

2020 Corporate Social Responsibility

 飛宏科技
PHIHONG PHIHONG TECHNOLOGY



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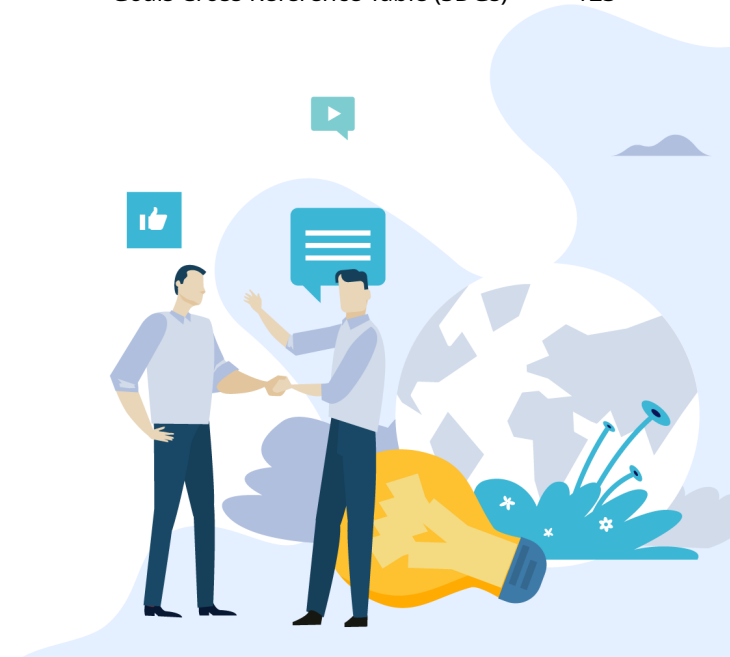
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Editing Principles

Basis and Structure of Report

Professional Guidelines and Principles

The content structure of the report herein is compiled and edited based on the core items of the Standards of the Global Reporting Initiative, GRI, and disclosure in various aspects in compliance with the 'Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies'. The report herein is in Mandarin and English versions and publicly posted in Phihong's official website for browsing and download.

Source and Management of Data

The information and data in the report herein have been provided by the various departments of Phihong's headquarters and factories and have been compiled by the social responsibility report editing team. Among others, our financial information has been certified by CPAs. Our environment and safety and health management system regularly receives internal audits and receives external audits by ISO14001 and OHSAS18001, and in 2021, we plan to introduce ISO45001 to replace OHSAS18001 and complete the external audit. Regarding the greenhouse gas inventory check data, we have been performing self-inventory checks in accordance with international standards since 2009. The results of the inventory check are used to establish the internal greenhouse gas reduction strategies. Some parts of the detail and financial information are also disclosed more fully on the company website and stockholders annual report, shall there be any estimation or assumption, such will be noted in every related chapter. As compared to the previous report, the report herein will include descriptions on the additional parts.

Internal Editing Audit and Manuscript Finalization

After approval of the information and data in the report by the supervisor of each unit, the editing team compiles and edits the first draft for review and revision by the supervisor, after which, the report is sent to various committees for rechecking and approval. After the rechecking and approval, the revised draft is sent to the general manager and the chairman through administrative procedures before finalization of the manuscript and publication.

External Verification

To improve our compliance with the certification standards of GRI Standards and demonstrate the transparency of operations of Phihong, the report has been certified by the certifying institution, British Standards Institution (BSI) – Taiwan Branch, according to the category 1 medium assurance under AA1000ASv3 for assurance, and the independent assurance statement has been obtained, assuring compliance with the core options of the GRI Standards and the standards of the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies."

Scope of the Information

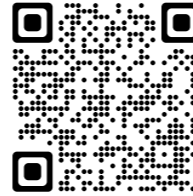
The content of the report covers from January 1, 2020 to December 31, 2020. The scope of the information is mainly based on the important operation locations of Phihong, including related operational activities of the Linkou headquarters (including the Tainan factory) in Taiwan, Dongguan plant in China, and the plant in Haiphong, Vietnam. The financial data covers the operational results of the entire company and its subsidiaries. The content of other indices does not cover other branch companies, factories, and invested companies. The location of suppliers, the structure of the supply chain, and the selection of suppliers are mostly the same; only minor adjustments are made to local suppliers.

Contact Information

If you have any comments or questions in regard to the report, we more than welcome you to contact us. The contact information is in the following manner:

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(Contact Person: Thomas Chou)

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E-mail: CSR@phihong.com.tw
Company Website: www.phihong.com.tw
Phihong's page of corporate social responsibility for 2020 and prior years



Publishing Time and Periodical Cycle

Our company publishes the corporate social responsibility report each year. To be environmentally responsible, no paper format is published. The report file will be publicly posted on the company website for downloading.

First publishing date:
published in June, 2009

The last published version:
published in July, 2020

The current published version:
Mandarin version published in July, 2021
(English version to be published in December)

A Word from the Management Team

Phihong Technology was founded in 1972. For the past 49 years, we have been adhering to the business concept of integrity, innovation, and challenge and committed to promoting R&D into green energy products and developing green manufacturing procedures in the hope of becoming the leading supplier for intellectual green energy in the battery industry. Furthermore, based on the Sustainable Development Goals (SDGs), we established and have been pursuing our mission – "protecting the earth, providing comprehensive power solutions, and being a quality company that prospers and shares with our customers, employees, shareholders, and suppliers." We join hands with all partners for sustainable growth and benefit-sharing. Meanwhile, through the practice of corporate social responsibility, we aim to step forward to the target of sustainable development. In light of our past efforts, Phihong Technology's performance with respect to corporate social responsibility has received recognition from external parties and customers. In the past five years, we participated in the evaluation of the "Taiwan Corporate Sustainability Awards"; including the golden award from the Taiwan Corporate Sustainability Awards in 2020. Phihong Technology achieved an outstanding performance of a total of three silver awards and two golden awards.

In all of human history, 2020 was a challenging year full of shocks. Apart from the global outbreak of COVID-19 from the beginning of the year, 190 countries were affected throughout 2020. So far, approximately 180 million people have been affected cumulatively, and more than 3.8 million people have died, causing material impacts on the global economy. Furthermore, the outbreak in Taiwan became increasingly serious from May of this year. Under the combined impacts of the outbreak and a continual US-China trade war, major economies worldwide are suffering from instability, causing disorder in the supply and demand of parts and components and the constant hiking of prices of supplies. Phihong Technology's revenue and profits were less than expected and less than that of 2019. However, a crisis is also the turning point. With solid and advanced technical abilities, Phihong collects, tracks, and analyzes internal issues and market trends concurrently through big data analysis. We continuously and instantly overcome problems and perform industrial adjustments and planning in advance to improve our competitiveness and overall profit margin, and maintain healthy financial structures to continuously strengthen the status of the Company in the power industry.

For environmental and climate change, according to the "Copernicus Climate Change Service," the climate monitoring institution for the EU, 2020 is the year of the highest temperatures in human history, which proves that earth is going through constant rapid warming, causing the acceleration of iceberg melting, the rising of sea levels and extreme weather, leading to forest fires. When we recognize that economic growth, social advances, and environmental protection are closely related, we, as earth's citizens, cannot keep ourselves out of affairs, and shall participate further. Phihong Technology continues its actions of energy thrift and carbon dioxide reduction. We participate in the climate change and water safety information disclosure of CDP and the evaluation platform system project of EcoVadis. Meanwhile, in Q1 of 2020, we committed to participate in SBTi incentives through CDP. It is estimated to establish the carbon dioxide reduction target at the end of 2021 in the hope of taking action to respond to the trend of environmental protection and inhibiting global warming.

In addition, Phihong continues focusing on green development design. Regarding the power supply, we strengthened our R&D regarding the application of wide band gap semiconductor, GaN and SiC, in power supply through developing high-frequency, small-sized, intelligent, and high-frequency products. For EV charging products, we completed the development of a series of AC charging systems and DC fast charging systems, and has obtained the safety specification certification from multiple nations, and customers' recognition. In particular, our DC fast-charging system included the 30kW digital power module, the latest wide band gap SiC material design, and third-generation EV charging control system, combining communication between systems, vehicles, and clouds. In addition, the V2G products and technologies under development may support the ISO15118 charging agreement of different nations and the energy management system (EMS) to work toward a stable power supply in the future, allowing the power of vehicles to mutually connect with the power supply system. In the future it will charge the power during the bottom period of power usage and supply power to the power grid during the peak of power usage to reduce the overloading burden on the power system caused by EVs.

For social participation, though restricted due to the outbreak in 2020, Phihong Technology has adjusted certain activities. However, caring for employees and creating a happy workplace is still the most significant policy of the Company. We organized our "parent-child workday" event to decrease the distances between employees, families of employees, and the Company to improve the sense of belonging and cohesion of employees. In addition, the Company attaches importance to education regarding the protection of marine ecology and promotes beach-cleaning events in both Linkou and Sicao. We planned the charitable public welfare event with the concept of "convey warmth, extend love, and spread out harmony" and actions to take care of the disadvantaged groups to improve the atmosphere of social participation regarding our employees. Furthermore, through the "charity leave" with pay provided by the Company, we encourage employees to invite each other to participate in external public welfare events to spread out love and care through actual steps to make returns to the society.

Even though 2020 is a challenging year, we would like to thank all employees, customers, suppliers, and other stakeholders of Phihong for giving us their full support and feedback to create the best value, allowing Phihong Technology to move toward sustainable operation. Looking into 2021, even if we may face more challenges, Phihong Technology will continue to work with all stakeholders to advance our corporate governance and green R&D abilities and realize energy-saving and carbon dioxide reduction and joint prosperity with partners. We will create a happy workplace and spare no effort in social care to continuously move toward the benchmark of sustainable development.

Phihong Technology Co., Ltd.

General Manager

Allan Lin



May 31, 2021

Achievement Summary, Year 2020



	2020 Results	Future Goals
Company Management	<p>Received the honor of "top 21 to 35% company" in the 1617 publicly listed companies evaluated in the 7th Securities Exchange corporate evaluation.</p> <p>In 2020, the construction of the production base of Phihong Vietnam plant (PHV) in Haiphong City was completed, and production continued increasing.</p> <p>In 2020, we purchased the Tainan Plant II as the production base in Taiwan for EV products for our deep-rooting in Taiwan.</p>	<p>Strive to achieve the 'top 20% company' grade as a result of the evaluation.</p> <p>Production in full capacity for PHV (Haiphong).</p> <p>The construction of the Tainan Plant II is expected to be completed in 2022.</p>
Corporate Image	<p>Received the 2020 Taiwan Corporation Sustainability Golden Award.</p> <p>Our 2020 CSR performance earned the silver award of CSR achievements recognized by EcoVadis.</p>	<p>Continue to participate in CSR and corporate development related awards to earn more honors for the company.</p>
Corporate Certification	<p>In August 2020, we obtained the certificate on renewal of ISO9001 Quality System Review.</p>	<p>Renewal of ISO14001:2015 Environmental Management System under subsequent renewal.</p> <p>ISO45001 Certification for the revision of ISO45001 Occupational Safety and Health Management System.</p> <p>Push for acquiring IATF16949:2016 certification for Phihong Vietnam plant (PHV).</p> <p>EVAC/ DC advanced products are estimated to acquire CE, UL and cUL certification in 2021.</p>
Quality Achievement	<p>In 2020, we received the Best Delivery Award from Outstanding Customers in China.</p>	<p>Received consecutive grade A quality evaluations in China in 2019.</p>
Green Research and Development	<p>Successfully completed the development of high-efficiency, high-power density, and small-sized 150W power and series electric bicycle battery charger.</p> <p>Continuing EV charging post constructions in Europe, US, Taiwan, Southeast Asia, and China.</p> <p>For EV, we completed developing the 30kW, 60kW, 90kW, 120kW, and 180kW DC charging posts and obtained certifications from Europe and the US.</p> <p>For EV, completed the development of the wall-hanging 32A, column 64A, and 126A AC charging post products and obtained certifications from Europe and the US.</p>	<p>Continue to develop miniaturized, high-efficiency products.</p> <p>Continue the research and development of 360KW direct current charging post.</p> <p>Advocate industry cooperation and promote comprehensive electric vehicle charging solutions.</p>

Achievement Summary, Year 2020

	2020 Results	Future Goals
Green Partner	<p>Sony Green Partner.</p>	<p>Continue to improve and strive to obtain more honors for the company.</p>
Environment Management	<p>Fully implement waste reduction and recycling.</p> <p>Reaching waste water release environmental monitoring rate of 100% to comply with the requirements of the laws and regulations.</p>	<p>Continue the 100% environment monitoring to meet the requirements of the law and focus on the work environment for improvement.</p>
Total Greenhouse Gas Release	<p>Phihong Taiwan: release 2.7% reduced ↓ (as compared with the 2017 benchmark year).</p> <p>Dongguan plant: release 17.4% reduced ↓ (as compared with the 2016 benchmark year).</p> <p>Commit to promoting the Science Based Targets Initiative (SBTi) in the 1st quarter of 2020 to continue energy-saving and carbon dioxide reduction.</p>	<p>Established the "SBTi" in 2020; the expected plan sets 2.5% as the carbon dioxide reduction target to continue the practices of energy-saving and carbon dioxide reduction.</p>
Energy Management	<p>Phihong Taiwan / Dongguan: as compared to benchmark years 2020 and 2016, energy saving reaching 6.6% (7,998 G Joules).</p>	<p>Phihong Taiwan has commenced a 5-year plan in 2020 to replace air conditioner cooling water towers to increase air conditioning efficiency and lower energy consumption.</p> <p>The Dongguan plant continues to seek and implement effective energy saving solutions.</p>



Achievement Summary, Year 2020



Society

	2020 Results	Future Goals
Healthy Workplace Certification	Implement 100% operating environmental monitoring and compliance with legal requirements.	Continue to elevate the work environment and maintain employee health. Strive for good healthy work environment certification before 2022.
Supplier Management	The signing rate of core suppliers' integrity certificates reached 77% (increased by 4% from 2019) .	The signing rate by suppliers to reach 80% by the end of 2021.
Talents Development	Passed the certification of Talent Quality-management System (TTQS) of the Ministry of Labor and received the Copper Plate Award .	Continue to seek better employee benefits.
COVID-19 Anti-pandemic Strategies and Plans	Introduced temperature monitoring and pandemic survey big data analysis system , and the pandemic control team will be automatically notified of anomalies for tracking. The pandemic control team acknowledges the compliance of domestic and foreign subsidiaries with requirements of headquarters according to the Business Continuity Management (BCM) and establishes the Business Continuity Plan (BCP) to ensure that the organization can continue operating.	Realize the BCP and strengthen the unsuspended operations during the outbreak of COVID-19, and establish restoration plans. Reinforce the examination on the emergency management plan to ensure that the Company may operate normally when encountering any obstacles.
Public Welfare Activities	Continue responding to the International Coastal Cleanup and promote the Linkou Dingliao beach and Tainan Sicao coastal cleanup events for three consecutive years.	Continue promoting environmental-friendly actions.
Social Care	We started donating supplies and regularly donating and sponsoring the Mu Hsiang Sweet Home in 2020.	Support disadvantaged groups and provide volunteer services in the long run.



Company Profile

Global Policy

Products and Technology

Organization Participation and Advocacy

About Phihong



Company Profile

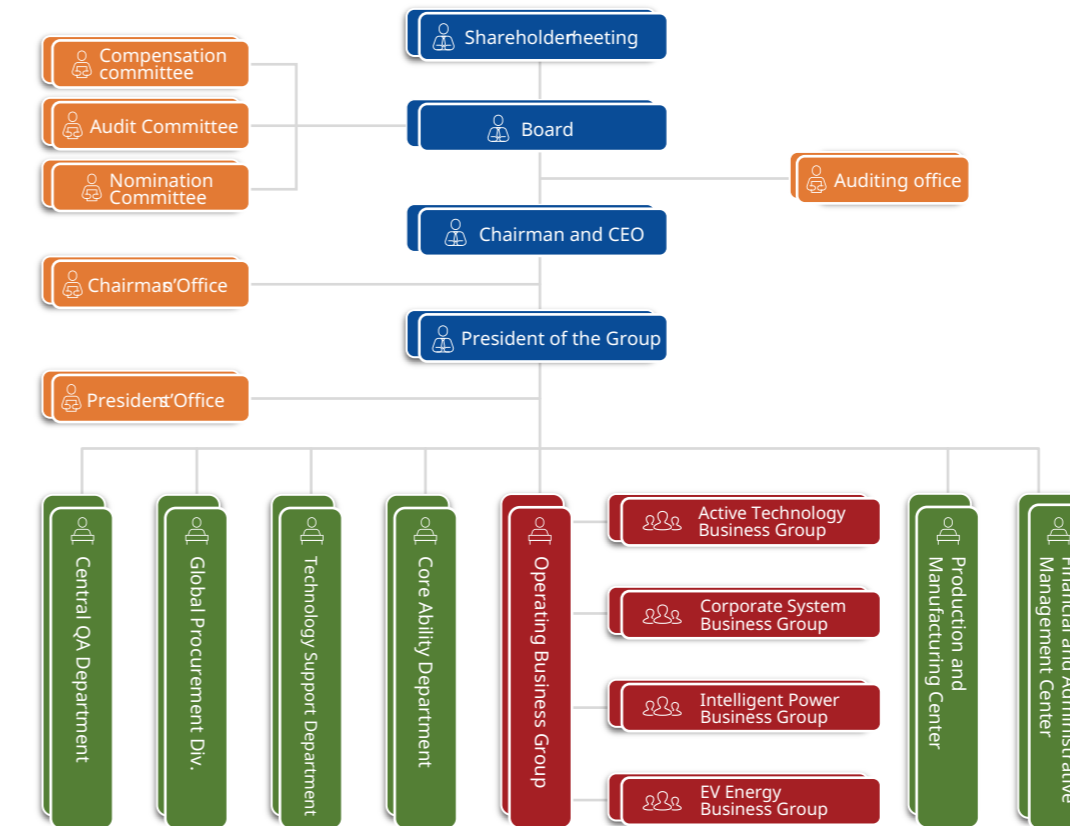
Pihong Technology Co. Ltd. is a publicly listed company in Taiwan (stock code 2457) with operations headquarters situated in the Huaya Science and Technology Park in Taoyuan City, with manufacturing bases in Dongguan, Guangdong, Fencheng, and Jiangxi, China, and Haiphong, Vietnam. In addition, subsidiary companies are set up in California, USA and Tokyo, Japan to provide immediate business and technology services to the customers. During the period of the report herein, there is no major change in the ownership of Pihong's subsidiary companies.

Under the ever-changing global economy, the power supply industry competition intensifies. Pihong has integrated the company's products and services with environmental and social aspects and has included corporate social responsibility related content in the operations of various department in order to achieve the goal of sustainability. In 2020, Pihong continued carrying out the strategic planning for the entire company, examined the performances of the various operations for the year, and continued improving the nine major issues of improvement for the operations of the Company, including "revenue growth," "gross profit increase," "operational expenses control," "supply chain capability optimization," "product/design quality improvement," "digital management enhancement," "invigoration of human resources," "forward and new industrial technology capability enhancement," and "operational funding utilization enhancement" and carried out the analysis and brainstorming to determine how to improve our competitiveness through various issues. We propose feasible short-term, mid-term, and long-term countermeasures, and realize the annual KPIs of all departments for the comprehensive implementation, management, and performance evaluations.



▲ Pihong - Taoyuan headquarter in Taiwan

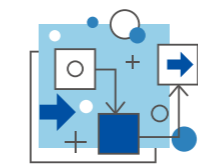
Company Profile



▲ Pihong Technology Organizational Chart



Integrity



Innovation



Challenge

Our VISION

To become the world's best power supply supplier by having energy saving, eco-friendliness, innovation, and service as our core values.

MISSION

With eco-friendly, earth-loving guidance as our own responsibility, provide comprehensive electric energy solutions and become a quality enterprise for our customers, employees, shareholders, and associate businesses.

VALUES

Pihong has been in the power supply industry for almost 49 years. The founder and chairman, Lin, Chung Min, has combined his efforts in the research and development of products and the enhancement of manufacturing capabilities with his passion for the power supply industry and business ideals of integrity, innovation, and challenge. The organizational structure and scale of our group has thus grown. Integrity is at the core of Pihong Technology and is also the central thinking for implementing all activities. In order to implement fully the ideal by which all employees abide, 'Integrity' has been adopted as the required training course for all new Pihong employees; therefore, the training rate is 100%. From 2020, on the last week of each quarter, we published announcements to promote "integrity" in all our employees and suppliers, and encourage implementation. According to the "Regulations for the Cases of Whistleblowing of Illegal, Immoral, or Unethical Behaviors," we encourage whistleblowing and the protection of the whistleblower's interests.

Integrity

Core of the company - it is the central thinking of all activities.

Innovation

The competitive edge that renders sustained operations and our place on the world stage.

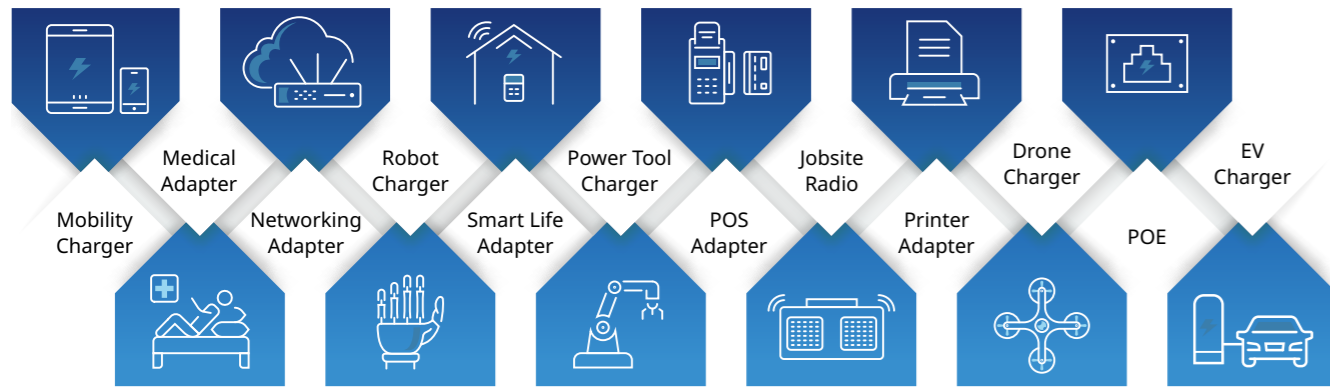
Challenge

Pushing for reforms, the most important impetus for the pursuit of excellence.

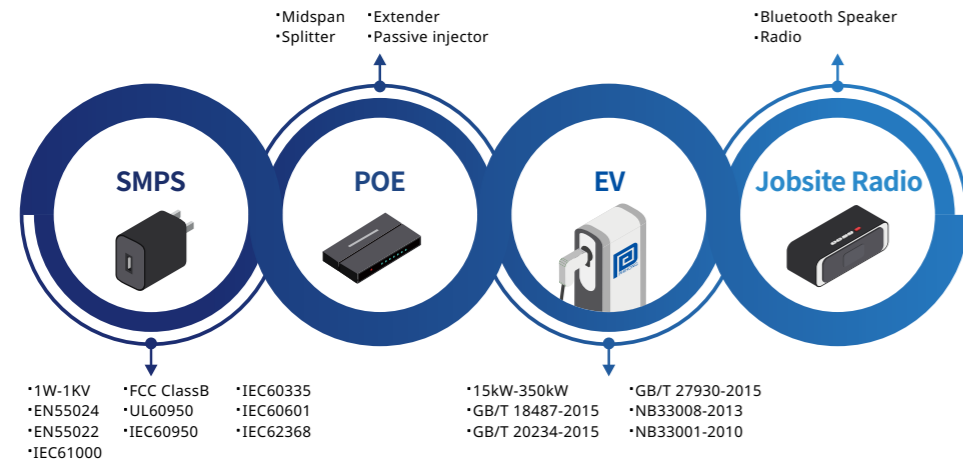
Products and Technology

Phihong Technology has been working in the field of power supply products for years. Currently, we are one of the ten major top-notch power supply suppliers. We primarily focus on the development of power supply products, including adapter power supply, battery chargers, PoE (Ethernet power supply), AC/DC EV charging posts, and its system and cloud communication and application, 5G battery application and planning, radios for construction sites, locked terminal product application field (i.e., phone batteries, NetCom power, mid-to-high-end smart phones, tablets, electric tools, POS machines, POE NetCom smart family, printers, TV boxes, family medical equipment, medical cosmetology equipment, robots, e-bikes, and a variety of industrial fields).

[Product Applications]



[Product Categories]



Product Strategy

- In response to market competition, the main business policy is to increase market share and sales profit.
- Continue to research, develop and promote green high-efficiency energy saving products and actively invest in new energy product development in order to meet market demand.
- Synchronous engineering introduction - shorten product development process and manufacturing preparation cycle to meet the Time To Market expectations of the customers.
- Elevate quality standards, provide customers secure, safe products, and focus on each developing industry in the pursuit of the leadership role.
- Deepen automation of production, smart investment to improve the manufacturing process, increase production efficiency and quality, marching toward the development of refined manufacturing processes.
- Adopt good management to avoid idle production capability and equipment and reduce operational costs.
- Refine production, fortify component standardization and vertical internal manufacturing integration to reduce production cost and eradicate production waste.
- Vertically integrate and align strategically with suppliers to reduce procurement predisposition time and cost under the premise of assuring material quality.
- Continue to enhance the design ability for innovation, creativity, and creation based on user-oriented thinking to respond to future trends and bolster the competitive advantage of the product.
- Continue to cultivate the current customers, provide complete solutions, and expand the new market demand to create new revenue sources.

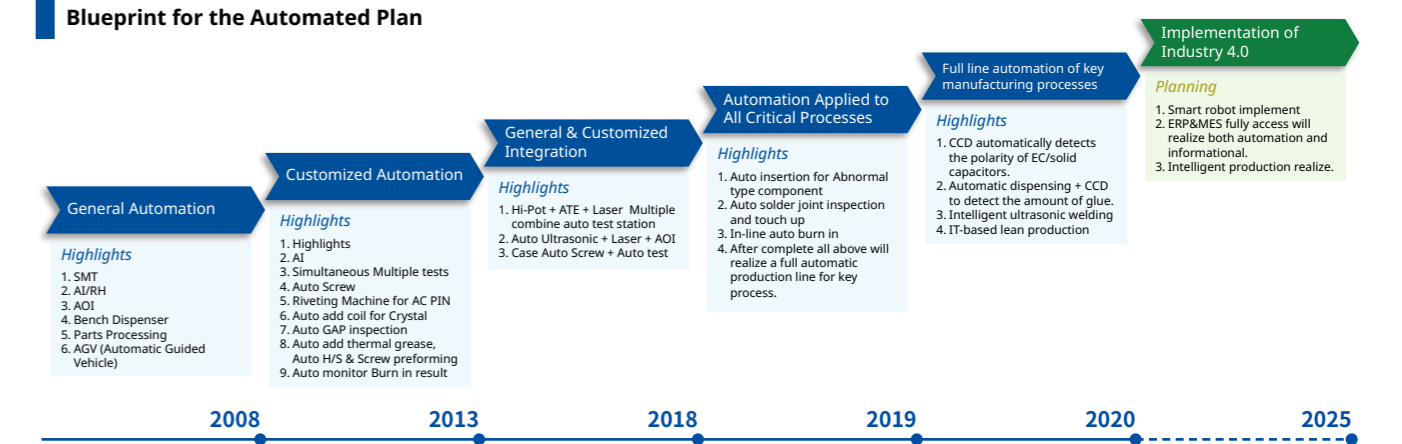
Products and Technology

Technology Blueprint

- Reinforce product differentiation design and sales with energy saving, environmental protection, and service as the core values.
- Focus on end product applications, such as the power supply for phones, network power source, medium and high-end smart phones, tablet computers, electric tools, POS machines, POE smart family, printers, OTT TV boxes, home-grade medical care equipment, medical and cosmetology equipment, robots, electric bikes, etc. as market expansion goals.
- Continue the USBPD technology development and design new products that are thinner and possess more cost advantages. We automatically adjust the different output voltages and currents according to the demand to support different 3C products and reduce the number of power supply products being used, and in turn, reduce the consumption of raw materials.
- Review global market dynamics, cultivate current customers' equipment while continuing to expand the market share of large electric tools and radios/stereos for construction sites.
- Strengthen the application of wide band gap semiconductor, GaN in power supply to develop high-frequency, miniaturized, high-efficiency, power supply to launch new products to meet market demand at the appropriate time in order to increase profitability and maximize shareholder value.
- Increase the development of consumer electronics, direct link to the channel market in order to meet the demand of Internet of things (IoT) industry; and continue to investigate new industry related power source, such as wearable devices, unmanned VR machines, and 5G deployment - the market development of small wireless towers - and enter at the proper time.
- Continue to research, develop, and promote energy saving carbon reducing products, such as electric vehicle charging post related products to enter the European, American, Japanese, and the greater China region markets; and actively expand localized services in Taiwan to continue to augment market share.
- Continue to promote product designs befitting automated production in order to complement the ratio of automated production while increasing management efficiency and perfect a cloud data platform.

Manufacturing Process Innovation

Automated production is the future development trend. The values realized are not just in increased production efficiency, stable product quality, and reduced production cost, but also the effective management, early warning, and improvement through comprehensive data collection. Phihong Technology has planned and introduced some automated production lines in recent years and has acquired expected result and increased market competitiveness.



Quality Policy



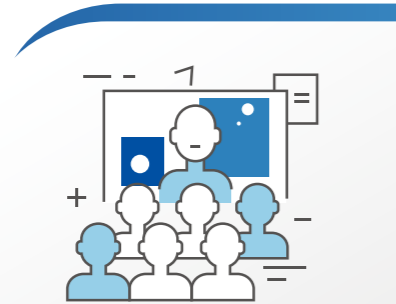
Products and Technology

Environment Policy

For the pursuit of sustainable operations, Phihong promises to execute the following points with business conscience to prevent environmental pollution:

- Combining the spirit of PLAN, DO, CHECK, ACTION (PDCA) and CONFIRM to promote environmental management, reduce and prevent the generation of environmental impact.
- Systematic management for prompting environmental achievement of energy savings and continued improvement and pollution prevention.
- Compliance with environmental laws and regulations and the requirements by customers in regard to waste (sewage) water, exhaust gas, wastes, noise, chemicals, forbidden and toxic materials, and to promote and execute such compliance.
- Design and manufacture green products that are in compliance with the laws and regulations on environmentally controlled substances (hazardous substance free, HSF).
- Regularly review the environmental targets and objects, disclose the environmental results.

Occupational Safety and Health Policy



Observe various safety and health requirements and improve communications of internal and external management.



Continue to improve the working and living environment and prevent the occurrence of various safety events.



Reduce occupational and safety risks and spare no effort in protecting employees' health and safety.



Global Policy

Phihong Technology strengthens corporate core advantage through global resources integration and utilization, and is fully dedicated to expanding sales of our products in the world's major markets. We provide our customers globalized services through our sales locations or research and development centers in Taipei, China, Japan, United States, and Europe and the production center in Dongguan, China. In response to the changes in international economic trends, threats arising from the US-China trade war, and to avoid the risk of concentrating our production at the production center in Dongguan, China, Phihong Technology has invested in the establishment of our subsidiary in Haiphong, North Vietnam to set up a new joint venture for an overseas production plant in 2018. The plant commenced its mass production in Q1 of 2020, which could expand the Group's production capacity, and could further solve the tariff issues derived from the US-China trade war, so as to satisfy customers' requirements with flexible operations, favorable to improving the competitive strength of the Group's products.

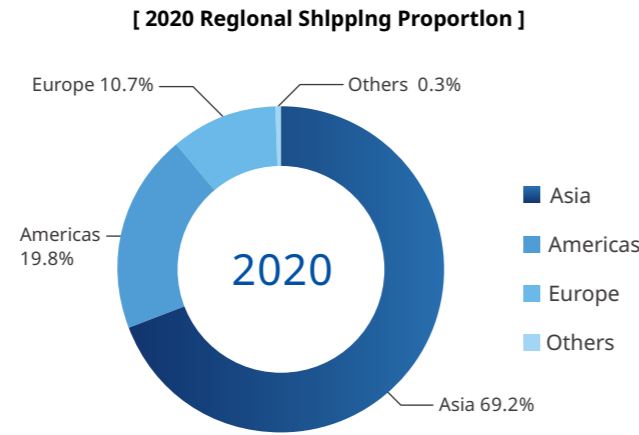


Americas	Europe	China	Vietnam	Taiwan	Japan
Fremont, New York R&D, Sales	UK, France, Germany R&D	Qingxi, Dongguan R&D, Sales, Factories	Haiphong R&D, Sales, Factories	Taipei, Tainan R&D, Sales	Tokyo R&D, Sales

Global Policy

Sales Regions

Phihong Technology is a leading company of the power supply suppliers recognized by renowned customers worldwide. We focus on developing and producing high efficiency power supplies, possess world-renowned electric energy conversion technologies, and commit to focusing on the market in EV charging stations. Therefore, our customer base covers various regions. As of 2020, the capital amount of the Company was NTD3,376,884,160. The production output throughout 2020 was 101,352,176. Regarding the regions of product sales, the Asian region and the American region accounted for 69.2% and 19.8% of our total sales, and European, and other regions accounted for 11% of the Company's turnover. In the future, we will continue to fortify the collaboration with customers of every region and focus on the development of customer's products to ensure steady growth and long-term cooperation.



(In Millions of New Taiwan Dollars)

Major Region of Sales in 2020	Revenue	%
Asia	6,399	69.2%
America	1,827	19.8%
Europe	985	10.7%
Others	33	0.3%
Total	9,244	100%



Global Policy

Operational Achievements

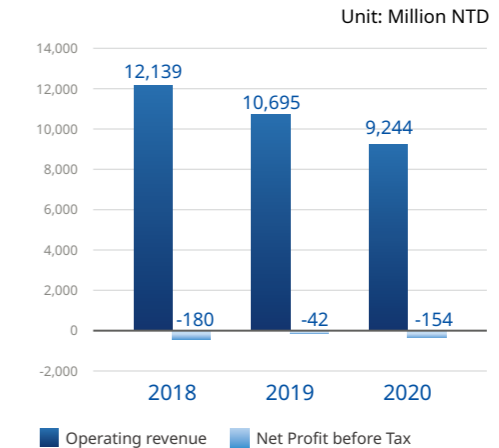
In 2020, the US-China trade war continued. In order to respond to the impacts of high tariffs regarding making sales from China to the US, Phihong established a new production base in Haiphong, Vietnam. Currently, the Phase I Haiphong plant is primarily focusing on power related to work machines and mobile products. As for the Phase II plant, we will make arrangements after we further evaluate customers' requirements. However, the US-China trade war has continuously affected the overall demand of customers in China. In addition, the outbreak of COVID-19 commenced at the end of 2019, and its global outbreak in 2020 further burdened the global trade that had dropped materially, bringing significant impacts on the global economic development and industries. As such, Phihong Technology's revenue in 2020 was also affected. Our revenue throughout the year was NTD9,244 million, representing a decrease of 13.57% as compared to 2019; the profit margin was 12.73%. Net loss before tax was NTD154 million, and net loss after tax was NTD155 million. Our overall operating status failed to achieve the internal target set. For the results of the previous 3 consecutive years of 2020, please refer to the table below. Related financial information has already been disclosed in the investor's relations section of the company website.

[2020 Consolidated Financial Performance Statement]

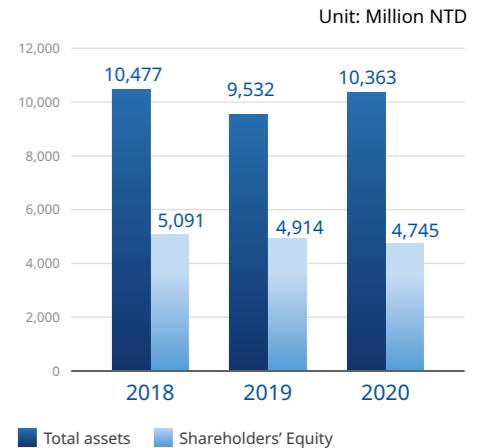
(In Millions of New Taiwan Dollars)

Year	2018		2019		2020	
Accounting item	Amount	%	Amount	%	Amount	%
Operating revenue	12,139	100.00	10,695	100.00	9,244	100.00
Operating gross profit	1,263	10.40	1,526	14.27	1,177	12.73
Operating expenses	1,624	13.38	1,604	15.00	1,550	16.77
Operating net profit (loss)	(361)	(2.97)	(78)	(0.73)	(373)	(4.04)
Non-operating income and expenses	181	1.49	36	0.34	219	2.37
Net profit (loss) before tax	(180)	(1.48)	(42)	(0.39)	(154)	(1.67)
Income tax expenses	(67)	(0.55)	4	0.04	(1)	(0.01)
Net profit for the period	(247)	(2.03)	(38)	(0.36)	(155)	(1.68)

[Operating Revenue and Net Profit before Tax]



[Total Assets and Shareholders' Equity]



Descriptions:

- The charts are the combined revenues, gross profit, and net profit of Phihong Technology. For detailed state of operations and financial performance, please refer to the 2020 annual report disclosed on the company website (www.phihong.com.tw).
- For asset and liability, equity, and product related data, please refer to pages 95, pages 199-203 and page 253-254 of the 2020 annual report.
- For reserved profit related information, please refer to page 203 of the 2020 annual report.

