

2016

**Corporate
Social
Responsibility**



CSR REPORT



*Company Vision
Core Values
Corporate Culture
Operating Principles*



Phihong Technology upholds the operating principles of "integrity," "creation," and "challenge" by employing flexible strategies to meet changing trends. In addition to our goal of being the world's best power source supplier, we continue to focus on environmental issues to fulfill our duty of corporate social responsibility.

PHIHONG

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Phihong CSR

Phihong Technology has achieved evident results in CSR activities in economic, social, and environmental aspects to express the company's determination in sustainable development.

Corporate Social Responsibility

Editing Principles of the Report

This is the 8th annual CSR Report published by Pihong Technology to present the company's continued efforts and determination in sustained development through economic, social, and environmental aspects. The report satisfies requirements of international standards and stakeholders with issues presented through substantive identification and analysis. The "Pihong CSR Committee" and the report's editorial team have met with stakeholders to evaluate stakeholder rights and the issues they care about to determine and select topics and their priority.

Scope and Data

The scope of this report includes Pihong's 2016 (January 1st, 2016 to December 31st, 2016) CSR performance for Pihong Taiwan (Linkou HQ and Tainan factory) and DongGuan factory sites (includes factories in DongGuan, Tie Song, and Da Hong). Starting in 2016, the Da Hong factory has become a primary production facility, hence its inclusion this year. Financial data encompasses the operating performance of the head company and all subsidiaries while other indexes do not encompass other subsidiaries, factories, and investment companies.

Financial figures in the report and calculated in New Taiwan Dollars and periodically verified by Deloitte & Touche. ISO14001 and OHSAS18001 have been certified and passed by a third party, and all environmental, safety, and sanitation related performance are expressed in standard international indexes. Some details and financial information will be divulged in further detail on the corporate website and annual shareholder meeting; any estimations or assumptions will be noted in each chapter. Compared to the previous report, additions made this year will be noted in relevant sections.

Report Compilation Guideline

The content and structure of this report has been compiled according to the 4th edition of the sustainability reporting guidance (GRI G4) issued by the Global Reporting Initiative (GRI). The report discloses Pihong's key topics, strategy, goals, and measures in sustainability. The contents of the report discuss and define whether the process complies with AA1000 requirements; this report is published in both English and Chinese and is available for download on the official website of Pihong.

Guarantee and Credibility

In order to improve information transparency and reliability, this report was contracted to a 3rd party: France's AFNOR Group has provided an independent statement of guarantee according to AA1000 (2008) Type I medium guarantee level and GRI G4 core observation options; the statement of guarantee can be found in the appendix of this report.



Issuance

Pihong continues to publish an annual CSR Report. In order to realize an eco-friendly and paperless model, this report is publicly available on the corporate website for download.

Current Version: Published July, 2017

Next Version: Planned publication July, 2018 (publishing date of previous version: July, 2016)

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Words from the CEO

45 years after being founded, Phihong Technology has endured the difficulties of the global financial crisis and impact of the red supply chain. Through the efforts of every colleague, we continue to deepen our roots, strive for innovation, and seek growth to bring stability and strength to the company. In this quickly shifting operating environment, Phihong has worked to let stakeholders fully understand the company's hard work and contributions in sustainable operations by establishing a mechanism that periodically communicates and responds to the topics that are important to our stakeholders. Since 2009, we led the industry by publishing the first CSR Report in the hopes of providing a non-financial based report to help stakeholders gain a better understanding of Phihong. We began using the GRI G4 index to compile the report in 2014 and introduced a third party to verify the report to ensure quality transparency and credibility. Through our combined efforts, the 2015 Phihong CSR Report further improved to win the honor of a silver award in the CSR Reports of Taiwanese corporations.

Looking back on 2016, global economic growth has slowed into a low growth period, while industry structure continues to improve in China, leading to higher labor costs and impacting the development of Taiwan's technology sector; Phihong is facing challenges that surpass the difficulty of those faced in 2015. Phihong's economic performance in 2016 continued to show a negative operating net profit, but the company continues the aggressive development of non-mobile based products in medicine, intelligence, tooling machines, and electric car charging stations; these efforts have improved the company's revenue and gross margins. 2016Q4 has already shown signs of improvement that will allow the company to regain robust growth.

As corporate managers, we understand that our primary responsibility is to equip the company with stability and power to grow sales. Due to these beliefs, Phihong has focused on the development of core businesses and product quality, but also on the topics that clients, shareholders, and employees care about by including them in corporate policy considerations to act as the core beliefs of the company's sustainable development. New deputy CEO Lin's leadership in restructuring the organization in the latter half of 2016 was hosted through the "Consensus of Vision and Strategy Planning" to redefine Phihong's vision, mission, goals, and strategy for the short, mid, and long term. In terms of the future, we are filled with confidence and anticipation.

In terms of environmental performance, Phihong is developing towards innovative development in integrating products and services with the environment and society. Our globally renowned energy conversion technology allows an aggressive entry in comprehensive energy solutions, such as electric car charging station products, with the purpose to reduce environmental impact and realize actions that will benefit energy conservation and the environment.

While seeking economic development, Phihong also upholds the corporate spirit of "take from society, give back to society" by providing long-term care to minorities, supporting art and cultural events, and allocating an annual budget to social charity. The company aggressively acts as a bridge for charity between employees and charity groups to gather love and kindness and maximize the use of resources. Social participation has already become a critical part of our corporate culture and looking to the future, Phihong will continue to uphold the vision of "social care, voluntary service" to contribute our part through actions to display a bigger social impact so that the company, our employees, and the community can grow together. We will seek and strive to realize our corporate social responsibility.



CEO

林 中 民

2016 CSR Performance Summary



Economic Revenue Growth **2%**

2016 Performance

Revenue growth of 2% from 2015, margin increased by 33%, overall deficit reduced by 70%

Future Goals

Deficit turned to profit, raising overall revenue for stable growth and profit

Environment

Environment Management **100%**

2016 Performance

Environment monitoring rate achieves 100%, complies to legal regulations

Future Goals

Environment monitoring must achieve 100% in compliance with legal regulations



Economic

Product Certification

2016 Performance

- Obtained ISO13285 medical instrument quality management system certification in 2016Q3.
- 2016Q4 EV products passed ISO9001 certification

Future Goals

- Obtain IATF16949 automobile industry quality management system compatibility statement before 2018
- Complete ISO9001 in 2017: 2015 new version conversion



Environment

Energy Management

2016 Performance

Energy reduction performance
Pihong Taiwan: 120,000 kWh (Linkou HQ)
DongGuan Factories: 21,081 kWh

Future Goals

Energy consumption in 2020 will decrease by 5% based on 2016 energy usage statistics



Greenhouse Gas Emissions

Environment

Greenhouse Gas Emissions

2016 Performance

Greenhouse gas emissions increased from 2015, we will continue to plan and implement response measures

Future Goals

Greenhouse gas emissions in 2020 will reduce by a minimum of 5% based on 2010 greenhouse gas emission volume



Supplier Management

67%

Society

Supplier Management **67%**

2016 Performance

Annual supplier statement of guarantee in integrity achieved a rate of 67.12%, a 5.12% growth from 2015

Future Goals

Achieve a supplier signing rate of 80% by the end of 2017



Silver award
for TCSA

Society

Corporate Image

2016 Performance

Silver award for sustainable corporation in Taiwan 2016

Future Goals

Continued participation in CSR related awards and strive towards more honor for the company



Society

Employee Relations

2016 Performance

- Hiring of 8 R&D candidates in military service to develop talent needed in the company

- Introduced new staff to have lunch with senior management to hear their opinions; will continue to host this event

Future Goals

- Introduced digital performance management system





Company Overview

Phihong Technology is a professional developer, manufacturer, and supplier of power supplies. The company underwent reorganization and restructuring at the end of 2016 along with the aggressive development of non-mobile related power supplies and increasing shipment sizes to revitalize company revenue and gross margins.



Introduction and Product Applications


Phihong Technology is a publicly traded company in Taiwan (ticker: 2457) with operations headquartered in Taoyuan's Hwa Ya Technology Park and primary manufacturing headquartered in DongGuan City, Guangzhou Province, China. Subsidiaries in California and Tokyo provide our clients with immediate sales and technical services. During the compiling of this report, the ownership of Phihong and its subsidiaries has not seen any major changes. Phihong Technology is a company with more than

40 years of professional experience in manufacturing power sources; our manufactured power products are deeply trusted by clients around the world. Primary product lines are in power source products, including adapters, battery chargers, PoE (ethernet power supply), electric vehicle charging stations, and audio systems for use in construction sites. Our products can also be found in diverse industries such as consumer electronics, netcoms, small appliances, medicine, architecture, industrial, and electric vehicles.

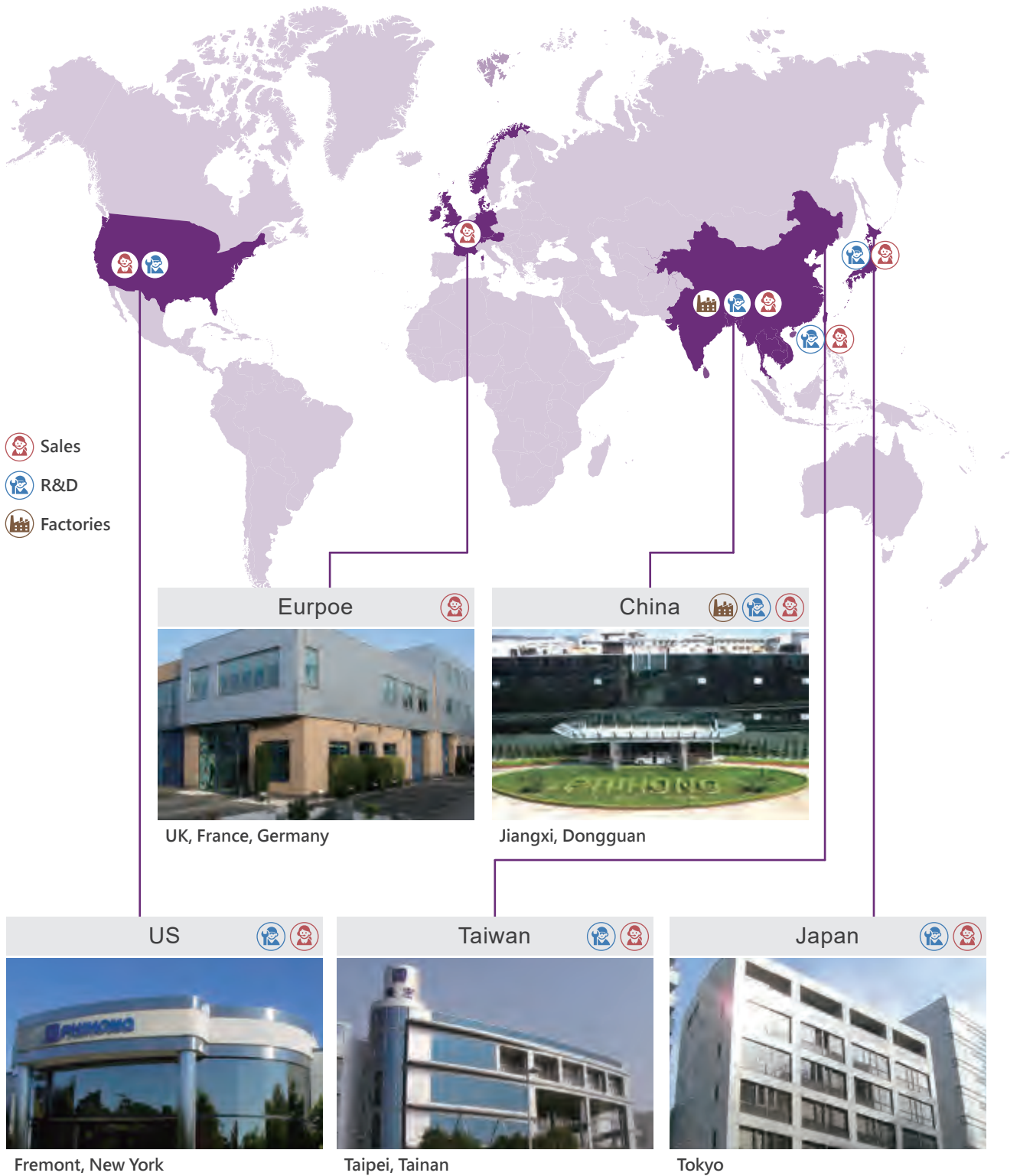
Product Categories

<p style="text-align: center;">SMPS</p> <p>1W-150W</p> <p>IEC60950 UL60950 IEC60335 EN55024 IEC60601 IEC61000 EN55022 & FCC Class B</p> 	<p style="text-align: center;">PoE</p> <p>15.4W-95W</p> <p>Midspan Splitter Extender Passive injector</p> 
<p style="text-align: center;">Jobsite Radio</p> <p>Radio Bluetooth Speaker</p> 	<p style="text-align: center;">EV</p> <p>15kW-160kW</p> <p>GB/T 18487-2015 GB/T 20234-2015 GB/T 27930-2015 NB33008-2013 NB33001-2010</p> 

Product Application Industries

 <p>Mobility Charger</p>	 <p>Networking Adapter</p>	 <p>Smart Life Adapter</p>	 <p>POS Adapter</p>	 <p>Printer Adapter</p>	 <p>POE</p>
 <p>Medical Adapter</p>	 <p>Robot Charger</p>	 <p>Power Tool Charger</p>	 <p>Jobsite Radio</p>	 <p>Drone Charger</p>	 <p>EV Charger</p>

Global Company Operations



Introduction and Product Applications

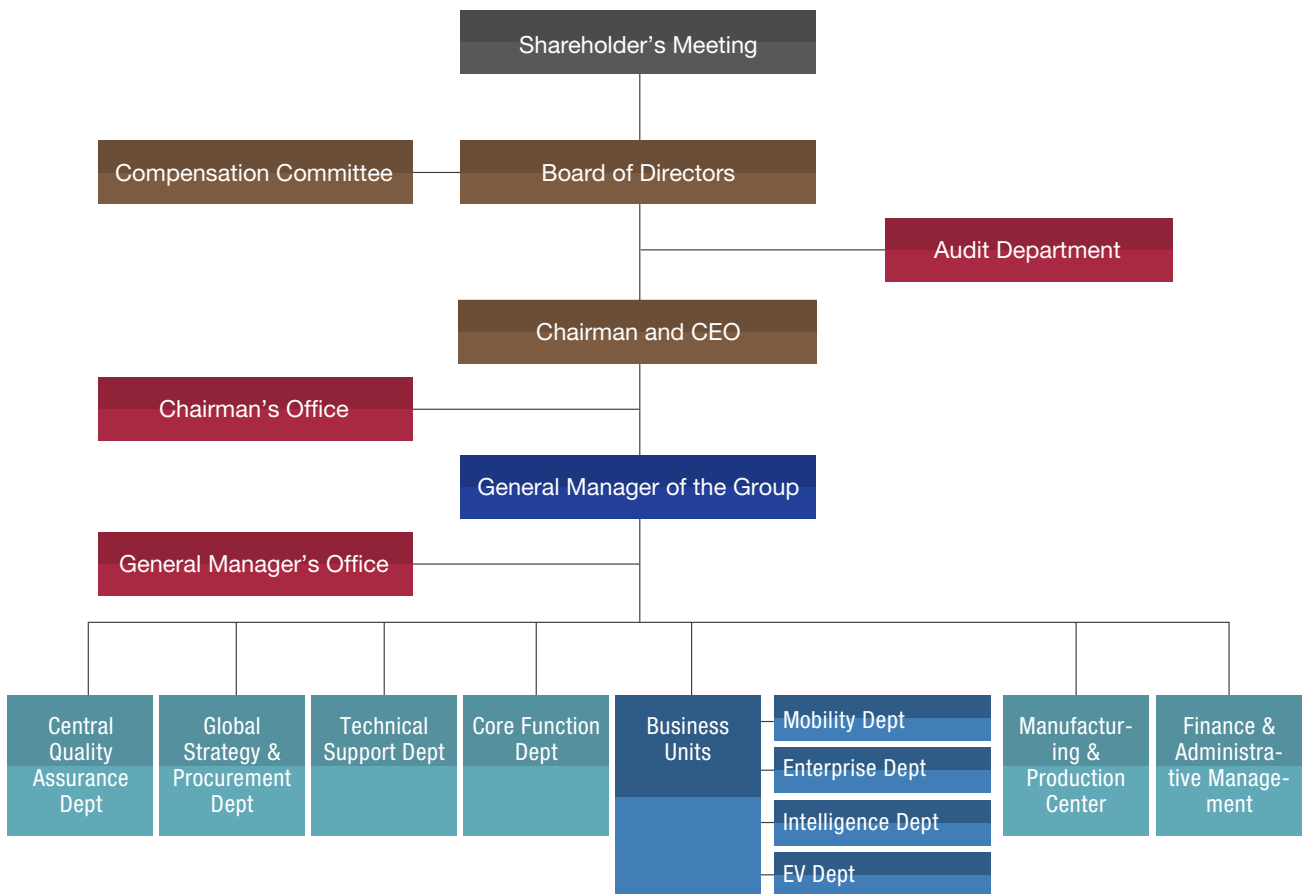
Company Structure

In order to establish a clear direction of development and gather organizational resources, Phihong Technology underwent a restructuring and reorganization at the end of 2016 by clearly separating departments into 4 major

business units: Mobility, Enterprise, intelligence, and EV business units. The new organization structure took effect on January 1st, 2017.



Organization Structure



Vision, Mission, and Core Policies

In order to wield advantages in a competitive industry, Pihong Technology has consolidated products and services within the field of environment and society for innovative developments to meet our goal of sustainable operations. Under the guidance of the deputy CEO in September of 2016, departments within the company underwent a 3 month “Consensus of Vision and Strategy Planning” camp that included CSR as an operational category of the company’s development, redefining Pihong Technology’s vision and mission. The consensus camp included members such as management level superiors from each business unit, mid- to high-level managers, and foundation level representatives. All members provided their suggestions for short-, mid-, and long-term development of the company for discussion. The topics were honed to establish a mutual direction all employees wanted to pursue, thus forming the core values of Pihong Technology.

Vision

The core values of energy conservation, innovation, and service to become the world’s best power supplier.



Integrity
Corporate core, the center philosophy behind every activity.



Innovation
Achieve sustainable operations for a competitive advantage on the world stage.



Challenge
Promote change, the most important driving force in pursuing excellence.

Quality Policy



Environment Policy

Pihong Technology seeks sustainable operations and will uphold corporate ethics to prevent environmental pollution by promising to execute the actions below:

- Integrate the spirit of PDCA (Plan, Do, Check, Action) and confirmation in the implementation of environment management to reduce and prevent the environmental impact.
- Use systematic management to improve performance and conserve energy, continue improvement of pollution

prevention.

- Comply with environmental regulations and client demands in waste water, waste gas, waste, noise pollution, chemical products, banned substances, and toxic substances by abiding in necessary regulations.
- Design and manufacture green products that comply with legal regulations and environmental managed substances (non-toxic substance HSF).
- Periodically audit environmental targets and performance, publish results.

Occupational Safety Policy



Comply with safety requirements. Improve communication between internal and external management



Continued improvement of work environments. Prevent any type of accident from occurring.



Reduce the risk of occupational safety incidents. Strive to guarantee the health and safety of all staff.

Operation Performance and Corporate Development

Phihong Technology's total revenue in 2016 was 11,352 billion NTD, a 2.1% increase from 2015; a pre-tax net loss of 262 million NTD, net loss after tax of 301 million NTD, and gross margin of 12%. In recent years, Phihong Technology has aggressively developed non-mobile products

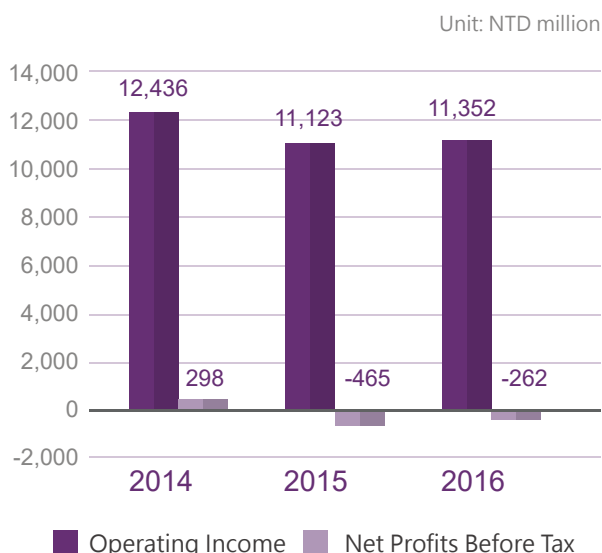
by targeting markets such as medical, intelligence, tooling machines, and electric vehicles. Shipments are gradually increasing in volume and this has returned revenue and gross profit to stability; the operation is gradually rising from depression.

2016 Consolidated Financial Performance Chart

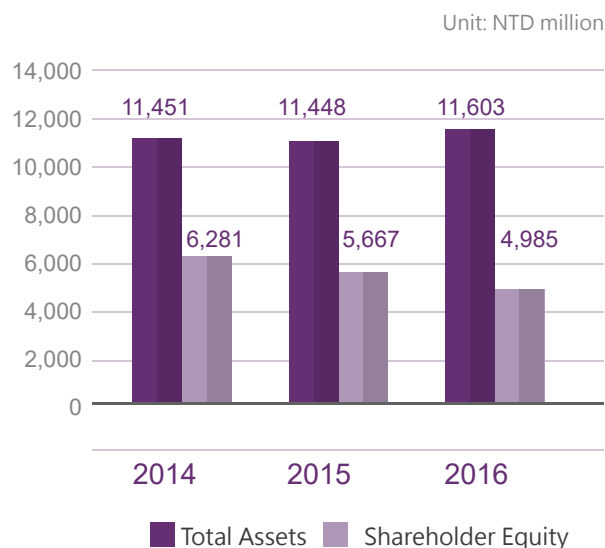
Item	2014 (IFRS)		2015 (IFRS)		2016 (IFRS)	
	Annual					
Operating Income	12,436	100.00%	11,123	100.00%	11,352	100.00%
Operating Margin	1,731	13.92%	1,011	9.09%	1,368	12.05%
Operating Expenses	1,714	13.78%	1,629	14.65%	1,677	14.77%
Operating Net Profit (Loss)	17	0.14%	-618	-5.56%	-309	-2.72%
Non-Operating Income and Expenses	281	2.26%	153	1.38%	47	0.41%
Pre-Tax Net Profit (Loss)	298	2.40%	-465	-4.18%	-262	-2.31%
Income Tax Expense	150	1.21%	47	0.42%	39	0.34%
Current Net Profit	148	1.19%	-512	-4.60%	-301	-2.65%
Total Employees	8,648		8,696		7,858	

Note: The 2015 figures utilized data statistics from internal management, total number of employees has been adjusted to the published information of 8,696 members.

Operating Income and Net Profit Before Tax



Total Assets and Shareholder Equity



Note:

- The chart depicts Phihong's total revenue, gross profit, and net profit. For details on operations and financial performance please refer to the 2016 Phihong Annual Report published on the company website.
- For details on the data related to the company's assets, liabilities, equity, and products, see page 74 and 60 of the 2016 Phihong Annual Report.
- For details regarding retained earnings, see page 78 of the 2016 Phihong Annual Report.

Operation Goals and Development Strategy

Operation Strategy

- Utilize core values of energy conservation, eco-friendly, and service to strengthen product design and sales.
- Continue investments in automation and smart production to increase production capabilities and develop towards a sophisticated and precise manufacturing process.
- Develop high power digital power supplies to comply with the needs of the Internet of Things and other industries.
- Continue to improve processes, strengthen organizational structure, improve management efficiency, and a comprehensive cloud-based data platform.
- Reassess the dynamics of the global market and invest deeply in power supplies for handheld mobile devices (tablets, smartphones), network equipment, and develop wearable equipment, POS machines, smart homes, consumer based medical equipment, drones, and TV boxes. Continue to strive as a leader in electric tools and audio systems in construction sites while continuously expanding the market share of each product series.
- Continue to develop new power supply products such as EV charging products.

Operation Goals

- The company's strategy targets fields of applications and meets the market's needs through the timely release of new products and opening new markets in the hopes of increasing profit capability to maximize shareholder value.
- USB PD/QC power supply, network power supply, mid to high end smart phones, tablet computers, electric tools, POS machines, printers, TV boxes, consumer based medical equipment, robots, and the power sources of other electronic products and related components are the primary markets the company seeks to enter.
- Continue to promote eco-friendly products such as EV charging products into Europe, U.S., Japan, and the greater China region and continue to expand market share.
- Continue observation of emerging industries such as wearable devices, drones, and virtual reality market development for timely entrance.
- Increase development of consumer electronic products, directly combining with market access.
- Strengthen the design and market development of high-power power supply products.

