



飛宏科技股份有限公司

PHIHONG TECHNOLOGY CO., LTD.

# 企業社會責任報告書

CSR Report 2010



# Report Overview

## Report Category

This is Pihong Technology's second CSR report mainly to present our strategy, goals, measures, performance, and future direction in corporate social responsibility and sustainability to follow meet the needs demands of international standards and our stakeholders. The presented information is mainly for 2010 (from Jan 1st 2010 to Dec 31st) and includes the regions of our Taiwan HQ and greater China, excluding invested companies. The data presented reflects the financial, environmental, and societal performance of Pihong Technology.

## Written Principle on Contents of Report

The issues are selected from the results of discussion by the CSR committee and are chosen for their benefits to stakeholders. Issues will be detailed in each chapter of the report. Certain details and finances will be revealed on the corporate website and annual shareholders report.

## Report Program

The contents structure of this report adhere to GRI's (Global Reporting Initiative) third program and follows its' guidelines to structure an annual report to detail Pihong's issues in sustainability, related strategy, goals, and measures. Application level is C.

## Distribution and Consulting

To adhere to environmentally friendly paperless practices, this report is available for download on the company website. If you have any comments or questions, please use the information below to contact us.

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Pihong Technology

Chairman

林 中 民

# Management

Looking back at 2010, the global economy has not completely recovered from the financial crisis and credit risk remains in European countries. The price of raw materials continues to increase while labor costs in the Greater China region rise repeatedly, in result of corporate management costs also rise. While general economic growth has been stronger than 2009, many corporations are still facing challenges. In 2010, Pihong Technology has reached our targets while setting historic records, using the least amount of capital to make the most effective investments, creating maximum value for shareholders to achieve the goal of creating profits and giving back to our shareholders.

Aside from core businesses, Pihong also emphasizes CSR as a critical aspect of management strategy. Linking corporate culture and values to emphasize on company management, employee benefits, environmental protection, and participation in society by practicing CSR can effectively increase operational performance and competitive advantage. Particularly in the area of environmental protection, we strive to consolidate company resources to

develop green products and energy saving projects to reduce the impact and burden on the environment. Our related energy saving products has received the acclaim of international clients. They not only work for the environment, but also create new sources of revenue to satisfy the various needs of employees, shareholders, and suppliers.

The 2010 CSR Report details Pihong's current CSR activities. With an increasing shouldering of accountability towards society, we must clearly consolidate current issues to better fulfill the requirements of stakeholders in future CSR activities to ensure satisfaction for all parties. When responsibility transforms from a burden into opportunity, corporations can benefit communities to change stakeholder value and progress towards sustainability.

Looking towards the future, we have much room for hard work and performance. Pihong will adhere to our operation principles using CSR as a managing blueprint to build trust with friends of Pihong and create a better future for all.







In the past year, environmental issues have been burning on the international stage. The February 2010 release of the climate shift documentary ( $\pm 2^{\circ}\text{C}$ ) filmed by a Taiwanese team analyzes possible affects of climate shift to Taiwan and reminds society that global warming will bring about dangers. Global warming will cause many areas suffer from extreme temperatures during summer and winter, causing agricultural harvests to be sparse. Many natural disasters have occurred all around the world, such as the wild forest fires of Russia, floods of China, and others. The world has suffered from the threat of abnormal weather in 2010 causing much death.

With the increasing severity of global climate shifts, whether corporate expansion can provide a helping hand in fighting climate shifts should be an issue for all corporations. Therefore, Phihong has invested in developing products with high energy conversion rates which adhere to environmental standards to achieve the goal of lowered emissions. In terms of operating strategy research and development will be one of our critical goals and more elite personnel will be recruited to continue in the development of green

products to reduce the impact our products have on the environment. Furthermore, our scope will expand towards the entire supply chain. Since 2009 our suppliers have begun to understand the meaning of CSR purchasing. Aside from previous trade requirements, we hope that the entirety of Phihong's supply chain must respect human rights and make adjustments in working environments.

Aside from focusing on the environment and supply chain, Phihong will follow our operating principles and aggressively seek ways to connect CSR with managing strategy to achieve our promise towards CSR while also finding new opportunities to provide clients with exceptional service and create the greatest benefit for shareholders, better working environments, support the growth of our suppliers, follow laws and regulations, care about vulnerable groups, and better communities.

As our promise, CSR will become the foundation of corporate actions. Fighting climate shifts while winning the trust of stakeholders to create win-win situations will require constant care and thinking.