Organization Participation and Advocacy

Phihong Technology adheres to the concept and position of corporate sustainability. Besides promoting and implementing specifications of relevant organizations, we actively participate in international/national/ regional advocacy organizations, join such organizations, become members, and attend meetings to express our opinions in the hope of gathering strength within the industry, facilitating industrial exchange, and satisfying expectations of NPOs and society. The non-profit organizations in which the company has participated are shown in the table below, including related associations and national or international initiative organizations. This active participation is our way to express support for the economic, environmental, and social constitutions, principles or initiatives started by outside organizations. Please see below the list of institutions we have participated in:



Aspect	Initiative organization or convention	Role/Initiative actions
Economics	Taiwan Electrical and Electronic Manufacturers' Association	Member
	The Institute of Internal Auditors, R.O.C.	Member
	Tainan County Industrial Association	Member
	Taoyuan City Hwa Ya Technology Park Enterprises Development Association	Founding Member
	Guangdong Huangpu Customs Brokers Association	Member
	Guangdong Entryexit Association	Member
	Dongguan Taiwan Business Association Qingxi Branch	Member
Environment	Taiwan Association for Marine Environmental Education	Initiative
	United Nations Environment Programme (UNEP)	Initiative
	Taiwan Environmental Information Association	Initiative
	Science Based Targets Initiative (SBTi)/ CDP Project	Initiative
	CharIN e.V. Association	Member
	CHAdEMO Association	Member
	Taiwan E-intelligent Vehicle & Green Energy Tech Association (TECA)	Member
Society	The Global Reporting Initiative (GRI)	Initiative
	Responsible Business Alliance (RBA)	Initiative
	Eden Social Welfare Foundation	Donator
	Taiwan Fund for Children and Families	Monthly donator
	Mu Hsiang Sweet Home, Taoyuan City	Donator

Organization Participation and Advocacy

Major Initiatives and Participation

Phihong actively participates in public policies related to corporate social responsibility and the industry. We are enthusiastic about participating in social and public welfare events. We connect to Taiwanese and international organizations related to the environmental aspect. For the climate change issue, Phihong committed to participating in the "Science-Based Targets (SBTs)" to proactively carry out its carbon dioxide reduction through the CDP project at the beginning of 2020 in the hope of making contributions to environmental sustainability. In addition, Phihong is also relentless in devoting care to social public affairs. We wish to integrate the government, corporate, and personal resources to contribute to Taiwan society or related industries. Through active participation, becoming members of national societies (Taiwan Electrical and Electronic Manufacturers' Association) and local societies (Taoyuan City Asia Silicon Valley Hwa Ya Technology Park Enterprises Development Association), functional associations, or environmental safety and health organizations, and charity organizations and assuming the role of important advocate, we wish to play the role of positive force, using corporate and personal resources to elevate the society and the industry.

In order to implement fully corporate sustainability and social responsibility and complete disclosure of organization information, Phihong Technology is basing on two international standards and guidance, the GRI Standards of the Global Reporting Initiative, and AA1000AP(2018). We continue to hold regular communications with parties of interest and exchange opinions on trend and policy, and to understand the issues of corporate sustainable development about which they care. We also present in detail the concrete actions and achievements of Phihong Technology in corporate social responsibility through the annual publication of the corporate social responsibility report.

Quality and Environmental Protection Initiative - eco-friendly policy

Phihong sets self-expectations for social responsibilities and for years has committed to the development of lead-free products. Through actively introducing our globalized layout and strategy, we understand thoroughly that environmental protection will become the market trend; therefore, we commit to environmental protection and produce environment-friendly products to satisfy customers' demand and connect to the standards of major international suppliers and the world. As the leading supplier for the power supply industry, Phihong complies with Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) 2.0 promoted by the European Union (EU), comprehensively introduces all products they use with new development design and elements, and fully replaces old product parts to ensure our products are lead-free and comply with specifications of 10 restricted substances within the terms of RoHS2.0. In addition, we carry out the development design in accordance with customers' requirements that are more stringent than those of RoHS2.0. As for the substance management of the supply chain, we established a database managing various materials of suppliers to ensure that materials being supplied subsequently will comply with specifications of RoHS2.0.



Responding to Conflict Mining Policy

Phihong complies with the requirements of conflict-free metal under the Responsible Business Alliance (RBA) and Responsible Minerals Initiative (RMI), duly carries out its corporate social responsibility, avoiding the use of conflict metals from the Republic of Congo and the surrounding countries. Therefore, Phihong neither purchases nor uses conflict metals; we will not tolerate, utilize, invest in, assist in, support, infringe in any form, or abuse human rights in any manner. As such, Phihong Technology requests our supply chain to comply with and support human rights regulations recognized internationally; we request our new suppliers to provide the Conflict Minerals Reporting Template (CMRT) for review regarding their ratification, require new suppliers to complete the "Conflict Metal Commitment," and explicitly include such requirements in the contract with suppliers. Furthermore, we also expect suppliers to work with Phihong in urging their upstream supply chain to support and comply with the conflict metal policies.



Negotiation with the Stakeholders
Major Issues Analysis

Stakeholders

2

Communication and Negotiation with the Stakeholders

Identifying Stakeholders

The CSR Editorial team members, based on the definition of stakeholders as “those who will be affected by our activities, products, or services, or the behavior of those that will determine whether we will successfully execute strategy or reach the target,” discussed first and listed 11 stakeholders related to the company, after which, there are 3 aspects of consideration. Intersection assessment is used to identify the major stakeholders in this year’s annual report:



The CSR Editorial team, based on the above principles, has identified major stakeholders, including shareholders (investors), customers, employees, suppliers (contractors), community, and government/non-profit organizations. Major stakeholders identified in 2020 are equivalent to those of 2019.

[List of Stakeholders]

Stakeholders	Suggested Subject
Shareholder	Average shareholders (including employee shareholder), institutional shareholders and assessment institutions.
Customer	Existing domestic and foreign international brand customers.
Employee	Direct/indirect personnel. Indirect personnel in Pihong Taiwan and direct personnel in Dongguan plant in China are the main subjects (including supervisors and employees of every level within the organization).
Supplier	Subjects are mainly suppliers of raw materials. Also part of construction contractor/ cleaning service company, waste disposal company.
Local Community	The personnel of the administrative center where the plant is located and local residents.
Government/ NGOs	Local government, academic institutions, and non-profit organizations and foundations.



Communication and Negotiation with the Stakeholders

Principles of Communication with the Stakeholders

The key foundation to Phihong Technology's performing corporate social responsibility is in fully listening to the opinions of the stakeholders and understanding their needs. As for identifying those major stakeholders with inclusiveness, the principle of communicating with them is based on daily business and through various communication channels to proactively and actively conduct bidirectional exchange in any format and to collect surveys on the topic of sustainability. Moreover, the Phihong official website also has a contact us mailbox for the stakeholders (CSR@phihong.com.tw). Through such easy and immediate communication channel, the stakeholders can conduct exchange and communication on any sustainability issue with Phihong that can further be collected to become included in Phihong's sustainability issues listing. If an issue is important and time sensitive, the Phihong sustainability committee members will speedily process the issue through the format of project meeting(s) with the related responsible department(s).

Phihong Technology, based on the content of the communication on issues of concern with the stakeholders, their expectations, needs, recommended strategies, and specific themes according to the GRI standards, United Nations Sustainable Development Goals, Responsible Business Alliance code of conduct, requirements of new laws and regulations, and Phihong's operational targets, has compiled 31 Phihong sustainable topics to undergo the assessment survey affecting the stakeholders, and the survey of apparent economic, environmental, and social impact for the company's managers.

Subject	Effect on Phihong	Issue of Concern	Communication Channel	Frequency
Shareholders, Investors	The funders of the company, the force supporting the sustainable development of the company.	<ul style="list-style-type: none"> Operational achievements Market position Operate with integrity and anti-corruption Risk management Product quality and technology research and development 	<ul style="list-style-type: none"> Annual general meeting of shareholders Regular publishing of annual (quarterly) financial reports Response through spokesman system or email inquiry Company official website CSR survey Contact mailbox for the stakeholders 	<ul style="list-style-type: none"> Once a year 4 times a year Irregular Irregular Once a year Regularly set
Customers	The source of revenue, the hand that encourages the company to elevate quality and service.	<ul style="list-style-type: none"> Product quality and technology research and development Customer health and safety Adherence to social economic laws and regulations Abiding with environmental laws Customer privacy Greenhouse gas release Adherence to Responsible Business Alliance (RBA) 	<ul style="list-style-type: none"> Customer service hotline/official website Email, regular meeting, and audit Customer satisfaction survey SR survey Customer complaint processing procedure CSR related disclosure through related platforms such as CDP, EcoVadis Self-assessment questionnaires (SAQ) and on-site audit 	<ul style="list-style-type: none"> Irregular Once a year Irregular Once a year Once a year Once a year From time to time (multiple times/year)
Employees	The company's most important asset. We need to provide a safe and healthy workplace and proper cultivation to grow with the company.	<ul style="list-style-type: none"> Labor-capital relations/ labor-employer relations Occupational health and safety Variation employees and equal opportunity Training and education Freedom of assembly and group negotiation Human rights/ appeal mechanism No forced or compulsory labor/child labor No discrimination/ no harassment Improvement recommendations 	<ul style="list-style-type: none"> Internal bulletins and electronic bulletin board Catering communication meeting Employee opinion survey Employee appeal and opinion mailbox Appointment of new employees with high level officers' seminars Employee benefits committee meeting Labor/capital meeting CSR survey CI improvement promoting platform 	<ul style="list-style-type: none"> Irregular Once every half a year Once a year Regularly set Irregular Once a month Once each quarter Once a year Regularly set
Suppliers	Important partners of the company that provide high-quality materials and services. Close cooperation for the pursuit of mutual prosperity and sustainable business.	<ul style="list-style-type: none"> Supplier environment assessment Supplier social assessment Supplier human rights assessment Procurement practice Material quality management Raw material management Adherence to Responsible Business Alliance (RBA) 	<ul style="list-style-type: none"> Review of new supplier Supplier audit and interview QBR or quality meeting Electronic supplier bulletin CSR survey Contact mailbox for the stakeholders Self-assessment questionnaires (SAQ) and on-site audit 	<ul style="list-style-type: none"> Irregular Irregular At least 4 times a year Irregular Once a year Regularly set Irregular
Communities	Through active community participation, interaction, and care for the underprivileged we aim to become localized and fulfill the responsibility of social citizens.	<ul style="list-style-type: none"> Wastewater release and waste processing Energy/water management Air pollution and other environmental protection issues Carbon emission Local community 	<ul style="list-style-type: none"> Company official website Routine park management center meeting CSR survey Contact mailbox for the stakeholders 	<ul style="list-style-type: none"> Irregular Once a year Once a year Regularly set
Government/ NPOs	Abide by government laws and regulations and comply with the requirements of verification and monitoring. Exchange with expert scholars to elevate the company's technological managerial capability and increase competitiveness. Promote external organizations.	<ul style="list-style-type: none"> Compliance with services related laws and regulations Compliance with local laws and regulations/ policy Operate with integrity and anti-corruption Various aspects of economic, environmental protection, social improvement, and enhancement 	<ul style="list-style-type: none"> Regular reporting of related information required by government agency Dispatching personnel to check on the factory according to laws and regulations Academic research collaboration and educational training Company official website Third party CSR report certification and participation CSR website and report Participation in non-profit organization, meetings, and activities 	<ul style="list-style-type: none"> Irregular Irregular Irregular Irregular Once a year Once a year Irregular

Major Issues Analysis

Procedure of Identifying Major Themes

The CSR Editorial team, after identifying stakeholders and drawing from the content of communication with the stakeholders regarding various major related topics, has collected their expectations and needs, and has recommended strategies. According to the specific topic of GRI standards (mainly the 2016 version and partially the 2018 version), United Nations Sustainable Goal Development (SGDs), Responsible Business Alliance (RBA) code of conduct, ISO 26000, the requirements of new laws and regulations, and the aim of Phihong's operations goals, the team has compiled a total of 31 Phihong Technology's sustainability issues to design and conduct the assessment survey of impact on the stakeholders, and the survey of apparent economic, environmental protection, and social impact on the company's operating supervisors. According to the requirements of 2016 version of the Global Reporting Initiative (GRI) standards and AA1000AP (2018) principles of accountability and reporting, the team conducts systematic identification, execution and disclosure of the company's major issues.

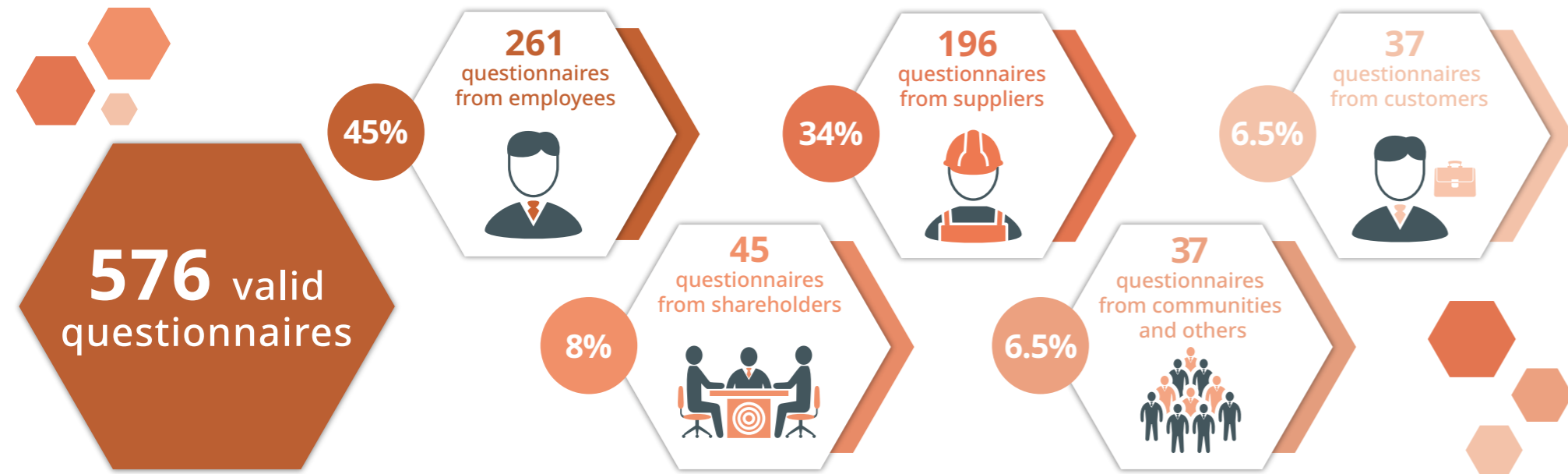
Identification	Identifying stakeholders	CSR report Editorial team members have identified 6 categories of major stakeholders based on the definition of stakeholders of those who will be affected by our activities, products or services, or those whose behavior will affect whether we will be able to successfully execute strategies or achieve goals.'
	Confirmation on sustainability issues	Collect expectations, requirements, and recommended countermeasures regarding issues that stakeholders focus on and comply with particular themes under the GRI standards, SDGs, RBA, ISO26000, requirements under new regulations, and Phihong's operating targets.
Ordering of the Sustainability Issues	Assessment survey of impact on stakeholders	Identify six categories of stakeholders; leave complete records in favor of environmental protection, and collect feedback from stakeholders through the online questionnaire survey using Office365.
	Survey of apparent economic, environmental, and social impact	Collect company's operating supervisors' surveys through Office365 Online survey.
	Statistical tabulation and matrix analysis on importance	Conduct statistical tabulation and matrix analysis on importance.
Review of Sustainability Issues	Confirmation of major issues	31 items in the 2020 major issue matrix analysis. Final confirmation of 20 topics which will be disclosed in the report herein.
	Sustainability context	Review on compliance of sustainability, importance, and completeness according to GRI standards and the content disclosed in the previous report.

Major Issues Analysis

Ordering of the Sustainability Issues

The CSR edit team will compile sustainable issues and design a questionnaire involving a total of 31 particular themes with respect to the economy, environment, and society defined under the GRI standards after discussion, and carry out the major issue identification procedures through the questionnaire survey using Office365 or Wechat.

1. Invite major stakeholders to complete online questionnaires and provide the survey results of "assessment of impact on stakeholders" from the 576 valid questionnaires collected.
2. The CSR committee members (director, commissioners, convener) for a total of 20 members provide the results of 'apparent economic, environmental, and social impact' through the Office365 survey. The impact includes positive, negative, practical, potential, direct, and indirect impact.
3. Conduct statistical tabulations on the various issues of the "assessment of impact on stakeholders" and "apparent economic, environmental, and social impact" surveys.
4. The Editorial team conducted matrix analysis on the 31 important topics of the 'assessment of impact on stakeholders' and 'apparent economic, environmental, and social impact' to arrange in order and identify 20 of the 2020 Pihong Technology important topics. Afterwards, the collection and Editorial of management principles are conducted and information disclosure fortified. There is no significant difference between 2020 and 2019; a major issue is added.



Major Issues Analysis

[2020 Matrix of Major CSR Issues]

Assessment about influences on stakeholders	[2020 Matrix of Major CSR Issues]		
	Low	Medium	High
High	Indirect economic impact(203) Non-discrimination(406) Child labor(408) Forced or compulsory labor(409) Security practice(410) Indigenous people's rights and human rights assessment (411) Local community(413) Marketing and marking(417)	Labor-employer relations(401) Labor-capital relations (402) Variant employees and equal opportunity (405)	Economic performance (201) Market position(202) Green research and development/ product quality (Custom) Impacts and opportunities of COVID-19 (Custom) Occupational safety and health (403) Training and education(404)
Medium	Anti-trust conduct(206) Freedom of assembly and group negotiation(407) Public policy(415)	Materials(301) Water and effluents (303) Customer health and safety(416)	Procurement practice(204) Anti-corruption(205) Energy(302) Emissions(305) Compliance with environmental protection related laws and regulations(307) Compliance with social economic laws and regulations(419)
Low		Supplier environment assessment(308) Supplier social assessment(414)	Waste water and wastes(306) Customer privacy(418)
	Low	Medium	High

■ Issues with low materiality
 ■ Issues with medium materiality
 ■ Issues with high materiality

Major Issues Analysis

[20 of 2020 Pihong Technology Major Issues]

Aspect	NO	Major Issue	
Economic Topic (200 series)	1	GRI 201	Economic performance
	2	GRI 202	Market position
	3	GRI 204	Procurement practice
	4	GRI 205	Anti-corruption
	5	Custom	Green R&D/ product quality
	6	Custom	Impacts and opportunities of COVID-19
Environmental Topic (300 series)	7	GRI 301	Materials
	8	GRI 302	Energy
	9	GRI 303	Water and effluents
	10	GRI 305	Emissions
	11	GRI 306	Waste water and wastes
	12	GRI 307	Compliance with environmental protection related laws and regulations
Social Topic (400 series)	13	GRI 401	Labor-employer relations
	14	GRI 402	Labor/ capital relations
	15	GRI 403	Occupational health and safety
	16	GRI 404	Training and education
	17	GRI 405	Variant employees and equal opportunity
	18	GRI 416	Customer health and safety
	19	GRI 418	Customer privacy
	20	GRI 419	Compliance with social economic laws and regulations

[Differences in the 2020 and 2019 Major Issues]

GRI standard	Major issue	Description on the difference	Note
Self-setting	Impacts and opportunities of COVID-19.	Even though it is a custom item, it dominates the successful operations of the Company.	Pandemic control is the key to normal business operations.

Major issues identified in 2020 are slightly different in a sequence of material issues; however, there is no significant difference from major issues in 2019; "Impacts and opportunities of COVID-19" was added. From the outbreak of COVID-19 at the end of 2019 up to now, Pihong Technology understands that the rising and descending trend of the international economy is closely related to the level of changes regarding the outbreak. Since we established a pandemic control team at Pihong's headquarters at the beginning of 2020, we have been integrating resources of pandemic control teams in each plant, carrying out a risk assessment and dry running according to changes in the outbreak, and focusing on pandemic control acts, allowing Pihong Technology's plants and business departments in Taiwan, Dongguan, and Haiphong to safely pass through 2020; we leveraged on the crisis as the turning point and organized drills to improve the Company's corresponding capacity.



Major Issues Analysis

Confirmation and Vetting of the Sustainability of Major Issues

As for the certain major issues identified, the Pihong CSR Editorial team used the 3 principles of scope, topic boundary, and time to determine the impact on the company, and the sustainability of the major issues with which the stakeholders are concerned. The team defines the boundary on each major issue with related departments while listing the management principles of various major issues according to GRI standards.

Pihong Technology's internal organization includes its Linkou headquarters in Taiwan (including the Tainan plant), Pihong's Dongguan plant, Tiesong plant, Dahong plant, and Pihong's Haiphong plant. The rest of the associated business are plants producing small components of power supply or marketing and sales locations which are less important and are not included and disclosed in the report herein. The external organization includes suppliers, customers, local communities, and shareholders. The definition of supplier: mainly the supplier of raw materials for power supply units. In addition, some of the contractors, security personnel, cleaning service/waste disposal companies are included. Definition of customer: the main subjects are the foreign and domestic international brands. Definition of local community: they are the locations where Pihong Taiwan headquarters in Linkou's Hwa-Ya Science and Technology Park, the Tainan plant in Yungkuang District, mainland China Dongguan plant in the Silverlake Industrial Park, and the plant in Haiphong are situated.

During the process of writing the CSR report, the Editorial team had to conduct content review with commissioners of each related team of the CSR committee to confirm the accuracy of the direction and content while also taking into consideration the feedback of the stakeholders to ensure the inclusiveness, importance, and completeness principles in the content of the report. They also had to insure compliance with the disclosure bases for precision, reliability, balance, and comparability by the report. In addition, Pihong, for the purpose of making the report even more reliable and compliant with GRI requirements, has continued to commission a third-party certifying unit -- BSI Taiwan (British Standards Institution) -- to undergo third-party review and certification in order to ensure the quality of the information disclosed in the report.



Major Issues Analysis

[Table of the Boundaries of the Major Issues of Concern of the Stakeholders]

Aspect	NO	Major issue	Why is it important to Phihong	Boundary of impact							Responsible unit			
				Phihong Taiwan	Phihong Dongguan	Phihong Haiphong	Suppliers	Customers	Communities	Shareholders		Non-government/government		
Economic Topic (200 series)	1	GRI 201:2016 Economic performance	A stable and steady operations result is the basis to the sustained development of a corporation which, by creating economic values, gives back to the stakeholders.	.	.	.					.	.	Finance Department, Accounting Department, Human Resources Department	
	2	GRI 202:2016 Market position	Promote local economic development and job opportunities through the distribution and feedback of values generated from the result of operations.	.	.	.				.		.	Human Resources Department	
	3	GRI 204:2016 Procurement practice	Supporting local suppliers not only can lower the supply risks but also stabilized local economy and maintain community relationship.	.	.	.	.			.			Strategic Procurement	
	4	GRI 205:2016 Anti-corruption	Integrity is the core of Phihong, the central thought of all activities, and the head of operations. We anticipate the employees to conduct themselves with integrity, honesty, and high moral standards while engaging in all activities with the stakeholders.	.	.	.	.	.	.	.	.	.	.	Auditing Office, Job Training
	5	Product quality/ green research and development	Phihong is dedicated to developing and manufacturing highly efficient green energy products that use high standard, non-toxic materials. We not only provide high quality products to our customers but also contribute our effort to environmental protection.	.	.	.	.	.				.	.	Research and Development Department, Quality Assurance Div.
	6	Impacts and opportunities of COVID-19	Under impacts of the outbreak, when any employees, suppliers, or even customers of the Company is infected, the Company will have crises of insufficient human resources, feeding shortage, equipment suspension (forced disconnection), transportation issues, and even the inability of customers for cargo acceptance.	.	.	.	.	.	.	.	.	.	.	Office of the General Manager and General Affairs Department of Phihong Taiwan, Management Department of Dongguan Plant

Major Issues Analysis

[Table of the Boundaries of the Major Issues of Concern of the Stakeholders]

Aspect	NO	Major issue	Why is it important to Phihong	Boundary of impact							Responsible unit			
				Phihong Taiwan	Phihong Dongguan	Phihong Haiphong	Suppliers	Customers	Communities	Shareholders		Non-government/government		
Environmental Topic (300 series)	7	GRI 301:2016 Materials	Firm control and management of materials. Solid control of product development and design. Production and ensuing recycling standard to be higher than that of environmental protection requirements.	.	.	.	.	.					.	Technical Support Div.
	8	GRI 302:2016 Energy	Energy resources management is the strategy and motivation of business sustainability. Systematic management promotes energy saving for environmental result, continued improvement, and pollution prevention.	.	.	.							.	General Affairs Department of Phihong Taiwan, Management Department of Dongguan Plant
	9	GRI 303:2018 Water and effluents	Phihong is dedicated to water resources management where public tap water is used uniformly. Although the production process does not require water, but water is still needed for daily life. We save water as a responsible citizen of the world.	.	.	.				.			.	General Affairs Department of Phihong Taiwan, Management Department of Dongguan plant
	10	GRI 305:2016 Emissions	Reducing greenhouse gas emissions is the global environmental protection trend. Through quantified monitoring reports, Phihong Technology promotes the controlled reduction of greenhouse gas emissions.	.	.	.				.			.	General Affairs Department of Phihong Taiwan, Management Department of Dongguan plant
	11	GRI 306:2016 Waste water and wastes	Considering increasing corporate environmental cost, establishing statistics on environmental revenue and expenditure can be an effective company management tool.	.	.	.				.			.	General Affairs Department of Phihong Taiwan, Management Department of Dongguan plant
	12	GRI 307:2016 Compliance with environmental protection related laws and regulations	Phihong values the compliance to all laws and regulations and is proud to be a law-abiding company. Following all local laws and regulations with integrity. All are the role and responsibility of Phihong Technology as a world citizen.	.	.	.				.			.	General Affairs Department of Phihong Taiwan, Management Department of Dongguan plant

Major Issues Analysis

[Table of the Boundaries of the Major Issues of Concern of the Stakeholders]

Aspect	NO	Major issue	Why is it important to Phihong	Boundary of impact							Responsible unit	
				Phihong Taiwan	Phihong Dongguan	Phihong Haiphong	Suppliers	Customers	Communities	Shareholders		Non-government/ government
Social Topic (400 series)	13	GRI401:2016 Labor-employer relations	Based on the company's annual target and salary and remuneration policy, evaluate the internal and external salaries, provide employees competitive salary and remuneration and good benefits.	.	.	.						Human Resources Department
	14	GRI402:2016 Labor-capital relations	Create a mutually beneficial and win-win vision for both the labor and the capital side.	.	.	.						Human Resources Department
	15	GRI403:2018 Occupational safety and sanitation	Employees are Phihong's most important asset; therefore, constructing a healthy and safe workplace is the key to the company's sustained operations and maximizing the highest human resources efficiency and production.	.	.	.						General Affairs Department
	16	GRI404:2016 Training and education	Employees are a company's most important asset and play a crucial role in the process of corporate development. The growth of employees is an important part of stimulating corporate competitiveness and innovation.	.	.	.						Job Training Office, Human Resources Department
	17	GRI405:2016 Variant employees and equal opportunity	Comply with labor laws and international laws and regulations; respect the personal differences of people from all over the world; set relevant human rights policies to enhance employee loyalty.	.	.	.						Human Resources Department
	18	GRI416:2016 Customer health and safety	Provide customers and users convenient, safe, energy-saving green energy related power supply products that contain no harmful substances is the root of the company's sustainability and is the effort in contributing to environmental protection.	.	.	.	.	.				Design and Development/ Quality Control/ Technical Support
	19	GRI418:2016 Customer privacy	Good data control procedures and information safety management are the necessary tools of protecting customer privacy and company secrets.	.	.	.	.	.				Legal Department, Auditing Office, Sales, IT Departments, Document Management Center
	20	GRI419:2016 Adherence to social economic laws and regulations	Complying with related local laws and morality principles to increase the company's comprehensive advantage and construct a socially responsible, sustainable company.	.	.	.	.	.	.	.	.	Legal Department, Auditing Office, Security Committee, CSR Committee

Major Issues Analysis

[Management Principles of Major Issues of Concern to the Stakeholders]

Aspect	NO	Major issue	Method of management	Promises	Policies	Future goal	Way of Evaluation	Results (Page number)
Economic Topic (200 series)	1	GRI201:2016 Economic performance	Through complete business administration, business operation direction management is conducted by the board of directors and its affiliated salary and remuneration, audit, and nomination committees and corporate sustainability committee, while giving back to the stakeholders and appropriate labor retirement fund according to regulations.	Provide much better benefits system to give back to stakeholders and ensure labor retirement rights.	Salary policy, labor policy.	1. Continue to make company operations better and expand revenue and profit. 2. Continue to give back to the stakeholders and ensure labor retirement rights.	1. Audit and certification by accountant 2. Internal audit	Page 14 - Page 15, Page 90
	2	GRI202:2016 Market position	Provide salary higher than the lowest local wage to employees and consider the local employees first for promotion to management level.	Provide better wages than the lowest local wage to the labor and provide opportunities for promotion to management position.	Salary and remuneration policy (please refer to page 88) Employment policy.	Continue to provide better wages than the lowest local wage to the workers and provide opportunities for promotion to management positions.	Internal audit	Page 88, Page 73 - Page 74
	3	GRI204:2016 Procurement practice	In new plant, avoid foreign materials as much as possible. Seek the opportunity to use local materials as opposed to foreign materials originally used.	Continue to procure locally.	Supplier Quality Management (SQM): Conduct evaluations of Quality System Audit (QSA) of new suppliers and Quality Process Audit (QPA) of suppliers.	Continue to increase procurement locally and increase the ratio of the local materials.	Assess the ratio of foreign materials/ locally procured materials	Page 68
	4	GRI205:2016 Anti-corruption	1. Conduct education training on corporate ethics and business conduct principles and the Responsible Business Alliance (RBA) Code of Conduct to instill law obedience, integrity, and morality concepts in employees to further enhance company culture. 2. Establish reporting channel and reward/punishment system to fully implement dishonesty prevention measures.	Create a company culture of integrity, provide customers the best products and services.	Corporate ethics and business code of conduct.	Successfully making integrity and honesty as the company's most important core values which all colleagues, managers, and supervisors must continue to abide by and commit to when conducting all business activities.	Internal audit	Page 36 - Page 37, Page 42
	5	Product quality/ green research and development	Follow the laws and regulations of each country on energy and substances and have each stage of the development procedure tested and verified by related department.	Enhance product design and sales with the core values of energy saving, environmental protection and service.	With eco-friendly, earth-loving guidance as our own responsibility, provide comprehensive electric energy solutions and become a quality enterprise for our customers, employees, shareholders, and associate businesses.	Continue to actively develop high-efficiency and high-power density products that comply with the requirements of environmental protection.	Undergo quality certification of every stage according to ISO development procedure.	Page 44 - Page 53
	6	Impacts and opportunities of COVID-19	Corresponding measures in seven major aspects of "supplies raising," "staff flow management," "customer response," "production grouping," "environment sanitizing," "supply chain correspondence," and "promotion and education."	Grasp the trend and actively face the outbreak, and jointly turn the crisis into opportunities with employees, customers, and suppliers with a strong consensus: "joining hands to conquer difficulties."	Phihong's pandemic control strategies and mindsets regarding COVID-19.	Develop new cooperating models with stakeholders, maintain the normal operation of demand and supply to safely get through the crisis, and re-create a more favorable future.	The pandemic control center and pandemic control teams hold regular meetings.	Page 104 - Page 106

Major Issues Analysis

[Management Principles of Major Issues of Concern to the Stakeholders]

Aspect	NO	Major issue	Method of management	Promises	Policies	Future goal	Way of Evaluation	Results (Page number)
Environmental Topic (300 series)	7	GRI301:2016 Materials	Require suppliers to provide the homogenization content information of part disassembly and relevant hazardous substance testing report of the homogenization, and include them in the PDM database system for control; in addition, carry out external tests for the recovery rate.	Besides implementing international environmental protection regulations, in order to elevate product quality, implement stricter control standards than that of international environmental protection restrictions.	Environmentally controlled substance control standards European Union waste electrical and electronic equipment directives (WEEE 2.0)	Continue to comply with environmental substance control and European Union waste electrical and electronic equipment directives (WEEE2.0)	Database evaluation and random machine testing (outsource to external laboratory testing)	Page 45
	8	GRI302:2016 Energy	Energy (resources) saving management policy.	The environmental policy and commitment of the environmental management system (please refer to page 12)	ISO14001:2015 3-Stage Management Regulations of the Environmental Manual.	Phihong Taiwan: using the electricity usage in year 2016 as a benchmark, continue to reduce over 5%. Phihong Dongguan: continue reducing electricity usage.	Environmental safety monitoring and measuring procedure Setting annual KPI and monthly review	Page 54 - Page 56
	9	GRI 303:2018 Water and effluents	Waste (sewage) water management policy, Energy (resources) saving management policy.	The environmental policy and commitment of the environmental management system (please refer to page 12)	ISO14001:2015 3-Stage Management Regulations of the Environmental Manual.	Phihong Taiwan: using the water usage in year 2016 as a benchmark, continue to reduce over 5%. Phihong Dongguan: continue reducing water usage.	Environmental safety monitoring and measuring procedure Setting annual KPI and monthly review	Page 58
	10	GRI305:2016 Emissions	Greenhouse gas check management procedure.	The environmental policy and commitment of the environmental management system (please refer to page 12)	ISO14001:2015 2-Stage Procedure Handbook of the Environmental Manual.	Reduced by 5% compared to 2017.	Through quantified greenhouse gas checking report Setting annual KPI and monthly review	Page 54, Page 56
	11	GRI306:2016 Waste water and wastes	Waste sorting and storage management policy.	The environmental policy and commitment of the environmental management system (please refer to page 12)	Content of the ISO14001:2015 environment manual and environmental policies	1. Improve waste classification to increase reclaimed quantity. 2. Employ qualified waste management company to ensure proper recycling and management.	Environmental safety monitoring and measuring procedure	Page 42, Page 58 - Page 59
	12	GRI307:2016 Compliance with environmental protection related laws and regulations	Follow the ISO14000 series standards and the ISO9001 quality management system certification standards when providing the products our customers require while also meeting environmental protection goals.	The environmental policy and commitment of the environmental management system (please refer to page 12)	Systematic management for prompting environmental achievement of energy savings and continued improvement and pollution prevention.	Continue the effort of maintaining zero infractions.	Local environmental protection laws and regulations	Page 42, Page 58 - Page 59

Major Issues Analysis

[Management Principles of Major Issues of Concern to the Stakeholders]

Aspect	NO	Major issue	Method of management	Promises	Policies	Future goal	Way of Evaluation	Results (Page number)
Social topic (400 series)	13	GRI401:2016 Labor-employer relations	Based on the company/personal annual target result, salary and remuneration policy and internal and external salary assessment to conduct salary and remuneration and benefits management.	Assert mutual honor and prosperity. The result of business operations comes from each employee who deserves a share of it.	Salary and remuneration policy (please refer to page 88)	Optimize salary and remuneration system while upholding the idea of 'same pay same work and salary based on ability.	Internal audit	Page 75 - Page 76, Page 86 - Page 99
	14	GRI402:2016 Labor/ capital relations	Construct multiple labor and capital electronic platform and communication channel to make communication faster and more efficient. Hold labor/capital meetings regularly to consolidate consensus.	Optimize work environment, fortify employee loyalty, resolve employee complaints to achieve continued improvement and win-win situation for both the employees and company.	Labor laws, communication channel, electronic platform.	Continue to provide and expand a smooth labor/capital exchange platform.	Labor/capital meeting system, job satisfaction survey, new employee caring survey	Page 77 - Page 78
	15	GRI403:2018 Occupational health and sanitation	Through OHSAS18001 occupational health and safety management system and set up an occupational health and safety committee to conduct review and coordination on occupational health and safety related issues.	Comply with all health and safety requirements, enhance internal and external management communication; continue to improve the work environment, prevent various accidents, reduce occupational health and safety risks, fully protect the health and safety of the employees.	OHSAS18000 Occupational health and safety management system.	Continue to provide a healthy and safe work environment.	1. Internal audit 2. Regular external third-party verification	Page 100 - Page 106
	16	GRI404:2016 Training and education	Follow the principles and spirit of the Talent Quality-management System (TTQS) as promoted by the Executive Yuan in combination with complete educational training development system and learning platform.	Using TTQS as the standard for training quality, combine with the company vision and target strategy. Uphold the idea of talent being the root of the company, construct multiple development training systems to enhance the quality of human resources and company's competitiveness.	1. Education training management procedure. 2. Internal lecturer cultivation and employment management regulations. 3. Results evaluation effectively linked to the rewards management system.	1. Continue to arrange multiple professional development educational training to enhance the quality of human resources and corporate competitiveness. 2. Continue results evaluation in combination with the rewards system to achieve the right employment for the right talent.	1. Internal audit 2. Regular external third-party verification	Page 82 - Page 85, Page 90
	17	GRI405:2016 Variant employees and equal opportunity	At the time of hiring, each employee signs an employment contract which states clearly the employment relationship is based on mutual consent that is to be reviewed and controlled regularly.	The method of employment is fair, open, and gender equal.	Salary and remuneration policy (please refer to page 88), employment policy.	Achieve the same pay for same work and varied employee organization structure.	Internal audit	Page 33, Page 73 - Page 74, Page 89
	18	GRI416:2016 Customer health and safety	With products having life cycles as the basis, include the principles of low environmental toxicity, reduce materials used, easy to assemble, increased energy efficiency, easy to disassemble and recycle to develop green product design.	Grasp the trend and actively face the outbreak, and jointly turn the crisis into opportunities with employees, customers, and suppliers with a strong consensus: "joining hands to conquer difficulties."	Protect the safety of the users newly; products pass strict design certification procedure; products comply with safety laws and regulations. Reduced environmental impact; products comply with environmental requirements.	Continue to design products that comply with environmental and safety laws and regulations	1. Customer feedback 2. Internal audit 3. External examination	Page 42, Page 44 - Page 45, Page 64
	19	GRI418:2016 Customer privacy	Phihong complies with data processing and customer information protection procedures, corporate ethics, business conduct standards, technical document control regulations, document processing operating procedure, and internal important data processing operating procedure to conduct customer document management.	Protect internal and external data to establish trust with the customers.	Data processing and customer information protection procedures; honest ethics and moral code of conduct.	Continue to enhance data protection mechanisms and information safety awareness in employees.	Internal audit	Page 42, Page 64
	20	GRI419:2016 Adherence to social economic laws and regulations	Comply with the local laws and regulations and set employee regulations to ensure full compliance.	Follow social economic laws and regulations to meet the goal of being a socially responsible, sustainable company.	Honest moral code of conduct, Public Company Management Act.	Continue to follow economic, environmental, social laws and regulations, and continue the effort of maintaining zero infractions.	1. Local laws and regulations 2. Internal audit	Page 42, Page 64, Page 75



Operations and Management
 Corporate Sustainability
 Integrity and Ethics

Risk Management
 Legal Compliance

Company Management

3

Operations and Management

The ownership of Phihong Technology is in the hands of its annual shareholders' meeting. Members of the Board and supervisors were elected at the annual shareholders' meeting on June 10, 2020, with their term of office of three years. There are a total of 11 directors, who are males; among them, there is a group of four and a group of seven directors of ages ranging from 30 to 50 and above 50, respectively. Among the directors, there are three independent directors (accounting for 27% of the Board); each director possesses individual professional backgrounds, including business management, financial accounting, business, laws, and information technology, complying with the Board's diversity policies of the Company.

