <li>CSR questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Supplier environmental assessment</li> <li>Supplier social impact assessment</li> <li>Supply human right assessment</li> <li>Raw material management</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>Park Control Center Routine Meeting</li> <li>CSR questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater discharge and waste treatment</li> <li>Environmental issues such as air pollution</li> </ul>
Government/NGOs	<ul style="list-style-type: none"> <li>According to requirements from the government agency, report relevant information regularly According to the regulations, assign personnel visit and check the factory</li> <li>Academic research cooperation</li> <li>CSR website and report</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with relevant product and service regulations</li> <li>Comply with local regulations</li> <li>Anti-corruption</li> </ul>
Peers (Newly added this year)	<ul style="list-style-type: none"> <li>Information exchange in technical seminars</li> <li>CSR questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Irregularly</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Exchange product technology</li> <li>Understand expectation of all aspects</li> </ul>

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## Major Issue Identification

The CSR Editorial Team continued to respond to stakeholders' feedback and what previous reports revealed, and then examined to determine whether all of the above can meet sustainability, significance, and integrity reporting principles as references for editing 2018 CSR Report and the company will follow the 2016 Guidelines on the Global Reporting Initiative (GRI) and the requirements for the principles of responsible reporting AA1000 AP to complete the following steps to systematically identify, implement and disclose the major issues of the company.



### Step-1 Identification

In the process of collecting sustainable topics for identifying major issues, the company has followed the GRI 2016 Guidelines and referred to the UN Sustainable Development Goals (SDGs), ISO-26000, Responsible Business Alliance (RBA) as principles. After the Editorial Team had finished discussion, they designed a questionnaire containing a total of 33 economic, environmental and social topics which meet the definition for general disclosed items in the GRI 2016 Guidelines. In order to promote dematerialization, the team used Office 365 or WeChat questionnaire to conduct a survey and the

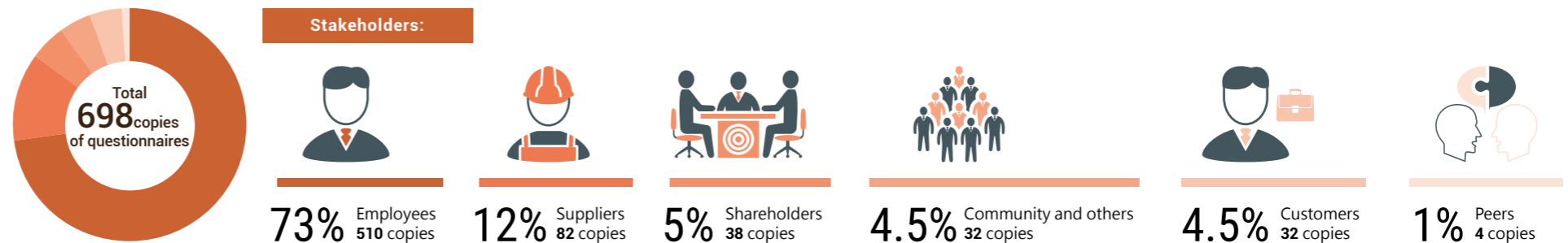
identification procedures of major issues.

1. First, the main stakeholders were asked to fill out the online questionnaire, and a total of 698 valid questionnaires were collected for providing the results of the "Assessment about influences on stakeholders".

2. CSR committee members (the chairman, committee members, conveners) depended on the professional knowledge of the company's management level to use the O365 questionnaire "Obvious economic, environmental and

social impacts" as survey for a total of 19 people, which consists of positive and negative, actual and potential, indirect and direct, and other impacts.

3. The company also conducted a matrix analysis of "Assessment about influences on stakeholders" and "Obvious economic, environmental and social impacts" to sort and identify the major issues of Phihong Technology, and to implement management policies and solutions, and to strengthen the information disclosure.



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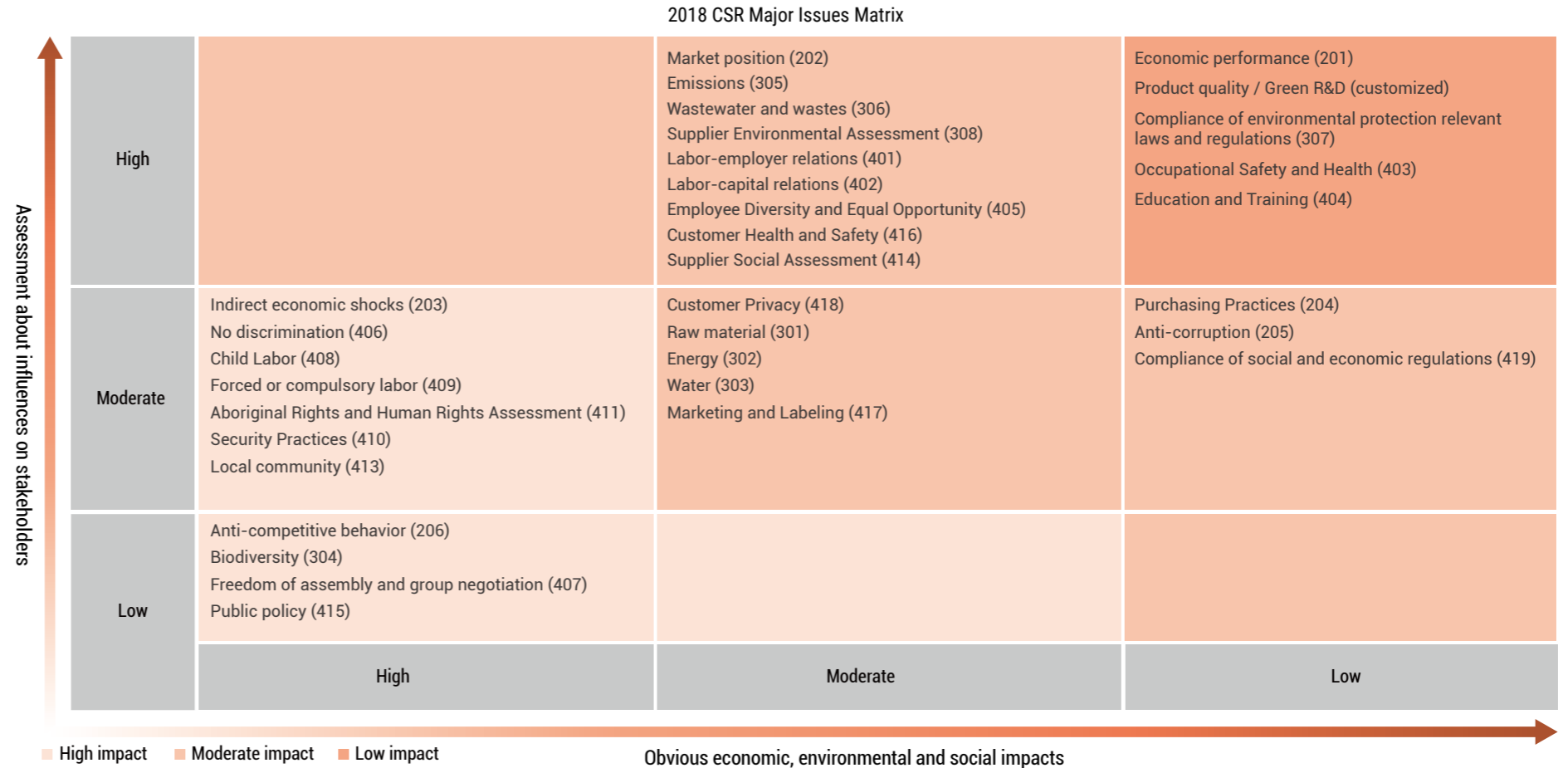
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### Step-2 Priority of Major Considerations

According to the questionnaire for stakeholders and the survey result from the CSR committee members (the chairman, committee members, conveners), the Editorial Team conducted a matrix analysis on the 33 major issues of "Assessment about influences on stakeholders" and "Obvious economic, environmental and social impacts" to sort and identify the 22 major issues of Phihong Technology in 2018, and later continued to implement management policies and solutions, and to strengthen the information disclosure. At the same time, the different or deducted major issues between 2018 and 2017 will be marked out.



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22 Specific Issues of Phihong Technology in 2018

Aspect	Major Theme	
Economic (200 Series)	GRI 201	Economic performance
	GRI 202	Market position
	GRI 204	Purchasing Practices
	GRI 205	Anti-corruption
	Customized	Product quality / Green R&D
Environmental (300 Series)	GRI 301	Raw material
	GRI 302	Energy
	GRI 303	Water
	GRI 305	Emissions
	GRI 306	Wastewater and wastes
	GRI 307	Compliance of environmental protection relevant laws and regulations
	GRI 308	Supplier Environmental Assessment
Social (400 Series)	GRI 401	Labor-employer relations
	GRI 402	Labor-capital relations
	GRI 403	Occupational Safety and Health
	GRI 404	Education and Training
	GRI 405	Employee Diversity and Equal Opportunity
	GRI 414	Supplier Social Assessment
	GRI 416	Customer Health and Safety
	GRI 417	Marketing and Labeling
	GRI 418	Customer privacy
	GRI 419	Compliance of social and economic regulations

Comparison of major issues between 2017 and 2018

GRI Guideline items	Major issue	Difference	Remarks
203	Indirect economic shocks	Not identified as a major issue in 2018	
206	Non-competitive behavior	Not identified as a major issue in 2018 nor has it ever happened in the company	Did not happen in 2018
406	Discrimination	Not identified as a major issue in 2018 nor has it ever happened in the company	Did not happen in 2018
407	Freedom of assembly and group negotiation	It was not identified as a major issue in 2018 and company had sufficient labor-capital communication channel	
408	Child Labor	Not identified as a major issue in 2018 nor has it ever happened in the company	Did not happen in 2018
409	Forced or compulsory labor	Not identified as a major issue in 2018 nor has it ever happened in the company	Did not happen in 2018
410	Security Practices	It was not identified as a major issue in 2018 and the company values human rights and training a lot.	Relevant security training was executed in 2018 and no incidents against human rights happened.
413	Local community	It was not identified as a major issue in 2018 and mostly public welfare activities.	
405	Employee Diversity and Equal Opportunity	"Employee Diversity and Equal Opportunity" and "Equal pay to women and men" were combined	
417	Marketing and Labeling	"Product services and Labeling" and "Marketing communication" were combined.	
419	Compliance of social and economic regulations	Laws and regulations compliance (product liability) and Laws and regulations compliance (Environment) were combined.	
NA	Transportation-environmental aspect	GRI-G4 No longer used	
NA	Overall environmental protection investment -environmental aspect	GRI-G4 No longer used	



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### Step-3 Confirm

In response to the identified major issues, the members of the Phihong CSR editorial team, based on the scope, consideration of the boundary, and time, also identified three major considerations for the company's impact and stakeholder concerns. In addition, since there are many indicators for each major consideration, and the boundary range of each indicator is different, the boundary range of each indicator is thus defined in detail to confirm that all aspects of the issues of concern are covered in this annual report.

The Phihong Technology organization includes Taiwan's Linkou Headquarters (including Tainan Plant) and Phihong Dongguan Plant, Tiesong Plant and Dahong Plant in China. The rest of the relationship is a factory or marketing operation bases for the production of small components of power supplies they were not included in the scope of this report because of they are of no significance. The external organizations include local communities, suppliers and customers. The local community is defined

as: the headquarters of Phihong Taiwan in the Linkou Hwa-ya Science and Technology Park and the Yongkang District where the Tainan Plant is located and the Yinhu Industrial Zone where the Dongguan factory is located. The supplier is mainly defined as the raw material suppliers of power supplies, in addition to some engineering contractors, cleaning services/waste cleaning manufacturers, etc.; the customer is defined as the main target of international brand customers at home and abroad.

Major issues and boundary tables for stakeholder concerns

Aspects	NO	Major issues	Why does it mean a lot for Phihong Technology?	Impacted boundary						Auditors
				Phihong Taiwan	Dongguan plant	Supplier	Customer	Community	Shareholders	
Economic (200 Series)	1	GRI 201- Economic performance	Sustainable and stable operation performance is the basis for sustainable development of the company, and the economic value created by the company will reward our relevant stakeholders.	.	.				.	Financial Department, Accounting Department, HR
	2	GRI 202 - Market position	With the value distribution and feedback generated by operation performance, the company can promote local economic development and create job opportunities.	.	.			.		HR
	3	GRI 204 - Purchasing Practices	By supporting local suppliers, the company can not only reduce supply risks, but also stabilize the local economy and maintain relationship with the communities	.	.	.		.		Strategic Procurement
	4	GRI 205 - Anti-corruption	Integrity is the corporate core of Phihong and the central philosophy in all its activities. In addition, integrity tops this list of our business philosophies. We expect all employees to stick to the integrity and noble moral ethics so that we can provide customers with the highest quality products and services.	.	.	.	.		.	Auditing Office / Vocational Training
	5	Product quality / Green R&D	Phihong committed itself to developing and manufacturing green power products with high energy efficiency and standards but without any banned hazardous substances. In this way, we not only provide customers with high quality life products, but also contribute to environmental protection.	.	.	.	.		.	BU R&D
Environmental (300 Series)	6	GRI 301- Raw material	We implement the component control of raw materials, and control product development design, and manufacturing. We have done much more in the recycling and reuse than the basic environmental requirements.	.	.	.	.	.		Technical Support
	7	GRI 302 - Energy	A good energy resource management is the key to sustainable corporate management and for dealing with climate change. Through systematic management, environmental performance has been continuously making progress.	.	.			.		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	8	GRI 303 - Water	Phihong Technology has committed itself to water resources management and only uses public tap water. Although our process doesn't need water, we still need to maintain a stable water supply for people's livelihood and to fulfill the responsibility to save water just like any citizen of the world.	.	.			.		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant

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Aspects	NO	Major issues	Why does it mean a lot for Phihong Technology?	Impacted boundary						Auditors
				Phihong Taiwan	Dongguan plant	Supplier	Customer	Community	Shareholders	
Environmental (300 Series)	9	GRI 305- Emissions	For global environmental protection, reducing greenhouse gas emissions is a major trend. Phihong Technology has established the importance of reducing greenhouse gas emissions with the quantitative monitoring report of greenhouse gas inventory.	•	•			•		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	10	GRI 306- Wastewater and wastes	With the rising trend of corporate environmental costs in the future, establishing and accounting for environmental expenditure can effectively become the company's management tool.	•	•			•		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	11	GRI 307- Compliance with environmental protection relevant laws and regulations	Phihong Technology places great importance on complying with all laws and regulations and is self-proclaimed as one law-abiding corporate. Having integrity while doing business and complying with the local laws and regulations is a responsibility of Phihong Technology as a citizen of the world.	•	•			•	•	General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	12	GRI 308- Supplier Environmental Assessment	Suppliers are the most important partners for the company's sustainable management. With the assessment in accordance with the environmental requirements, we can ensure the supply chain to stably deliver high quality products and services meeting environmental requirements.	•	•					SQA, Strategic Procurement, EHS
Social themes (400 Series)	13	GRI 401- Labor-employer relations	According to annual company goals and compensation policies, the company assesses internal and external salaries given to employees.	•	•					HR
	14	GRI 402- Labor-capital relations	Fulfilling its vision of mutual benefit between labor and capital and creating a win-win situation	•	•					HR
	15	GRI 403- Occupational safety and health	Excellent employees are the most important assets of Phihong, so building a healthy and safe workplace environment for employees is the key to the company's sustainable operation and can maximize efficiency and productivity of manpower.	•	•					General Affairs Department, EHS
	16	GRI 404- Education and Training	"Employees" are the most important assets of Phihong. Only with the continuous growth of employees, the company can achieve corporate sustainable development. Through training and education, employees' competency and operation performance can be enhanced, and the path to career development can be set. Besides, all employees will receive performance assessment and be encouraged to grow and to motivate their potential.	•	•					Vocational Training Office, HR
	17	GRI 405- Employee Diversity and Equal Opportunity	The company follows the labor law and international regulations, respects the differences between different individuals from around the world, and develops policies regarding human rights to enhance employees' cohesion.	•	•					HR
	18	GRI 414 - Supplier Social Assessment	A stable supply chain is one of the foundations of Phihong's sustainable operations, so our suppliers must meet the social requirements to avoid any possible negative impacts happening to the supply chain because they cannot meet the requirements.	•	•	•				SQA, Strategic Procurement, EHS
	19	GRI 416- Customer Health and Safety	Providing customers and users with products relevant to green power with convenient, safe, energy- saving and non-hazardous substances is the foundation of the company's sustainable operation.	•	•	•	•			R&D/ QA/ Technological Support

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Aspects	NO	Major issues	Why does it mean a lot for Phihong Technology?	Impacted boundary						Auditors
				Phihong Taiwan	Dongguan plant	Supplier	Customer	Community	Shareholders	
Environmental (300 Series)	9	GRI 305- Emissions	For global environmental protection, reducing greenhouse gas emissions is a major trend. Phihong Technology has established the importance of reducing greenhouse gas emissions with the quantitative monitoring report of greenhouse gas inventory.	•	•			•		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	10	GRI 306- Wastewater and wastes	With the rising trend of corporate environmental costs in the future, establishing and accounting for environmental expenditure can effectively become the company's management tool.	•	•			•		General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	11	GRI 307- Compliance with environmental protection relevant laws and regulations	Phihong Technology places great importance on complying with all laws and regulations and is self-proclaimed as one law-abiding corporate. Having integrity while doing business and complying with the local laws and regulations is a responsibility of Phihong Technology as a citizen of the world.	•	•			•	•	General Affairs Department of Phihong Taiwan Management Department of Dongguan plant
	12	GRI 308- Supplier Environmental Assessment	Suppliers are the most important partners for the company's sustainable management. With the assessment in accordance with the environmental requirements, we can ensure the supply chain to stably deliver high quality products and services meeting environmental requirements.	•	•					SQA, Strategic Procurement, EHS
Social themes (400 Series)	13	GRI 401- Labor-employer relations	According to annual company goals and compensation policies, the company assesses internal and external salaries given to employees.	•	•					HR
	14	GRI 402- Labor-capital relations	Fulfilling its vision of mutual benefit between labor and capital and creating a win-win situation	•	•					HR
	15	GRI 403- Occupational safety and health	Excellent employees are the most important assets of Phihong, so building a healthy and safe workplace environment for employees is the key to the company's sustainable operation and can maximize efficiency and productivity of manpower.	•	•					General Affairs Department, EHS
	16	GRI 404- Education and Training	"Employees" are the most important assets of Phihong. Only with the continuous growth of employees, the company can achieve corporate sustainable development. Through training and education, employees' competency and operation performance can be enhanced, and the path to career development can be set. Besides, all employees will receive performance assessment and be encouraged to grow and to motivate their potential.	•	•					Vocational Training Office, HR
	17	GRI 405- Employee Diversity and Equal Opportunity	The company follows the labor law and international regulations, respects the differences between different individuals from around the world, and develops policies regarding human rights to enhance employees' cohesion.	•	•					HR
	18	GRI 414 - Supplier Social Assessment	A stable supply chain is one of the foundations of Phihong's sustainable operations, so our suppliers must meet the social requirements to avoid any possible negative impacts happening to the supply chain because they cannot meet the requirements.	•	•	•				SQA, Strategic Procurement, EHS
	19	GRI 416- Customer Health and Safety	Providing customers and users with products relevant to green power with convenient, safe, energy- saving and non-hazardous substances is the foundation of the company's sustainable operation.	•	•	•	•			R&D/ QA/ Technological Support

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Aspects	NO	Major issues	Why does it mean a lot for Pihong Technology?	Impacted boundary						Auditors
				Phihong Taiwan	Dongguan plant	Supplier	Customer	Community	Shareholders	
Social themes (400 Series)	20	GRI 417- Marketing and Labeling	By communicating the correct information of our products and services, we enable customers to fully understand the quality and our efforts in economic, environmental protection and social aspects. And eventually we will increase revenue without any subsequent negative impacts on customers.	.	.	.	.	.	.	BU Sales, Marketing
	21	GRI 418-Customer privacy	Controlling data flow and information security properly are necessary to protect customer privacy and to keep the confidentiality of company data.	.	.	.	.	.	.	Legal Affairs, Auditing Office, Sales, Information, Cultural Management Center
	22	GRI 419- Compliance of social and economic regulations	Following the relevant local laws and moral principles can enhance the overall advantages for the company to build a sustainable company that is also socially responsible.	.	.	.	.	.	.	Legal Affairs, Auditing Office, Safety Committee, CSR Committee

Major issues and boundary tables for stakeholder concerns

Aspects	NO	Major themes	Management methods	Promise	Policies	How to assess	Performance results (page code)
Economic (200 Series)	1	GRI 201- Economic performance	Through complete corporate governance, the board of directors, Compensation Committee, Audit Committee, Nominating Committee and Audit Office follow the company's operational direction to manage and to allocate labor pension according to regulations.	Provide a better welfare system to reward stakeholders	Business Development Strategy (2018 Annual Report P2-P3) Labor regulations	Internal audit Accountants audit and verify	P12 P59 P40 - P67
	2	GRI 202- Market position	Pay employees a salary better than the local minimum wage and prioritize local employees in the selection for management positions	Pay employees a salary better than the local minimum wage and give them the opportunity to work in the management department	1. Compensation policy (please refer to Page-58) 2. Staffing policy	Internal audit	P57-P58 P71-P72
	3	GRI 204- Purchasing Practices	When introducing new suppliers, instead of using overseas materials, we shall make use of locally produced materials for parts that originally use overseas materials.	Continue to strengthen local procurement	Supplier Quality Management (SQM): New Supplier Assessment (QSA) Supplier Assessment (QPA) for evaluation	Proportion between Overseas material/ locally procured material	P52
	4	GRI 205- Anti-corruption	Set a reporting pipeline and punishment system to prevent dishonesty, organize education and training about Corporate Ethics and Business Conduct Guidelines, and Responsible Business Alliance (RBA) Code of Conduct to instill in the employees about the importance of complying with laws and to strengthen their integrity and moral values	Create a corporate culture of operation with integrity throughout the company and provide customers with the best products and services	Corporate Ethics and Business Conduct Guidelines	Internal audit	P30-P32

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Aspects	NO	Major themes	Management methods	Promise	Policies	How to assess	Performance results (page code)
	5	Product quality / Green R&D	Follow the regulations of national energy and material requirements and have relevant departments test and verify all stages of the development process	Strengthen the design and sales of our products with core values of energy conservation, environmental protection and service	Company's mission: making environmental protection our responsibility by providing a full range of quality power energy solutions, while sharing prosperity with customers, employees, shareholders, and manufacturers.	Test and verify quality at each stage according to the ISO development process	P39-P40
Environmental (300 Series)	6	GRI 301- Raw material	Suppliers are required to provide homogeneity information of the disassembled parts and test reports of relevant homogeneous hazardous substance and then to list them in the PDM database system. And have an external measurement of recycling and reuse rate	Implement international environmental protection regulations; moreover, the regulatory standards are set stricter than international environmental protection restrictions to increase product quality	Environmental management substance control standard	Database evaluation and model sampling test (subcontracted laboratory test)	P39
	7	GRI 302- Energy	Energy (source) conservation management	Environmental Policy and Commitment of Environmental Management System (Please refer to Page-6)	ISO14001:2015 Third phase management of Environment Manual	Procedures of Environmental Management Supervision and Measurement, Annual KPI setting and monthly review	P41
	8	GRI 303- Water	Wastewater and Water Pollution Management Regulation Energy (source) conservation management	Environmental Policy and Commitment of Environmental Management System (Please refer to Page-6)	ISO14001:2015 Third phase management of Environment Manual	Procedures of Environmental Management Supervision and Measurement, Annual KPI setting and monthly review	P42
	9	GRI 305- Emissions	Procedures of Greenhouse Gas Inventory Management	Environmental Policy and Commitment of Environmental Management System (Please refer to Page-6)	ISO14001:2015 Second-phase management of Environment Manual	Through the quantitative monitoring report of greenhouse gas inventory and Annual KPI setting and monthly review	P42
	10	GRI 306- Wastewater and wastes	Waste sorting and storage management regulation	Environmental Policy and Commitment of Environmental Management System (Please refer to Page-6)	ISO14001:2015 Third-phase management of Environment Manual	Procedures of Environmental Management Supervision and Measurement,	P43-P44
	11	GRI 307- Compliance of environmental protection relevant laws and regulations	Follow the standards of ISO14000 series and of the ISO9001 quality management system certification to focus on major issues like environmental protection and other issues at the same time when providing customers with products meeting their requirements	Environmental Policy and Commitment of Environmental Management System (Please refer to Page-6)	Conduct institutionalized management to save energy by promoting environmental performance, and continue to improve and prevent pollution	Local environmental protection regulations	P36、P43-P44

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## Major Issue Identification