Phihong Technology

General Manager

# CSR Promises

CSR includes aspects of corporate operation such as the coexistence and prosperity of self management and stakeholders, while also care towards the world. As a good corporate citizen, we promise:

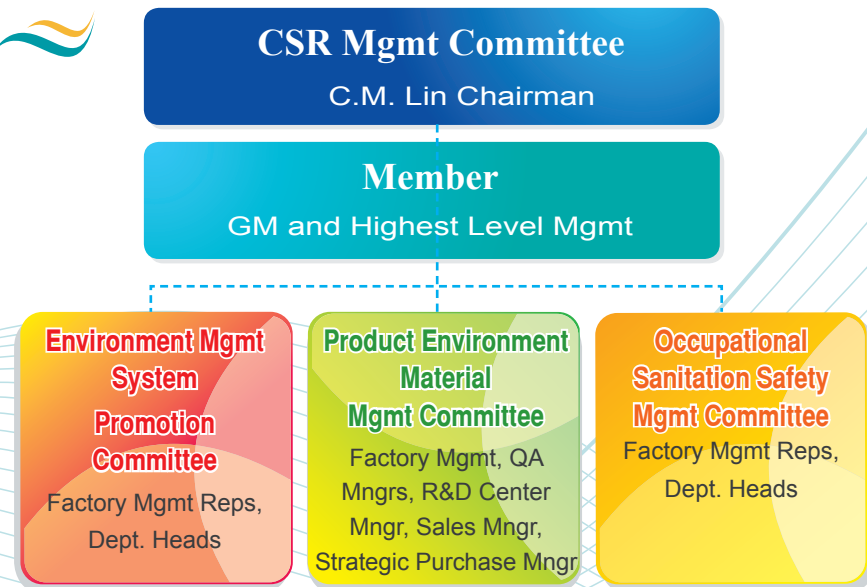
1. To maintain good company control, adhere to corporate morals and business actions.
2. To follow local laws and regulations.
3. To provide our employees with safe working environments for their health and safety, allow employees to perform to their abilities with reasonable compensation and benefits.
4. To create organizational value, increase shareholder benefits.

5. To research and manufacture green products that adhere to HSF (non toxic materials) and execute environment management systems to reduce impact on the environment.

The promises above are the goals and direction of Pihong's CSR. Pihong will expand the depth and broadness of related activities in daily operations and establish indexes to track performance for assessment with the timely release of related information to ensure internal and external corporate communication quality.

## Corporate Expansion with CSR

- The Corporate Social Responsibility management committee was established in September of 2009 with Pihong's chairman acting as head of committee. The committee is formed with the GM of Pihong along with top executives from the China and US regions, in charge of Pihong's CSR strategy and performance assessment.
- The CSR management committee is formed with an ISO14001 environment management system committee, product environment material committee, and occupational sanitation safety committee represented by the management of relevant business units. They are in charge of the promotion of ISO14001 environment management systems, product HSF management, and occupational sanitation safety management. Responsibilities are cross-department to ensure the completeness of execution. The organizational structure is to the right:



Due to the growing trend of CSR, we must suitably adjust organizational structure to implement Pihong's promises to organizational management, stakeholder benefits, and environmental protection.





- Management Principle
- Mission • Vision • Goal

# **1** *Core Values*



## 1.1 Management Principles

### Integrity

Phihong's corporation core, central thinking of all activities.

### Innovation

Phihong's competitive advantage in sustainability and the global stage.

### Challenge

Phihong's greatest motivation in promoting change and excellence.



## 1.2 Mission

Preserve hopes & increase happiness for next generation

## 1.3 Vision

Our vision is design products with high energy conversion and becoming the most superior power supply manufacturer and supplier while continuing to watch issues relating to our stakeholders to uphold the promise of CSR and become good corporate citizens.

## 1.4 Goal

1. Achieve annual revenue of NTD 20 billion: adjust according to product and client structure, increase profitability.
2. Professional R&D: Train excellent R&D personnel to target client needs and provide complete solutions.
3. Complete Globalization: Recruit excellent international personnel, internal systems and documents in English, adhere to global trends.
4. Automation of Manufacturing: Introduce automatic production line and equipment, reduce labor costs, increase production.



# 2 Phihong Overview

- Company Overview
- Corporate Development
- Performance Awards
- Stakeholders
- Company Control
- Market Analysis
- Revenue and Key Milestones



## 2.1 Company Overview



**Company Name:** PHIHONG TECHNOLOGY CO.,LTD

**Chariman:** Mr. C.M. Lin

**General Manager:** Mr. S.J. Guo

**Founded:** December 12th, 1972

**Capital:** NTD 2.7548 Billion

**Address:** No. 568, Fuxing 3rd Rd, Huaya Industrial Park,  
Gueishan Township, Taoyuan County (33383), Taiwan

**Tel:** (03)327-7288

**Website:** [www.phihong.com.tw](http://www.phihong.com.tw)

### Core Business

Manufacturing of switching, linear power supply, earphones, chargers, charging stands, power over ethernet, ballast, DLP HDTV, multi-touch displays, and other products.