Production and Marketing Policy

- Primary operation strategy is respond to market competition to increase market share and sales profits.
- Invest deeply in automation and smart production to increase production capabilities and develop towards a

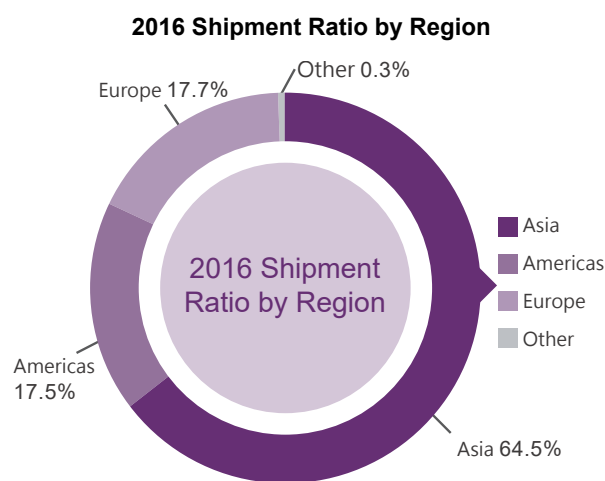
- sophisticated and precise manufacturing process.
- Vertical consolidation of sophisticated internal processes to reduce production costs and prevent manufacturing waste.
- Appropriate idle production capacity and equipment to reduce operating costs of factories.
- Innovate in design, creativity, and improve the exterior aesthetics of products to increase the competitive advantage of products.
- Aggressively invest in the development of new energy related product to meet market demand.
- Strategic alliances with suppliers to reduce costs and improve quality of raw materials.
- Continue to expand the needs of emerging markets to create additional revenue streams.

Company Development Strategy

- Continue to develop and design high performance eco-friendly products.
- Improve manufacturing process, sophisticated production, increase ratio of automation and smart production.
- Improve quality standards to provide clients with products that are safe and reliable.
- Increase capabilities in innovation, creativity, and creation to address future trends.
- Focus in developing industries and pursue the pinnacle.

Sales Regions

Phihong Technology's sales regions span the 5 major continents with primary shipment markets being the Asia Pacific (64.5%), the Americas (17.5%), and Europe (17.7%). There were no incidents relating to banned sales or controversial products in 2016.



Participation in Union and Association Groups

In order to establish Pihong Technology as a sustainable corporation, we take the initiative by participating in global/national/local initiative groups by joining these organizations, becoming members, and attending meetings to voice opinions in the hopes of gathering power within the industry to promote exchange and satisfy the expectations

of non-profit organizations and society. Below is a list of non-profit organizations the company has joined including related associations and national or international initiative groups to voice our participation or support in economic, environmental, social charters, principles, or other initiatives voiced by external parties.

Aspect	Initiative Group or Social Charter	Role/Initiative Action
Economic	Taiwan Electrical and Electronic Manufacturers' Association	Member
	The Institute of Internal Auditors – Chinese Taiwan	Member
	Chinese Commercial Construction Seminar (8 th , 9 th)	Member
	Tainan County Industrial Association	Member
	2016 Business Weekly Entrepreneurs Club	Member
	Taiwan Chamber of Commerce & Industry	Member
Social	Global Reporting Initiative	Initiative
	Electronic Industry Citizenship Coalition	Initiative
	Cross-Strait Association of Culture and Creativity	Member
	Taoyuan City Police Supporters Association	Consultant
	The General Association of Chinese Culture	Member
	Eden Social Welfare Foundation	Donation
	Taiwan Fund for Children and Families	Monthly Donations
	Taiwan Association for Marine Environmental Education	Initiative
	Guangdong Guangzhou Baoguan Association	Member
	Guangdong Entry & Exit Immigration Association	Member
	Taiwan Businessmen Association Dongguan -Qingxi Branch	Member

Primary Initiatives and Participation

Pihong Technology aggressively participates in public policy related to CSR, sustainable development, and the industry. In order to fully practice corporate sustainability and complete transparency of organizational information, Pihong Technology refers to two international standards and guidelines in the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines (2013) and AA 1000 (2008) accountability framework. Each year, meetings with stakeholders are held to communicate the policy and performance of CSR by detailing the general actions and developments that Pihong Technology has taken for CSR.

Response to Conflicted Mining Policy

Pihong Technology has long held EICC as the standard in the hopes that our suppliers respect and support human rights movements recognized by the international community. When purchasing metals from Congo and nearby countries, we do not in any way shape or form condone, utilize, invest, support, or finance any criminal behavior or crimes against human rights. We ask our suppliers to abide by the standards set forth in EICC and expect suppliers to work with Pihong to maintain supply chains that abide by this policy.

“Environment and Habitat” Initiative Training Program

In November of 2016, Pihong Technology invited Taiwan Ecotourism Association motivate teachers and voluntary guide at Shei-Pa National Park, Qin-yao Chiu, to give a talk on the topic “Compassion in Nature – Natural Observations and Experiences. He gave a wonderful course on natural habitat preservation and experience to the employees at Pihong. Careful observation of organisms in nature shows that they all have a unique strategy and method for survival; when presented, these behaviors look interesting and fully show how the creator is clever and incredible. We hope that observing nature can act as the role of a medium or bridge to bring everyone closer to and enjoy nature and in turn learn to care and love the island of “Taiwan”, also known as Formosa.

By sharing the experiences above and depicting the cleverness and importance of nature, colleagues at Pihong were able to experience the importance of nature in life. Learning from a different perspective and observing, enjoying nature will yield different results and experiences.

Quality and Eco-Friendly Initiative – RoHS Policy

Aside our own expectations for CSR, Pihong Technology strives to develop lead-free products. In recent years, we’ve aggressively implemented our global strategy and found that eco-friendly is a major trend in the market. We must strive towards environmental protection



by producing eco-friendly products to connect with the world, satisfy client demands, and reach the standards of global corporations. As a leading manufacturer in the power supply industry, Pihong has already abided by the EU’s proposed Restriction of Hazardous Substances (RoHS) by producing without 6 banned substances listed in RoHS and replacing the components of old products to produce

RoHS compliant products. We’ve also met client demands in choosing materials that are RoHS compliant and established a database of materials from suppliers to ensure that supply chain management is RoHS compliant.



Participation in External Organizations

Aside from participating in charity events, Pihong Technology cares and fully invests in CSR related public affairs; we hope to integrate government, corporate, and individual resources to make a contribution to Taiwanese society or related industries. Through aggressive participation, we’ve invested in national (e.x. Taiwan Electrical and Electronic Manufacturers’ Association, Taiwan Chamber of Commerce & Industry, Cross-Strait Association of Culture and Creativity..), local groups (Taoyuan City Police Supporters Association), functional, health, or charity groups to act as a primary driver. We hope to play a positive driving force in utilizing corporate and individual resources to improve both society and the industry.





Economy

2016 CSR Performance Summary



Interest rate / Loan amount	Possible Payments			
	\$4,750	\$4,800	\$4,850	\$4,900
241,113	1,115	1,115	1,115	1,115
246,340	1,115	1,115	1,115	1,115
251,567	1,115	1,115	1,115	1,115
256,794	1,115	1,115	1,115	1,115
262,021	1,115	1,115	1,115	1,115
267,248	1,115	1,115	1,115	1,115
272,475	1,115	1,115	1,115	1,115
277,702	1,115	1,115	1,115	1,115
282,929	1,115	1,115	1,115	1,115
288,156	1,115	1,115	1,115	1,115
293,383	1,115	1,115	1,115	1,115
298,610	1,115	1,115	1,115	1,115
303,837	1,115	1,115	1,115	1,115
309,064	1,115	1,115	1,115	1,115
314,291	1,115	1,115	1,115	1,115
319,518	1,115	1,115	1,115	1,115
324,745	1,115	1,115	1,115	1,115
329,972	1,115	1,115	1,115	1,115
335,199	1,115	1,115	1,115	1,115
340,426	1,115	1,115	1,115	1,115
345,653	1,115	1,115	1,115	1,115
350,880	1,115	1,115	1,115	1,115
356,107	1,115	1,115	1,115	1,115
361,334	1,115	1,115	1,115	1,115
366,561	1,115	1,115	1,115	1,115
371,788	1,115	1,115	1,115	1,115
377,015	1,115	1,115	1,115	1,115
382,242	1,115	1,115	1,115	1,115
387,469	1,115	1,115	1,115	1,115
392,696	1,115	1,115	1,115	1,115
397,923	1,115	1,115	1,115	1,115
403,150	1,115	1,115	1,115	1,115
408,377	1,115	1,115	1,115	1,115
413,604	1,115	1,115	1,115	1,115
418,831	1,115	1,115	1,115	1,115
424,058	1,115	1,115	1,115	1,115
429,285	1,115	1,115	1,115	1,115
434,512	1,115	1,115	1,115	1,115
439,739	1,115	1,115	1,115	1,115
444,966	1,115	1,115	1,115	1,115
450,193	1,115	1,115	1,115	1,115
455,420	1,115	1,115	1,115	1,115
460,647	1,115	1,115	1,115	1,115
465,874	1,115	1,115	1,115	1,115
471,101	1,115	1,115	1,115	1,115
476,328	1,115	1,115	1,115	1,115
481,555	1,115	1,115	1,115	1,115
486,782	1,115	1,115	1,115	1,115
492,009	1,115	1,115	1,115	1,115
497,236	1,115	1,115	1,115	1,115
502,463	1,115	1,115	1,115	1,115
507,690	1,115	1,115	1,115	1,115
512,917	1,115	1,115	1,115	1,115
518,144	1,115	1,115	1,115	1,115
523,371	1,115	1,115	1,115	1,115
528,598	1,115	1,115	1,115	1,115
533,825	1,115	1,115	1,115	1,115
539,052	1,115	1,115	1,115	1,115
544,279	1,115	1,115	1,115	1,115
549,506	1,115	1,115	1,115	1,115
554,733	1,115	1,115	1,115	1,115
559,960	1,115	1,115	1,115	1,115
565,187	1,115	1,115	1,115	1,115
570,414	1,115	1,115	1,115	1,115
575,641	1,115	1,115	1,115	1,115
580,868	1,115	1,115	1,115	1,115
586,095	1,115	1,115	1,115	1,115
591,322	1,115	1,115	1,115	1,115
596,549	1,115	1,115	1,115	1,115
601,776	1,115	1,115	1,115	1,115
607,003	1,115	1,115	1,115	1,115
612,230	1,115	1,115	1,115	1,115
617,457	1,115	1,115	1,115	1,115
622,684	1,115	1,115	1,115	1,115
627,911	1,115	1,115	1,115	1,115
633,138	1,115	1,115	1,115	1,115
638,365	1,115	1,115	1,115	1,115
643,592	1,115	1,115	1,115	1,115
648,819	1,115	1,115	1,115	1,115
654,046	1,115	1,115	1,115	1,115
659,273	1,115	1,115	1,115	1,115
664,500	1,115	1,115	1,115	1,115
669,727	1,115	1,115	1,115	1,115
674,954	1,115	1,115	1,115	1,115
680,181	1,115	1,115	1,115	1,115
685,408	1,115	1,115	1,115	1,115
690,635	1,115	1,115	1,115	1,115
695,862	1,115	1,115	1,115	1,115
701,089	1,115	1,115	1,115	1,115
706,316	1,115	1,115	1,115	1,115
711,543	1,115	1,115	1,115	1,115
716,770	1,115	1,115	1,115	1,115
722,000	1,115	1,115	1,115	1,115
727,230	1,115	1,115	1,115	1,115
732,460	1,115	1,115	1,115	1,115
737,690	1,115	1,115	1,115	1,115
742,920	1,115	1,115	1,115	1,115
748,150	1,115	1,115	1,115	1,115
753,380	1,115	1,115	1,115	1,115
758,610	1,115	1,115	1,115	1,115
763,840	1,115	1,115	1,115	1,115
769,070	1,115	1,115	1,115	1,115
774,300	1,115	1,115	1,115	1,115
779,530	1,115	1,115	1,115	1,115
784,760	1,115	1,115	1,115	1,115
790,000	1,115	1,115	1,115	1,115

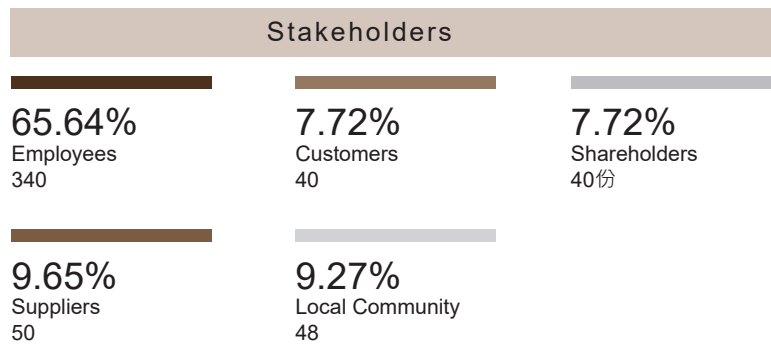
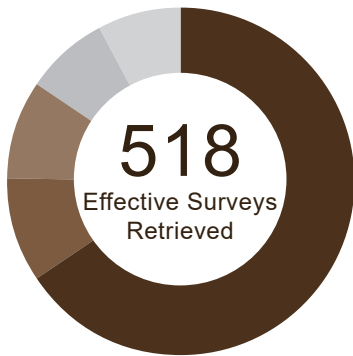
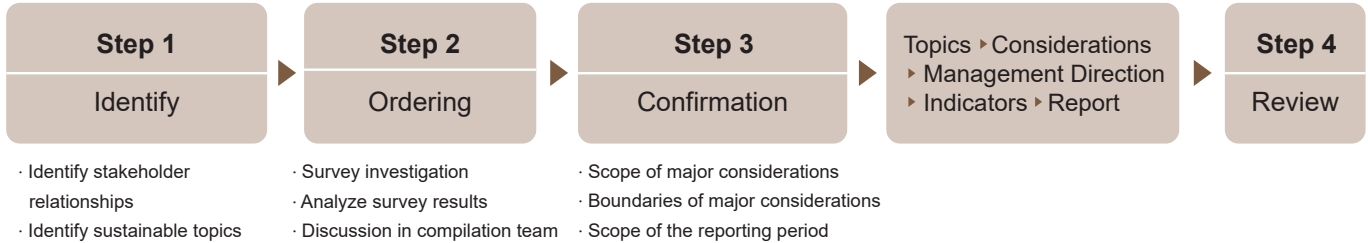


Critical Issues and Communication with Stakeholders

Identifying major considerations and communicating with stakeholders by listening to their concerns is a critical aspect of Pihong Technology's pursuit of corporate sustainability. The feedback we receive becomes the company's drive to move forward.

Process of Critical Considerations

Critical Analysis Flow Chart



Step 1: Identify

Understanding and listening to the voices of stakeholders is a critical aspect of Phihong Technology's pursuit of corporate sustainability. We define stakeholders as any individual or group that impacts or is impacted by our operations. Through the CSR committee and compilation team, we identify and perform substantive analysis on the impact of Phihong Technology's economic, environmental, and social aspects on stakeholders; this data is used as the base of this company's CSR report.

Identification of Stakeholders: First, the CSR compilation team members brainstorm and list 10 stakeholders related to the company, then the 5 major

principles (dependency, responsibility, impact, diverse perspectives, tension) of AA 1000 SES-2011 are used to identify 5 stakeholders that require urgent communication, including the 5 major groups of employees, clients, suppliers/contractors, shareholders/investors, and local communities.

Collect Sustainability Topics: When divulging critical CSR information, we refer to standard topics from GRI G4, ISO-26000, and EICC. After team discussion, the 46 standard topics of GRI G4 are used to design a survey to understand what our stakeholders care about.

List of Stakeholders

Stakeholder	Suggested Audience
Customers	Current local and foreign clients with global brands
Shareholders	General shareholders (including employee shareholders), corporate shareholders, and rating agencies
Suppliers	Primarily raw material suppliers, also includes some engineering contractors/cleaning service companies, waste management companies
Employees	Direct/indirect staff, primary audience is indirect staff at Phihong Taiwan, direct staff in China factories (includes managers and employees at all levels in the organization)
Local Community	Local civilians and park management center staff in factory regions

Evaluation and Response to Major Issues

Step2. Ordering

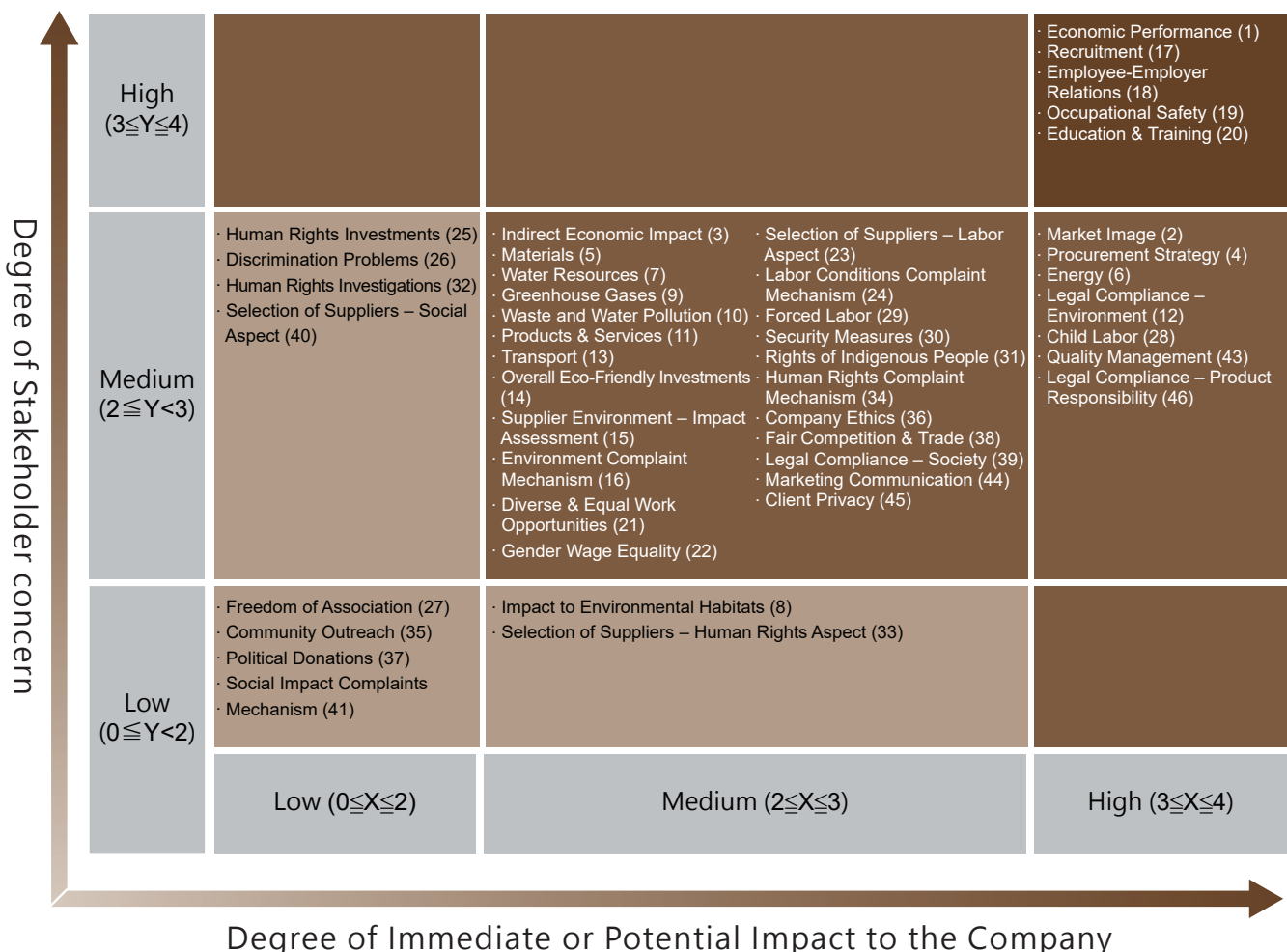
On the principle of critical analysis, Phihong complies with the principles set forth in the Global Reporting Initiative (GRI)'s G4 guidelines and AA1000 framework and considers the two major indicators below in the systematic identification, execution, and disclosure of this company's major issues:

1. Investigation of stakeholders (includes issuing 518 valid surveys) is to understand the topics and the degree of which stakeholders care about them to verify their major

issues, then categorizing stakeholder care for these topics into high, medium, and low.

2. The 11 convenors or director-general of the corporate sustainability committee will determine and consider level of impact according to 46 considerations to understand the committee member's views on each major issue and their impact on the company. Each topic is then categorized by degree of immediate or potential impact to the company by high, medium, or low.

2016 CSR Major Issues Matrix Chart



■ Represents low major issues ■ Represents medium major issues ■ Represents high major issues

Note: For easier reading, the serial numbers in () correspond with the high medium and low degrees in the "2016 CSR Major Issues Matrix Chart"

Evaluation and Response to Major Issues

Phihong Technology 2016 36 Major Considerations

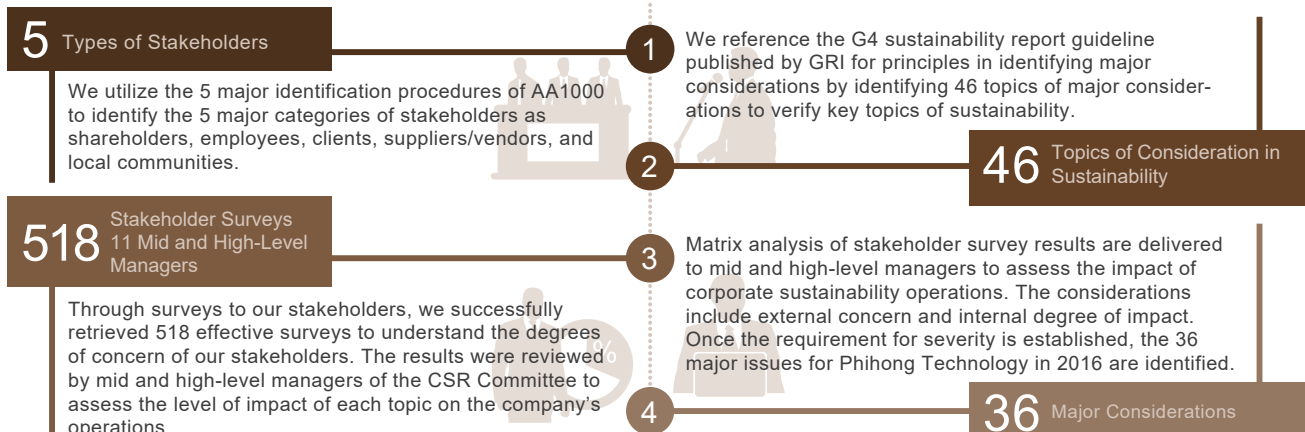
Aspect	NO	Consideration	Aspect	NO	Consideration	
Economic	1	Economic Performance	Labor Conditions	20	Training & Education	
	2	Market Image		21	Employee Diversity & Equal Opportunity	
	3	Indirect Economic Impact		22	Gender Equality in Wages	
	4	Purchasing and Procurement		23	Evaluation of Supplier Labor Practices	
Environment	5	Raw Materials	Human Rights	24	Problem Reporting Mechanism for Laborers	
	6	Energy		28	Child Labor	
	7	Water		29	Forced Labor	
	9	Emissions		30	Security Practices	
	10	Waste and Waste Water		31	Indigenous People's Rights	
	11	Products & Services		34	Human Rights Reporting Mechanism	
	12	Legal Compliance (Environment)		Product Responsibility	36	Anti-Corruption
	13	Transportation			38	Anti-Competitive Behavior
	14	Overall Environment Investment			39	Legal Compliance (Social)
	15	Supplier Environment Evaluation			42	Client Health and Safety
16	Reporting Mechanism for Reporting Problems	43	Product Services and Labeling			
Labor Conditions	17	Labor Relations	44		Marketing Communication	
	18	Employee-Employer Relations	45	Client Privacy		
	19	Occupational Safety	46	Legal Compliance (Product Responsibility)		

Step3. Confirmation

Major issues that have been identified by the CSR compilation team are assessed for their impact on the company and stakeholders with consideration to category, considered boundaries, and time; as each major consideration has multiple indicators, the boundaries of each indicator differs which is why they are clearly defined and confirmed for each topic for inclusion in the various chapters of this year's report.