Major issues and boundary tables for stakeholder concerns

Aspects	NO	Major themes	Management methods	Promise	Policies	How to assess	Performance results (page code)
	12	GRI 308- Supplier Environmental Assessment	Need to confirm all environmental condition assessments when accessing new suppliers	Use materials complying with international environmental regulations	Comply with environmental regulations and customer requirements for environmental protection regarding wastewater, polluted water, waste gas, wastes, noise, chemicals, banned substances and toxic substances and other regulations and then promote and implement them.	Supplier Quality Management (SQM): New Supplier Assessment (QSA) Supplier Assessment (QPA) for evaluation	P51 、 P53-P54
Environmental (300 Series)	13	GRI 401- Labor-employer relations	According to the annual target performance of the company/individual and compensation policy, the company manages the compensation and welfare of its employees well.	Advocate glory sharing because the results of corporate operational performance come from employees and should be shared with employees.	1. Compensation policy (please refer to Page-58)	Internal audit	P66 、 P58-P64 、 P73
	14	GRI 402- Labor-capital relations	Establish a diversified labor-capital communication platform and channel to achieve faster and more efficient communication. And hold labor-capital meetings regularly to consolidate consensus.	Optimize the workplace, strengthen the staff's cohesion, and resolve employees' demands to achieve continuous improvement and win-win for both labor and capital	1.Labor law 2.Establish E-communication platform	1.Labor-capital meeting system 2. Job Satisfaction Survey	P74
	15	GRI 403- Occupational safety and health	Through the OHSAS18001 occupational safety and health management system, establish an occupational safety and health committee to review and coordinate, the matters related to occupational safety and health	Comply with all safety and health requirements and strengthen the communication between internal and external management; Continuously improve the working environment and avoid any security incidents; Reduce risks of occupational safety and health and keep employees healthy and safe.	OHSAS18001 Occupational Safety and Health Policy	Internal audit	P79-P82
	16	GRI 404- Education and Training	Follow the principles and spirit of the Talent Quality-management System (TTQS) promoted by the Ministry of Labor of the Executive Yuan, and cooperate with the complete education and training development system and digital learning platform	Take TTQS as the standard of training quality, combined with the company's vision and target strategy, and take manpower as the company's foundation, construct a multi-development training system, and to enhance manpower quality and corporate competitiveness	1. Education management procedure 2.Management regulations of cultivation and appointment of internal lecturers	Internal audit Regular verification from external third party	P67-P70 P65
	17	GRI 405- Employee Diversity and Equal Opportunity	Each employee signs a labor contract on paper in accordance with the law when being employed which states that the employment relationship is under the precondition that the two parties have both agreed, and the contract can be regularly inspected and controlled.	The staffing is fair and open.	1. Compensation policy (Please refer to Page-58) 2.Staffing policy	Internal audit	P28 、 P57 P71



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Major issues and boundary tables for stakeholder concerns

Aspects	NO	Major themes	Management methods	Promise	Policies	How to assess	Performance results (page code)
	18	GRI 414 - Supplier Social Assessment	When assessing a supplier, need to check all social condition assessments (SQM; Supplier Quality Management)	Maintain social responsibility with suppliers	Choose suppliers meeting social responsibility policies and commitments: Supplier Policy (Please refer to Page-53)	Supplier Quality Management (SQM): New Supplier Assessment (QSA) Supplier Assessment (QPA) for evaluation	P51-P55
	19	GRI 416- Customer Health and Safety	Stick to the concept of the product life cycle, integrate the principles of environmental pollution reduction, less material, easy assembly, high energy efficiency, easy disassembly and recycling, when developing products of green design.	Design and manufacture green products complying with laws and regulations and in accordance with environmentally-controlled substances (non-hazardous substances HSF)	1. Keep the users safe; the product has passed the rigorous design verification procedures and their design meets the safety regulations. 2. Reduce impacts on the environment: The products meet environmental specifications.	Customer feedback /Internal audit/ External audit	P36 - P48-P49
	20	GRI 417- Marketing and Labeling	1. Ensure that the surface of products is in accordance with the requirements of the customer and local regulations, which has incorporated the correct relevant mark into the label or the laser-printing content 2. Ensure the correctness of the product specifications, catalogues, and external information regarding products and services on the company's official website	Relay the information of Phihong products and services correctly to enable customers to fully understand their quality and Phihong's economic, environmental and social efforts.	Labels and product information must be reviewed by the business, R&D and marketing departments before they are disclosed.	Review External propaganda information	P48-P49
	21	GRI 418-	Phihong follows the procedures of information processing and customer data protection, corporate ethics and business conduct standards, technical document control regulation, document processing procedures and internal major information processing procedures to manage customers' document.	Protect internal and external information to build trust with customers	Procedures of information processing and customer data protection, Integrity and ethical code of conduct	Internal audit	P48-P49
	22	GRI 419- Compliance of social and economic regulations	Comply with the regulations of relevant local laws and regulations and develop employee codes to ensure that all staff will abide by them	Comply with social, economic and legal regulations, and target to become a socially responsible and sustainable company	Integrity and ethical code of conduct, Listed company management law	Local regulations, Internal audit	P36

### Step4. Review

In the process of composing the CSR report, the editorial team needed to review the contents with the relevant members of the marketing team in the CSR Committee in order to determine if the direction and the

contents of the report are correct. With consideration of the feedback from stakeholders, the team can ensure that the contents of the report is inclusive, significant and complete, and that its quality can meet the foundation of disclosures such as accuracy, reliability, balance, comparability and

so on. In addition, in order to make the report more reliable and meet the requirements of GRI, Phihong Technology has continued to entrust a third-party certification unit, AFNOR, to conduct third-party audits and certifications to ensure the quality of the disclosed report information.

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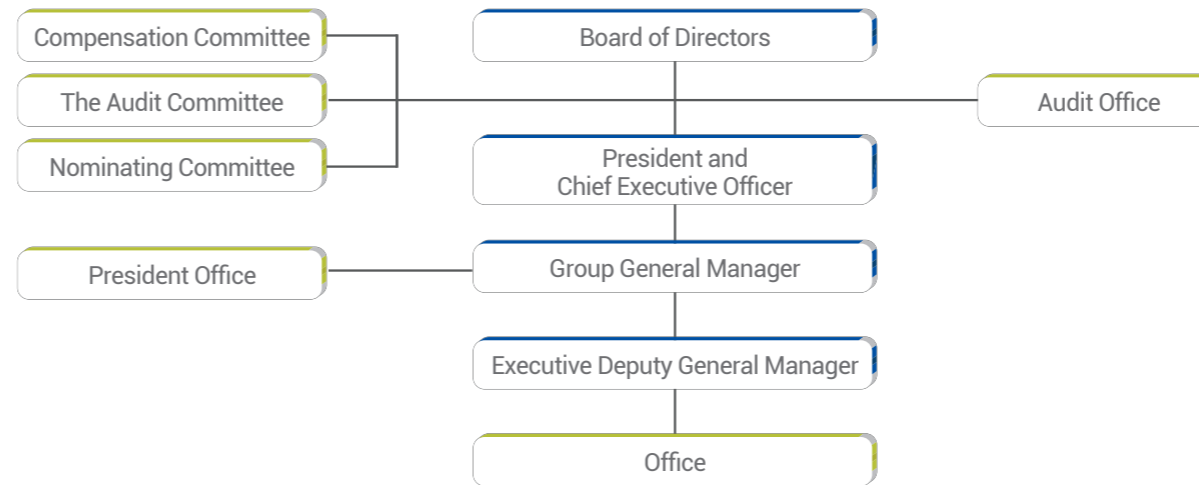
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# Operation Management



Phihong Technology believes that a sound corporate governance system is the most important cornerstone of sustainable management. Among them, the company's board of directors is responsible for guiding the company's business strategy, supervising the management performance, discussing the various operations and arrangements of the corporate governance system and taking responsibility for all shareholders. In order to ensure the effective operation of the Board and the compliance with requirements, the Compensation Committee, Audit Committee and Nominating Committee were set successively to make corporate governance more comprehensive and efficient.

**Structure of Corporate Governance**

**Board of Directors**

The ownership of Phihong Technology is under the control of the general board of shareholders. The board members and supervisors are elected by the shareholders' meeting on June 14, 2017 and given a term of three years; there are a total of 11 directors (containing 3 independent directors), including 1 female member of the board of directors.

Please refer to Corporate Governance in Investors from the [company's official website for the background information of all directors and supervisors.](#)

The corporate governance of Phihong Company is entrusted to professional managers appointed by the

board of directors with the remuneration determined by the salary compensation committee appointed by the board of directors. The remaining supervisory positions are authorized by the managers in question. Board meetings are held at least quarterly to oversee internal control policies and procedures, review business performance and discuss important strategic issues; in the event of a conflict of interest, an avoidance of the rule of law will be performed and the content of the proposal will include the name of the director, the reason for the interest, and participation in the voting in order to make a complete record for the company's best interests.

Phihong Company held 6 board meetings in 2018, and the directors' attendance rate was 81.82%. In addition,

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the company won the pre-existing “6% to 20% of the company” in the results of the 5<sup>th</sup> Corporate Governance Evaluation of 1,554 publicly listed companies. The result of 2017 has stepped one notch ahead in comparison with the 4<sup>th</sup> Corporate Governance Evaluation.

### Compensation Committee

A Compensation Committee is set up to assist the Board of Directors in implementing and evaluating the company's overall compensation and welfare policies, as well as the compensation of the Board of Supervisors and managers. Such Committee holds at least two regular meetings a year. This Committee consists of three independent directors, and Mr. Hong Yu-yuan was appointed as the chairman of the meeting. In 2018, two compensation committees were held, and the attendance rate was as high as 83.3%.

### Audit Committee

An Audit Committee is established by Phihong's Board of Directors according to law on June 14, 2017, aiming at supervising the company's financial statements, the selection for independent and valid auditor, the effective implementation of internal control of the company, the company's compliance with laws and regulations and the presence or potential risks of the company. The Audit Committee consists of three independent Directors and is held at least once every quarter. In 2018, total six audit committees were held, and the attendance rate of auditors was as high as 88.89%.

### Nominating Committee

A nomination committee was set up by the Board of Directors of Phihong on August 11, 2017, which aims to formulate the diversified background and independence standards of professional knowledge, technology, experience and gender required in the selection, assessment and nomination of candidates for Directors and Independent Directors, constructing and developing the organization structure of Board of Directors and each Committee, conducting the performance appraisal of the Board of Directors and each of the Directors, assessing the independence of the Independent Directors, formulating or reviewing the Director's progress plan, and setting up the Company's corporate governance code of practice. The Nomination Committee consists of three Independent Directors who meet at least twice a year. In 2018, a total of 2 nomination committees were held, and the attendance rate of nominating members was as high as 83.3%.



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## Risk Early Detection

### Principle and Policy of Early Detection in the Organization

The relevant units of our company will review the changes and risks of the domestic and international operational environment at any time, strictly follow the government regulations and company system and continue effectively controlling the risks as follows:

Internal Control System: In 2018, Phihong performed a total of 52 audits, and tracked and checked the failure in the operation audit items quarterly until 100% improvement was completed. The company has established an internal control system by law and set up an Audit Committee attached to the board of directors. The audit supervisor shall attend the board of directors meeting to report and regularly report to the Audit Committee about the audit operations to help ensure that the design and implementation of the internal control system remains effective and can maintain a healthy operation for the company to ensure that the following internal control objectives are achieved.

### Risk Management

Risk management is not only the guarantee and responsibility for all stakeholders, but a necessary means for sustainable management as well. Since its establishment in 1972, Phihong Technology has experienced nearly 47 years of market testing. In the face of rising global risks, in addition to careful adherence to various laws and regulations, effective risk management strategies and crisis control measures are also necessary tools to deal with operational risks. It is important to comply with government regulations and company systems as well as to continuously assess changes and risks in the domestic and international business environment.

After evaluating the Company's various operations, Phihong divides the risks into four major aspects: internal audit control, financial risk, information risk and operational risk, and manages the methods and risk response steps for various risk planning personnel with an expectation to minimize the uncertainty of business operations. The various risk management instructions are as follows:

1. Operational effectiveness and efficiency.
2. Reliable, timely, transparent reports that comply with relevant regulations.
3. Follow the relevant laws and regulations.

Audit frequency	Audit items
1 time / month	Derivative commodity investment operation
1 time / season	Operations of endorsement guarantees and loan lending
1 time /year	1. Relational transaction management
	2. Budget operation
	3. Supervision operation for subsidiaries
	4. Compliance regulations
	5. Management of the operation of the Board of Directors
	6. Management of the financial statement preparation process - including applicable international finance, management of reporting standards, accounting professional judgment procedures, accounting policy and process of estimating changes
	7. Prevent the management of inside transactions
	8. Safety operation of information
	9. Operation for acquiring or disposing of assets
	10. Management of the Remuneration Committee
	11. Sales and collection cycle
	12. Procurement and payment cycle
	13. Payroll cycle
	14. Real estate, plant and equipment cycle
	15. Financing cycle
	16. Investment cycle
	17. Computer processing operation cycle
	18. R&D cycle
2018 Achievement rate of default, tracking, improvement	100%

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### Ethical code of conduct

Phihong Taiwan has converted the [Corporate Ethics and Business Conduct Guidelines] into a digital course in 2015 and defined it as a compulsory course for all staff. At the same time, it requires all employees to sign the [Intellectual Property Rights and Confidentiality Agreement]. Education training and full-time advocacy will be conducted from time to time for employees' ethics-related issues, such as anti-corruption or intellectual property rights protection. Our basic concept will not shake because of changes in time, products, employees, and customers. Even when facing environmental pressures, we will never compromise, either. In addition, Phihong Technology treats partners, suppliers and subcontractors fairly and honestly, and does not discriminate against any companies or individuals that may damage the reputation and illegality of the Company.

Course Title	Course Type	Course Hours	Participants	Qualified Participants
Newcomer training: Phihong Corporate Social Responsibility Practice Sharing	Classroom course	1	38	32
Corporate Intellectual Property Law Professional Workshop	External training course	18	1	1
Workplace Ethics - Corporate Ethics and Business Conduct Guidelines (Part 1)	Online course	1	71	67
Workplace Ethics - Corporate Ethics and Business Conduct Guidelines (Part 2)	Online course	0.5	71	65

To implement the training of RBA 6.0 (Responsible Business Alliance Code of Conduct), Phihong's Dongguan Electronics Co., Ltd., Tie Song Factory and Dongguan Dahong Electronics Co., Ltd. have incorporated the RBA into the training courses of new employees, so that new employees can acknowledge Phihong's intention to implement RBA. At the same time, the employed warehouse management and cashier employees were also required to sign the "Employees' Guarantee". The Company holds an annual corporate social responsibility award-winning knowledge contest, which covers topics related to human rights, anti-corruption, and integrity management so as to effectively improve employees' understanding of social responsibility.

Course Title: Responsible Business Alliance Code of Conduct	Training Participant	Number of Participants	Course Hours	Proportion of Qualified Participants
Phihong (Dongguan) Electronics Co., Ltd.	Junior staff	9225	9225	100%
Phihong (Dongguan) Electronics Co., Ltd. (Tie Song Factory)	Serving officers	388	683	100%
Dongguan Dahong Electronics Co., Ltd.	Junior staff	7575	7575	100%

### Financial Risk Control

hiong Technology does not engage in high-risk, highly leveraged investment activities with exchange rate risk of a natural hedging approach and with investment in short-term idle funds mainly based on monetary funds and deposits with liquidity, principal and income. In addition, the Company utilizes the application of financing quotas to financial institutions and the issuance of convertible bonds and corporate bonds to the capital market to support its working capital and long-term capital expenditures.

### Information Risk Control

In order to protect the company, personal information, internal and external communication systems as well as to avoid human factors such as leakage, theft, damage, and natural disasters, and to reduce the impact on operations, Phihong Information Risk Management practices are as follows:

- Off-site drills: Conduct an off-site rehearsal of the information system twice a year to ensure that the system can be restored in the shortest possible time if the data is damaged and cannot be used due to the occurrence of natural disasters (such as earthquakes, floods, fires, etc.).
- Dedicated line backup: The external line is leased from two telecommunications companies to make sure that, when one line is out of order, there is still another line that can be used to ensure normal operations.
- Password management: Quarterly and systemically mandate users to change the password for the log in to the company's corporate portal password to reduce the risk of password theft.



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### Operational Risk Control

Having well known that uncertain risks such as natural disasters and accidents have a potentially significant impact on the company's normal production operations and employee life safety, Phihong Technology therefore continues to manage the scope of disaster risk with a positive attitude of prevention and management. By implementing the implementation of safety regulations and rigorous risk management plans, the Company is committed to meeting the highest standards of power industry safety. To ensure that the Company can recover and reduce the property damage as well as maintain company reputation and employee safety from normal operations after disasters (including fires, earthquakes, typhoons, water cuts, power outages, wars, political turmoil, terrorist attacks, food poisoning, legal infectious diseases, environmental pollution, etc.), Phihong Technology uses insurance to respond to and transfer risks. In 2018, the Company bought insurances for commercial fires, cargo transportation, product liability and public accidents to ensure that the damage or loss of underwriting property caused by unexpected and unexpected accidents will be reduced during the insurance period. That is, the operational risk and possible losses of the Company are minimized through insurance planning and fixed premium expenses.

Insurance planning	Product liability insurance	Cargo transportation insurance	Commercial fire insurance	Property insurance
Range	Phihong Group		Phihong Taiwan	Dongguan factory
Insurance amount	NT\$59 million ~ 357million	NT\$11.6 billion	NT\$938 million	NT\$6.874 billion
Total premium	NT\$3.2403 million			

### Management with Integrity and Anti-corruption

Phihong Technology Co., Ltd., Phihong (Dongguan) Electronics Co., Ltd., Phihong (Dongguan) Electronics Co., Ltd. (Tiesong Site), Dongguan PHITEK Electronics Co., Ltd. have assessed the major risks in procurement such as inappropriate acceptance of gifts or money/bribes in exchange for the preferential treatment of the supplier when it comes to bidding for projects. The company's procurement staffs and suppliers have been aware of the company's anti-corruption and anti-bribery policies and 72% of our core suppliers in 2018 have signed the "Integrity Commitment", which is 3% higher than in 2017. In 2018, no corruption incidents were confirmed or any action was taken for that.

### Response to Climate Change

The extreme climate risks caused by global climate change are rising, and the frequency and scale of disasters are also increasing. When facing the curb of 2°C climate action target set out by the global climate conference COP21 "Paris Agreement", Phihong Technology began to actively introduce greenhouse gas examination in Dongguan plant in 2010, and starting from 2016, expanded the examination to all factories in Dongguan; therefore, 2016 was also set as the base year for accounting the emissions of greenhouse gas and we have also set up rooftop solar energy in the new plant in Tainan, which has generate electricity for 5 years and all electricity was used in the factory. All above have created value and turn the crisis into an opportunity to cope with the damage and threats to the environment and reduce such damage. After the assessment, the Company has listed the impacts and potential opportunities of the relevant risk issues in the "Climate Change Risk Assessment Form" on the next page.

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## Climate Change Risk Assessment Form

Climate change risk	Shock or threat	Solution	Potential opportunity
<p>Energy supply</p> <ul style="list-style-type: none"> <li>• Energy prices have risen sharply</li> <li>• Interruption of energy supply</li> </ul>	<ul style="list-style-type: none"> <li>• Process: Higher energy cost, and the energy demand peaks causes production disruptions.</li> <li>• Supply chain: carbon prices lead to higher raw material and increased transportation costs</li> <li>• Market: Increased operating costs and impact on market share; high energy-consuming products are not favored.</li> </ul>	<ul style="list-style-type: none"> <li>• The Dongguan plant introduced a greenhouse gas examination in 2010 and it is expected to achieve a reduction of more than 5% in 2020 with 2016 as the base year.</li> <li>• Set energy conservation goals and make good use of government energy-saving diagnostic service resources for improvement measures.</li> <li>• Using renewable energy; rooftop solar energy was set up when the new Tainan plant was built in 2015. It is now officially in service, generating an average of 30,000 kWh per year to reduce carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote green products or renewable energy to mitigate climate change.</li> <li>• Discover opportunities arising from regulations, and not just pay attention to costs and risks.</li> <li>• Consider climate change strategies as a key competitive advantage.</li> </ul>
<p>Resource shortage and input cost</p> <ul style="list-style-type: none"> <li>• Water shortage impact</li> <li>• Water prices have risen sharply</li> <li>• Material price has increased drastically</li> </ul>	<p>Process: Reduced water availability and the impact on operations.</p> <ul style="list-style-type: none"> <li>• Supply Chain: Suppliers are limited by water resources, which lead to increased process input costs.</li> <li>• Market: Increased operating costs affecting market share.</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to water-saving management on weekdays, the three-phase response measures are planned to maintain operations for the limited period of water restriction so as to reduce the impact on the company when drought occurs.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural disasters lead to increased demand for product replacement</li> <li>• Obtain support from investors, customers, and stakeholders through public disclosure.</li> </ul>
<p>The increase of extremely high temperature days</p> <ul style="list-style-type: none"> <li>• Cooling system load aggravation</li> <li>• Electrical equipment is overheated</li> <li>• Heat waves affect employee's attendance</li> </ul>	<ul style="list-style-type: none"> <li>• Assets: Accelerated damage to assets, low efficiency of electrical equipment, damage to temperature-sensitive equipment, increased cost of additional cooling equipment, and compromised quality.</li> <li>• Supply chain: product quality is affected.</li> <li>• Labor: Increased staff absenteeism, workplace overheating, reduced productivity, difficulty in maintenance and skill training.</li> </ul>	<ul style="list-style-type: none"> <li>• Green manufacturing: It is strictly forbidden to purchase or use raw materials and conflict minerals that are harmful to the environment. At the same time, major suppliers are required to cooperate with the green manufacturing policy and strengthen relevant audits.</li> <li>• Import the "demand management function" of the intelligent power management system to achieve the goal of optimizing the contract capacity.</li> <li>• Use insurance to respond to and transfer related risks, including commercial fire insurance, property insurance, cargo transportation insurance, product liability insurance, etc.</li> </ul>	
<p>Extreme weather event</p> <ul style="list-style-type: none"> <li>• Infrastructure capacity</li> <li>• Disaster emergency rescue</li> <li>• Whether the insurance is sufficient to cover the damage caused by the disaster?</li> </ul>	<ul style="list-style-type: none"> <li>• Operations and assets: assets are damaged and energy supply is unstable which will result in disruption of operations.</li> <li>• Supply chain: the raw materials and goods are affected and the delivery is delayed.</li> <li>• Labor: additional management costs and employees are unable to go to work.</li> </ul>		

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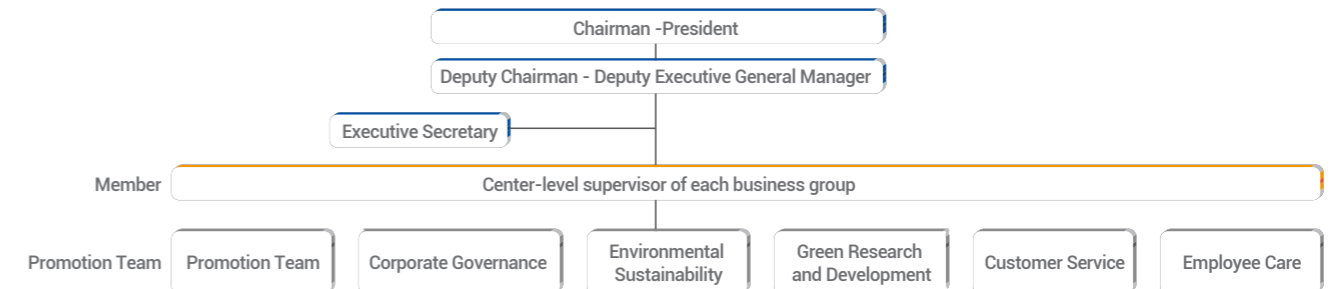
## Sustainable Development and Promotion

Having always adhered to the corporate culture and spirit of fulfilling corporate social responsibility as well as taking into account the innovation and growth of the industry, Phihong Technology has been issuing an annual report on corporate social responsibility since 2009. In order to expand the corporate social responsibility initiatives, promote the sustainable development objectives and development direction, Phihong Technology formulated the "Regulations for Establishing Corporate Sustainable Development Committee" in 2014 to set up the "Corporate Sustainable Development Committee" to promote and review the achievement of goals and performance of various issues as well as to disclose the Company's performance in corporate social responsibility through the annual corporate social responsibility report.