The background information of all the directors and supervisors can be found on the [official company website](#).

In terms of company management, the board of directors of Phihong hires managers whose salary is determined by the compensation committee hired by the board. The rest of the supervisor positions are employed by the managers as authorized. The board holds at least one meeting each quarter to supervise internal control policy and procedures, review and audit operations results, and discuss important strategic issues. Members adopt a recusal mechanism when encountering conflict of interest, for which the content of the recusal case, names of the directors, the cause of the conflict, and the voting result will be recorded completely to uphold the maximum benefit for the company.

Phihong technology held 7 boards of directors in 2020. The attendance rate of the directors in person was as high as 93.51%. In addition, for the 7th company management evaluation by the stock exchange commission on 1554 public companies, our company received a score of 80.19, receiving the honor of "top 21% to 35% company" in the 868 publicly listed company bracket.



Compensation Committee

Phihong's Board of Directors has a subordinated Compensation Committee, and the purpose of which is to assist the Board in executing and evaluating the overall remuneration and welfare policies of the Company and the compensation of directors, supervisors, and managers. The Compensation Committee convenes at least two regular meetings a year. Three independent directors are the members of Phihong's Compensation Committee, and Mr. Hong, Yu-Yuan is the chair of the committee. Three compensation committee meetings were held in 2020 with 100% attendance rate by the committee members.

Audit Committee

The Phihong board established the Audit Committee in 2017 according to the law. The objective is to supervise the fair presentation of the company's financial statement, selection (firing) of the certifying accountant and independent auditors and publishing results, effective deployment of the company's internal control procedures, compliance with laws and regulations, and control of existing and potential risks for the company. There are three independence directors in the Audit Committee. One meeting is held in every quarter. Seven meetings were held in 2020 with 95.24% attendance rate by the committee members.

Nomination Committee

Phihong's Board of Directors established the Nomination Committee on August 11, 2017 according to the law. The purpose is to establish the standards of diverse backgrounds and independence regarding the required expertise, technical skills, experiences, and genders required of directors and independent directors, and seek, review, and nominate director and independent director candidates accordingly. The committee shall form and develop the organizational structures of the Board and all committees, carry out performance evaluations of the Board and directors, and evaluate the independence of independent directors, establish or examine directors' continuing education, and establish the Corporate Governance Best Practice Principles of the Company. The Nomination Committee comprises three independent directors, and the committee shall hold meetings at least twice a year.

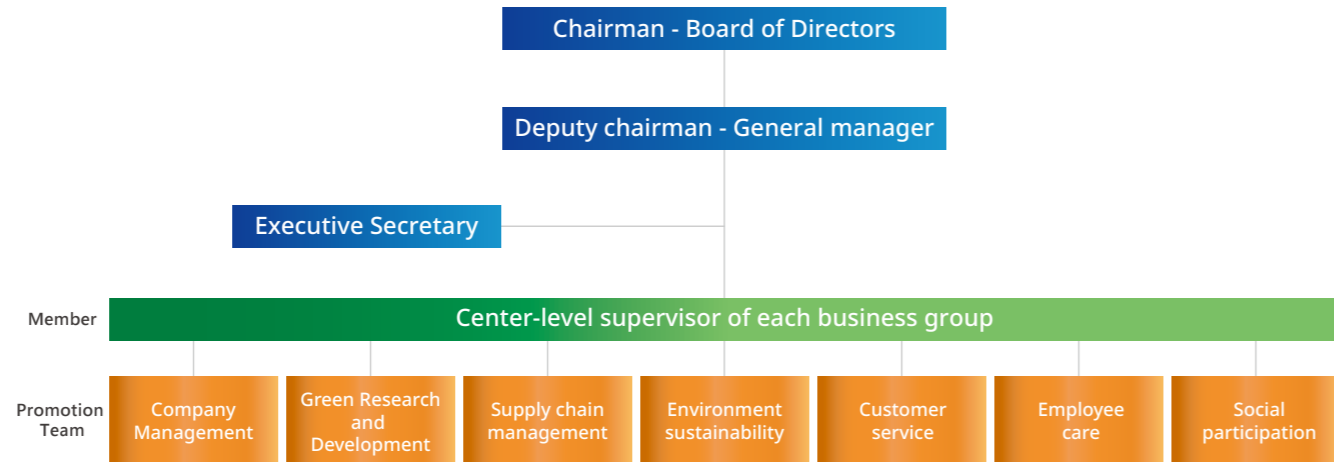
Two meetings were held in 2020 with 100% attendance rate by the committee members.

Corporate Sustainability

Sustainable Development Strategy and Promotion

Since establishment, Pihong Technology has abided by the management ideal of honesty, integrity, creation, and challenge. While focusing on the innovation and growth of the company, we also emphasize corporate culture and a spirit of corporate social responsibility by continuing to actively promote the mission of “protecting the earth, providing comprehensive power solutions, and being a quality company that prospers and shares with our customers, employees, shareholders, and suppliers.” Since 2009, we have published the corporate social responsibility report every year. In order to advance our commitment to corporate social responsibility and dedicate ourselves to the goal of sustainable operations, Pihong Technology created the “corporate sustainable development committee establishment regulations” in 2014, which were approved by the board of directors. This established the “corporate sustainable development committee”, headed by Chairman, Lin Chung Min, to lead the committee members composed of top-level executives. Through understanding and identifying the issues and needs of the stakeholders and further assessing the risks and opportunities of Pihong’s sustainability issues, the committee promotes goal setting, implements strategies, and reviews results, disclosing such in the yearly corporate social responsibility report.

To facilitate execution, Pihong has compiled the “corporate social responsibility manual” and “corporate social responsibility management procedures” in order to direct the operations of the corporate sustainable development committee, incorporating the “GRI (Global Reporting Initiative) standards” and “AA1000AP (2018)” as the responsible principle featured as the index in the report. Moreover, the committee organization structure has seven teams of “corporate management”, “green research and development”, “supply chain management”, “environmental sustainability”, “customer service”, “employee care”, and “social participation”, each of which promotes related issues as in the following:



Promotion Team	Function and objective
Company Management	Assist in implementing board directives, focus on the interests of the shareholders and stakeholders, and integrate related regulations and systems of corporate management of each relevant department. Responsible to assist in good internal corporate control, ensure open information disclosure, and compliance with related laws and regulations in order to fully implement the company's core values of honesty and integrity, clear information, valuing the interests of the shareholders, and good internal control.
Green Research and Development	Green design is the core value of product research and development of Pihong Technology. Continue in the research and development of innovative design and green manufacturing processes. Produce green, environmentally friendly products that comply with efficient energy use. Reduce the negative impact on the environment throughout the product life cycle, while also increasing market competitiveness.
Supply Chain Management	Establish within the supply chain ideals of environmental protection, valuing social responsibility, labor rights, safety, healthy and sustainable development. Establish long-term partnerships with suppliers based on quality, cost competitiveness, delivery capability, service team capacity, and commitment to sustainability.
Environment Sustainability	Integrate the environmental protection and health and safety management of the entire company. Set environmental health and safety results index. Promote various waste reduction and resources recycling, greenhouse gas reduction projects. Coordinate with green production committee to promote various green manufacturing processes and supply chain management.
Customer Service	Think from the customer's position. Provide low-cost and efficient products and services to achieve the management goal of creating the highest value for every customer.
Employee Care	Value employee communication and job training development. Provide competitive salary and benefits. Dedicate to a well-rounded and varied work-life balance. Construct a good, safe, and harmonious work environment.
Social Participation	Promote the company with the outside community and society. Integrate external charity resources by having “education”, “arts”, “charity”, and “environmental protection” as the axis to continue to dedicate to scientific research and development collaboration, long-term education assistance, arts, and social charity events promotion.

Corporate Sustainability

Pihong Technology responds to the social responsibility standards of SA8000, occupational health and safety management system (OHSAS18001), ISO 26000, RBA code of conduct, United Nations SGDs and is willing to assume various aspects of social responsibility of corporate management, environmental protection, social participation, and to pursue a variety of mutual interests with dedicated parties of shareholders, customers, suppliers, employees, government institutions, operating communities, and the public for the realization of the following commitments and principles:

- Create company value, increase the profit feedback to investors and stakeholders.
- Stable corporate management, strict adherence to morality, honesty, and integrity; compliance with laws and regulations.
- Construct a healthy and safe employee work environment, promote employee-involved social participation activities.
- Promote corporate social responsibility, fortify partner relationship with suppliers and customer service for mutual sustainable development.
- Research, develop, and manufacture products that comply with HSF to reduce the impact on the environment and fulfill global citizen responsibility.

CSR Education Promotion

Expecting all employees to understand the philosophy and execution of corporate social responsibility, Pihong has included “Execution of Pihong corporate social responsibility” into the pre-job training for all new employees, who must then pass an evaluation after the class. In addition, the Company regularly sponsors corporate social responsibility related seminars, encouraging employees to participate in the classes and share related information. The 2020 CSR related classes were as follows:

Name of Class	Lecturing method	Class hours	Expenses	Number	Total number of hours
2020 Corporate Business Secret Reasonable Confidentiality Measure Seminar	External training program	3.5	\$0	1	3.5
Lectures on “Introduction to Specifications Related to Operations of the Audit Committee and the Board” and “Using Employee Benefit Trusts to Grasp the New Trend of Incentives and Talent Retention”		3.5	\$0	2	7
2020 Employee Assistance Program – Themed Educational Training		3	\$0	2	6
2020 Employment Discrimination and Workplace Sexual Harassment Control and Labor Standard Act Seminar		6	\$0	1	6
2020 Electronic Part and Component Manufacture Industry Labor Standard Act Communication Seminar		3	\$0	1	3
2020 CDP General Industry Questionnaire Educational Training Program for Climate Change 2020CDP		14	\$9,000	1	14
Seminar for Corporate Intellectual Property Legal Affairs Expertise		18	\$6,200	1	18
Program for the Practices of Corporate Business Secret Internal Control Basic Laws and Audit Methods		6	\$2,700	1	6
Labor Conditions and Occupational Disaster Case Sharing Seminar		3	\$0	1	3
Matter of Notice for Working Hours and Salary Reduction of Business Unit, and Relief Measures		6	\$0	2	12
Green Vehicle Compliance and Solution Seminar (Taipei)	3	\$0	1	3	
New employee orientation: sharing of Pihong corporate social responsibility	Classroom class	1	\$0	80	80
Total		70	\$17,900	94	161.5



Even though employees are among our stakeholders, Pihong Technology takes delight in initiating social welfare activities, encourages employees to actively participate in such activities, and promotes the practice of every person taking part in the implementation of corporate social responsibility, to realize sustainable development, social harmony, and co-existence with the environment. After participating in actions related to CSR or public welfare events, employees also upload relevant information and videos files to Pihong Technology’s website and [Pihong Technology’s CSR Facebook](#) page to share the gains and feedback following participation in the events. By doing so, our employees’ understanding of corporate social responsibility is improved, and employees are encouraged to joyfully participate in CSR events, reinforcing employees’ cohesiveness and allowing them to be able to view events as a part of work-life balance so as to grow with the company.

Integrity and Ethics

Honest Operations and Moral Conduct

At the top of Pihong Technology's business philosophy is honesty and integrity, the core value of the company and also the central thinking of all activities. The Board of Directors established the "Ethical Corporate Management Best Practice Principles." Based on such principles, we promoted the operating concept of non-corruption, transparency, and responsibility, formulated policies based on integrity, and established healthy corporate governance and risk control systems to create an operating environment of sustainable development. Based on its content, we also established the "Standards of Corporate Ethics and Business Conduct"; we require all employees to understand our expectations toward them and provide basic concepts related to code of conduct, general knowledge, and healthy judging and uncorrupted attitudes for them to face all business issues, to ensure that decisions and behaviors of employees are aligned with the values of the Company and the ethical and uncorrupted spirit in the standards, allowing all employees to duly implement them. In 2020, we did not have any confirmed corruption events or corrective action taken.

- Based on the "Ethical Corporate Management Best Practice Principles," an honesty and integrity risk assessment were conducted and has identified risks in the inappropriate acceptance of gifts in procurement and in the exchange of benefits using social expenses. Therefore, our company has designed a gift reporting mechanism in order to block the possibility of corruption, bribery, and extortion.
- A moral honesty and integrity clause are included in all contracts with suppliers which stipulates an anti-corruption, honesty requirement and prohibits any conduct that will damage the company's corporate image of honesty and integrity. An "honesty affidavit" is also required to be signed. Insider trading is strictly prohibited in order to fully implement anti-corruption measures in regular management and business conduct.
- Establish a corporate culture of honesty and integrity and implement fully the moral honesty policy.

- In addition, result verification and reward/punishment regulations in the "employee manual" are set so employees clearly understand the code of conduct and accept the reward and punishment as set in the regulations.
- The company has established "regulations of the board meetings" to regulate any conflict of interest in the board operations. Use "corporate ethics and business code of conduct to regulate the employees to prevent conflict of interest. An appeal mechanism is also set up for the stakeholders which is headed by the auditing office manager under the board to receive the appeals of the stakeholders and to process and respond to such. We implement honesty and integrity with an active attitude.
- Engage in business activities according to relevant competition regulations and prohibit engaging in unjust competitive acts, such as manipulating tenders or restricting quota.

Name of Class	Class type	Class hours	Attendance	Number passed
New employee orientation: reading of "corporate ethics and business code of conduct"	New employee reporting to duty	0.5	78	78
New employee orientation: sharing of Pihong corporate social responsibility actual practice	Classroom class	1	78	78

Pihong Dongguan Electronics Co. Ltd., Pihong Dongguan Electronics Co. Ltd. (Tiesong Plant), Dongguan Dahong Electronics Co. Ltd are implementing the RBA (Responsible Business Alliance) code of conduct training. The RBA code is included in the training class for all new employees in the hope of that from the moment the new employees enter the company, they can have a sense of the determination of Pihong in implementing the code. All warehouse management and delivery and receiving team members are requested to sign the "employee guarantee."

Name of class: Responsible Business Alliance code of conduct	Employee type	Attendance	Class hours	% of passing
Pihong (Dongguan) Electronics Co. Ltd. Pihong (Dongguan) Electronics Co. Ltd. (Tiesong Plant)	New employees	6,103	6,103	100%
	Present employees	174	219	100%
Dongguan Phitek Electronics Co., Ltd.	New employees	5,033	5,033	100%
	Present employees	51	30.5	100%

Honesty and Integrity Education and Promotion

In order to have all the colleagues implement fully the operations of honesty, integrity, and ethics, beginning in 2019, all new Pihong employees (100%) who are reporting to work must receive "corporate ethics and business code of conduct training". After training, a confirmation paper must be signed along with an "Intellectual property and non-disclosure agreement." As for employee ethics related issues such as anti-corruption or intellectual property protection, the employees will receive education and promotion in the future at regular intervals.

Risk Management

Principles of Risk Management

Risk management is the guarantee and responsibility of all stakeholders, also a necessary means to sustainable operations. Pihong Technology adheres to laws and regulations and the company system, and continues to assess changes and risks in domestic and foreign business environments. The company's risk management organization is headed by the President and manages risk according to risk management procedures and organization using PDCA management cycle model so that the company can effectively respond to the impact brought on by various types of risks, and achieve risk management by identifying and utilizing risks and opportunities well to ensure normal company operations. The 2020 risk assessment identified risk issues in terms of economics, environmental protection, and social aspects, analysis of which has been conducted on the impact on operations, responding strategies, and the opportunities generated for the company.

[Management Principles of Major Issues of Concern to the Stakeholders]

Aspect	Risk type	Impact on operations	Corresponding strategies	Opportunities
Economics	Financial risk	<ul style="list-style-type: none"> Interest rate, exchange rate fluctuations affect financial income and expenditure, impact financial leverage, inflation risk. Tax barriers inhibit ordering intentions of customers and results in increase in production cost, supply chain is impeded. 	<ul style="list-style-type: none"> Assess interest rate exposed to risk and the degree of impact of the floating interest rate. Exchange rate risk adopts natural risk avoidance. Investment of short-term idle funds is mainly in time deposit account and investment product that has liquidity and safety for capital with good return. No high-risk, high-leverage investments. Applying for loan quota through the cash flow from disposing of idle assets to pay for operational funding and long-term capital expense. Actively deploy in Haiphong with effective flexibility to reduce the impact from trade tariffs. 	<ul style="list-style-type: none"> Manage the impact on asset and cash flow by interest rate and exchange rate for a stable financial operation. Enhance operations and production response capability; expand supply partnership and sustainability capability. Comply with the government investment benefit, continue to fortify research and development ability and technology talents in Taiwan's headquarters. Deploy production bases outside of China.
	Legally infectious disease	Due to the spread of the infectious disease, the production line was suspended as employees of the Company were unable to arrive at work and materials could not be delivered to the Company, resulting in the Company being unable to meet customers' requirements.	<ul style="list-style-type: none"> Establish pandemic control organization systems and SOP in the hope of effectively ensuring employees are able to work on-line safely and reboot the operations of production lines. Employees work on alternate timing or work remotely for risk sharing. Reinforce relationships with partners in the supply chain, share and respond to the supply chain pandemic control system. 	Rapidly and carefully plan for the normal output, exerting our crisis management abilities, striving for customers' trust, and more business opportunities.
	Supplier risk	Materials supply shortage or disruption resulting in the risk of factory halting work and unable to operate, leading to inability to meet customer demand and even infringement of promise on delivery.	<ul style="list-style-type: none"> Establish sustainable supply chain partnerships to ensure a stable source of original materials, and also set an inventory mechanism and "real-time material supply alert system." Replacement material supplier mechanism to ensure stable sources of materials without the risk of supply disruption. Requesting suppliers to follow the RBA code of conduct fully. 	Enhance sustainable partnerships with suppliers; good two-way communication and interaction to achieve the demand and expectations of customers for mutual prosperity.

Risk Management

Aspect	Risk type	Impact on operations	Corresponding strategies	Opportunities
Environment	Environmental and climate change risk	Emergency weather conditions or public services (electricity, water, gas) disruption resulting in factory halting work and operations disrupted.	<ul style="list-style-type: none"> Examine international environmental protection trend; set environmental protection policy that meets the company's operational demand. Conduct disaster prevention monitoring and drills on emergency response and recovery ability. For impact or threat and response strategy, please refer to the attached "climate change response table." 	For potential opportunities, please refer to the attached "climate change response table."
Society	Ethics risk	Violation of honesty and integrity principles of operation resulting in company's loss. After the corruption risk assessment form made regarding different fields of risks of Phihong's plant in 2020, material risks identified in the field of procurement is accepting inappropriate gifts or money, or using entertainment expenditures in exchange for returns from suppliers with respect to items, services, and preferential treatment in tenders.	<ul style="list-style-type: none"> Beginning in 2019, all new Phihong employees must receive "corporate ethics and business code of conduct" training at time of reporting to duty, and affix signature afterwards. Promote the importance and implementation of honesty and integrity through education at regular intervals. 	All employees must abide by the corporate ethics and business code of conduct and fully execute honesty and integrity of operations.
	Information security risk	Due to leak, theft, breakage and other human factors, or natural disaster damage. Resulting in company or personal information loss and/or external/internal communication system malfunction that leads to company losses and even damage to company reputation.	<ul style="list-style-type: none"> Remote resetting of the information system drills twice a year; simulate any natural disaster (such as earthquake, fire, and flood), or loss of information due to human factor to ensure the fastest restoring of the system operation. Maintain two-carrier service at all times to ensure normal operations to the outside. Enhance system encryption ability and password management. Execute employee training fully to prevent loss of important information and enhance the concept of data security and law abiding by the employees. 	Construct highly dependable information security management system to contain any possibility of communication disruption, data loss and leak in order to earn the trust and support of all the stakeholders.
	Work safety risk	Work injury and public safety events impacting company's normal operations. Damage to personnel, property, and factory halting work due to serious differences.	<ul style="list-style-type: none"> Examine operations with work safety danger factors; implement engineering control and protective gear to prevent employees from coming into contact with the danger factors. Intensify everyday safety awareness and drills; when encountering disasters, public safety incidence, immediate activation of task team to execute help to control the loss of personnel safety and property. Enhance labor-capital negotiation channel, establish harmonious labor-capital relations. Implement health check-up. 	Reduce and prevent the chance of work disaster from occurring; ensure the safety of personnel and property to promote the trust of the stakeholders in the company's continued operations.

Risk Management

Organization Risk Alert

The main means of the company's related units to conduct effective risk control are as follows:

1. Internal audit system:

In 2020, Phihong executed 52 audits and tracking of the mistakes from the audit on a quarterly basis until 100% had made improvement. The company set an internal control system according to the law and has established an Auditing office under the board. The head of the auditing office reports to the board on the status of the audit on a regular basis to help ensure an effective internal control system and execution of such system to promote good company management and to ensure the achievement of the following internal control goals.

- Result and efficiency of operations
- Report that is reliable, immediate, transparent, and complies with related regulations
- Compliance with related laws and regulations

Audit frequency	Audit items	Audit frequency	Audit items	
Once/ month	Investment of derivatives	Once/ year	9. Acquirement or disposal of assets	
Once/ quarter	Endorsement and guarantee, loans to others		10. Management of Compensation Committee	
Once/ year	1. Management of deals with the stakeholders		11. Management of Audit Committee meeting operations	
	2. Budget setting		12. Sales and collection cycles	
	3. Supervising subsidiary companies		13. Procurement and payment cycles	
	4. Compliance with laws		14. Salary/work cycles	
	5. Management of board meeting operations		15. Real estate, factory and equipment cycles	
	6. Management of compiling financial report-including the management of financial report applicable with international standards, professional accounting determination procedure, procedure of accounting policy, and estimated changes		16. Financing cycles	
	7. Management of insider trading prevention		17. Investment cycles	
	8. Information and communication security operations		18. Computer processing operations cycles	
	19. Research and development cycles			
2020 mistakes follow-up and improvement achievement rate			100%	

Risk Management

2. Operational risk control:

Phihong Technology deeply understands the uncertain risks of natural disasters and accidents which can exert major impact on the company's production operations and personnel safety. Therefore, we face the scope of disaster risk management with active prevention management and also with a stringent risk management plan and safety regulations to achieve the highest standard of the power supply industry. To ensure that after the occurrence of a disaster (including fire, earthquake, typhoon, water breakage, power outage, war, political unrest, terrorist attack, food poisoning, legally infectious disease, environmental pollution) a quick recovery to normal operations, reduction of company's and customers' property loss, and upholding company reputation and employee safety is possible, we have responded with insurance to avoid risks. In 2020, Phihong Technology has taken insurance policies on business fire, cargo transportation, product liability, and public accidents to ensure that during the policy period, we reduce possible financial losses of property damage or annihilation to the minimum from unpredictable accidents through insurance plans and fixed insurance premium payments.

Insurance plans	Product liability	Product transportation	Business fire	Comprehensive property insurance	Comprehensive business insurance
Scope	Phihong Group		Phihong Taiwan	Dongguan plant	Haiphong plant
Original currency coverage	US\$2,000,000~12,000,000	NTD11,700,000,000	NTD1,004,000,000	RMB\$1,080,000,000	VND\$305,693,000,000
Taiwan dollar coverage	NTD57,000,000~340,000,000	NTD11,700,000,000	NTD1,004,000,000	NTD4,529,000,000	NTD388,000,000
Original currency insurance payment	US\$15,000	NTD359,354	NTD968,730	RMB\$152,449	VND\$446,403,724
Taiwan dollar insurance payment	NTD426,150	NTD359,354	NTD968,730	NTD639,248	NTD566,933
Total insurance payment	NTD2,960,414				

Supplementary Description: Currency rate is based on the currency rate of the payment month.
 • Original product liability coverage is in US dollars, exchange rate is pegged at the rate (28.41) in January, 2020.
 • Comprehensive property coverage is in Renminbi at the exchange rate of (4.19319) in June, 2020.
 • Comprehensive business insurance is in Vietnam Dong at the exchange rate of (0.00127) in July, 2020.

Risk Management

3. Climate change response:

There has been a rise in the risk of extreme weather from global climate change along with an increase in the frequency and size of disasters as well. Facing the restraint of controlling temperature rise of 2°C as set by the Paris Agreement, Phihong Technology is actively preparing for the worst. Starting in 2010, we have introduced greenhouse gas checking in part of the Dongguan plant. Starting in 2016, we expanded the checking to all parts of the Dongguan plant. Therefore, we have set the year 2016 as the benchmark year for greenhouse gas emissions of the Dongguan plant. Also, we joined the SBTi commitment at the beginning of 2020 to actively implement energy-saving and carbon dioxide reduction acts. When constructing the new Tainan plant in 2015, we constructed rooftop solar power equipment which is still generating electricity today. All these measures are Phihong Technology's response to the climate change issues and main actions to possible impact and threat. The company has assessed and listed the impact and potential opportunities from extreme weather risks in the following 'climate change response table' in the hope of alleviating the risks of climate change in one aspect and reducing the possible damage from the risks in another, turning danger to opportunity, creating value and rewards.

Climate change risks	Impacts or threats	Corresponding strategies	Potential opportunities
Energy supply <ul style="list-style-type: none"> Energy price climbs greatly Energy supply disruption 	<ul style="list-style-type: none"> Production process: rise in the cost of energy; energy demand peak results in the disruption of production. Supply chain: carbon price leads to rise in price of raw materials and transportation cost. Market: increase of operational cost affecting market share; high-energy consumption products not well-received. 	<ul style="list-style-type: none"> Dongguan plant introduced greenhouse gas checking in 2010 with 2016 as the benchmark year. It is estimated that by 2020, emissions are reduced by over 5%. Setting energy saving target, put government energy saving diagnosis service resources into good use to undergo improvement. 	
Resources shortage and invested cost <ul style="list-style-type: none"> Impact of no water Water price climbs greatly Materials price climbs greatly 	<ul style="list-style-type: none"> Production process: water resources obtain ability becomes low affecting production process. Supply chain: suppliers being restricted by water resources, resulting in the cost of production process. Market: increase in operational cost affects sales and market share. 	<ul style="list-style-type: none"> Use renewable energy, constructed rooftop solar power in the new Tainan plant which has been operating for 5 years and generating electricity over 30k kilowatt hours per year on average, and carbon emissions reduced. 	<ul style="list-style-type: none"> Promote green product or renewable energy to alleviate climate changes. Discover opportunities derived from laws and regulations and not just cost and risks.
Increase in the number of days of extremely high temperature. <ul style="list-style-type: none"> Increased cooling system loading Overheating of electrical appliances Heat waves affecting attendance of personnel 	<ul style="list-style-type: none"> Asset: asset deteriorates faster, low electrical equipment efficiency, damage to temperature-sensitive equipment, increase in the cost for extra cooling equipment, quality impacted. Supply chain: product quality affected. Labor: employee absence increases; workplace overheats, productivity decreases, difficult to maintain labor and technical training. 	<ul style="list-style-type: none"> Besides everyday water management, for drought period when water usage is restricted, a 3-stage response measure is planned to reduce the impact of drought. Green manufacturing: strictly prohibiting the procurement or use of raw materials and minerals of conflict that are harmful to humans and the environment while requesting main suppliers to comply with the green manufacturing policy and enhancing verification. 	<ul style="list-style-type: none"> Treat climate change strategy as key competitive advantage. Natural disasters result in the increase demand of replacing products.
Extreme weather incidences <ul style="list-style-type: none"> Coping capability of basic infrastructure Emergency disaster rescue Is insurance sufficient in covering the losses caused by disasters 	<ul style="list-style-type: none"> Operations, asset: asset damaged, energy supply unstable resulting in disruption of operations. Supply chain: transportation of raw materials and goods affected and delayed. Labor and capital: added management cost, employees can't go to work. 	<ul style="list-style-type: none"> Introduce smart power management system of "energy demand management function" to achieve optimized application goal for the contract capacity. Utilize insurance to respond to and transfer risks, including business fire insurance, comprehensive property insurance, product transportation insurance, and product liability insurance. 	<ul style="list-style-type: none"> Obtain the support of investors, customers, stakeholders through open disclosure.

Legal Compliance

Compliance with laws and regulations is the basic requirement of company management. Phihong Technology is extremely instant on all employees' compliance with various laws and regulations. Each year, business ethics, company management, employee integrity are reiterated regularly. Also, we observe various local laws and regulations with the principles of honesty and integrity. All are the role and responsibility of Phihong Technology as a world citizen. The Phihong Taiwan headquarter has a Legal Department that assists employees in understanding the laws. If there is violation of laws, labor safety regulations, labor contract, or business ethics, Phihong Technology will pursue according to relevant laws and reward and punishment measures.

Phihong Technology is dedicated to 100% compliance according to international legal standards and request of customers such as EU REACH, RoHS in green products, and environmental protection. In 2020, there were no occurrence or fines relating to the following:

1. Events of laws and regulations and voluntary standards affecting safety and health of products and services.
2. Events of laws and regulations and voluntary standards affecting information and labeling of products and services.
3. Events related to marketing (including advertisement, promotion, and sponsorship), customer privacy, and voluntary standards.
4. Phihong is a publicly listed company in Taiwan that complies with all business laws and stock exchange laws. During the time period of this report were no infractions or events in violation of these regulations.

Legal Compliance	
Compliance with environmental laws	In 2020, there was no major violation of environmental laws and regulations nor any punishment or fines for Phihong Technology.
Compliance with labor laws	Phihong Technology complies with labor laws. There was no incidence of using child labor in 2020. There was not any case involving discrimination, rights of indigenous peoples, or human rights related cases through the formal appeals mechanism. Each employee signs a labor contract according to the law at time of employment. The contract clearly states that the employment relationship is based on mutual consent. Regular review and control are conducted. In 2020, there was no violation or fines; there was no receipt of human rights related review and impact assessment.
Compliance with product labeling, marketing, customer privacy laws	Advertisements, promotional documents, attending exhibitions, news releases, or activity sponsorship must comply with fair market competition laws and regulations. The legal department conducts training on marketing and sales related units to educate the colleagues the necessity to conduct sales activities in a proper fashion and to remind the colleagues not to acquire sales with improper methods, or to undertake hostile takeover or predatory pricing to produce illegal market barriers. In addition to legal requirements, any labeling or product information must be reviewed by the sales, research and development, and marketing departments to ensure the correctness of the content before disclosing. There has been no infraction of customer privacy or incidence of violation of Personal Data Protection Act with the other stakeholders.
Anti-competition/anti-trust and monopoly	In 2020, Phihong Technology was not involved in any anti-competition, anti-trust, or monopoly related litigations.



Environmental Mission
Green Procurement
Green Research and Development

Energy Saving and Carbon Reduction
Environmental Protection Investments

Green Environmental Protection

4

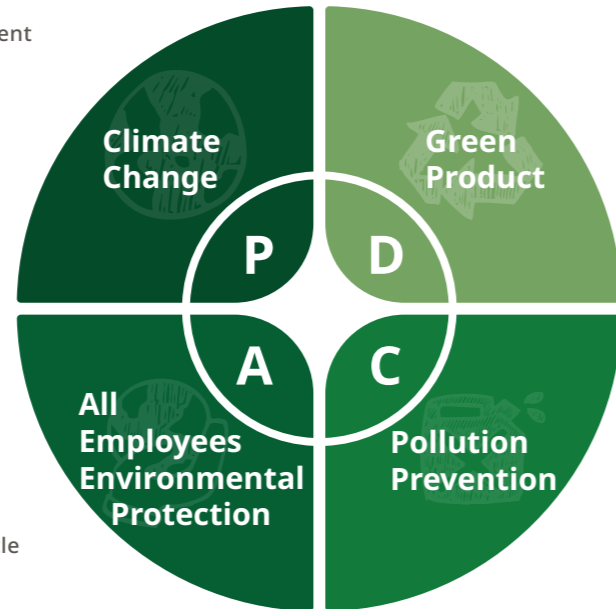
Environmental Mission

Due to the advancement of human civilization and increase in activities, the use of energy and climate change have become issues the whole world must face. Petrochemical waste gases accumulate rapidly, resulting in a greenhouse effect, climate change, and even extreme weather that brings severe natural disasters. In addition, waste gases bring air pollution. Large quantities of humans' waste pollute the land, water resources, and the ocean, impacting human activities and quality of life. Pihong Technology, for contributing as a world citizen, responds to the government's environmental policy by having environment sustainability development as a goal, and continues to promote energy saving, carbon reduction, and water saving throughout the whole group. Actively promote the research and development and manufacturing of green products, and strive to manage hazardous substances, improve the energy efficiency of power products, and increase the proportion of product recycling. Through the division of labor, we actively implement management of all types of environmental protection measures and expect all colleagues to identify with the promotion of environmental protection and setting goals while being happy to participate in our corporate culture of environment sustainability.

Environmental Management and Certification

Pihong Technology has already passed the ISO14001 certification and received the certificate in 1997. In 2018, we passed the Lloyd's and the new ISO14001: 2015 certifications. Currently, external audit is also conducted each year. From product design, raw material supply, manufacturing process, factory operations, end product, after service, and waste material processing are comprehensively managed in order to reduce the negative impact of climate change and danger to the environment in the product life cycle.

- Greenhouse Gas Management
- Energy Resources Management
- Water Resources Management
- Energy Saving Actions
- Water Saving Actions
- Waste Reduction and Recycle



- Toxic Substances Management
- Conflict Minerals Management
- Design Energy Saving Products
- Ratio of Product Reclamation
- Air Pollution Prevention
- Waste Water Emission Management
- Resources Recycling

Green Procurement

Pihong Technology, based on international environmental protection regulations and referencing the hazardous substance control standards of many customers, has set our own hazardous substance control regulations: 'Hazardous Substance Free Management' which is used from product development, design, materials, the ensuing confirmation of suppliers and material supply, and even in product production and sales. Each step undertakes strict control according to the standard in order to ensure that the products we deliver to our customers are environmentally friendly and safe, completely complying with international environmental protection regulations.

The content of 'Hazardous Substance Free Management' includes RoHS, REACH, prohibiting adding red phosphorus flame retardant, and halogen free product specifications. The EU RoHS expanded the directive 2015/863 by including the prohibited use standards on 4 phthalates (BBP, DBP, DIBP, DEHP). In addition, beginning at the end of 2017, Pihong Technology made it compulsory for our suppliers to provide the RoHS testing reports on the 10 forbidden substances when undergoing parts recognition and update. As for the REACH substances of very high concern (SVHC) as set by ECHA, new substances are added to the list each half a year. As of January 19, 2021, REACH has updated 24 batches of substances for a total of 211 controlled substances. We have already updated to the new standard and have executed accordingly. Moreover, the company complies with WEEE laws and regulations which have been used as the minimum standard for product development in order to ensure the reuse, recycle, and reclamation of the product after the life cycle. The above various management and control of product materials not only meets the demand and expectations of the customers and end users but are also the self-expectation and responsibility of Pihong as a world citizen.

In 2020, Pihong Technology developed a total of 462 products, 100% of which comply with the WEEE regulations, and the numbers of lead-free (RoHS) products and Halogen-Free products are as follow:

- Number of cases regarding RoHS (in compliance with the international environmental directive standards) machines: 356 cases.
- Number of cases regarding halogen-free (more stringent than the international environmental directive standards) machines: 106 cases.

23% (106 products)

Halogen-free machines; more stringent than the international environmental directive standards



77% (356 products)

RoHS lead-free machines; in compliance with the international environmental directive standards

* All products meet the WEEE regulations with total reclamation rate reaching over 80%; some models even have a rate reaching over 90%

Green Research and Development

Phihong Technology has comprehensive environmental substance management control for materials we use in our new products. In addition, for the R&D technologies, we adhere to regulations as necessary principles of compliance, and actively commit to improving products' functions, miniaturization, high power density, material-saving, and waste reduction during the manufacturing process.