The Phihong Technology organization includes Taiwan's Linkou headquarters (including Tainan factories) and Phihong factories in DongGuan, Tiesong, and Da Hong. Other corporate affiliates and their small-scale factories or

operations do not carry significance in this matter and are not disclosed in this report. Those outside the organization include local communities, suppliers, and clients with local communities defined as: Linkou Hwa Ya Technology Park at Phihong Taiwan headquarters, Yongkang District at the Tainan factory, and Yin Hu Industrial Zone in DongGuan. Suppliers are defined as providers of raw materials and also includes some construction contractors/cleaning service suppliers, and waste treatment companies. Clients are defined as global brands within the nation or in foreign countries.



Considerations and Boundaries of Stakeholder Issues

Aspect	Major Considerations	Corresponding Indicators	Inside Organization		Outside Organization			
			PHT	Dong Guan	Supplier	Clients	Communities	Investors
Economic	Economic Performance	EC1 Direct economic value of output and distribution	•	•				•
		EC2 Risk and opportunity of climate change on the organization's finances	•	•	•	•		
		EC3 Commitment scope of welfare plans prepared by the organization	•	•				
		EC4 Government subsidies	•					•
	Market Image	EC5 Ratio of local minimum wage to standard starting wage by gender standards	•				•	
		EC6 Ratio of local hiring for senior management roles	•					
	Indirect Economic Impact	EC7 Impact and development of basic infrastructure investment and supporting services	•				•	•
		EC8 Critical indirect economic impact, including degree of impact	•				•	•
	Purchase & Procurement	EC9 Policy, practice, and expenditure ratio to local suppliers in all major operation locations	•	•	•			
Environment	Raw Materials	EN1 Weight and volume of raw materials	•	•				
	Energy	EN3 Energy consumption within the organization	•	•				
		EN4 Energy consumption outside the organization	•	•				
		EN5 Energy strength	•	•				
		EN6 Reduced energy consumption	•	•				
		EN7 Necessary energy reduction of products and services	•	•				
	Water	EN8 Total volume of water consumed according to source	•	•				
		EN9 Water sources heavily impacted due to procurement	•	•				
	Emissions	EN15 Total volume of direct greenhouse gas emissions (scope 1)		•				
		EN16 Total volume of indirect greenhouse gas emissions (scope 2)		•				
		EN18 Degree of greenhouse gas emissions		•				
		EN19 Reduction of greenhouse gas emissions		•				
	Waste and Waste Water	EN22 Categorization of total released waste water according to water quality and emission destination	•	•				
		EN23 Total waste, described by category and treatment method	•	•				
	Products & Services	EN27 Reduce degree of impact on the environment by product and services	•	•				
	Legal Compliance	EN29 Sum of huge penalty caused by violating environmental regulations as well as punishment frequency beyond money	•	•				
	Transportation	EN30 Major environmental impact caused by the transportation of products, other cargo, materials, and employee commutes	•	•				
	Overall Environment Investment	EN31 Overall environment protection expenses and investment classified according to type	•	•				
Supplier Environmental Evaluation	EN32 New supplier ratio supervised according to environmental principles	•	•	•				
	EN33 The actual and potential negative impact of the supply chain on the environment and response measures	•						
Environmental Issue Reporting Mechanism	EN34 Number of environmental impact cases established, handled and solved through official reporting mechanisms	•	•			•	•	
Human Rights	Labor Relations	LA1 Calculate new employee numbers, proportion, and number of resigned employees and their ratio according to age, gender, and region	•	•		•		
		LA2 Benefits provided to full-time and official employees in major operation locations	•	•		•	•	
		LA3 Calculate reinstatement and retention ratio after parental leave according to gender	•	•				
	Gender Equality of Wages	LA13 Allocate employees to important operation locations according to category, basic wage equality and ratio in terms of gender	•	•		•		

Evaluation and Response to Major Issues

Aspect	Major Considerations	Corresponding Indicators	Inside Organization		Outside Organization			
			PHT	Dong Guan	Supplier	Clients	Communities	Investors
Human Rights	Evaluation of Supplier Labor Practices	LA14 Supervision of new suppliers according to labor practice principles	•	•		•		
		LA15 The actual and potential negative impact of suppliers to laborers and response measures	•	•		•	•	
	Labor Practice Problem Reporting Mechanism	LA16 Number of labor cases established, handled and solved through official reporting mechanisms	•	•				
	Child Labor	HR5 Identify risks of child labor for the organization and suppliers; remove incentives for child labor by taking response measures						
	Forced Labor	HR6 Identify the risks of forced labor for the organization and suppliers; remove incentives for forced labor by taking response measures	•	•		•		
	Security Practices	HR7 Training ratio of security staff in human rights policy and procedure related to operations	•	•	•	•		
	Indigenous People's Rights	HR8 Total involvement in cases related to infringement of indigenous people's rights and response measures	•	•	•	•		
	Human Rights Issue Reporting Mechanism	HR12 Number of human rights complaints established, handled and solved through official reporting mechanisms	•	•	•	•		
Society	Anti-Corruption	SO3 Total number and ratio of corruption auditing business units	•	•		•		•
		SO4 Communication and training of anti-corruption policies and procedure	•	•		•		•
		SO5 Confirmed cases of corruption and response measures	•	•		•		•
	Anti-Competitive Behavior	SO7 Total number of legal proceedings and results of involvement in anti-competitive behavior, anti-trust and monopolies	•	•		•		•
	Legal Compliance	SO8 Monetary fines for non-compliance to laws and regulations and number of major non-currency penalties	•	•		•		•
Product Responsibility	Client Health & Safety	PR1 Ratio of products and service categories in health and safety evaluations to improve current conditions	•	•		•		
		PR2 Define, according to results, total number of incidents of laws and willfully abided standards related to the safety and health of products and services (within the lifespan of products and services)	•	•		•		
	Product Services & Labeling	PR4 Define, according to results, total number of incidents of laws and willfully abided standards related to the information and labeling of products and services	•	•		•		•
		PR5 Assess results of client satisfaction surveys	•	•		•		•
	Marketing Communication	PR6 Sales of prohibited or controversial products	•	•				
		PR7 Categorize the number of legal and willfully abided cases according to results of incidents in violating market promotions (including advertisement, promotion, and sponsorship)	•	•				
	Client Privacy	PR8 Total number of cases related to client complaints of violating privacy and data leaks	•	•		•		•
	Legal Compliance	PR9 The provision and use of products and services that violate laws resulting in major monetary fines and their currency value	•	•		•		•

Communication with Stakeholders

Step4. Review

After reports are published and the following's report is underway, we review whether the information divulged in the previous report are substantive and consider feedback from stakeholders; we also verify whether the contents of the report carry the spirit of rationality and balance. Interactions with stakeholders take place on a daily basis through various methods but our official website contains a mail address (CSR@phihong.com.tw) for stakeholder complaints to act as the basic method of communication between stakeholders and the company.

Phihong Technology communicates topics of various considerations to stakeholders. Aside from receiving feedback from clients through the [Client Feedback

Handling Procedure], the company has also established the [Environment and Safety Management Communication Procedure] and [Message Exchange Control Procedure] for each department to appropriately communicate with stakeholders. Aside from inviting stakeholders to discuss and communicate issues, when a complaint is received they are all executed through external regulations and internal standards along with systematic management procedures. This includes instances of consult and participation for employee feedback, environment, safety and health training. When there are special or unique circumstances, the responsible departments swiftly contact this committee to hold necessary project meetings to plan responses.

Communication with Stakeholders

Audience	Communication Method/Frequency	Communication Focus
Shareholders, Investors	<ul style="list-style-type: none"> Annual shareholder meeting/once a year Periodically publish earnings report (quarterly)/four times a year Spokesperson response or e-mail inquiry/irregular Disclosure of major information on company website/irregular CSR survey/once a year 	<ul style="list-style-type: none"> Company governance Industry competition Business development & performance Risk management Dividend policy
Clients	<ul style="list-style-type: none"> Client hotline/public information on website/irregular Client satisfaction survey/once a year E-mail, periodic meetings and audits/irregular CSR survey/once a year 	<ul style="list-style-type: none"> Compliance to environmental laws Products & services Greenhouse gas emissions Client privacy Forced labor
Employees	<ul style="list-style-type: none"> Internal announcements and electronic bulletin board/irregular Group meal communication meeting/once every 6 months Employee opinion report/once a year Employee complaint mailbox New employee seminar with senior managers Employee benefit meeting/once a month CSR survey/once a year 	<ul style="list-style-type: none"> Occupational health & safety Labor relations Laborer/manager relations Training & education Human rights reporting mechanism Freedom to assembly and negotiations Non-discrimination
Suppliers	<ul style="list-style-type: none"> Information disclosure on website/irregular Supplier audit and interview/irregular CSR survey/once a year 	<ul style="list-style-type: none"> Supplier environment evaluation Supplier social impact evaluation Supplier human rights evaluation Raw materials management
Local Communities	<ul style="list-style-type: none"> Routine meeting at park management center/once a year CSR survey/once a year 	<ul style="list-style-type: none"> Waste water emissions and waste treatment Air pollution and other environmental protection topics





Company Governance

Phihong Technology has always focused on the rights of shareholders and stakeholders and to achieve the company's core value of integrity, transparent standards, regulations, and internal controls are utilized in company governance.

Management of Senior Managers

Board of Directors

The ownership of Pihong Technology is decided by the shareholder's meeting. Board members and the supervisor were selected for a term of 3 years at the shareholder's meeting on June 19th, 2014; a total of 6 board members and 3 supervisors were selected. The board includes one female board member and one female supervisor as corporate representative.

In recent years, Pihong Technology has complied with the spirit of corporate governance by initiating several changes and adjustments such as disclosing all board meeting decisions on the website starting in 2014, implementing electronic voting at the shareholder's meeting in 2015, and open voting of bills. These measures are to provide shareholders with diverse methods for participating in the company's major operation policies. Furthermore, the board of directors discussed and passed the company's "Corporate Sustainable Development Committee Establishment Method" on December 18, 2015 to form task forces in the 7 areas of corporate governance, green development, supply chain management, environment sustainability, client services, employee care, and social participation. Execution goals and management performance targets were set for impact in economic, environmental, and social aspects to introduce the concept of sustainability into company operations. For background information on board members and supervisors, refer to the company website's company governance in investment page.

In company governance, the board of directors appoint executives while the compensation committee authorized by the board of directors determine the compensation of executives; the executive is authorized to appoint members in remaining manager roles. The board of directors

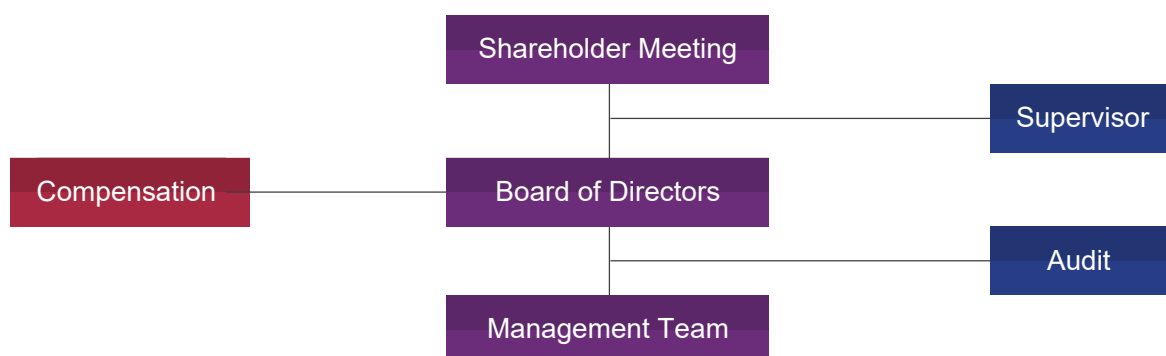
convenes for meetings at least once per quarter; 4 board meetings were called in 2016 with an attendance rate of 91.67%. The meetings include discussion of important strategic topics such as monitoring internal policy and procedure or reviewing managing performance. In instances where there is conflicts of interest, members are recused and complete records are kept for project content, name of board member, reason for conflict, and voting results to adhere to the maximum benefit of company operations. The board of directors will submit their judgment to allocate resources in accordance to the surplus of the previous year; therefore, compensation of the board members is closely linked with the company's operating performance.

Compensation Committee

The board of directors will establish an additional compensation committee under their purview to assist the board in executing and evaluating the company's general compensation and benefit policies, along with the compensation of the board members and executives. The compensation committee convenes for a minimum of 2 general meetings a year. Three members of the compensation committees have voting rights, and Mr. Yu-yuan Hung has been appointed as director of this committee.

Supervisor

There are 3 supervisors with the goal of reviewing important accounts and financial statements on a quarterly basis; auditing includes the independence of accountants and the execution and effectiveness of internal control systems.



Code of Ethical Conduct

In 2009, Phihong Technology established the [Standard of Corporate Ethics and Business Conduct] in order for all colleagues to understand their responsibility in maintaining Phihong Technology's moral values and reputation and the important responsibility of complying with legal regulations. All employees, executives, and managers must abide by this standard and we request that clients, suppliers, and contractors understand and respect Phihong Technology's moral standards and culture. Furthermore, Phihong Technology treats our partners, suppliers, and contractors with fairness, sincerity, and without prejudice; we do not and will not deal with companies that may damage the reputation of Phihong Technology, individuals, or violate laws.

Phihong Technology has conducted a risk assessment for corruption by identifying major risk in the areas or procurement, including inappropriate acceptance of gifts, money, or expenses in exchange for supplier goods and services. The company's procurement staff and suppliers are familiar with the company's anti-corruption and bribery policy. In 2016, 67.12% of core suppliers signed and returned the "Pledge of Integrity", a growth of 5.12% from 2015. There were no confirmed cases of corruption or actions in response during 2016.

Phihong Taiwan will convert the [Standard of Corporate Ethics and Business Conduct] into a digital course required by all employees of Phihong Taiwan in 2015. All employees will be requested to sign the [Confidentiality Agreement for Intellectual Property]. From time to time, employees will receive training and advocacy on topics relating to ethics such as anti-corruption or the protection of intellectual property.

Course Name	Enrollment	Passing Members	Pass Ratio
Business Ethics – Standards of Corporate Ethics and Business Conduct (A)	2	65	80.35%
Business Ethics – Standards of Corporate Ethics and Business Conduct (B)	2	32	79.37%

Course	Hours	Passing Members
Legal Advocacy: Personal Information Protection Act	2	65
The Foundation and Principles of Patents and Cases of Infringement	2	32
Basic Principles of Contracts	2	64

In order to implement the EICC (Electronic Industry Code of Conduct), the DongGuan factory area has introduced EICC as a required training course for all new employees. Each year, a CSR quiz competition with awards is held to effectively increase employee understanding of CSR and EICC with content that encompasses human rights, anti-corruption, and management integrity.

Course: EICC	Employee Category	Enrollment	Hours	Pass Ratio
Phihong (DongGuan) Electronics, Co., Ltd	New Staff	8048	8048	100%
Phihong (DongGuan) Electronics Co., Ltd (Tie Song)	Current Staff	188	361	100%
Dong Guan Phitek Electronics Co., Ltd	New Staff	6533	6533	100%
	Current Staff	60	60	100%

Risk Management of Operations

Since its founding in 1972, Pihong has weathered more than 40 years of market challenges through diligent compliance to all laws, comprehensive risk management strategies, and response measures to crisis. We strongly believe that stringent risk management is not only a guarantee for long-term cooperation with our partners, but the optimum portrayal of CSR and sustainable operations.

Pihong evaluates the various operations within the company and categorizes risk into the 4 major aspects of “internal controls”, “financial risk”, “information risk”, and “operational risk”. Each aspect is assigned a specialized risk planner for management and response measures in order to reduce the uncertainty of corporate management to a

minimum. Details on various risk management methods are as below:

Internal Controls: Pihong conducted 52 audits in 2016 targeting items of error for tracking and audit; a 100% improvement rate was completed. The company complies with regulations by establishing an auditing department for internal controls under the purview of the board of directors. The audit manager attends board meetings to provide periodic reports of audit operations to ensure the effective design and execution of internal control measures. This allows the company to operate in good health, ensure legal compliance, and achieves the goal of operational results and efficiency.

Audit Frequency	Audited Categories
1 / month	Investment in derivative products
1/ quarter	Endorsement operations, capital loans and other 3rd party operations
1/ year	1. Affected persons transaction management operations
	2. Budgeting operations
	3. Subsidiary monitoring operations
	4. Items of legal compliance
	5. Management operations of board meetings
	6. Management of financial report compilation processes – includes management of appropriate global financial reporting standards, accounting policy and procedure for estimated changes
	7. Management operations to prevent insider trading
	8. Data security operations
	9. Acquisition or disposal of assets
	10. Management operations of the compensation committee
	11. Sales and collection cycle
	12. Procurement and payment cycle
	13. Salary cycle
	14. Real estate, factories, and equipment cycle
	15. Financing cycle
	16. Investment cycle
	17. Computer processing operations cycle
	18. Development cycle
2016 Achievement Rate of Error Tracking and Improvement 100%	

Financial Risk Management: Pihong Technology does not deal in high risk, high leverage investment activities. The company manages exchange rate risks by natural hedge, short-term idle funds are invested with liquidity while principal and income are in secure monetary currency funds and deposited. In addition, the company applies to financial institutions for financing to issue convertible bonds in the capital market, corporate bonds to support operation capital and long-term capital expenditures.

Information Risk Management: Pihong uses the following methods to protect company and personal information in internal/external communication systems

to prevent damages caused by leaks, theft, damage, and other human factors or natural disasters to reduce impact to operations:

Off-Site Exercises: Off-site recovery exercises are conducted twice a year to ensure that when natural disasters occur (such as earthquakes, floods, fire) resulting in damage to data systems, the company can recover data operations as soon as possible.

Dedicated Lines: External lines are rented from 2 telecoms so that when one line is down, another is available to maintain normal operations.

Password Management: Passwords for logging into the corporate platform requires a change of password prompt each quarter in order to log in; this reduces the risk of stolen passwords.

Operational Risk Management: Phihong Technology understands that natural disasters, accidents, and other uncertain risks can greatly impact and affect company production operations and employee safety; therefore, risk management requires an aggressive attitude to prevent and manage through stringent planning and safety measures to achieve the highest standards in the power supply industry. In order to guarantee swift recovery in the case of disaster (including fire, earthquake, typhoon, water shortage, war, political turmoil, terrorist attack, food poisoning, government defined infectious diseases, and environmental pollution) and reduce damages to the company, clients, and assets and maintain the company's reputation and employee safety. We utilize insurance to address and transfer risks. Phihong Technology has invested in insurance for fire, cargo transport, product responsibility, and public accident in 2016 to ensure that during the insurance period, all damages to assets due to unforeseeable accidents can be reduced. Insurance planning and fixed insurance payments transfer operational risks and minimizes any potential damages.

Insurance Planning	Product Responsibility Insurance	Cargo Transport Insurance	Commercial Fire Insurance	Comprehensive Property Insurance
Scope	Phihong Group		Phihong Taiwan	DongGuan Factories
Insured Amount	NTD 64 ~ 380 million	NTD 10.5 billion	NTD 987 million	NTD 6.601 billion
Total Premium	NTD 3.723 million			

Response to Risks of Climate Change

The risk of global climate change continues to increase as the scale and frequency of disasters increase. In order to address the potential impact and threat of future climate change and reduce damages from these risks, Phihong Technology has prepared in anticipation by creating value and converting threats into opportunities. The evaluated topics of threat and the impact of their risks in the form of affect and potential opportunity are in the "Climate Change Risk Evaluation Chart" below.

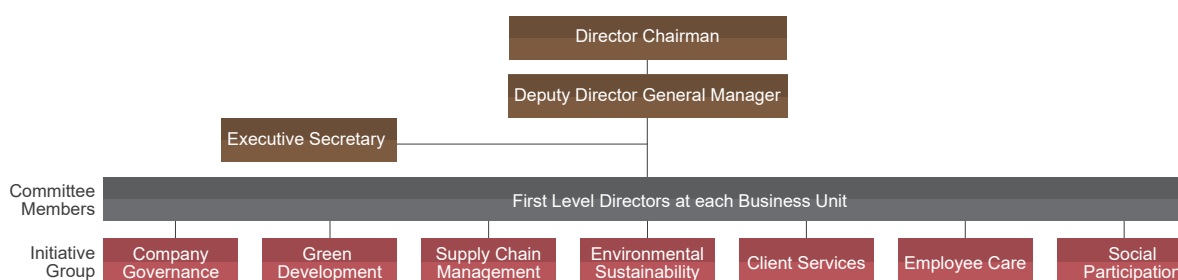
Climate Change Risk	Impact or Threat	Response Measure	Potential Opportunity
Energy Supply <ul style="list-style-type: none"> Major increase in energy pricing Interruption of energy supply 	<ul style="list-style-type: none"> Manufacturing: high increases in energy cost, peak energy requirements lead to interruption of production. Supply Chain: Carbon pricing leads to rise in cost of raw materials and transportation Market: Operating cost increases affect market share, high power products lose favor. 	<ul style="list-style-type: none"> DongGuan factories introduced greenhouse gas emissions inspections in 2009 and using the base of 2010 as standard, projected emissions reduction of over 5% in 2020. Set energy conservation targets, utilize government energy diagnosis service resources to respond with improvements. Use renewable energy, Tainan factory completed in 2015 has solar panels installed on the roof and are officially in service. Average annual energy output of more than 30,000 degrees, reducing carbon emissions. Aside from regular management and water conservation, a 3-phase measure in response to water restrictions will assist in maintaining operations to reduce the impact of drought to the company. Green Manufacturing: Prohibit the use of raw materials toxic to humans or the environment and conflict mining while requesting primary suppliers to comply with the policies of green manufacturing and strengthening related audits. Introduce smart energy management systems for "Required Amount Management Functionality" to achieve the goal of optimum application of agreement volume. Utilize insurance methods to address and transfer related risks, including commercial fire insurance, all property insurance, cargo transport insurance, and product liability insurance. 	<ul style="list-style-type: none"> Promote green products or renewable energy, dampen the effects of climate change. Explore opportunities arising from regulations instead of solely seeing costs and risks. View climate change strategy as critical competitive advantage. Natural disasters resulting in need to replace old products Utilize public disclosure to gain the support of investors, clients, and stakeholders.
Resource Shortage and Invested Cost <ul style="list-style-type: none"> Waterless impact Sharp increase of water pricing Sharp increase of material pricing 	<ul style="list-style-type: none"> Manufacturing: Reduction of water procurement impacting production operations. Supply Chain: Suppliers limited by water resources leading to increased production costs. Market: Increase of operation costs impacts market share. 		
Number of extreme high heat days increases <ul style="list-style-type: none"> Increase load for cooling system Overheated electric equipment Heatwaves affect the company's business travelers 	<ul style="list-style-type: none"> Assets: Increased of deterioration for assets, reduced performance of electronic equipment, damage to temperature sensitive equipment, additional costs for cooling equipment, affected quality. Supply Chain: Product quality affected Labor: Increased number of absences, hot work environment will reduce production rate, difficulty in labor maintenance and skills training. 		
Extreme climate incidents <ul style="list-style-type: none"> Coping ability of basic infrastructure Emergency disaster rescue Is insurance capable of paying damages incurred by disaster 	<ul style="list-style-type: none"> Operation, Assets: Damage to assets, unstable energy supply resulting in operation interruption. Supply Chain: Delivery of raw materials and cargo impacted, delayed. Labor: Additional management costs, employees cannot get to work. 		

Realization of Corporate Social Responsibility

CSR Promotion in Organization

Shouldering the responsibility of CSR has been one of Pihong's pillars in corporate culture and spirit and we realize this through long-term promotion of CSR. The depth and broadness of CSR promotion can be expanded by coordinating the goals and development direction of sustainable management. Pihong Technology established the [CSR Promotion Committee Establishment Method] in 2014 and formed the "CSR Development Committee" in which the chairman and members inspect the performance and target achievement rate of implemented topics. Each year, the committee publishes a CSR report.