The operation of Phihong Corporate Sustainable

Development Committee also includes the editing of the Corporate Social Responsibility Manual and the Corporate Social Responsibility Management Program which includes the GRI (Global Reporting Initiative) "G4 Resiliency Reporting Guide" and the AA1000 (2008) in the annual disclosure indicators. After being revised, it will be included in the management content of the discussion as well as in the management of related issues of the annual

major sustainability indicators. The Committee has seven teams responsible for the promotion of relevant issues of "Corporate Governance", "Green R&D", "Supply Chain Management", "Environmental Sustainability", "Customer Service", "Employee Care" and "Social Participation". The functions and purposes of each group are described as follows:



Promotion Team	Function and Purpose
Corporate Governance	Assist in strengthening the functions of the Board of Directors, pay attention to the rights and interests of shareholders and stakeholders, and integrate relevant departments to formulate various rules and systems for corporate governance, assist in the implementation of internal control, ensuring transparency of information disclosure and compliance with relevant laws and regulations in order to practice the core values which include integrity, transparency of information, concentration on shareholders' rights, and good internal control.
Green research and development	With green design as the core value of product research and development, Phihong Technology continues to develop an innovative design and green process, produce green products, reduce the negative impact of product life cycle on the environment, and improve market competitiveness.
Supply Chain Management	With green design as the core value of product research and development, Phihong Technology continues to develop an innovative design and green process, produce green products, reduce the negative impact of product life cycle on the environment, and improve market competitiveness.
Environmental sustainability	Responsible for integrating the company's environmental protection processes as well as the safety and health management work, formulating environmental safety performance indicators, promoting waste reduction and resource reuse, greenhouse gas reduction and other projects, and cooperating with the Green Production Committee to promote various green processes and supply chain management activities.
Customer service	Think from the customer's standpoint to provide customers with higher quality, lower cost and faster products and services, and to achieve management goals that create the highest value for customers.
Employee care	Focus on employee communication and functional development, provide competitive compensation and benefits, and strive to improve and diversify life balance measures to create a good, safe and harmonious workplace environment.
Social participation	Enhance communication with the external community and society, and combine the external public welfare resources with "education", "art", "public interest" and "environmental protection" as the main axis to continuously promote the cooperative development of scientific and technological research and development along with long-term education assistance, arts and cultural activities

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## Sustainable Development

Under the three major areas of corporate social responsibility, including corporate governance, environmental protection, and social participation, Phihong Technology has long been engaged in the management of stakeholders such as shareholders, customers, suppliers, employees, government agencies, operating communities and the general public. The Company's long-term deep-rooted management and unrelenting efforts have demonstrated significant results, implemented improvements, and followed through with commitments and policies with all stakeholders:

- Create company value and increase the profitability of investors and stakeholders.
- Maintain good corporate governance, adhere to ethical integrity, and comply with legal norms.
- Provide employees with a safe and healthy working environment and encourage employees to participate in social welfare activities.
- Commit to promoting the concept of corporate social responsibility, and work with partners
- Develop and manufacture "Hazardous Substances Free (HSF)" and environmentally friendly energy-saving products as well as implement the responsibility to mitigate environmental impacts as a global citizen.

The above commitment is the goal and direction of Phihong to implement corporate social responsibility, as well as to expand the depth and breadth of related activities in daily operations, set up various indicators, regularly track performance as a reference for improvement, and immediately disclose relevant information to ensure the communication quality between internal and external organizations.

### CSR Education Advocacy

In order to ensure that all employees can understand CSR and fulfill the responsibility clause in RBA, Phihong Taiwan, in addition to including the "Phihong Corporate Social Responsibility Practice" theme in the preemployment training compulsory course and post-class assessment in 2015, has also used the digital learning platform to publish the "Phihong Technology e-Newsletter" and occasionally launch corporate social responsibility-related lectures as well as encourage employees to participate in social welfare activities and to receive other information for increased employee awareness of CSR-related issues and training. The course is as follows:

Internal training	<ul style="list-style-type: none"> <li>• 2018 Course Series for Newcomers - Introduction to Corporate Social Responsibility/1 hour</li> <li>• 2018 Gender Respect and Intelligent Parents &amp; Children / 2 hours</li> <li>• CSR Total Training person hours: 90 hours</li> </ul>
External training	<ul style="list-style-type: none"> <li>• Corporate Sustainable Elite Training Course (Preliminary)/ 7.5 hours</li> <li>• Corporate Sustainable Elite Training Course (High Level)/ 7.5 hours</li> <li>• 2018 GRI Certification Training Course/ 19.5 hours</li> <li>• CSR Total Training person hours: 54 hours</li> </ul>
Online course	<ul style="list-style-type: none"> <li>• Workplace Ethics – Corporate Ethics and Business Conduct Guidelines (Part 1)</li> <li>• Workplace Ethics – Corporate Ethics and Business Conduct Guidelines (Part 2)</li> <li>• Total Training person hours: 99.5 hours</li> </ul>



Besides the above training courses, Phihong has also uploaded from time to time the relevant information about participation in CSR activities and public welfare activities to, Phihong Technology official website and Phihong Technology CSR Fans on Facebook. The interactions among the employees willing to take part in the experience has also increased the staff's cognition of CSR-related issues and improved volunteerism in CSR activities.

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## Regulations Compliance

1. Pihong Technology is self-proclaimed as a law-abiding enterprise by attaching great importance to complying with various laws and regulations. In addition to reaffirming ethical standards such as business ethics, corporate governance, and employee morality and ethics from time to time, the Company also adheres to the laws and regulations of the place of operation in good faith. This is the role and responsibility of Pihong Technology as a citizen of the world. Pihong Taiwan has a legal office to assist employees in clarifying various legal issues. In case employees have violated laws, labor safety regulations or other regulations, labor contracts and business ethics, Pihong Technology will also punish the said employees according to the relevant laws and disciplinary measures.
2. Pihong Technology follows the standards of international regulations and customer requirements, such as EU REACH, RoHS, etc., and exerted its utmost efforts for environmental protection. In 2018, Pihong Technology didn't have any violations below nor has ever been fined.
3. (1) Incidents about regulations on the health and safety impacts of products and services and voluntary guidelines
4. (2) Incidents about regulations on the information and labeling of products and services and voluntary guidelines
5. (3) Incidents about marketing (including advertising, promotion and sponsorship), customer privacy and voluntary guidelines

Regulations Compliance	
Environmental compliance	In 2018, Pihong Technology did not have any major leakage incidents, nor did it have any major violations of environmental laws, penalties for environmental violations or fines.
Labor regulations compliance	Pihong Technology follows the Labor Act, and was without child labor incident in 2018, nor were there any human rights-related cases involving discrimination against Aboriginal rights and complaints through formal mechanisms. Each employee signs a written labor contract in accordance with the law at the time of employment. The contract also states that the employment relationship is established on the basis of the agreement between the two parties and is regularly reviewed and controlled. In 2018, there was no relevant violation of the penalty; there were no human rights related reviews and impact assessments.
Compliance with regulations relating to product labeling, marketing, etc.	In terms of product marketing, whether in advertising, publication, press release, or sponsorship activities, product marketing is subject to fair competition regulations. The legal department of the Company also conducts relevant training for marketing and business units and promotes the necessity for colleagues to conduct business activities in a proper manner. Colleagues are also reminded not to improperly obtain sales nor to conduct illegal activities such as vicious mergers, predatory pricing or market barriers. In addition to the requirements of the above regulations, any labeling and product information must be reviewed by the sales, R&D and marketing departments before being disclosed and then released so that we can ensure the correctness of the contents.
Anti-competition Antitrust and anti-monopoly	In 2018, Pihong Technology was not involved in any lawsuits related to anti-competition antitrust or anti-monopoly.

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# Environmental Protection

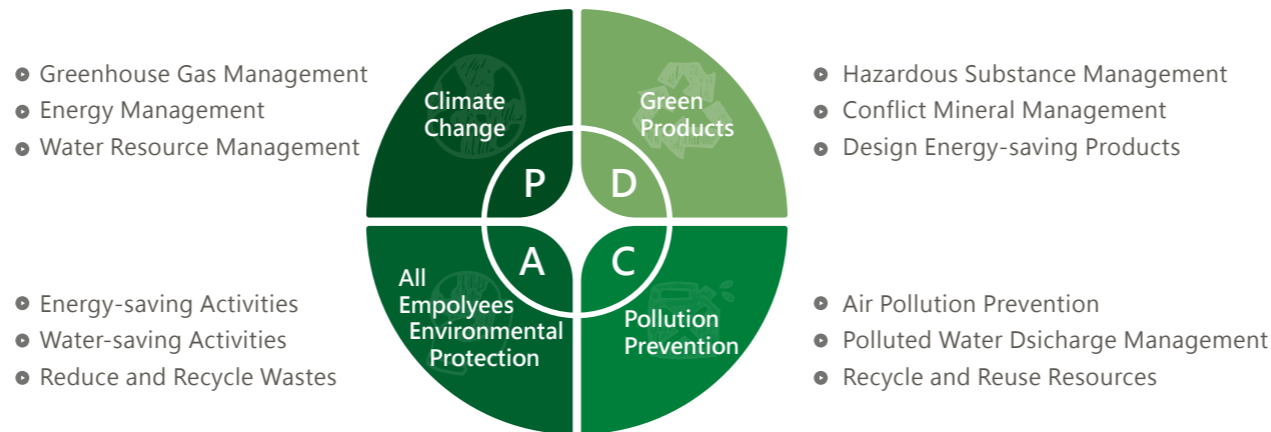
## Environmental Protection Policy:

Environmental protection plays an important role in corporate social responsibility that's why saving energy, reducing carbon and greenhouse gas emissions have become the most important issues for all citizens of the world. In order to support government environmental protection policies and to fulfill its social responsibility, Phihong Technology has been continuously committed to promoting not only energy saving and carbon reduction but also producing green products to create services with green value. We also inculcate in our employees a culture of environmental protection, inspect the environment every day and assess the office environment every month, enabling our colleagues to form the habit of saving energy, reducing carbon and implementing environmental management in their daily lives.

## Environmental Protection Certification:

Phihong Technology obtained the environmental management system ISO 14001 certification in 1997 and has arranged the external audit every year from then on. In September 2018, the company has passed the new edition of ISO 14001:2015 and started to have a comprehensive control of raw materials, processes, products, services and waste management to effectively manage issues with potential negative impacts on the environment or any non-compliance with the regulations.

At the same time, Phihong will keep incorporating environmental sustainability initiatives into the management system and through communication with stakeholders, effectively deal with the climate change, green product trends, pollution prevention and other major environmental issues, which will be implemented in daily business activities.



## Promotion and Implementation of Environmental Protection Education:

With systematic organization and educational training, Phihong has implemented environmental protection education, environmental protection activities, lectures about body and mind health, etc., to expand and to deepen the environmental protection actions, and to promote the participation of all employees in environmental protection.



Phihong Technology cleaned up the coastal garbage to reduce pollution of marine resources, and worked together to protect the beautiful ecology of Taiwan's coastlines.



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## Green Products

Phihong has referred to not only the international environmental protection standards but also the multi-customer control standards to set up a complete set of management methods for Phihong hazardous substances: "Control Standards for Environmental Management of Substances". Providing environmentally friendly and safe products is the commitment and responsibility of Phihong towards its customers; from the selection of materials of products in the design and development phase to producing and selling the products, Phihong has strictly checked each step to ensure that the products have complied with international environmental regulations and met the needs and expectations of customers and users.

The content includes RoHS, REACH, no addition of red phosphorus flame retardants and halogen. Moreover, the EU has introduced the RoHS Directive 2015/863, which incorporates the standard for banning the use of four plasticizers (Phthalates), BBP, DBP, DIBP and DEHP, which has been officially implemented since January 1, 2019. Starting from December 1, 2017, Phihong has required all suppliers to provide RoHS test reports for Substances of Very High Concern (SVHC) set in ECHA when admitting parts and updating reports. The list of SVHC should be updated every six months and 183 items of SVHC were listed substances in 2017, and the list of SVHC proposed in September 2018 were officially approved on January 15, 2019; so far there are a total of 197 items of SVHC that are currently regulated and under control.

In 2018, Phihong Technology has developed a total of 411 products, from which 100% have complied with WEEE specifications. Among them, there are 334 cases of lead-free (RoHS) models and 67 cases of Halogen Free (Halogen Free) models.

In addition to quality control of product material, Phihong Technology adheres to the essential principle of complying with the law in its product development and technology and is committed to increasing energy efficiency

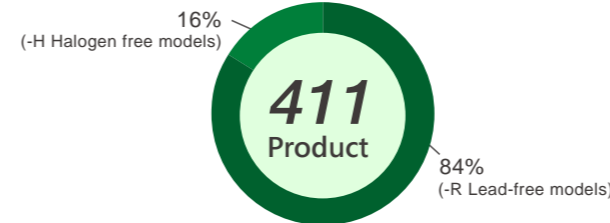
and developing products which can save more energy and reduce more carbon. The company keeps complying with the EU's non-mandatory requirements (CoC: product efficiency must be increased by 3-5% while low standby power is reduced by 75mW). In order to save energy and reduce carbon, the performance of most of the new products developed in 2018 has been designed to have a 2% margin increase over the 2017 models such as 10W, 13.5W, 25W and other models. Their development has been completed by the end of 2018 and put into mass production, which complies with the principle of energy saving and carbon reduction and meets customers' expectations.

For the Universal Serial Bus Power Delivery (USB PD) and Type C connector interface models, Phihong has developed a new generation of more compatible products. After the mass production of models which can withstand current 3 A, the company has continued to develop models which can withstand current 5 A in 2018 to enable the power supply to receive or supply more current, higher voltage (5 - 20V) and higher power capability, which can charge the computer or mobile devices more quickly and create a perfect voltage output the devices require with power capability from 60W to 100W with more extensive use.

Viewing the miniaturization of power supply, which saves raw materials (such as plastics and hardware) the reduction of environmental pollution and increased demand, Phihong is committed to planning and implementing the miniaturization of a series of power supplies, from which most models can shrink in size at least by 10% and some models such as 25W can even shrink in size by more than 35%.

Phihong Technology has dedicated itself to developing automated produced products to reduce hand-inserted parts or manual operations (such as glue dispensing) and to increase the ease of manufacturing so that we can increase the proportion of production automation avoid human negligence, and eventually improve product quality while saving energy and protecting the environment.

Phihong Technology has kept developing power products with new technology GaN in 2018 because it has advantages like small stray capacitance, low drive current, fast switching speed, high efficiency and low power loss. Under high frequent operation, the voltage transformer can shrink in size and get miniaturized with greatly reduced power supply size with the same power output. We expect to create more revenue through the performance of next-generation power products and make more progress in energy saving and carbon reduction.



All of the above models are in compliance with the WEEE specification, which can achieve a recoverability of more than 80%, and some models even can achieve a recoverability of more than 90%



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## Green Products

### EV(Electric Vehicle)Product Development

With the rising global awareness of the importance of environmental protection, countries around the world have legislated to promote electric vehicles. With its world-renowned power conversion technology, Phihong Technology has successfully developed a series of energy-efficient electric vehicle charging solutions, including DC charging stations (pillar-like or mobile), AC charging stations (wall mounted or pillar-like or mobile), advertising push electric vehicle charging stations, DC charging module, auxiliary power supply, communication module, etc. for electric buses, electric passenger cars, logistics vehicles, and various special vehicles, to actively meet the fast charging field of large watt electric vehicles.

In early 2018, Phihong Technology participated in the "Innovation Award Competition" organized by the Taiwan External Trade Development Council where a total of 126 works was put on display. Phihong EV charging stations has not only won the Bronze Award of the Innovation Award but also was the only winner among the same industries.

Phihong has developed charging stations with corresponding equipment specification according to the charging specifications in different countries. So far they have been used in Asia, America and Europe. In America, we have worked together with newly established Taiwanese operators to build Phihong charging stations at Sheraton Disney Hotel in Los Angeles which enabled visitors in Disneyland to charge their electric vehicles more easily. In Europe and China, we have relied on the hardware and software R & D team to customize the appearance and internal details of the electric vehicle charging stations to meet car factory requirements and then to combine it with the car body design to promote in the market.

In order to create a more friendly charging environment, Phihong has strategically cooperated with many companies with years of experience in the EV industry, and then planned and actively installed charging stations in northern, southern and central Taiwan, including large public parking lots to provide all EV users in Taiwan with a complete and most reliable charging network environment. Regardless of the public constructions or the implementation of the project of establishing charging

stations around Taiwan, green energy and environmental protection both play the most important role in Phihong's corporate social responsibility.

In addition to cooperating with service providers and car manufacturers to promote EV charging equipment, Phihong Technology has also started to work together with the government in recent years to build charging stations in compliance with plans promoted by the government. As far as the Taiwan market is concerned, in response to the policy of carbon reduction, local governments have begun to establish relevant strategic facilities recently. For example, in 2018, the Taichung City Government and Phihong Technology have built about 22 electric vehicle charging stations in local parking lots for the public to use easily. The number of charging stations are still growing and 50 Phihong charging stations are expected to be built in the second half of 2019. According to the statistics of the use of charging stations, the company's products have charged various electric vehicles with more than 5 million kWh in different countries in 2018, and the carbon has been reduced by more than 3,000 metric tons. (calculated as an average emission of 0.6kg CO2 per kWh). In order to charge quickly with high efficiency, Phihong charging stations use Digital Control, which can adjust the output voltage according to the charging voltage that different EVs require; Besides, it is expected to introduce DC charging equipment with water cooling module. In comparison with the current wind cooling system, the equipment is much quieter in operation and the voltage can be widely used in more diverse types of vehicles. Moreover, according to the vision of all buses in Taiwan being electricity-powered by 2030, Phihong also continues to provide many electric bus manufacturers with DC charging equipment for testing and actual operation.

According to the requirements of national charging safety regulations, recently part of our charging stations have obtained the certifications of Taiwan CNS, China GB, US UL, European CE and Japan CHAdeMO. We expect to obtain more safety certification from more countries for our products in 2019 and to use the accumulated power conversion technology for many years with the professional software and hardware R&D teams. Moreover, in line with market demand, we hope to continue launching more environmentally friendly products

in various regions. Besides, with the application for the above certification and projects that enhance the performance of charging stations, Phihong received a subsidy of NT\$1.1 million from the Ministry of Economic Affairs in 2018.



"Innovation Award Competition" organized by the Taiwan External Trade Development Council in 2018



2018 Taipei Shin-Shin Bus Company



2018 Taichung U Bus Fongyuan Bus Station - Flora Expo



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## Energy Saving and Carbon Reduction

In 2018, the overall electricity consumption of Phihong Taiwan decreased by about 6% compared with 2017. In order to achieve the goals of reducing global warming, maintaining environmental sustainability and corporate competitiveness, Phihong Taiwan invited the “Energy Conservation Team of the Ministry of Economic Affairs” to its Linkou Headquarters and the Tainan Plant for energy-saving diagnostic services. The diagnostic team made recommendations regarding saving energy measures related to electromechanical, lighting, air conditioning, elevators, etc., and Phihong completed the improvement on a case-by-case basis according to the recommendations of the experts. In 2018, the energy saved in the Linkou headquarters for the whole year was more than 198,000 kWh (10.4% reduction) in electricity consumption, amounting to NT\$ 422,800 (7.1 % reduction) in electricity costs which was earlier than the target we set of saving more than 5% by 2020 with year 2016 as the base year.

Phihong Taiwan Power Savings Results Table (Linkou Headquarters)

Year	2016	2017	2018	Difference from 2016	Percentage Of difference from 2016
Electricity consumption (degrees)	1,896,016	1,805,000	1,698,300	↓197,716	↓10.4%
Electricity bill (NT\$)	5,976,380	5,660,362	5,553,606	↓106,756	↓7.1%

### Energy Management

Phihong Technology not only implements green design, but also promotes this policy and concept to the entire major production plant to develop high-performance, high power-density products. At the same time, it strengthens management through regional power usage monitoring system and improves energy efficiency in the

process so as to achieve the goal of reducing energy consumption and thus promoting sustainable development. In terms of energy consumption, Phihong Taiwan uses electricity as its main source of energy. The Dongguan plant mainly uses electricity, supplemented by petrochemical energy (diesel) to ensure the backup of electricity as well as the supply of natural gas for the people. In 2018, the energy consumption statistics of the Dongguan plant area increased slightly compared to 2017. Although the power has increased by 2.4%, the consumption of fuel and gas has continuously decreased, so the emissions were included in the Company’s emissions.

Energy Resource Consumption Table

Unit: Joule (GJ)

Energy Category	2016		2017		2018	
	Phihong Taiwan	Dongguan Factory	Phihong Taiwan	Dongguan Factory	Phihong Taiwan	Dongguan Factory
Electricity	10,150	111,117	10,022	116,477	9,185	119,274
Diesel	-	136	-	443	-	121
Gas	-	300	-	128	-	116

Note: Conversion factor of diesel: 10,200kcal/kg, gas: 9,310kcal/m3, electricity: 3,600,000J/kwh, 1Cal=4.1868J

Note: with the new technology of two stage air compressor, now only with 2 sets of 110KW we can produce compressed air instead of the originally used 4 sets of 75KW. During the period from April to December 2018, we have saved 627,728KW-H which was about 562 tons of CO2 emission, equivalent to 749 tons of CO2e emission reduced in a year.

### Energy Intensity

Phihong consumes a relatively simple type of energy in its manufacturing activities. Its primary energy is electricity. Because the output value and yield in 2018 has increased compared with 2017, the total electricity consumption has increased slightly by 2.4%. However, because with the new technology of two stage air compressors, now we can produce compressed air with only 2 sets of 110KW instead of the originally used 4 sets of 75KW, so from April to December in 2018, we have saved a total of 627,728 KW · H electricity with a significant 4.4% reduction in energy intensity in 2018.

Energy Intensity	Unit	2016	2017	2018	Energy Intensity 2018 vs. 2017
		Dongguan factory	Dongguan factory	Dongguan factory	Dongguan factory
Electricity	KW · H	30,912,623	32,354,730	33,131,750	2.40%
Capacity ( Quantity )	set	174,566,552	138,318,330	157,851,908	14.12%
Energy Intensity	KW/H/ thousand set	177	233.91	209.89	-10.27%
Output value NTD	NTD	11,211,825,822	11,063,611,182	11,850,324,896	7.11%
Energy Intensity	KW/H/ NT\$10,000	27.57	29.24	27.96	-4.40%

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## Energy Saving and Carbon Reduction

### Water Resource Control

The water resources of Pihong Technology are mainly domestic water for employees. The Dongguan factory is an electronic assembly plant of which its production process does not produce wastewater, and the wastewater is derived from domestic water. The main source of water resources is tap water. The water resources management in each plant area is mainly to promote water conservation. The implementation strategy is to improve water equipment, such as installing water-saving valves in toilets and introducing water-saving faucets for life-saving measures. Wastewater treatment, operations and plant wastewater discharge meet local government regulations. In 2018, Pihong's overall water consumption in Taiwan increased by 11.1% compared with 2017 and the water consumption of the Dongguan factories has decreased by 1.6% compared with 2017 but the average water consumption per person has increased by 1.8%.

Water Consumption Table

Energy category (unit)	2016		2017		2018	
	Pihong Taiwan	Dongguan Factories	Pihong Taiwan	Dongguan Factories	Pihong Taiwan	Dongguan Factories
Water consumption (tons)	14,488	702,344	11,326	632,949	12,741	622,799
Number of employees	464	4,936	459	5342	453	5510
Water consumption intensity (ton/person)	31	142	24	111	28	113
* Wastewater Discharge (ton)	13,039	632,110	10,193	535,404	11,467	560,519

Note: The water consumption intensity in 2018 is calculated in reference to the "average number of employees" in 2018.

### Greenhouse Gas Emission

Pihong Technology implements and integrates carbon management to track carbon emissions through the inventory of greenhouse gas (GHG). The direct emissions calculation includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and hexafluoride. Sulfur, nitrogen trifluoride without biogenic CO2 emissions, and is based on IPCC coefficients and calculation. The results of the inventory is not only the basis for setting internal greenhouse gas reduction strategies and for managing carbon asset but also used to examine the risks and chances of climate change so we can establish action plans and targets of carbon reduction, to incorporate into long-term business strategies.

Some of the factory sites in Dongguan have got the first inventory since 2010 through the audit by the third-party Lloyd's Inspection (LRQA). The greenhouse gas inventory is confirmed to meet the ISO 14064-1 standard thoroughly. Since 2016, the scope of the inventory has been expanded to all the factories in Dongguan, so Pihong Dongguan set 2016 as the base year for the inventory of greenhouse gas. In addition, Pihong Taiwan has also started the inventory of greenhouse gas since 2017 and has set that year as the base year for the inventory of greenhouse gas. Please refer to the emissions of Greenhouse Gas (GHG) in 2018 as shown below:

Greenhouse Gas & Carbon Emissions Chart

Category/Unit	Dongguan factory						Pihong Taiwan		
	2015	2016 ( Base year )	2017	2018	Compared with base year	Compared with last year	2017 ( Base year )	2018	Compared with last year
Direct emissions (Scope 1) / T-CO2e	650	1,135	1,195	870	-23%	-27%	13	13	0%
Indirect emissions (Scope 2) / T-CO2e	19,378	27,204	28,824	28,113	3%	-2%	1,521	1,413	-7.1%
Total emissions / T-CO2e	20,028	28,339	30,019	28,983	2%	-3%	1,534	1,426	-7.0%
Number of employees	5,294	4,936	5,362	5,510	12%	3%	460	453	-7%
Emission intensity ( T-CO2e / person )	3.78	5.74	5.38	5.26	-8.4%	-2.2%	3.33	3.14	-5.71%
Emission intensity ( T-CO2e / NTS million )	2.3	2.6	2.59	2.45	-5.9%	-5.6%	0.19	0.18	-5.41%

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## Energy Saving and Carbon Reduction

### Waste Management and Recycling

Adhering to the corporate conscience of avoiding environmental pollution caused by waste, Phihong has incorporated waste treatment into its management processes and has effectively reduced the amount of waste and prevented environmental impact. Aside from complying with environmental laws and environmental protection requirements as well as the necessary regulations for waste (sewage) water, waste gas, waste, noise, chemicals, banned substances and toxic substances, the Company has also passed ISO14001 certification as well as regularly

reviewed and disclosed environmental performance results, and has completed ISO14001 (2015 version) certification in September 2018. Regarding waste reduction, other than carbon reduction and pollution prevention, the Company strictly complies with environmental regulations in its place of operation and thoroughly implements the waste management system as well as actively carries out the methods of scrap acquisition, recycling and cleaning to reduce the volume of waste disposal. Phihong's waste generated during the operation process includes two

categories of "life wastes" and "business wastes". In this regard, we have entrusted legal vendors to properly handle them according to the regulations for the place of operation. Moreover, the Company also promotes the concept of "recycling and reduction of resources" in various factories and trains everyone to conduct waste reduction operations from the inside to the outside. In 2018, Phihong Technology did not have any major leakage incidents, nor was it penalized for any major violations of the environmental regulations.