Development of General Power Products

Phihong's products have an extensive scope of application, from fields of low power smartphones and consumer electronics to mid-to-high power applications (such as electronic sport NB, power battery charger, power over ethernet (POE), AIOT smart safety monitoring, 5G small cell, and fixed wireless access (FWA)); our products also have the following design advantages of multiple aspects:

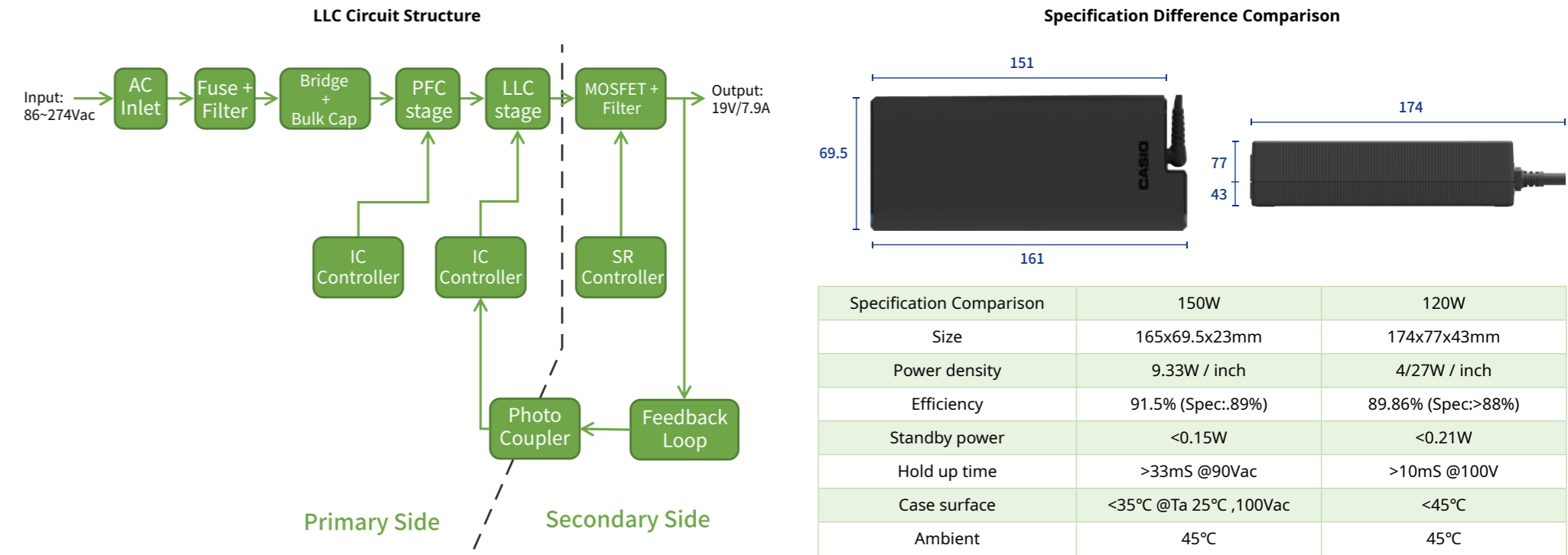
- High performance and energy-saving:**
Comply with the latest specifications of the energy regulations DoE 6.0 and CoC tier2; the maximum performance may achieve 95% or more.
- Fast-charging design:**
USB PD3.0, QC4.0, programmable power supply (PPS), multi-port active power sharing, with a scope of 18W~140W.
- Power density:**
For general products from 45W to 230W on the market, the natural cooling adaptor's function is 7W~12W/in³; however, Phihong is able to achieve the function of 15W/in³ and above at present, and we continue to make new breakthroughs and innovations.
- Digital control and integration:**
Establish a software engineering team and improve the integration ability of the R&D department in software and hardware R&D through technical cooperation with MCU suppliers, and in turn, reinforce the design competitive strength in relevant industries
- Institution design:**
The patent application for IP67 waterproof and dustproof design is completed (as of today, there are at least 10 machine types introduced and their mass production is completed), having over 500 times tumble tests and various replaceable AC adaptors and folding PIN with patent obtained.
- Safety specification design:**
Except for UL/EN 62368 (general ICT), we further obtained certifications of UL/EN 60601 (medicine), and EN 60335, UL1310, and UL1012 (house appliances and industrial control).



Green Research and Development

Below are a few important products and results of green research and development by Phihong Technology in 2020:

- The 150W power product is developed in an extremely thin model; as compared with the designed size of the former product of 174x77x43mm, the current designed size of the new product is 165x69.5x23mm. For the design, through seeking or designing small-sized PFC chok, transformers, cooling fins, and relevant parts to achieve the thin model of the entire product; subsequently, we will continue to develop thinner product sizes in the hope of designing products with favorable competitive strength. In addition, we make use of the LLC circuit structure to achieve high performance. We also utilize calculation and modulating methods to reduce power loss and allow parts' temperature to comply with specifications, so that the surface temperature of the case may be less than 35°C, representing a decrease of 10°C from the 45°C of the general standard.



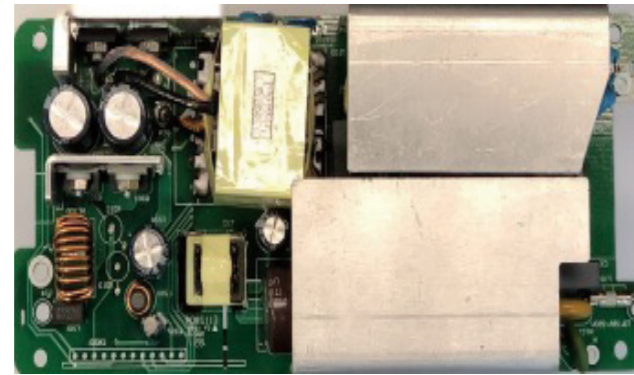
Green Research and Development

1. When COVID-19 is raging globally, the original living style of people has changed significantly. Except for minimizing outdoor activities, citizens also avoid taking public transport to reduce the risk of infection, which made bicycles become one of the major commuting vehicles for many people; electric bikes have also become a new popular product. With the assistance of batteries and motors, the commuting distance of electric bikes is farther than general bicycles. Meanwhile, electric bikes also replaced motorcycles that use fuels, achieving the environmental protection target of energy-saving and carbon dioxide reduction. In respect to the rapid growth in electric bikes' market demand, the demand for high conversion performance battery chargers has increased significantly.

Pihong Technology released a series of battery chargers for electric bikes from 2019 to 2020. Based on the category of battery chargers, including 84W(42V/2A), 168W(42V/4A), 252W(42V/6A), and 273W(54.6V/5A), the major features are as follows:

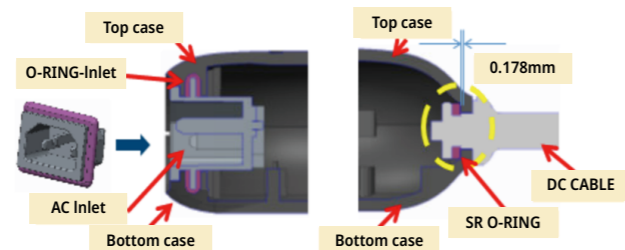
A. Digital control: Adopt MCU for digital calculations, which can flexibly alter the charging curve and various protection parameter settings.

B. High conversion performance: Adopt PFC+LLC+SR structure; the maximum conversion performance may reach 95% and above. As compared with the conversion performance of traditional chargers at approximately 90%, the effect on energy-saving and carbon dioxide reduction is better.



PFC + LLC + SR 95% ↑

C. Protection level: Adopt the new waterproof patent exclusively developed by Pihong to achieve the effect of IP67 waterproof and dustproof, extending the useful life of products.



D. Communication interface: In response to customers' demands, we can provide communication protocols of UART/RS232/RS485/CANBUS to satisfy customers' demand for system integration.

E. Fast charging: Exclusively developed the "smart rapid charging model." With permissible conditions of lithium batteries, chargers may realize constant power charging at the maximum power. Different from traditional constant current/constant voltage methods, it saves approximately 15% to 20% charging time.

F. Small design: Provide the best performance design for professional customers. As compared with traditional designs, the volume of the 168W machines of the Company and the 252W machines have reduced by approximately 21% and 48.5%, respectively.

G. Touch spark-proof: Chargers of the Company possess touch spark-proof functions, preventing the generation of sparks due to the difference of voltage at the moment of contact of the charger and the battery connector.

Green Research and Development

EV (Electric Vehicle) Product Development

With the rising trend of environmental protection consciousness, electric vehicles have become a development trend for energy saving, and the rise in environment-friendly vehicles has brought along the popularization of charging posts. However, laws and regulations for charging post have become stricter, so the system integration and module automation inside the charging post has become very important. Therefore, Pihong introduced a direct current charging system which is developed and designed with a high degree of system integration and high reliability. Pihong's DC charging post includes: 30kW mobile charger, 30kW wall mount chargers, 60kW and 120kW to 180 kW triple-gun charging post, and 360kW split DC charging post. Together with simplified human-machine operating interface and the charging cable management system, we allow users to easily use Pihong's charging posts, which not only shows the mature EV charging post technology of Pihong Technology, but also demonstrates the design and usability of AC charging post products. Not only meet the international mainstream charging standard but also provide 24-hour monitoring mechanism which makes the charging posts maintain stable charging services. The design is light, easy to install, and also have IP55 water and dust resistance, suitable to be used in various types of environments for efficient use of space.



Pihong Technology introduced a project management model at the design and development stage, using DPFMEA to assist in leading effectiveness analysis and alert response for the designed product. The product design and development to production stages all follow the 5 core tools required by the IATF16949 automobile industry quality management system to conduct leading period quality control for the new product in order to minimize the risk and impact of product malfunction after production. As for products post-production and sales, the design also has the fail alert mechanism. Pihong's charging posts quality is higher than that required by law. They undergo self-component and function tests when turned on and before charging. Before and after component malfunction, the related detected data will reflect in the self-test function. Also, the charging post screen has an alert display. Combined with backend management system, the administrator can remotely operate the prevention measures before malfunction or post malfunction through the backend system.

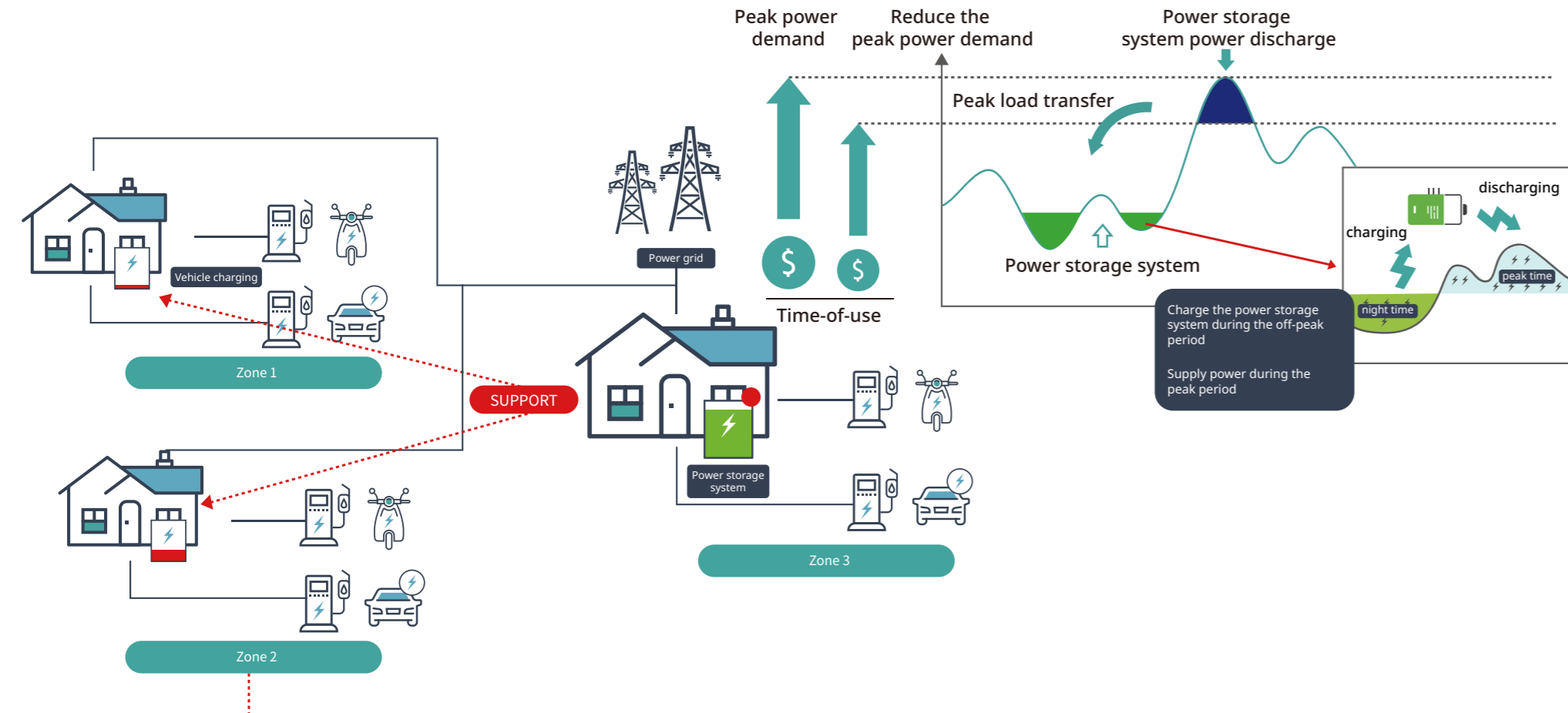
Pihong charging posts are small, light and highly efficient. A new generation of high frequency 30kw power module is used with 94.5% conversion efficiency, 4.5% higher than the current legal requirement. Power under 30kw saves 1,350 W as compared to the legal requirement and thus has less load to the city electricity grid. The following table lists the reduction of environmental impact due to increased efficiency of Pihong's charging post.

Sample Vehicle Model	Charging Frequency (Number of times/day)	Wattage Saved (kWh/year)	Carbon Emission Reduction (kgCO ₂ e/year)	Equivalent to Trees (Number of trees)
BMW i3 (42.2 kWh)	3	2,084.3	3,099.4	283
Tesla Model 3 (75 kWh)	2	2,463.75	3,663.6	335
Porsche Taycan (93.4 kWh)	1	1,534.1	2,281.2	208

Green Research and Development

Energy Management Solution

In response to the global energy crisis, effective preservation, utilization, and management of energy have become the required social responsibility for corporations. As such, Phihong will invest in the design and R&D of the energy management solution. The solution is based on the integration of Phihong's high-performance AC/DC charging post, green energy, and energy storage system, and further combining green energy, which targets the further combination with the smart microgrid, so as to effectively utilize and manage energy. By doing so, it not only provides stable power use, but also balances the supply and demand of power to reduce the impact on the power grid.



Green Research and Development

For the business promotion of EV charging equipment, Phihong Technology had multiple cases and testing verification delayed under the effects of the global outbreak in 2020. However, we still actively participate in RFI and RFQ of customers worldwide. Upon the slowdown of the outbreak, and after multiple online meetings for making exchanges, we expect to start acquiring cases one after another in 2021. In Taiwan, as we are not significantly affected by the outbreak, and the government and vehicle companies also proactively promote the EV industry, we successfully established a cooperating relationship with European vehicle companies regarding the ultra-speed chargers. Furthermore, we participated in the electric bus project of the government's localization requirements. With the actual performance of such projects, overseas customers can understand Phihong Technology's R&D technologies and production capacities. In the future, we will promote charging solutions with a higher rate of work according to demands of different customers and markets.

Europe

Collaborate with local well-known charging station operators. In UK, we constructed a smart DC 150kW and AC 80kW high-efficiency electric bus fast charging station. The charging station may intelligently allocate the power in the power storage system and the regional power grid according to the on-site power usage to offer the most favorable charging power, allowing the bus charging station in London to utilize limited power for charging at the best efficiency. However, this will not cause effects to the power supply system. According to the power use demand of different buses, we provide charging equipment most suitable for its operating demand.



The United States

We carry out product development and testing with vehicle companies, large-scale branded companies, and charging station operators. Meanwhile, through such cooperation, we have the opportunities to carry out discussion on trends for product specification required in the future with vehicle companies to understand the mainstream products in the future market, so as to reinforce the competitive strength of our new generation products in the market. We estimate that production and delivery will begin in 2020-2021.



Green Research and Development

Taiwan

We continue providing charging equipment to the majority of the electric bus suppliers that comply with their demands and using environment, and our end customers are across Taiwan. Meanwhile, we cooperate with customers to jointly carry out software and hardware development and production of high-power charging equipment that comply with the localization requirements of the government through the exhibition of the environment project for localized electric buses. By doing so, we can assist the government in promoting green energy public transportation localization policies. At the same time, we will form a national team with the electric bus manufacturers to jointly strive for the overseas market share. In addition, in the general EV market, we also acquired the cooperation opportunity with Audi (Taiwan) to establish ultra-speed charging stations across Taiwan. We also cooperated with Noodoe to provide AC charging equipment to Volvo. Furthermore, we expect to provide more charging equipment to EV of other car suppliers for use in 2021 and 2022.



Green Research and Development

Southeast Asia

Under the effect of the outbreak, the market progress remains sluggish. The time of the preliminary meeting for market promotion has been extended as staff was not able to visit. Therefore, after multiple meetings and after the procurement departments of customers across the world have tested the sample machines, we performed the terminal testing verification through Phihong Technology's smart backstage system. Meanwhile, governments across the world have commenced establishing regulatory requirements complying with local markets. It is estimated that the testing requirements of different countries will be completed starting in 2021, and we will also participate in local projects.

China

Complete the product development and testing for Chinese and overseas specifications with multiple vehicle companies to provide charging equipment products complying with the global mainstream UL and CE certification to Chinese vehicle suppliers. Also, we received recognition from our end customers due to the trust in and design of our products. We make direct shipments to Europe according to the customer's designation. Meanwhile, with our success in overseas projects, many Chinese customers do not only use the product price as the only consideration. It is expected that Phihong Technology may exert its abilities in the mid-to-high end product market in the future.



Energy Saving and Carbon Reduction

Phihong Technology realized the green design and promoted such policies and concepts to the entire major production plant. While developing high-performance and high power density battery products, we strengthen our management during the manufacturing procedures by using the monitoring system through regional power and achieve the target of reducing energy consumption, environmental protection, and sustainable development through energy-saving improvements.

Energy Usage and Strength

For energy consumption, the major energy consumed by Phihong in Taiwan is electricity, supplemented by regenerated power (PV at Phihong Tainan plant), which is for self-use and not for sale. The Dongguan plant energy use is mainly electricity and petrochemical energy (diesel) as secondary to ensure backup use in times of abnormal electricity and natural gas supply. The energy and resource consumption statistics of the Dongguan Plant in 2020 showed a relative reduction as compared to 2016 (base year); the overall electricity reduced by 7.2%. In 2020, due to the malfunction of power cables for an entire day, we used a backup fuel generator for power supply, resulting in the increase in the use of diesel by 128.2%, and the use of natural gas was reduced by 45.1% as compared with 2016.

[Energy Resources]

Usage Table

Energy type	2016		2018		2019		2020		2020
	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant	Haiphong plant
Electricity	10,150	111,117	9,185	119,274	9,967	99,765	10,100	103,169	11,915
Diesel	-	136	-	121	-	62	-	310	1,180
Natural gas	-	300	-	116	-	172	-	165	-

Note: conversion coefficients, diesel: 10,200 kcal/kg, natural gas: 9,310 kcal/m³, electricity: 3,600,000 J/kw.h, 1Cal=4.1868J

The type of energy used in production activities by Phihong is simple. First order energy is electricity. Second order energy is compressed air. Which has not been assessed. Considering that energy use is positively correlated to productivity and revenue; therefore, to avoid using the absolute value of annual energy usage comparison, which cannot identify whether an energy saving policy is effective, Phihong Technology adopted energy unit strength in its annual target setting.

Energy strength	Unit	2016	2018	2019	2020	Energy strength 2020 v.s. 2019	2020
		Dongguan plant	Dongguan plant	Dongguan plant	Dongguan plant	Dongguan plant	Haiphong plant
Electricity	KW · H	30,912,623	33,131,750	27,713,443	28,658,063	2.87%	3,309,757
Productivity (quantity)	unit	174,566,552	157,851,908	102,386,209	89,677,743	-12.41%	12,927,932
Energy strength	KW.H/ thousand units	177	209.89	270.68	319.57	17.45%	256.02
Production value NTD	NTD	11,211,825,822	11,850,324,896	9,705,427,541	8,489,523,865	-12.53%	891,365,964
Energy strength	KW.H/10k NTD	27.57	27.96	28.55	33.76	17.60%	37.13

Note: The production base of Phihong Technology locates at Dongguan Plant and, currently ramping up, Haiphong Plant. Phihong Taiwan is the research and development center where there is no production line. Electricity is mostly used for the daily usage, so Phihong Taiwan is not included in the calculation of energy strength.

Energy Saving and Carbon Reduction

In 2020, the overall power usage of Phihong in Taiwan was reduced by approximately 8.4% as compared to 2016. The power usage saved achieved more than 150,000kWh, and the power bill difference reached approximately NTD1.37 million. The energy-saving efficacy was outstanding. In 2019, Phihong Taiwan's overall electricity use reduced by 7% as compared to 2016. In order to achieve slowing down global warming, environment sustainability, and corporate competitiveness, Phihong Taiwan invited the 'energy saving team of Ministry of Economic Affairs' in 2016 to the Linkou headquarters and the Tainan plant to undertake energy saving diagnosis. The team provided energy saving diagnosis and recommendations on the electricals, lighting, air conditioning, and elevators. Phihong completed the improvements based on the experts' recommendations. In 2020, we saved over 33,000kWh of power usage at the Linkou headquarters throughout the year, which was primarily due to the replacement of the 30RT AC water chiller. In addition, through the following substantial energy-saving measures, Phihong communicates with all employees for energy-saving.

30RT AC replacement in 2020
30RT New/old machine energy-saving estimation table

Water chiller (model and specification)	Power usage (kWh/hour)	Daily operating hours	Daily power usage (kWh)	Annual power usage days	Annual power usage (kWh)	Total electricity bills/year (NTD3.3 per kWh)	Reduction %	Investment amount	Recovery period
Old 30RT machine (2003)	Air-cooled (fixed model)	40	960	182.5	175,200	578,160	↓ 40 %	NTD850,000	3.68 years
New 30 RT machine (2020)	Water-cooled (general model)	24	576	105,120	346,896				
Energy-saving amount & expense		16	384	70,080	231,264				

Phihong Taiwan Result of Electricity Saving (Linkou headquarter)

Year	2016	2017	2018	2019	2020	Compared to the 2016 benchmark year	
						Difference	Difference in %
Electricity used (kWh)	1,896,016	1,805,000	1,698,300	1,770,400	1,736,800	↓ - 159,216	↓ - 8.40%
Electricity cost (dollars)	5,976,380	5,660,362	5,553,606	5,737,218	4,607,622	↓ - 1,368,758	↓ - 22.90%

Energy saving design and concrete measures	Content	Plant where executed
1. Review contract capacity	Regularly review reasonable contract capacity (PHT: 600KW/ PHN: 450KW) to reduce the basic electricity expenditure.	Linkou headquarters, Tainan plant
2. Energy saving improvement and renovation of buildings	Exit sign, emergency evacuation sign to be replaced with LED products	
3. Demand loading management and smart electricity management	Demand loading control (PHT) and smart electricity management (PHN) to avoid penalty for over usage.	
4. Adding lighting timer control equipment	Adding timer to garden lighting and pond lighting.	
5. Adding sensor lighting and setting interval lighting	Adding sensor lighting in bathrooms and art gallery corridors; for places of office area walkways that has lower demand, set interval lighting and reduce the number of bulbs.	
6. Air conditioning temperature management and on/off time control	Ice water making machine to be set at 13°C for outgoing water (normally at 10°C). The mainframe will turn off once the set temperature is reached to reduce energy use. Also, implement air conditioning on/off time control.	
7. Adding circulating fan on the ceiling	Adding circulating fans in office area and conference room to enhance the cooling effect for energy saving.	Linkou headquarters
8. Turning off cold water spout of the water fountain machine	Because cold water needs to be boiled and chilled requiring very much electricity and is not beneficial to the body, therefore, turn off the compressor for making cold water to achieve the energy saving result.	
9. Implement daily air conditioning and lighting checks	The security guard implement night-time air conditioning and lighting patrol check every day after office hours and register the unit that has forgotten to turn them off. The general affairs department issues a warning to the unit the next day as a reminder.	
10. Adding automatic heat ventilation function in windows	In the summer, when the inside temperature reaches 30°C, heat is ventilated out for cooling. In the winter, when the outside temperature is lower than 23°C, ventilation is turned on. Air conditioning energy saving can reach 4-5% for the entire year.	
11. Replacing old lights with T5 and LED energy saving lights	All plants' lightings are to be replaced with T5 and LED energy saving lights which reach a ratio of 98%.	Tainan plant
12. New buildings use high-efficiency air conditioner ice water making machine	PHN uses evaporative air conditioning mainframe.	
13. Elevator electricity saving control in the plant area	For PHN cargo elevators, usage registration is implemented. Guest elevators and hall elevators are reduced in number during non-peak hours.	
14. Construct rooftop solar power system	Set up PV system at the top floor of PHN; in 2020, the power generation was approximately 35,000kWh (increased by 7.7% as compared to 2019) for AC and R&D equipment.	

Energy Saving and Carbon Reduction

Greenhouse Gas Release

Phihong Technology realized integrated carbon management. Every year, we track our carbon dioxide emissions through the GHG inventory check, and we comply with the international standards for the GHG inventory check. The self-inventory check results are used as the basis for establishing internal GHG reduction strategies and carbon asset management. Meanwhile, we examine the risks and opportunities of climate change, establish the carbon dioxide reduction plan and target, and plan to include them in the long-term operating strategies. To achieve the above-mentioned targets and duly fulfill our corporate social responsibility, Phihong carried out the GHG inventory check for Dongguan Plant through the operation control act. In 2010, two plants in Dongguan commenced their initial inventory checks through the audit by a certification institution by using LRQA according to the ISO14064-1 standards. Beginning in 2016, the range of checking expanded to all parts of the Dongguan plant (including Dahong plant). Therefore, Phihong Dongguan has set the year 2016 as the greenhouse gas check benchmark year. Phihong Taiwan also began greenhouse gas checking in 2017 and has set the year 2017 as the benchmark year. Phihong planned to introduce the ISO14064-12018 version and carry out the GHG inspection by a certifying institution in 2021. In 2020, the GHG emission of each plant was as follows:

[2020 GHG Emission Table]

Category/ unit	Dongguan plant					Phihong Taiwan					Haiphong plant
	2016 (benchmark year)	2018	2019	2020	Compared to the benchmark year	2017 (benchmark year)	2018	2019	2020	Compared to the benchmark year	2020
Direct emissions (Scope1)/ T-CO ₂ e	1,135	870	581	582	-553	13	13	14	15	2	103
Indirect emissions (Scope2)/ T-CO ₂ e	27,204	28,113	22,851	22,817	-4,387	1,521	1,350	1,513	1,477	-44	2,863
Total emissions/ T-CO ₂ e	28,339	28,983	23,432	23,399	-4,940	1,534	1,363	1,527	1,492	-42	2,966
Number of employees	4,936	5,510	4,056	3,474	-1,462	460	462	476	503	43	573
Emissions strength (T-CO ₂ e/ people)	5.74	5.26	5.78	6.74	17.34 %	3.33	2.95	3.21	2.96	-11.2 %	5.18
Emissions strength (T-CO ₂ e/ million dollars)	2.6	2.45	2.41	2.76	6.01 %	7.4	N/A	N/A	N/A	N/A	3.33

Note 1: Refer to IPCCAR5 for the GWP value; the emission coefficient of the Dongguan Plant (0.8042CO₂ekg/KW.H) is from the Ministry of Ecology and Environment of the People's Public of China; the emission coefficient of the Haiphong Plant (0.8649CO₂ekg/KW.H) is from the Vietnamese Bureau of Environmental Protection; the emission coefficient of Phihong (Taiwan) (0.533CO₂ekg/KW.H) is from Bureau of Energy, MOEA.
Note 2: Phihong Taiwan is the group headquarters and has no production line, so emissions strength is calculated based on per capita emissions.

Energy Saving and Carbon Reduction

Furthermore, Phihong Technology committed to participate in the initiative of SBTi through CDP in the 1st quarter of 2020, and we estimate reaching the carbon dioxide target by the end of 2021 in the hope of making contributions to environmental protection and inhibiting global warming through more immediate actions.



Energy Saving and Carbon Reduction

Water Resources Control

The water resources of Pihong Technology's plants are primarily from tap water, and the consumption is primarily the domestic water for employees. In particular, Dongguan Plant and Haiphong Plant are electronic assembly plants. The production procedures use no water resource and generate no sewage. Therefore, the effluent of such plants is domestic water. Currently, Pihong uses no recycled water, and the water resource management for all plants primarily promotes the saving of tap water. The execution strategy focuses on the improvement of water-use equipment (i.e., adding water-saving valves in bathrooms and introducing water-saving taps for measures of saving domestic water).

As for the processing of effluents, water discharge for operations and plants comply with the emission standards stated by local governments. Furthermore, production plants are in industrial parks, and regular inspections for the quality of effluents are performed to ensure that we comply with the emission standards of the sewage processing system of the local industrial parks. In 2020, Pihong had no circumstance of violating any sewage emissions standard or punishment. In 2020, the quantity of water intake of Pihong reduced by 16% from 2016 in Taiwan. The quantity of water intake of Dongguan Plant reduced by 43% from 2016.

Water Resource Consumption Table

Energy type (unit)	2016		2017		2018		2019		2020		
	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Haiphong plant
Quantity of water intake (million liters)	14.488	702.344	11.326	632.949	12.741	622.799	14.177	556.983	12.194	396.925	13.121
Number of employees	464	4,936	459	5,342	462	5,510	476	4,056	503	3,474	573
Intensity of water intake (million liters/person)	0.031	0.142	0.024	0.111	0.028	0.113	0.03	0.137	0.024	0.114	0.023
*Water emission (million liters)	13.039	632.11	10.193	535.404	11.467	560.519	12.759	501.285	10.975	357.233	10.497

Note: The water emission coefficient is 0.9 times the quantity of water intake (based on the evaluation coefficient in the environmental effect evaluation report reviewed by the State Environmental Protection Administration of China). In Taiwan, Pihong also uses 0.9 times the quantity of water intake as the coefficient for the water emission. The water emission coefficient for the Haiphong Plant is 0.8 times the quantity of water intake (according to the waste emission charging standards of the local city government).



Energy Saving and Carbon Reduction

Waste Management

Adhering to the ethical concept of the corporation, we included waste processing into management to avoid pollution of the environment due to wastes, so as to effectively minimize the quantity of waste and prevent the impacts on the environment. Besides duly complying with environmental protection and customers' environmental protection requirements, we also communicate with relevant staff regarding necessary requirements of wastewater (sewage), waste gas, wastes, noise, chemicals, restricted substances, and toxic substances. We have passed the ISO13001 certification and regularly reviewed and disclosed the environmental performance achievements. In 2018, we also completed ISO14001 (2015 version) certification.

We primarily carry out our waste management through waste reduction and carbon dioxide reduction, and pollution prevention, and we strictly adhere to regulations related to the environment where we operate, and comprehensively execute our waste management system. Furthermore, we actively reduce the generation of waste through methods of leftover acquisition and recycling, reuse, and paid cleaning. Wastes generated during Pihong's course of operations include "domestic waste" and "business waste," and we engage legal suppliers for proper handling according to regulations where our operations locate.

In addition, we also promote the concept of 'resources recycling and reduction' from the inside out to implement reduction fully by every employee. In 2020, there was no major leaking incidence nor major infraction of environmental laws, punishment or fines for Pihong Technology.

[Wastes Category Statistics Table]

Type of wastes (Tons)	2017		2018		2019		2020		
	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Haiphong plant
Life wastes (Tons)	26.21	2,190	28.40	2,278	23.03	1,051.20	25.6	1,861	87.63
Business wastes (Tons)	1.47	1,253.25	1.05	1,289.64	1.031	1,075.04	4.70	1,067.71	112.48
Toxic wastes (Tons)	-	233.14	-	234.59	-	158.39	-	232.206	16.23
Total weight (Tons)	28.94	3,676.39	29.451	3,802.23	24.06	2,284.64	30.30	3,161.05	216.33

Note: The processing method of wastes is as follows: 1. domestic wastes are incinerated or buried in the dump; 2. business wastes are regenerated for use or disposed of otherwise according to categories; 3. hazardous wastes shall go through hazard-free treatment according to requirements of regulations.

Environmental Protection Investments

Considering increasing corporate environmental cost, establishing statistics on environmental revenue and expenditure can be an effective company management tool. In response to the environmental accounting principles, the statistics of environmental economics is based on the amount of reduced energy, water use or production of wastes to calculate the cost that can be saved in addition to the benefits of waste recycling. What is presented in the report herein in regard to environmental benefits include actual cash income, benefits from waste recycling, and other cost saved due to executing environmental protection project. The environmental protection balance sheet of Phihong Taiwan and Dongguan plant are as in the following table:

The direct cost of reducing the environmental burden			
Environmental protection cost categories	Description	2020 expenses (NTD)	
		Phihong Taiwan	Dongguan plant
Pollution prevention cost	Prevention costs of air pollution prevention, water pollution and other pollutions	438,582	588,572.35
Cost of saving energy	The cost spent on saving energy (such as water, electricity resources)	970,000	0
Business wastes and normal office waste processing and recycling cost	The cost of processing business wastes (sludge cleaning and transportation, waste solvents, waste water, normal garbage processing)	419,465	662,941.83
The indirect cost of alleviating environmental burden (Environmental protection related management cost)	Environmental protection education expenses	431,408	0
	Environmental management system and certification cost		
	Cost of monitoring environmental burden	28,400	78,641.51
	Environmental protection organization personnel cost		
Other environmental protection related costs	Added cost from procuring environmental protection products	0	0
	Soil remediation and natural environment restoration costs	0	0
	Environmental pollution damage insurance and environmental tax and fees levied by the government	0	0
	Environmental problem settlement, compensation, fines, and litigation fees	0	0
Total		2,287,85	1,330,155.69

Environmental protection benefits statistics table			
Item	Description	Benefits in 2020	
		Phihong Taiwan	Dongguan plant
Business wastes recycling	Such as benefits from recycling of electronics component wastes, waste computers	NTD12,000	RMB2,602,888.37



Customer Service Management
Supply Chain Management

Mutual Prosperity

5

Customer Service Management

Customer satisfaction is one of the main goals of corporate sustainability. Pihong Technology listens to the voice of the customers through various channels and means to understand the issues and demand with which the customers are concerned. On the one hand, it inspires us to seek solutions and grow and march forward; on the other hand, it helps us to establish a close partnership with our customers for a win-win mutual prosperity.

1. The sales unit, depending on the need or customer request, accompanies related personnel to attend meetings with customers (for example, participating in Quarterly Business Review...) in order to understand the evaluation and request on the products and services by the customers.
2. Normal customer service is done through E-Mail, meeting, telephone, actual visits, or inviting customers for a visit for understanding the actual need of the customer and achieving the goal of customer service.
3. Provide related information, samples, or items requested by the customers.
4. Implement customer service as per contract or order.

Customer Satisfaction Survey

Customer satisfaction survey is the important basis to effective continuous products and services improvement. Through comprehensive investigation to obtain customer feedback, we can actively face the customer demand, make improvement and respond the result to the customer in order to create differentiated competitiveness and realize the innovative value of proactive service and optimize internal process and improved and innovative production process in the daily operations.

1. The customer satisfaction is executed in any one or more of the following ways:
 - Undertake a sampling of written or telephone survey on important or new customers each year.
 - Set company's internal customer satisfaction related KPI's (such as customer complaint rate, product return rate, number of recalls, customer productivity disruptions, on-time delivery rate, transportation fee overcharges...etc.)
 - The product quality information on the delivered product (requested by the customer on the company's product quality testing report or related product quality data), customer agent (or user) opinion survey, lost business analysis, customer accolade, customer claims...any way of obtaining customer satisfaction information to understand the feelings of the customers in order to meet the demand of the company's commitment and customer feedback. After the collected data are analyzed, feedback to relevant departments for improvement.
2. The company conducts a written or telephone customer satisfaction survey each year to understand the actual need and feeling of the customers. Each business unit conducts random sampling of the survey issued by Pihong's 'customer satisfaction survey system. The customer is asked to fill the questionnaire in the system which is followed up by the business unit as much as possible.
3. The business unit conducts analysis on the questionnaires collected in the system.
4. The company introduces e-questionnaire on customer satisfaction where varied issues are designed into the questionnaire in order to collect refined, precise information about which the customers care. 14 items including R&D capability, production quality capability, operations and sales response capability, cost and project control, organization operations, and improvement, etc. are the evaluation indices of customer satisfaction that are obtained from the customers and analyzed to improve and enhance service satisfaction.

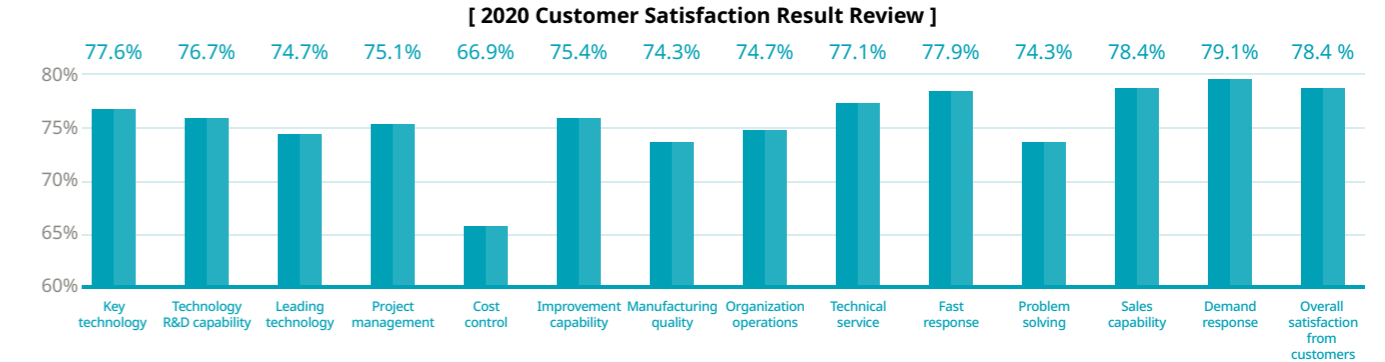
[Customer Service and 14 Satisfaction Evaluation Indices]



Customer Service Management

Result of customer satisfaction survey

In 2020, the customer satisfaction survey questionnaire was 100% (a total of 49 questionnaires was distributed, and a total of 49 valid questionnaires were recovered); the customer satisfaction (overall items) is 78.4% (the 14th assessing indicator); the average customer satisfaction of the group is 75.8%; the average customer satisfaction within the industry is 71.1%, slightly higher than the standards within the industry (items designed in the questionnaire is rated based on Pihong Technology and other companies within the industry concurrently). The survey result indicates very satisfied and satisfied in control of key technology, technology R&D capability, technical service capability, fast response, sales capability, customer demand response capability, customer satisfaction (overall).