The operation of the Pihong CSR Development Committee also compiles the [CSR Handbook] and [CSR Management Procedure] that lists GRI G4 and AA1000 (2008) as principles to identify indicators for disclosure in the year to be included in discussion in managing content for listing as topics of the year's critical sustainability indicators to manage. The committee has setup 7 teams responsible for the promotion of their topics in "company governance", "green development", "supply chain management", "sustainable environment", "client service", "employee care", and "social participation". The functions and purpose of each group is as below:



Initiative Group	Functions & Principles
Company Governance	Assist in the strengthening of the job role of the board of directors, emphasize the rights of shareholders and stakeholders, and integrate related departments by establishing policy and standards of company governance. Assist in completing and implementing internal corporate controls, ensure information disclosure and transparency for legal compliance and realize the company's sincere core values of information transparency, concern for shareholder's rights, and good internal controls.
Green Development	Green design is a core value in Pihong Technology's product development by continuing to develop innovative design and green manufacturing processes and produce eco-friendly products. Reduce product lifespan and negative impact towards the environment while increasing competitiveness in the market.
Supply Chain Management	Responsible for establishing a supply chain that protects the environment, emphasizes CSR, labor rights, safety, health, and sustainable development. Establish long-term partnerships with suppliers based on capabilities in product quality, cost leading, delivery capacity, service teams, and sustainability.
Environmental Sustainability	Responsible for integrating the company's environmental protection and safety & sanitation management tasks by establishing environment performance indicators and promoting recycling and reuse of various types of waste and the greenhouse gas emissions reduction project. Cooperation with green production committee to promote various green manufacturing and supply chain management activities.
Client Services	Consideration for clients from their perspective and provide clients with higher quality, lower cost, and more expedient products and services to achieve the management goals of achieving maximum value for clients.
Employee Care	Emphasize employee communications and job function development, provide competitive compensation and benefits, and strive for comprehensive and diverse life balance facilities to establish a kind, safe, and harmonious work environment.
Social Participation	Initiate company wide communications with communities and society, combine external charity resources and strive in cooperation in technology and research, long-term education assistance, culture, and social charity activities based on the themes of "education", "culture", "charity", and "eco-friendly".

Pihong's Commitment to CSR

Pihong Technology's commitment to CSR encompasses the 3 aspects of company's governance, environment protection, and social participation. Our long-term efforts have garnered results for shareholders, clients, suppliers, employees, government institutions, the communities around our options, society, and realize our commitment to stakeholders:

- Maintain good company governance and abide with the standards of corporate ethics and business conduct.
- Comply with the demands of local laws and regulations.
- Provide employees with a safe and healthy work environment to perform to the full extent of their work ability to receive appropriate compensations and benefits.
- Create value in the company and increase their rights and interests.

- Develop and manufacture eco-friendly products that comply with HSF and implement environment management systems to reduce impact to the environment.

The commitments above are the implementation goals and directions of Phihong’s corporate social responsibility by organizing related events to increase the depth and broadness through daily operations. Various indicators are setup for periodic tracking of performance and as reference for improvement. Information is disclosed in real-time to ensure the quality of communication within and outside of the organization.

CSR Education and Advocacy

In order to ensure that all staff understand CSR and comply with EICC, Phihong Taiwan began including “Phihong CSR Implementation” as a required training course for all new employees starting in 2015; after taking the course, employees were evaluated for their understanding. Furthermore, the “Phihong Technology e-Paper” was published through the digital learning platform, irregular CSR related seminars were held and employees are encouraged to participate in social charity work to increase their understanding of CSR related topics.

Internal Training	External Training	Online Courses
<ul style="list-style-type: none"> • General courses for 2016 first ladder of new recruits – CSR introduction/1 hour • General courses for 2016 second ladder of new recruits – CSR introduction/1 hour • CSR Advocacy Course – Love of Mountains and Rivers – Experiencing Nature with the Heart / 2 hours 	<ul style="list-style-type: none"> • 2016 2nd Annual Taiwan Sustainability Report Analysis Press Release / 14 hours • 2016 Corporate Sustainability Elite Training Course: Advanced Course / 7.5 hours • From Communication to Sustainability – CSR Report Compilation Practices and Tool Sharing Seminar / 13 hours • Introduction of Company Governance Evaluation System and CSR Report Advocacy / 3.5 hours 	<ul style="list-style-type: none"> • Business Ethics – Standards of Corporate Ethics and Business Conduct (Part 1) • Business Ethics – Standards of Corporate Ethics and Business Conduct (Part 2)
Total human training hours: 117 hours	Total human training hours: 76 hours	Total human training hours: 577 hours

Legal Compliance

Phihong Technology holds legal compliance in the highest regard and is proud to be a law-abiding corporation. Each year, the company emphasizes moral standards in business ethics, company governance, and employee morality and we uphold the principles of honest management to comply with the local regulations in our operations around the world. This is Phihong Technology’s role and responsibility as a citizen of the world. Phihong Taiwan’s legal department assists employees in understanding legal regulations. If there are violations of law, labor safety regulations, labor agreements, and business ethics, Phihong Technology will handle matters according to related laws and other punitive measures; incidents will also appropriately affect the results of employee performance evaluations.

Compliance with Environmental Regulations

There were no major accidents for Phihong Technology in 2016 and no major violations of environmental law or punitive damages paid due to environmental violations.

Compliance with Labor Regulations

Phihong Technology complies with labor regulations; in 2016, there were no incidents of child labor. There were no human rights cases submitted through official channels relating to discrimination and the rights of indigenous

people. Each employee recruited by the company signs labor agreements that clearly state the employer-employee relationship is established through mutual agreement and periodically inspected and controlled. In 2016, there were no related violations and there were no inspections related to human rights that affected evaluation.

Compliance with Product Labeling and Marketing Regulations

Product marketing, whether through advertisements, DMs, exhibitions, press releases, or sponsorships all abide by the market’s fair competition regulations. The legal department issues training to marketing and sales departments to advocate the necessity of conducting business behavior through appropriate methods. Employees are told not to use inappropriate methods to gain sales or use methods such as hostile takeover or predatory pricing to create illegal obstacles in the market.

Anti-Competitive Behavior, Anti-Trust and Monopolies

Phihong Technology had no legal disputes related to anti-competitive, anti-trust, and monopolistic behavior in 2016.





Green Development Energy Conservation

Phihong Technology strives to integrate green concepts and carbon reduction into product development and innovative technology; in order to reduce the consumption of resources, we advocate green living to reduce risk and impact to the environment.



Green Design – Environmental Protection

Phihong Technology's products meet the demands of energy conservation and eco-friendly by designing products that adhere to ROHS regulated standards and halogen-free requirements introduced into supply chain management. As global warming results in climate change, reducing carbon footprints is the only way to effectively reduce the greenhouse effect. The performance of green products depends on the initial design where we demand our developers to execute green design concepts, evaluate the potential impact and risk of the products at each stage of its lifespan, and improve the next generation product. We strive in efforts to miniaturize components to make products smaller by developing highly efficient chargers to reduce environmental impact. Focuses of the development direction are as below:

- Charging equipment under 10W have the goal of not using silicone as a conductor or fixed component.
- Uniformity of adapter components; similar wattage output uses similar adapters.
- Automation target increased to 90% to improve the ease of production, reduce labor hours, and achieve the goal of reducing our carbon footprint.
- Reduce the selection of non-essential components to achieve a reduction of environmental impact once products are shipped.

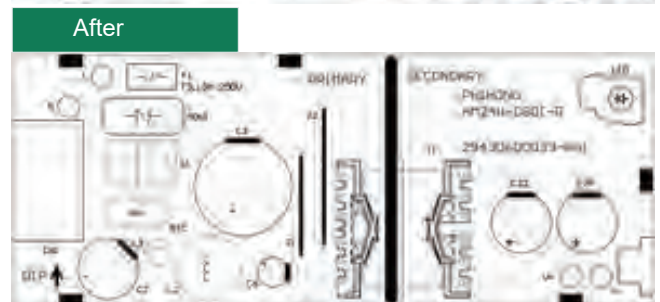
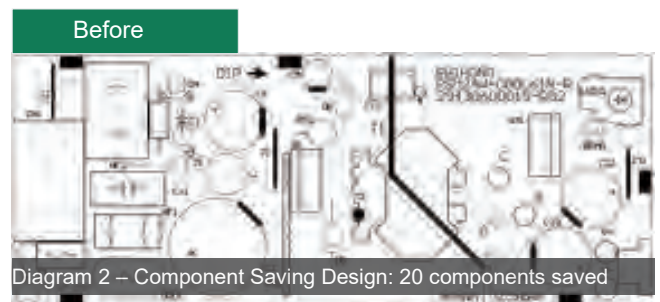
For products or manufacturing processes that may use chemical substances that impact the environment, Phihong complies with international regulations and client requirements by establishing the "List of Controlled Harmful Chemical Substances". Through admitting stringent controls and inspections of component materials, our systematic management mechanism ensures product compliance with international regulations and client requirements in the hopes of gradually decreasing annual use of harmful chemical substances. In order to reduce the impact of our products on the environment, Phihong Technology has put in the efforts below in reducing materials and labor hours:

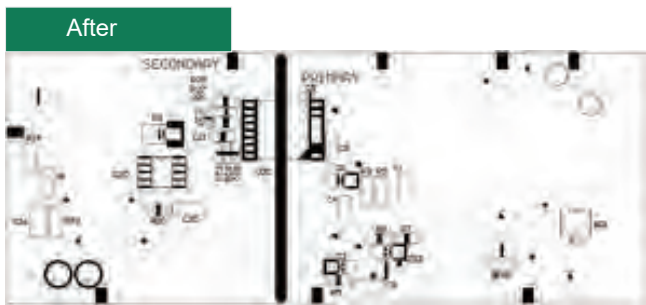
- In the beginning power supply products were matched with each product; in recent years, we have developed towards universal standards. Take USB-A for example, as long as the output port is USB-A, they can be charged from any power source. This reduces environmental pollution through over-production of products.
- Miniaturization of products can reduce product size to 1/3 of the original; this reduces the requirements for materials, plastics, and hardware.
- Design aspects must consider the method that conserves the most materials and components; furthermore, the production process is designed to be optimized and reduce human labor to create products that meet client requirements and needs. This prevents over-use or waste and can reduce carbon emissions.
- There were 346 machine developments of ROHS/Halogen machines through January – June of 2015; of these, there were 94 machines that were halogen-free. These will

reduce environmental impact and pollution. Furthermore, in terms of red phosphorous, we need further implementation for all components to not contain this substance to prevent products from having the risk of combustion and achieve more guarantee to human safety.

- Universal serial bus power delivery (USB PD) and type C connectors do not support front and back side plugging in terms of application and has the fault of requiring direction for plugging. The new series of universal products can withstand currents of up to 5 amps to receive or output more power and current to increase convenience during travel or business trips by increasing the fixed output voltage of 5 amps to 5-20 amps and meet the requirements of any device; this will achieve a single specification for convenient charging.

Furthermore, Phihong obtained ISO 13485: 2016 medical equipment quality systems certification in 2016 and completed development of 20W power supplies for respiratory equipment. The product complies with ITE standards DoE, CoC, and energy efficiency standards while the medical use power supplies also comply with flight regulations of being less than 100uA low current leakage; when used on the ITE product the leakage is merely



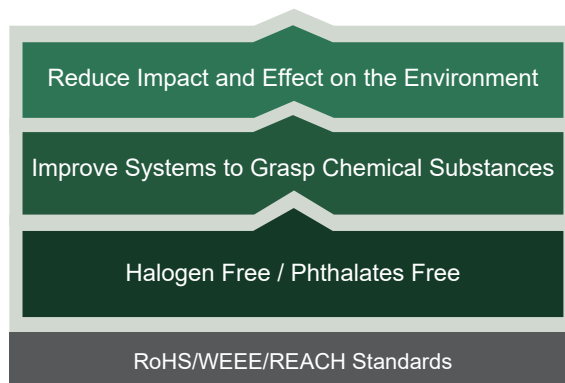


approximately 25uA. There are more than 5 million medical clients in 2016 and it is estimated that in 2020, there will be 20 million patients with sleep apnea will benefit from the product.

Every colleague at Pihong feels deeply of the increasingly severe issue of global warming. As an excellent corporation, we must fully shoulder our corporate social responsibility and protect the environment without reserve. As technology rapidly shifts in this generation, product design and development must provide mankind with a living quality that is comfortable and convenient but furthermore we must contribute our efforts to the Earth; the topic of sustainable development of the environment has become a critical global issue. Pihong greatly understands that in a generation of prosperous development in technology and the economy, global energy use continues to rise; therefore, aside from developing renewable energy technology and dispersing reliance on a single energy source, effectively reducing consumption and increasing energy usage efficiency is a critical topic at Pihong.

Pihong upholds the principles of "eco-friendly, energy conservation, and loving the earth" by complying with current environmental regulations of RoHS, WEEE, and REACH (E.U. – registration, evaluation, authorization, and control of harmful chemical substances) and California's proposal 65 that limits the use of harmful substances; we also focus development in producing halogen, red phosphorous, and phthalates free substances. With substances that may be banned or limited in the future, we will evaluate the viability of banning or limiting these substances through phases under the principle that techniques will not affect product quality, safety, reliability, and impact on human health. The schedule of banned and limited substances will be continuously updated and substances will be replaced to reduce the impact and effect on the environment.

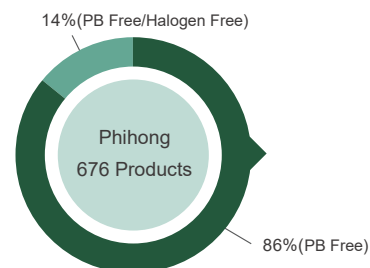
We've implemented eco-friendly policies and concepts comprehensively throughout the supply chain and increase employee understanding of eco-friendly, including greenhouse gas inspection projects and full staff participation in topics of green competition and environmental protection.



Product development and design includes selecting raw materials that do not endanger or negatively affect the environment and aggressively develop green energy conservation products by reducing environmental impact and increase usage efficiency of resources. We strive to release high quality and reliable products while increasing the environmental protection of our products and developing more products that are friendly to the environment.

Through efficient supply chain management, the usage of raw materials, packaging material, and related substances can be reduced. Product design that increases performance, conserves power, and reduces the use of harmful substances through the cooperation of professional development teams and client/supplier technology can spur innovative thinking in the production of sustainable products that are friendlier to the environment.

Pihong developed a total of 676 products in 2016; 579 products were produced under the standards of RoHS/WEEE/REACH and also 97 products were produced under requirements more stringent than international environmental protection regulations. In the future, Pihong will continue to hone this spirit to develop even better products; we will provide people with high quality while ushering a better tomorrow for the Earth!



■ Halogen Free (complies with standards higher than international environmental standards)
 ■ PB Free (complies with international environmental standards)

Energy Resource and Carbon Minimization Management

Phihong Technology strives to develop high performance power source products while utilizing monitoring systems to strengthen the management of regional energy use in the manufacturing process to effectively reduce energy consumption, protect the environment, and achieve the goal of continuous development. Phihong Taiwan primarily consumes electricity as the main source of energy. The DongGuan factory region primarily uses electricity and supplements with fossil energy (diesel) to act as backup when there's an issue with electricity and the supply of natural gas. Energy consumption of the DongGuan factory region in 2016 has seen the addition of the Hong Da factory, hence the great increase compared to 2015; electricity was increased by 31.6% while natural gas increased by 69.7%.

Energy Consumption Chart Unit: Joule (GJ)

Energy Type	2014		2015		2016	
	Phihong Taiwan	Dong-Guan	Phihong Taiwan	Dong-Guan	Phihong Taiwan	Dong-Guan
Electricity	7,124	74,838	9,134	75,966	10,150	111,117
Diesel	-	604	-	138	-	136
Natural Gas	-	17	-	91	-	300

Note: Conversion Factor Diesel: 10,200kcal/kg, Natural Gas: 9,310kcal/m³, Electricity: 3,600,000J/kw.h 1Cal=4.1868J

Energy Strength

Phihong uses simple types of energy in production activities with the primary energy source as electricity and the secondary energy source as compressed air. Currently we have not conducted evaluations relating to secondary energy.

Energy Strength	Unit	DongGuan Factory Region
Electricity	KW.H	30,912,623
Production Capability	Machines	174,566,552
Energy Strength	KW/H thousand machines	177.082

Water Resource Management

Phihong Technology primarily uses water resources for the lives of employees. The electronic assembly factory at DongGuan does not produce waste water in the manufacturing process; polluted water stems from water used in daily life. The primary source of water is tap water and the advocacy of water resource management at each factory is to conserve use. The strategy conducted is improving water facilities such as installing water conservation valves on toilets and faucets as measures for conservation. The treatment of waste water in operations and the release of waste water both comply with the emission standards of the local government. Phihong Taiwan's headquarters in Linkou saw an increase of water usage by 41% due to using live water to increase oxygen

levels and the survival rate of fish in the scenic fish pond. Due to the massive amount of water required, the practice of using live water in the fish pond was stopped at the end of 2016 and water usage rates have returned to normal.

Water Resource Consumption Chart

Energy Type (Unit)	2014		2015		2016	
	Phihong Taiwan	DongGuan	Phihong Taiwan	DongGuan	Phihong Taiwan	DongGuan
Water Usage (Ton)	9,724	529,497	11,455	610,334	14,488	702,344
Employees	436	4,447	514	3,709	464	4,936
Strength of Water Usage (Ton/Person)	22	119	22	165	31	142
Waste Water Emissions (Ton)	8,768	476,547	10,310	549,301	13,039	632,110

Note: Waste water emissions factor is 90% of water usage

Realizing Energy Conservation – Low-Carbon Footprint Living

Phihong Taiwan's total energy usage in 2016 increased by 11% compared to 2015 mainly because at the end of 2015, Phihong Taiwan's new factory in Tainan was officially completed and entered production. In order to reduce the effects of global warming, sustain the environment, and increase corporate competitiveness, Phihong Taiwan invited the "Taiwan Energy Conservation League" to Linkou for diagnosis services at the end of 2015. The diagnostics team provided analysis and suggestions for aspects such as electrical, lighting, ventilation, and elevators; Phihong has since complied with professional suggestions and completed each item. The 2016 energy usage at Linkou saw a conservation of 120,000 degrees for a savings of more than NTD 100,000. The results are of conservation are staggering.

Phihong Taiwan Electricity Conservation Chart (Linkou HQ)

Year	2015	2016	Difference	Percentage Difference
Electricity Usage (Degree)	2,016,300	1,896,016	↓120,284	↓6□
Electricity Fees (NTD)	7,005,191	5,976,380	↓1,028,811	↓14.6□

Furthermore, after completion, upgrade, and adjustments to electrical systems at DongGuan an annual conservation rate of 21,081KWH was achieved, the equivalent of 18.89 tons of carbon emissions. We also obtained a government subsidy of NTD 1.5 million for establishing a Level-A energy management center. The energy management center can perform online monitoring in the future for detailed data of electricity usage by each department.

Embrace Sunshine – Build Green Energy

Developing green energy can reduce the speed of

environmental pollution and decrease reliability to thermal power generation while also providing some energy conservation effects for the electricity usage planning of factories and offices. While Pihong gradually heads towards the goal of becoming a “green corporation”, a solar energy system was planned for the roof of the Tainan factory in order to assist in the electricity usage of factory

equipment and reduce the ratio of electricity used from Tai Power. The solar energy system utilizes 112 panels of 250W solar modules with seven 4,000-watt 220V convertors for a total output of 28 kWh designed in-house by Pihong. Actual energy output in 2016 was 31,008 degrees for a carbon reduction of 16.2 tons.

Managing Greenhouse Gas Emissions

Pihong Technology deeply believes that climate change is a global topic in sustainability. Since 2009 we have complied with international standards when conducting greenhouse gas inspections; the results of our inspections helped establish the foundations of internal greenhouse gas emissions reduction policies and carbon asset management while also allowing us to inspect the risks and opportunities of climate change to establish carbon reduction plans

and targets for implementation in the organization’s long-term operational strategy. To achieve the goals above and act according to CSR, Pihong utilizes operation control regulations to conduct GHG inspections in DongGuan factories to understand the company’s current carbon emissions while using that as the foundation to begin carbon reduction activities. The total greenhouse gas emissions chart for 2016 is as below:

Greenhouse Gas Emissions Chart

Category/Unit	DongGuan Factories		
	2014	2015	2016
Scope 1 Direct Emissions(T-CO ₂ e)	1,084	650	1135
Scope 2 Indirect Emissions(T-CO ₂ e)	19,204	19,378	27,204
Total Emissions(T-CO ₂ e)	20,288	20,028	28,339
Employees	4,099	5,294	4,936
Emissions Strength(T-CO ₂ e/person)	4.95	3.78	5.74
Emissions Strength(T-CO ₂ e/NTD 1 million)	2.4	2.3	2.6



Managing Greenhouse Gas Emissions

Waste Management

Phihong upholds our business conscience and pursues sustainable management by preventing pollution to the environment. Phihong utilizes the spirit of PDCA in promoting environmental management to effectively reduce and prevent impact to the environment. We comply with environment regulations and client requirements for environmental protection by advocating for regulations relating to waste (water), gas waste, garbage, noise pollution, chemical products, banned substances, and toxic substances. The company has passed ISO14001 certification and periodically examines environmental goals and subjects while publicly disclosing the results.

Waste is managed first through reductions in

waste, carbon, and pollution by complying with related local regulations in the countries of operation. The full execution of our waste management system and aggressive purchase, recycling, and reusing of materials and paid cleaning have reduced the production of waste. The waste produced from Phihong's operations include those from 2 major categories of "general waste", and "commercial waste" that we contract legal vendors to process appropriately in compliance with local regulations in the countries of operation. Furthermore, we advocate the concept of "resource recycling and reduction" at each factory to work from within and have all staff act to reduce waste. Phihong Technology had no major incidents of leaks in 2016 and no major violations of environmental regulations, EPA fines or punishments.

Waste Categorization Chart

Waste Category (Ton)	2014		2015		2016	
	Phihong Taiwan	DongGuan	Phihong Taiwan	DongGuan	Phihong Taiwan	DongGuan
Daily Life Waste (Ton)	28.29	2,585	21.79	3,154	27.47	3,162
Commercial Waste (Ton)	0.82	975.57	0.74	1093.74	1.47	1134.49
Harmful Waste (Ton)	-	65.61	-	146.44	-	183.84
Total Volume (Ton)	29.11	1041.18	22.53	1240.18	28.94	1318.33

Phihong Taiwan provides transport for employee commutes and we encourage all staff to ride-share to prevent heavy traffic during their commute and ease the burden of major roads while reducing the risks produced during employee commute. We hope to reduce the carbon

emissions and impact to the environment when employees drive. The carbon emissions reduced from our transport in 2016 totaled 198,884 tons of CO2 emissions while bringing convenience to our employees also achieved a win-win situation by reducing environmental pollution.

2016 Employee Commute Carbon Emissions Reduction at Phihong Taiwan

Commute Route (Vehicle)	Riders	Roundtrip Distance (KM)	Total Annual Distance (KM)	Carbon Emissions (Ton)	Carbon Emissions of Employee Drivers (Ton)	Carbon Reduction (Ton)
Taipei Main Station Route (Bus)	17	47	11,703	2.81	47.75	44.94
Banqiao Route (Bus)	26	52	12,948	3.11	80.8	77.69
Zhongli Route (Midsize Bus)	9	42	10,458	2.51	22.59	20.08
Luzhou Route (Midsize Bus)	21	47	11,703	2.81	58.98	56.17

Eco-Friendly Expenditures and Benefits

Looking towards a future where corporate environments and costs continue the trend of increasing, we have established statistics of eco-friendly expenditures that can become effective management tools for the company. The compilation standards of environmental accounting and statistics of eco-friendly economic benefits reference the energy reduced from the execution of environmental protection projects, water usage, or production of waste. The

saved costs are estimated along with the revenue produced from recycling waste.

This report presents the benefits of environmental protection including actual monetary income and costs saved from executing environmental projects. The environmental protection expenditures and revenue chart for Phihong Taiwan and DongGuan are below:

Environmental Protection Categories	Details	2016 Expenditures (NTD)	
		Phihong Taiwan	DongGuan
1. Direct costs of reducing burden on the environment			
• Cost of pollution prevention	• Costs for preventing air pollution, waster pollution, and other pollution	127,732	3,629,557
• Cost of energy conservation	• Costs for conserving resources (such as water, electricity)	130,000	2,429,295
• Treatment and recycling costs of commercial and general waste	• Costs for treating commercial waste (cleaning and transport of sludge, waste solvents, waste water, and general waste)	292,922	2,854,534
• Indirect costs of reducing burden on the environment (eco-friendly management fees)	• Expenditures for eco-friendly training	1,213,358	386,068
	• Costs of environment management system and certifications		
	• Costs of monitoring the environment	28,694	275,270
	• Staff costs of environmental protection organizations		
• Increased costs of purchasing environmental protection products	0	0	
• Other related costs environmental protection	• Costs of soil remediation and repairing natural habitats	0	0
	• Costs and taxes of environment pollution insurance fees and government mandated green taxes	0	0
	• Settlements, monetary penalties, fines, and litigation fees related to environment issues	0	0
Total		1,792,706	9,574,724
2. Chart of Benefits from Environmental Protection			
Category	Details	2016 Benefits	
		Phihong Taiwan	DongGuan
Commercial Waste Recycling (NTD)	Benefits from recycling electronic component materials and computers	7,406	9,426,067
Environmental Impact Benefits (Ton)	Reduction of CO2 emissions	55	19





Cooperation for Mutual Honor and Prosperity

We strongly believe that only through trusted cooperation and partnerships with our clients and suppliers and understanding client needs while working closely with suppliers to develop innovative products and services that exceed the expectations of our clients can we achieve mutual prosperity and create win-win situations.