Waste Category Table

Waste category (ton)	2016		2017 年		2018	
	Phihong Taiwan	Dongguan Factory	Phihong Taiwan	Dongguan Factory	Phihong Taiwan	Dongguan Factory
Domestic waste (ton)	27.47	3,162	26.211	2,190	28.401	2,278
Business waste (ton)	1.47	1134.49	0.696	1253.25	1.05	1289.64
Hazardous waste (ton)	-	183.84	-	233.14	-	234.59
Total weight (ton)	28.94	1318.33	26.907	1486.39	29.451	1,524.23





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## Environmental Benefits and Expenditures

The Company focuses on the rising trend of corporate environmental costs in the future and establishes environmental expenditure statistics that will serve as one of the company's management tools. The statistics on the environmental and economic benefits of the environmental accounting standards are calculated on the basis of estimated energy, water use or waste generated by the implementation of the environmental protection plan and cost savings, plus the income generated from the waste recycling. The environmental benefits presented in this report include substantial monetary income, such as waste recycling revenue and other costs saved by implementing an environmental program. The expenditure and benefit statistics of environmental protection of Pihong Taiwan and Dongguan factories are as follows:

Classification of environmental cost items	Description	2018 Annual Expenditure (NTD)	
		Pihong Taiwan	Dongguan factory
<b>1. Reduce the direct cost of environmental loading</b>			
Pollution prevention cost	Air pollution control costs, water pollution control costs, and other pollution prevention costs	30,000	1,025,800
Energy consumption cost	Cost to save resources (such as water and electricity)	60,000	50,600,000
Business waste and office general waste disposal and recycling costs	The disposal of business waste (sludge cleaning, waste solvent, wastewater, general waste disposal)	460,305	1,650,888
Reduce the indirect cost of environmental loading(environment-related management costs)	Environmental education expenditure	643,358	27,600
	Environmental management system and certification fees		
	Costs for monitoring environmental loading	29,852	1,219,468
	Personal expenses related to environmental protection special organization		
	Increased cost of purchasing environmentally friendly products	0	0
Other environmental related costs	Soil remediation and natural environment restoration costs	0	0
	Environmental pollution damage, insurance premium	0	0
	The government levies environmental taxes, environmental issues such as costs, compensation, fine, and total litigation costs	0	0
Total		1,223,515	6,444,732
<b>2. Environmental impact benefits statistical table</b>			
Project	Description	2018 Benefits (NTD)	
		Pihong Taiwan	Dongguan factory
Business Waste Recycling (NTD)	Such as electronic parts scraps, waste computer recycling revenue	14,591	14,573,755
Environmental impact benefits (ton)	Volume of carbon dioxide reduction	42.393	1,036

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# Responsible Partners

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## Customer Service

Phihong Technology Co., Ltd. caters to customers and their needs actively. With continuous improvement and report of progress to the client, the company distinguishes itself from its competitors with its innovative service and value. The company also optimizes the internal procedures and continuously improves the manufacturing process. The positive manner is implemented in the routine for enhancing its relationship with clients.

### Customer Relation Management

Phihong Technology Co., Ltd. aims to improve the efficiency in offering service and contacting with the clients. It has established the Customer Focus Team with staff coming from different departments, including the departments of R & D, Engineering, Factory, Quality Control, and Marketing. The office of the Executive Vice President coordinates how the team functions so as to fulfill the customers' requirements in design / quality / draftsmanship and special requests for delivery. The strategy ensures that both the company and the customer would benefit from the deal.

#### Customer Feedback and Service

Processing Procedure	Specific Actions	Operational Procedures	Customer Response Strategies
Reception and handling of customer complaints	<ol style="list-style-type: none"> <li>1. Customers' email/ phone number / notice of return</li> <li>2. File a customer complaint form</li> <li>3. Retrieve and register the sample from the customer.</li> </ol>	<ul style="list-style-type: none"> <li>• Response procedure for customer feedbacks</li> <li>• Complaint handling form</li> <li>• List of customer complaints</li> </ul>	<ol style="list-style-type: none"> <li>1. Collect information about the complaint to understand the customers' condition and demand.</li> <li>2. Ask the customer to send back the flawed products.</li> </ol>
Management and treatment of customer complaints	<ol style="list-style-type: none"> <li>1. Reflect on complaint from customers.</li> <li>2. Preliminary handling of minor, severe, and major customer complaint.</li> </ol>	<ul style="list-style-type: none"> <li>• Procedure for responding to Customer Feedback</li> <li>• Quality control procedure</li> <li>• 8D Regulation on operations management</li> </ul>	<ol style="list-style-type: none"> <li>1. Respond within 2 hours following the regulation on timeliness specified in article 227 of the Civil Law.</li> <li>2. Inform the customers within 12 hours when the customer complaint is related to the Hazardous Substance Free (HSF).</li> </ol>
Analysis of real factors and preliminary response	<ol style="list-style-type: none"> <li>1. Analysis of essential factors.</li> <li>2. Plans for preliminary response.</li> </ol>	<ul style="list-style-type: none"> <li>• Procedure for responding to customer complaints</li> <li>• Quality defect handling step</li> </ul>	<ol style="list-style-type: none"> <li>1. The R&amp;D unit should work with the Quality Assurance Association to analyze the fundamental factors.</li> <li>2. A preliminary response procedure or plan should be offered to the customers in accordance with the regulation on timeliness in article 227 of the Civil Law.</li> </ol>
Strategies for improvement, amendment, and prevention	<ol style="list-style-type: none"> <li>1. Track and monitor the timeliness of handling and response within the plant.</li> <li>2. The responsible unit should write the "8D Corrective Action Report".</li> </ol>	<ul style="list-style-type: none"> <li>• Procedure for handing customer feedbacks: 8D regulations on operations management</li> <li>• Quality Defect Handling Steps</li> <li>• Management procedure for corrective and preventive measures</li> <li>• Management of customer complaints</li> </ul>	<ol style="list-style-type: none"> <li>1. Make temporary and long-term plans for improvement and take corrective and preventive measures.</li> <li>2. Respond to "8D report on Corrective Action" within 7 days according to the regulation on timeliness of article 227 of the Civil Law.</li> <li>3. Report to the customers in necessary situations</li> <li>4. Trace the root cause for comprehensive improvement of the system within the project.</li> </ol>
Tracking the effectiveness / standardization and data management	<ol style="list-style-type: none"> <li>1. Improvement and Correction based on customers' complaints / tracking the preventive measures and effectiveness</li> <li>2. SOP/Standardization of regulations for inspection</li> <li>3 Maintenance and management of customer complaint system</li> </ol>	<ul style="list-style-type: none"> <li>• Procedure for handing customer feedbacks</li> <li>• Procedure for managing the corrective and preventive measures</li> <li>• Guidelines on 8D Operations Management</li> <li>• System of managing customer complaints</li> </ul>	<ol style="list-style-type: none"> <li>1. Monitor the implementation and confirmation of the correction based on customer complaints.</li> <li>2. Organize and analyze the customer complaints monthly for analysis and tracking of effectiveness</li> <li>3. File the customer complaint in the "Customers' complaint management system"</li> <li>4. Coordinate the four plants for horizontal collaboration in dealing with customer complaints to increase efficiency of handling complaints.</li> </ol>

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## Customers' Satisfaction Degree

A survey was conducted through the Internet to investigate the customers' experience and feelings about the following fourteen aspects of Pihong Technology Co., Ltd. The customers' feedbacks were the reference for optimizing the internal procedures and improving the manufacturing process so as to increase the customers' degree of satisfaction towards Pihong Technology Co., Ltd.

The survey completion rate of the 2018 Customer Satisfaction Questionnaire was 97.7% (43 questionnaires were distributed while 42 questionnaires were retrieved.) The satisfaction rate (overall) was 80%, and the average satisfaction rate was 75.8%. Compared with the results from the survey conducted in 2017, the customer satisfaction rate (overall) increased by 4.7%, and the average customer satisfaction rate increased by 0.3%. According to the survey results, clients are generally very satisfied and satisfied in terms of the company's response, customer satisfaction (overall), technical service, prompt response, problem solving, and key techniques management.

Several clients suggested that Pihong Technology should improve in terms of product pricing, which shows that the company has won recognition in terms of the research and development techniques. However, the company is expected to adjust its product delivery schedule so that the client can launch new products on time. Also, it should seek to lower the costs to meet the clients' needs. Overall, client satisfaction rate towards the company was above the acceptable standard.

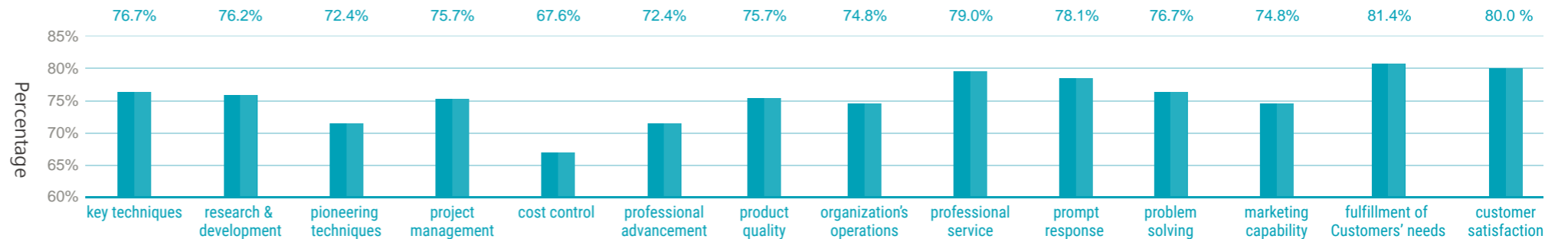
14 Criteria for Customer Service Satisfaction Survey



The Outcome of the Client Satisfaction Survey Conducted in the Past Three Years

Year	2016	2017	2018
Response Rate	97.9%	91.9%	97.7%
Client Satisfaction (Overall)	77.0%	75.3%	80.0%
Average Satisfaction Rate	75.5%	75.5%	75.8%

Performance Review of Client Satisfaction Rate



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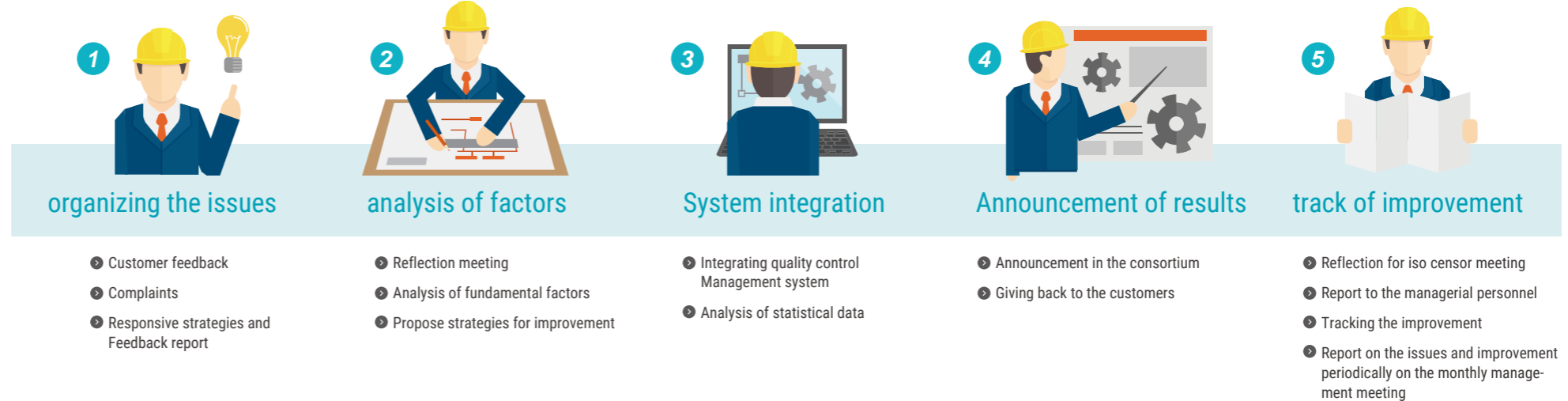
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Responsive plan For Customer Satisfaction Survey Result



### Product Liability

Phihong Technology develops its product based on the idea of sustainability, lowers the impact of its operations on the environment, and protects the customers' health and safety. The company follows the inspection standard for environment management to choose lawful materials that are environmentally friendly for the new product. Also, it implements strict procedures for design management. In addition to quality assurance with product inspection, third party auditing is involved in terms of the legal inspection and certification. The following operation procedures within the product life cycle, including marketing and manufacturing should be conducted in accordance with legal regulations so as to meet the clients' expectation on the products as well as their privacy. Users health and

security is also considered.

### Assurance of customers' health and security

Phihong Technology Co., Ltd. has established the management procedures for each stage of the product life cycle for assuring the health and safety of its clients or product users. During the product design stage, we have considered the "Environmentally Restricted Substance Control Standard" and legal regulations of different countries. We make sure that only the HSF green products are used in the following product designs and achieve a retention rate higher than the average. While developing the new products, Phihong Technology applies conventional design regulations (such as increased safety margin) to ensure such security standard is met in mass production.

With the cautious design procedure (Project Management), the quality control and design stage inspection would be conducted in each design stage (including the trial manufacturing), and third-party audit for legal inspection and certification would also be implemented before mass manufacturing. In 2018, Phihong Technology was not involved in any violation of regulations related to health and security or imposed with any penalty.

### Product Marketing and Labeling

Product Marketing:

Phihong Technology Co., Ltd. follows relevant regulations and guidelines of the Trademark Law to place accurate and clear marks in labels for all products,

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advertisement, product catalogues, promotions on media, or domestic and overseas exhibition. Such principle is applied in marketing and labels in the company’s official website and the CSR website.

### Product Labeling

Electrical appliances should be certified to fulfill the relevant security criteria in national and international regulations before they could be traded and marketed in the country. The security regulations have clearly specified and defined the device, electronic element and inspection of power cord products. These products would be tested to see whether it would harm the human body, especially in abnormal use. These tests are to eliminate the risk of causing accidents which may lead to loss of property or life. The procedure for applying for a certification based on the clients’ needs is as below:

- Application documents are submitted to the certifying unit.
- The application is received by the certifying unit.
- The sample and product information are presented to the certifying unit.
- The inspection is arranged as long as the reviewed samples and information fulfill the guidelines.
- The certifying unit informs the factory for the first check-up (required for the first-time applicants)
- The certifying unit issues the certificate after the company passes the test and factory inspection. The applicant can place the national SAFETY MARK on its

products.

‘Certificate for Safety Requirement’ is a safety mark that could only be placed on a product or label of a product after the manufacturer passes the inspection. Common safety marks include: “UL of the U.S., CSA of Canada, NOM of Mexico, IRAM of Argentina, CE of the European Single Market, TUV-GS in Europe, BSMI in Taiwan, PSE of Japan, KC of Korea, CCC of China, PSB of Singapore, BIS of India, RCM of Australia, EAS (CU) of Custom Union, and SABS of South Africa.” The company’s major manufactured products in 2018 follow the regulations of various countries. The company ensures the product obtains the national safety certificate before the delivery, so the company has not been involved in any case of violation or imposed with any penalty.



### Information Management and Privacy Policy

Though the prevalence and development of the computer and Internet brought people great convenience, issues of information security also raised concerns. To assure competitiveness of the company as well as protect the intellectual property and information of its clients, Phihong Technology Co., Ltd. established the “Operational procedures for processing information and protecting clients’ data.” The procedure for managing information security should be observed in all processing principles for the information of all employees, clients, legal regulations,

government, shareholders, and general public. Not only that, all measures should be taken to protect users’ data. The company works to raise the staff’s awareness of information security for an environment of supreme service efficiency and information security. Below are the personnel in charge and procedures to ensure security of clients’ data.

- Information Department of the Headquarters: it is responsible for maintaining and updating the company’s website.
- Sales Department of various businesses: it is responsible for protecting clients’ information as well as maintaining and updating the data. Only the authorized personnel can have access to the data.
- Legal Office of the Headquarters: it is responsible for the censorship, official seal, notification of termination of contract for the procurement contract and confidential contract as well as the update and maintenance of the contract system.
- The UCC unit of the headquarters: it is responsible for registering, managing, maintaining, and updating the clients’ application document from different business groups.

In addition, all novice employees need to sign the “Agreement on Intellectual Property and Confidentiality.” Confidential information such as the clients’ order or other documents can only be circulated and transferred within the company. All sales representatives and relevant personnel that are in contact with the clients should observe “Business Conduct Guidelines” and refrain themselves from revealing, spreading, and transferring



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the data to competitors, business partners, suppliers, and irrelevant third party. Related personnel should follow the “Confidentiality Agreement” and fulfill the obligation if such agreement has been signed.

When the clients offers any external document, technical information of products (such as product specification, circuit layout, surface layout, and so on), and relevant documents of software and intellectual property (including the copy, discs, data and documents saved in any form in the USB flashdrive, etc.), the company should properly register, store, preserve, and make timely maintenance for the data according to the “Guidelines for Technical Document Management”and “Official Document Process Procedure.” Also, the company should observe the “Digital Information Management Procedure” to protect, manage, and use all electronic data and media.

Phihong Technology Co., Ltd. takes ‘Integrity,’ ‘Innovation,’ and ‘Challenge’ as its core management belief to protect the clients’ confidential data and privacy. We insist on cautious and comprehensive protective mechanism to establish trust and long-term collaboration with the clients. Hopefully, a win-win situation for Phihong Technology and its clients can be established. In 2018, the company did not receive complaints about leak of personal information, nor was it involved in any cases of losing clients’ data.



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## Supply Chain Management

Phihong Technology Co., Ltd considers its suppliers as important partners in operation and sustainable development. The company considers several aspects when choosing suppliers, including quality, cost, technology, and service. As the professional supplier of power supply for clients around the globe, Phihong devotes lots of CSR efforts, and it cares about suppliers' CSR contribution and performance. We would also urge the suppliers to emphasize and fulfill the relevant requirements to pursue the partnership that is beneficial for both parties and the sustainable development of the corporation. Therefore, we require that the supplier should observe the requirements regarding labor welfare, health and security, environmental protection, commercial undertakings, system management, and other aspects, which have been specified in the Responsible Business Alliance (formerly EICC).

Meanwhile, the company would only introduce qualified new suppliers after they are assessed in terms of procurement practice and management system. The suppliers should pass evaluation in three aspects, including quality management, design management, and supplier management. The authorized units would look into the CSR system and implementation to determine whether the supplier is a sustainable corporation that can maintain



long-term close collaboration with Phihong Technology, reducing the risk that Phihong Technology has to take when it decides to collaborate with it. We would eliminate the possibility of a supplier neglecting CSR work and delaying the sustainable development of Phihong Technology. In addition, Phihong Technology would randomly review the suppliers trading with the company in aspects like HSF inspection, manufacturing audit, conflict minerals, and so on to ensure a stable supply.

### Structure of Phihong Technology Supply Chain Management

The structure of Phihong Technology Supply Chain generally remains unchanged in 2018. The duties of Phihong Technology supply chain includes three main sectors:

1. Global Policy Department : Responsible for new supplier development and censorship, price negotiation, order allocation, maintenance of supplier relationships, communication and introduction in terms of new techniques and manufacturing procedure.
2. Factory procurement: Dealing with the problem from the scheduling of incoming materials, the pursuit of materials, the coordination of quality issues, to the manufacturer's request for payment.
3. SQM (Supply Quality Management) : Supporting the QSA (Quality system assessment) and responsible for the QPA (Quality Procedure Censorship) of qualified suppliers in the annual quality improvement procedure which includes the review, consultation, promotion of product quality improvement.

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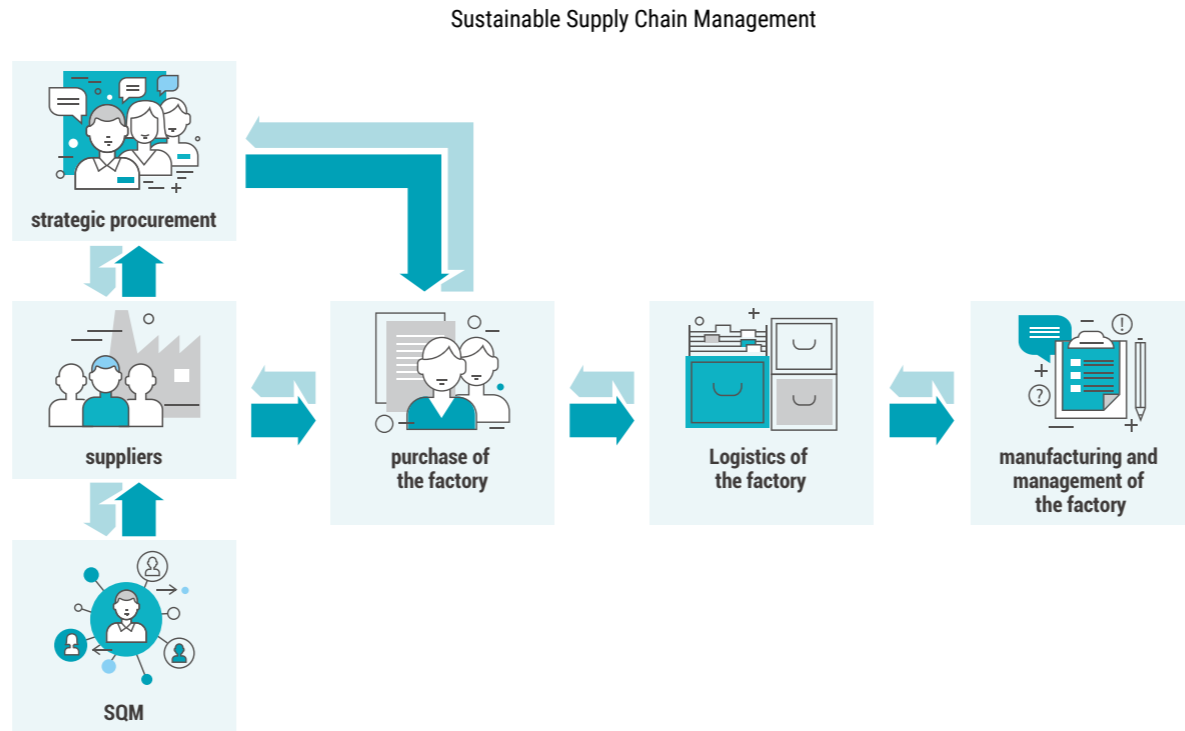
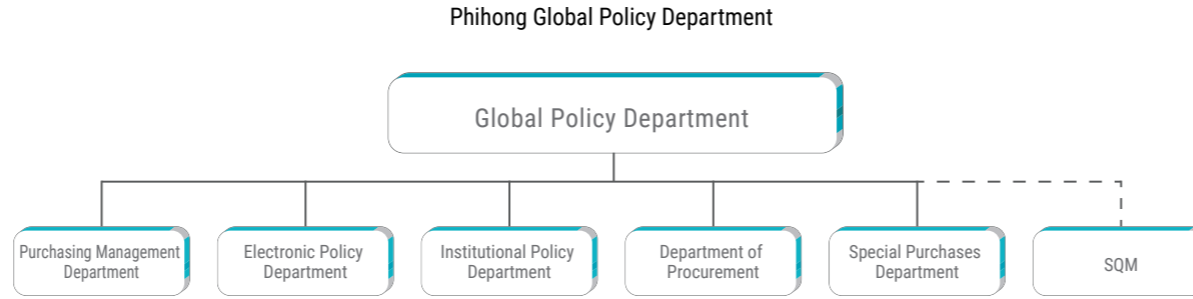
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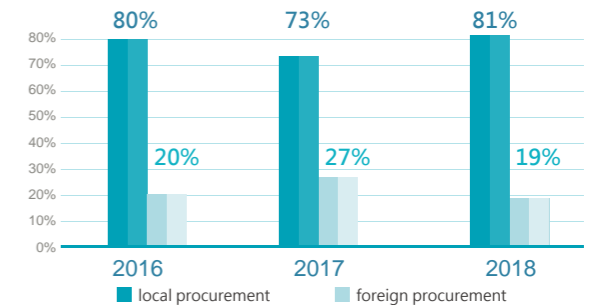
## Sustainable Supply Chain Management

Phihong Technology Co., Ltd. puts emphasis on the environment-impacting substances. It has the ISO 14001 certificate for environment management system. The company is also under guidance and audit by relevant institutes. Phihong Technology executes its green supply chain management mainly in strategic procurement and SQM:

### Strategic Procurement

- Collaboration with local suppliers

The trading amount with local suppliers (source; China) and the overseas suppliers are as below: the local procurement took up 81%, which was 8% higher than 2017. The reason was that compared with the composition of products in 2017, output volume of Chinese clients increased. In addition, there have been some high value products. The high value materials of local manufacturers took up a higher percentage, too. Generally, Phihong Technology sticks to its policy of introducing more local materials, increasing the proportion of local materials, and connecting with new suppliers. So far, both the mechanical materials or electronic parts are mostly from Southern China. Hopefully, the company will keep increasing the ratio of materials from local suppliers. The policy helps to lower the mileage of logistics, decrease the impact of greenhouse gas emission, support local laborers, and promote the local economy.