Phihong were founded by current chairman Mr. C.M. Lin in 1972 and in May of 2003, moved the office to Huaya Industrial Park and renamed the company Phihong Technology CO., LTD as headquarters and R&D center, providing power supply for the 3C industry.

In recent years, Phihong has stepped into the HD digital television industry developing hardware and software along with developing various products and energy saving products, such as multi-touch displays and LED lighting. Successful penetration into the European, American, and Japanese markets has been a big breakthrough in strategy in recent years. Our manufactured products have received the long-term trust and affirmation from our clients, accumulating trust as a global top 10 supplier of power supplies. Phihong's successful operational strategy is the foundation for the group's continued growth.





## 2.1.1 Global Strategy

### ● SALES

TAIWAN  
CHINA  
USA  
EUROPE  
JAPAN

### ● HUB

TAIWAN  
CANADA  
USA  
MEXICO  
GERMANY  
UK



### ● FACTORY

CHINA  
DG  
SZ  
JX  
TJ

### ● R&D

TAIWAN  
USA  
CHINA

We believe that with innovation with creativity is the key to excellence in production which can compete on the international stage. Centering research and core technologies in Taiwan while manufacturing in China and establishing the U.S. branch firmly grasps our global marketing logistics. Our philosophy is rooting in Taiwan while operating internationally.