Client Service and Satisfaction

Phihong Technology provides diverse services and pathways of communication because we respect the feedback and suggestions from our clients from client visits and satisfaction surveys. The 2016 client satisfaction survey solely on six major aspects, including quality, service, and delivery dates; it was difficult to focus on the faults in client needs. The digitalization of client satisfaction was achieved in 2016 to detail more topics our clients care about and to facilitate collection of data on important topics. Fourteen

total evaluation indicators, such as development technology, production quality, marketing response, organization operation, and improvements, were given to clients for their feedback so that we can analyze, improve, and increase satisfaction. Surveying clients in response to the company's restructuring of business units more effectively establishes daily goals to improve the aspects of product technology, costs, management, and services.

14 Evaluation Indicators of Client Service and Satisfaction Survey



Client Satisfaction Survey

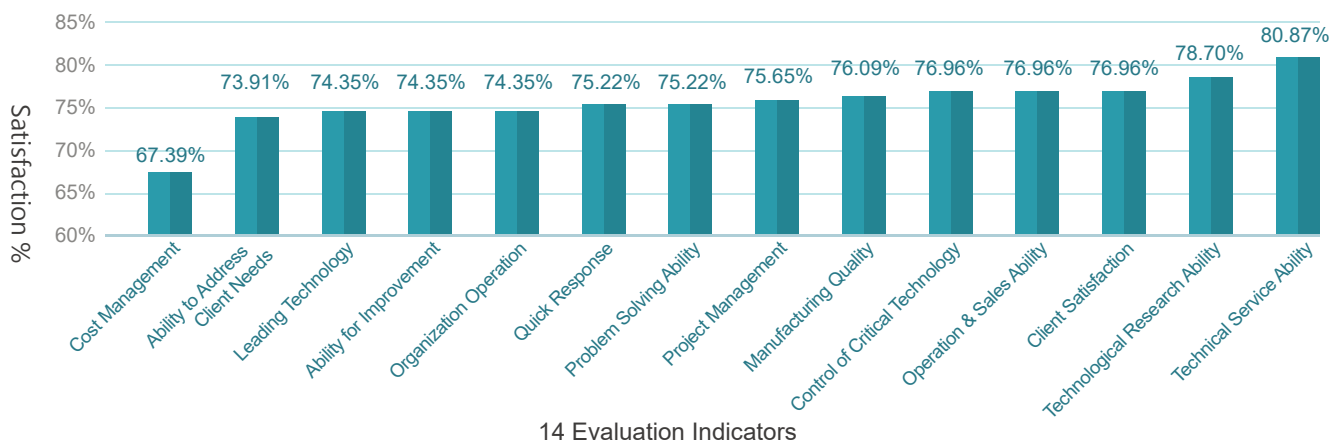
Phihong uses the 14 indicators above and statistics as goals for continuous improvement. By taking the initiative to understand our client's needs, we initiate improvements that are returned to our clients, realizing the innovative value of the service initiative. The optimization of internal procedures and innovative manufacturing is seen in daily operations; our initiative in facing client requirements creates a service that differentiates us from our competitors.

The return rate of 2016 client surveys was 97.87% (out of 47 surveys issued, 46 were effective). Overall client satisfaction rate was 75.50. General speaking, after organization restructuring and defining business units by product, it facilitated technology promotion for our products

that resulted in high client satisfaction in the areas of quality, development, technology, and overall performance.

The effective surveys showed that Phihong was reliable in product technologies and quality, but also reflected that Phihong needed improvement in the areas of delivery and product pricing. Delivery dates can be shortened to meet client's time-to-market for products and costs need to be reduced to achieve client requirements. Client satisfaction showed an evident decrease in 2016 compared to the previous 2 years primarily due to the difference in rating level of the digital survey, but actual client satisfaction levels are still above satisfactory.

2016 Results of Client Satisfaction Surveys



14 Evaluation Indicators

Results of Client Satisfaction Surveys in the Past 3 Years

Year	2014	2015	2016
Survey Return Rate	98.33%	96.97%	97.87%
Overall Satisfaction Rate	84.97	82.71	75.5

Taking Initiative in Responding to the Voices of Customers

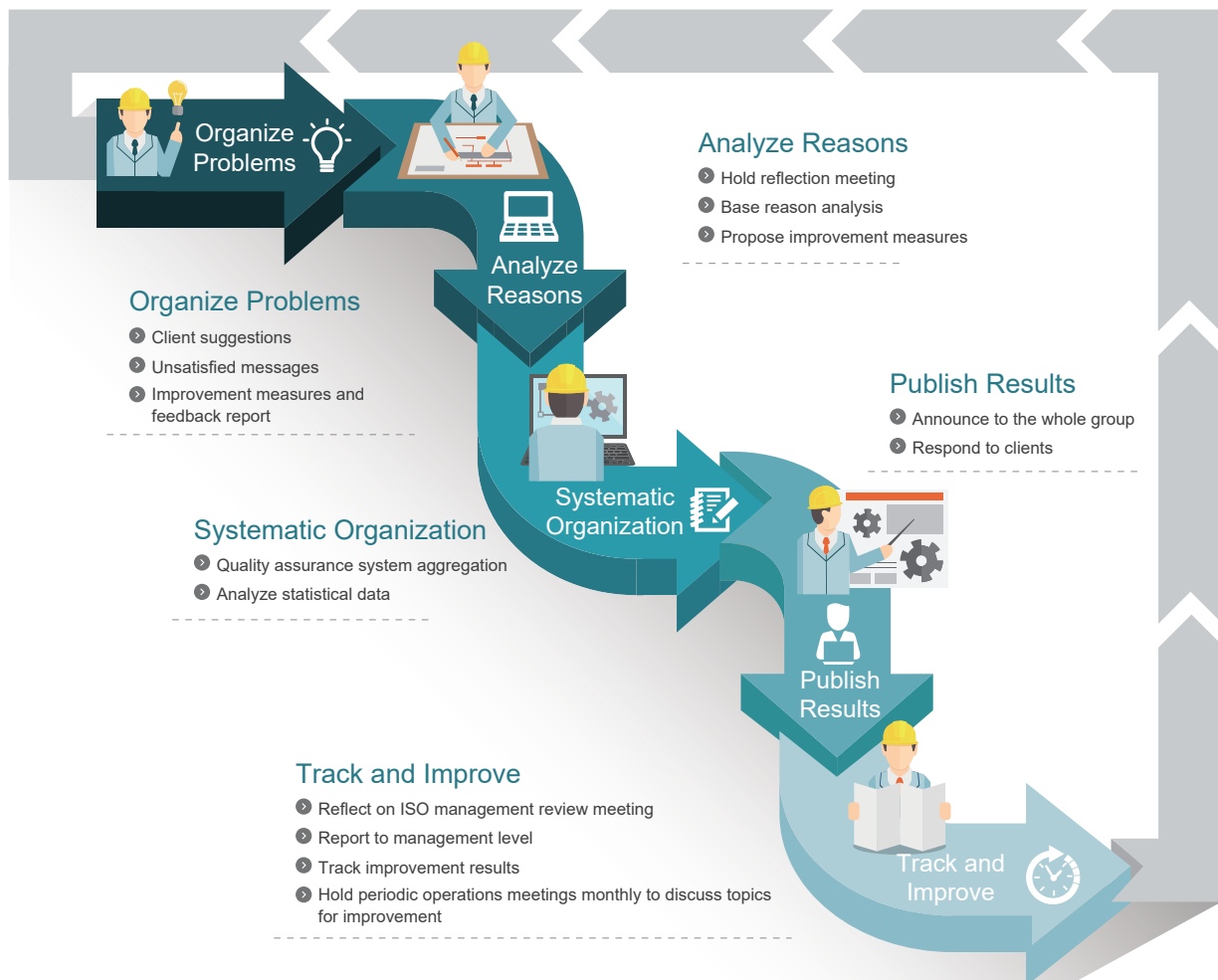
We listen to our clients and respond to their problems. Phihong has an established “Client Feedback Procedure” that assigns clear responsibility to departments for the timely response and handling of feedback. In order to fully understand our client demands on our quality, delivery, price, technology, services, and other needs, we use the methods below to communicate with our customers:

- Specific windows of contact for clients in the product quality department for technical questions related to products.
- Form customer service teams with professional staff

in sales, quality assurance, and technology to provide customers with responses, repair RMA, and technical support services.

- Hold irregular meetings, visitations, client visits to factories, telephone/e-mail, and attending international exhibitions to maintain communication with clients.
- Online client satisfaction survey. Our systems automatically send surveys to clients at specified dates each year to be filled out online. We can immediately and completely receive customer feedback and suggestions.

Solution Response for Client Satisfaction Results



Client Service and Satisfaction

Process	General Action	Operation Procedure	Respond to Clients
Client complaint received and handling	<ul style="list-style-type: none"> Client e-mail/phone/ RMA notice File [Client Complaint Form] Obtain and register defective sample. 	<ul style="list-style-type: none"> Client feedback handling procedure Client complaint form List of client complaint processes 	<ul style="list-style-type: none"> Collect complaint data, understand the situation and requirements. If defective sample is not obtained, request clients to mail back.
Grasp and handle customer complaints	<ul style="list-style-type: none"> Reflect on complaint.. Secondary, severe, major complaint, preliminary handling. 	<ul style="list-style-type: none"> Client feedback handling procedure Product failure control procedures 8D operation management method 	<ul style="list-style-type: none"> Respond within 2hr according to 227 time principles. If the customer complaint is HSF (non-harmful substance) related, contact the client within 12hr.
Reason analysis and preliminary response measure	<ul style="list-style-type: none"> Analyze the true reason. Establish preliminary response measure. 	<ul style="list-style-type: none"> Client feedback handling procedure Product failure handling procedure 	<ul style="list-style-type: none"> Quality assurance department and related development departments cooperate to analyze the root cause. Respond to clients with a preliminary response measure or plan within 2 days according to 227 time principles.
Improvement measures/ calibration & prevention	<ul style="list-style-type: none"> Track and monitor processing within factories and time of response. Response from responsible department [8D Calibration Action Report]. 	<ul style="list-style-type: none"> Client feedback handling: 8D operation management method Quality abnormality handling procedure Calibration and prevention measures management procedure Client complaint management system 	<ul style="list-style-type: none"> Establish temporary and long-term improvement measures, conduct calibration and prevention measures Respond within 7 days according to 227 time principles [8D Calibration Action Report] Report to client depending on situation Trace case improvements to the root cause in design and strive for full systematic improvements
Tracking results / standardization and data management	<ul style="list-style-type: none"> Client improvement & calibration/track performance of preventative measures.. SOP/standardize inspection guidelines. Client complaint system data maintenance and management. 	<ul style="list-style-type: none"> Client feedback handling process Calibration and prevention measures management procedure 8D operation management method Client complaint management system 	<ul style="list-style-type: none"> Monitor and execute calibration measures for client complaints, implement and confirm Organize and analyze monthly data of client complaints for reflection and tracking further performance File client complaint reports [Client Complaint Management System]. Unite the 4 factory regions and begin horizontal handling of client complaint issues, increase processing efficiency

• Client Confidentiality

Phihong Technology has a deep understanding of the importance of client confidentiality and maintains a good channel of communication with clients. The confidential technical documents supplied by our clients undergo appropriate confidentiality and protection measures and can only be perused by staff with authorization. The agreements or orders that our clients request to be confidential are handled through the company's [Agreement (Order) Management Procedure] by signing a [Non-Disclosure Agreement] with clients. All contracts and agreements are filed in the systems of the legal department for confidential management and to prevent sensitive client data from leaking.

Furthermore, employees must sign the [Intellectual Property Confidentiality Agreement] and have the obligation of protection and confidentiality for their respective roles or protecting the assets of the company. The Human Resource Department requests all new employees to undergo the process of signing the agreement. Senior level staff, procurement staff, and staff with specific job roles are all inspected by the Human Resource Department according to the [Guideline for Staff Employment Guarantee Operations]; the investigation results are given to the HR director as feedback for recruitment references. The company complies with all related regulations to prevent sensitive client data from leaking by implementing regulations for data security and asset protection policies. There were no incidents related to client complaints of confidential leaks in 2016.

Supply Chain Management

Corporate social responsibility is an important focus of many of our large clients and the supply chain is Pihong Technology's most important partner in manufacturing and growth. When promoting CSR, aside from considering the quality, delivery date, cost, service, and technology of our suppliers, we periodically inspect our suppliers according to EICC (Electronic Industry Code of Conduct) to determine whether they value environmental protection, health, security, and human rights so that suppliers support sustainable development and can establish long-term partnerships with Pihong. This can prevent obstacles to Pihong's sustainable development due to supplier neglect of critical CSR operations. When implementing

new suppliers, we must also inspect their CSR measures and implementation to reduce the risk of Pihong's future cooperation with the supplier.

Structure of Pihong Industry Chain

In the industry chain of power supply products, Pihong Technology is a development and manufacturing supplier. When a new product begins development, we work closely with suppliers of materials and systems clients to ensure that through a product's lifespan, it can meet a diverse set of requirements to achieve a win-win situation for all stakeholders in the industry chain.

Pihong Industry Chain Illustration



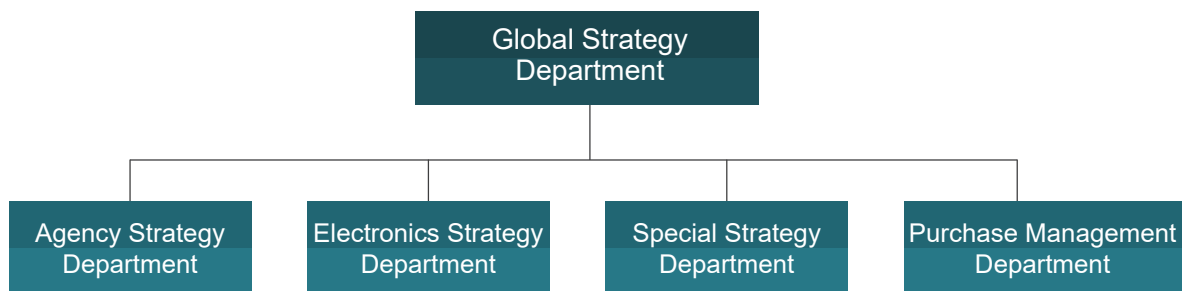
Pihong Supply Chain Rights & Responsibilities

There are 3 areas of Pihong's rights & responsibilities in the supply chain:

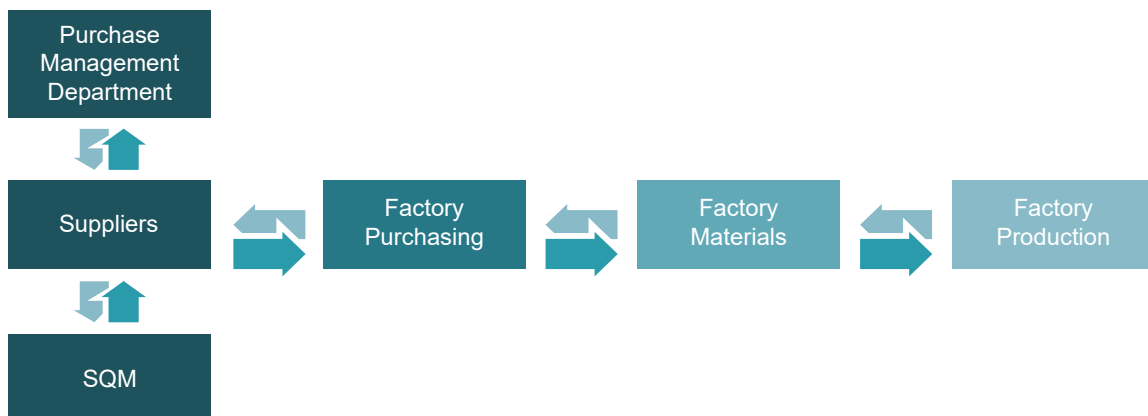
- **Global Strategy Department:** Responsible for developing

- new suppliers, negotiating pricing, allocating orders.
- **Factory Procurement:** Scheduling of material delivery plans, operations to request payment from manufacturers.
- **(Supplier Quality Management, SQM):** Manufacturer inspection, audit and counsel of quality.

Pihong Global Strategy Department Organization Chart



Pihong Supply Chain Diagram



Supply Chain Management

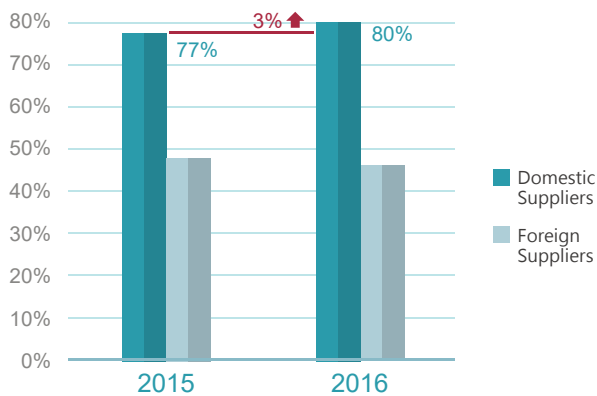
Green Supply Chain Management

Phihong Technology is very serious about substances that impact the environment and has obtained ISO14001 environment management systems certification and accepted counseling and auditing from related departments. The execution of Phihong's green supply chain management is primarily in managing of procurement strategy and supplier quality:

• Procurement Strategy

Selecting Suppliers in Proximity to Bases of Production

The ratio of local and foreign procurement in 2016 is as below. Local procurement accounted for 80%, a 3% increase from 2015.



By localizing the procurement of materials, we effectively reduce the transport process of purchasing foreign materials and reduce the impact of greenhouse gas emissions on the greenhouse effect and the environment. If materials require foreign procurement, factories will assess delivery date and strive to reduce supplier delivery shipments and reduce Phihong's procurement costs and supplier delivery costs to achieve a reduction in cost and number of delivery shipments

Year	Weekly Number of Material Shipments
2015	3
2016	2

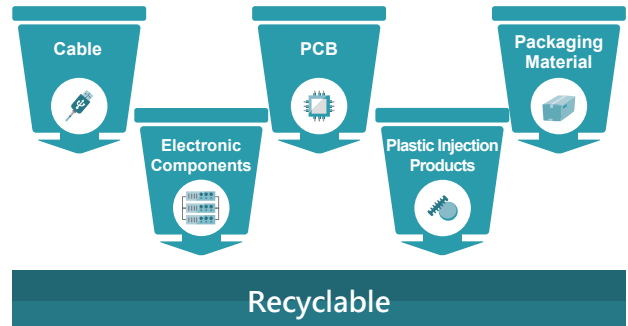
Supplier Materials Compliance to Environmental Protection Requirements

When materials are admitted, they are categorized according to their characteristics as PB or halogen free and standards are verified via an examination report by a 3rd party with a letter of guarantee to confirm that the materials delivered from the supplier complies with the requirements of environmental protection to avoid polluting the environment and further burdening the Earth.

Selection of Recyclable Materials

Phihong Technology focuses on the development and manufacturing of power sources and has achieved scale and position in the industry. We produce hundreds of

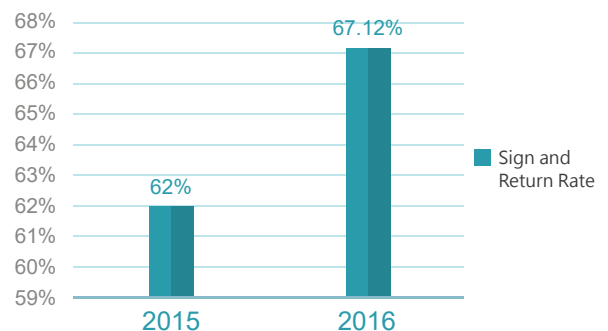
millions of power sources annually and consume massive weights and volumes of raw materials, with an estimated raw materials demand of approximately 10,000 tons. Therefore, the selection of materials emphasizes the importance of recyclability. When products are output, most materials are treated by local waste treatment facilities for recycling into usable raw materials.



Supplier Integrity Guarantee

Inappropriate gifting from suppliers in the form of monetary or social expenditures in exchange for products, services, or bidding priority is a major risk in the procurement process. Phihong's "Corporate Ethics and Business Conduct Standards" clearly states our procurement staff and suppliers must comply with anti-corruption and anti-bribery policies. In 2016, 67.12% of our core suppliers signed the "Integrity Pledge Agreement", a growth of 5.12% in 2015.

Supplier Integrity Pledge Agreement Return Rate



• Supplier Quality Management

Phihong Technology targets qualified and newly recruited suppliers for quality/environmental protection systems audit, counseling, and evaluation to ensure that the quality of their products, environmental protection system, and CSR implementation meet the requirements of Phihong. The majority of suppliers have production bases located in China in order to strengthen the functions of factory management and reduce the damages from loss in product quality, environmental protection systems, and CSR risks. The job function and authority of implementing supply chain management is given to SQM in factories to swiftly respond to the local site, the scene, and phenomenon.

The team assisting in green supply management is formed from the 3 areas of SQM (Supplier Quality Management), technology, and procurement responsible for executing evaluation of newly recruited suppliers. SQM departments will view actual conditions to audit, counsel, and evaluate suppliers. New suppliers must undergo product environment substance management; management performance must meet the required standards of Pihong Technology's product environment substance management in order to become a member of Pihong's green supply chain.



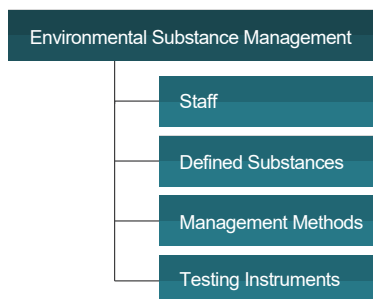
2016 Audit Results of 17 New Suppliers:

Audit Results	Qualified	Unqualified	In Audit
Suppliers	11	2	4

Note: Suppliers unqualified are due to failure to meet Pihong's required environmental standards

• **Environment Related Substance Management**

Aside from procurement strategy that demands suppliers to comply with environmental friendly requirements, the SQM team verifies whether suppliers comply with the requirements of Pihong as an area of green supply chain management. The audited categories are generally categorized as below:



Item	content
Staff	Do suppliers have specific staff responsible for updating and examining data for environmental substance management.
Defined Substances	Do the supplier's defined scope of environmental substances comply with the requirements of Pihong's latest version.
Management Method	Do the supplier's environmental substance management methods comply with Pihong's auditing standards.
Testing Instruments	Are environmental substance testing instruments periodically calibrated and inspected, are testing capabilities comprehensive and if there is an operation procedure.

• **Supplier Occupational Safety**



Work Hours	Maximum regulated work hours; compliance with local labor laws.
Minimum Wage	Do labor wages satisfy the minimum wage standards of local labor regulations.
Banning Child Labor	Clear regulations prohibiting the use of child labor. On-site inspection to confirm there are no child laborers.
Contracts	Do all laborers have a signed labor agreement.
Fair and Non-discriminatory Treatment	No discrimination or related regulations against age, race, gender, religion, and political inclination.
Monitoring Mechanisms	Whether there are on-site management representatives to guarantee that the company complies with all labor and legal regulations and standards; whether there is a designated management staff advocating and providing guidance on occupational safety regulations and standards.
Prevention of Misconduct	Whether there are standards to prevent torture, blackmail, humiliation, oppression, or sexual harassment.
Personal Safety Protection Equipment and Measures	Whether there is safety equipment provided (such as: safety goggles, helmets, ear plugs, gloves); whether fire safety equipment is comprehensive, if there are fire exits, and if there are fire drills conducted annually.

The 92 suppliers selected in 2016 were all qualified and did not have any actual or potential negative impact.