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## Proclamation and implementation of supplier policy

Phihong Technology Co., Ltd. shows its resolution in requesting its suppliers to devote in sustainable development on the electronic billboards. The frontpage promotes CSR responsibility, environmental policies, occupational safety and health policies, and non-conflict mineral policies of Phihong Technology (as shown in the screenshot of the webpage). The suppliers can access the page to obtain updated news and observe relevant policies of Phihong Technology.



## Requiring suppliers to use eco-friendly materials

To have the materials acknowledged, supplier could submit the test report within the valid period which is issued by a non-biased third-party. The report should be uploaded to the system as to certify that the materials fulfill the eco-friendly requirement. The procedure is to keep the materials from causing pollution in the environment and bring damage to the earth. As relevant international organizations update their criteria for new environmental

substance management, Phihong Technology also updates its electronic billboard for suppliers. The suppliers can download, check, and take actions accordingly. Besides, Phihong Technology would issue notices of content updates for reminding suppliers to make timely responses to new regulations on environmental substances.

## Convention of Suppliers

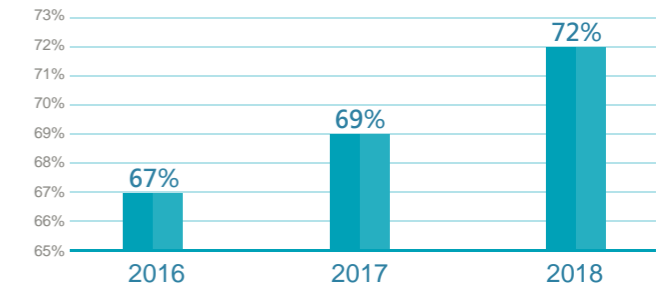
Phihong Technology helps new suppliers get familiar with the new Phihong Technology environmental protection document system, and allow old suppliers to offer suggestion and discuss about the environmental protection data on the biannual conventions of suppliers. Hopefully, suppliers can work with Phihong Technology in environmental protection and sustainable development. Two conventions of suppliers have been held in the upper half and lower half of 2018.



2018 Convention of Supplier

## Suppliers' commitment to integrity

The suppliers' misconducts, such as offering bribes or expenses of entertainment in exchange of merchandises, service, or favor in tender cases from the suppliers, would be rather risky in a procurement case. Phihong Technology established 'Corporate Ethics and Business Conduct Guidelines,' which specify the policy prohibiting corruption and bribery of relevant personnel in procurement cases. In 2018, 72% of the core suppliers signed the 'corporate integrity agreement.' The return rate was 3% higher than 2017.



## Management of risk in material shortage

The demand for automobile electronic components in 2017 extended to the first three quarters in 2018. The electronic industry thus suffered from shortage of active components and passive components. Under these circumstances, the following risk management measures have been taken for procurement by important institutions so as to eliminate the impact on production and business operation.



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1. The company continues to introduce new suppliers to ensure abundant access of materials. The company has two or more suppliers of materials with high risk of supply shortage, and it continues to introduce new suppliers.
2. The company has been convening suppliers more frequently for better management of the production and inventory of the suppliers.
3. The clients are allowed increase return materials under certain circumstances.

### Supply Chain Quality Management

Phihong Technology Co., Ltd.SQM(Supplier Quality Management Quality Management of Supplies)conducts periodical review, guidance, and evaluation in terms of quality / environmental protection system on the new and qualified suppliers. The aim is the ensure that the manufacturers can fulfill Phihong’s requirements for quality products, environmental protection system, CSR practice. The evaluation on new suppliers is conducted by a team composed of staff from the SQM, Technique, and Procurement departments. All of the new suppliers should be under the management system in terms of environmentally friendly materials. The suppliers should fulfill Phihong’s requirement for performance in environmental materials management to be a member of the green supply chain. The audit/guidance/evaluation procedure for qualified suppliers should be conducted by SQM based on the actual condition.

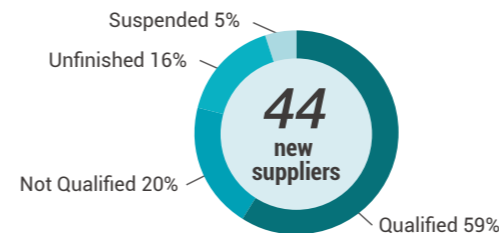
The duties of SQM are as below:



The company conducted QSA System Audit for 44 suppliers in 2018. The results are shown below:

Evaluation Outcome	Number of suppliers	%
Qualified	26	59%
Unqualified	9	20%
Not determined (under evaluation)	7	16%
Suspended	2	5%
Total	44	100%

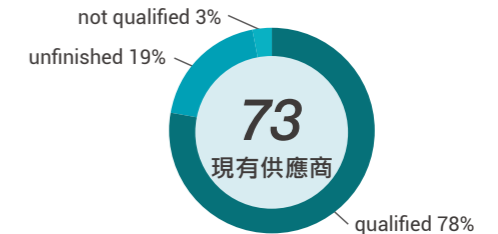
Notes : Nine of the new suppliers failed the QSA censor. They were found to be have issues in product quality but not in environmental protection or labor issues. The suppliers that could not fulfill Phihong’s requirement even with the company’s guidance will be deemed as unqualified, and all QSA activities would be suspended.



The company conducted Quality Process Audit (QPA) on 73 suppliers in 2018, and the results are as below: The number of qualified suppliers under QPA (Quality / Censorship of Environmental Protection System) guidance and evaluation:

Evaluation Outcome	Times	%
Qualified	57	78%
Unqualified	2	3%
Not determined (under evaluation)	14	19%
Total	73	100%

Note: The two cases of unqualified suppliers were involved in issues with the products, not issues on environmental protection or labor. The suppliers were qualified in the second round of evaluation after they made the improvement.



### Environment Related Substance Management

In addition to the above-mentioned eco-friendly requirements on suppliers, the SQM team should ensure that suppliers fulfill Phihong’s requirements and become a member of the green supply chain. When Phihong evaluates candidates for new suppliers, it emphasizes that all suppliers should fulfill the eco-friendly requirement. It is required that 100% of the new suppliers should fulfill

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the eco-friendly standards. The following are items for evaluation of environment related substance management:

1. Procedures and Standards
2. List of management, methods, and plan for confirmation
3. Traceability
4. Promote the principles to suppliers and ensure implementation
5. Management of manufacturing equipment and jog
6. Document Management
7. Assignment of responsibility and training for professionals

The suppliers should conduct self-evaluation to check whether the environment substance management fulfills Pihong's standard. The reviewers should follow a checklist to see whether the supplier implements environment substance management thoroughly so as to eliminate product contamination, possible losses, and damage on the environment because of incomprehensive management.

### • Labor Practice of new suppliers

When Pihong conducts supplier evaluation, it requires that all suppliers should be familiar with the labor practice criteria. The proportion of new suppliers that fulfill the labor practice criteria should be 100%.

In addition to its emphasis on environment substance management, it is also necessary to require suppliers to emphasize the laborers' environment. The suppliers should

conduct self-evaluation to ensure that it fulfills Pihong's requirement. Reviewers should follow a checklist to ensure all of the suppliers' conducts in safety management fulfill the criteria. It is necessary to eliminate cases that violate the relevant regulations of labor management and lower the damage that improper workplace management may cause on labor, or even cause risks in supplies.

1. Summary of the checklist for evaluation:
2. Follow the regulation and observe the labor contract
3. Assure valid grievance procedure
4. Forbid child labor
5. Ensure a fair workplace
6. Supervise the management and guidance system
7. Prevent improper conduct
8. Ensure improved facilities for labor security





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## Human resource structure

The motto of 'Integrity,' 'Innovation,' and 'Challenge' has become the core culture of Pihong Technology Co., Ltd. The aim is become a top-notch company for developing, manufacturing, and distributing power supplies in the world with the efforts of all its staff. Also, the company devotes itself in the issues that concern the stakeholders and fulfills the corporate social responsibility, aspiring to be a company that focuses on sustainable development. The staff is the most important asset and the key part of Pihong Technology, and the best feedback for the employees is to establish a friendly and pleasant workplace. Pihong Technology provides a compensation system better than what's specified in the legal regulations. It also motivates the employees and recruits talents in various fields by maintaining a friendly, comfortable, secured, and caring workplace and welfare system. Meanwhile, Pihong Technology stays competitive and innovative by integrating a just labor system, strengthening competencies, and cultivating the employees' potentials. All of the employees of Pihong Technology should sign a collective bargaining agreement. Taiwanese employees of Pihong Technology have to sign an employment contract and an agreement for intellectual property and confidentiality. The Pihong employees in Dongguan have to sign an employment contract, a service contract, or an agreement of three parties. Personnel of certain positions should also sign an agreement for intellectual property and confidentiality.

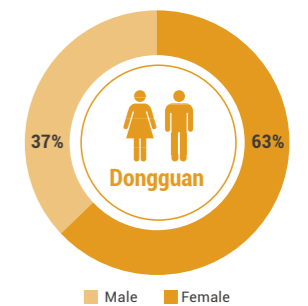
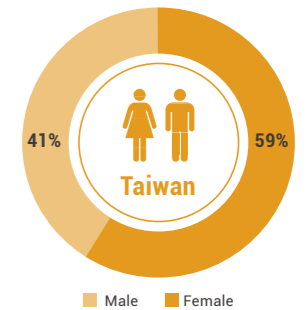
Taiwan	Dongguan Factory	other subsidiaries	<b>6,498</b> 2018 Total employees
490ppl	5,025ppl	983ppl	

By the end of 2018, Pihong Technology Co., Ltd. has a total manpower of 6,498 employees. The Dongguan branch, the manufacturing plant, accommodates the most employees. Though Pihong Technology has introduced the automatic manufacturing machinery, part of the assembly procedure is highly reliant on the laborers. So, the proportion of male staff is somewhat higher than female staff.

The 2018 analysis of the manpower structure in Pihong Technology Co., Ltd.

Category	Group	Male		Female		Subtotal of Each Category and Percentage	
		Number of employees	Proportion in the group	Number of employees	Proportion in the group	Number of employees	Proportion in all the staff
Duty	Managerial staff	143	74.87%	48	25.13%	191	3.46%
	Other staff	3,295	61.89%	2,029	38.11%	5,324	96.54%
Location	Taiwan	290	59.18%	200	40.82%	490	8.88%
	Dongguan	3,148	62.65%	1,877	37.35%	5,025	91.12%
Age	Under 30	2,314	68.10%	1,084	31.90%	3,398	61.61%
	31~40	679	51.95%	628	48.05%	1,307	23.70%
	41~50	345	51.72%	322	48.28%	667	12.09%
	Above 51	100	69.93%	43	30.07%	143	2.59%
Educational Background	Doctor	2	100.00%	0	0.00%	2	0.04%
	Master	74	78.72%	20	21.28%	94	1.70%
	Bachelor	367	59.10%	254	40.90%	621	11.26%
Nationality	Others	2,995	62.42%	1,803	37.58%	4,798	87.00%
	Nationals	3,434	99.88%	2,077	99.90%	5,511	99.93%
Type of Employment	Foreigners	4	0.12%	0	0.10%	4	0.07%
	Irregular agreement	1,893	69.37%	836	30.63%	2,729	49.48%
Subtotal of Gender	Regular Contract	1,545	55.46%	1,241	44.54%	2,786	50.52%
	Total	3,438	62.34%	2,077	37.66%	-	-
Total		5,515					

2018 Gender Ratio in Pihong Technology Co., Ltd.



Notes: 1. Employees of Pihong Technology in Taiwan and Dongguan are included in the analysis in the chart (excluding staff of other subsidiaries)  
2. The managerial staff are staff serving as section chiefs and higher positions.

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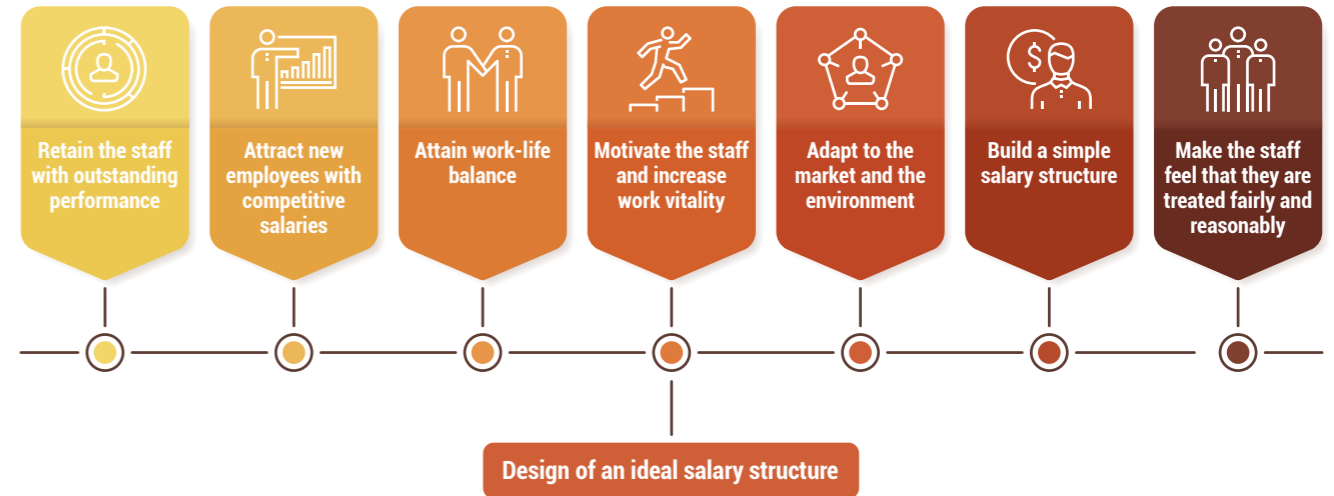
## Compensation policies

### Compensation Proper system for proper compensation Retain talents and recruit new staff

Phihong Technology offers competitive salary and welfare for its employees and attributes its honor to the staff. The performance is the result of the contribution of every staff member. The company implements managing principles according to the corporate objective, personal goal and salary policies, and the evaluation of internal and external wages is considered when taking the following measures:

- Pay for competence: the employee's salary is determined according to his/her professional competence.
- Fair and reasonable pay: The salary is determined with consideration of the commonly accepted standards of the industry.
- Annual Salary Adjustment: The salary is adjusted annually according to the corporate operations, the consumer price index, and employees' performance.
- Bonuses: Employees are remunerated with project bonuses, incentive compensation, and year-end bonuses based on the operational achievement and growth rate for the upper half of the year.

To hire talented and stable staff, Phihong Technology compensates its staff with salaries higher than the average in local companies (in 2018, the monthly wage of Phihong Technology was 1.15 times the minimum wage in Taiwan and 1.06 times the minimum wage in Dongguan). The company also establishes an ideal salary structure for the following purposes:



2018 is a year full of challenges for Phihong Technology. Though the performance of the company showed little growth, Phihong still allocated part of the funds for salary raise of the staff. In 2018, employees in Taiwan got an average of 4.13% salary raise, which shows that Phihong really cherishes its staff.

To enhance the relevance of the company's governance and corporate social responsibility, the company reveals the 'salaries of employees in non-managerial positions,' and the accuracy, transparency, and completeness have been certified by the auditors. The 2018 analysis for statistics of 'additional disclosure' is listed as below:

Unit: NTD

2018 Additional disclosure of Taiwan		
1	Non-managerial staff (number of employees)	485
2	Non-managerial staff(Total salary)	409,864,016
3	Non-managerial staff(Average of annual salary)	845,080
4	Non-managerial staff(Median of annual salary)	746,660

Note: The 'non-managerial positions' exclude the managers. According to the regulations in the Taiwan Stock Exchange Corp. official letter category III no. 920001301, 'manager' refers to: A. general managers and personnel of equivalent positions; B. deputy general managers and personnel of equivalent positions; C. directors and personnel of equivalent positions; D. supervisors of the financial department

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### Employee Benefits-New Vacation policies for happy staff

With the belief that happy employees ensures a strong company, Pihong Technology values its staff. In addition to the safe, comfortable, premium, and friendly workplace, the company adopts humane management strategies and emphasizes the facilities to enhance physical health, including the Pihong art gallery, greenery for factories and office, installation art, gyms, and annual travel subsidies. Also, major events are held to motivate employees and enhance their physical and mental health.

Pihong Technology emphasizes on sharing profits with the staff and taking care of them with the aim of enhancing quality of life for employees. The company has organized the Employee Welfare Committee according to the 'Rules Governing Employees' Welfare.' A fund would be allocated according to the company's operation condition for staff's welfare like club activities and internal competitions. The company also provides bonuses on Labor Day (May 1st), Dragon Festival, Mid-autumn Festival, and Spring Festival. The employees can get benefits for their birth month, wedding, as well as childbirth subsidies.

#### Pension and Endowment insurance

Pihong Technology Taiwan follows the Labor Standard Act and Labor Pension Act to allocate a monthly pension premium, and the staff can select the policy of allocating the fund to the personal account.

1. Old policy: The staff employed before June 30, 2015 can choose to take the old policy or the new policy. The old policy means that the monthly pension preparation fund is allocated to the personal account of the laborer.
2. New policy: The staff employed after June 30, 2015, and old employees who pick the new policy may adopt the

new policy for allocating pension.

- Note: Please refer to page 73 of the 2018 Pihong Technology Annual Report for relevant information of pension preparation

Pihong Technology in Dongguan follows the regulations of the Social Insurance Law of the People's Republic of China and allocates monthly pension preparation according to the rate designated by the company and individual.

#### Pension preparation for staff of Pihong Technology according to the local labor laws

Retirement policy	Contributor	Portion of the salary
Old Pension Policy for Pihong Technology Taiwan: The Corporate pension account	Employer	Portion of the salary
	Employee	2%
New Pension Policy for Pihong Technology Taiwan: Personal Pension Account	Employer	6%
	Employee	0~6%
Endowment Insurance of Pihong Technology Dongguan	Employer	13%
	Employee	8%

#### Comprehensive Group Insurance Policy (Pihong Technology Taiwan)

Pihong Technology Co., Ltd. contributes to the labor insurance, national health insurance, and pension. Also,



the company has a comprehensive plan for the employees' group medical insurance, and it reviews the plan annually to pick the best group insurance policy and assigns a team to handle it. The insurance covers term life insurance, Casualty insurance, Accidental Medical Insurance, Hospital Room and Board Insurance, Cancer Insurance, and Overseas Business Travel Insurance.



#### New vacation policies ~ off-duty birthday!

Each employee can get a birthday bonus from the Welfare Committee. Starting from 2018, a new vacation policy is implemented to help employees achieve work-life balance. Each employee can have a day off during their birth month to allow them to celebrate the special occasion with family and friends.

#### Subsidies for Weddings and Funerals (Pihong Technology Taiwan)

The company values the major events in its employees' life. The employees can get a special bonus of



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NT\$12,000 for the wedding, NT\$10,000 for bereavement, and other types of cash gifts for occasions like childbirth, sickness, or major injuries.

### Cash gift on special festivals (Phihong Technology Taiwan)

Each employee would receive cash gifts for major festivals like spring festival, Labor Day (May 1st), Dragon Boat Festival, and Mid-autumn Festival as a gesture of celebration.

### Travel Subsidies(Phihong Technology Taiwan)

The Welfare committee arranges and offers a complimentary one-day domestic trip per year so that the employees can go on an excursion and enjoy some quality time with their family members. In addition, each employee can get a subsidy for a self-arranged domestic or overseas trip once a year, which also aims to enhance the work-life balance for them.

### Subsidies for Cross-division gathering or feast

Phihong Technology allocates funds to subsidize cross-division gathering so employees can have a chance to build connections with colleagues and motivate the staff.

### Birthday Party + Gift

Phihong Technology holds a birthday party at the company's cafeteria every month, offering buffet with abundant choices of delicacies to celebrate the employees' birthday. The Dongguan plant also offer persons who celebrate their birthday on that month a cake and a special gift.



### Special offers at Beitou Spring City Resort

The company's affiliate Beitou Spring City Resort has special offers for employees of Phihong Technology, including discounts for Spring Festival (group buying of year-end feasts or coupons) / special offer for wedding banquet of the employee's family or friends / 20 percent off for the employees dining bill and service charge is waived / other special offers of relevant facilities.

### Diverse clubs(Phihong Technology Taiwan)

The Welfare Committee offers subsidies to various clubs in the company. Phihong Technology encourage cross-division interactions through the club activities so as to achieve a team atmosphere and work-life balance.



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### Diverse clubs (Pihong Technology Taiwan)

The Welfare Committee offers subsidies to various clubs in the company. Pihong Technology encourage cross-division interactions through the club activities so as to achieve a team atmosphere and work-life balance.

<p>Badminton Club</p>		
<p>Dance Club</p>		
<p>Basketball Club</p>		
<p>Camping Club</p>		

### Diverse Clubs(Pihong Technology Dongguan)

Pihong Technology Co., Ltd. offers a friendly workplace and comprehensive on-the-job training program for staff in overseas plants to enhance physical-spiritual balance while encouraging the employees' life, the company offers a subsidy of 3000 Renminbi to each club so that the cross-division connection could be built.





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## Workplace and welfare facilities

There are a variety of facilities in the factory, including the gym, basketball court, library, and lounge for employees. The company also offers dormitory, cafeteria, multimedia TVs, microwave ovens, electric food steamers, and nursery rooms. The cafeteria offers choices including buffet, pasta, lunch set, and vegetarian choices. Pihong Technology has in-house services offered by travel agencies and banks, and other services like group insurance, clearance sales, coupons for exhibitions, and bookfairs. Employees can enjoy shopping at the office. The factory has affiliation with the surrounding chosen stores, and the affiliated stores are listed on the internal website of the company. The employees enjoy special offers of various services including catering, clothing, accommodation, transportation, education, cleaning, reading, and medical support.



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### Events

- Phihong Family Day

Phihong Technology Co., Ltd. has an annual family day so that the employees can have their significant other better understand the company. They can enjoy delicacies and fun activities at the event. The event also integrates the corporate culture in the games of the event, hoping to enhance the sense of belonging and motivation. The Phihong Technology Family day is a gesture to show the company's gratitude to the employees' family for contributing to a happy life for them.



- Christmas Celebration

On Christmas each year, the Phihong administrator would dress up as a Santa and deliver small gifts or snacks to each division of the company, sending blessings and spreading the joy of the Christmas season. All the staff welcomes the lovely Santa Lady delightfully. The company arranges fun activities and offers prizes in the afternoon of Christmas Day for a more fun atmosphere.





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- Year-end Banquet

Each year, Phihong Technology hosts a large year-end banquet to reward the staff for their efforts throughout the year. The company provides adequate funds, a comfortable venue, delicious food, entertaining shows, and abundant prizes for the raffle, hoping that the employees can have an unforgettable celebration.



- Phihong Technology Dongguan Awards its outstanding employees

Phihong Technology nominates the model employees for overseas factories on the first of May each year. In 2018, it shortlisted eight model employees, and the company issues a cash bonus of CYN\$2,400 for the prize winners. The company also offers bonuses for outstanding employees each month.



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## Development of Talents

### Phihong Technology Human Resource Policies



#### Shortlisting Talents with care/ Assigning tasks based on Aptitude and Competencies

To ensure sustainable development, alignment with the global trends, and better operations of Phihong Technology, the company sticks to the principle of 'selecting talents with care and assigning tasks based on aptitude and competence.' The company recruits suitable talents through fair, just, and open channels such as online human resource platforms, on-campus recruitment activities, job fairs, industry-academe cooperation projects, headhunter companies, and internal recruitment. The company supports the application for Research and Development Substitute Services, and it collaborates with Taoyuan City Employment Service Office in Youth Employment and Wage Support Project to offer job opportunity information to the youth and local workers. By doing so, the company does its part in stabilizing the market and the society. Also,

it intends to recruit more talents in the fields of information and recruiting local talents of the overseas factories. The aim is to boost the employment market of the industry as well as pursue a high-quality technological life.