▼ Dongguan DaHong Factory



▼ Dongguan Feihong Factory



▼ Dongguan Shuangying Factory



▼ Gongguan TieSong Factory



▼ Feihong Suzhou Factory



▼ Japan Branch



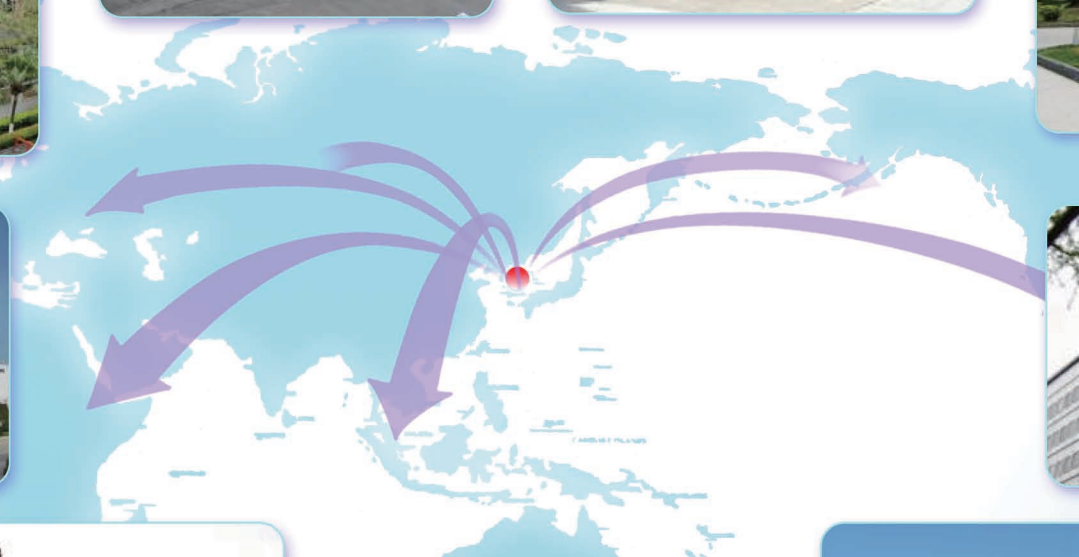
▲ Shanghai R&D Center



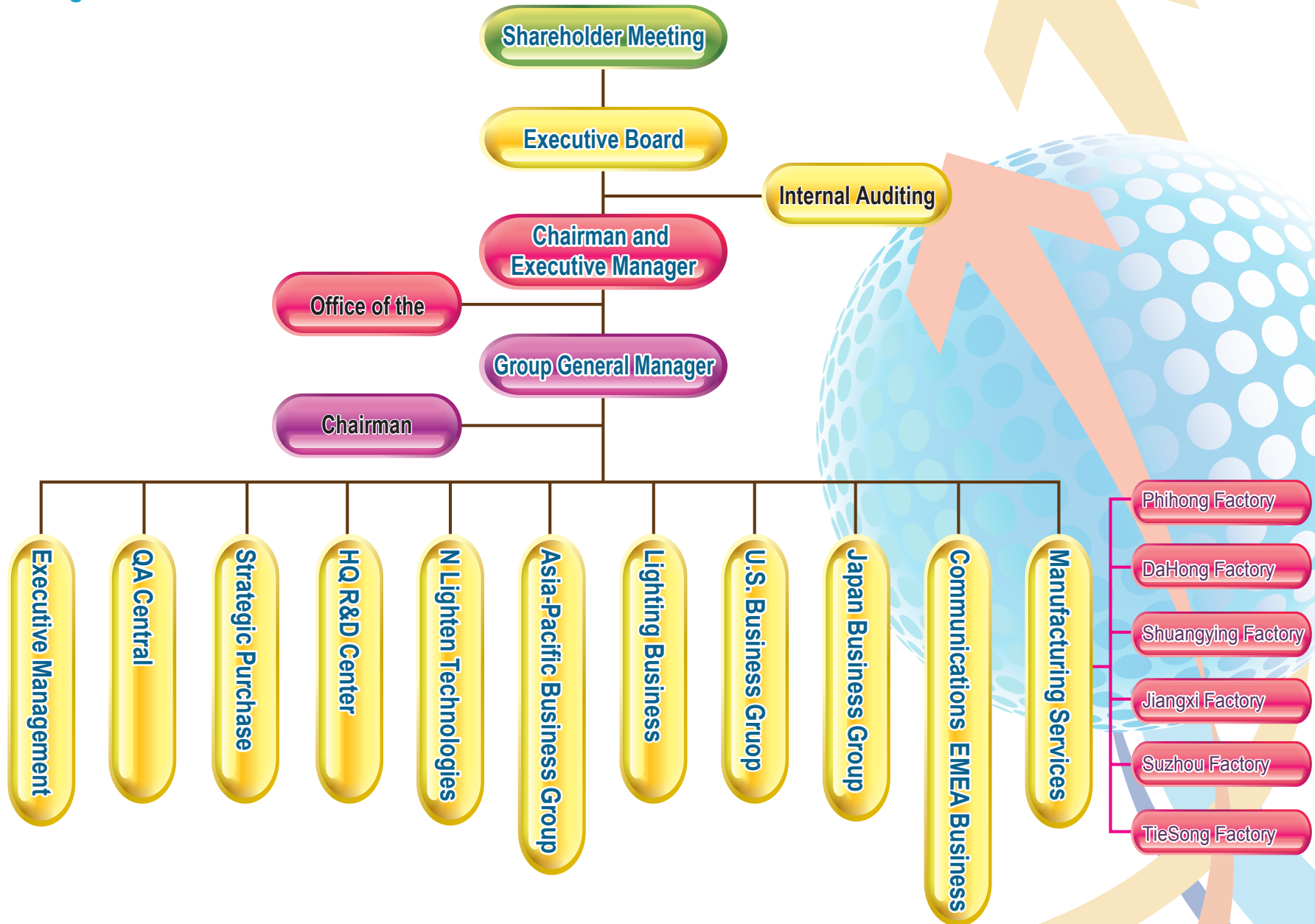
▲ Feihong Jiangxi Factory



▲ U.S. Branch



## 2.1.2 Organizational Structure





### 2.1.3 Core Services

Phihong Technology's core business is supplying various types of power supplies and is one of the main suppliers for major global corporations. We are aggressively expanding into power supply manufacturing for 3C consumer electronics and LED lighting to provide clients with complete service and product competitiveness. Whether it be research and development, manufacturing quality, mass production schedules or cost control, we stand above local corporations and shoulder to shoulder with global leaders.

## 2.2 Corporate Development

In recent years, development of R&D and technical personnel has been difficult due to a lack of labor and rising labor costs, causing operating costs to grow. Furthermore, with the short lifespan of tech products, the quickly shifting market, and highly competitive industry, price wars have become fierce battles.

To meet the changes of the market and reduce costs, Phihong continues to recruit R&D personnel and implement a design platform and learning environment within the corporate network to help technologies take root and design principles reflect onto our products which strive towards being compact, small, bring high added value, high quality, and high efficiency. Aside from the R&D center in Taipei, R&D locations have been established in New York, San Francisco, Shanghai, and Dongguan to meet future market needs and strengthen our design of global power supplies in order to become a force in the global power supply industry.

Aside from professionalizing R&D, Phihong continues to develop products with high added value and new markets along with automatic manufacturing equipment which reduce costs, increases quality standards and the elasticity and efficiency during the manufacturing process, further strengthening project risk management and vertical integration.