2016 Total of Qualified Audited Suppliers

Category	2015	2016
Qualified Suppliers	72	92





Happiness workplace, PHIHONG Lohas

We strive to provide colleagues with a healthy lohas work environment by considering the needs of colleagues and establishing diverse recreational facilities and organizing various club activities to achieve a happy work place that is ideal for work, family, and health.

Performance Management – Right Talent in the Right Places

Employees have always been the critical element in the sustainable development of Pihong Technology. We provide a comprehensive work environment and benefits system to attract and recruit top talent. A friendly work environment ensures that the lives and security of employees are guaranteed and moving forward with our employees is our mutual long-term goal.

At the end of 2016, Pihong Technology employed a total of 7,858 staff with 485 in the Taiwan region, 5,468 in the DongGuan region, and the remaining 1,905 dispersed around China and other overseas factories. Pihong strives to recruit, nurture, and develop elite talent. The turnover rate of core staff at the Taiwan headquarters averages less than 2%, allowing Pihong to maintain good competitiveness.

Carefully Selection of Talent. Right

Pihong HR Policy

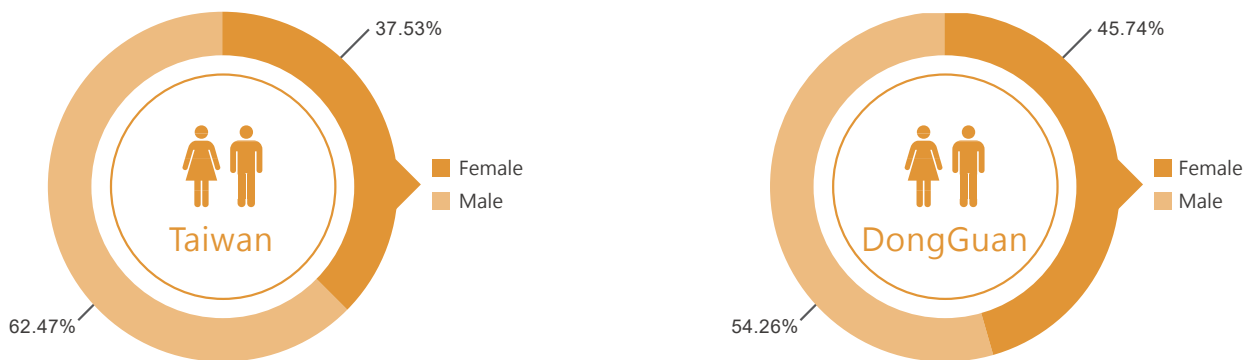
Humanized Management	Respect for Professional Managers	Appropriate Compensation and Benefit Measures	Professional Training in and out of Factories	Actively Moving Towards the Goal of Appropriate Person for the Appropriate Job	7,858 2016 Total Employees
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2016 Pihong Technology Employee Structure

Category	Department	Male		Female		Department Total and Ratios	
		Employees	Ratio of Department	Employees	Ratio of Department	Employees	Ratio of Total Employees
Job Role	Manager Staff	134	74.03%	47	25.97%	181	3.04%
	Other Staff	3,136	54.33%	2,636	45.67%	5,772	96.96%
Work Location	Taiwan	303	62.47%	182	37.53%	485	8.15%
	DongGuan	2,967	54.26%	2,501	45.74%	5,468	91.85%
Age	Under 30	2,379	56.04%	1,866	43.96%	4,245	71.31%
	31~40	591	49.66%	599	50.34%	1,190	19.99%
	41~50	235	55.82%	186	44.18%	421	7.07%
	51 and Above	65	67.01%	32	32.99%	97	1.63%
Education	PhD	5	100.00%	0	0.00%	5	0.08%
	Master's	79	79.80%	20	20.20%	99	1.66%
	Bachelor	428	62.76%	254	37.24%	682	11.46%
	Other	2,758	53.38%	2,409	46.62%	5,167	86.80%
Nationality	Nationals	3,266	99.88%	2,682	99.90%	5,948	99.92%
	Foreigners	4	0.12%	1	0.10%	5	0.08%
Recruitment Type	Temporary Contract	1,253	55.64%	999	44.36%	2,683	45.07%
	Fixed Contract	2,017	54.50%	1,684	45.50%	3,270	54.93%
Gender Subtotal		3,270	54.93%	2,683	45.07%	-	
Total		5,953					



2016 Recruitment Allocation by Age, Total Turnover, and Gender



Factory	Phihong Taiwan		DongGuan	
	Recruited	Turnover	Recruited	Turnover
Employees	80	95	15,995	16,156
Male	43	56	9,679	9,431
Female	37	39	6,316	6,725
Under 30	30%	13.68%	85.68%	65.34%
30-40	56.25%	55.79%	11.45%	25.41%
40-50	11.25%	15.79%	2.71%	7.71%
50 and Above	2.00%	14.74%	0.16%	1.54%
Male Ratio	53.75%	58.95%	60.51%	58.37%
Female Ratio	46.25%	41.05%	39.49%	41.63%
Total Employed	485		5,468	
Ratio to All Employees	16.49%	19.59%	292.52%	295.46%

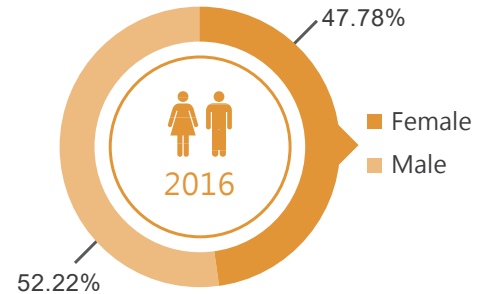
Note 1: Calculated ratios of each age group and gender = male/female from each age group / total hirings (firings) * 100%

Note 2: Turnover rate at DongGuan is higher primarily due to overall lack of laborers in the region

Performance Management – Right Talent in the Right Places

Ratio of Annual Assessment for Male/Female Employees

Year/Gender	Assessment	2016	
		Male	Female
	Mid Year Assessment	1,432	1,310
	Year End Assessment	1,314	1,203
	Total	2,746	2,513



Alternative Service R&D Recruitment

Phihong Technology emphasizes the career development, talent nurturing, and technical development of R&D staff for the purpose of nurturing technological talent. In 2016 we recruited 8 members in alternative service and

through the project's training, they are showing promise in their professional field of research, becoming important pieces of the company's future.



Respect to Human Rights and Gender Equality

Freedom of Association and Collective Bargaining

Phihong Technology has no trade union and there were no cases of employee complaint in 2016; we respect our colleagues' rights in freedom of association and collective bargaining. Phihong guarantees that employee representatives of this type will not be discriminated against and can maintain contact with the employees they represent in their place of work. If local laws restrict these rights, we support other substitute mechanisms such as: labor meetings, employee welfare committees.

Category/Factory	Taiwan	DongGuan
Ratio of freedom of association and collective bargaining (%)	100	100
Cases of violations against freedom of association and collective bargaining	0	0
Labor Employer Meetings	Held each quarter	Once a year
Employee Trade Unions	None	None

Human Rights Management

Phihong Technology accepts talent in any form regardless of race, gender, age, religion, nationality, or political affiliation; we comply with the principles of banning child labor and forced labor while promoting the hiring of locals. The hiring, promotion, termination, severance, vacation, compensation, benefits, and training of all employees are conducted in a fair and equal environment and we do not treat employees or stakeholders with any discrimination, including:

- The labor agreement clearly states the rights and obligations of both the employee and employer along with expected behavior.
- "Work regulations" and operation standards are set in accordance to "Standard Labor Laws" of local nations.
- Establishment of a gender equality committee, related management methods, and sexual harassment prevention channels including an employee complaint mailbox that provides employees a channel of communication when

their rights are violated.

- There were no violation incidents related to discrimination, human rights, forced labor, and sexual harassment in the work place at Phihong in 2016.

Furthermore, the security staff at Phihong Taiwan are contracted through legal and professional security companies. Newly recruited security staff must undergo and pass a comprehensive training program before employment. The training course contains content related to the guarantee of human rights. The course is 6 hours and requires return to the course each quarter. The managers of the security company must supervise and monitor testing to ensure that security staff fulfill their duties according to the related operation regulations of the company.

Phihong Taiwan 2016 Statistics of Security Staff with Related Training in Human Rights Policy

Course	People	Frequency / Total Hours Per Person a Year
Security Industry Management Theory	5	Linkou HQ: 2 hours / season Year total 24 hours
Implementation Details and Related Regulations of the Security Industry		Tainan Factory: 2 hours / month Year total 48 hours
Crisis Handling		

Zero Barriers of Communication Between Employees

Phihong Technology believes that only good and clear pathways of communication can bridge the gap between the company and colleagues to gain clear and transparent interactions and create the greatest benefit and harmony for both employees and employer. For many years, continuous mutual exchange to convey the company's policy and principles and listening to the voices of our employees to improve teamwork and realize the mission of co-existence between employer-employee, mutual prosperity, share principles, and create win-win situations.



Respect to Human Rights and Gender Equality

Employee Satisfaction Survey

In order to allow employees to fully express their opinions for reference in adjustments to the company's communication policies, the company periodically implements employee satisfaction surveys in the hopes of using effective exchanges of opinions to increase employee satisfaction. The targets of the survey are primarily Pihong Taiwan's new employees through face to face interviews and investigations of satisfaction levels by understanding

how they are adapting to their jobs, gaining a detailed understanding, and offering assistance. The DongGuan factory regions use direct and indirect methods to investigate targets by issuing surveys and retrieving statistics. In terms of the categories of satisfaction, the company will reflect on current standards and implement gradual improvements to meet the expectations of employees.

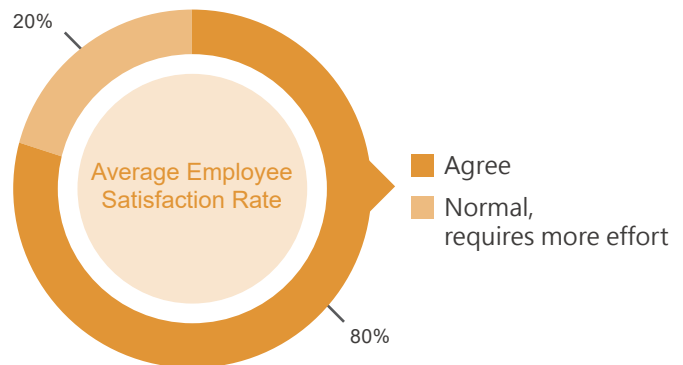
2016 Pihong Taiwan New Employee Satisfaction Level Investigation

Target: New employees on the job for 3 months or more

Period: January ~ December 2016

Effective Surveys: 46, 100% retrieval rate

Overall Satisfaction: 8.6 pts (total 10 pts)



The 2016 DongGuan employee satisfaction survey was held in April. The survey revealed that employees generally suggested that a basketball court be built at the new dormitory of the factory and the company highly

supported the opinion. That year, spending was given to complete the silicon PU basketball court and provide employees with an excellent environment for recreational sports. Related statistical analysis is as below:

Type / Item	Surveys Issued	Surveys Retrieved	Effective Surveys	Effective Retrieval Rate	Investigation Ratio	Overall Satisfaction (10 pt system)	Investigation Period
Direct Staff	(2016)	353	349	91.84%	11.61%	6.67	4/15~5/7
Indirect Staff	103	96	96	93%	10.48%	6.64	4/15~5/7



High Level Executive Lunch Date

High level executives at Pihong Technology care deeply about how newly recruited employees are adapting to their situations and have established this platform of exchange for our new partners.

We enjoy a meal together and receive immediate feedback through conversation with colleagues to understand their thoughts and suggestions while also assisting new partners to understand the company's strategy and direction of operation.

“ Through face to face exchanges, new partners can gain a positive understanding of the company in order to create a beautiful future together ”

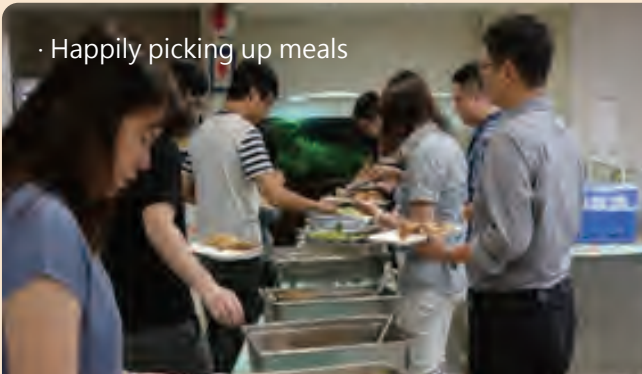
Allan VP



Elsa Director



· Happily picking up meals



· Relaxing conversation



Respect to Human Rights and Gender Equality

Child Labor Policy

Phihong Technology complies with standard labor laws and the International Labour Organization's regulation of banning child labor. During hiring, employee identifications are inspected and there were no incidents of hiring child labor in 2016. There were no official filed cases related to the discrimination of the rights of indigenous people. Each employee signed a labor agreement upon hiring that clearly states that the agreement is established upon agreement; the agreement is periodically inspected and controlled. There were no related incidents or penalties in 2016 and no inspections or affected evaluations relating to human rights.

Policy Ban on Child Labor and Non-Discrimination towards Indigenous People

Item/Factory	Taiwan	DongGuan
Child Labor	None hired	None hired
Indigenous People	No involvement in discrimination	No involvement in discrimination

Fair Compensation for Work

The compensation standards for all employees is not differentiated by gender and income is not lower than minimum wage at the country of operation. If a surplus in earnings profit is found after annual settlement, the company complies with organizational guidelines outlining methods to issue rewards. Employees are evaluated on performance results and issued a year-end bonus, employee bonus, or stock options for those employed in the year.

Anti-Discrimination Measures

Phihong Technology requests that the recruitment, examination, hiring, distribution, deployment, performance appraisal, or promotion of job seekers or employees cannot be discriminated or receive differential treatment due to race, class, language, thought, religion, political affiliation, nationality, place of birth, gender, sexual inclination, age, marriage, appearance, facial features, or disability.

Ban on Discrimination

Phihong Technology respects the differences of individuals from all corners of the world. Phihong Technology treats all with an attitude of respect and justice at any given time. This policy at Phihong Technology is based on company requirements to utilize transparent recruitment methods to consider work experience, potential, and accomplishments; there will be no differences due to race, gender, age, religion, nationality, or political affiliation.

Ban on Illegal Disciplinary Action

Phihong Technology does not condone any physical or mental abuse, physical or oral harassment and aggressive behavior; any threat, violence, or physical coercion are prohibited.

Official Complaint Mechanism

In 2016, the number of cases submitted, filed, and concluded through official complaint mechanisms related to labor complaints: 2 cases at Phihong (DongGuan) Electronics Co., Ltd, 2 cases at Dong Guan Phitek Electronics Co., Ltd; both cases have concluded. There were no official complaints submitted, filed, and concluded through official complaint mechanisms related to human rights.

Notice of Leave Period

Phihong Taiwan complies with labor laws and regulations in relation to employees who quit and provide a notice period complying with regulations. Employee guidelines have stated the submission schedule and process to guarantee the rights and obligations of both parties. We refer to the regulations of labor laws for the mutual abidance by employer and employee of the notification guidelines below:

- A 10-day notice is required for employees who have worked continuously for 3 months but less than 1 year.
- A 20-day notice is required for employees who have worked continuously for 1 year but less than 3 years.
- A 30-day notice is required for employees who have worked continuously for more than 3 years.

Furthermore, the DongGuan region complies with China's labor regulations. Aside from requiring employees to sign a labor agreement when reporting for duty, the agreement and employee handbook both clearly state the regulated notice period for leave: employees leaving must submit document notice 30 days prior; employees in their trial period should provide notice 3 days prior.

Optimization of Compensation Standards

Phihong has always strived to give the rewards of the company's operational performance to every employee, providing all employees with an open, transparent compensation policy that is competitive on the market. Each year, high-level executives periodically refer to short, mid, and long-term goals with considerations to competitiveness and internal fairness to determine the year's compensation adjustment strategy. Later, managers assess the fairness and encouragement according to each job role for further dual evaluation of wage position and performance to set the wage adjustment ratio for each job role; wage adjustments also consider and evaluate the company's profit conditions of the year. Also, a "performance bonus" and "project bonus" are issued according to the first half performance and achievement rate of each year to reward employees through diverse methods of compensation.



Gender Ratio of Management Staff

Phihong heavily emphasizes the value of women in the work place; due to the industry and work structure, the number of female managers is low. However, in recent years

female managers have seen an increasing trend from 38 in 2014 to 47 in 2016.

Ratio of Male and Female Management Staff in Taiwan

Job Level	2014					2015					2016					
	Year	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base – Team Level		32	68%	15	32%	47	37	73%	14	27%	51	26	63%	15	37%	41
Mid – Deputy anager		76	92%	7	8%	83	73	86%	12	14%	85	54	81%	13	19%	67
Mid-High – Department Level		14	88%	2	12%	16	11	85%	2	15%	13	8	67%	4	33%	12
High – Deputy Executive and above		6	86%	1	14%	7	6	86%	1	14%	7	5	83%	1	17%	6
Male Female Subtotal/ Ratio		128	84%	25	16%	153	127	81%	29	19%	156	93	74%	33	26%	126
Ratio to Taiwan Employees		27%		5%		32%	25%		6%		31%	19%		7%		26%

Note: The calculation of ratios of men and women at each management level = the number of male and female managers at each level / total number of male and female managers at each level * 100%.

Note: Ratio to Taiwan employees = total number of male and female managers at each level / total number of employees in Taiwan each year * 100%.

Ratio of Male and Female Management Staff in DongGuan

Job Level	2014					2015					2016					
	Year	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base – Team Level		37	76%	12	24%	49	35	74%	12	26%	47	33	73%	12	27%	45
Mid – Deputy anager		6	100%	0	0%	6	6	100%	0	0%	6	7	78%	2	22%	9
Mid-High – Department Level		0	0%	0	0%	0	0	0%	0	0%	0	1	100%	0	0%	1
High – Deputy Executive and above		0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%	0
Male Female Subtotal/ Ratio		43	78%	12	22%	55	41	77%	12	23%	53	41	75%	14	25%	55
Ratio to Taiwan Employees		0.84%		0.23%		1.07%	0.72%		0.21%		0.93%	0.75%		0.26%		1.01%

Note: The calculation of ratios of men and women at each management level = the number of male and female managers at each level / total number of male and female managers at each level * 100%.

Note: Ratio to DongGuan employees = total number of male and female managers at each level / total number of employees in Taiwan each year * 100%.

Sanitation and Promoting Good Health

Mechanisms to Promote Healthier Body and Mind

Employees are Phihong's most critical asset and the force behind the company's sustainable operations. The physical and mental health of our employees are highly important which is why each year we hold periodic health examinations for all employees according to labor health guideline regulations and frequency of factory services. A full-time nurse and monthly visit from a physician offers various medical counseling, visitation to work environments,

execution and tracking of health inspection operations, and the planning and execution of activities to promote health. We provide diverse health services such as massages, flu vaccinations, hosting health seminars, posting the newest health information in the company's internal digital bulletin, and increasing the concept of autonomous health management in our colleagues.

Body Type/Health Examination Chart

Item	Target	Category	Period	Implementation Method	Note
1	New Employees	Standard health examination	Completed during trial period	New employees visit the hospital on their own for examination	<ul style="list-style-type: none"> If an employee is found to be unsuitable for certain tasks after examination, they are evaluated and assessed for other tasks. Inspect records, comply with the format and preservation period of labor health and safety regulations. Examination fees: maximum subsidy of NTD 600.
		Examination of special body types	Lead-free soldering operations were fully implemented in 2012 and the factory no longer has any specific risks to health		
2	Current Employees	Standard health examination	Superior to laws, once a year	Contact the Ministry of Labor for designated qualified hospitals to conduct examinations at factories	<ul style="list-style-type: none"> When current employees are found to be unsuitable for certain tasks after health examinations, we immediately conduct an evaluation for suitable work. Inspection records are filed in the required format and number of years in compliance with the Labor Health Protection Guidelines. Examination Fee: Paid in full by the company.
		Examination of special body types	Operation environment without specific risks to health		

Various Activities to Promote Better Health Annual Health Examination



Occupational Injury and Absences

Phihong Technology aims to provide employees with a safe and worry-free work environment with the ultimate target of zero occupational injuries. We comply with government mandated regulations at the countries of operation at each factory and company policy dictates the

implementation of various training exercises, drills, and preventative measures in environment safety management methods to increase employee safety and comprehensively establish a corporate culture of safety. Details are as described in the chart below.

Number of Cases Relating to Employee Loss of Work Rate/Absence Rate/Accidents at Pihong Taiwan

Category	2014		2015		2016		Calculation Formula
	Male	Female	Male	Female	Male	Female	
Occupational Injury Rate	2.34	1.75	1.16	1.31	1.04	1.73	(Ability loss) occupational injury cases / total work hours, work hours factor: 2014-2015: 218,400; 2016: 208,000
Employee Loss of Work Days Rate	160.04	105.1	18.88	33.85	12.46	73.73	Total days of occupational injury leave in the year / total employee on duty days in the year
Employee Absence Rate	0.01	0.01	0.01	0.01	0.01	0.01	Total days of absence in the year / total on duty days in the year.(Absence rate includes occupational injury leave, leave, and sick leave in the scope of the formula)
Employee Accident (Cases)	4	8	2	6	3	3	Number of occupational injury employees in the year

Note 1: 2014-2015 GRI: 218,400 factor is based on employees working 52 weeks per year, 42 hours a week per 100 employees

Note 2: 2016 GRI: 208,000 factor is based on employees working 52 weeks per year, 40 hours a week per 100 employees

Number of Cases Relating to Employee Loss of Work Rate/Absence Rate/Accidents at DongGuan

Category	2014		2015		2016		Calculation Formula
	Male	Female	Male	Female	Male	Female	
Occupational Injury Rate	0.54	0.19	0.91	0.11	0.71	0.08	(Ability loss) occupational injury cases / total work hours, work hours factor: 2014-2015: 218,400; 2016: 208,000
Employee Loss of Work Days Rate	106.78	38.89	134.26	26.66	93.37	11.08	Total days of occupational injury leave in the year / total employee on duty days in the year
Employee Absence Rate	0.52	0.03	0.04	0.03	0.03	0.03	Total days of absence in the year / total on duty days in the year.(Absence rate includes occupational injury leave, leave, and sick leave in the scope of the formula)
Employee Accident (Cases)	21	6	27	3	12	2	Number of occupational injury employees in the year

Note 1: 2014-2015 GRI: 218,400 factor is based on employees working 52 weeks per year, 42 hours a week per 100 employees

Note 2: 2016 GRI: 208,000 factor is based on employees working 52 weeks per year, 40 hours a week per 100 employees

Healthy Work Place

In order to care for our employees, the DongGuan factory area implemented the OHSAS 18001 professional sanitation and safety management system and has received 3rd party certification. All employees also receive additional group insurance to provide comprehensive coverage and protection against accidents that occur outside working hours or the work place. Furthermore, there were no incidents of injury or death of contractors responsible for work environment safety tasks in Pihong factories.

Each year Pihong Taiwan conducts work environment inspections for carbon dioxide, illuminance detection, and lead concentration using stringent standards that must

comply with the Ministry of Labor and Environmental Protection Administration's legally safe values to provide employees with a safe work environment. Employees with high rates of occupational diseases or high risk operations are given appropriate personal safety devices for protection; they also undergo arranged health examinations for occupational diseases. Employees examined with abnormalities are tracked and managed while given individual health counseling and guidance to assist them in grasping their health condition. At the time of writing, there were no cases of occupational diseases at Pihong Taiwan or DongGuan.

Sanitation and Promoting Good Health



Comprehensive Benefits

Phihong Taiwan has established an Employee Benefits Committee according to “Employee Benefit Law”. Each month, benefits are issued at a fixed ratio for use in the Wei Ya, holidays and birthday gifts, marriage funeral celebration and birth subsidies, club activities and competitions, artistic gallery, gym, and travel subsidies. The DongGuan factory has diverse software and hardware activities and receive a fixed budget for clubs, sports competitions, and social activities. The diversity of planned events are dynamic or static so that employees can live happily at Phihong.