#### Reward Employees According to the Results of the Performance Review

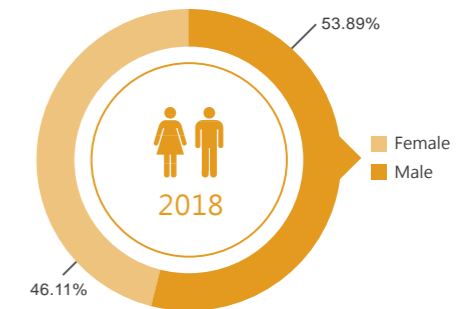
Phihong Technology has been implementing its performance review system in each factory since 2018. The electronic online operation system can realize objective and accurate management of work outcome, and it could offer real-time interactive feedback while ensuring good communication and guidance. It is necessary to ensure everyone works toward the right direction. The company conducts periodical evaluation on the employees' contribution and competencies, which would be the basis for employees' on-the-job training and career development. The promotion and adjustment of positions are conducted accordingly so that each employee has proper assignment of duties and continuous development. Meanwhile, the outcome of the performance review is the basis for fair distribution of remuneration. This motivates the staff to work as a team to pursue better profits. The performance management system could be more comprehensive so as to boost the employees' productivity and corporate competitiveness.



Number of Male and Female employees included for the performance review in 2018

Items to review	Gender/Region	Male		Female	
		Taiwan	Dongguan	Taiwan	Dongguan
Midterm Review		261	1,202	168	1,063
Year End Review		266	1,353	185	1,221
Total		3,082		2,637	

Note: New employees who have taken a position for less than three months are excluded from the annual review





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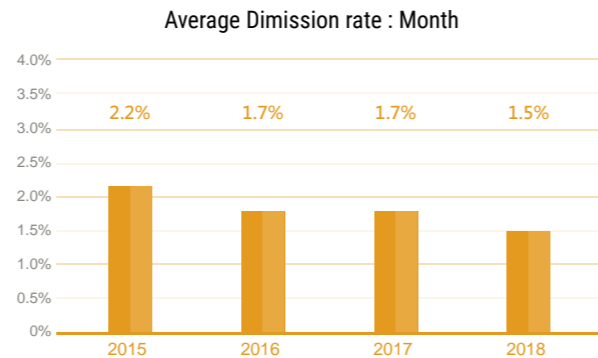
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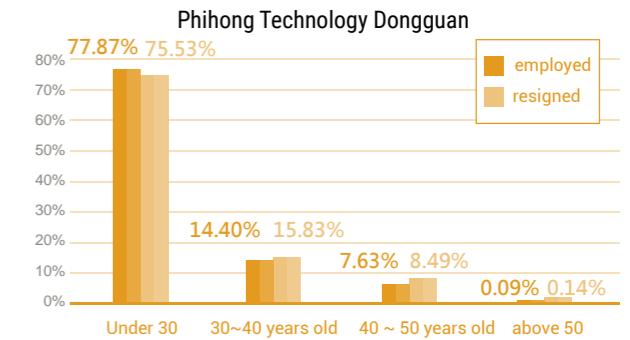
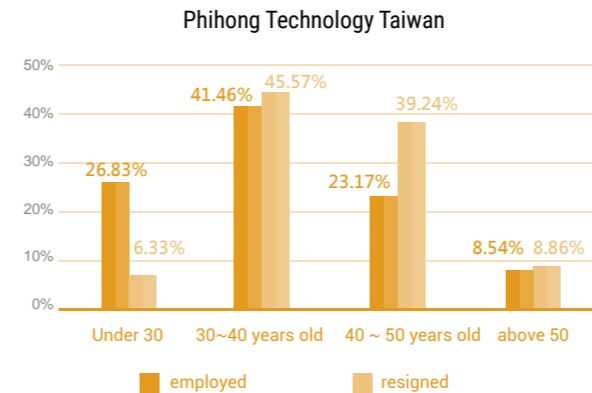
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### Retention Rate of Employees

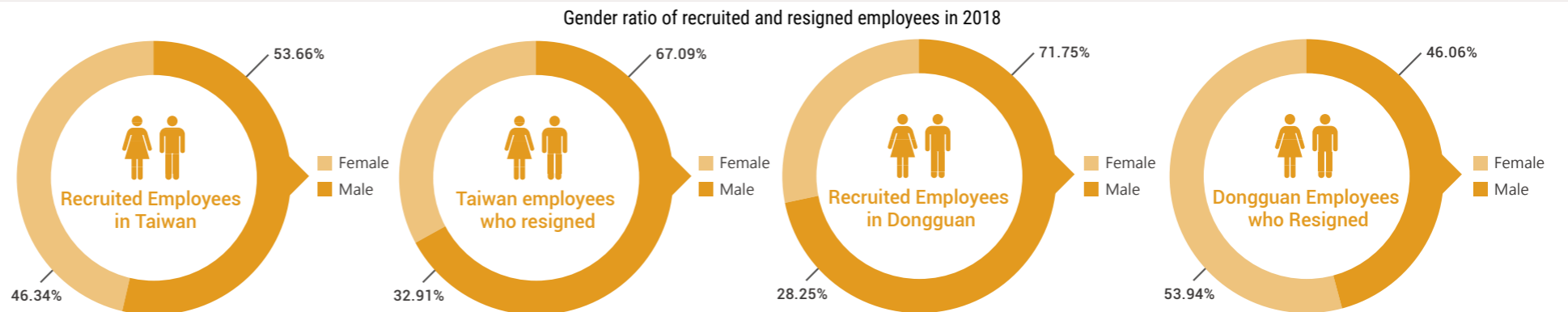
Phihong Technology is devoted to recruiting, cultivating, training, and retaining talents. The human resource division arranges a one-on-one interview for each novice employee who has taken a position for three months to see how they adapt to the workplace. This policy ensures a retention rate of 83% for novice employees in 2018. As for the system being done for those leaving the company, the human resource division would arrange a one-on-one interview for each employee who submits a resignation letter so as to understand the main factor that caused the worker to leave. Some adjustments would be made to support the employee through their difficulties. In the headquarters in Taiwan, the dismissal rate of core talents has been declining each year and the monthly average leave rate is below 2%. This has ensured Phihong's competitiveness, and it reflects that fact that employees highly recognize the internal communication channel and corporate culture.



Note: Formula for Average Dismissal Rate: Total number of resigned employees / [(Total number of employees at the beginning of the year + Total number of employees at the end of the year)/2]



Note: Dongguan Factory area has higher dismissal rate mainly because of the overall labor shortage in the region



Note : Ratio by age & gender = number of male and female employees at each age level / total number of employment (leave rate) \* 100%

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## Development of Talents

### Cultivation and Development of Talent

"Employees" are the most important assets of Pihong and only the continuous growth of employees can achieve sustainable development of the Company. The Company believes that only through education and training can it ensure the continuous appreciation of human capital and, in the enhancement and improvement of training and development quality, Pihong Taiwan follows the principles of the Talent Quality-management System (TTQS) promoted by the Ministry of Labor, Executive Yuan to continue strengthening the link between organizational needs, strategy and training, which are in line with the company's training policies and commitments:

TTQS is the benchmark for training quality which combines the company's vision and target strategy

Adhering to the fundamental idea of talent development to construct a multi-development training system

Improve human quality and corporate competitiveness to achieve the goal of sustainable business

Hence, in order to cultivate the employees' ability to face challenges of global technology and to master the pulse of the industry, Pihong plans employee training in a systematic way. In addition to arranging professional technical and departmental courses, the Company also uses a multi-disciplinary training system to meet various needs, and to integrate and support external training, full-subsidy, online training and other rich internal and external learning resources are provided. In addition, Pihong received an exclusive subsidy of NT\$ 52,400 from 'Professional Training Project' offered by Workforce Development Agency in 2018.

Hours of on-the-job training in 2018

Level of hierarchy /Region	Pihong Technology Taiwan						Affiliated Factory in Dongguan					
	Number of Employees		Accumulated hours per year		Average hours per employee		Number of Employees		Accumulated hours per year		Average hours per employee	
Total	462		21,178		46		24,253		579,229		24	
Average hours per employee												
On-the-job training data of male and female employees	Male		Average hours	Male		Average hours	Male		Average hours	Male		Average hours
	Hours	Number of employees		Hours	Number of employees		Hours	Number of employees		Hours	Number of employees	
Average Employees	9,553.1	184	52	6,169.0	167	37	402,629	16,787	24	174,456	7,390	24
Primary Supervisor	1,580.6	35	45	416.1	11	38	926	29	32	356.5	11	32
Mid-level manager	2,099.8	36	58	722.5	15	48	705	23	31	84	6	14
Senior manager	386.3	7	55	134	2	67	69.5	5	14	0	1	0
Top executive	104.5	4	26	12	1	12	2.5	1	3	0	0	0

Note1: Accumulated hours of the year – the hours for internal / external training, orientation, and inline e-Learning are included for employees in Taiwan; the internal / external training course are included for employees in Mainland China  
 Note2: Number of employees – for the case of Taiwan, the number of personnel employed by December 2018 was calculated; for the case of Mainland China, the number of personnel who used to be employed in 2018 was calculated

### Enhance the leadership and administration of senior managers:

The senior managers serve as the negotiator between the grass-root employees and the managerial team. They have to convey the ideals of the management team towards the workplace as well as report the thoughts and working conditions to the management team. Accordingly, the company organizes the "Management Training Program" for senior managers. It is expected that the program can enhance the managers' administrative competence, and allow them to serve as the coach as well as the leader of the work team.

Total Class Hours	36 hours
Number of Participants	27
Completion rate	100%
Attendance rate upon completion of course	95%

\*Criteria for completion of course: the attendance rate above 80% and score above 80 in the course assessment (During / After the course).

On-the-job training is what keeps the company competitive in the industry. Pihong Technology offers various learning resources to enhance employees' self development. The company offers orientation for novice employees to introduce to them the corporate culture, and it also provides training courses for top executives to enhance their administrative competence. Topics like improving individual efficiency and developing better teamwork can cater to the needs of employees in different hierarchical levels. In addition to the career development courses to enhance work-related and professional skills, the company also offers courses to nurture mental and spiritual health as well as workplace training courses required by law.



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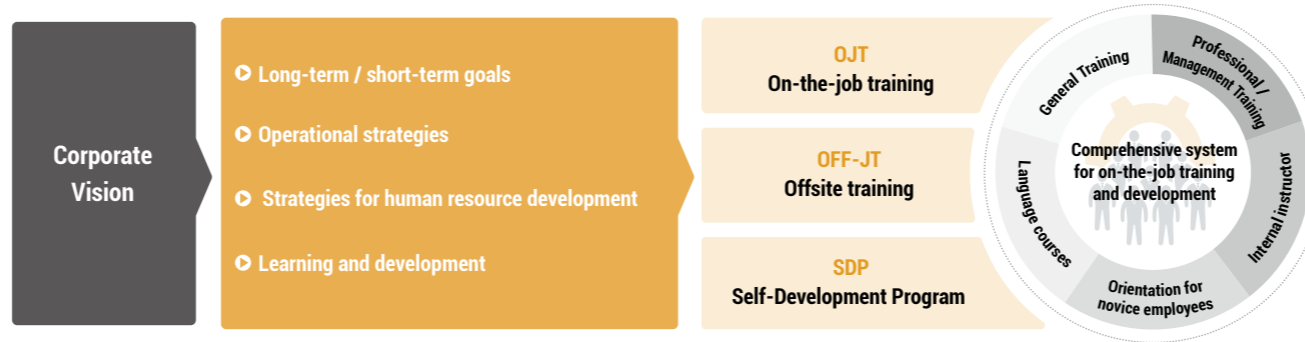
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- Comprehensive system for on-the-job training and development:



Phihong Technology offers a safe and healthy work environment and devotes itself in facilitating employees' development. It offers a comprehensive educational system and digital learning platforms. Also, it adopts the structure of the PDDRO circular procedure so that the employees' development could expand from the fundamental annual training and developmental courses. The corporate vision and operational strategies will be incorporated, and the structure development or hierarchy would be considered for the adjustment and arrangement of the training content. The courses can fulfill employees' needs for self-development as well as improve the quality of staff, making the company more competitive in the industry.

Year /Category	2016 total hours	2017 total hours	2018 total hours
New Training	1,938	2,125	1,699.5
Business / Marketing	780	899	1,874
Professional R & D	2,780	4,251.5	9,739
Quality Assurance / Procurement	2,276	2,996.5	1,558.5
Administration/ Management	7,279	9,618	6,307
Total training hours	15,052	19,890	21,178

- Internal Instructor Training

Whether the internal instructors are professional, visionary, devoted or experienced with teaching may influence the employee recognition and development at the workplace. Thus, Phihong Technology believes that a periodical internal instructor training can enhance the transmission of employees' accumulated knowledge for the cultivation of employees' additional expertise.

In March 2018, Phihong Technology Taiwan invited Mr. Wang Yong-Fu again to offer a two-day internal instructor training program. He has guided his apprentice to become the champion in the international competition for briefing and served as the counselor for many TED speakers. The internal instructors improved their presentation skills, and they used the teaching techniques in the courses they offer after they completed the training program. The participants' satisfaction rate was increased to 9.4 points, which was 5% higher than that before the internal instructors undertook the training.

The company has established the 'Structure for Education Training and Promotion System' with a view to encourage employees to acquire new knowledge and put it into practical use at work. The employees are expected to improve relevant skills while getting more devoted in work and enhancing self-value. The accumulated learning hours for career development would be referred to as evaluation of employees for promotion. It is hoped that the inspiring atmosphere at the workplace can motivate the individual to contribute to the organization while improving themselves. It can convert the 'human labor' to 'human resource,' and further transform them to becoming a 'human asset.'

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The system of educational training and promotion

staff position level	Managerial position	ตำแหน่ง				Training system for staff of different position level	Training system for professional skills	Pre-job training system	Training system for different projects		
1A	General manager										
1B	Vice general manage										
2A	BU general manage										
2B	BU vice general manage				general enginee			pre-job training for expatriate staff		training for internal lecturers	
3	associate manager; (vice) section director									training for quality control	
4	senior manage	chief commissioner		executive secretary	chief business representative	chief enginee	Development and training of managerial skills	pre-job training for novice employees	training for internal lecturers	training for quality control	ISO9001 ISO14001
5	project manager; deputy manager		special assistant			<ul style="list-style-type: none"> <li>• MTP intermediate level</li> <li>• Training for supervisors</li> <li>• Fundamentals of management</li> <li>• Work improvement</li> <li>• Work supervision</li> <li>• Work coordination</li> <li>• Cultivating subordinates</li> </ul>					
6	Section chief	veteran commissioner			veteran business representative	veteran enginee	Development and training of managerial skills	pre-job training for novice employees	training for internal lecturers	training for quality control	ISO9001 ISO14001
7	Deputy section chief					<ul style="list-style-type: none"> <li>• TWI supervision</li> <li>• Training of Personnel</li> <li>• Guidance on Work</li> <li>• Work procedure</li> <li>• Work relation</li> <li>• Work security</li> </ul>					
8	section director	commissione		secretary	business representative	enginee					
9	deputy section directo						OJT training for fundamental professional competenc	Professional training for specialized personnel	Training system for professional skills	pre-job training for novice employees	training for internal lecturers
10	team leade	manager				associate enginee					
11	deputy team leade						OJT training for fundamental professional competenc	Professional training for specialized personnel	Training system for professional skills	pre-job training for novice employees	training for internal lecturers
12						Veteran technicia					
13		assistant		driver; operator		technician					
14											
15		student assistant				operator					

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- e-Learning platform

To enable employees to have more tools and flexibility for learning, Pihong Technology Taiwan has established a systematic learning platform to promote training. Its well-established e-Learning platform not only provides a new learning module that can be quickly applied, but also shortens the time of exploring and inquiring. Meanwhile, it allows employees to flexibly arrange their learning schedule, access the knowledge database, and an abundance of other internal and external resources which employees can use for continuous learning.



- English / Japanese Learning Resources

As Pihong aims for international development and that most of its clients are English and Japanese Speakers, the employees are encouraged to enrich their foreign language skills. The company not only hires professional teachers to offer employees language training courses but also offers alternative online lessons. It also provides subsidies for language course tuition and the fee for language proficiency tests. Furthermore, different verification standards are set for personnel of different positions. Those who pass the language proficiency tests can apply for administrative rewards according to the results so that employees can be encouraged to continuously improve their language proficiency, strengthen their competitive advantage in the workplace, and set them on the path to career development.



Item/Year	2016	2017	2018
Language Category	English/ Japanese	English/ Japanese	English/ Japanese
Number of participants	92	74	64
Investment expense	\$631,200	\$403,800	\$440,000

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## Human Rights Protection

- Respect for Human Rights and Gender Equality**

Phihong Technology shall not recruit, test, employ, distribute, allocate, evaluate or promote the job seeker or employee based on race, class, language, thought, religion, party, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, former membership in labor union, etc., and shall not discriminate or provide differential treatment to employees. The company also offers the following promises:

1. The right and obligations of the employer and the employee, as well as guidelines for the employees' conducts, are specified in the deal between management and labor.
2. The 'Workplace Guidelines' and related operation speculations are established based on 'Labor Standard Act' and relevant laws of the local region.
3. The Committee of Gender Equality has been organized to implement relevant administrative guidelines and take measures to prevent sexual harassment. Employees can file related complaints through the special mailbox for the employees, which is a channel for communication that employees can appeal to when their legal rights have been infringed.

In 2018, no cases of workplace discrimination, conducts violating human rights, forceful labor, or sexual harassment were reported in Phihong Technology.

- Policy on the prohibition of child labor and non-discrimination of aborigines**

In accordance with the Labor Standards Law and the provisions of the United Nations International Labor Organization (ILO), Phihong Technology shall not employ

child labor and shall conduct the verification of identity certificates when recruiting employees. There were no child labor incidents in 2018. No discrimination cases related to aboriginal human rights and no complaints through formal mechanisms were filed. Each employee has to sign a written labor contract in accordance with the law at the time of employment. The contract states that the employment relationship is established based on the agreement of both parties and is regularly reviewed and controlled by the Company. No related violations occurred in 2018; no human rights related reviews and impact assessments were filed.

- Equal Pay for Equal work**

All employee compensation standards are gender-neutral and their income is not lower than the local minimum and basic salary. In the Dongguan factory, the ratio of wages of male workers and that of female workers is 1.03 to 1. The workers income is higher than the minimum wage of the region. (In 2018, Phihong Technology Taiwan offered a wage that was 1.15 times the local minimum wage. Phihong Technology Dongguan offered a wage that was 1.06 times of the local minimum wage.) However, if the Company has a profit surplus after annual settlement, various bonus issuance methods will be according to the company's standard based on the evaluation result of the individual employee's performance, and that year-end bonuses, employee bonuses or stocks will be issued to working employees in the current year.

- Anti-discrimination Measures**

Phihong Technology shall not recruit, test, employ, distribute, allocate, evaluate or promote the job seeker or employee based on race, class, language, thought, religion, party, place of origin, place of birth, gender,

sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities etc., and shall not discriminate or provide differential treatment to employees.

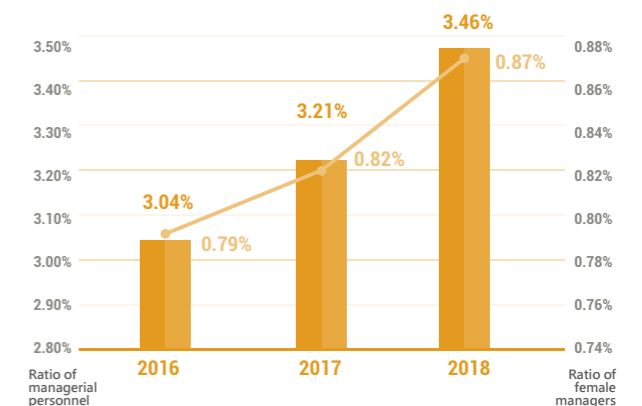
- Prohibition of unlawful disciplinary action**

Phihong Technology does not allow any physical or mental abuse, verbal and physical harassment or aggressive behavior. Any threat or violence and physical intimidation are prohibited.

- Knowing the people regardless of gender**

Phihong Technology Co., Ltd. managerial team values the talents regardless of their gender. Outstanding workers can receive the reward they deserve and get promotion accordingly. In the past three years, more female workers have taken managerial positions, which shows that the company encourages the career development of its female workers.

Ratio of managerial females in Phihong Technology Taiwan/ Phihong Technology Dongguan



note: ratio of managerial females = number of managerial females / total number of employees

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2016 – 2018 Ratio of Male and Female Managers in Taiwan

Year/Rank	2016					2017					2018				
	Male	Proportion	Female	Proportion	Total number	Male	Proportion	Female	Proportion	Total number	Male	Proportion	Female	Proportion	Total number
Grassroots-Class level	26	63.41%	15	36.59%	41	31	65.96%	16	34.04%	47	36	76.60%	11	23.40%	47
Intermediate manage level	54	80.60%	13	19.40%	67	47	75.81%	15	24.19%	62	47	73.44%	17	26.56%	64
Intermediate and high level	8	66.67%	4	33.33%	12	13	76.47%	4	23.53%	17	13	81.25%	3	18.75%	16
High or Deputy general level above	5	83.33%	1	16.67%	6	5	83.33%	1	16.67%	6	5	83.33%	1	16.67%	6
Subtotal of employees in Taiwan	93	73.81%	33	26.19%	126	96	72.73%	36	27.27%	132	101	75.94%	32	24.06%	133
Proportion of	19.18%		6.80%		25.98%	7.42%		27.22%		19.79%	20.61%		6.53%		27.14%

Note 1: Calculation of the ratio of male to female in each management level = number of male and female staff in each management level / total number of male and female staff in each management level \* 100%

Note 2: Calculation of the proportion of employees in Taiwan = total number of male and female staff in each management level / total number of employees in Taiwan each year \* 100%

2016 – 2018 Male and Female Managers in Dongguan

Year/Rank	2016					2017					2018				
	Male	Proportion	Female	Proportion	Total number	Male	Proportion	Female	Proportion	Total number	Male	Proportion	Female	Proportion	Total number
Grassroots-Class level	33	73.33%	12	26.67%	45	31	75.61%	10	24.39%	41	27	71.05%	11	28.95%	38
Intermediate manage level	7	78%	2	22%	9	11	84.62%	2	15.38%	13	14	73.68%	5	26.32%	19
Intermediate and high level	1	0%	0	0%	1	1	100%	0	0%	1	1	100%	0	0%	1
High or Deputy general level above	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%	0
Subtotal of employees in Taiwan	41	74.55%	14	25.45%	55	43	78.18%	12	21.82%	55	42	72.41%	16	27.59%	58
Proportion of	0.72%		0.24%		0.96%	0.79%		0.22%		1.01%	0.79%		0.30%		1.09%

Note 1: Calculation of the ratio of male to female in each management level = number of male and female staff in each management level / total number of male and female staff in each management level \* 100%

Note 2: Calculation of the proportion of employees in Dongguan area = total number of male and female in each management level / total number of employees in Dongguan each year \* 100%.

Note 3: Ratio of Managerial employees in Phihong Technology: 72.5% from Mainland China; 27.5% from Taiwan

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• Work-Family Balance

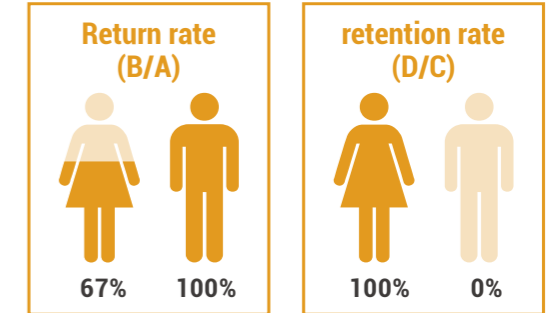
In view of the growing problem of declining birthrate, Pihong Science and Technology fully cooperates with government policies to encourage births, granting maternity leave, paternity leave, family care leave, etc., and implementing the policy of childcare retention according to the Act of Gender Equality in Employment, and to ensure that they can revert to their original duties as well as to protect their right to work.

At the same time, the Company fully supports and encourages female colleagues to breastfeed. The company has a number of safe, clean, comfortable, bright and spacious nursing rooms, and a dedicated refrigerator to ensure the proper storage of breast milk.

Ratio of Male and female employees in Taiwan applying for parental leave between 2016 and 2018

Item	Gender	2016	2017	2018
The number of eligible applicants for parental leave in the current year	Male	63	61	30
	Female	39	36	57
	Total	102	97	87
The actual number of eligible applicants for parental leave in the current year	Male	2	0	2
	Female	5	5	4
	Total	7	5	6
The expected number of employees going on parental leave in the current year (A)	Male	0	2	1
	Female	1	5	6
	Total	1	7	7
The number of reinstated employees after their parental leave in the current year (B)	Male	0	2	1
	Female	1	3	4
	Total	1	5	5
Reinstatement (B/A)	Male	0	100%	100%
	Female	0	60%	67%
	Total	0	80%	83%
Actual reinstatement of employees on parental leave in the previous year (C)	Male	0	0	2
	Female	1	1	3
	Total	1	1	5
The number of people who have worked for more than one year after reinstatement (D)	Male	1	0	0
	Female	1	0	3
	Total	2	0	3
Reinstatement rate (D/C)	Male	0%	0%	0%
	Female	100%	0%	100%
	Total	50%	0%	33%

Note 1: Reinstatement rate = number of people who have worked for more than one year after reinstatement, and the actual number of reinstatement in the previous year. Note 2: Number of employees applying for parental leave: The number of people who are still in the period of parental leave.