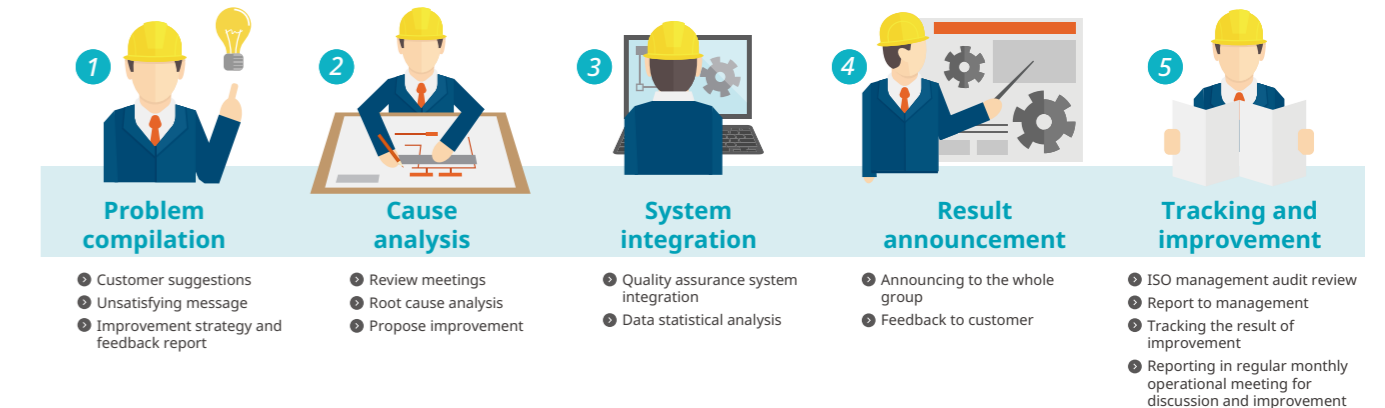


[The Customer Satisfaction Survey Results in the Past 3 Years]

Year	2018	2019		2020	
		Pihong	Competitors	Pihong	Competitors
Questionnaire return rate	97.7%	100%	-	100%	-
Customer Satisfaction (overall)	80.0%	78.7%	75.0%	78.4%	74.3%
Average customer satisfaction rate	75.8%	75.5%	71.3%	75.8%	71.1%

Several questionnaires reflected recommendations to Pihong regarding improvement of delivery terms and cost control; such parts reflect that Pihong is trustworthy in R&D technology and product quality; however, samples delivered to customers for testing shall be able to shorten the release timing of customers' products. In addition, major customers often request significant cost-down, which is the reason causing relatively lower cost control satisfaction; therefore, the Company otherwise sought lower material costs with better quality, targeting customer satisfaction.

[Customer Satisfaction Result Response]



Customer Service Management

Product Liability

Phihong Technology, based on the thinking of product life cycle, inducted environmental impact reduction and protects customer health and safety. Based on the standards of environmentally controlled substances, we choose materials that comply with environmental protection laws to conduct product research and development. Through stringent design process management, besides passing the product quality testing, third-party certifying unit conducts testing and certifying on the legal requirements. The ensuing sales, production, supply chain and even the operations within the life cycle must all comply with the requirement of the law in order to ensure the product expectation and information privacy of the customer while also attending to the health and safety of the users.

Customer Health and Safety Protection

In order to achieve the protection of health and safety of the customers or users, we have corresponding management operations in each stage of the product life cycle. At the design stage, customer request, "environmentally controlled substance control standards" and laws and regulations of each nation, using qualified materials in the ensuing product designs are considered to ensure that our products are HSF green products. At the end of the life cycle, the product meets the recycle ratio that is higher than standard. In the process of product research and development, Phihong adopts conservative design protocol (such as higher than standard distance latitude) to ensure that the product meets the safety standards after going into production. Through meticulous design project management, quality verification and design audit are conducted at every design stage. Third party testing and certification was also acquired before production begins. In 2020, there has not been any health and safety law violation and fines for Phihong Technology.

Product Marketing and Labeling

• Product marketing:

All the marketing and labeling of Phihong's products, promotional items, product catalog, media promotion, or domestic and foreign exhibitions, and official website of Phihong Technology comply with the trademark laws and regulations and related rules and are clearly and correctly marked.

• Product related labeling:

The power supply products of electrical applications must meet relevant national and international safety standards and regulations and acquire certification before selling in the country. In the safety regulations in regard to power supply device, there is clear description and definition for electronic components and testing. Testing is not to cause harm to the human body. Products must be tested especially under abnormal usage conditions in order to prevent the risk of disaster from improper design or use which may lead to the loss of life and property. Based on the need in the country and certification by the customer, the certification application procedure is as follows:

- Deliver application document to the certifying institution.
- The certifying institution accepts the application.
- Provide samples and product information to the certifying institution.
- Review the compliance of samples and information with the regulations, schedule testing.
- The certifying institution notifies for the first factory check (necessary for the first application).
- After passing the testing and factory check, the certifying institution issues certificate, only after which can the applicant use the safety requirement on the product in the country of concern.

"Safety specification standard certification" is the safety certification. Only after passing the testing certification can it be displayed on the product or product label. The frequently seen certification labels are as follows: UL (the United States), CSA (Canada), NOM (Mexico), IRAM (Argentina), CE (European Union), TUV-GS (Europe), BSMI (Taiwan), PSE (Japan), KC (Korea), CCC (China), PSB (Singapore), BIS (India), RCM (Australia), EAC (CU) and SABS (South Africa). In 2020, all production products meet the legal requirements of each nation and have been certified before delivery. Therefore, there has been no incidence of violation and fines.



Customer Service Management

Information Management and Customer Privacy

Because of prevalence and development of computers and internet, the convenience of enjoying information is also accompanied by information security problems. In order to protect the company's competitive advantage, valuable intellectual property and customer information, Phihong Technology has set the "company information processing and customer information protection operating procedure" to regulate the processing principles for the employee, customer, lawfully required, government, shareholders, and the public's information and all operations on the protection of customer information, all of which must adhere to the procedure to conduct information security management. It is not only just implemented in the company operations procedure but also increases the information security awareness in the employees for an environment that covers both service efficiency and information security. The following are the related personnel and operations for implementing customer information protections.

- Headquarter information department: Responsible for the maintenance and update of the company website.
- Each business unit's sales department: Responsible for customer information protection and update maintenance; only the authorized personnel are permitted.
- Headquarter legal department: Responsible for customer procurement (sales) contract and review, signing of non-disclosure agreement and notification and reminding of the expiration thereof and update and maintenance of the contract system.
- Headquarter DCC: Responsible to upload, register, control all the external documents by the customers from various business units to the system, to maintain and update the system.

Furthermore, all new employees must receive "corporate ethics and business code of conduct" training and sign an affidavit plus an "intellectual property and non-disclosure agreement" afterwards so they have the responsibility of confidentiality and information protection. As for the customer's order and other business related confidential information and document, besides that is necessary for the passing and transmission for work purpose, all sales personnel and related personnel who come into contact with customers must strictly abide by the "corporate ethics and business code of conduct" without leaking, disseminating, or transmitting to any party of the same trade, business partner, supplier, and non-related third party. If "non-disclosure agreement" is signed with a customer, the related sales personnel must comply with the "non-disclosure agreement" and bears the responsibility of confidentiality.

The external documents, product technology information (such as product specs, wiring chart, graphs...etc.), software, and intellectual property (including paper format, CD, USB flash drive, and all forms of stored information and document) provided by the customer must be property registered, saved, stored, and updated and executed according to the "technical document control regulations" and "document processing procedure." The protection, management and usage of electronic data in the company are all based on the "electronic information management procedure."

Phihong Technology adheres to stringent, complete protection mechanism to manage the confidential information and privacy of the customers in order to establish the trust and long-term cooperation relationship with the customers, create the win-win situation for both Phihong and the customers. In 2020, there was not any incidence of customer complaint, privacy leak, or loss of customer data.



Supply Chain Management

Phihong Technology values the importance of establishing a sustainable supply chain to regulate procedures of supplier management through relevant systems of "Procedures for Procurement Management." Meanwhile, we required suppliers to execute the "incorruption commitment," "non-disclosure agreement," "environmental protection and social responsibility commitment," and "conflict mine survey chart" to understand and control items of labor rights, environmental protection, ethical regulations, safety, and health risk control, reducing the operating risks and costs of us and the suppliers, to jointly march toward the future with stable and sustainable growth.

Suppliers are important partners in Phihong Technology's operations and sustainable development. In terms of the efficacy indices in supply chain management, besides Quality, Cost, Delivery, and Technology, the commitment and result of corporate social responsibility in labor rights, environmental protection, health and safety, business ethics of the suppliers are also the indices with which we are concerned. Therefore, Phihong Technology work closely with suppliers to promote to the suppliers so they can implement corporate social responsibility in their daily operations for a mutual pursuit of corporate sustainability, growth, and prosperity.

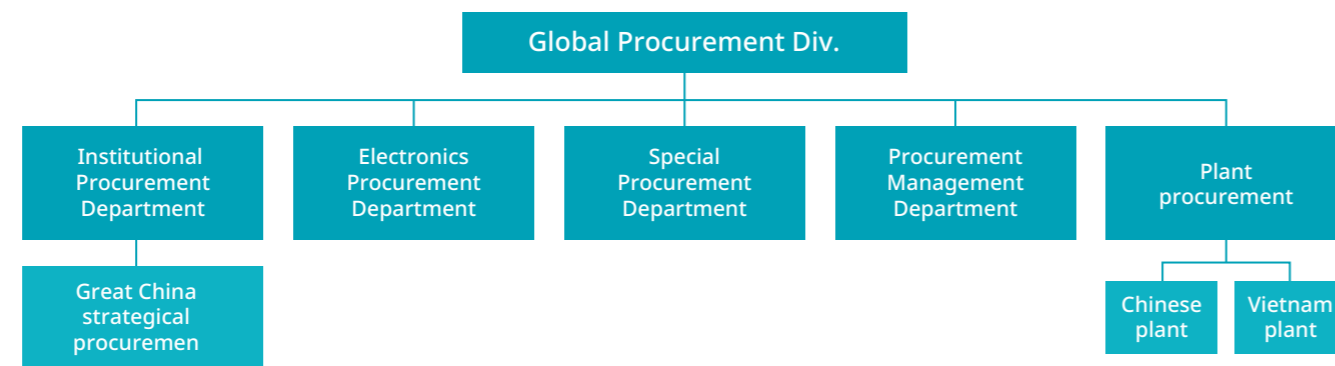
Therefore, when choosing suppliers, we always focus on the mindset of partnership. Except for audits for quality management, design management, supplier management, we also adopt requirements specified in the "responsible business alliance (RBA)" to carry out evaluations for new suppliers. The responsible department examines the management system and level of execution of suppliers regarding governance, environment, and society, so as to ensure the sustainable development status of suppliers, and whether they may be able to commit to the long-term partnership with Phihong Technology. As for the qualified suppliers who continue to deal with us, Phihong Technology conducts irregular supplier audit to ensure that the suppliers can supply normally and meet the comprehensive expectations of partnership. We award outstanding suppliers, counsel those who are falling behind and set time limit for improvement. Those who have major infractions, their qualifications as a supplier may be affected.

Phihong Supply Chain Organization

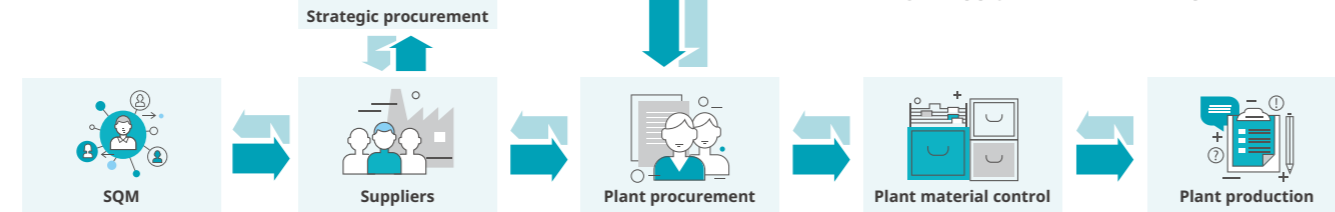
In 2020, the supply chain organization of Phihong hired additional local staff for the global strategy section in response to the constant development of the Haiphong Plant, benefitting the local operations of material sources; the responsibilities on the supply chain are divided into three parts:

1. Global Procurement Div.: Responsible for developing new suppliers, arranging new supplier audit, price negotiations, order distribution, maintenance of supplier relations, supplier collaborations, exchange and induction of new technology and new production process.
2. Plant procurement: Scheduling materials coming in, tracking the materials, handling quality collaboration, payment collection, etc.
3. SQM (supplier quality management): Assist in QSA of the new supplier and QPA of the qualified supplier, counseling, quality improvement of the supplier. Supplier review, supplier quality audit and counseling, etc.

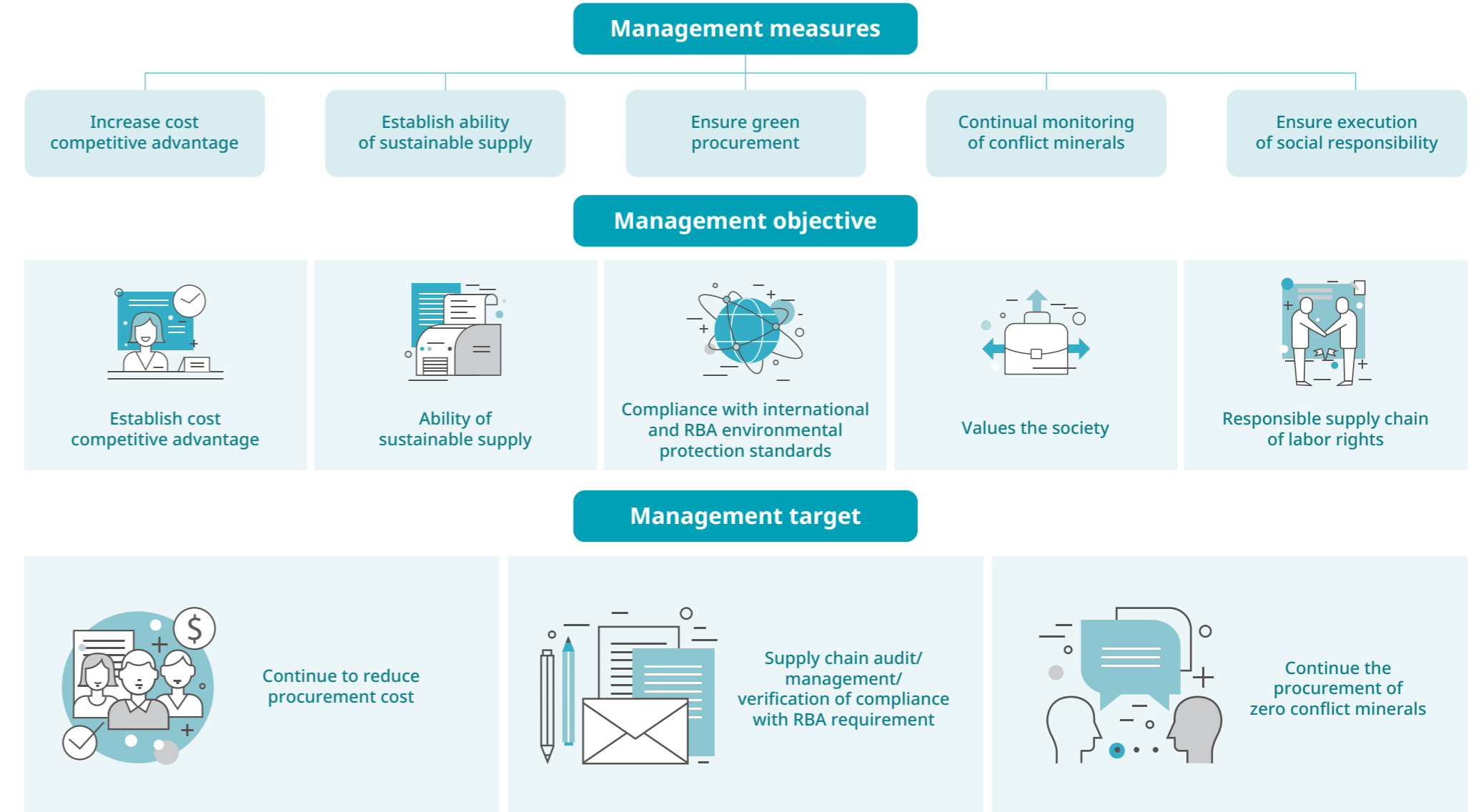
[Phihong Global Procurement Div. Organization Chart]



[Phihong's Supply Chain Sketch Map]



Supply Chain Management



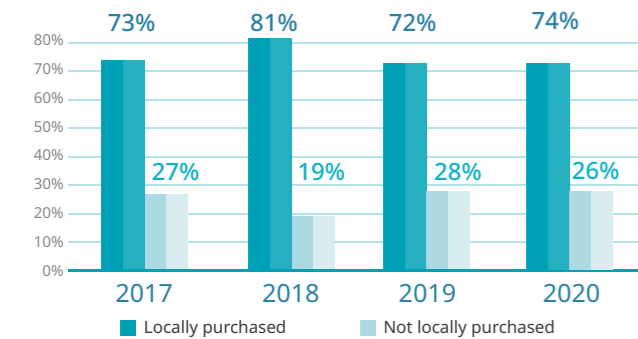
Supply Chain Management

Strategic Procurement

• Procure locally to reduce carbon footprint

Phihong Technology's supply chain mainly covers components, raw materials, machines and equipment, labor providers, contractors...etc., of which components and raw materials make up the majority. To lower the logistic transportation costs for overseas procurement, reduce carbon footprint (reduce GHG emission and greenhouse effect) and risk apportion and foster local suppliers, take care of local labor and support local economies at the same time, Phihong continues selecting suppliers with locations near our production base. In 2020, the local and overseas procurement amount and ratio were set out below; in particular, the local procurement amount accounting for 74%, representing an increase of 2% from 2019. Even though the scope of increase was relatively mild, our strategic targets have not changed in general; we continue to work toward the goal of introducing local materials and parts. New suppliers that we currently expect to introduce, regardless of institutional materials or electronic components, we selected suppliers with plants within two hours of driving range, and we hope to increase the ratio further during the course of continuation.

When components, raw materials still need to be imported from abroad, the plant purchasing personnel will consider the delivery and production time by reducing as many supplier deliveries as possible to reduce the carbon emissions from transportation.



• The Phihong sustainable supply chain proclamation and implementation:

In order to promote Phihong Technology sustainable supply chain operation to all suppliers, we have included "social responsibility policy," "environmental policy," "occupational health and safety policy," "non-conflict metal policy" in the homepage of the supplier electronic bulletin so that all suppliers can see the company's proclamation and determination and know that these conditions are important in the selection of suppliers while also understand the need to follow and implement related policies in their daily operations.



• Material complying with environmental operational demand:

When conducting material certification, the supplier must affix a just third-party testing report and upload the affidavit to Phihong's environmental protection documentation system to ensure the materials provided by the supplier meets the environmental demand in order to prevent environmental pollution resulting in burden to the Earth.

In regard to the new environmental substance control standards, with the change notification of ECHA, Phihong Technology will update in real time the "highly concerned substance list" which will be posted in the download zone of the supplier bulletin for suppliers to search and download. To ensure the real time introduction of the environmental substance control, the supplier's environmental substance information upload system also has clear indication to remind the suppliers that there's an updated "highly concerned substance list" that needs to be followed.

Supply Chain Management

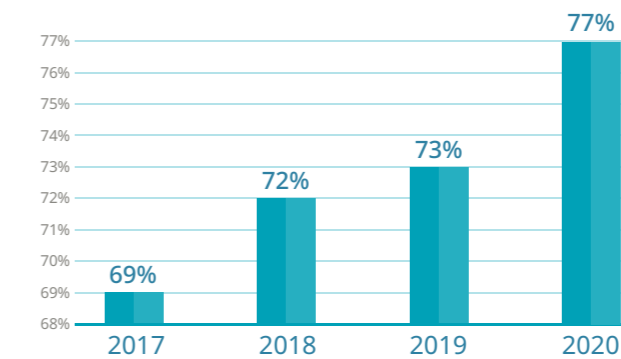
• Supplier convention

To allow new suppliers to familiarize themselves with Phihong's environmental protection data system and allow existing suppliers to have opportunities for recommendations and discussions while using environmental protection data, we regularly hold a supplier convention in each of the first half and second half-year. In 2020, due to the raging outbreak, we only held the supplier convention in the second half of the year upon the slowdown of the outbreak; we took various measures to ensure that our suppliers may be able to make advances with time and achieve sustainability to protect our environment.



• Supplier probity commitment

In order to prevent that during the procurement process that there is inappropriate money giving by the suppliers or the risk of using social expense in exchange for products and services from the suppliers. Phihong Technology has set the "corporate ethics and business code of conduct" to regulate the procurement personnel and suppliers with anti-corruption and anti-bribery policy to avoid the risk. There are 77% of our core suppliers complied with such policies in 2020. In 2020, there was not any confirmed corruption and action taken.



• Continue the procurement of zero conflict minerals

As a member of the global village, Phihong Technology adheres to the "non-conflict metal policy," and the requirements on non-conflict metals of the Responsible Business Alliance (RBA) and Global e-Sustainability Initiative (GeSI) by avoiding conflict metals from Congo and its surrounding countries, implementing zero conflict minerals procurement.

1. Before supplier application, the related information on non-conflict mineral by the suppliers must be provided to ensure that the sources of the conflict metals from the suppliers are from the smelting plants certified by RMI (Responsible Minerals Initiative).
2. After RMI (Responsible Minerals Initiative) has updated the smelting plant list, we will ask the suppliers to confirm on the update.



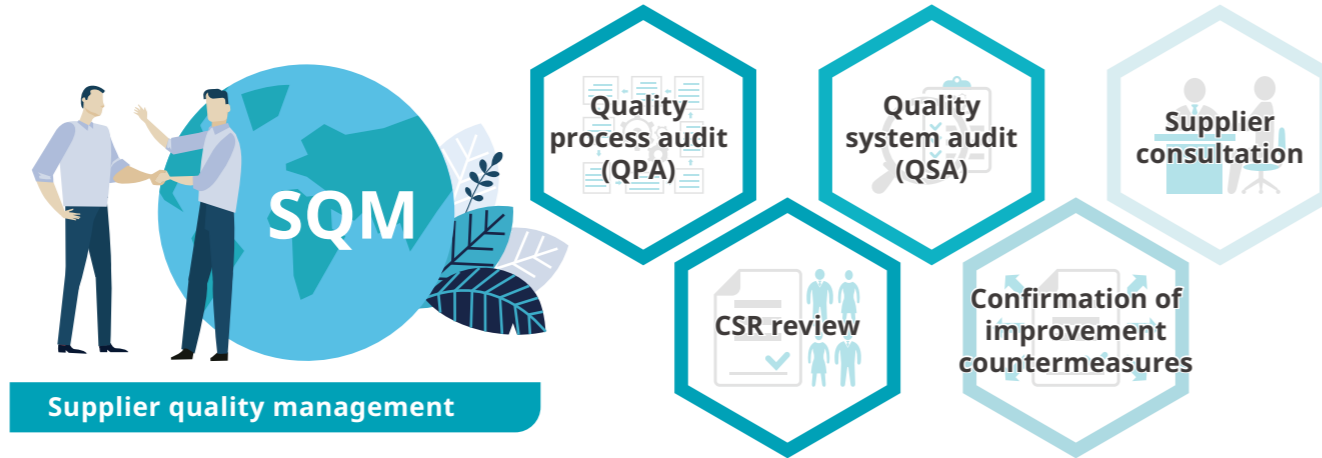
Supply Chain Management

• Supplier quality management

Regarding newly developed suppliers or current qualified suppliers, Phihong Technology's supplier quality management (SQM) will carry out the quality/environmental protection system audit and consultation evaluation from time to time to ensure the product production quality, environmental protection system, corporate and social responsibility practices of suppliers comply with requirements of Phihong. Because the production locations of the suppliers are mostly in China, in order to fortify the local management of the suppliers and reduce any possible loss brought upon by product quality, environmental protection system, and corporate social responsibility. The actual job and power of supplier management is commissioned to the quality Management department in each plant in the hope of achieve swift, on-site, integrated management.

Due to the newly developed suppliers, we require the comprehensive evaluation work. Our SQM will integrate the technical and procurement departments and the environmental safety and health department of plants to execute the quality system audit (QSA) of new suppliers in the manner of supply chain consultation team to ensure that suppliers not only comply with Phihong's requirements for the delivery term, but also comply with requirements of labor rights, environmental protection, health and security related to CSR; therefore, during the audit stage, we require new suppliers to complete the "Supplier's Social Responsibility Audit Checklist" for self-evaluation and review the checklist. After such suppliers have become qualified suppliers, Phihong subsequently uses the Supplier's Social Responsibility Audit Checklist" to carry out our audits by utilizing the timing and opportunity of the quality process audit (QPA) to ensure that our suppliers comply with the requirements.

Supplier Quality Management Department (SQM) Work Content



Supplier quality management

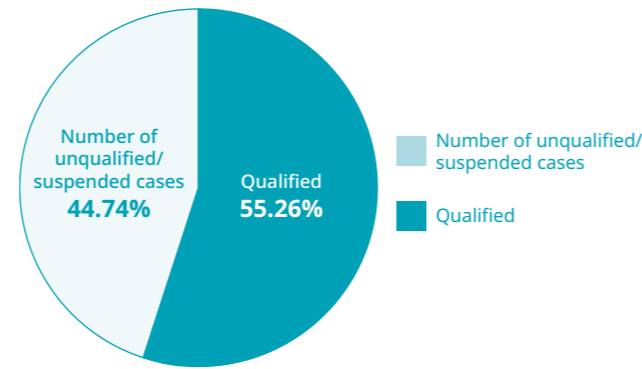
Quality System Audit (QSA) for new suppliers in 2020 (QSA, Quality System Audit)

In 2020, we carried out a total of 38 times of QSA; the audit results are as follows:

QSA Results in 2020	Number of companies	Ratio
Qualified	21	55.26%
Number of unqualified/suspended cases	17	44.74%

Note: Unqualified and suspended cases were not due to corporate and social responsibility issues.

QSA Results in 2020



Supply Chain Management

Quality Process Audit (QPA) in 2020 (QPA, Quality Process Audit)

In 2020, we carried out a total of 49 times of QPA; the audit results are as follows:

Audit Category	Overall Judgment	Total	%
QPA & ROHS	Unqualified	2	4.08%
	Unqualified; required to be re-audited	2	4.08%
	Qualified	38	77.55%
QPA	Qualified	3	6.12%
Annual audit	Qualified	3	6.12%
Supplier consultation	Qualified	1	2.04%
Total		49	100.00%

For the quality/environmental protection system audit consultation evaluation, there were two suppliers determined to be unqualified during the audit (not caused by CSR issues), 45 qualified suppliers, and two unqualified suppliers that require re-audit.

Note: In quality/environmental protection system audit, one company was determined to be unqualified (due to supplier quality problem not labor or environment management problems) but qualified after the second audit.

Environmental Substance Management

In the audit of new suppliers by, meeting environmental standards is a necessary condition. Therefore, 100% of the new suppliers must pass the environmental standard selection. The materials of the suppliers, besides being required to meet the above-mentioned environmental protection standard, for wanting to become part of the Phihong's green supply chain member, they must pass the product environmental substance management mechanism of the cross-department supply chain management on the new suppliers which audits whether the management efficiency meets the requirement of Phihong on product environmental substance management.

Below are the items of environmental substance management audit on the new suppliers:

Procedure and standard:

1. Procedure and standard
2. Control list and project confirmation and method confirmation
3. Traceability
4. Whether extended to the supplier and confirmation on supplier's execution as well
5. Whether the production equipment and control tools are managed as well
6. Document management
7. Division of labor and training of the professional personnel

Before the audit, a supplier shall confirm in advance whether their environment and substance management complies with Phihong's standards. During the audit, the auditing staff shall, based on each item in the audit list, confirm whether the conduct of the supplier regarding its environment and substance management are accurate to avoid product pollution that gives rise to losses and damages to the environment due to improper management

Supply Chain Labor Practices

In the audit of new suppliers by, meeting labor standards is a necessary condition. Therefore, 100% of the new suppliers must pass the labor realization standards. As important as with environmental substance management, the requirement on the supplier's job safety and work environment is necessary as well. Suppliers must corroborate that its job safety management meets Phihong's standards before the audit. During the audit, the auditors must confirm on the verity of the job safety management meeting the standard one by one as on the audit list to avoid violation of labor laws due to insufficient management, or even danger to employees due to bad work environment management which lead to the crisis of goods supply.

The content of the audit is as follows:

1. Compliance with the laws and regulations. Implementation of labor contract
2. Ensuring appeals channel
3. Prohibiting child labor
4. Work place equality
5. On-site management and supervision and guidance system
6. Prevention of conduct unbecoming
7. Job safety equipment completeness and readiness



Human Resources Structure

Wages, Remuneration and Benefits

Equal Human Rights

Occupational Safety and Health

Talents Development

Happy Workplace

6

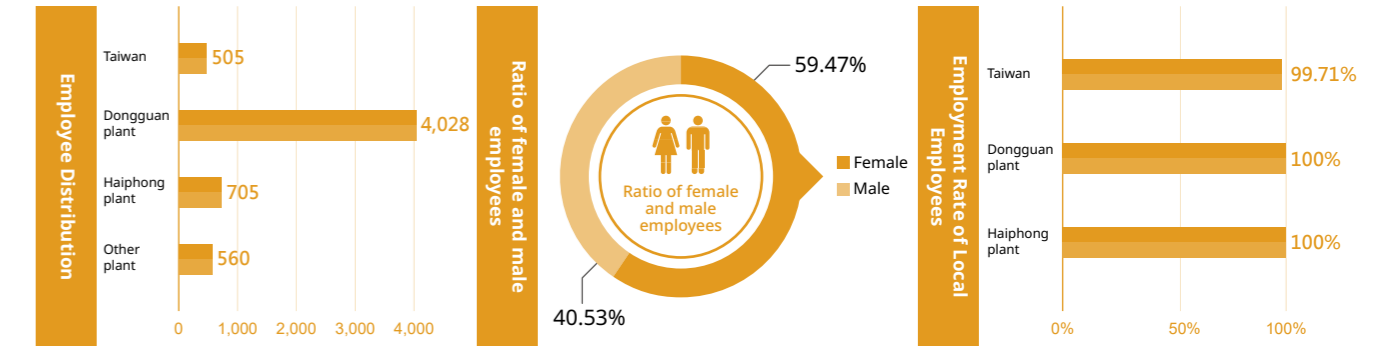
Human Resources Structure

Since our establishment in 1972, Phihong Technology has always been adhering to our core values of “integrity,” “creation,” and “challenge” being our corporate culture, upholding our idea of sustainable operations, seeking to provide premium services to our customers, and aiming toward the goal of obtaining benefits for employees. The significant mission of Phihong’s employees is to “take environmental protection as their responsibility, provide comprehensive power solutions, and allow Phihong to become a premium enterprise that shares joint prosperity with customers, employees, shareholders, and suppliers.” We hope that we can join hands with our employees to implement our core values and take steps forward to realizing our prospects.

Employees are our material partners for realizing our prospect of becoming the top-notch power supplier worldwide and sustainable development. To effectively improve the Company’s overall competition and inspire employees’ creativity, Phihong is committed to building a comfortable, safe, healthy, and friendly work environment to manifest employees’ happiness; we also provide competitive salaries, benefits, and comprehensive educational training, as well as a healthy performance evaluation system to improve work recognition and attract and retain outstanding talents.

Talent Layout of Phihong Group

In 2020, Phihong Technology has an aggregate of 5,798 employees worldwide; the number of total employees increased by 11.35% from the preceding year, and the gender ratio of employees was balanced at the ratio of 6:4. Phihong Technology prioritizes local employees for hiring at all business joints across the globe; our employment rate of local employees in Taiwan is as high as 99.71%, and our Dongguan Plant and Haiphong Plant hire 100% local employees.



[2020 Analysis of Phihong Technology Human Resources Structure]

Category	Team	Male		Female		Category subtotal and ratio	
		Number	Ratio to the team	Number	Ratio to the team	Number	Ratio to all employees
Job	Supervisors	176	74.58%	60	25.42%	236	4.51%
	Other personnel	2,939	58.76%	2,063	41.24%	5,002	95.49%
Work location	Taiwan	296	58.61%	209	41.39%	505	9.64%
	Dongguan plant	2,523	62.64%	1,505	37.36%	4,028	76.90%
	Haiphong plant	296	41.99%	409	58.01%	705	13.46%
Age	Under 30	1,708	67.78%	812	32.22%	2,520	48.11%
	30-40	871	52.82%	778	47.18%	1,649	31.48%
	40-50	439	48.35%	469	51.65%	908	17.33%
	Above 51	97	60.25%	64	39.75%	161	3.07%
Education	Phd	2	100.00%	0	0.00%	2	0.04%
	Masters	80	78.43%	22	21.57%	102	1.95%
	Bachelors	381	55.14%	310	44.86%	691	13.19%
Nationality	Others	2,652	59.69%	1,791	40.31%	4,443	84.82%
	Citizen	3,106	99.71%	2,117	99.90%	5,223	99.71%
Employment category	Foreigner	9	0.29%	6	0.10%	15	0.29%
	Irregular contract	1,618	52.35%	1,473	47.65%	3,091	59.01%
	Contracted	1,497	69.73%	650	30.27%	2,147	40.99%
Gender subtotal		3,115	59.74%	2,123	40.53%	-	-
Other plants				560			
Total				5,798			

Note: 1. The table includes the staff of Phihong in Taiwan, Dongguan Plant, and Haiphong Plant (excluding other subsidiaries)
 Note: 2. The definition of supervisors is positions above the level of section chief.
 Note: 3. The number of current employees as of 31 December 2020.
 Note: 4. Employees of Phihong with termed contracts in Taiwan are part-time workers with hourly payment; there are no dispatched workers. There are no dispatched workers in Dongguan Plant or Haiphong Plant.

Human Resources Structure

Prioritize Hiring Local Superiors

Besides providing abundant work opportunities for locals, Phihong also deems locals as parties for prioritized promotion. In 2020, the ratio of nationals in the management with a level above section chief was as high as 99.1% in Taiwan; furthermore, the management in both Dongguan Plant and Haiphong Plant is 100% local residents, which effectively facilitates the development of the local employment economy and improves the understanding of local demand, and in turn, strengthen the Company's labor capital.

[2018-2020 Gender Ratio of Phihong Taiwan Plant Managers]

Year/ job level	2018					2019					2020				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base level-section managers	36	76.60%	11	23.40%	47	36	72.00%	14	28.00%	50	33	73.33%	12	26.67%	45
Mid-level- manager/ deputy managers	47	73.44%	17	26.56%	64	54	78.26%	15	21.74%	69	59	75.64%	19	24.36%	78
Mid/high level- directors	13	81.25%	3	18.75%	16	15	78.95%	4	21.05%	19	13	76.47%	4	23.53%	17
High level-vice president and above	5	83.33%	1	16.67%	6	6	100%	0	0.00%	6	5	100%	0	0.00%	5
Male/female subtotal/ratio	101	74.94%	32	24.06%	133	111	77.08%	33	22.92%	144	110	75.86%	35	24.14%	145
Ratio to Taiwan employees	20.82%		6.60%		27.14%	22.65%		6.73%		29.39%	21.78%		6.93%		28.71%

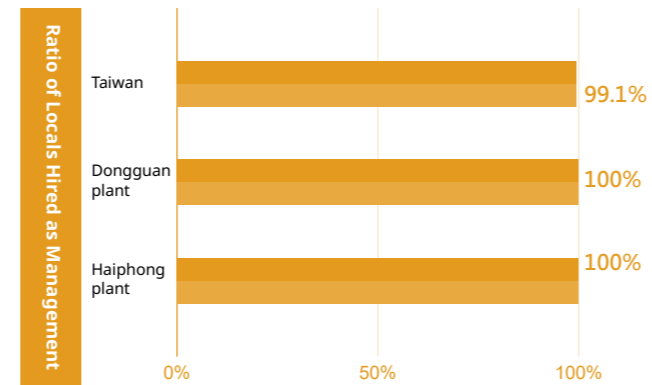
Note 1: gender ratio of each management level = number of managers at each level of each gender/total number of managers at each level of each gender*100%.
Note 2: ratio of Taiwan employees = total number of managers at each level of each gender/total number of employees in Taiwan each year*100%.

[2018-2020 Gender Ratio of Phihong Dongguan Plant Managers]

Year/ job level	2018					2019					2020				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base level-section managers	27	71.05%	11	28.95%	38	26	72.22%	10	27.78%	36	34	69.39%	15	30.61%	49
Mid-level- manager/ deputy managers	14	73.68%	5	26.32%	19	20	71.43%	8	28.57%	28	20	75.00%	10	25.00%	40
Mid/high level- directors	1	100%	0	0%	1	1	100%	0	0%	1	2	100%	0	0%	2
High level-vice president and above	0	0%	0	0%	0	0	0%	0	0%	0	0	0.00%	0	0%	0
Male/female subtotal/ratio	42	72.41%	16	27.59%	58	47	72.31%	18	27.69%	65	66	72.53%	25	27.47%	91
Ratio to Taiwan employees	0.73%		0.28%		1.01%	0.86%		0.33%		1.19%	1.24%		0.47%		1.70%

Note 1: gender ratio of each management level = number of managers at each level of each gender/total number of managers at each level of each gender*100%.
Note 2: ratio of Dongguan plant employees = total number of managers at each level of each gender/total number of employees in Dongguan plant of each year*100%.