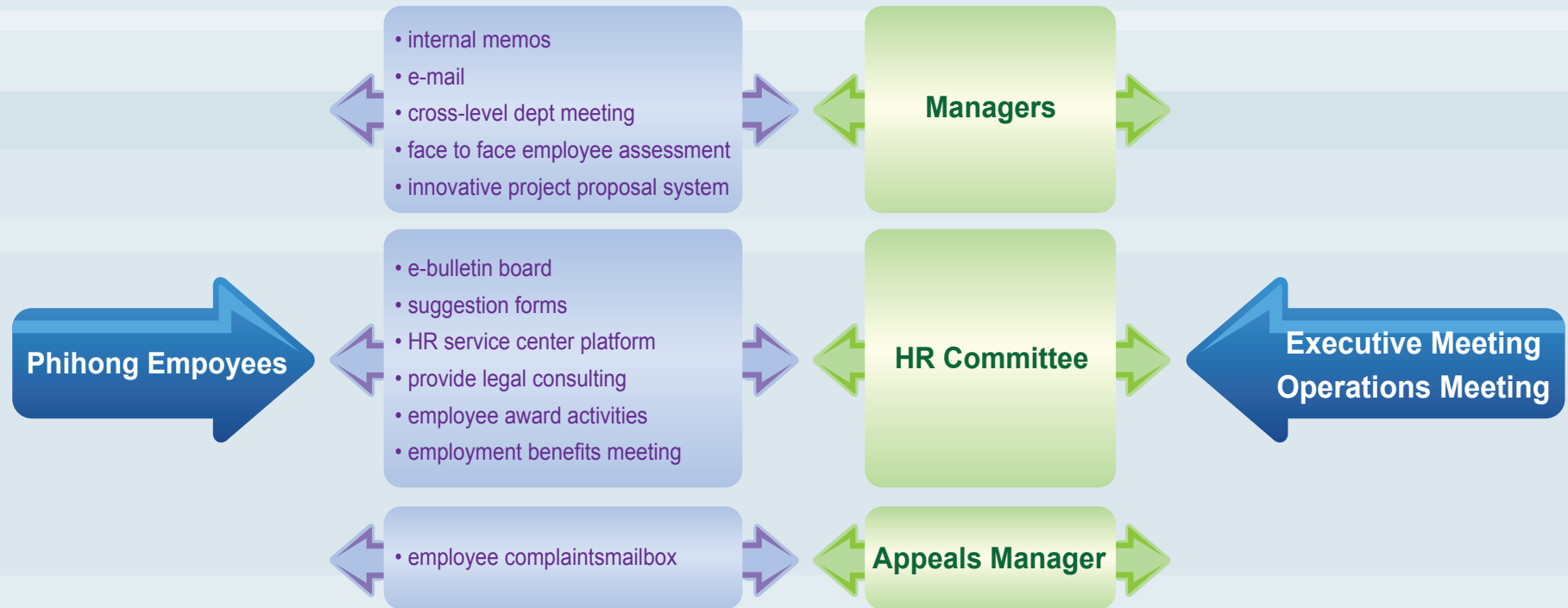
## 2.3 Performance Awards

<p><b>Certification</b></p>	<ul style="list-style-type: none"> <li>• Passed ISO9001 Certification.</li> <li>• Passed ISO14001 Certification.</li> <li>• Passed OHSAS 18001 Certification.</li> </ul>	<p><b>Client Affirmation</b></p>	<ul style="list-style-type: none"> <li>• Obtained SONY Green Partner certification.</li> <li>• First local company to obtain Microsoft Windows 7 certification for multi-touch displays over 30”</li> </ul>
<p><b>Awards</b></p>	<ul style="list-style-type: none"> <li>• Received Taoyuan municipal government award for “4th Annual Sustainable Corporation Award” (2010.6).</li> <li>• Received Golden Torch Award for top 10 corporations and innovative design (2010.12)</li> <li>• Received a grade of A from Securities &amp; Futures Institute in 2010 during the 7th publicly traded company information grading.</li> <li>• Received 2010 Taiwan TrainQuali System Bronze Award (Corporate).</li> <li>• Listed as top 100 strongest companies of Taiwan’s tech industry by Business Next</li> <li>• Awarded smoke-less work place award by the Bureau of Health Promotion, Department of Health R.O.C. (2008.11.1~2011.12.31)</li> </ul>		



## 2.4 Stakeholders

### 2.4.1 Pihong and Employees



#### Mechanism for Communication with Employees

Only through a good communications method can a company establish tight and transparent interaction with employees to create the greatest benefit and harmony for both parties. A two-way communication method expresses a corporation's policy and principles and sincerely listens to the voices of employees to strengthen unity and realize a mission based on the principles of co-existence, co-prosperity, and win-win situations.