Leave from work according to the Act of Gender Equality in Employment

Item	Gender	2016	2017	2018
Maternity/Person	Female	185	82	67
Paternity/Person	Male	81	98	54
Physiological Leave/Days	Female	111	155	140
Family Care Leave / Days	Male	66	86	47
	Female	28	53	46





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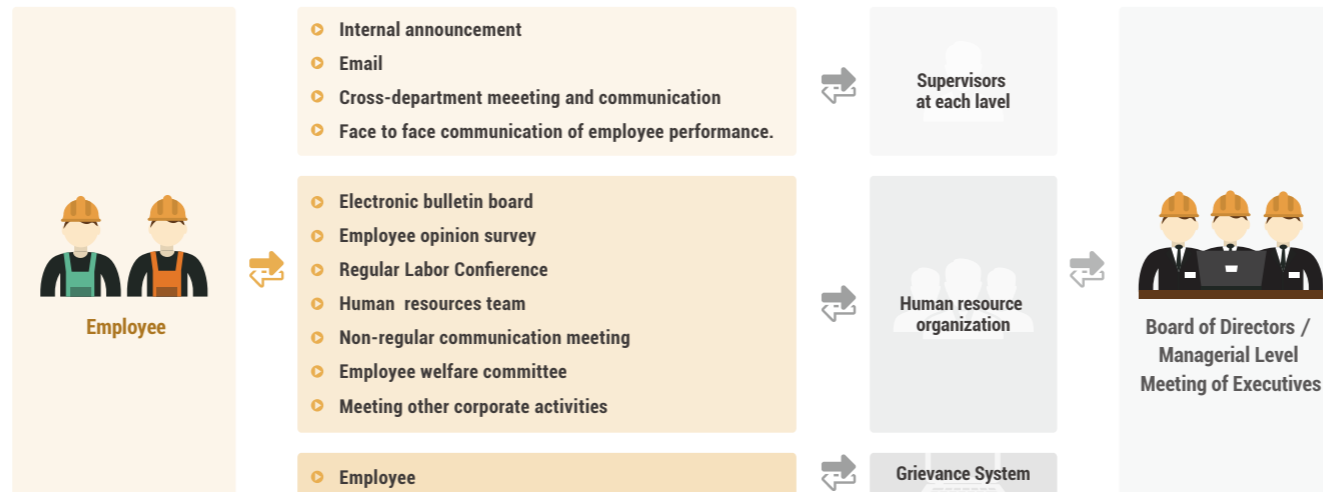
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# Human Rights Protection

## Communication with Foreign laborers

Phihong Technology Co., Ltd. puts emphasis on its organization as well as having a humane and flexible management. The company established multiple E platform and channels for the immediate and efficient communication of managers and employees. The company can also publicize its policies in a timely and accurate manner. While receiving the employees' suggestions, the company can improve the workplace environment, enhance the employees loyalty to the company, and resolve issues that concern the employees. The effect of establishing a win-win situation for the managerial level and laborers is the foundation of a good management-labor relationship.

In 2018, the company introduced the E-survey system which conducts various surveys, collects suggestions, calculates ballots for company-wide polling. We have adopted a simple, convenient, and user-friendly questionnaire design. The system makes it possible to receive immediate and comprehensive responses with a high response rate of 97%. Employees can participate and reflect their onions in a more comprehensive way.



## Resignation Notice Period

Phihong Taiwan complies with the relevant provisions of the Labor Law, and applies the time schedule specified in the Labor Law on the termination of staff. The notification process and procedures in the employee code are implemented to protect the rights and obligations of each Party. According to the provisions of the Labor Act, both labor and management are subject to the following notification guidelines:

1. Those who have worked for more than 3 months but less than 1 year should be notified 10 days in advance.
2. Those who have worked for more than 1 year but less than 3 years should be notified 20 days in advance.
3. Those who have worked for more than 3 years should be notified 30 days in advance.

In addition, the Dongguan factory shall comply with the labor contract law of mainland China, and the labor contract is to be signed on the day of the employee's recruitment. The labor contract and the employee handbook clearly stipulate the notice period for resignation: the employee's resignation should be notified in writing before 30 days; those who are in the probation period should be notified within 3 days

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The company always respects the freedom of employees to assemble and socialize, and promises that employees and representatives who have promised to participate in such activities will not be discriminated against or labeled, so as to promote the optimization of labor relations. In 2018, Phihong Technology has established labor-management communication channels and a comprehensive system of meetings. The aim is to enhance spontaneous negotiation and collaboration between the employer and employees. Twelve labor representatives were elected to convene with management to work out a solution that can bring the utmost benefits for both parties. In addition to this, the company has organized a welfare committee and conducted a satisfaction survey. The employee mailboxes are also set up to promote better communication. In 2018, no complaints were filed through the official grievance reporting system. Yet, a total of 77 cases where employees reported their opinions about the company were recorded (including 31 cases from the management and labor meeting, 31 cases from the satisfaction survey, and 15 cases from other types of feedback), all of which have been resolved.

In order to build a harmonious communication platform, the Company provides face-to-face communication opportunities to both employees and supervisors. Every year, a staff representative meeting is held to let employee delegates express their opinions and communicate with management the issues that they are concerned about. In the 2018 Annual Staff Congress, 39 employee delegates raised issues about the workplace environment, catering, accommodation, and welfare, and all of the problems were all answered with improvement measures.

Project / Factory	Taiwan District	Dongguan Factory
Proportion of freedom of association and collective negotiation (%)	100%	100%
Violation of employee association and collective negotiation	0	0
Labor conference	Five conventions in each quarter of 2018)	Once a year
Employee union	None	None

### Employee Satisfaction Survey

Information collected from such survey are truthfully communicated to relevant units for evaluation and response. In the meantime, different opinions of colleagues collected through the quarterly labor conference process along with important issues and advocating contents are also announced to employees so that each colleague can learn about the company's latest policies.

#### Purpose of the Employee Satisfactory Survey



**Active care**  
To provide employees with a sense of participation and presence.



**Sharing goodwill**  
To have employees deeply feel the goodwill of the company.



**Two-Way Communication**  
To have employees understand that the company listens to their voices



**Immediate Response**  
To have employees feel the company's determination to build a friendly environment



**Satisfaction**  
To satisfy employees and thereby let them work with peace of mind and enjoyment

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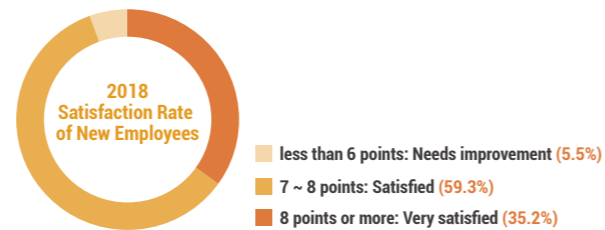
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# Human Rights Protection

## Satisfaction Rate of New Employees Phihong Technology Taiwan

In order to increase the sense of security, belonging and stability of new employees, the Company has arranged a counselor for the newcomers in each business unit to give appropriate consideration and guidance in food, clothing, housing, transportation and work.



Survey Subject: New employees that will continue beyond the probation period

Survey period: From January to December 2018

Valid questionnaires: 54

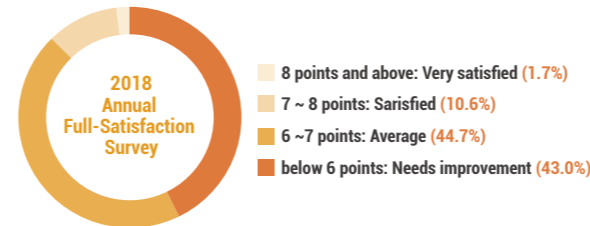
Response rate: 100%

Satisfaction level: 8.7 (A total of 10 points)



## Annual Full-Satisfaction Survey Phihong Technology Taiwan

We have conducted an annual satisfaction survey. All the employees can freely fill in the online questionnaire, which can reflect the employees' feelings about the company and their satisfaction towards their work. Suggestions for improvement would be made based on the analysis and the suggestions collected from the survey. The company would make improvements accordingly so as to make employees enjoy working.



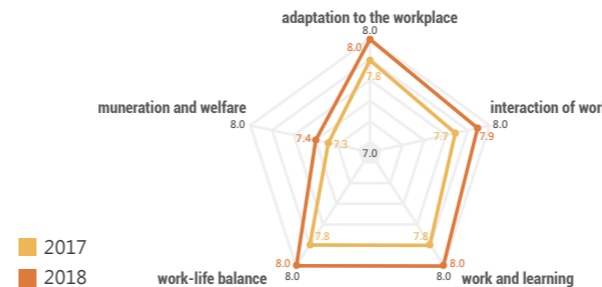
Survey Subject: All full-time employees

Survey period: November 2018

Valid Questionnaire: 414

Response Rate: 97%

Overall Satisfaction level: 7.9points ( A total of 10 points )



## Survey on Satisfaction towards the Company's Catering Service Phihong Technology Taiwan

The meeting with the catering service provider is held once a month. The organizer will invite the catering service provider, representatives of the welfare committee and will request employees to participate in such meeting. An online satisfaction survey for all employees will be conducted every half year with a purpose to listen to the most real ideas of colleagues as well as to directly communicate with the catering service provider, so that they can meet everyone's expectations.

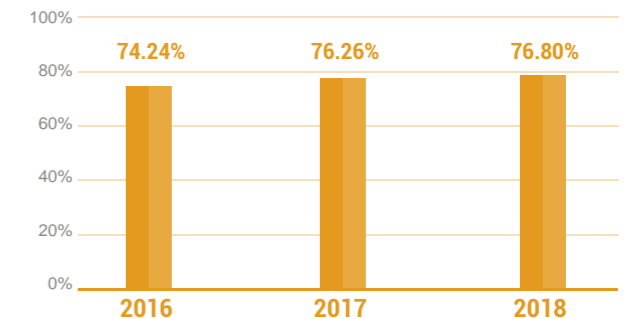
Survey subject: Workers availing of the Company's employees' meals

Survey Period: January to December 2018

Valid questionnaires: 87 valid responses

Response rate: 94%

Satisfaction level: 76.8 points: A total score of 10 points



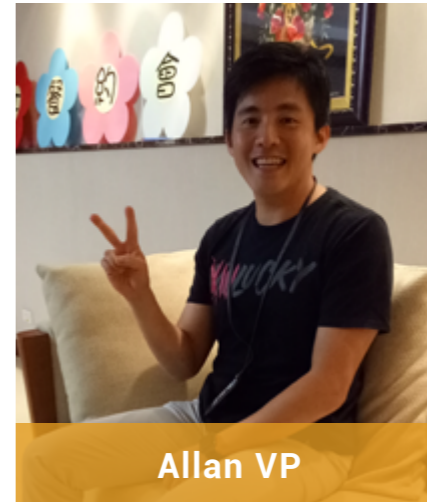
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## Human Rights Protection

- FREE TALK with Executives

In order to enable employees and senior executives to have more understanding and interaction, the annual meeting with the senior director FREE TALK is therefore planned. Through a series of well-designed activities as well as a comfortable and relaxed atmosphere, employees can be open-minded to allow giving recommendations, feedbacks, and suggestions to the Company. This kind of dialogue will enable employees to better understand the Company's strategy and future development, as well as to help employees feel at ease at work.



Allan VP



Adam Assistant Manager





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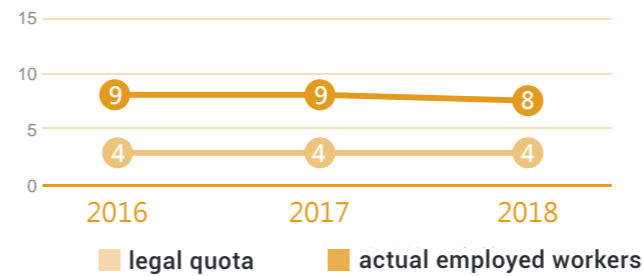
## Human Rights Protection

- Accessible work environment

Phihong Technology adopts the principle of fair appointment for all employees and pays more attention to the employment of disadvantaged groups. Phihong Taiwan has barrier-free ramps on the entrance and exit and the inner floors. The internal elevator also provides enough space for wheelchair access. Phihong Technology attaches great importance to the diversity and culture of its employees, and also provides long-term and stable job opportunities for hiring physical and mental disabilities. We welcome the participation of people with disabilities. Each year, the number of people who were physically and mentally handicapped and employed in Phihong Taiwan had been twice as many as the legal quota stipulated in the "People with Disabilities Rights Protection Act". Since there are no regulations for the employment of people with disabilities in the Dongguan factories, there are no employees with disabilities.



Phihong Taiwan Employment of persons with disabilities 2016-2018





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## Workplace Safety

### Workplace Safety and Hygiene

In order to prevent occupational injuries and maintain a safe and healthy workplace, Pihong Technology has established an “Environmental Safety and Health Policy” and followed the “Occupational Safety and Health Act” to develop an Occupational Safety and Health Committee which thoroughly inspects and supervises the safety of the work environment in order to examine the Company’s compliance to local government regulations and company policies in each plant. Therefore, Pihong Technology has continuously committed itself to providing employees with a safe working environment with the ultimate goal of zero workplace disaster.

2016-2018 Employee turnover rate / absence rate / number of accidents in Taiwan

Category	2016		2017		2018		Calculation Formula
	male	Female	male	Female	male	Female	
Work Injury Rate	1.09	1.81	0.71	2.21	1.10	2.66	(Disability) Number of Work injuries /Total working hours *212,000
Employee loss of working day rate	13.08	77.42	5.69	35.31	13.21	29.80	The total number of days of work injuries / to total number of days of employee attendance in the current year *212,000
Employee absence rate	0.01	0.01	0.01	0.01	0.01	0.01	Number of absences in the year / total number of days in attendance in the year (The absenteeism rate is based on work-related injuries, leave, sick leave)
Number of employee accidents (cases)	3	3	2	4	3	5	Number of workers injured this year

Note 1: 2016~2017 GRI: 208,000 coefficient, which means the calculation is based on the idea that every 100 employees work 52 weeks a year, 40 hours a week

Note 2: 2018 GRI: 212,000 coefficient which means the calculation is based on the idea that 100 employees work 53 weeks per year, working 40 hours per week

2016-2018 Employee turnover rate / absence rate / number of accidents in Dongguan

Category	2016		2017		2018		Calculation Formula
	male	Female	male	Female	male	Female	
Work Injury Rate	0.75	0.08	0.41	0.37	0.22	0.41	(Disability) Number of Work injuries /Total working hours *208,000
Employee loss of working day rate	98.04	11.63	86.36	101.47	29.97	71.20	The total number of days of work injuries / to total number of days of employee attendance in the current year *208,000
Employee absence rate	0.03	0.03	0.03	0.01	0.04	0.03	Number of absences in the year / total number of days in attendance in the year (The absenteeism rate is based on work-related injuries, leave, sick leave)
Number of employee accidents (cases)	12	2	10	10	6	7	Number of workers injured this year

Note 1: 2016~2017 GRI: 208,000 coefficient, which means the calculation is based on the idea that every 100 employees work 52 weeks a year, 40 hours a week

Note 2: 2018 GRI: 208,000 Coefficient, which means the calculation is based on the idea that every 100 employees work 52 weeks per year, working 40 hours per week.

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## Workplace Safety

- **Management System of Occupational Hygiene and Safety**

To show care for its employees, the OHSAS18001 occupational health and safety management system was established in the Dongguan factory and a third-party certification was obtained. The system includes a 'Safety Committee' which is constituted of managers and employee representatives. (13 employee representatives and 7 employer representatives). The top leader is the factory manager, and the committee members include superintendents, representatives of security (sector supervisor), executive representatives (grass-root supervisors and employees). The company implements the management of hygiene and safety to assure normal production procedure while maintaining the company's assets as well as the employees' safety and well-being. At the same time, in order to provide comprehensive protection for employees' for accidental injuries suffered during non- work hours, the Company also provides group accident insurance for all employees.

Phihong Technology takes engineering management procedures to factor in the positions with risks for occupational injuries (such as the stations for welding, laser engraving, ultrasonic, and X-Ray inspection). Meanwhile, the company offers suitable personal protective outfit to



**occupational disease**

Phihong Technology Taiwan 0 cases  
Dongguan Factory Area 0 cases

the workers and arranges health check for prevention of work-related illness periodically. The operation monitoring procedure on the work site is also conducted. The colleagues who show abnormality in the examination will be tracked with necessary individual health consultation and guidance so that the employees could better manager their health condition. So far, no cases of work-related illness have occurred in Phihong Technology Taiwan Factory and Dongguan Factory.

To upgrade the casualty prevention mechanism for the place that requires fire-prevention management, the company emphasizes on the training for fire prevention so as to ensure the security of workers on duty. The company also organizes the self-developed guidelines for response to fire emergencies. Fire drills are implemented in each factory, which include the self-organized fire prevention team, disaster reporting, evacuation, and other drills.



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## Workplace Safety

- **Health Check for Employees (Pihong Technology Taiwan)**

Employees are the most important assets and the driving force for the Company's sustainable operations. Pihong Technology attaches great importance to the physical and mental health of its employees, as well as works with a full-time nursing professional and physician's site service monthly, which is superior to the minimum requirement in the labor health protection regulations. In the meantime, the Company also provides planning and implementation of various medical consultations, on-site visits to the working environment of the laborers, health check operation and tracking, and health promotion activities. Pihong even conducts annual employee health checks that is better than the requirements stipulated in

Item	2018
Number of employees qualified to take the health check (persons)	411
Number of employees who actually took the health check (employees)	404
Ratio of participation (%)	98.3%



regulations. The company also observes the government' policy and subsidizes the injection of flu vaccine in the factory. In 2018, the proportion of employees taking part in the health check is 98.3%, which shows employees recognize the system.

Moreover, it also provides diversified health services, occasional health lectures, implements public flu vaccination in the factory in line with government measures, and occasionally posts the latest health information in the company's internal bulletin board to enhance the concept of independent health management.

Physical / Health Checklist

Category	Subject	Category	Cycle	Implementation	Remarks and Description
1	New recruits	General physical examination	Completed within Probation period	New recruits go to the hospital for examination by themselves	1. When a physical examination reveals that an employee is not suitable for a certain job, an optional job evaluation will be performed. 2. When a physical examination reveals that an employee is not suitable for a certain job, an optional job evaluation will be performed. 3. Inspection fee: The maximum allowance is NT\$600.
		Special physical examination	Lead-free soldering operations have been fully implemented since 2012, and there is no special hazards in the factory.		
2	Regular employees	General health check	Once a year, which is better than the legal requirement	Invite the Labor Council to designate a qualified hospital to go to the factory for the implementation of the following activities	1. When a physical examination reveals that an employee is not suitable for a certain job, an optional job evaluation will be performed. 2. Follow labor health protection rules in the storage of of the health examination records for the specified number of years. 3. Inspection fee: paid by the Company in full.
		Special health check	No special hazards in the working environment		





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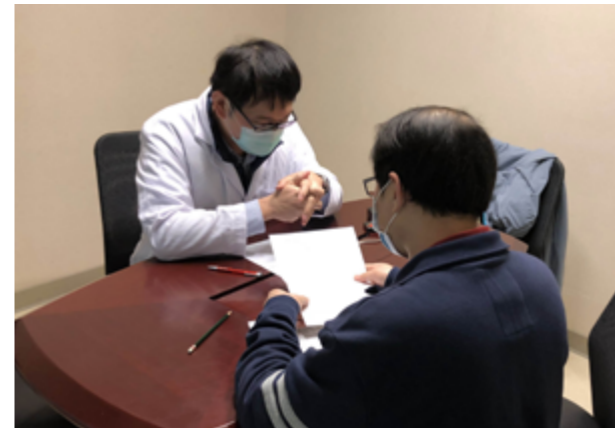
- Free Health Check(Dongguan Factory Area)

The company cares about the health condition of the employees and offers a free health check annually for each employee who continues beyond the probation period. In 2018, a total of 1,362 employees of Pihong Technology Dongguan participated in the health check, and the total expense is 27,240 Renminbi.



- Free medical Consultation (Pihong Technology Taiwan)

Service of professional medical specialists (Pihong Taiwan)			
year	2016	2017	2018
Times of service (person)	171	221	155



- Physical and Mental Health Lecture (Pihong Technology Taiwan)

Pihong Technology offers multi-medical services and hosts a periodical series of health lectures. The company also posts the latest health information on the internal electronic bulletin board once in a while so as to raise employees' awareness on the importance of health management.



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# Social Commitment

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## Social Service

The essence of social participation is to obtain from the society and pay back to the society. Phihong Technology Taiwan has been in business for 47 years, and it has been actively supporting and participating in various charitable events. The employees are encouraged to work together to fulfill its corporate social responsibilities. The company hopes to spread the love through supporting various charitable events with the support of the community.

In 2018, we continued with the social care activities over the past year and further collaborated with other institutions. For example, for Christmas, we worked with TOYOTA and participated in the project 'Recycled toys; Rebirth of love' which was organized by the Taiwan Toy Library Association. Colleagues are encouraged to donate old toys so that more children in the remote areas can enjoy the occasion. We also made donations to support the Year-End Feast Party organized by Huashan Social Welfare

Foundation so that the homeless and elderly living alone can feel some warmth in the winter. To ensure effective use of the land and empty spaces, the 'Garden of Love' was set up in the rooftop of the headquarters for workplace greenery. The company also offers visually impaired massage service and offers stable job opportunities for the visually impaired workers.

### 'Garden of Love'(Phihong Technology Taiwan)

Many people dream to have a home garden. For many

office workers who work for over 10 hours each day, getting close to nature is a luxury. The company considers greenery measures an important part of CSR. Therefore, we utilized one third of the rooftop of Phihong Headquarters office building to set up a 'Garden of Love,' where the employees can volunteer to plant organic vegetables free from hazardous substances. The employees can enjoy the pleasure of taking care of a small farm in the office within the hustle-and-bustle of the city.





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## Social Service

### 'Making rice dumplings, accompanying the elderly' (Phihong Technology Taiwan)

With the birth rate declining and population aging, elderly people spend more time living alone, which is why they need more of our caring. The Dragon Boat Festival is one of the three major festivals in Taiwan wherein family members would reunite with each other. The headquarters and Tainan branch organized activities to celebrate the Dragon Boat Festivals with the elderly people in the community. The employees are encouraged to participate in the project 'Making rice dumplings as well as medicine bags and sachets with the elderly people. They can experience the local culture at the same time.



# Making rice dumplings, accompanying the elderly





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## Social Service

**'Love the sea without distance; love the earth by cleaning the beach' (Phihong TechnologyTaiwan)**

Taiwan is surrounded by the sea, and the ecology of the ocean is closely related to us. But there is a lot of garbage polluting the ocean, which not only destroys the beauty of the beach and harms the creatures of the ocean, but is more likely to affect our lives. Because of this, Phihong launched a plan of "Love the sea without distance; love the earth by cleaning the coast" last 2017 and listed a clean coast as the focus of the annual social service of Phihong Taiwan. The Company has been organizing beach cleaning events on the Sicao Coast of Tainan for the second year. Every employee worked very hard to pick up the rubbish on the beach and tried to return a clean beach to nature. After cleaning, the garbage and PET bottles that were originally visible on the coast had all disappeared. The beach had recovered its clean appearance. In the coastal cleaning activities, the employees worked hard to protect the earth through real-time participation in re-learning the current state of the ocean and responded to the land that they stepped on with actual actions. The Company determined to continue doing more for the ocean and for our homes in the future coming years.





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## Commitment towards Minorities

### 'Love has no boundaries—the magic of the visually impaired' (Phihong Technology Taiwan)

"Love has no boundaries- the magic of the visually impaired ∞" (PHT) Job opportunities for people with disabilities normally are even fewer than those of normal people. Helping people with disabilities by providing employment opportunities is a better alternative than donations; let the physically and mentally handicapped person achieve the opportunity of self-sufficiency with their own strength. For the physical and mental obstacles, it may be a kind of encouragement.

Since October 2017, Phihong has been providing employment opportunities to visually impaired people, and held a "free visually impaired massage experience" in the factory to let the employees enjoy a massage by the visually impaired. After that, more visually impaired personnel were to stay in the factory once a week regularly. As soon as this activity was launched, it was highly and immediately praised by the workforce. Therefore, the company increased the service hours and offers an average of 18 hours of massage service per month. This allows people with physical and mental disabilities to have a stable job opportunity, and also allows the workers to have a window of relief for their aching lower back, shoulder and neck caused by sedentary posture.

Contributing to charitable events for the visually impaired while offering massage service for the employees. The company hires visually impaired professional massagers to periodically provide massage service to factory employees. The income would be donated to the causes of helping the minorities.

### 'Reuse of Toys, Rebirth of Love' (Phihong Technology Taiwan)

Christmas is a holiday full of warm atmosphere. Phihong Technology works with charity organizations every year for philanthropic events and sends donated objects to remote areas. In 2018, Phihong Technology worked with TOYOTA and organized the project 'Donating Toys for Christmas' for the purpose of bringing happiness to children in the remote areas. If you have piles of old toys that are no longer needed by your kids, you can contribute to the project. Phihong Technology encourages the employees to collect second-hand toys for the kids who couldn't afford them. The toys you donate would bring much happiness to many kids. Let's be the Santa for the disadvantaged kids and bring warmth to them!