[Ratio of Locals Hired as Management of Phihong Group in 2020]



Note: The management is supervisors at a level above the section chief.

[2020 Gender Ratio of Phihong Haiphong Plant Managers]

Year/ job level	2020				
	Male	Ratio	Female	Ratio	Total
Base level-section managers	1	100%	0	0.00%	1
Mid-level- manager/deputy managers	0	0%	0	0.00%	0
Mid/high level- directors	28	84.85%	5	15.15%	33
High level-vice president and above	0	0%	0	0.00%	0
Male/female subtotal/ratio	29	85.29%	5	14.71%	34
Ratio to Haiphong employees	4.11%		0.71%		4.82%

Note 1: gender ratio of each management level = number of managers at each level of each gender/ total number of managers at each level of each gender*100%.
Note 2: ratio of Haiphong employees = total number of managers at each level of each gender/ total number of employees in Haiphong each year*100%.

Equal Human Rights

Human Rights Protection, Discrimination prohibited

Phihong Technology prohibits any behavior infringing and violating human rights. To realize human rights protection, Phihong recognizes and complies with laws and regulations related to local human rights protection of all plants and is an advocate of relevant regulations of the "United Nations Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," "RBA," and the "International Labor Organization"; by doing so, we improve the human right awareness of employees and stakeholders. Phihong respects the differences of individuals from all countries around the world and treats all employees with dignity without any differences due to race, gender, age, religion, nationality, or political stance. The employment policy of Phihong Technology is based on our corporate requirements, and we consider work experiences, potentials, and achievements by adopting recruitment selection; facing the recruitment, audition, employment, distribution, allocation, evaluation, or promotion, there is no discrimination or differential treatment due to race, level, language, thinking, religion, party, native place, birthplace, gender, sexuality, age, marriage, appearance, feature, or disability.

No Child Labor · No Indigenous People Discrimination

Plant	Taiwan	Dongguan plant	Haiphong plant
Child labor	No employment	No employment	No employment
Indigenous peoples	No discrimination involved	No discrimination involved	No discrimination involved

Phihong Technology complies with the Labor Standard Act, ILO, and labor regulations of countries of production. We prohibit hiring those who have not reached the legal employment age, and we confirm identities and ages upon recruitment. When reporting to work, we immediately carry out ID inspections. In 2020, there is no event of child labor occurred. All employees of Phihong Technology have entered into written labor contracts according to the law; such contracts explicitly set out that the employment relations are established under the precondition of both parties' consent, and such contracts are regularly

examined for control. In 2020, we have not been involved in any circumstance of forced labor or any claiming case related to human rights filed through a formal system. In addition, there was no punishment due to any violations of regulations, nor review and effect evaluation related to human rights.

No Unequal Treatment, Sexual Harassment, or Workplace Bullying

In our corporate regulations, Phihong Technology has explicitly defined the prohibition of any physical, mental, or verbal abuse, harassment, or aggressive behaviors. Any bullying act of threat, violence, or intimidation is forbidden. Furthermore, we established the "Procedures for the Management of Sexual Harassment Control Measures" regarding events of sexual harassment and violations of sexual equality and set up exclusive report channels to prevent the occurrence of any sexual harassment and protect the equality and dignity of all persons at the workplace of Phihong. In 2020, there is no event of sexual harassment and bullying.

100% Nursery Leave without Pay and Reinstatement

According to the provisions of the "Act of Gender Equality in Employment," Phihong Technology established the "Procedures for the Management of Nursery Leave without Pay." Regardless of gender, employees may propose the application of nursery leave without pay with a maximum period of two years, subject to the requirements before their children reach the age of three. Also, while employees apply for reinstatement upon the expiry of the period of leave without pay, we help to make arrangements for employees to go back to their original departments and have their original positions. In 2020, the number of employees of Phihong in Taiwan who applied for leave without pay increased by one time as compared to 2019, and the reinstatement rate increased to 100%, which proves that Phihong has spare no effect in duly protecting employees' working rights for them to smoothly return to and accommodate to our workplace.

[2018-2020 Phihong Taiwan's Ratio of Application for Parental Leave between the Genders]

Item	Gender	2018	2019	2020
The number of people qualified for applying for parental leave	Male	30	37	28
	Female	57	29	27
	Total	87	66	55
The number of people who actually applied for parental leave	Male	2	0	0
	Female	4	4	7
	Total	6	4	7
Estimated number of people retuning from parental leave for the year (A)	Male	1	0	0
	Female	6	2	4
	Total	7	2	4
Number of people retuning from parental leave for the year (B)	Male	1	0	0
	Female	4	1	4
	Total	5	1	4
Return rate (B/A)	Male	100%	N/A	N/A
	Female	67%	50%	100%
	Total			
Number of people retuning from parental leave from the previous year (C)	Male	2	2	0
	Female	3	4	1
	Total	5	6	1
Number of people retuning from parental leave from the previous year who have continued to work for over a year (D)	Male	0	2	0
	Female	3	4	1
	Total	3	6	1
Retention rate (D/C)	Male	0%	100%	N/A
	Female	100%	100%	100%
	Total			

Note 1: retention rate = Number of people retuning from parental leave from the previous year who have continued to work for over a year/Number of people retuning from parental leave from the previous year.
Note 2: number of people who actually applied for parental leave: number of people still on parental leave.

Equal Human Rights

Work, Family, and Life Balance

Phihong also complies with regulations under laws and regulations of gender equality, implements the promotion of work-life balance, and provide statutory leaves related to fertility leave, paternity leave, menstruation leave, pandemic control leave, family care leave, and tocolysis; we do our best in assisting employees to reach a balance between their work and family lives.

[Leaves between genders under the Gender Equality Act]

Item	Gender	2018	2019	2020
Maternity leave/ number of people	Female	67	65	80
Paternity leave/ number of people	Male	54	50	46
Physiological leave/ days	Female	140	148	150
Family care leave/ days	Male	47	39	26
	Female	46	19	29

Parent Care · Support Breast Nursing

To care for employees who are mothers, support and encourage breast nursing, we set up nursery rooms that are bright, spacious, safe, and comfortable; special fridges are also in place to ensure the hygiene of breast milk preservation, allowing employees to use with ease. To reduce the burden on employees, we particularly negotiated a contracted discount with a nursery educational institution near the Company to provide more aspects of support to employees, allowing employees to have no worries regarding the nursery and work worry-free.

[Breastfeeding room]



Equal Human Rights

Communication Channel · Report System

Phihong Technology values the most the flexible management and flattened organization. To establish a harmonious relationship between the Company and employees, Phihong set up diverse mutual communication channels to understand the opinions of employees. Through regular department meetings, labor-capital conferences, electronic platform, and employees report channels, we built a comprehensive communication platform, allowing rapid and effective communication. The platform may also convey the Company's policies instantly, accurately, and effectively; due to the constant interactions of policy conveyance and opinions proposing, we may further optimize the work environment, improve employees' cohesion, solve employees' appeals, and achieve the results of continuous improvement and mutual benefits of labor and capital, setting the bedrock for favorable employee relations.

In 2020, whether it's various satisfaction survey, opinion collection, through professional and humanized on-line survey design, the colleagues can reflect their opinions immediately and comprehensively, resulting in 98.5% survey return rate which increase the comprehensiveness of the colleague's participation and opinion collection.

1. Board meeting/ management level

- Executives meeting

2. Various levels of supervisors

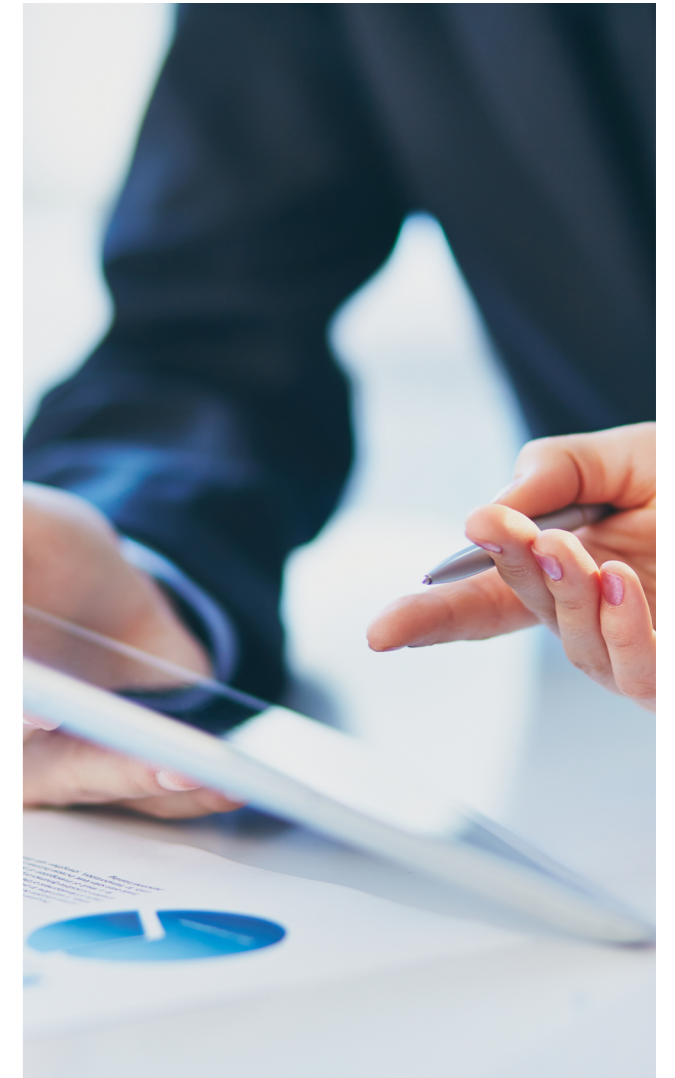
- Internal public announcement
- E-mail
- Departmental cross-level communication
- Employee performance interview

3. Human resources organization

- Electronic bulletin board
- Employee opinion survey
- Regular labor/capital meeting
- Human resources team
- Irregular communication meeting
- Employee benefits meeting
- Other company activities

4. Employee appeal system

- Employee appeal and opinion mailbox



Equal Human Rights

Labor-capital Conference (Phihong Taiwan)

Phihong Technology respects employees' freedom of assembly and association, and commits that employees who participated in the assembly and association will not be discriminated against or labeled to facilitate the harmony of labor-capital relations. To improve the internal communication between labor and management, Phihong Taiwan continues to implement comprehensive labor-capital conference systems according to the specifications under the Regulations for Implementing Labor-Management Meeting. All employees vote to select a total of 12 labor representatives, of which there are seven female representatives. The labor-capital conference is regularly held with representatives of the capital every three months to carry out sufficient communication through manner of report or proposing for discussion regarding well-being and interests of laborers; we build consensus through voluntary consultation between labor and management to bring about the intelligence of all persons to jointly make efforts for the execution of resolutions, creating prospects of mutual benefits for labor and management.



Item/plant	Taiwan	Dongguan plant	Haiphong plant
Ratio of the right of freedom of assembly to collective negotiation (%)	100	100	100
Number of cases in violation of employee assembly and collective negotiation	0	0	0
Labor/capital meeting	At least once every quarter	At least once a year	At least once a year
Employee labor union	None	None	None

In 2020, there was no labor issue submitted through the formal report system; there was a total of 48 cases of opinions proposed by employees regarding the Company, and such cases were fully solved.2020

Source of case	Total Number of Cases	Number of Resolve Cases
Labor/capital meeting	7	7
Satisfaction survey	30	30
Employee suggestions	11	11
Total	48	48

Job Leaving Advance Notice Period

Phihong Taiwan complies with requirements related to the Labor Standard Act. For the separation of any employee, we submit the application within the required notice period, and state and announce the application time and procedures in the employee's code of conduct to protect both parties' rights and obligations. According to requirements of the Labor Standard Act, both labor and management shall comply with the following noticing standards:

1. 10 days advance notice for those who have worked over 3 months and under one year.
2. 20 days advance notice for those who have worked over one year and under 3 years.
3. 30 days advance notice for those who have worked over 3 years.

The Dongguan plant, according to China's labor contract law, signs the labor contract with the employee on the day of reporting to duty and clearly states the advance notice period in the contract and employee manual: employees leaving the job must provide written advance notification 30 days prior to leaving; 3 days advance notice during trial period.

Haiphong Plant enters into the labor contract with an employee upon the date they report to work according to the requirements under labor laws in Vietnam; employees shall notify the employer 45 days in advance for separation, and they shall notify the employer three days in advance within the probation period.

Equal Human Rights

Purpose of Job Satisfaction Survey

1. Proactive care: letting employees have a sense of participation and existence.
2. Expressing good will: making employees feel conspicuously the good will of the company.
3. Bidirectional communication: letting employees understand that the company is happy to listen to them.
4. Immediate handling: letting employees feel the resolution of the company to continue constructing a friendly environment.
5. Increased satisfaction: making employees feel satisfied so they can work with peace and happiness.

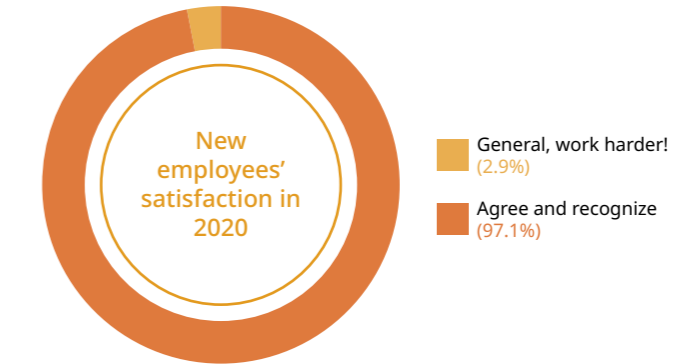
Phihong values all recommendations given to the Company from all employees; through the work satisfaction survey for new employees and all formal employees and the holding of the labor-capital conference each quarter, we collect different opinions of employees; such opinions will be further analyzed and compiled, and conveyed to relevant departments for evaluation, processing, and response truthfully to create a friendly workplace and develop comprehensive benefit planning to allow the Company and employees to constantly grow together. Our HR staff arranges one-on-one caring interviews upon three months after any new employee reports to work to understand the status of their work situation; by doing so, our new employee satisfaction questionnaire in 2020 recorded a 97% positive recognition, allowing Phihong to be well equipped with the confidence to continue recruiting, cultivating, developing, and retaining outstanding talent.

Job Satisfaction Survey for New Employees (Phihong Taiwan)

Phihong Technology has arranged a special counselor at work for each new colleague. In order to increase the feeling of security, belonging, and stability, the counselor can provide appropriate guidance and assistance on the new person's daily life issues and in work. Our HR staff arranges one-on-one caring interviews upon three months after any new employee reports to work to understand their status regarding adapting to work and the work environment; by doing so, our new employee satisfaction questionnaire in 2020 recorded a 97% positive recognition, allowing Phihong to be well equipped with the confidence to continue recruiting, cultivating, developing, and retaining outstanding talent.

Job satisfaction survey for new employees

Subject of survey: the officially hired colleague after the trial period
Question completion rate: 100%
Survey timeframe: January to December, 2020
Number of valid questionnaires: 69



Job satisfaction survey for new employees



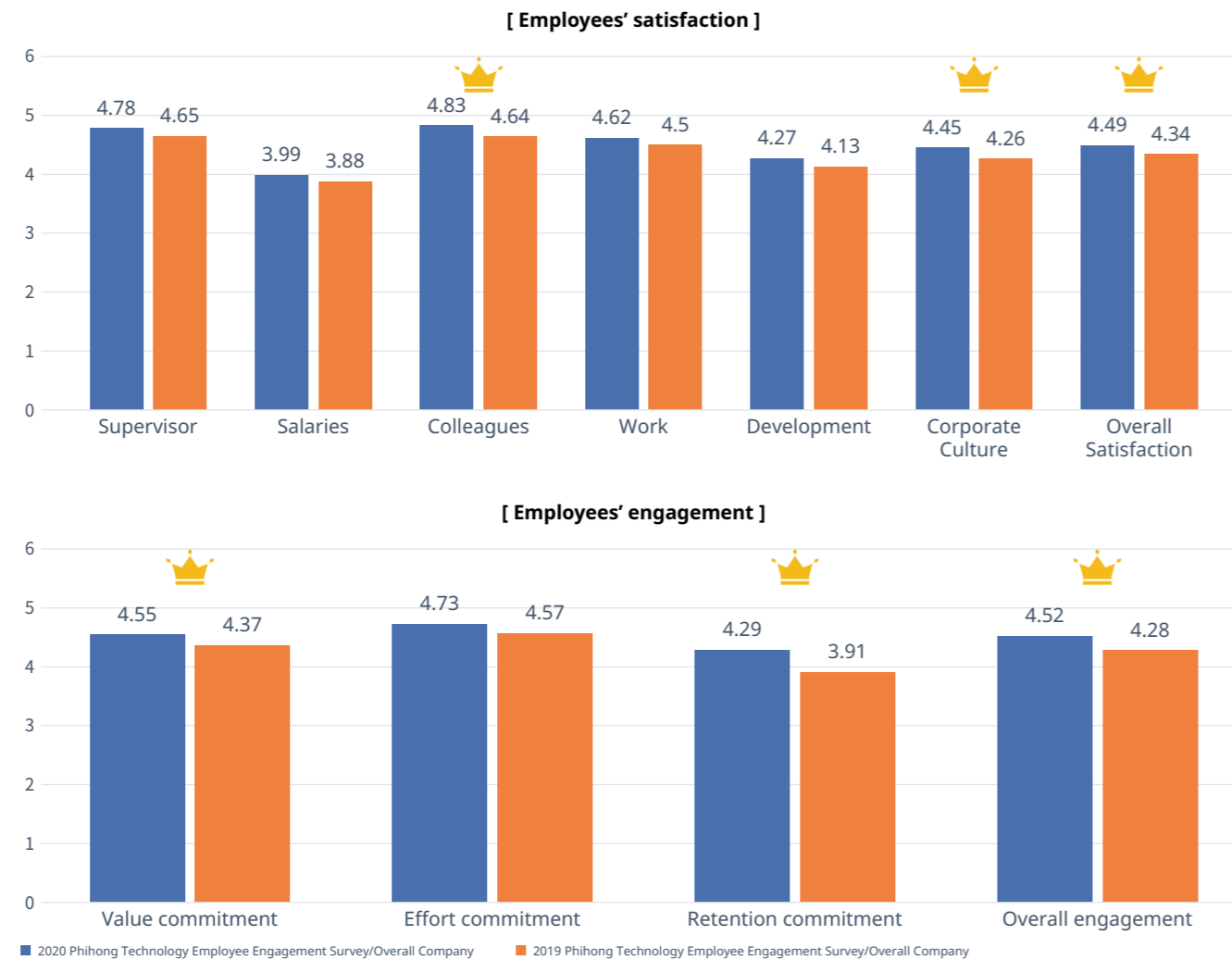
Equal Human Rights

Satisfaction and Engagement Survey of All Employees (Phihong Taiwan)

Phihong regularly carries out the satisfaction and engagement survey for all employees each year; through professional survey platform, in combination with the data analysis, employees' feedback, and recommendations, we gain an in-depth understanding of employees' demands to continue creating a better work environment and employees' satisfaction, improving employees' recognition.

Aspects of the employees' satisfaction survey include supervisors, colleagues, work, salaries, development, corporate culture, and overall satisfaction; the engagement survey focuses on value commitment, effort commitment, retention commitment, and overall engagement. For the survey results in 2020, aspects of satisfaction and engagement improved as compared with 2019; the full mark is 6, and our overall satisfaction was 4.49, and our overall engagement was 4.52; our leading position within the industry increased by 4% and reached 57%. Phihong's partners are satisfied with employees and supervisors, and their effort commitment is relatively high. For items with relatively lower satisfaction, we combine all opinions of our employees and submit proposals to the labor-capital conference for analysis and report; based on the content of discussions of and resolutions made by labor and management representatives, we inform responsible departments and carry out subsequent understanding of action plans, progress tracking, and troubleshooting; Phihong has always been treating and processing employees' relations by adopting a positive angle, and we value the joint benefits brought by mutual communication.

- Subject of survey: all official employees
- Survey timeframe: November, 2020
- Questionnaire completion rate: 97%
- Number of valid questionnaires: 375



Talents Development

"An enterprise is founded and ended by persons." Employees are the key to maintaining our core competitive strength; Phihong Technology value all employees and view employees as our partners of sustainable growth. For an enterprise, the quality of employees not only reflects on the current operating performance, but also serves as the crucial affecting factor for employees' future growth and development; therefore, we believe that educational training may ensure the continual value increment of our labor capital.

Hire Appropriate Talents and Select with Due Care

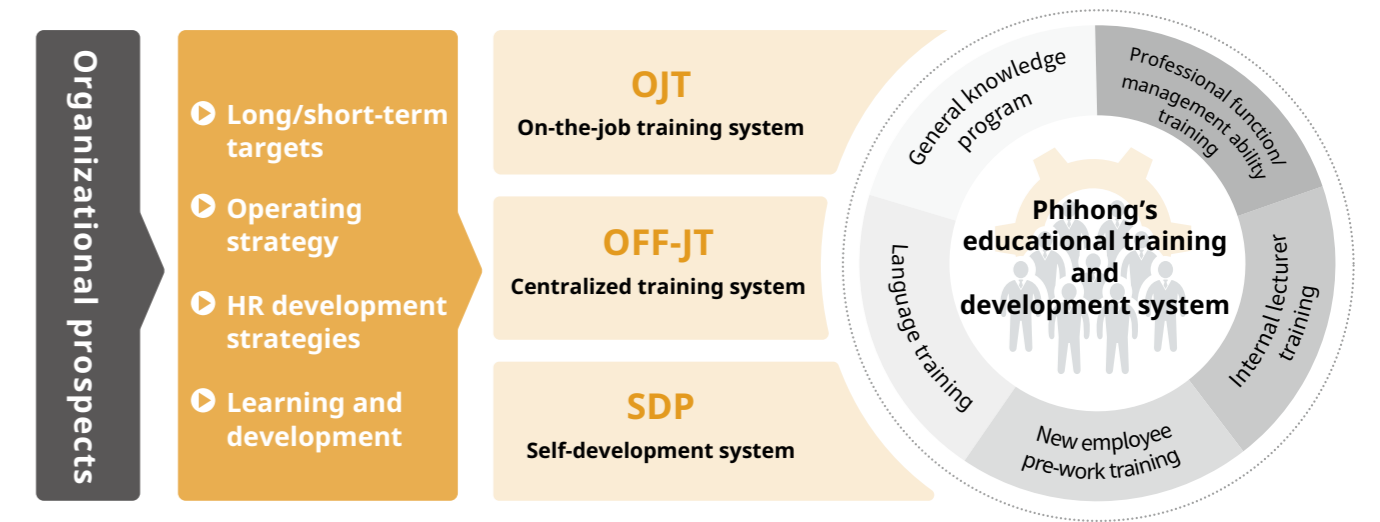
Phihong Technology adheres to the concept of "Hire Appropriate Talents and Select with Due Care"! To allow Phihong Technology to sustainably develop and grow and connect to the international trend of operating planning, we seek appropriate talent through fair, just, and open channels through online job banks, campus recruiting, employment expo, industry-academic cooperation, headhunter companies, and internal recruitment; we actively utilize diverse recruitment channels to allow outstanding talent to constantly join us, improve the overall expertise of employees, and in turn, benefit the development the Company. We also sponsor substitute services, cooperate with the Taoyuan City Government's employment services department on the -Young People's Secure Employment Project, opening up job opportunities to the young people and local labors, providing some effort for market and social stability as a give-back to society. Also, the emphasis of recruitment is on big data talents and foreign local talents hiring to promote the development of the labor market so they can work with the Phihong team in the pursuit of excellence and superb technological life.

Phihong Human Resources Policy

- Respect for professional managers
- Reasonable salary and benefits
- Talent cultivation inside and outside the plant
- Heading toward the right job for the right character
- Humanized flexible management

Phihong not only builds a safe and healthy work environment, but commits to providing room for learning and growth for employees. Under the development of the Company's overall strategies, together with the corresponding organizational structure and prospects, we have developed a comprehensive educational training and development system; we have also adopted a PDDRO circulating process as a foundation to ensure the trustworthiness and accuracy of our training process.

Phihong's educational training and development system



Talents Development

To cultivate employees' abilities in facing the intense challenges of global technologies and grasping the development of industries, Phihong plans for employees' educational training through systematic manners. Except for arranging professional technology and department programs, we satisfy various different requirements with more diverse training systems; we also strengthen and improve the training development quality through the fully subsidized external training program and online programs and other internal and external learning resources, together with external training related to functions, allowing employees to have the platform for self-learning, growth, and development. Apart from improving the work functions of employees, such training systems may also help employees in extending their employment capacities and career planning upon retirement or the termination of the employment relations.

[2020 Employee Training Hours Statistics]

Level/ location	Phihong Taiwan						Overseas Joint Plant (Dongguan & Haiphong)					
	Number of employees		Cumulative yearly hours		Average		Number of employees		Cumulative yearly hours		Average	
Total	505		17,905		35.5		14,211		459,187.6		32.3	
Average hours per person	35.5						32.3					
Training data for both males and females	Male			Female			Male			Female		
	Hours	Number	Average	Hours	Number	Average	Hours	Number	Average	Hours	Number	Average
Average employees	8,346.7	186	44.9	6,144.6	174	35.3	320,811	9,781	32.8	134,652.1	4,318	31.2
Basic level supervisors	913.7	33	27.7	373.9	12	31.2	1,220.5	30	40.7	658.5	15	43.9
Mid-level supervisors	1,365.5	59	23.1	417.5	19	22	1,267	46	27.5	431	15	28.7
Middle/high level supervisors	215.8	13	16.6	40.8	4	10.2	143	3	47.7	1.5	1	1.5
High level supervisors	86.4	5	17.3	0	0	0	3	2	1.5	0	0	0

Note 1: The number of accumulated hours annually include internal/external training, new recruit training, and e-Learning in the Taiwan region and internal/external training and new recruit training in the Mainland region.

Note 2: The number of employees is calculated based on the number of employees on-the-job in December 2020 in the Taiwan region, and calculated based on the number of employees on-the-job in the Mainland and Vietnam regions.

Note 3: Male or female employees of Phihong's plants may participate in the relevant external training program. The average working hours of general male employees of Phihong Taiwan being significantly higher than that of female employees is because that the R&D engineering staff is mostly male, and there are weekly fixed relevant internal R&D seminars; therefore, the number of working hours for males is higher than females. As for male and female employees in Dongguan and Haiphong plants, the number of average working hours is approximately 31 to 33 hours, fundamentally balanced.



Talents Development

Phihong's Training and Comprehensive Learning

Employee cultivation is the source of corporate competitiveness. Phihong provides various resources for learning and development, allowing employees to further improve their expertise according to the organizational requirements and manifesting the organizational atmosphere for learning. Except for satisfying the requirements of employees for self-improvement, we may carry out training adjustments and arrangements based on the requirements of organizational development or levels, formulating the favorable development of the learning environment to respond to the ever-changing external environment, overseas shifts of industries, and the international competition with increasing intensity. By doing so, we allow employees to receive appropriate training in multiple ways.

Our purpose is to assist employees in transforming from the "potential," to the "talent," and to the "fortune" through educational training, triggering the autonomous learning spirits of employees, and hoping that our enterprise and individuals may continue making progress. We hope to grasp core values, maintain competitive strength, trigger the maximum capacities of all individuals, and achieve the target and strategies corporate organizations.

- New employee training conveys the corporate culture
- Senior management training strengthens management skills
- Professional function program improves work efficiency
- General program for health and mental aspects
- Language training reinforces workplace competitive strength

Benefit Spillover and Continual Education

Talent training subsidy program - Power BI Big Data analysis practice class faced the most severe outbreak in 2020; Phihong transfers its training focus to highlighted programs with high practicability. To help employees flexibly use data and carry out data analysis, we extended the "data and business analysis" series programs in 2019 to allow relevant employee to continue taking the data analysis program, and flexibly use tools to create performances for the organization.

Through the benefit spillover for learning of outstanding seed students cultivated in 2019, Phihong opened the second round of "Excel Power BI Big Data Excavation and Disassembly Analysis" program in 2020; the training hour was 296 hours in aggregate, and we recorded outstanding results, and such practices truly show benefits of sharing and joint benefits. In 2020, we also applied to the Industrial Bureau for the "Talent Training and Subsidy Program for the Upgrade and Transition of Industries Affected by COVID-19"; our application was approved and we obtained 20 seats for free participation in the "Power BI Big Data Analysis Application Practice Class" for a term of four days with 640 hours of training in total.

With internal and external effects, Phihong spread the learning benefits through the training course to help more employees to convert complicated numbers into the predictable analytical statements in the future, and in turn, transform advanced statements into easily understandable data charts. We transform "data" into "information" to help employees in improving the use of their work functions and create a better performance for the Company!



Talents Development

Learning Diversity for New Height of Per Capita

To allow employees to have more diverse learning tools and learning flexibility, Phihong Taiwan otherwise has a systematic learning platform in place for training development; our comprehensive e-learning platform not only provides a learning module that is available for use, shortening the learning cycle for exploration, but also allows employees to flexibly arrange their learning progress based on their individual time schedule and to browse through the knowledge base at any time; our abundant internal and external resources of diversity may assist in employees' autonomous learning to continue advancing their work functions.

2020 is a year for pandemic control due to the effects of the global outbreak. To minimize the risk of clusters, Phihong has been actively promoting digital learning programs; we converted partial annual training programs into digital programs for employees to learn online. In 2020, the digital learning per capita exceeded our annual target by 156%. With the arrival of the 5G era, digital technology has become a useful tool to help to learn; we aim to make good use of the power of technology to achieve the effect of uninterrupted learning in the hope of building solid digital learning channels in the future, expand the abilities of digital teaching, and leading employees to welcome teaching and learning through new technologies.



Learning Support · Language Training

Phihong targets international development, and our customers primarily use English and Japanese. We have long been encouraging employees to improve their foreign language proficiency. Each year, we invite professional language training institutions to visit the Company for language learning class recruitment. Due to the outbreak, we primarily promote digital learning this year, coupled with the provision of tuitions for registering for the language training and subsidies for foreign language proficiency tests. In addition, based on work functions, we stipulate different standards for the language proficiency test; we report those who passed such standards of tests for administrative incentives according to the results to encourage employees in constantly improving and advancing their language proficiency, reinforcing their competitive strength in the workplace, and in turn, expanding their horizons and career development.

* In response to the outbreak, we primarily promote digital language training programs in 2020 to allow online autonomous learning without any time limit, which significantly reduced our training costs.

Item/ Year	2018	2019	2020
Language	English/ Japanese	English/ Japanese	Digital English
Number of participants	64	30	40
Funds invested	\$440,000	\$214,800	\$192,000



Talents Development

Co-reading and Learning to Form Our Culture

To manifest the atmosphere of a learning organization and establish an active learning culture, with the guidance of Phihong's President, we formed the Phihong Book Club in 2020 in the hope of formulating our corporate learning culture through the promotion of the book club. Phihong Book Club breaks through the unilateral message conveyance of traditional book clubs and emphasizes bilateral interactive exchange and the use of a digital learning environment.



Phihong Book Club not only provides a room for conversation between employees but also stimulates diverse thinking, allowing members to learn from, respect, and tolerate each other. The book club not only improves the interpersonal interactions of internal staff to achieve a healthy circulation, but also cultivates employees' abilities to listen and analyze through the course of co-reading, inspiring members' potentials.



In addition, we also established the Phihong Book Club Information Platform to create the knowledge service platform for employees' lifelong learning through the promotion of virtual and physical integration.



Talents Development

Linked to reward and salary

Phihong implements and executes its performance management system at all plants, regularly holds an annual meeting to formulate the business strategic policies and targets, and utilizes the electronic performance management system. Performance targets of employees are set at the beginning of the year; we discuss with their direct supervisors whether the target set complies with the strategic policies and regularly examine and audit the target achieving status in the middle and at the end of the year. Through real-time interactive feedback of employees and supervisors, we provide consultation, encourage supports, and career consultation for employees, objectively and truthfully control their work achievements to assist employees in fulfilling their expectations for themselves.

The audit categories of Phihong Technology are "probation period audit, interim audit, and year-end audit." The regular evaluations on employees' contributions and abilities are used as the important basis for employee cultivation, and career development, which also connects to employees' career planning of promotion and position adjustment, matching employees with appropriate positions based on their talents for continual development. Concurrently, work result and reward and remuneration are linked for reasonable and fair distribution so the colleagues are even more encouraged to work as a team for a good result so that the work result management system can become even more well-rounded and that employee productivity is elevated, corporate competitiveness is increased.

We include performance audit procedures into our daily work management. From the establishment and confirmation of targets, target progress maintenance, and annual performance audit, we carry out key promotions and effective control at the beginning, the middle, and the end of the year in the hope of achieving the purpose and effects of the result audit. However, when the Company has any earnings or profits after the final annual account, the Company distributes year-end bonuses, employee bonuses, or stocks to employees on-the-job for the year, subject to results of employees' performance evaluations, based on bonus distribution regulations stipulated by the Company.

Performance Audit Execution Procedures of Phihong

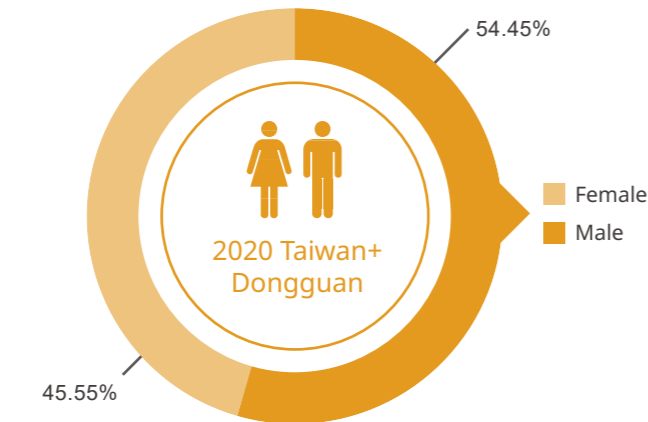
1. Target management:
Set target → Confirm by supervisors
2. Examination and maintenance:
Examine targets → Maintain the progress
3. Annual audit:
Interim audit → Year-end audit

[Number of female and male employee in the 2020 audit]

Gender/location	Male		Female	
	Taiwan	Dongguan	Taiwan	Dongguan
Mid-year audit	264	963	192	846
Yearend audit	369	953	188	823
Total	2,449		2,049	

Note: personnel under 3 months is not included in the annual audit.

[Ratio of female and male employee in the 2020 audit]

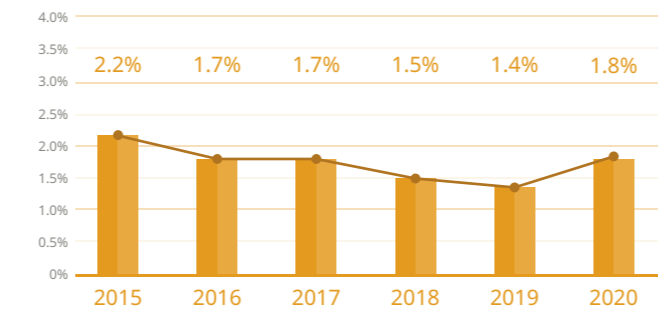


Care for New Employees · Separation Interview

We care for new employees who joined Phihong for work! Except for freshmen training provided by HR and their departments, all new employees have their own tutors; through the assistance of tutors, new employees may be able to accommodate life at the Company in no time and understand the basic requirements of work, including dining method, venue, application for transportation, and relevant employees' benefits. We hope that employees may understand and adapt to the corporate culture of Phihong in no time under the brand-new environment through thoughtful companionship and care of tutors.

Phihong adheres to the responsible attitude of caring employees. When employees submit their separation applications, the HR department will also carry out one-on-one interviews by adopting a caring attitude to understand issues encountered by employees, help them conquer such difficulties, and further coordinate work adjustments; the HR department will proactively and strenuously eliminate the major factors for employees to propose their separation to improve employees' retention rate. In 2020, as the US-China trade war continued and COVID-19 materially affected Phihong's operating status, our average separation rate grew mildly to 1.8%.