Employee Benefits Committee

Phihong Technology upholds the principle of caring and profit sharing with employees with the goal of increasing the quality of life for colleagues. The Employee Benefits Committee was established according to “Employee Benefit Law” and receives a fixed budget depending on company operations to provide employees with welfare and benefits. The committee issues monetary gifts during Labor Day, Dragonboat Festival, Midautumn Festival, Chinese New Year, and employee birthdays. The monetary benefits issued to Phihong Technology employees in 2016 is given in the chart below:

Employee benefit payment form

Phihong Taiwan		DongGuan	
Item	Issued Amount NTD	Item	Issued Amount NTD
Employee Travel Subsidies	2,870,960	Year-End Group Meal	753,750
Monetary Benefits for Holidays and Labor Day	5,200,250	Gift Expenses during Midautumn and Dragonboat Festivals	801,875

Comprehensive Benefits

Taiwan

▶ Diverse Clubs

The Employee Benefits Committee subsidizes the establishment of colorful and diverse clubs. Through exchanges and sharing of club activities, colleagues from various departments interact to increase teamwork and work life balance.



▶ Travel Subsidy

Travel activities within the nation each year are planned and fully subsidized by the Employee Benefits Committee so that employees can enjoy wonderful and relaxing time with their families while away from work.



▶ Relaxing Massage from the Blind

The company periodically arranges blind masseuses to visit the office and provide colleagues with relaxing massages that soothe their muscles and bones. The proceeds are also donated to charity.



▶ Comprehensive Group Insurance Planning

Phihong Technology provides labor insurance, health insurance, and employee pensions according to law but have also planned group medical insurance for employees. This is one of the company's critical benefits that allows employees to fully devote themselves to "complete each task to perfection" and put all staff within the company on the same page.



▶ Annual Christmas Event

Santa Claus leads his cute reindeer to each department and passes out desserts, bringing great joy to all employees!



▶ Commendation of Senior Employees

Each full 5-year term of work by an employee will receive an award of a specially designed 999 gold medal to thank the employee for their hard work and dedication to the company.



Sanitation and Promoting Good Health

Comprehensive Benefits

Taiwan

▶ Additional Cuisines for Birthdays

Each month a birthday meal is hosted by providing a luxurious buffet for the enjoyment of all employees.



▶ Corporate Discount at Spring City Resort

Holiday discount (ordering festival dishes, vouchers) / wedding discounts / employees dine with a 20% discount and waived service charge / discounted pricing for other facilities.



▶ Other Benefits (Employee Benefits Committee)

Monetary compensation for employee marriage, child birth (spouse), hospitalization, and family funerals. Discounts at several partner stores.



DongGuan

▶ Diverse Clubs

The Employee Benefits Committee subsidizes the establishment of colorful and diverse clubs. Through exchanges and sharing of club activities, colleagues from various departments interact to increase teamwork and work life balance.



▶ Commendations on Labor Day

Exemplary employees at DongGuan are commended each year during Labor Day on May 1st. 80 exemplary employees were selected in 2016 and awarded certificates and monetary award to commend them for their exemplary example to other colleagues.



▶ Comprehensive Group Insurance Planning

Dongguan factory employees are supported by relevant labor insurance and important welfare measures. Our dedication to employees motivates everyone to do their best, and brings the company together into one cohesive force.



Zero Obstacle Work Environment

PPhihong Technology treats all employees under the principle of equal employment and cares about the hiring of minority groups. The entrance and each floor at Pihong Taiwan is equipped with wheelchair access ramps, and elevators allow for convenient transport of wheelchairs; disabled employees are provided with free designated parking spaces. The company cares for and respects the diversity and culture of our employees and offers long-term stable job opportunities for the disabled; we welcome the disabled to join us. In 2016, Pihong Taiwan hired more people with disabilities than mandated by the legal quota

in the Disability Protection Act. DongGuan has no hiring regulations for the disabled and there are no current hires of disabled employees.

Year/Gender	2014		2015		2016	
	Male	Female	Male	Female	Male	Female
Hired Employees	4	0	7	1	7	2
Employees at Year-End	4	0	7	1	7	2



The entrance and exits at Pihong Technology are equipped with wheel-chair access ramps.

Facility Benefits

The factory is equipped with a gym, squash courts, library, and employee rest area to provide employees with a diverse selection of activities. The site also includes dormitories, parking lots, employee cafeteria, multimedia TVs, microwaves, steamers, and breast-feeding rooms. The cafeteria provides many choices such as buffet, noodles, and vegetarian selections. Some vendors provide services

including travel, finance, group insurance, product sales, discount tickets to exhibitions, and book shows so that employees can enjoy the convenience of shopping without leaving the factory. Many excellent vendors work with the company with information available on the company's internal website to provide employees with discounts for clothing, food, recreation, and other products.

Beautiful Greenery in the Environment

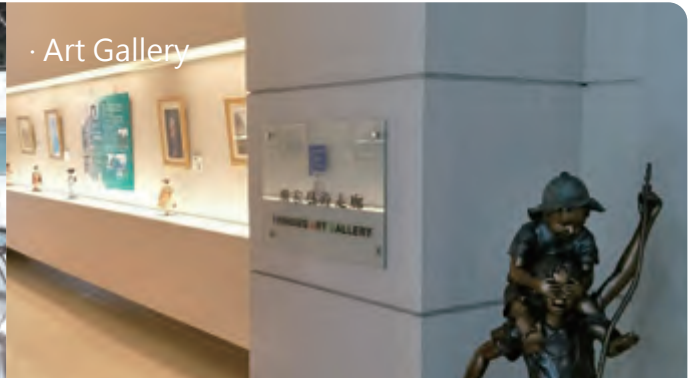


Sanitation and Promoting Good Health

· Employee Cafeteria



· Art Gallery



· Employee Dormitory (Tainan Factory)



· Library



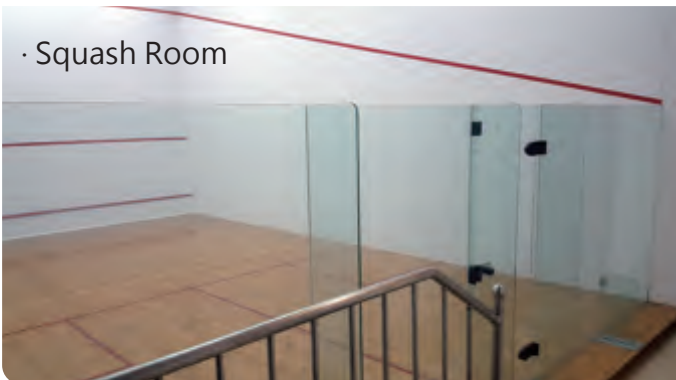
· Gym



· Ping-Pong



· Squash Room



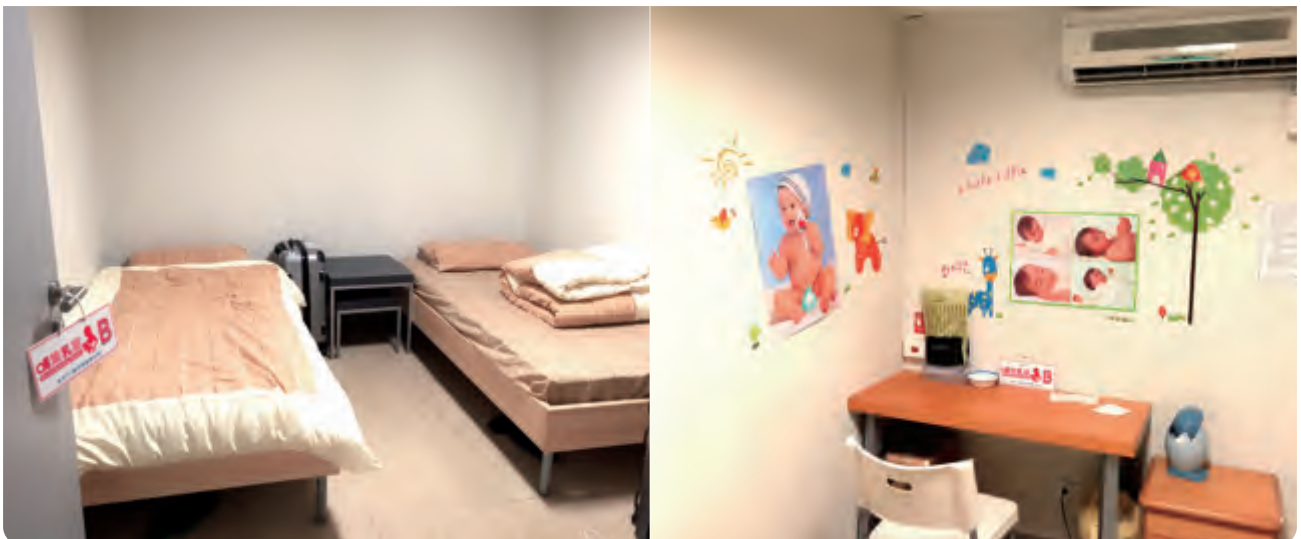
· Creative Thinking Space



Number of Gender Leaves
According to Gender Equality Law

Category	Gender	2014	2015	2016
Maternal Leave	Female	85	185	82
Paternal Leave	Male	81	81	98
Menstrual Leave	Female	131	111	155
Family Care Leave	Male	60	66	86
	Female	33	28	53

Phihong takes the initiative in complying with the government's population policy and encourages childbirth by issuing unpaid leave according to the Gender Work Equality Act. We encourage female colleagues to breast feed and comply with the Ministry of Health and Welfare's policy and the spirit of gender equality labor laws by establishing a 22-ping safe and comfortable breast-feeding space that mothers can safely use. The comprehensive facilities meet the needs of female colleagues and include a refrigerator for breast milk, a confidential and comfortable rest area, optimal ventilation, and gentle lighting that creates a warm space that mothers can use safely. Breast-feeding times are tailored to the needs of employees and the space can be used at the discretion of employees.



If colleagues require unpaid leave, the company understands their request and continue to maintain contact with the colleague to encourage and assist them in their timely return to the work place.

Sanitation and Promoting Good Health

Gender Ratio of Maternal/Paternal Leave Application in the Taiwan Region

Category	Gender	2014	2015	2016
Number qualified for maternal/paternal leave in the year	Male	14	38	63
	Female	15	28	39
	Total	29	66	102
Number of applicants for maternal/paternal leave in the year	Male	2	2	2
	Female	3	2	5
	Total	5	4	7
Number of maternal/paternal leave employees with plans of reinstatement in the year (A)	Male	1	1	0
	Female	3	1	1
	Total	4	2	1
Number of maternal/paternal leave employees reinstated in the year (B)	Male	0	1	0
	Female	1	1	1
	Total	1	2	1
Reinstatement Rate (B/A)	Male	0%	100%	-
	Female	33%	100%	100%
Actual number of reinstatements after maternal/paternal leave (C)	Male	0	1	0
	Female	1	1	1
	Total	1	2	1
Number of reinstatements of maternal/paternal leave in the previous year that have continued working (D)	Male	0	0	1
	Female	1	1	1
	Total	1	1	2
Retention Rate (D/C)	Male	0%	0%	100%
	Female	100%	100%	100%

Note 1: Retention Rate = Number of reinstatements after maternal/paternal leave that have worked for a period of over 1 year / Actual number of reinstatements from the previous year.

Note 2: Applicants for maternal/paternal leave: Number of employees still in maternal/paternal leave.



Staff Training – Diverse Development

Employees are Pihong’s most critical asset and we believe that training and education can ensure the continuous growth of value in human capital. In terms of increasing the strength and quality of training and development, Pihong Taiwan complies with the Ministry of

Labor’s promotion of the TTQS talent development quality management system (Talent Quality-Management System) to continue the strengthening of organizational requirements, strategy, and the relationship between training such as the company’s commitment and policy to training:

Phihong’s Commitment and Policy to Training

- The standard and quality of TTQS training combined with the company’s vision and strategic goals
- Upholding the principle of employees as the foundation of a corporation and developing a training system for diverse development
- Increase the quality of employees and corporate competitiveness to achieve the company’s goal of sustainable operations

Therefore, in order to train Pihong employees to face intense global competition and grasp the pulse of the industry, we offer professional courses to hone technical skills coupled with full subsidization of external training

related to job roles, online training and other rich internal and external learning resources so that employees have a platform for autonomous learning, growth, and development.

2016 Employee Training Hours Chart

Level/Region	Pihong Taiwan						DongGuan Factory Region					
	Employees		Accumulated Hours in a Year				Employees		Accumulated Hours in a Year			
Total	485		13,904				5,428		260,794			
Avg. Hours/Person	28.67						21.37					
Male/Female Training Data	Male		Avg.	Female		Avg.	Male		Avg.	Female		Avg.
	Hours	Members	Hrs.	Hours	Members	Hrs.	Hours	Members	Hrs.	Hours	Members	Hrs.
Standard Employees	5,757	210	27	3,523	149	24	151,725	3,027	50	107,565	2,336	46
Low Level Managers	716	26	28	369	15	25	838	32	26	274	12	23
Mid Level Managers	1,638	54	30	825	13	63	240	14	17	77	3	26
Mid and High-Level Managers	476	8	60	205	4	51	66	2	33	-	1	-
High-Level Executives	339	5	68	56	1	56	7	1	7	-	-	-

*Total Training Hours – Taiwan region includes internal/external training, e-Learning (not including hours for reporting on duty training and new employee training); China region includes internal/external training.

Staff Training – Diverse Development

Consensus on Organizational Vision and Strategic Planning

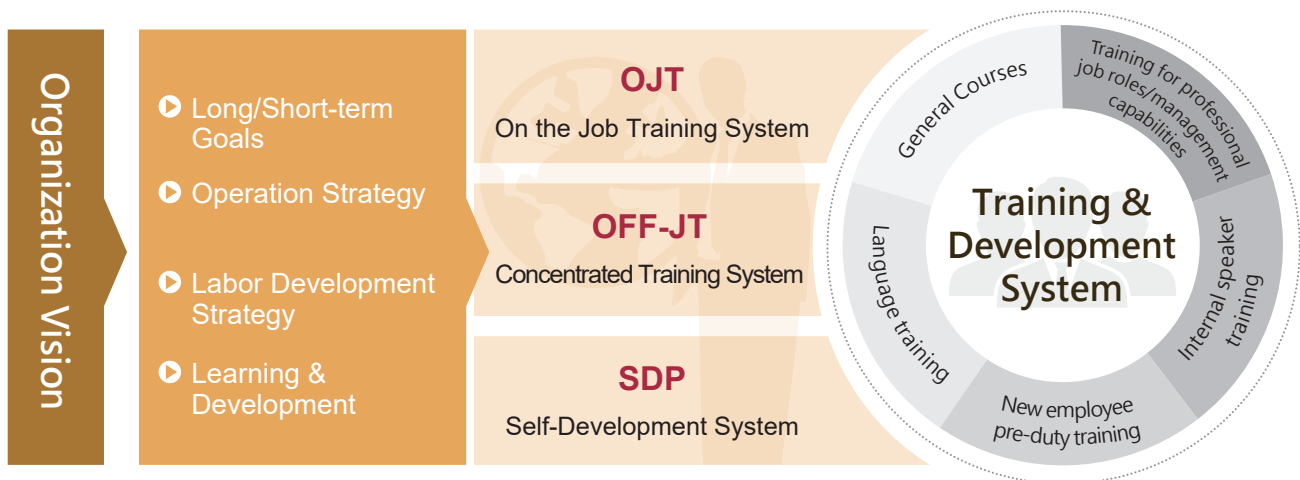
In order to establish corporate principles and vision and outline a development blueprint while planning operation strategy, Phihong executives invited mid and high-level managers from the nation and overseas in 2016 to conduct a nearly 72-hour “Vision and Strategy Planning Consensus Project” that redefined the company’s vision and mission. The meeting also used environment analysis and current inventory to establish operation strategies

and discover the elements and core capabilities critical for success in each business unit; 3 or 5-year critical elements of success in operations were established. We hope that under the basis of a good consensus, Phihong’s mid and high-level managers can utilize a uniform systematic logic to breakthrough critical performance indicators in the action plan and budget of each department to act in uniform and complete our mission and purpose.



Phihong encourages employees to continuously uphold the spirit of autonomous learning by providing resources for self-development; various training, certifications, and on-the-job training are hosted in compliance with local labor regulations to not only establish a safe and healthy work environment, but strive to provide employees with the space to learn and develop.

Comprehensive Education and Training Development System



Through a comprehensive training and development system and digital learning platform, the learning and development of employees transcends basic annual training and education. The development of a systematic training curriculum supports the company's vision and operational strategy requirements by adjusting and arranging the contents of training to comply with nurturing programs and satisfy the need for employees for self-improvement while

increasing the overall quality of labor in the corporation and bolstering market competitiveness.

New employees in 2016 was drastically reduced by half and annual training focused on the strategic planning and development capabilities of mid and high-level managers; therefore, overall training hours was reduced when compared to 2015.

Year/Category	2014 Total Hours	2015 Total Hours	2016 Total Hours
New Employee Training	2,380	2,325	1,938
Sales/Marketing	1,058	1,096	780
Professional R&D	6,511	4,307	2,780
Quality Assurance/Procurement	178	941	2,276
Administrative/Management	5,773	10,568	7,279
Total Training Hours	15,900	19,236	15,052

*Total training hours does not include e-Learning online training



The company encourages employees to continuously improve their professional knowledge to coincide with their job roles and show desire for growth by assisting employee in strengthening related skills to increase the degree of investment into work and self-value; therefore, the "Education, Training, and Promotion System" was established to consider the growth of career and learning

and development hours as a factor for promotion. We hope to increase the commitment to learning in the company and build an environment of learning that acts as a positive force to help employees grow from "workers" to "talent" and finally "prosperity" by continuously growing in both personal learning and organizational contribution.

Staff Training – Diverse Development

Training and promotion system table

Job Level	Management Job Position	Aides/Technology Job Roles				Training System by Level	Professional Training Systems of Job Role	Pre-Duty Training System	Training System by Topic					
1A	General Manager													
1B	Deputy General Manager													
2A	BU Director													
2B	BU Deputy Director													
3	Associate, (Deputy) Director													
4	Senior Manager	Director Commissioner	Executive Assistant	Executive Secretary	Operation Director Representative	Director Engineer	MT Mid-Level Manager Training	Foreign Staff Pre-Duty Training	Internal Speaker Training	Self-Improvement Education / Topic Seminar / School Education	Safety & Sanitation Training / Fire Seminar & Drills / First-Aid Training / Labor Safety & Sanitation Concepts	Quality Management Training	ISO9001 & ISO14001	
5	Project Manager, Deputy Manager													
6	Department Director	High-Level Commissioner			Senior Operations Representative	High-Level Engineer	Management Basics Work Improvement Work Control Work Coordination Subordinate Training	OTJ Professional Job Function Training	New Employee Pre-Duty Training					
7	Deputy Department Director													
8	Manager	Commissioner		Secretary	Operations Representative	Engineer	TWI Supervision Staff Training	OJT Job Function Basic Training						
9	Deputy Manager													
10	Team Leader	Manager				Deputy Engineer	Work Guidance Work Methods Work Relations Work Safety	Special Staff Professional Training						
11	Deputy Team Leader													
12		Assistant	Driver, Operator			High-Level Technical Staff								
13														
14						Technical Staff								
15		Intern				Operations Staff								

e-Learning Digital Learning Platform

In order to provide employees with diverse learning tools and flexibility, Pihong Taiwan has built a comprehensive e-Learning digital learning platform that allows employees to plan learning courses according to their personal schedules. The platform allows access to a knowledge database with rich and diverse internal, external resources so that employees can continuously learn new skills.



Diverse Language Learning

Pihong’s goal of international development means we communicate with clients primarily through English and Japanese. We encourage employees to learn foreign languages by hiring professional teachers for language training within the company while also providing the choice of online learning and subsidies for applications to foreign language courses or testing. Furthermore, different job roles have differing language testing requirements and any passed testing certifications can be registered for an administrative award to encourage employees to continuously hone their foreign language skills and improve their competitiveness in the job market.

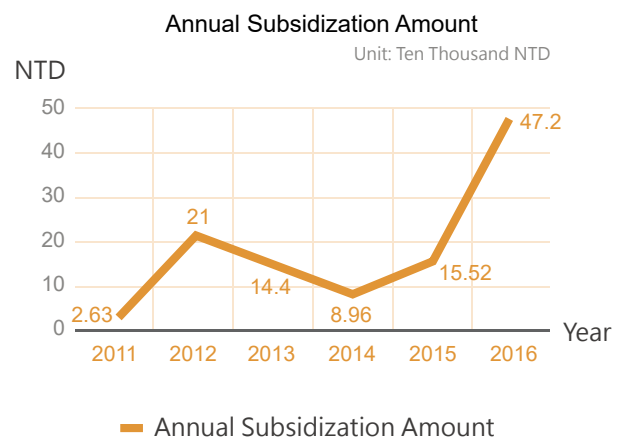


Category/Year	2014	2015	2016
Language	English/ Japanese	English/ Japanese	English/ Japanese
Participants	69	80	93
Invested Budget	\$368,160	\$434,000	\$631,200

Training Subsidies from the Ministry of Labor

In response to the government’s stance on free trade by improving industry counseling, training, and assisting business units to develop human capital, since 2011 Pihong has attended the annual “Power Up and Fly Project – Assisting Business Units in On-the-Job Training” hosted by the Labor Development Bureau of the Ministry of Labor. The involvement of government resources has let us take the initiative in implementing related training to increase the job performance of employees. Since applying for this subsidy, a total training fee of NT \$1,095,460 has been accumulated. 2016 saw an increased execution rate with 89.4% of applied hours seeing subsidy. This not only shows the implementation level of the training program, but also wins additional resources for the company. The subsidized course categories are as below:

- Development and innovation capability
- Data utilization and increased technical capability
- Improvement of operating systems and professional manufacturing skills, license certification
- Operation management, professional language
- Internal corporate speakers or digital learning materials production training courses



Other Government Subsidies

Aside from the subsidies listed above, Pihong Taiwan complies with industry regulations by applying for tax concessions from the government.





Caring for Communities and Giving Back to Society

We champion the spirit of giving back to society by taking initiative in supporting and participating in various charity and benefit events. We encourage employees to participate together and fulfill corporate social responsibility through actions to benefit communities to spread love and blessings through various charity activities.

Education and Charity – Caring for Communities

The headquarters of Pihong Technology is located in Hwa Ya Technology Park in Guishan District of Taoyuan City. As the group's base of operations, we invest in activities to care for local communities and give back to the people. Pihong takes initiative when participating in events related to the community, expanding to people in all areas of Taiwan with the mission of promoting education and environmental protection. The DongGuan factories hold events in response to the industrial zone to gather and form consensus for local organizations and the general public.

Long-Term Sponsorship □ Nurturing Talent in Judo

The legendary figure of the judo world, Chen Zai-qi is a small Pihong Technology shareholder who is senior and loyal. Each year, he attends the shareholder meeting and gives encouragement to the operations team when the company takes a negative turn; he is deeply committed and

connected to Pihong. Chen Zai-qi is not only a judo wonder, but has also nurtured countless exceptional athletes. He is the nation's first gold medal winner by taking gold in judo at the Asian Games and in order to pass the torch, he's spent half a century running a dojo to teach. He insists that training begin during grade school and has contributed his all to the sport of judo. His principle of "holding onto the insistence and ideal of promoting judo as long as he's alive!" is the reason he's seen as Taiwan's premier master in judo. In a world where education is paramount, even by teaching for free the number of students continue to dwindle; he also acts as a tutor of English and Japanese to attract parents in encouraging their children to learn judo. Throughout this period, he's held a Taiwan-Japan Elementary Students Invitational for 32 continuous years.

Pihong feels deeply for the long-term contribution that Mr. Chen has given judo in Taiwan and starting in 2008, the company has sponsored the event budget for the annual invitational. Even as Mr. Chen passed away in 2010 at the age of 89, Pihong continues to donate and support in the efforts of developing exemplary judo athletes for Taiwan.



Caring for Minorities – Charity Sponsorship

In order to take care of children in minority families with economic difficulty, Phihong implemented the “Phihong NTD 100 Club, Education Assistance Project” within the company starting in 2013. Employees are urged to donate NTD 100 each month to charity to designated minority families as economic support so that children can receive an education and develop into the nation’s talent. Through love and youthful passion, 50% of all colleagues have responded

to the call and provided support through donations. Each month, more than NTD 20,000 is collected and donated to the Taiwan Fund for Children and Families to assist minority groups and promote social services.