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**Outcome of the Social Care System in 2018**

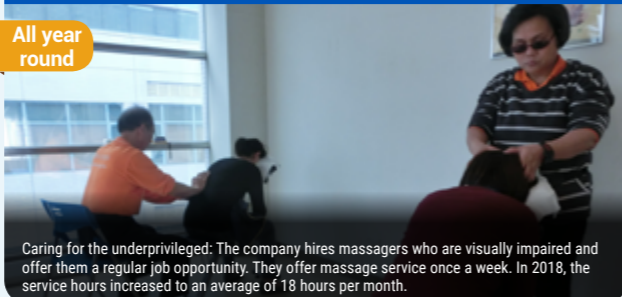
**June**

**Making rice dumplings, Accompanying the elderly**



Local Care: The employees would show care for the elderly people while following the traditional culture of making sachets and dumplings on Dragon Boat festivals.

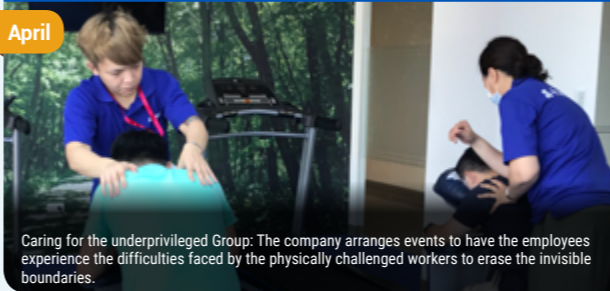
**All year round**



Caring for the underprivileged: The company hires massagers who are visually impaired and offer them a regular job opportunity. They offer massage service once a week. In 2018, the service hours increased to an average of 18 hours per month.

**April**

**Love has no boundaries—the magic of the visually impaired**



Caring for the underprivileged Group: The company arranges events to have the employees experience the difficulties faced by the physically challenged workers to erase the invisible boundaries.

**October**

**Coastal Cleanup event in SiTsao, Tainan**



Social Service: The event for environmental protection has been held for two consecutive years. The company shows its resolution as an eco-friendly company.

**All year round**


**One hundred dollars per month to finance the Taiwan Fund for Children and Families**



Donation for Charitable causes: 'One-hundred dollar club of Pihong Technology' encourages the employees to voluntarily make donations. Over 100 employees support the project each month to finance the education of children from disadvantaged families.

**May**

**The Garden of Love**



Caring for the environment: utilizing the space while offering the employees a chance to get closer to nature.

**December**

**Reuse of Toys, Rebirth of Love**



Donating to the needy: The company supported the project 'Reuse of Toys, Rebirth of Love' and collected 200 do-nated toys for children in the remote areas.

**All year round**

**Boxes to collect invoices for Genesis Social Welfare Fundation**



Donating the invoices: The company launched the project 'Donate invoices to help people in persistent vegetable state, the elderly, and the homeless people' in September, 2017. Over 1000



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# Appendix

Appendix 1 : Audit Statement

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# Appendix 1: Declaration of Verified Opinions



## Assurance Statement

On

PHIHONG TECHNOLOGY CO., LTD. Social Responsibility Report of 2018

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. AFNOR ASIA LTD., a subsidiary of Afnor Group, conducted this assignment using a verification team consisting of seasoned professionals highly trained in sustainability-related standards including AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, OHSAS 18001 and ISO 50001, and with qualifications as lead auditors, or verifiers. Afnor Group hereby provides a summary of PHIHONG TECHNOLOGY CO., LTD. Social Responsibility Report of 2018 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

Afnor Group and PHIHONG TECHNOLOGY CO., LTD. (hereinafter referred to as "PHIHONG") are independent entities. Afnor Asia Ltd. was commissioned by PHIHONG to conduct the assessment and assure the Corporate Social Responsibility Report of 2018 was in accordance with AA1000 Assurance Standard (2008) (AA1000 AS 2008) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

### SCOPE

The activities in the Report mainly covered the operation of PHIHONG in the aspects of social, environmental, economic and other related business performance. AFNOR Asia is responsible for:

- Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (2008) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
- Evaluating the appropriate option of the Report and its disclosure of materiality topics by GRI Standards.

### REFERENCES

- AA1000 Accountability Principles (2018) and AA1000 Assurance Standard (2008).
- GRI Standards (2016).

### METHODOLOGY

- The inclusivity, materiality and responsiveness in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (2008).
- The contents and the level of disclosure of the Report were in accordance with GRI Standards core option and then assessed against requirements of general and topic-specific standard disclosures (including disclosure on management approach and indicators).
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected and disclosed by the Report was reviewed through a validated sampling plan.
- All of documents, data and information that are related to the preparation of the Report has been reviewed and verified by the assessment team via discussions with responsible individuals in PHIHONG.
- A total of 13 employees, representatives from different departments and different management levels having participated in the sustainability management and preparation of the Report were respectively interviewed.
- The findings of internal audits and the effectiveness of CSR policy have been reviewed.
- All the supporting material and evidence which were used for the preparation of the Report were reviewed for adequacy and integrity.

## CONCLUSION

◆ **AA1000 Accountability Principles and AA1000 Assurance Standard**

**Inclusivity**  
PHIHONG continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The impartial report sets out the economic, social and environmental message adequately to support planning and achieving targets. Future reports could be improved by the following recommendations :  
-- Identifying and persevering stakeholders with a multi-faceted perspective and focusing on issues, and developing towards a more interactive communication model is conducive to the benign interaction between stakeholders and organizations.

**Materiality**  
PHIHONG has made their sustainability management information public available to enable the stakeholders to assess the management and performance of the company. PHIHONG also develop and implement a decision-making mechanism to consider all critical issues from different stakeholders. Future reports could be improved by the following recommendations :  
-- Strengthen the relevance of its cognition to the operational procedures of various departments, in order to facilitate the rational allocation of organizational resources and ensure the proper management of issues of great importance to the organization and stakeholders.

**Responsiveness**  
PHIHONG has developed and implemented the responding mechanism for stakeholders' interests to clearly declare the ethical policies and to communicate with interested parties. PHIHONG has responded the ethical expectations and opinions from the stakeholders. Future reports could be improved by the following recommendations :  
-- Actively collect stakeholders' responses to the Report as the reference for future improvement.

**Impact**  
PHIHONG has developed and implemented processes to understand, measure, evaluate and manage the impact of the organization and to provide the necessary capabilities and resources. PHIHONG also committed to a comprehensive and balanced disclosure of the organization's impact measurement and assessment of stakeholders and themselves. Future reports could be improved by the following recommendations :  
-- Enhance the understanding, measurement and evaluation process of impact to clearly understand the perpetual background of each impact and translate it into qualitative, quantitative or monetized measurement standards.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

PHIHONG has provided a self-declaration which followed the principles of defining report content and quality of GRI Standards. We confirm the related indicators refer to GRI Standards core option in the report have been compliance with guidelines. Some opportunities for improvement are:  
-- Strengthening continuous search and disclosure of relevant information on various operating locations (Taiwan and Mainland China), strengthening the management policy to expose content, and more fully presenting the sustainability context and related sustainable performance.

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## Appendix 1: Declaration of Verified Opinions

**ASSURANCE OPINION**

In our opinion, the information and data presented in the Report by PHIHONG is satisfactory and provides a fair and balanced representation. We believe the focuses on economic, societal and environmental matters in PHIHONG in 2018 are well represented. Afnor Group has developed a set of protocols for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (2008) and GRI Standards (2016). We believe that the evidence collected by onsite assessment has exhibited that PHIHONG did follow the guidance of AA1000 Assurance Standard (2008) and GRI Standards core option criteria, and their self-declaration in response to the Global Reporting Initiative.

**ASSURANCE LEVEL**

In accordance with the AA1000 Assurance Standard (2008), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this disclaimer.

**LIABILITY**

This assurance statement is intended for the use of PHIHONG only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :



Trevor Wilmer  
The Director for Certification and Assessment  
Jul. 23, 2019



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## Appendix 2: Comparison Index of GRI criteria

### General Disclosure

GRI Criteria	Item of disclosure	Section / Illustration	Page	Remark	
GRI 102 General Disclosure	General Standard Disclosure				
	102-1	Name of Institution	Phihong Technology Overview : Association Participation, Company Profile	P7	
	102-2	Events, brands, products, and services	Phihong Technology Overview : Association Participation, Company Profile	P8-P10	
	102-3	Location of organization headquarters	Phihong Technology Overview : Association Participation, Company Profile	P7	
	102-4	Operation venues	Phihong Technology Overview : Association Participation, Company Profile	P11-P12	
	102-5	Nature and legal form of ownership	Phihong Technology Overview : Association Participation, Company Profile	P7	
	102-6	Markets served by the organization	Phihong Technology Overview : Association Participation, Company Profile	P8-P10	
	102-7	Institution scale	Phihong Technology Overview: Association Participation Global bases, Harmonious Workplace: Manpower Structure	P11-P12	
	102-8	Information about employees and other workers	Harmonious Workplace: Manpower Structure	P57	
	102-9	Supply Chain	Phihong Technology Overview: Association Participation, Being a Responsible Partner: Supply Chain Management	P13, P51-P54	
	102-10	Significant changes in the institution and its supply chain	Editing Principles, Phihong Technology Overview: Company Profile, Global bases, Being a Responsible Partner: Supply Chain Management	P2, P7, P11-P12, P52	
	102-11	Principles and guidelines of Warning	Corporate Governance: Risk Warning	P30-P32	
	102-12	External Initiatives	Phihong Technology Overview: Association Participation	P13	
	102-13	Membership in Associations	Phihong Technology Overview: Association Participation	P13	
	Strategy				
	102-14	Statements of the highest decision maker of the organization	Advice of Managers, Phihong Technology Overview: Company Profile	P3-P4, P7-P10	
	102-15	Crucial impacts, risks, and opportunities	Corporate Governance: Risk Warning	P30-P32	
	Ethics and Integrity				
102-16	Describe the organization's values, principles, standards, and codes of conduct	Phihong Technology Overview: Company Profile	P8, P30-P32		
102-17	Mechanism for ethical advice and concerns	Corporate Governance: Risk Warning:	P30-P32		
Governance					
102-18	Governance Structure	Corporate Governance: Operations and Management - Corporate Governance Structure, Corporate Governance: Sustainable Development – strategy and promotion of Sustainable Development	P28-P29, P34-P35		

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GRI Criteria	Item of disclosure	Section / Illustration	Page	Remark	
GRI 102 General Disclosure	General Standard Disclosure				
	102-19	Designation Authorization	Corporate Governance: Operations and Man-agement - Corporate Governance Structure, Corporate Governance: Sustainable Develop-ment - Sustainable Development Strategy and Promotion	P28-P29, P34-P35	
	102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance: Sustainable Develop-ment - Sustainable Development Strategies and Promotion	P34-P35	
	102-21	Consulting stakeholders on economic, envi-ronmental, and social topics	stakeholders: stakeholders communication	P15-P16, P34-P35	
	102-22	Composition of the highest governing body and its committees	Corporate Governance: Operations and Man-agement, Corporate Governance: Sustainable Development	P28-P29, P34-P35	
	102-23	Chair of the highest governing body	Corporate Governance: Operations and Man-agement, Corporate Governance: Sustainable Development	P28-P29, P34-P35	
	102-26	Role of the highest governing body in setting purpose, values and strategy	Advice of Managers: Phihong Technology Overview: Company Profile, Corporate Governance: Sustainable Development - Sustainable Development Strategy and Promotion	P3-P4, P7-P8, P34-P35	
	102-29	Identifying and managing economic, envi-ronmental, and social impacts	Stakeholders: Evaluation of Major Aspects: Step-1 Evaluation Corporate Governance: Sustainable Development - Sustainable Development	P17-P26, P34-P35	
	102-31	Review of economic, environmental, and social topics	stakeholders: Evaluation of Major Aspects: Step-1 Evaluation Corporate Governance: Sustainable Development: Sustainable Development	P17-P26, P34-P35	
	102-32	Highest governing body's role in sustainabil-ity reporting	Stakeholders: Evaluation of Major Aspects: Step-1 Evaluation Corporate Governance: Sustainable Development – Strategy and Promotion of Sustainable Development	P17-P26, P34-P35	
	102-38	Annual total compensation ratio	Harmonious Workplace: Let's take attendance.	P58	
	102-39	Percentage increase in annual total com-pensation ratio	Harmonious Workplace: Remuneration and Welfare - Ideal salary structure	P58	
	Stakeholder Communication				
	102-40	List of stakeholders group	Stakeholders: Stakeholder communication, stakeholders group	P15-P16	
	102-41	Collective bargaining agreements	Harmonious Workplace: Introduction	P57	
	102-42	Identifying and selecting stakeholders	Stakeholders: Stakeholder communication	P15-P16	
	102-43	Approach to stakeholder engagement	Stakeholders: Stakeholder communication	P15-P16	
	102-44	Key topics and concerns raised	Stakeholders: Stakeholder communication, Evaluation of Major Aspects	P15-P26	
	Reporting Practice				
102-45	Entities included in the consolidated financial statements	Editing Principles, Phihong Technology Over-view: Global bases – Marketing area	P2, P11-P12		
102-46	Defining report content and topic boundaries	Stakeholders: Evaluation of Major Aspects: Step-3 Confirm	P17-P26		



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GRI Criteria	Item of disclosure		Section / Illustration	Page	Remark
GRI 102 General Disclosure	102-47	List of material topics	Stakeholders: Evaluation of Major Aspects: Step-3 Confirm	P17-P26	
	102-48	Restatements of information	Environmental Protection: Energy Saving and Carbon Reduction - GHG emissions	P42	GHG emissions Change the benchmark year of examination
	102-49	Changes in reporting	Editing Principles, stakeholders: Stakeholder communication – the stakeholders group has recruited companies in the same industry stakeholders - Evaluation of Major Aspects, differences in the items of significant topics in 2017 and 2018	P15, P19	
	102-50	Reporting period	Editing Principles	P2	The year 2018 is included
	102-51	Date of most recent report	Editing Principles	P2	
	102-52	Recycling cycle	Editing Principles	P2	Regular annual report
	102-53	Contact point for questions regarding the report	Editing Principles	P2	
	102-54	Claims of reporting in accordance with the GRI Standards	Editing Principles	P2	
	102-55	GRI content index	Appendix : Appendix 2	P92-P96	
102-56	External assurance	Appendix : Appendix 1	P90-P91		

### Disclosure of Specific Issues

GRI Criteria	Item of disclosure		Section / Illustration	Page	Remark
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	Phihong Technology Overview: Global bases – Operating performance	P12	
	201-3	Defined benefit plan obligations and other retirement plans	Harmonious Workplace: Remuneration and Welfare - Employees' Welfare	P59	
	201-4	Financial assistance received from the government	Phihong Technology Overview: Global bases -Operating performance Environmental Protection: Environmental Protection: EV(Electric Vehicle) Product Development Harmonious Workplace: Talent Foster - Talent Management and Development	P12, P40, P67	
GRI 202 Market Presence	202-1	Ratio of standard entry level wage of Phihong Technology compared to local minimum wage	Harmonious Workplace: Remuneration and Welfare – Proper Salary Structure	P58	
	202-2	Proportion of senior management hired from the local community	Harmonious Workplace: Manpower Structure Harmonious Workplace: Respect for Human Rights – Gender Friendly	P57, P71-P72	
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	Being a Responsible Partner: Supply Chain Management - Strategy for Procurement	P52	
GRI 205 Anti-corruption	205-1	Operation assessed for risks related to corruption	Corporate Governance: Risk Warning- Warning Principles and Guidelines of the Organization	P30-P33	
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance: Risk Warning- Warning Principles and Guidelines of the Organization	P30-P33	
	205-3	Confirmed incidents of corruption and action taken	Corporate Governance: Risk Warning- Warning Principles and Guidelines of the Organization	P32	
Self-initiated	Product Quality/ Green research & development		Environmental Protection: Green Products	P39-P40	

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GRI Criteria	Item of disclosure	Section / Illustration	Page	Remark	
GRI 300 Disclosure of Specific Topic	GRI 301 Materials	301-1 Materials used by weight or volume: the total weight or volume for producing and packaging of main products and service (recyclable and unrecyclable)	Environmental Protection: Green Products	P39	
		301-2 Weight or volume of the materials used: percentage of recyclable materials constituting the main products and services.	Environmental Protection: Green Products	P39	
	GRI 302 Energy	302-1 Energy consumption withing organization	Environmental Protection: Energy Saving and Carbon Reduction - Management of Energy , Intensity of Energy	P41	
		302-2 Energy consumption outside of the organization	Environmental Protection: Environmental Protection – EV (Electric Vehicle) Product development	P40	
		302-3 Energy Intensity	Environmental Protection: Energy Saving and Carbon Reduction - Management of Energy , Intensity of Energy	P41	
	GRI 303 Water and Effluents	303-1 Water usage according to the source	Environmental Protection: Energy Saving and Carbon Reduction - Management of Water Resource	P42	
		303-3 Recycled and reused water	Environmental Protection: Energy Saving and Carbon Reduction - Management of Water Resource	P42	
	GRI 305 Emission	305-1 Direct (Scope1) GHG emissions	Environmental Protection: Energy Saving and Carbon Reduction - GHG emissions	P42	
		305-2 Energy indirect (Scope 2) GHG Emissions	Environmental Protection: Energy Saving and Carbon Reduction - GHG emissions	P42	
		305-4 GHG emissions intensity	Environmental Protection: Energy Saving and Carbon Reduction - GHG emissions	P42	
		305-5 Reduction of GHG emissions	Environmental Protection: Energy Saving and Carbon Reduction - Management of Energy , GHG emissions	P42	
	GRI 306 Effluents and Waste	306-1 Water discharge by quantity and destination	Environmental Protection: Energy Saving and Carbon Reduction - Management of Water Resource	P42	
		306-2 Waste by type and disposal method	Environmental Protection: Energy Saving and Carbon Reduction - Waste Management and Recycling	P42-P43	
		306-3 Significant Spills	Environmental Protection: Energy Saving and Carbon Reduction - Management of Water Resource, Waste Management and Recycling	P42-P43	
	GRI 307 Environmental Compliance	307-1 Non-Compliance with Environmental laws and regulations	Corporate Governance: Compliance with laws,Environmental Protection: Energy Saving and Carbon Reduction - Management of Water Resource, Waste Management and Recycling	P36, P42-P43	

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GRI Criteria	Item of disclosure	Section / Illustration	Page	Remark
GRI 308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Being a Responsible Partner: Supply Chain Management - Management of environment-related substance	P51-P55	
	308-2 Negative environmental impacts in the supply chain and action taken	Being a Responsible Partner: Supply Chain Management - Quality Management of Supply Chain	P51, P53-P55	
GRI 401 Employment	401-1 New employee hires and employee turnover	Harmonious Workplace: Talent Cultivation – Structures of employee hires and employee turnovers in 2018	P66	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Harmonious Workplace: Remuneration and Welfare - Employees' Welfare	P58-P64	
	401-3 Parental leave	Harmonious Workplace: Respect for Human Rights - Gender Equality	P73	
GRI 402 Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	Harmonious Workplace: Respect for Human Rights - Notice Period of Registration	P74	
GRI 403 Occupational Health and Safety	403-1 Representatives of employer and employees constitute the Committee for Occupational Health and Safety	Harmonious Workplace: Workplace Safety - Occupational Safety and Health	P80	
	403-2 Ratio of different hazard categories, injuries, work-related hazards, days for leave of absence, and work-related casualties.	Harmonious Workplace: Workplace Safety - Occupational Safety and Health	P79-P80	
	403-3 Workers in the occupation with high ratio of job-related diseases	Harmonious Workplace: Workplace Safety - Occupational Safety and Health	P79-P80	
GRI 404 Training and Education	404-1 Average hours of training per year per employee	Harmonious Workplace: Talent Cultivation - Talent Management and Development	P67-P68	
	404-2 Programs for upgrading employee skills and transition assistance programs	Harmonious Workplace: Talent Cultivation - Talent Management and Development	P67-P68	
	404-3 Percentage of employees receiving regular performance and career development	Harmonious Workplace: Talent Cultivation – Feedback on performance evaluation and reflecting the result with remuneration	P65	
GRI 405 Diversity and Equal Opportunity	405-1 Diversity governing bodies and employees	Harmonious Workplace: Manpower Structure:	P28, P57	
	405-2 Ratio of basic salary and remuneration of women to men	Harmonious Workplace: Respect for Human Rights - Equal wages for Equal Work	P71-P72	
GRI 406 Non- Discrimination	406-1 Incidents of discrimination and collective actions taken	Corporate Governance: Compliance with laws: Harmonious Workplace: Respect for Human Rights - Gender Equality, Respect for human rights; Anti-discrimination	P36, P71-P73	

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GRI Criteria	Item of disclosure	Section / Illustration	Page	Remark	
GRI 400 Disclosure of Specific Topic	GRI 407 Freedom of Association and Collective Bargaining	407-Operation and suppliers in which the origin of freedom of association and collective bargaining may be at risk.	Harmonious Workplace: Respect for Human Rights - Management and labor communication	P74	
	GRI 408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Corporate Governance: Compliance with laws: Harmonious Workplace: Respect for Human Rights - Gender Equality, Respect for human rights	P36, P71-P72	
	GRI 409 Forced or Compulsory Labor	409-1 Operations and supplies at significant risk for incidents of forced or compulsory labor	Corporate Governance: Compliance with laws: Harmonious Workplace: Respect for Human Rights – Emphasizing Gender Equality and human rights	P36, P71	
	GRI 411 Rights of Indigenous People	411-1 Incidents of violations involving rights of indigenous people	Corporate Governance: Compliance with laws: Harmonious Workplace: Respect for Human Rights - Emphasizing Gender Equality and human rights	P36, P71	
	GRI 414 Support Social Assessment	414-1 New suppliers that were screened using social criteria	Being a Responsible Partner: Supply Chain Management - Strategy for Procurement	P51-P55	
		414-2 Negative social impacts in the supply chain and actions taken	Being a Responsible Partner: Supply Chain Management - Strategy for Procurement	P51-P55	
	GRI 416 Customer health and Safety	416-1 Assessment of the health and safety impacts of products and service categories	Being a Responsible Partner: Customer Service - Product Liability	P48-P50	
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services.	Corporate Governance: Compliance with laws Being a Responsible Partner: Customer Service - Product Liability	P36, P48-P49	
	GRI 417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	Being a Responsible Partner: Customer Service -Marketing and Labeling of products	P48-P49	
		417-2 Incidents of non-compliance concerning product and service information and labeling	Being a Responsible Partner: Customer Service -Marketing and Labeling of products	P48-P49	
417-3 Incidents of non-compliance concerning marketing communications		Being a Responsible Partner: Customer Service -Marketing and Labeling of products	P48-P49		
GRI 418 Customer Privacy	418-1 Companies that have been proven to conduct breach of customer privacy and loss of customer data	Being a Responsible Partner: Customer Service - Management of information and clients' privacy	P48-P49		
GRI 419 Social and economic Compliance	419-1 Non-compliance with laws and regulations in the social and economic aspects	Corporate Governance; Compliance with the laws	P36, P71		

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## Appendix 3: Comparison Table of Sustainable Development Goals (SDGs)

Item	SGD Goal	Corresponding Chapter	Page
Goal 1	Eliminate all forms of poverty and care for the vulnerable group.	Take care of vulnerable group	P84-P88
Goal 2	Eliminate hunger, achieve food security, improve nutrition and promote sustainable agriculture.	Take care of vulnerable group	P84-P88
Goal 3	Ensure health and promote well-being for all ages.	Harmonious Workplace: Respect for human rights, workplace safety	P78-P82
Goal 4	Ensure that there is a fair and high quality education, and pro-mote lifelong learning.	Harmonious Workplace: Talent cultivation	P65-P70
Goal 5	Achieve gender equality and empower women	Harmonious Workplace: Respect for human rights	P71-P73
Goal 6	Ensure water and sanitation and sustainable management for all.	Environmental Protection: Energy conservation and carbon reduction – Water resources management	P42
Goal 7	Ensure that all people have access to affordable, reliable, sus-tainable, and modern energy.	Energy resource and carbon reduction management	P41-P43
Goal 8	Promote inclusive and sustainable economic growth, achieve comprehensive and productive employment, and provide everyone with a good job.	Phihong Technology Overview: Global bases – Operational performance Corporate Governance	P12, P28-P36
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industries, and accelerate innovation.	Green design environmental protection	P38-P40
Goal 10	Reduce domestic and inter-country inequality	Harmonious Workplace: Respect for human rights	P71-P78
Goal 11	Encourage urban and human habitation to be inclusive, safe, and sustainable.	Take care of the disadvantaged and care for the locals	P84-P88
Goal 12	Ensure sustainable consumption and production patterns.	Being a Responsible Partner: Customer service	P46-P50
Goal 13	Take urgent measures to respond to climate change and its im-pact.	Corporate Governance: Risk Warning and Responses to Climate change	P32-P33
Goal 16	Promote a peaceful and inclusive society to implement sustainable development; provide a judicial platform for all; establish an effective, accountable and inclusive system at all levels.	Stakeholders:	P15-P26
Goal 17	Strengthen the implementation of sustainable development and the Global Partnership for Sustainable Development.	Stakeholders: Corporate Governance:	P15-P26,P28-P35