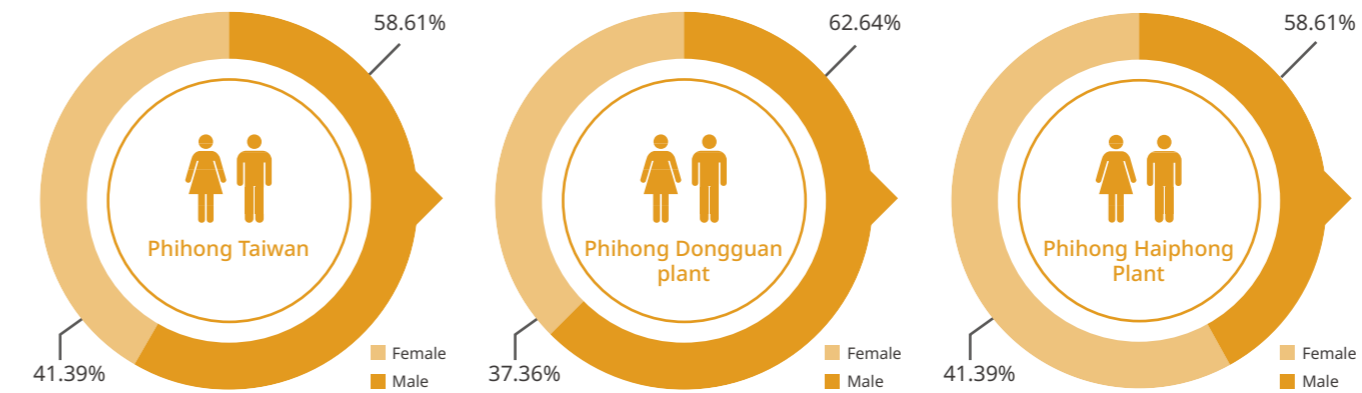
[Average Separation Rate of Phihong Taiwan from 2015 to 2020]



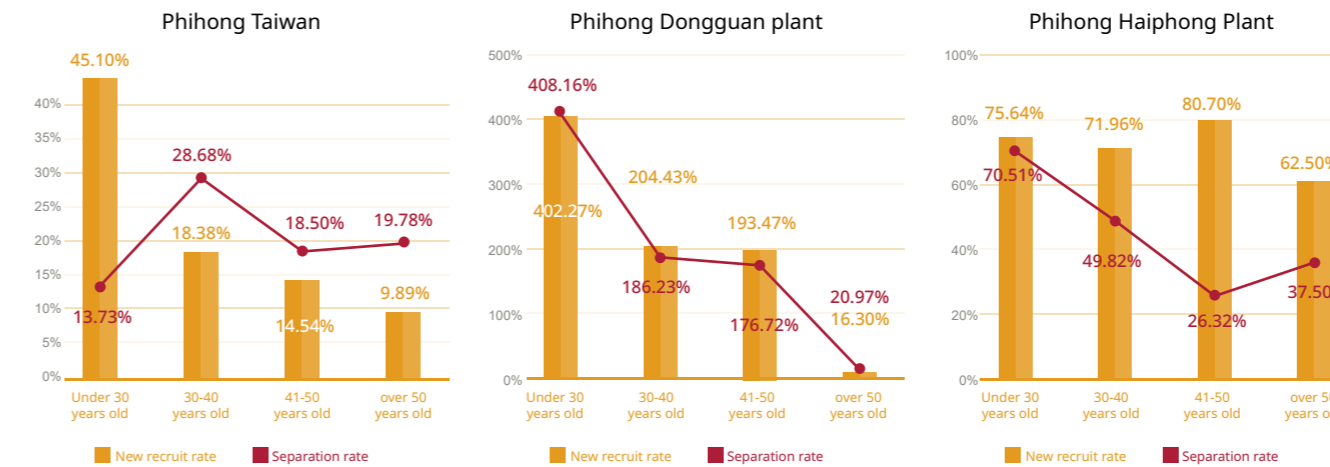
Note: The average separation rate is the average of 12 months of the total number of employees left per month/(number of employees at the beginning of the month + number of employees at the end of the month)/2.

Talents Development

[Gender Ratio of Phihong Technology's Employees in 2020]

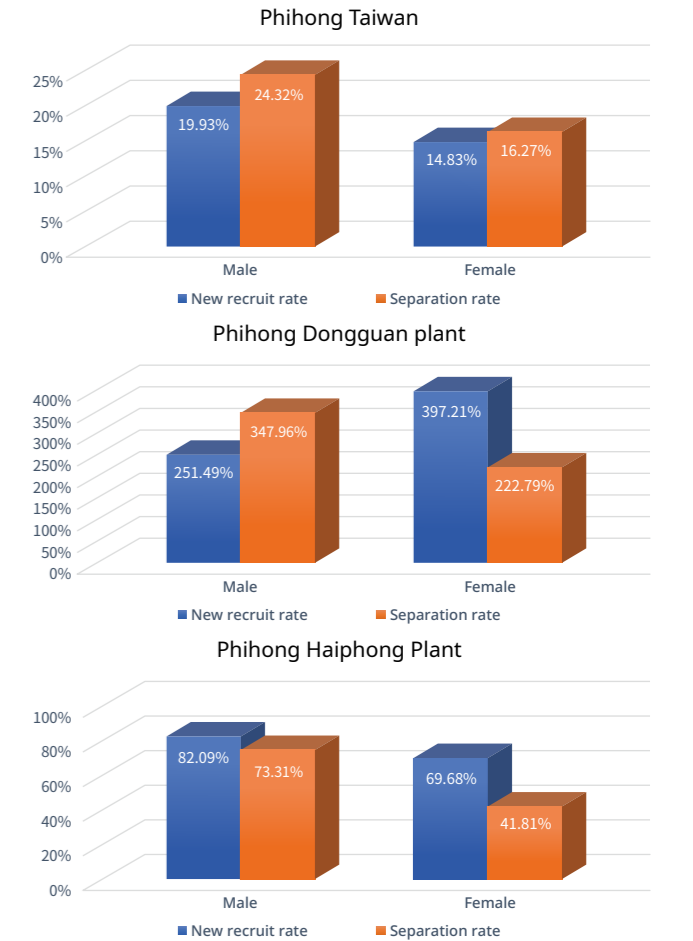


[New Employees vs. Employees Left of Phihong Group by Age in 2020]



Note 1: The new recruit rate is the total number of new employees of the age for the year/total number of employees of the age at the end of the year.
 Note 2: The separation rate is the total number of employees left of the age for the year/total number of employees of the age at the end of the year.
 Note 3: Due to the characteristics of the labor market in Mainland China, the separation rate of employees at Dongguan Plant is higher than other plants.

[New Employees vs. Employees Left of Phihong Group by Gender in 2020]



Note 1: The new recruit rate is the total number of new employees of the gender for the year/total number of employees at the end of the year.
 Note 2: The separation rate is the total number of new employees of the gender for the year/total number of employees at the end of the year.

Wages, Remuneration and Benefits

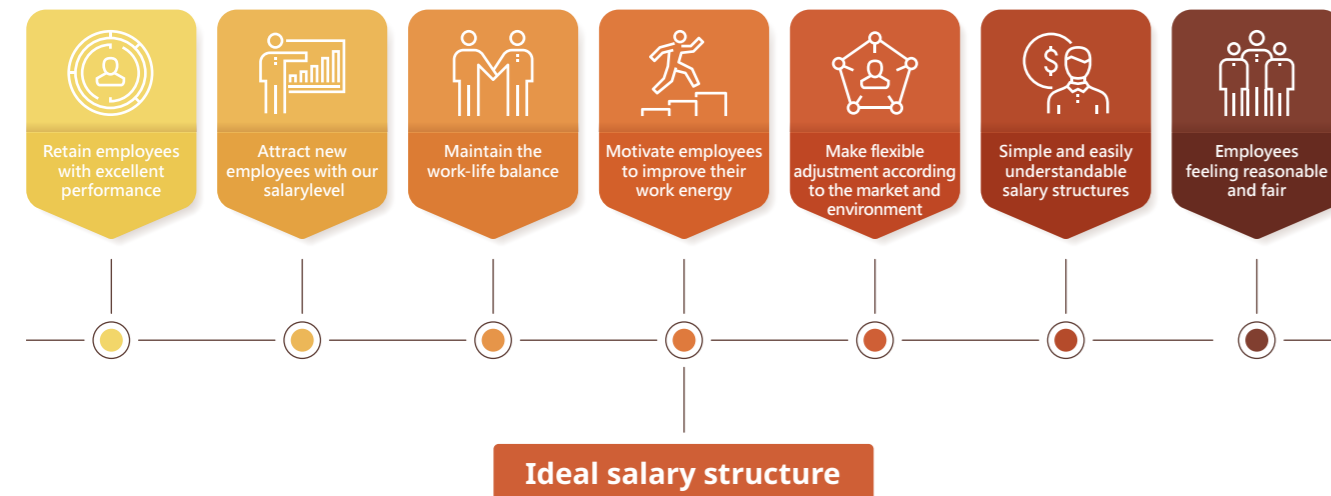
Phihong salary policy

Phihong Technology provides more favorable employee salaries and benefits more favorable than the market standard and adheres to the concept that the corporate operating results are attributable to all employees, and that we shall share such results with employees. Each year, we effectively observe and duly execute the Company's management regulations according to the Company's targets and Phihong's remuneration policies; we also measure salary standards and the macroeconomic indicators of the market through salary surveys, and in turn, evaluate employees' salary adjustments, and provide competitive base salary to attract more outstanding talent to join Phihong.

- **Salary by ability:**
Approve salaries according to the level of compliance of the employee's functions and in compliance with local laws and regulations and specifications.
- **Fair and reasonable:**
complying with the company's principle of equitability and considering the external market salary level.
- **Annual salary adjustment:**
Process according to the operating status of the Company, price index of the year, employees' performance.
- **Operating feedback:**
Distribute the project bonuses, bonuses, and year-end bonuses each year according to the overall business achievements and growth rate, and personal performance in the preceding year, and reward employees' contributions and provide incentives for employees to continue working hard.

A crucial factor to corporate growth is owing to outstanding talent! So far, to allow the Company's outstanding employees to continue staying at their jobs, Phihong Technology recruits employees with salaries more favorable than basic wages. In 2020, the salary standards of direct employees of Dongguan Plant and Haiphong Plant complied with local basic wages; the minimum salary of indirect employees of Phihong Taiwan is 1.09 times local basic wages. In 2020, there was no fine imposed due to the non-compliance with salary requirements.

For us, 2020 was a difficult year. We continued to be affected by the US-China trade war and the global outbreak of COVID-19. Under the negative growth of the Company's operations, employees' happiness and care for employees are still priorities! In 2020, we further adjusted salaries and arranged promotions for employees with outstanding performance in the hope of attracting, retaining, and motivating excellent employees.



Wages, Remuneration and Benefits

Gender Friendly · Salary Equality

Salaries of all Phihong's all employees are not differentiated due to conditions of gender, age, educational background, nationality, and political stance. When hiring female and male employees with equivalent positions, the basic salaries ratio is 1. Regarding the level of salary, salaries are provided according to the salary adjustments and benefits, and the annual promotion. In 2020, the average salary ratio between female and male employees of Phihong Taiwan remained stable as compared with 2019; the average salary of females with different positions in other plants is relatively lower than males.

[Basic Salary Ratio of Phihong Technology Between Female and Male]

Phihong Taiwan	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	1.26	1	1.20
Others	1	1.16	1	1.14

Note: Phihong Taiwan is the major R&D center; the number of male R&D employees is slightly higher than that of female employees.

Phihong Dongguan	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	1.05	1	1.12
Others	1	1.06	1	1.07

Phihong Haiphong	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	N/A	1	N/A
Others	1	1.12	1	1.00

Note: Vietnamese supervisors above the section chief in Phihong Haiphong Plant are all female employees; there are no male employee.
Note: The data source for all plants is the formal employees' salary structure as of 31 December 2019 and 2020.

[Basic Salary + Salary Ratio of Phihong Technology between Female and Male]

Phihong Taiwan	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	1.17	1	1.20
Others	1	1.08	1	1.08

Phihong Dongguan	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	1.13	1	1.09
Others	1	1.07	1	1.1

Phihong Haiphong	2019		2020	
	Female	Male	Female	Male
Based on positions				
Supervisors above the section chief	1	N/A	1	N/A
Others	1	1.05	1	0.95

Wages, Remuneration and Benefits

Happy Workplace of Phihong

In 2019, through the survey done by 1111 HR platform, Phihong Technology was rated among the top 20 enterprises regarding the "happiest employees." Phihong Technology adheres to the concept of treasuring, valuing, and treating employees nicely. We provide a safe, comfortable, premium, and friendly work environment. We set up the Phihong artistic corridor and altered different exhibition themes to allow employees to nurture their personalities through artistic and cultural exhibitions; we also make arrangements for a green environment, installation art, gyms, basketball courts, and creative space with multi-functions.

Phihong provides a benefits system more favorable than laws and regulations. Besides the social, medical insurance, and leave systems, we adhere to principles of caring for employees and profit-sharing. We established the employee benefits committee (the "EBC") according to the laws and regulations of employee benefits. We appropriate funds according to the monthly revenue; we organize various benefit measures, group activities, family days, and different competitions. Except for basic marriage, funerals, and celebrations, emergency subsidies, nursery subsidies, we also provide bonuses for significant holidays of labor day, dragon boat festival, mid-autumn festival, and CNY, and birthday gifts for employees.

Retirement and Pension · Phihong Cares

According to laws and regulations of various countries, Phihong established our retirement system to appropriate retirement pensions for all employees. Phihong Taiwan regularly appropriate retirement pension reserve to the special retirement account or the labor insurance individual account. For Dongguan Plant, we purchase endowment insurance and make a full-amount appropriation for employees according to local laws and regulations. For Haiphong Plant, we enroll all our employees for social insurance in the hope that employees may enjoy worry-free protection after retirement. Our HR department also regularly examines the list of employees who fulfill the qualification of retirement and understands employees' retirement intention in advance to provide consultancy for employees' career plans.

Phihong Taiwan has established the labor retirement pension supervisory committee and formulated the standards for labor retirement application and payment. Employees who joined us on and before 30 June 2005 are entitled to years of experience under the old system pension. The old system pension appropriate 2% of each employee's monthly salaries to the pension provision account at the Bank of Taiwan; at the end of each year, actuaries propose the actuarial report to ensure the full-amount interests of employees adopting the old system pension provision. In 2020, the total pension expense accounted for was NT\$45,056,091. For employees qualified for the new system pension, the Company also appropriated 6% of labor pension to the special accounts of employees each month, and employees may appropriate 0% to 6% of their salaries as pension to their personal pension account based on their personal intention to allow employees to apply for the collection of their personal retirement pension according to the law when they fulfill the conditions for retirement, protecting employees' interests.

[Ratio of Pension Appropriated to Salaries of Phihong]

Region	Method of retirement	Appropriator	Ratio to salary
Phihong Taiwan	Old system: Special pension account of the Company	Employer	2%
	New system: Special pension account of employees	Employer	6%
Phihong Dongguan	Endowment insurance: Special pension account of employees	Employees	0~6%
		Employer	13%
Phihong Haiphong	Social insurance: Special pension account of employees	Employees	8%
		Employer	17.5%

Note: For information related to the retirement pension, please refer to page 91 of Phihong's 2020 annual report.

HR APP Platform (Phihong Taiwan)

Phihong values flexible and personalized management. In 2020, we launched our HR APP platform; employees may use their mobile devices to check in, take leaves, and make inquiries, and use other functions. Supervisors of Phihong may also carry out procedures approval and attendance management through the APP platform to understand employees' status.

Wages, Remuneration and Benefits

Charity leave (Phihong Taiwan)

In 2019, Phihong added the public welfare leave. In 2020, the Company took the lead and organized the beach cleaning event; we also encourage employees to take actions for the public welfare apart from their work to experience the sensation of helping others. During the year, our employees have engaged in 156.5 hours of public welfare events in aggregate to integrate our corporate culture and mission of serving society into lives.

[PHT 2020 EBC Major Event Subsidy Statement]

Item	Applicable amount	Total number of people subsidized	Total dollar amounts appropriated
Wedding and funeral	1,500-2,100	36	62,900
Birthday money	200-1,400	492	672,200
Child birth celebration	2,000	8	16,000
Injury and illness/hospitalization consolation payment	2,000	11	26,000
Company trip - allowance and subsidy	1,000-5,000	433	2,029,960
Domestic travel activities for employees	200	490	98,000
Festival bonus (CNY, Dragon Boat Festival, Mid-autumn Festival, Labor Day)	340-6,000	473	3,549,630
Social club subsidy	1,100-2,000	Club*3	36,600

Note: Benefit items for non-contracted employees at other plants may be slightly different from that of Phihong Taiwan due to different national development and regions; however, such employees still enjoy multiple benefit items, such as employer's liability insurance, housing subsidies, birthday gifts, and health inspection for employees of the Dongguan Plant and board wages, housing subsidies, transportation subsidies, and attendance bonus for employees of the Haiphong Plant.



Wages, Renumeration and Benefits

Birthday Vacation

During the month of employees' birthday, Phihong allows each employee to arrange one day of "birthday vacation" at its own discretion to celebrate the important date with family and friends, improving the interactions of family life. The EBC will otherwise prepare a birthday red envelope for the employee, adding great benefits to Phihong's warm and happy workplace.

Marriage, Funeral, Celebration, and Festival Subsidies (Phihong Taiwan)

We are always there for our employees regarding all matters in life. The Company provides gift money of NT\$12,000 for the marriage of any of our employees, and we also provide gift money of NT\$10,000 for funerals to send our condolences. We also provide nursery subsidies for childbirth and condolence money for injuries and hospitalization. Phihong supports our employees at any time when they are in need to show our dedication.

Travel Subsidy for Leisure and Carefree Life (Phihong Taiwan)

To allow employees to travel with families apart from work and enjoy the leisure and joyful family time, the EBC used to arrange, plan for, and provide full subsidies for a domestic day trip each year. However, due to the effects of COVID-19 in 2020, and complying with requirements of the Ministry of Health and Welfare regarding avoiding clusters, we suspended our domestic trips. However, the EBC spared no effort in acquiring a quota for travel allowances and subsidies for employees, allowing employees to flexibly arrange domestic or foreign trips to relax their bodies and minds besides work, reaching the work-life balance.

Department Bonding Event and Dining Subsidies

Phihong Technology provides funding for bonding events to allow departments and teams to organize dining or bonding events in the hope of improving the internal unity and cohesion and increasing opportunities for employees to communicate and make exchanges.



Birthday party present, sharing happiness

Phihong Taiwan holds birthday party each month by providing buffet to all colleagues who celebrate with the birthday person of the month. The Dongguan plant also provides a delicious birthday cake and gift for the birthday person of the month as a blessing to each birthday employee from the company.

Beitou Spring City Resort discount

Beitou Spring City Resort is an affiliate of Phihong that provides project discounts for employees of Phihong: CNY project discount (group purchase of CNY dishes and package vouchers)/marriage and banquet project discount for family and friends/20% off discount for dining and free of service charges for employees/other discounts for the use of relevant facilities.



Wages, Renumeration and Benefits

Multiple social clubs (Phihong Taiwan)

To facilitate the expansion of employees' social circles, Phihong encourages employees to establish different clubs and strive for acquiring subsidies for different clubs from the EBC, so as to improve employees' cohesion through the exchange, sharing, and interactions of employees from different departments in clubs, and allow employees to have pressure relief channels apart from work, achieving the balanced development physically and mentally.

Doubling the care for the employee sent abroad

To allow employees who reside outside of the Company to work worry-free, Phihong Technology provides comprehensive group insurance and 24/7 overseas medical services; we also formulated the "Regulations for the Management of Resident Employees," stating subsidy measures of house rental, transportation, home visits, and dependents.



[Badminton Club]



[Camping club]



[Billiard club]



Wages, Remuneration and Benefits

Fun Family Day

Family members are the strongest backbone when employees make their best effort, and they are also a part of Phihong. To sympathize with employees for being busy with work and home, Phihong carefully plans the event of the family day during the summer vacation each year in the manner of education through interesting events in the hope of allowing children to understand the work environment of parents through the organization of the family day and experience the circumstances and hardworking of their parents at work. We hope to help employees in achieving a perfect balance between daily work and family life through the family day event, and in turn, improve employees' unity and cohesion, allowing employees who are busy with their own work to gather and enjoy the fun and have a happy and meaningful family day.



Wages, Remuneration and Benefits

Year-end Dinner · Joyful Moment

To appreciate the hard work and contributions of employees throughout the year, in the afternoon on Christmas Day, we appropriate abundant funding and carefully plan for and prepare interest events and abundant prizes; we also prepare delicious afternoon tea and food for employees to enjoy the year-end party and have unforgettable and joyful memories.



Christmas Festival · Send Love to Muxiang

In 2020, Phihong particularly organized the public welfare event "Deliver Warmth, Extend Love, and Send Love to Muxiang" to deliver supplies and donations from our employees to Muxiang Nursery Home for them to feel the warmth. Furthermore, on Christmas Day, members of the EBCC acted as Santa Claus and beautiful Christmas girls to distribute festive gifts and desserts to all departments of the Company to enjoy the joyful Christmas with employees and spread happiness. All employees happily welcomed the coming of the Christmas festival! Muxiang.

Wages, Remuneration and Benefits

Senior Model, R&D Patent, Commemoration and Commendation (Pihong Taiwan)

Pihong appreciates efforts and contributions made by senior employees. For our development in Taiwan for over forty years, we make commemorative golden coins for employees who had worked for the Company for five years for commendation, so as to appreciate and recognize employees' contributions and efforts made for the Company. On the other hand, we also highly recognize and appreciate the R&D staff's focuses on the R&D and creation of new technologies and new products. In 2020, for employees with R&D innovation and patent acquired, our president provided rewards on public occasions at our annual party and granted incentive payment to show the recognition, encouragement, and advocacy of the Company regarding employees' innovative ideas.

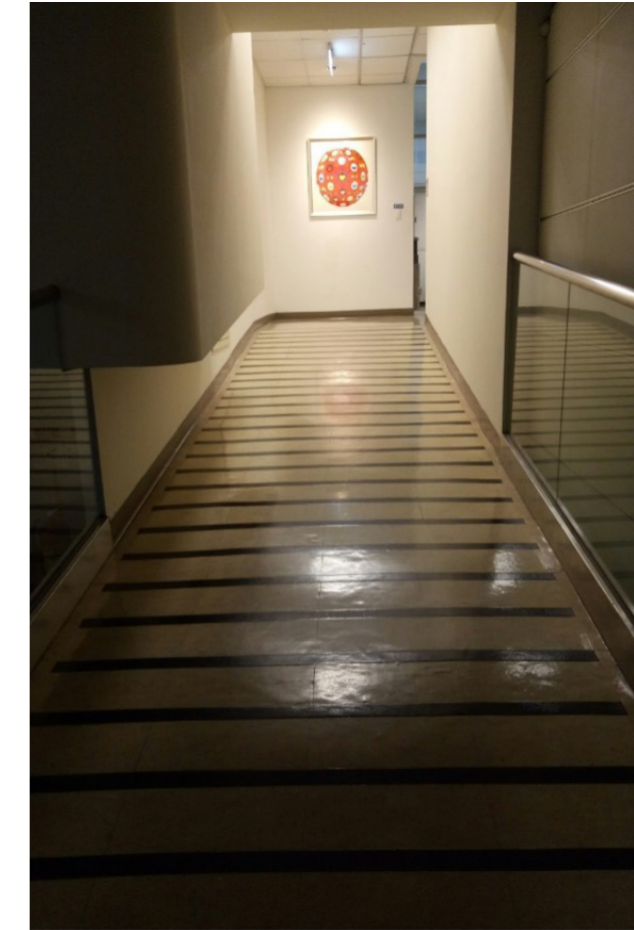


Wages, Remuneration and Benefits

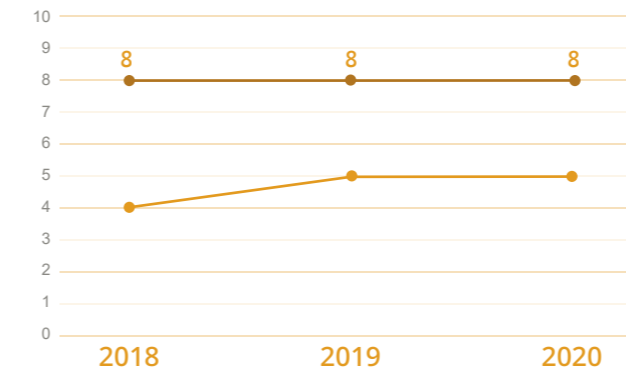
Friendly Pihong · Barrier-free Environment

Pihong Technology values employees' diversity and cultures of different groups, and adopts the principle of fairness when hiring all employees; in particular, we value the recruitment of disadvantaged groups. At each entrance and exit and on floor, there is accessible ramp in Pihong Taiwan. There are also many elevators with ample space for wheelchairs. We welcome persons with disabilities, provide long-term stable work opportunities and hire persons with disabilities. For a consecutive three years, the number of persons with disabilities hired by Pihong Taiwan has exceeded the legal quota in the "Person with Disabilities Rights Protection Act." There is no regulation on hiring the physically and mentally challenged in the Dongguan plant; there are no physically and mentally challenged people employed there.

[Barrier-free spaces and facilities]



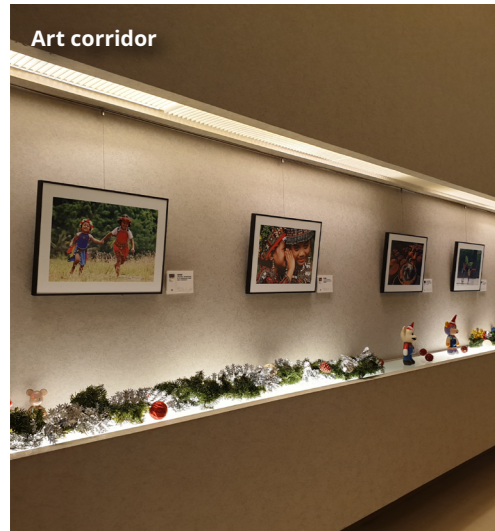
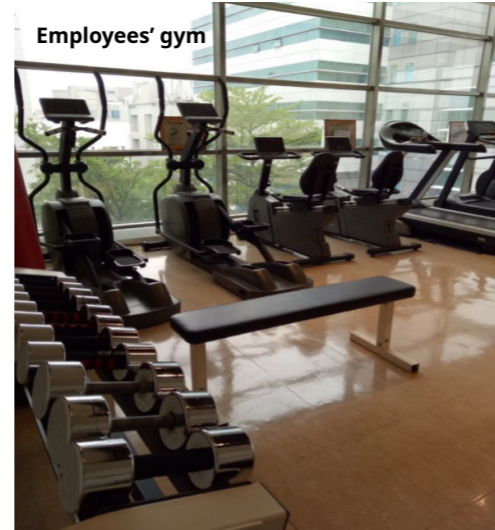
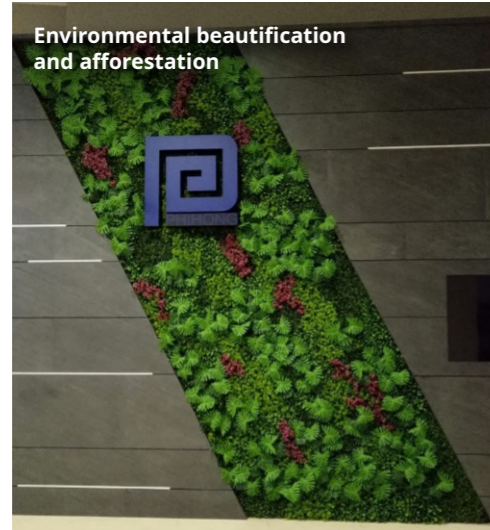
[Status of Pihong Taiwan Hiring More Persons of Disabilities from 2018 to 2020]



Wages, Remuneration and Benefits

Comprehensive Facilities · Leisure and Fun

There is a workout gym, Ping-Pong room, squash court, basketball court, showers, library, employee rest area that provide employees rich selection of activities. We also have dormitories, parking space, cafeteria, multi-media TV, microwave, lunchbox steaming machine, nursery room for females, and other facilities for daily lives in place, to allow employees to make good use of such facilities to relax during break time. Our cafeteria also provides abundant buffet food, noodles, counter meals, coffee machines, food and drink vending machines, and multiple dining options.



Wages, Remuneration and Benefits

Dining, Clothing, Living, and Transportation Resident Services

Phihong Technology also plans and arranges on-site service time for the suppliers that include food, group insurance, banking, travel agencies, commodity sales event, exhibition discount tickets, book fairs so the employees do not have to go out and can still enjoy the happiness and fun of shopping. The benefits committee also contacts shops around the plant for special employee discounts and publishes the shops' information on the company website so the employees can enjoy exclusive Phihong employee discounts that cover every aspect of the employee's life while at work and in life as well.



Occupational Safety and Health

Occupational Safety and Health Management

Phihong Taiwan has set the 'environmental health and safety policy' and established the occupational health and safety committee according to the 'Occupational Health and Safety Act' to construct a healthy and safe workplace and to prevent the occurrence of occupational hazard, completely inspect and monitor workplace safety to be in compliance with local laws and regulations and the company policy. We are dedicated to providing a safe workplace for the employees to achieve the ultimate goal of zero workplace hazard.

Phihong Taiwan is committed to providing employees a safe and worry-free working environment, and sets zero occupational disasters as our final target. We established our "environmental safety and health policies" and complied with the "Occupational Safety and Health Act" to establish the occupational safety and health committee for supervising the environment, safety, and health operations of the entire Company and ensure that such operations comply with requirements under laws and regulations of local governments where our plants locate and the Company's policies, so as to build a healthy and safe workplace for employees and prevent the occurrence of occupational injury accident.

[Employee Loss Working Rate/Absence Rate/Number of Accidents of Phihong Taiwan from 2018 to 2020]

Item	2018		2019		2020		Calculating formula
	Male	Female	Male	Female	Male	Female	
Occupation injury rate	1.04	2.51	0.98	0.97	0.34	1.91	Number of (disability) occupation injury cases/total working hours attended by employees for the year *200,000
Employee workday loss rate	1.56	3.51	1.17	15.04	18.41	40.91	Total number of days for occupational injury application for the year/total working hours attended by employees for the year *200,000
Employee absence rate	0.01	0.01	0.01	0.01	0.01	0.01	Number of absence days for the year/total number of days attended for the year (the absence rate includes occupational injury leave, casual leave, and sick leave for statistics)
Number of employee accident cases (case)	3	5	3	2	1	4	Number of injured labors for the year

Note 1: GRI: 200,000 coefficient refers to using 100 employees working 2,000 hours each year as the calculation basis.
 Note 2: In 2020, the total number of working hours attended by male employ.
 Note 3: In 2020, there were a total of five occupational injury accidents, which were all transportation disaster. years was 592,000, and the total number of working hours attended by female employees was 418,00.
 Note 4: In 2020, there were no accident or injury of contracts.

[Employee Loss Working Rate/Absence Rate/Number of Accidents of Phihong Dongguan from 2018 to 2020]

Item	2018		2019		2020		Calculating formula
	Male	Female	Male	Female	Male	Female	
Occupation injury rate	0.21	0.39	0.52	0.33	0.83	0.26	Number of (disability) occupation injury cases/total working hours attended by employees for the year *200,000
Employee workday loss rate	3.52	8.42	6.33	2.81	13.06	7.84	Total number of days for occupational injury application for the year/total working hours attended by employees for the year *200,000
Employee absence rate	0.04	0.03	0.03	0.04	0.03	0.06	Number of absence days for the year/total number of days attended for the year (the absence rate includes occupational injury leave, casual leave, and sick leave for statistics)
Number of employee accident cases (case)	6	7	12	5	21	4	Number of injured labors for the year

Note 1: GRI: 200,000 coefficient refers to using 100 employees working 2,000 hours each year as the calculation basis.
 Note 2: In 2020, the total number of working hours attended by male employees was 5,066,184, and the total number of working hours attended by female employees was 3,022,040.
 Note 3: In 2020, there were a total of 25 employee accidents, including 10 cases of jamming, 8 cases of crush, 3 cases of scratch, 2 cases of sprain, 1 case and 1 case of burn and chemicals.
 Note 4: In 2020, there were no accident or injury of contracts.

[Employee Loss Working Rate/Absence Rate/Number of Accidents of Phihong Haiphong from 2018 to 2020]

Item	2020		Calculating formula
	Male	Female	
Occupation injury rate	3.11	0.32	Number of (disability) occupation injury cases/total working hours attended by employees for the year *200,000
Employee workday loss rate	3.11	0.32	Total number of days for occupational injury application for the year/total working hours attended by employees for the year *200,000
Employee absence rate	0.04	0.03	Number of absence days for the year/total number of days attended for the year (the absence rate includes occupational injury leave, casual leave, and sick leave for statistics)
Number of employee accident cases (case)	7	1	Number of injured labors for the year

Note 1: GRI: 200,000 coefficient refers to using 100 employees working 2,000 hours each year as the calculation basis.
 Note 2: In 2020, the total number of working hours attended by male employees was 450,000, and the total number of working hours attended by female employees was 626,000.
 Note 3: In 2020, there were a total of 8 employee accidents, including 3 cases of jamming, 3 cases of scratch, 1 case and 1 case of burn and stab.
 Note 4: In 2020, there were no accident or injury of contracts.

Occupational Safety and Health

Occupational Safety and Health Management

Dongguan Plant established the OHSAS 18001 occupational health and safety management system to realize our care for employees, and the system acquires certifications by certifying institutions each year. The system also has a "safety committee" in place that is formed by 13 persons from the labor party and 7 persons from the management party; the chief manager is the plant director; members of safety managers, persons in charge of safety (department head), executive members (supervisors and employees at primary levels) are included to ensure the physical health and safety of workers and allow the production lines of the plant to operate normally. In addition, in order to let employees have complete protection, Phihong Taiwan and Dongguan plant has made extra insurance for all employees so they have an extra protection whether at work or in their daily life.

Phihong Technology makes use of engineering control methods and personal protective equipment in advance for posts with occupational disease hazardous factors (i.e., welding, laser engraving, ultrasonic, electrician, X-Ray inspections, and other workstations) to prevent employees having any chance of coming into contact with potentially hazardous factors, and in turn, achieve the purpose of preventing occupational diseases. Meanwhile, we regularly implement operating environment monitoring for such posts. In addition, occupational health exam is arranged regularly. Once any exam value of a colleague is abnormal, he will be tracked and given necessary individual health consultation and care in order to prevent the occurrence of occupational hazard and grasp the status of the colleague's health. Up to date, there has been no occurrence in Phihong Taiwan and the Dongguan plant. Plants of Phihong Technology organize fire drills and training programs each year to improve the self-defense and disaster control system of fire control venues and reinforce the implementation of marshaling fire training of general venues, so as to ensure the life safety of all staff and provide instructing methods for self-defense and marshaling fire training and preparation management; the drill and training items include self-defense and fire marshaling, disaster report, emergency escape, and other combined drills.



Occupational Safety and Health

Employee health exams (Phihong Taiwan)

Phihong is convinced that the key to corporate sustainability is employees' mental and physical health! We value employees' health and believe that health and energy can bring the best working abilities. Phihong has professional nurses in place according to the rules of labor health protection to provide various medical consultation and health facilitation events for employees. Also, Phihong provides annual health inspections for all employees, which is more favorable than legal specifications, to jointly make efforts and help manage employees' health by engaging with professional health inspection institutions.

[List of Physique/Health Inspection]

Items	Subject of examination	Category	Cycle	Method	Note
1	New employees	Normal physical exam	To be completed in the trial period	New employees going to the hospital him/herself of the exam	<ol style="list-style-type: none"> When the physique inspection finds that any employee to be hired is not suitable for engaging in certain works, we execute the work selection and allocation evaluation. Comply with formats and period of preservation stated in the rules of labor health protection regarding the inspection records. Inspection fees: Maximum subsidy of NT\$600
		Special physical exam	From 2012, we began to use lead-free soldering operation, and there is no operating environment that particularly harms health in plants		
2	Existing employees	Normal physical exam	To be completed in the trial period	Engage qualified hospitals designated by the labor council to visit the plant for implementation	<ol style="list-style-type: none"> When the physique inspection finds that any employee to be hired is not suitable for engaging in certain works, we execute the work selection and allocation evaluation. Comply with formats and period of preservation stated in the rules of labor health protection regarding the inspection records. Inspection fees: Fully paid by the Company
		Normal physical exam	Favorable than regulations; once a year		

Note: In 2020, under the effects of COVID-19, to avoid the risk of cluster, Phihong Taiwan suspended the annual health inspection for one time.

Free Health Inspection (Dongguan Plant)

The Company has always paid attention to the health of employees. To ensure employees' health status, the Company provides free health inspections once for all employees of the Company who passed the probation each year.

Charity massage by the visually impaired in

The Company regularly arranges professional massagists with visual disabilities to visit the plant to provide pressure-relieving massage services, allowing all employees to stretch their bodies. The payment for such services is also donated for the public welfare to make contributions for the disadvantaged groups.



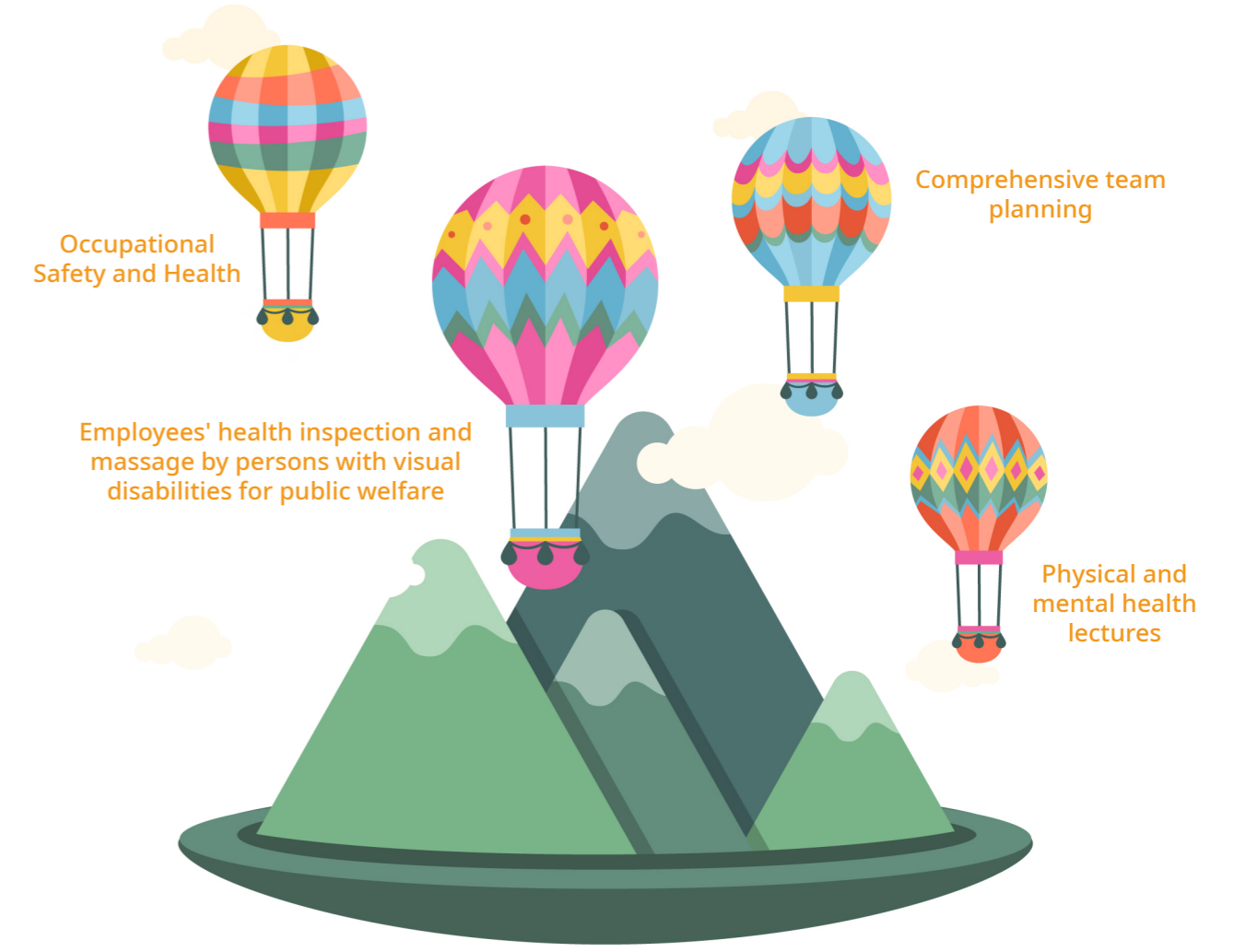
Comprehensive Group Insurance Planning

Phihong Technology has been adhering to "sparing no effort in doing the best." Besides arranging employees' labor insurance and national health insurance, and appropriating labor retirement pension according to the law, we also have comprehensive planning in place for the medical group insurance of our employees. Furthermore, we re-examine and evaluate to select the most appropriate group insurance protection and service teams for employees each year, allowing employees to fully invest themselves in work, and bring together employees' cohesion for the Company.