### 2.4.2 Pihong and Shareholders

Pihong values shareholder benefits and information is one of the most important services Pihong has towards our shareholders. Information should be revealed with completeness, should be immediate, fair, and transparent. Aside from the various public announcements for the Taiwan Stock Exchange, all information such as the annual report, chairman report, financial report, corporate policy, stock price, stock information, and legal information will be posted on our website per regulations for the reference of local and international investors.



### 2.4.3 Phihong and Clients

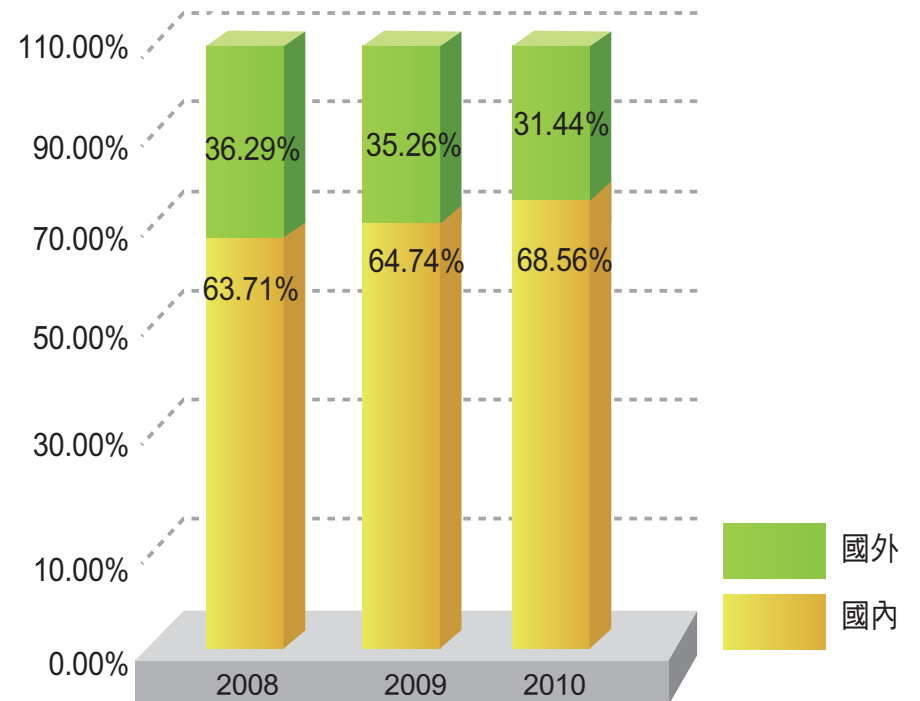
We often use methods such as surveys, visits, various information, and meetings to monitor and understand the needs and sentiments of our clients. We hold an annual client satisfaction survey and according to the results of our 2010 survey, the overall satisfaction rate of our clients is 80.83% showing that more than 80% of our clients are satisfied or very satisfied with Phihong.

### 2.4.4 Phihong and Suppliers

We take necessary measures with our upstream suppliers in regards to issues such as HSF, risk management mechanisms, and environmental sanitation to establish a complete green supply chain for our green products.

In terms of purchase strategy, Phihong material delivery and lowers inventory to increase our competitive advantage while advising local suppliers to increase purchase ratio to provide local career opportunities and drive economic development.

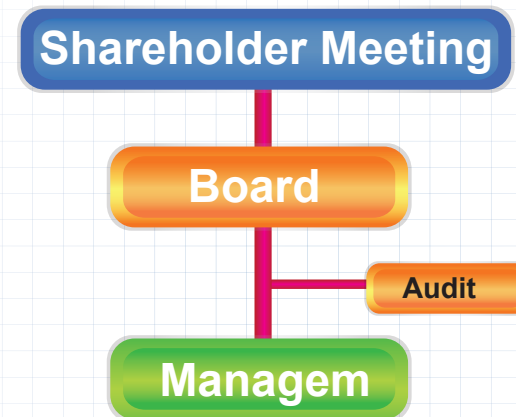
### Local and Foreign Purchase Comparison



## 2.5 Company Control

Phihong believes that high quality management of the company is the best method of ensuring that we operate at our best. This philosophy is the highest guiding principle in balancing the benefits of all stakeholders. “Maintaining good company management while adhering to corporate morality and business standards” is a promise we make, and is the standard that any responsible corporation must uphold. Through our complete organization structure and employee morality education, we realize these principles in our daily operations.