愛無所不在 EYE 無可取代

一千元不嫌多、一百元不嫌少! 今年飛宏一樣將愛心串聯, 與伊甸基金會及家扶中心合作, 同步舉辦

- ♥ EYE無可取代視障按摩最FUN鬆
- ♥ 飛宏百元俱樂部·一月一百個家扶

邀請同仁一起來體驗專業的視障「摩」力或參與長期性小額捐款。

活動名稱	活動時間	活動說明
EYE無可取代視障按摩最FUN鬆	2016/01/15(五)	視障按摩讓您能夠活絡筋骨、紓壓解勞外, 也幫助視障朋友生活、心靈、職業重建, 讓他們能夠對自己的雙手更積極樂觀的面對未來。
飛宏百元俱樂部一月一百個家扶	歡迎隨時加入- 愛心無期限!!!	百元俱樂部, 邀請您小額捐款, 幫助國內貧困兒童成長及就學, 讓愛心無限擴展, 使關懷充滿飛宏的每一個角落, 讓愛心永不停歇, 並傳達愛永不止息的概念!

♥ 凡參加上述活動者, 每項活動皆可獲得1/29(五)尾牙年終晚會紅包卷乙張。

co-organizer  伊甸基金會



Caring for Minorities – Charity Sponsorship



Furthermore, Phihong cooperates with charity groups each Christmas to send wish cards as blessings and gather the power of collective sentiments and send this warmth to minority children and families in remote regions all across Taiwan. In 2016, Phihong began cooperation with “Heart of Taiwan Animal Care” to focus on another group of “furry children”. A tall Christmas tree was placed in the lobby and wish cards from our colleagues hung on the tree, showing their love and adoption. This event gathered donations to help Heart of Taiwan Animal Care to “sterilize cats and dogs to reduce the number of stray animals”; this effectively improves the issue of stray animals by providing a solution at the source and strives to promote life education. Also, Heart of Taiwan led doctors and teams of social workers to remote regions across Taiwan to hold free sterilization events that effectively achieved the purpose of reducing stray animals.

co-organizer  台灣之心愛護動物協會

Aid for Children with Congenital Heart Disease

According to statistics, every 20 minutes a baby with congenital heart disease is born into the world. Traditionally, the research grants that child cardiologists can receive from government institutions is extremely limited, resulting in medical technology that can't keep up with the times. Treatment for congenital heart disease is a heavy burden on parents, requiring hundreds of thousands or millions of NTD; without assistance from donations, the parents of sick children may not be able to withstand the burden of such heavy medical costs even if they sold everything. Phihong's Chairman Lin understands this fact, so starting in 2008 Phihong has donated annually to National Taiwan Hospital and other medical facilities for research and development, with donations totaling NTD 530,000. This fund assists in the medical fees of sick children while providing research budgets to increase the medical quality for children's heart disease. This allows the medical technology of advanced countries to take root and save even more precious little lives.



Academia–Industry Exchanges – Experience share



Students who are soon leaving campuses are given an expectation of what future work environments will expect of them, allowing them to adjust the learning and mentality while they're still in school. Pihong and many colleges within the nation have implemented the "Career Experience Project" working with Far East University, Kuang-Hwa Vocational High School of Technology, and Japan's Kobe City College of Technology, Kyoto Shiritsu Rakuyokogyokoto School, and Kumamoto Kenritsu Ozu High School to host many academia-industry exchanges (corporate visitation experience and seminar). Pihong

hosted 5 career experience project events in 2016 with a total of 185 participants. Students were able to understand the advanced products and operation conditions of the technology industry through sharing in hopes to be beneficial to the understanding and application of students when they enter the industry. The events also promote exchanges and cooperation between academia and industry by implementing cooperation and social services to nurture students with practical and professional skills to achieve the benefits of academia-industry exchange and experience sharing.



神戸高専
Kobe City College of Technology

京都市立洛陽工業高等学校





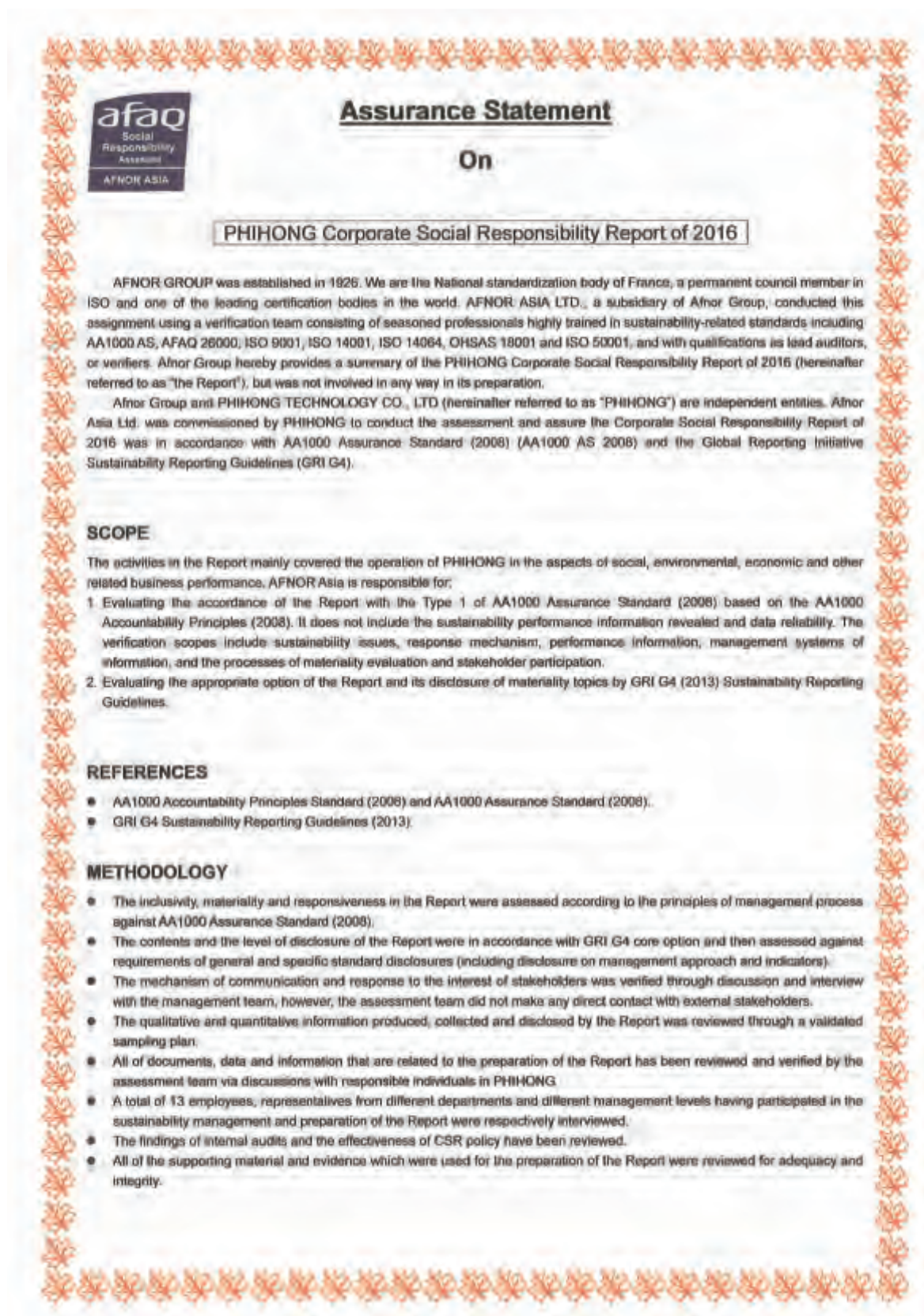
Appendix

Appendix 1: Statement of Guarantee

Appendix 2: GRI G4 Indicator Comparison Index

Appendix 3: Comparison Chart of United Nations Sustainable Development Goals (SDGs)

Appendix 1: Statement of Guarantee



CONCLUSION

◆ AA1000 Accountability Principles Standard and AA1000 Assurance Standard

Inclusivity

PHIHONG continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholder interests and informational needs. 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 :

- Continuously give close attention to CSR strategy and effectively integrate the internal and external resources, so as to clearly present sustainability performance that the stakeholders have raised.
- Continuously enhance the identified mechanism of inherent material aspects, collect and understand the interests and reasonable expectations which concern stakeholders.

Materiality

PHIHONG has made their sustainability management information public available in order for the stakeholders to be able to assess the results and its performance. PHIHONG also established a mechanism for developing and implementing decisions on critical issues where all interests of different stakeholders can be properly evaluated. Future reports could be improved by the following recommendations :

- Continuously collect meaningful information of sustainable development and disclose sustainability performance on significant issues completely.
- Continuously enhance the identified mechanism of material aspects and their impacts, and implement to operational procedures for each department.

Responsiveness

PHIHONG has developed and implemented the responding mechanism for stakeholders' interests. The ethical policy has been announced and communicated to appropriate stakeholders, and ethical concerns raised by the stakeholders were taken into consideration. Future reports could be improved by the following recommendations :

- Continuously improve the engagement and communication mechanism with the stakeholders, enhance the depth and breadth for information disclosure.
- Continuously collect stakeholders' responses to the Report in order to be the reference of future improvement.

◆ Global Reporting Initiative Sustainability Reporting Guidelines

PHIHONG has provided a self-declaration which followed the principles of defining report content and quality of GRI G4. We confirm the related indicators refer to GRI G4 core option in the report have been compliance with guidelines. Some opportunities for improvement are:

- Continuously collect, aggregate and disclosure performance, relevant information of other areas or operation sites can be expanded and included in the future, in order to enhance contents of disclosure on management approach, and fully demonstrate relevant sustainability contexts and performance.
- Continuously summarize practical results of materiality issues and achievements and implementation actions of each supplier chain management, in order to strengthen the impact level of social responsibilities.
- Continuously enhance the legibility and readability of reports, to facilitate the interested parties to realize, obtain, and use easily.

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 2016 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 G4 Sustainability Reporting Guidelines (2013). We believe that the evidence collected by onsite assessment has exhibited that PHIHONG did follow the guidance of AA1000 Assurance Standard (2008) and GRI G4 core option criteria, and their self-declaration in response to the Global Reporting Initiative.

Appendix 1: Statement of Guarantee

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 Wämer
The Director for Certification and Assessment
Jul. 26, 2017



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Appendix 2: GRI G4 Indicator Comparison Index

Considerations	General Disclosure Standards		Page	Note
Strategy and Analysis	G4-1	Provide a statement from the organization's highest decision maker (CEO, Chairman, or equivalent position) with content including sustainable topics with judgment relating to the organization, and sustainable policy to address these aspects related to the organization	7	
Organizational Profile	G4-3	Agency name	6	
	G4-4	Primary brand, products, and services	12	
	G4-5	Location of the agency's headquarters	6	
	G4-6	Number of countries where the agency operates, which countries have primary operations, or which countries are specially related to continuous development as described in the report	12-13	
	G4-7	Substance and legal model of possession rights	6	
	G4-8	Markets serviced by the agency (including detailed regions, serviced industries, client types)	12-13	
	G4-9	Agency scale	14-15	
	G4-10	<ul style="list-style-type: none"> Total number of employees by employment contract and gender. Total number of fixed staff by type of employment and gender. Total number of employees by full-time, non-official employees, and gender. Total number of employees by region and gender. Does the agency's work have a large portion of responsibility by legally recognized self-hired staff, or individual responsibility of non-employees or non-official employees (including the employees and non-official employees of contractors). Large change in the number of hires (such as seasonal changes of employment in travel or agriculture) 	54-56	
	G4-11	Total percentage of employees encompassed by collective bargaining negotiations	57	
	G4-12	Describe the supply chain conditions of the agency	49	
	G4-13	Important changes to agency scale, structure, possession, or supply chain during the terms of the report	6	
	G4-14	Does the agency act on the principles and guidelines of early warning (internal audit and controls & risk management)	32-33	
	G4-15	Does the agency participate or support external initiatives (GRI) in economic, environmental, social contract, principles, or other	18-19 34	
	G4-16	Associations the agency has joined (such as industry associations) or national and international advocacy agencies, and: Holds a seat in the governing agency, Participating items or committee , Aside from regular fees, provides major donations, Current membership qualifications have strategic purpose, Primarily uses the name of the agency to preserve membership qualification	18-19	
Identified Material Aspects and Boundaries	G4-17	<ul style="list-style-type: none"> List the agency's merged financial reports or equivalent documents including all materials. Explain if there are any materials in the merged financial reports or equivalent documents with unincluded materials of continuous development reports. 	6.16	
	G4-18	<ul style="list-style-type: none"> Explain boundary reports and the process of aspects and boundaries. Explain how the agency applies the "reporting principles of the contents of the boundary report" 	22-24	

Appendix 2: GRI G4 Indicator Comparison Index

Considerations	General Disclosure Standards		Page	Note
Identified Material Aspects and Boundaries	G4-19	List all substantive aspects confirmed in the contents of the boundary report.	23-24	
	G4-20	Explain the aspect boundaries within the institution of each substantive aspect, such as: Explain if the aspect is substantive within the agency. If the aspect is not substantive to all boundaries in the agency (as described in G4-17), select one of the methods below to report: G4-17 includes aspects with non-substantive boundary or boundary categories, or G4-17 includes aspects with substantive boundary or boundary categories. Explain any general restrictions on the aspect boundaries in the agency	24-26	
	G4-21	For each substantive aspect, explain the boundaries of the agency's outer boundary, as below: Explain if the aspect is substantive outside the agency. If the aspect is substantive outside the agency, confirm the boundary or boundary category or elements corresponding to the substantive; furthermore, describe the confirmed boundary's substantive aspect by geographic region and explain any general restrictions to the agency's outer aspect boundaries	24-26	
	G4-22	Explain the impact of the information contained in the previous report and reasons for their re-establishment.	10	*1
	G4-23	Explanation scope, major changes of aspect boundary between this report and the last.	24	
Stakeholder Engagement	G4-24	List of benefits related to the agency	23	
	G4-25	Explain the reasoning for identification and selection of chosen stakeholders.	22	
	G4-26	Stakeholder participation, including the participation frequency by different stakeholder types and groups; indicate whether preparation is specifically for the compilation of the report.	26	
	G4-27	The key topics and concerns raised in the process of stakeholder participation and the manner in which the agency responds, including reporting of responses. Describe each key topic and concern by stakeholder groups.	26	
Report Profile	G4-28	Report date for provided information (such as financial or calendar year).	6	
	G4-29	Date of the previous report.	6	
	G4-30	Report period (such as once a year, or once every two years).	6	
	G4-31	Contact for the report or its contents.	6	
	G4-32	<ul style="list-style-type: none"> Explain the "appropriate" solution chosen by the agency (core or comprehensive). Explain the GRI content index of the selected solution (see chart below). If the report is verified externally, provide reference of the verification report. GRI suggests external verification but that is not a requirement for "compliance" with this guideline. 	6	
	G4-33	<ul style="list-style-type: none"> The agency's current policy and methods in seeking external verification. If not listed in the verification report of the continuous development report, explanation must be provided for the scope and reference of the external verification. Explain the relationship between the report agency and verification service. 	6	

*1 : 2015 utilized internal management statistics, number of total employees adjusted to 8,696.

Considerations	General Disclosure Standards		Page	Note
Company Governance	G4-34	The agency's governance structure, including committees under the highest levels of governance. Explain the committee that determines economic, environmental, and social policy.	30-31 .34	
Ethics and Integrity	G4-56	Explain the agency's values, principles, standards, and behavior standards such as standards and ethics standards.	31	
Economic				
Economic Performance	DMA		16	
	G4-EC1	Direct economic value from the agency's production and allocation	16	
	G4-EC2	The risks, opportunities, and financial impact caused by climate change to the agency's production activities	33	
	G4-EC3	The organization's benefit project and commitments	64-68	
	G4-EC4	Government issued financial subsidies	75	
Market Image	DMA		60	
	G4-EC5	Ratio of starting wages for different genders and the starting wages at the agency's key bases of operations	60	
	G4-EC6	Ratio of high-level management staff hired locally at key operation locations	60	
Indirect Economic Impact	DMA		78	
	G4-EC7	Conditions and Effects of investments to development of basic facilities and support services (Hiring of local labor to promote investment in community environments during the report, such as construction of the Tainan factory)	78-81	
Procurement Practices	DMA		50	
	G4-EC9	Ratio of purchasing expenditures from local suppliers at important operation locations	50	
Environment				
Raw Materials	DMA		50	
	G4-EN1	Weight or mass of materials used	50	
	G4-EN2	Ratio of renewable raw materials used through the cycle		*2
Energy	DMA		40	
	G4-EN3	Energy consumption within the agency	40	
	G4-EN4	Energy consumption outside the agency	40	
	G4-EN5	Energy strength	40	
	G4-EN6	Reduce energy consumption	40	
	G4-EN7	Reducing the required energy of products and services	38-39	
Water	DMA		40	
	G4-EN8	Total consumed volume of water according to description of source	40	
Emissions	DMA		41	
	G4-EN15	Direct greenhouse gas emissions volume (category 1)	41	
	G4-EN16	Energy indirect greenhouse gas emissions volume (category 2)	41	
	G4-EN18	Strength of greenhouse gas emissions	41	

*2 : No use of renewable raw materials.

Appendix 2: GRI G4 Indicator Comparison Index

Considerations	General Disclosure Standards		Page	Note
Waste and Waste Water	DMA		40	
	G4-EN22	Categorization of total released waste water according to water quality and emission destination	40	
	G4-EN23	Total waste, described by category and treatment method	41	
Products & Services	DMA		38	
	G4-EN27	Reduce degree of impact on the environment by products and services (scope of environmental impact reduced after finished products are shipped)	38	
Legal Compliance	DMA		35	
	G4-EN29	Sum of huge penalty caused by violating environmental regulations as well as punishment frequency beyond money	35	
Transport & Shipment	DMA		42	
	G4-EN30	Major environmental impact caused by the transportation of products, other cargo, materials, and employee commutes	42	
General Involvement in Environmental Protection	DMA		42	
	G4-EN31	Description of environmental expenditures and investments by category	42	
Supplier Environment Evaluation	DMA		50	
	G4-EN32	Ratio of new suppliers selected using environmental standards	50-51	
	G4-EN33	The actual and potential negative impact of the supply chain to the environment and response measures	50-51	
Environmental Problem Complaint Mechanism	DMA		35	
	G4-EN34	Number of environmental impact cases established, handled, and solved through official reporting mechanisms	35	
Social				
Labor Relations	DMA		54	
	GA-LA1	Calculate new employee numbers, proportion, and number of resigned employees and their ratio according to age, gender, and region	54-55	
	GA-LA2	Benefits provided to full-time employees and not to temporary or part-time employees in major operation locations	64-68	
	GA-LA3	Ratio of job retention employees after maternal/paternal leave according to gender	69	
Employee-Employer Relations	DMA		60	
	GA-LA4	Minimum notice period relating to major operational changes, including whether the notice period is explained in collective agreements	60	
Occupational Safety	DMA		63	
	GA-LA6	Ratio of occupational injury, occupational disease, loss of work time, absence, and occupational deaths according to region and gender	63	
	GA-LA7	Workers in job roles with high risk or frequency to occupational diseases	63	
	GA-LA8	Health and safety issues agreements with consensus through official agreements	58	

Considerations	General Disclosure Standards		Page	Note
Training & Education	DMA		71	
	GA-LA9	Annual average of employee training hours according to gender and job type	71	
	GA-LA10	Skill management and lifelong learning programs for strengthening employee capability for continuous employment and assisting with employee retirement	72-75	
	GA-LA11	Ratio of periodic performance evaluations and career development audits according to employee category and gender	56	
Employee Diversity & Equal Opportunity	DMA		54	
	GA-LA12	Govern the establishment of facility staff according to diversity indicators such as gender, age, and minority groups	54-56	
Gender Equality of Wages	GA-LA13	Allocate employees to important operation locations according to category, basic wage equality, and ratio in terms of gender	60	
Evaluation of Supplier Labor Practices	DMA		51	
	GA-LA14	Ratio of new suppliers evaluated according to labor practice principles	51	
	GA-LA15	The supply chain's major actual and potential negative impact to workers and response measures	51	
Labor Practice Problems Complaint Mechanism	DMA		60	
	GA-LA16	Number of labor cases filed, handled, and solved through official reporting mechanisms	60	
Human Rights				
Child Labor	DMA		60	
	G4-HR5	Confirmation of operations and suppliers with severe risks of child labor and measures effective in preventing the use of child labor	60	
Forced Labor	DMA		57	
	G4-HR6	Confirmation of operations and suppliers with severe risks of forced labor and measures effective in erasing forced labor in any form	57	
Security Practices	DMA		57	
	G4-HR7	Training ratio of security staff in human rights policy and procedure related to operations	57	
Indigenous People's Rights	DMA		60	
	G4-HR8	Total involvement in cases related to infringement of indigenous people's rights and response measures	60	
Human Rights Issue Reporting Mechanism	DMA		60	
	G4-HR12	Number of human rights complaints filed, handled, and solved through official reporting mechanisms	60	
Society				
Anti-Corruption	DMA		31	
	G4-SO3	Total and percentage of operations where corruption risk evaluation has been conducted and major risks identified (corruption risk evaluation)	31	
	G4-SO4	Conveyance and training of anti-corruption policy and procedures	31	
	G4-SO5	Confirmed incidents of corruption and response measures	31	

Appendix 2: GRI G4 Indicator Comparison Index

Considerations	General Disclosure Standards		Page	Note
Anti-Competitive Behavior	DMA		35	
	G4-SO7	Total cases and results of involvement in anti-competitive behavior, anti-trust and monopolies	35	
Legal Compliance	DMA		35	
	G4-SO8	Monetary fines for non-compliance to laws and regulations and number of major non-currency penalties	35	
Product Responsibility				
Client Health & Safety	DMA		38	
	G4-PR1	Ratio of products and service categories in health and safety evaluations to improve current conditions	38	
	G4-PR2	Define, according to results, total number of incidents of laws and willfully abided standards related to the safety and health of products and services (within the lifespan of products and services)	35	
Product Services & Labeling	DMA		39	
	G4-PR4	Define, according to results, total number of incidents of laws and willfully abided standards related to the information and labeling of products and services	35	
	G4-PR5	Results of client satisfaction surveys	46-47	
Marketing Communication	DMA		17	
	G4-PR6	Sales of prohibited or controversial products	17	
	G4-PR7	Categorize the number of legal and willfully abided cases according to results of incidents in violating market promotions (including advertisement, promotion, and sponsorship)	35	
Client Privacy	DMA		48	
	G4-PR8	Total number of cases related to client complaints of violating privacy and data leaks	48	
Legal Compliance	DMA		35	
	G4-PR9	The provision and use of products and services that violate laws resulting in major monetary fines and their currency value	35	

Appendix 3: Comparison Chart of Sustainable Development Goals (SDGs)

Item	Purpose	Corresponding Chapter	Page
Goal 1	Eliminate all forms of poverty in all places and take care of minorities	Care for minorities, charity sponsorships, education donations, local care	77-80
Goal 2	Eliminate hunger, achieve food safety, improve nutrition and support sustainable agriculture	Care for minorities, charity sponsorships, education donations, local care	77-80
Goal 3	Ensure good health and support benefits for all age groups	Safety and sanitation, promoting good health	62
Goal 4	Ensure unbiased education that is fair and high quality, and advocate lifelong learning	Staff training, diverse development	71-75
Goal 5	Achieve gender equality and empower women	Respect human rights, gender equality	61
Goal 6	Ensure that everyone can enjoy water and sanitation, and sustainable management	Water resource management, safety and sanitation	40-42
Goal 7	Ensure that everyone can obtain and shoulder the burden of reliable, sustainable, and modern energy	Energy resource and carbon reduction management	40
Goal 8	Advocate inclusion and economic growth to achieve comprehensive and productive employment so that everyone can have a good job	Operation performance and corporate development	16-17
Goal 9	Construct enduring basic infrastructure, support inclusive and sustainable industry and speed up innovation	Green design environmental protection	38-39
Goal 10	Reduce inequality within the nation and between countries	Respect human rights, gender equality	57
Goal 11	Promote cities and human residence that is inclusive, safe, durable, and sustainable	Care for minorities, local care	77-80
Goal 12	Ensure sustainable consumption and production models	Client service and satisfaction	46-48
Goal 13	Adopt emergency measures to address the impact of climate change	Operational risk management	38-39
Goal 14	Protection and sustainable use of ocean and ocean resources to ensure sustainable development	Participation in unions/association organizations	18-19
Goal 16	Promote a peaceful and inclusive society to achieve sustainable development; provide legal channels for all to establish effective, responsible, and inclusive systems at all levels	Identification of major considerations and stakeholder communication	22-27
Goal 17	Improve the execution of sustainable development execution methods and breathe life into global partnerships in sustainable development	High-level operations management, standard of ethical conduct, implementation of corporate social responsibility	30-31.34



Information

Issued	Phihong Technology Co., Ltd.
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Issued date	July,2017
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