Occupational Safety and Health

Physical and mental health seminar

We provide diverse health services, organize health-themed lectures and post the latest health information on the internal electronic bulletin of the Company from time to time to improve employees' concept of autonomous health management.



Occupational Safety and Health

Pandemic Control Strategies for COVID-19 and Mindsets of Phihong

In January 2020, the initial stage of the COVID-19 outbreak, Phihong Technology immediately established the Group's pandemic control team, and president Lin, Yang-Hong held the position as the general commander and hosted the daily pandemic control meetings in person to provide instructions to domestic and foreign plants regarding the highest instructive principles of zero-gap for pandemic control and the implementation of relevant auxiliary measures and pandemic control policies, so as to prevent the spread of the outbreak and minimize the effects of the outbreak on the Company's business; the "Phihong COVID-19 Pandemic Control Response Plan" was also issued.

At the very beginning of the outbreak, Phihong was likely to face the delay or disruption of raw material supply, changes of customer demands or increasing costs, delayed delivery or difficulties in delivery due to insufficient logistics, insufficient health protection for employees, and other operating risks. Facing various uncertainties, Phihong's pandemic control team focused on seven major aspects of "supplies preparation," "human-flow management," "customer response," "production marshaling," "environment sanitization," "supply chain response," and "promotion and education" to prepare our response measures. It closely monitors the impact evaluations of the outbreak and responses at all times and examines the pandemic control countermeasures in the hope of substantially reducing risks to ensure uninterrupted operation.

1. Supplies Preparation

Upon the outbreak in China, the pandemic control team purchased sufficient masks from foreign regions with relatively less intense circumstances of the outbreak to ensure employees who work across the globe possess sufficient masks for self-protection. Furthermore, the Company has sufficient alcohol, hand sanitizers, and HCIO machine in place to produce HCIO for sanitization. We ensure that we have sufficient cleaning and sanitizing supplies and have made the specifications to clean handles and buttons each morning and night and each hour.

2. Human-flow Control

For employees of our headquarters, subsidiaries, and domestic and foreign plants, we implemented the single entrance human-flow control measure. Employees are required to measure their body temperatures daily at the entrance and upload their temperatures by using the QR code for recording and tracking; employees with a temperature higher than 37.5 degrees are immediately required to leave the plant and go to the hospital. Social distancing was also imposed for events in plants; meanwhile, we carried out employees' footprint survey once receiving the diagnosis information published by the Centers for Disease Control from time to time to adopt corresponding pandemic control measures.



3. Customer Response

During the outbreak, Phihong delivered the Company's pandemic control strategies and accurate operating information to customers, formulated solutions complying with significant customers, and encouraged to reduce unnecessary face-to-face meetings, and continued to maintain the trust relations with customers through substituting methods of online video conferences. At the same time, we introduced online document approval and information exchange, and other remote methods, to achieve the targets of undisrupted services for customers.

4. Production Marshaling

Due to the lockdown on the Mainland for the severe outbreak, plants in the Mainland carried out the HR work return survey report and analysis and compiled the outbreak status, and prepared a work restoration plan through the official account. We established mid-to-short-term labor plans to ensure the production lines have human forces required for executing missions. Meanwhile, we understand current labor time utilization and work volume to make the most appropriate production marshaling arrangement while satisfying customers' production capacity requirements.

5. Environment Sanitization

Regarding our office environment, work environment, and shuttle buses taken by employee's daily employees, we carry out cleaning and sanitizing each day; we also keep indoor areas ventilated. At all entrances and in elevators, we set up hand sanitizing machines of alcohol with a concentration of 75%. Meanwhile, we clean and sanitize the surface of items that are frequently touched by employees and public areas. In addition, to avoid over-concentration for dining that results in risks of cluster infections, we use pandemic control clapboard in meeting rooms and dining areas at the cafeteria and adopt the dining diversion system to minimize the face-to-face dining circumstances.

Occupational Safety and Health



6. Supply Chain Response

Under the effects of COVID-19, the connection between the upstream to downstream service system is fractured. Phihong immediately evaluated the effects of the outbreak on land, marine, and air transportation, labor planning, and business management and examined potential responding methods for departments in different stages to organize appropriate operating and supply chain responding measures. At the same time, we assist suppliers in coping with the outbreak crisis and establish solutions for remote working, remote backup, substituting supply chain, and source dispersion for raw material and parts. We help suppliers in preparing the restoration plan to mitigate impacts brought by the outbreak and transform the outbreak crisis into a turning point.

7. Promotion and Education

We communicate with employees regarding our policies and response measures through internal announcements. At the same time, at spaces where employees frequently access or gather, we place hand sanitizers or put up posters to remind employees to wash their hands. In addition, we remind employees to avoid visiting crowded public venues with poor ventilation as practicable to protect employees' health and safety. We also adopt necessary control measures (i.e., autonomous health management, home quarantine, and home isolation) according to the latest diagnosis information published by the National Health Command Center.

Facing the continuing global outbreak, to achieve sustainable operations, Phihong also procured domestic and foreign subsidiaries to comply with requirements of the headquarters according to provisions in the BCM and establish the BCP based on different kinds of "worst situations" to avoid forced business.

suspension due to cluster infections arising from the outbreak and allow ourselves to restore the minimum level of the corporate operating model within a relatively shorter time. When the grouped and partitioned work planning for employees in the same departments is ready, employees will work in different spaces once the planning is implemented, which reduces the possibility of indirect infection due to clusters. When the outbreak further worsens (such as community infection), we will implement a solution using both "grouped and diverted work" and "work from home" to ensure the continued operations of the organization.

The decision of diverted work is a material drill for Phihong's pandemic control BCP. Before the enforcement of remote work, we also tested our systems in advance and confirmed with employees to see whether they clearly understood the principle of diverted work. In the end, through the internal instant communication tool, Teams, of the Company, we maintain a normal communication frequency.

Phihong grasps the trend and adopts the attitude of prior arrangements to respond to the outbreak crisis. We adhere to the strong consensus of "joining hands for cooperation to pass through challenges" with employees, customers, and suppliers to jointly face the crisis; after such immense impacts, it may be possible for us to re-create a better future!

Occupational Safety and Health

Time of [Phihong] for Full Pandemic Control

In 2020, under the effects of COVID-19, to avoid the risk of clusters, even though we suspended our annual health inspection once, we continued carrying out relevant pandemic control auxiliary measures:



• **Established the “Phihong Pandemic Control Response Team”**
All plants of Phihong Group commenced the pandemic control operations comprehensively, focused on the outbreak status of all countries where our plant locate at all times, and examined and executed pandemic control measures for all stages at any time. The internal outbreak or control measures and other information of the Company are all published uniformly by the pandemic control response team. Except for conveying the care of the Company for our employees, we also commit to actively cooperate with the government’s pandemic control policies and provide a healthy and worry-free working environment for employees.



• Daily temperature monitoring

We require all employees, visitors, guests to measure their temperature at the temperature measuring zone of our plants. For those with a temperature higher than 37 degrees, they shall be registered for control; those with a temperature higher than 37.5 degrees shall be registered for control and may not enter the plant; they are recommended to go home or go to the hospital for confirmation, carry out daily follow-up and control, and improve the concept of autonomous health management of employees.

• Free HCIO

Phihong purchased the “HCIO” generation machine that passed the national quality certification to produce sanitizer for environmental sanitization for our plants each day; we also provide free HCIO for employees to collect with their own containers to solve the inconvenience of purchasing sanitizers and alcohol due to the continuation of the outbreak, so as to jointly fight against the outbreak and concurrently care for employees’ household environment and health.

• Pandemic Control Suppliers and Pandemic Control Measures

Phihong values the health of all employees and visitors and provides a safe working environment; for the pandemic control part, we particularly focus on the following:
A. Public area: We have the HCIO sanitizing machine and acrylic clapboard to effectively minimize the possibility of close distance contact and droplet transmission.
B. Cafeteria: We adopt the diverted dining policy to avoid the circumstances of over-concentration of employees for dining, reducing the dining crowd and minimizing the risk of cluster infections.
C. Protection for employees: We require employees to wear masks during transportation and entering/leaving the Company; all plants have forehead thermometers, hand sanitizers, and masks for employees to collect and use.
D. Resident doctor: We have the fixed resident doctor service each month for employees to have various medical consultations, reducing the risk of employees accessing medical institutions.

Professional specialist service (Taiwan region)			
Year	2018	2019	2020
Number of people served	155	116	15



Care for the Underprivileged Social Services




Social Care





Care for the Underprivileged

Phihong Technology focuses on enthusiasm and care and commits to the performance of social responsibility. We promote the involvement and exchange of departments and employees according to our plans to allow the entire Company to make contributions to society. We are deeply convinced that performing corporate social responsibility is our duty and that such conduct will bring further development opportunities for the Group. Therefore, we join hands and make efforts to provide the social service plan based on the three major scopes of “be friendly to the communities,” “care for the disadvantaged,” and “ecological environment” to care for the communities and neighbors and build a society and environment of joint prosperity, jointly realizing the target of sustainability.

In 2020, the global outbreak of COVID-19 occurred. In response to the pandemic control measures of the government, most of the social welfare organizations canceled events to avoid clusters. Phihong spared no effort in pandemic control. Even though we may not be able to invite all our employees to participate in external social service, we still continue internal public welfare events while adhering to the pandemic control measures imposed by the government. For making returns to society as an enterprise and cultural care, Phihong has always been paying attention to all disadvantaged groups, especially caring for local communities. Through the platform possessing the full support of the Company’s administrative resources, we invite our employees to participate with their full focuses. The headquarters of Phihong has long been sponsoring the Taiwan Fund for Children and Families, Children Are Us Foundation, nursery homes, caring events for persons of visual disabilities and environmental protection, and beach cleaning events, which clearly shows the enthusiasm and contribution of Phihong’s volunteers in caring the disadvantaged and social services!

Month	Activity	Status of Participation	Event Introduction
December	“Deliver Warmth, Extend Love” sends warmth to “Muxiang” Nursery Home through the event	127 persons One batch of suppliers + cash	Help children with domestic calamity by raising supplies and donations required by the nursing home to turn the cold winter into a warm winter. 
Throughout the year	“The World Beyond Eyes” employs massagist with visual disabilities to reside for services	Totally 246hours	Encourage the employment of persons of physical disabilities, recruit massagists of visual disabilities to reside in Phihong Taiwan to provide them stable work opportunities. 
Throughout the year	A hundred a month, warm up the Taiwan Fund for Children and Families	1,046 persons	Phihong hundred-dollar club’ invites voluntary donations from the colleagues to help the poor children who cannot go to school due to economic reasons. 

Care for the Underprivileged

Month	Activity	Status of Participation	Event Introduction
Throughout the year	Genesis Social Welfare Foundation receipts collection box	1,309 invoices	Donate your receipts to help those in vegetated state, the elderly, and he poor. In 2020, we donated more than 1,300 invoices. 
Throughout the year	Invoice box of the Sunshine Social Welfare Foundation	740 invoices	Take actions to support and accompany persons with burns to get through difficulties. All invoices donated will be donated as the physical recovery funds for persons with facial injuries and burns. 



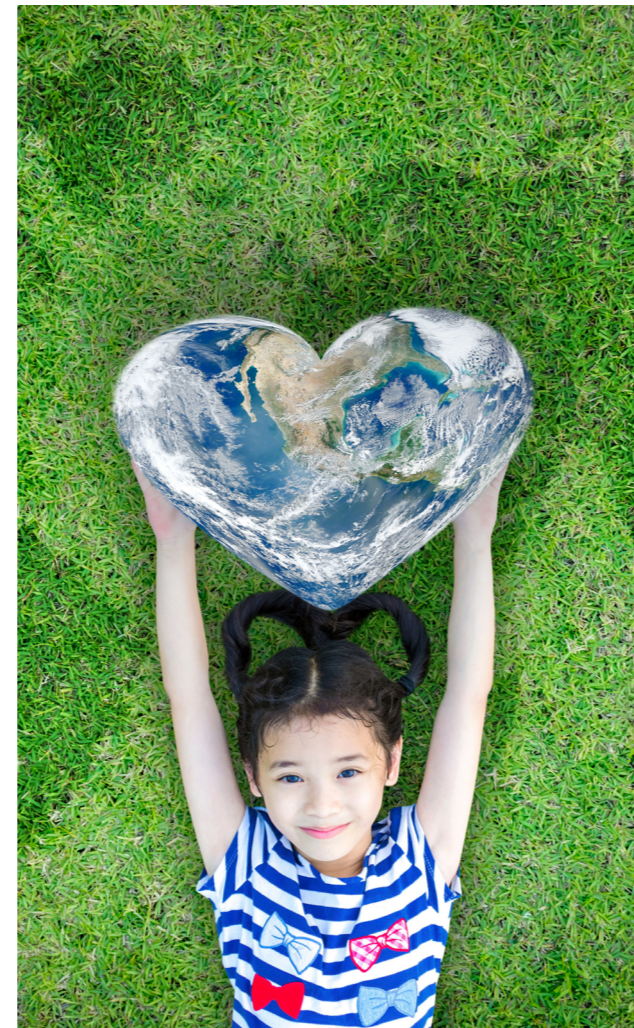
Care for the Underprivileged

Respond to “Deliver Warmth, Extend Love” during Christmas

At the beginning of winter in 2020, Phihong’s social service team paid attention to the local disadvantaged group “Muxiang Nursery Home” in Taoyuan due to odd opportunities. Under the restrictions of the governmental laws and regulations, we were unable to raise funds from external parties; together with the effects of COVID-19, we may only use limited resources to provide a temporary safe shelter for children with family calamity during their course of growing without the persecution of reality. Based on the concept of practicing local care and in-depth services and caring for the children of the next generation, we particularly organized the public welfare event “Deliver Warmth, Extend Love, and Send Love to Muxiang” during the Christmas festival. We invite all our employees to donate supplies required by the nursery home and bring more hope to the nursery home through small-amount donations. Thanks to the participation of our employees, we acquired the supplies required and raised NT\$42,400; the president of Phihong Group further added the donation amount to NT\$100,000 to fully support the public welfare event and support disadvantaged group through actual action; we included the nursery home into our list of the disadvantaged group under our radar, in the long run, to provide more care and allow the Christmas in the cold winter to become warmer.



Set Ourselves as the Model for Others to Deliver Warmth as Us



Care for the Underprivileged

“The World Beyond Eyes” Massagist of visual disabilities for residency services

Working opportunities for persons with disabilities are way less than those who have no disabilities. Except for donations, providing employment opportunities for persons with disabilities is a better choice. Headquarters of Phihong started to engage massagists of visual disabilities for the fixed-term residency in our plants once a week from October 2017. Out Tainan Plant also regularly invites massagists of visual disabilities from the blind association to provide massage services for employees of the Company.



讓EYE看見，愛永不止息

飛宏百元俱樂部，一月一善舉，行之有年，為了照顧弱勢族群，幫助更多需要幫助的人，飛宏將愛心串聯，除了設置發票集箱，讓小小愛心隨手捐，一0六年十月起更邀請視障按摩師進駐，定期提供紓壓按摩服務，邀請同仁共享專業的視障「摩」力。此為長期定期性活動，希望同仁能踴躍參與，幫助視障朋友以自身之力獲得自給自足的工作機會。

讓eye看見，視障按摩fun趣

- 費用：50元/節(15min)，其餘由公司負擔
- 每人每次最多登記2節。
- 報名人數最少6人，最多12人，未達6人則該次按摩活動暫停，報名者順延至下週。
- 若按摩當日人數未滿12人，可於當日隨時報名。
- 活動當日預約未到不退費，前一週星期五12:00前取消可全額退費。

預約視障按摩的同仁請於預約當日先繳費，星期五下午Mail通知按摩時間，請提早到四樓健身房等候。

時間：每週(一) 14:00-17:00 (遇國定假日則暫停)
地點：總部/四樓健身房 登記窗口：總部/總機



Social Services

In 2019, Phihong added the public welfare leave. In 2020, the Company took the lead and organized the beach cleaning event; we also encourage employees to take actions for the public welfare apart from their work to experience the sensation of helping others. During the year, our employees have engaged in 156.5 hours of public welfare events in aggregate to integrate our corporate culture and mission of serving society into lives.



Month	Activity	Status of Participation	Event Introduction
September	Love the Ocean in Close Distance through Beach Cleaning Earth - Linkou Dingliao Beach	39 persons	We organized the event for the third time to slow down ocean pollution through actual actions and contribute to the land we live on.
September	Love the Ocean in Close Distance through Beach Cleaning Eart-Tainan Sicao Coastline	10 persons	We organized the event for four consecutive years; we initiated the event in response to environmental protection in the hope of showing our determination to love the earth through actual actions.



Social Services

Phihong Technology Love the Ocean in Close Distance through Beach Cleaning Linkou Dingliao beach Tainan Sicao coastline

Taiwan is circled by the ocean. The ocean ecosystem is closely related to use. However, there is a lot of garbage polluting the ocean, which not only damages the beautiful scenery of the beach but also endangers the marine creatures and may further affect our lives. As we have recognized such concepts, we initiated the "Love the Ocean in Close Distance through Beach Cleaning" project from 2017. We organized the beach cleaning event for the fourth time this year; our employees visited Linkou Dingliao beach and Tainan Sicao coastline to protect the land we live on through actual actions and contribute to protecting earth.

Beach cleaning has been listed as the major annual operation of social services of Phihong each year. Hopefully, every year in the future, we can continue to contribute more of our effort for the ocean, for our Homefront.

Protect the Ocean and Love Earth through Beach Cleaning







- 1: Independent Assurance Opinion Statement
- 2: GRI Standards Cross Reference Index
- 3: United Nations Sustainable Development Goals Cross Reference Table (SDGs)

Appendix

8

Appendix 1: Independent Assurance Opinion Statement

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By Royal Charter

INDEPENDENT ASSURANCE OPINION STATEMENT

Phihong Technology 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Phihong Technology Co., Ltd. (hereafter referred to as Phihong in this statement) and has no financial interest in the operation of Phihong other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Phihong only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Phihong. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Phihong only.

Scope

The scope of engagement agreed upon with Phihong includes the following:

- The assurance scope is consistent with the description of Phihong Technology 2020 Corporate Social Responsibility Report.
- The evaluation of the nature and extent of the Phihong's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process. This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Phihong Technology 2020 Corporate Social Responsibility Report provides a fair view of the Phihong CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Phihong and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate Phihong's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assessors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Phihong's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Phihong's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 12 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Phihong has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Phihong's inclusivity issues.

Materiality

Phihong publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Phihong and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Phihong's management and performance. In our professional opinion the report covers the Phihong's material issues.

Responsiveness

Phihong has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Phihong is developed and provides the opportunity to further enhance Phihong's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Phihong's responsiveness issues.

Impact

Phihong has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Phihong has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Phihong's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Phihong provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Phihong's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the Phihong's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI: 
Peter Pu, Managing Director BSI Taiwan

 AA1000 Licensed Assurance Provider 000-4

Statement No: SRA-TW-2020108
2021-07-13

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Appendix 2: GRI Standards Cross Reference Index

[General Disclosure]

GRI standards	Item disclosed	Chapter/description	Page number	Item disclosed
	There is no major change in the ownership of Phihong and its subsidiaries			
102-1	Name of organization	About Phihong: Company Profile	Page 8	
102-2	Activity, brand, products and services	About Phihong: Product and Technology	Page 10 - Page 12	
102-3	Headquarter location	About Phihong: Company Profile	Page 8	
102-4	Operations locations	About Phihong: Global Strategy	Page 13 - Page 14	
102-5	Ownership and legal format	About Phihong: Company Profile	Page 8	
102-6	Market of service provided	About Phihong: Product and Technology	Page 10	
102-7	Organization scale	About Phihong: Global Strategy; Happy Workplace: HR Structure	Page 13 - Page 14, Page 73 - Page 74	
102-8	Information of employees and other workers	Happy Workplace: HR Structure	Page 73 - Page 74	
102-9	Supply chain	About Phihong: Organization Participation and Initiative; Co-prosperity of Partners: Supply Chain Management	Page 16 - Page 17, Page 66 - Page 71	
102-10	Major change in the organization and its supply chain	Editing Principles; About Phihong: Company Profile; Global Strategy; Co-prosperity of Partners: Supply Chain Management	Page 2, Page 8, Page 13 - Page 14, Page 66 - Page 71	
102-11	Alerting principles	Corporate Governance: Risk Management	Page 37 - Page 41	
102-12	External initiative	About Phihong: Organization Participation and Initiative	Page 16 - Page 17	
102-13	Membership to unions and associations	About Phihong: Organization Participation and Initiative	Page 16 - Page 17	
Strategy				
102-14	Proclamation of the decision maker	Statement of the Management; About Phihong: Company Profile	Page 3, Page 8	
102-15	Key impact, risks and opportunities	Corporate Governance: Risk Management	Page 37 - Page 41	
Ethics and honesty, integrity				
102-16	Values, principles, standards, and code of conduct	About Phihong: Company Profile; Corporate Governance: Ethics and Moral	Page 8 - Page 9, Page 36	
102-17	Mechanism of suggestions and concerns in regard to ethics	Corporate Governance: Risk Management	Page 37 - Page 41	

Appendix 2: GRI Standards Cross Reference Index

GRI standards	Item disclosed	Chapter/description	Page number	Item disclosed
Management				
102-18	Management structure	Corporate Governance: Operating Management; Corporate Governance: Sustainable Operation	Page 33 - Page 35	
102-19	Commissioned rights and responsibility	Corporate Governance: Operating Management; Corporate Governance: Sustainable Operation	Page 33 - Page 42	
102-20	Responsibility of high-level executives for economic, environmental, and social topics	Corporate Governance: Sustainable Operation	Page 34 - Page 35	
102-21	Consulting with stakeholders on economic, environmental, and social topics	Stakeholder: Negotiation with Stakeholders	Page 19 - Page 20	
102-22	Consists of the highest management level and its committee	Corporate Governance: Operating Management; Sustainable Operation	Page 9, Page 33 - Page 34	
102-23	Chairman of the highest management level	Corporate Governance: Operating Management; Sustainable Development	Page 9, Page 33 - Page 34	
102-26	The objective, value, and strategic role of the highest management level	Statement of the Management; About Phihong: Company Profile; Product and Technology Corporate Governance: Sustainable Operations	Page 3, Page 8 - Page 12, Page 33 - Page 34	
102-29	Identification and management of economic, environmental, and social impact	Stakeholder: Significant Aspect Analysis; Corporate Governance: Sustainable Operations	Page 21 - Page 31, Page 33 - Page 34	
102-31	Review of economic, environmental, and social topics	Stakeholder: Significant Aspect Analysis; Corporate Governance: Sustainable Operations	Page 21 - Page 31, Page 33 - Page 34	
102-32	The role of the highest management level in the sustainability report	Stakeholder: Significant Aspect Analysis; Corporate Governance: Sustainable Operations	Page 21 - Page 31, Page 33 - Page 34	
102-38	Ratio of annual total salary and remuneration	Happy workplace: salary and benefits	Page 88 - Page 89	

Appendix 2: GRI Standards Cross Reference Index

GRI standards	Item disclosed	Chapter/description	Page number	Item disclosed
Stakeholders communication				
102-40	Stakeholders group	Stakeholder: Negotiation with Stakeholders	Page 19 - Page 20	
102-41	Group negotiation	Happy Workplace: Human Rights Equality – Communication Channel · Reporting System	Page 77 - Page 80	
102-42	Stakeholders identification and selection	Stakeholder: Negotiation with Stakeholders	Page 19 - Page 20	
102-43	Principle of communication with stakeholders	Stakeholder: Negotiation with Stakeholders	Page 20	
102-44	Key topics and items of concern proposed	Stakeholder: Significant Aspect Analysis	Page 20 - Page 31	
Reporting practice				
102-45	Entity included in the combined financial report	Editing Principle; Phihong's Overview: Global Strategy – Sales Region	Page 2, Page 13 - Page 14	
102-46	Defining the report content and topic boundary	Editing Principle; Stakeholder: Significant Aspect Analysis	Page 2, Page 25 - Page 28	
102-47	Listing of major issues	Stakeholder: Significant Aspect Analysis	Page 21 - Page 30	
102-48	Information re-Editorial	No information re-Editorial	N/A	No change
102-49	Report changes	Stakeholder: Negotiation with Stakeholders	Page 24	Differences of significant aspect items in 2019 and 2020
102-50	Report duration	Editing Principles	Page 2	2020
102-51	Date of last report	Editing Principles	Page 2	
102-52	Report cycle	Editing Principles	Page 2	Once a year regularly
102-53	The contact person who can answer report related questions	Editing Principles	Page 2	
102-54	In compliance with the declaration of the GRI Standards	Editing Principles	Page 2	
102-55	GRI content index GRI	Attachment: attachment 2	Page 116 - Page 123	
102-56	External assurance/assurance	Attachment: attachment 1	Page 115	

Appendix 2: GRI Standards Cross Reference Index(major issues are marked with *)

[Specific topic disclosure]						
GRI standards	Item disclosed	Management Policy (103) Page	Chapter/description	Page number	Note	
GRI 200 Specific topic disclosure	* GRI 201 : 2016 Economic Performance	201-1 Direct economic values directly generated and allocated by the organization	Page 26, Page 29	About Phihong: Global Strategy/Operating Performance	Page 14 - Page 15	
		201-3 Retirement Pension Appropriation	Page 26, Page 29	Happy Workplace: Salary and Benefit – Retirement Care	Page 90	
	* GRI 202 : 2016 Market Status	202-1 Ratio of Phihong's salaries and the minimum local salaries	Page 26, Page 29	Happy workplace: salary and benefits	Page 88	
		202-2 Ratio of local residents being senior management	Page 26, Page 29	Happy Workplace: HR Structure	Page 73 - Page 74	
	* GRI 204 : 2016 Procurement practices	204-1 Ratio of local supplier procurement expense	Page 26, Page 29	Mutual prosperity with partners: supply chain management - strategic procurement	Page 68	
	* GRI 205 : 2016 Anti-corruption	205-1 Operating joint carried out the anti-corruption risk evaluation	Page 26, Page 29	Corporate Governance: Ethics and Moral – Ethical Operation and Practice Morality Corporate Governance: Risk Management – Risk Management Principle and Policy	Page 36 - Page 37, Page 42	
		205-2 Communication and training report requirement related to anti-corruption policies and procedures				
		205-3 Confirmed corruption cases and actions adopted				
	Self-setting	Product quality / green research and development	Page 26, Page 29	Green environmental protection: green research and development	Page 45 - Page 53	Self-disclosure
		Impact and turning points of COVID-19		Happy Workplace: Workplace Safety and Health	Page 104 - Page 106	Self-disclosure
GRI 300 Specific topic disclosure	* GRI 301 : 2016 Supplies	301-2 Weight or volume of supplies used; ratio of renewable suppliers used in producing major products and services	Page 27, Page 30	Green environmental protection: green research and development	Page 44	
	* GRI 302 : 2016 Energy	302-1 Internal energy consumption of the organization	Page 27, Page 30		Page 44	
		302-3 Energy intensity	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction – energy use and strength	Page 54 - Page 55	
	* GRI 303 : 2018 Water and effluent	303-3 Water intake	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - water resources management	Page 58	
303-4 Water emission						

Appendix 2: GRI Standards Cross Reference Index(major issues are marked with *)

GRI standards	Item disclosed	Management Policy (103) Page	Chapter/description	Page number	Note	
GRI 300 Specific topic disclosure	* GRI 305 : 2016 Emission	305-1 Direct (scope 1) GHG emission	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	Page 56	
		305-2 Indirect energy (scope 2) GHG emission	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	Page 56	
		305-4 GHG emission intensity	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	Page 56	
		305-5 GHG emission reduction	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - energy use and strength, greenhouse gas emissions management	Page 54, Page 56	
		306-1 Effluent volume based on the water quality and emission destination	Page 27, Page 30	Green environmental protection: energy saving, carbon reduction - water resources management	Page 58	
	* GRI 306 : 2016 Waste water and wastes	306-2 Wastes by category and disposing methods		Green environmental protection: energy saving, carbon reduction - waste management	Page 59	
	306-3 Severe leakage	Company management: Law compliance Green environmental protection: energy saving, carbon reduction - water resources management, waste management		Page 42, Page 58 - Page 59		
	* GRI 307 : 2016 Compliance with environmental protection related laws and regulations	307-1 Violation of environmental protection regulations	Page 27, Page 30	Corporate Governance: Legal Compliance; Green Environmental Protection: Energy-saving – Water Resource Control; Waste Control	Page 58, Page 59	
	GRI 308 : 2016 Environmental evaluation of suppliers	308-1 Ratio of adopting environmental standards to select new suppliers	N/A	Mutual Prosperity: Supply Chain Management	Page 56 - Page 71	Self-disclosure
		308-2 Negative impacts of the supply chain on the environment and actions adopted				

Appendix 2: GRI Standards Cross Reference Index(major issues are marked with *)

GRI standards	Item disclosed	Management Policy (103) Page	Chapter/description	Page number	Note	
GRI 400 Specific topic disclosure	* GRI 401 : 2016 Employment relations	401-1 New employee and employees left	Page 27, Page 31	Happy Workplace: Talent Development – Care for New Employees and Separation Interview	Page 86 - Page 87	
		401-2 Benefits for full-time employee (excluding temporary or part-time employee)	Page 27, Page 31	Happy workplace: salary and benefits	Page 88 - Page 99	
		401-3 Nursery leave	Page 27, Page 31	Happy Workplace: Human Rights Equality	Page 75 - Page 76	
	* GRI 402 : 2016 Labor-capital relations	402-1 Shortest notice period regarding operation changes	Page 27, Page 31	Happy Workplace: Human Rights Equality – separation notice period	Page 78	
	* GRI 403 : 2018 Occupational safety and health	403-9 Occupational injury	Page 27, Page 31	Happy Workplace: Occupational Safety and Health – Occupational Safety and Health Management	Page 100 - Page 101	
		403-10 Occupational disease				
	* GRI 404 : 2016 Training and education	404-1 Average number of hours of each employee receiving training each year	Page 27, Page 31	Happy Workplace: Talent Development – 2020 Employee Training Hour Statistics	Page 82	
		404-2 Improving employees' functions and transition assistance solution	Page 27, Page 31	Happy workplace: talent development	Page 82, Page 90	
		404-3 Ratio of employees regularly having performance and occupational development	Page 27, Page 31	Happy Workplace: Talent Development – Performance Audit, Linked to reward and salary	Page 86	
	* GRI 405 : 2016 Employee diversity and equal opportunities	405-1 Governance department and employee diversity	Page 27, Page 31	Corporate Governance: Operating Management; Happy Workplace: HR Structure	Page 33, Page 73 - Page 74	
		405-2 Ratio of Basic salary and remuneration of females to males	Page 27, Page 31	Happy Workplace: Remuneration and Benefits – Gender Friendliness and Equal Remuneration	Page 89	
	GRI 406 : 2016 No discrimination	406-1 Discrimination cases and improvement actions adopted by the organization	N/A	Corporate Governance: Legal Compliance; Happy Workplace: Human Rights Equality	Page 42, Page 75 - Page 76	Self-disclosure
	GRI 407 : 2016 Freedom of Assembly and Association and Group Negotiation	407-1 Operating joints or suppliers that may face the risk of assembly and association and group negotiation	N/A	Happy Workplace: Human Rights Equality	Page 75 - Page 80	Self-disclosure

Appendix 2: GRI Standards Cross Reference Index(major issues are marked with *)

GRI standards	Item disclosed	Management Policy (103) Page	Chapter/description	Page number	Note	
GRI 400 Specific topic disclosure	GRI 408 : 2016 Child labor	408-1 Significant risk of operating joints and suppliers using child labor	N/A	Corporate Governance: Legal Compliance; Happy Workplace: Human Rights Equality – Prohibit Unequal Treatment, Sexual Harassment, and Workplace Bullying	Page 42, Page 75	Self-disclosure
	GRI 409 : 2016 Forced labor GRI 409 : 2016	409-1 Operating joints and suppliers with significant risk of forced labor	N/A	Corporate Governance: Legal Compliance; Happy Workplace: Human Rights Equality	Page 42, Page 75	Self-disclosure
	GRI 414 supplier social assessment	414-1 Selecting new suppliers with social standards	N/A	Mutual Prosperity: Supply Chain Management	Page 66 - Page 71	Self-disclosure
		414-2 Negative impacts of the supply chain and actions adopted	N/A			Self-disclosure
	* GRI 416 : 2016 Customers' health and safety	416-1 Evaluate impacts of products and services on health and safety	Page 28, Page 31	Mutual Prosperity: Customer Service Management	Page 44 - Page 45, Page 64	
		416-2 Cases violating health and safety regulations related to products and services	Page 28, Page 31	Corporate Governance: Legal Compliance; Mutual Prosperity: Customer Service Management – Product Responsibility	Page 42, Page 64	
	GRI 417 marketing and markings	417-1 Requirements for product and service information and label	N/A	Mutual Prosperity: Customer Service Management –Product Marketing and Label	Page 64	Self-disclosure
		417-2 Cases not complying with regulations related to the information and labeling of products and services	N/A	Corporate Governance: Legal Compliance Mutual Prosperity: Customer Service Management – Product Marketing and Labeling	Page 42, Page 64	Self-disclosure
		417-3 Cases not complying with regulations related to marketing and broadcasting	N/A	Corporate Governance: Legal Compliance Co-prosperity with Partner – Customer Service Management – Product Marketing and Labeling	Page 42, Page 64	Self-disclosure
	* GRI 418 : 2016 Customer Privacy * GRI 418 : 2016	418-1 Complaints of proven infringement to customer's privacy or loss of customer data	Page 28, Page 31	Corporate Governance: Legal Compliance; Co-prosperity with Partner – Information Management and Customer Privacy	Page 42, Page 65	
* GRI 419 : 2016 Adherence to social economic laws and regulations	419-1 Violating requirements of social and economic laws	Page 28, Page 31	Company management: Law compliance	Page 42, Page 64		

Appendix 3: United Nations Sustainable Development Goals Cross Reference Table (SDGs)

Items	SGD target content	Chapter/description	Page number
Target 1	Eliminate all forms of poverty and care for the underprivileged everywhere	Social Care	Page 108 - Page 113
Target 2	Eliminate hunger, achieve food security, improve nutrition and promote sustainable agriculture	Social Care	Page 108 - Page 113
Target 3	Ensuring health and promoting the benefits of all ages	Happy Workplace: Human Rights Equality; Workplace Safety and	Page 73 - Page 76, Page 100 - Page 106
Target 4	Ensuring education for all, fair and high-quality education, and promoting life learning	Happy Workplace: HR Structure	Page 81 - Page 85
Target 5	Implement gender equality, empowering women	Happy Workplace: Human Rights Equality	Page 75 - Page 80
Target 6	Ensuring water and sanitation and sustainability of which for everyone\	Green Environmental Protection: Energy-saving and Carbon Dioxide Reduction – Water Source Control	Page 58
Target 7	Ensuring that every person can obtain affordable, reliable, sustainable, and modern energy	Green environmental protection: energy saving, carbon reduction	Page 54 - Page 55
Target 8	Promote tolerant and sustainable economic growth to reach full and productive employment to let everyone have a good job	About Pihong: Global Strategy – Operating Performance Corporate Governance	Page 14 - Page 15, Page 33 - Page 34
Target 9	Construct resilient infrastructure, promote tolerant and sustainable industry and expedite innovation	Green Environmental Protection: Green Procurement and Green R&D	Page 44 - Page 53
Target 10	Reduce domestic and international inequality	Happy Workplace: Human Rights Equality	Page 75 - Page 80
Target 11	Promote urban and human residence with tolerance, safety, resilience, and sustainability	Social Care	Page 108 - Page 113
Target 12	Ensure sustainable consumption and production model	Co-prosperity of Partners: Customer Service Management	Page 62 - Page 65
Target 13	Take emergency measures in response to climate change and its impact	Corporate Governance: Risk Management – Risk Management Principles and Policies; Response to Climate Change	Page 37 - Page 41
Target 16	Facilitate a peaceful and inclusive society to realize the sustainable development; provide judicial channels to all people; establish effective, responsible, and inclusive systems for all levels	Stakeholder; Corporate Governance: Sustainable Operations	Page 19 - Page 31, Page 33 - Page 34
Target 17	Fortify sustainability execution method and invigorate sustainable development of global partnership	Stakeholder; Corporate Governance Co-prosperity with Partner	Page 19 - Page 31, Page 33 - Page 34, Page 62 - Page 71