Phihong Organizational Structure:



### 2.5.1 Executive Board and Functions

Control of Phihong Technology is held by the shareholder meeting where executive board members were chosen at the shareholder meeting in 2008.06.13, comprising of 7 members and 3 supervisors. For background information on all board members and supervisors, see the company annual report: <http://www.phihong.com.tw/reports/D112.pdf>

In terms of company management, managers and compensation are negotiated by the board, while department heads are appointed and removed by managers. The board meeting must be held at least once per quarter to monitor internal policy and order and to audit operating performance and discuss important strategic issues. These issues include the assessment and establishment of international standards in facets such as industry development, economy, the environment, and CSR. Conflicts of interest will be deferred while conflict content, board members, reason of conflict and resolutions will be recorded to ensure maximum benefit for operations. In 2010, the chairman called 6 board meetings with an attendance rate of 77.77%.

The board will decide how stock is allocated to the shareholders meeting annually according to the company’s performance the previous year; therefore, the board members are closely linked to their compensation and company operational performance.



## 2.5.2 Information Transparency

We have a spokesperson, deputy spokesperson, and service mailbox to act as a medium in maintaining good communications. Through meetings, telephone conferences, and e-mail, those at the management level can effectively interact with shareholders. Shareholder suggestions, regardless of stake, can be expressed during the annual shareholders meeting. Shareholders with more than 1% stake can use shareholder proposal rights to pass suggestions to the board for decision by the management level. Whether suggestions are executed, shareholders will be thanked by letter.

Due to the importance of information transparency, the finance department is equipped with dedicated stock personnel to provide accurate and updated information to the Taiwan Stock Exchange and our corporate website ([www.phihong.com.tw](http://www.phihong.com.tw)). All stakeholders can see our latest operations overview, financial reports, important announcements, annual report, shareholder meeting and stock information, board decisions, internal audit, corporate policy, and related information. In 2010, we received a grade of A from the Securities & Futures Institute for information transparency. We will continue to work hard to ensure that we provide information transparency.

## 2.5.3 Internal Policy

Internal auditing is managed by the board and issues periodic and non-periodic reports to the board. Internal auditing encompasses all finances, business, and management functions and adheres to the 8 major facets. Through routine or project based auditing, problems with internal policy can be found and solutions proposed in timely manner and reported to the chairman. Results and current condition

will be reported during board meetings to realize the spirit of corporate management.

Our management team is highly focused on any local or international policies and laws which may affect our business and finances in order to make amendments to company policy and address these issues and periodically assess the execution of our policies. As more than 90% of our clients are major international manufacturers, we receive annual audits from our main clients to ensure that our management model and actions meet the standards of our stakeholders and global trends. Furthermore, we use responsibility insurance for all members of the board and key personnel to insure the benefits of shareholders and reduce operational risk.





## 2.5.4 Anti-Corruption

We understand that there is a degree of benefit revolved in the relationships of corporations and governments, or B2B. In order to avoid damaging our professional trust, we absolutely do not allow corruption. We firmly oppose any actions which damage company reputation and educate our employees as such with various bonus mechanisms which act to suppress situations which may lead to corruption. We have a reporting mechanism for gifts received from suppliers to stop any possibility of bribery, blackmail, or corruption at the earliest. Contracts with suppliers also have items which prevent corruption which are followed by both parties. Inside trading is prohibited and our financial reports are highly transparent to not allow any chance for corruption. These various mechanisms are upheld in daily management and business actions to protect against corruption. Until now, we have had no incidents. We must treasure the results of our hard work in the past and continue to uphold our stance against corruption to act honestly in all business functions.

## 2.5.5 Political Participation and Contribution

Phihong Technology has maintained a neutral stance in politics. Aside from encouraging employees to care about politics and use their right to vote appropriately in choosing the candidate they feel is best for public office. Management often offer suggestions and care towards matters which affect the economy, industry, and education.

## 2.5.6 Illegal Actions and Punishment

Up until now, Phihong has not received any punishment for illegal activity.



## 2.6 Market Analysis

Phihong is a professional power supply manufacturer with main product applications in mobile phones, handheld gaming units, LED lighting, netcoms (POE) and others. Due to the rapid growth of Smartphone shipments in 2010 and the rising wattage demand for Smartphone chargers from 5W to 15W, not only are charging speeds faster, but profit and average price are higher than traditional feature phones. According to market research statistics, global Smartphone sales in 2011 will surpass 500 million units, showing good growth.

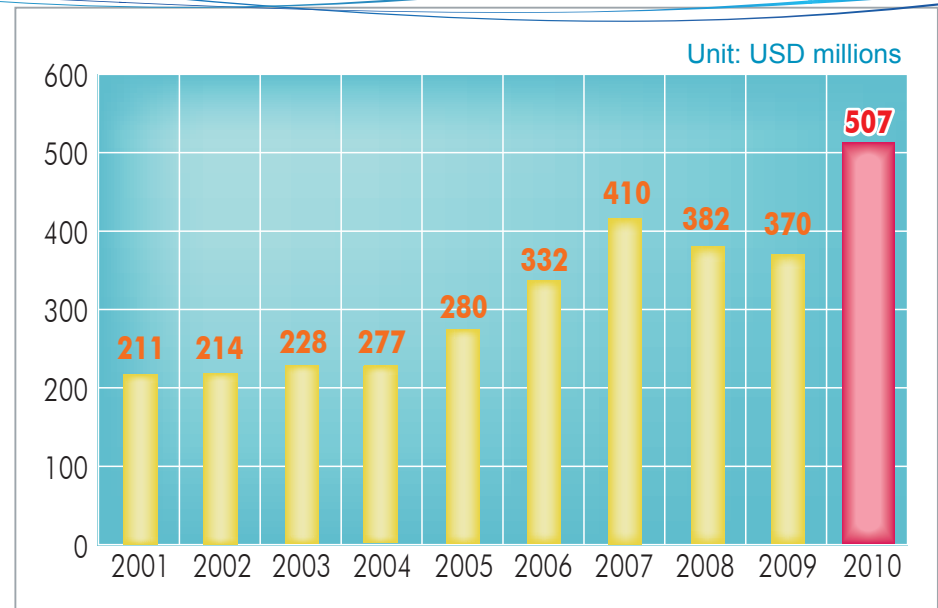
Furthermore, with the frequency of global environmental disasters, the call to reduce emissions is rising. China is fully devoted to promoting clean energy while governments around the world are putting LED and solar energy to greater use. In estimation, lighting takes up approximately 19% of global energy use but LEDs only account for 2~3% of lighting sources. In contrast to reducing

emissions, usage of LED lights is a much more cost-effective method of protecting the environment. Due to the stance of environmental protection and demand, governments around the world are starting to focus on the economic and performance efficiency of LED lighting. Starting in 2012, the use of incandescent light bulbs will be outlawed in many countries. LED lighting will account for 20% of production of lighting equipment, in 2015 this number should rise to a 50% replacement rate of incandescent light bulbs, and in 2019 the replacement rate will reach 90%. As the age of LED lighting has arrived early, Phihong has received much acclaim in quality due to our early entrance into the technology. We have earned LED lighting (including drivers and electronic stabilizers) orders from four of the five major lighting suppliers in the U.S. and in the future we will continue to enter the European and Japanese markets. With rising global demand, LED lighting accounted for more than 15% of our revenue in 2010.

## 2.7 Revenue and Milestones

### 2.7.1 Revenue Growth

The global economy bounced back in 2010 to spur spending, increasing overall demand for consumer electronics and benefitting suppliers of related parts and in turn helping Phihong reach records in revenue and profit. In the future Phihong will continue to develop professional products which meet international green trends and structure global marketing strategy to create greater benefits for shareholders and give back to society. Yearly revenue growth can be seen on the right:



## 2.7.2 Patent Development Results

Phihong not only focuses on production management for our own products or OEM products, but we value the registration of patents through professional companies to protect our intellectual property. We also respect the intellectual property of others and abstain from infringing on the rights of others which is why we follow these rules when designing products. Intellectual property rights are the result of hard work from companies and their respective research and development teams which is why intellectual property rights are protected when establishing contracts with buyers and suppliers to signify that all parties respect intellectual property rights.

To meet the requirements of reducing emissions, we continue to innovate and expend our energies in increasing product efficiency and reducing power consumption. Until now, aside from participating in the development of pioneering technologies, we are constantly improving the power stability of circuitry design. With improvements in touch technology, Phihong is gaining steady footing in this field and registering patents. In 2010 we have secured patents for infrared touch table structures and waterproof table tops in Taiwan to successfully apply these technologies in e-classrooms to provide students with superior learning environments which not only increases willingness to learn but also learning efficiency while letting students experience the charms of cutting edge technology. We believe that in the near future, these patents will bring a new wave of technological innovation and help consumers enjoy a more convenient lifestyle.

## 2.7.3 Rent & Tax Deduction

As per the sixth amendment established to spur industry growth, the research and personnel training of Phihong Technology is susceptible to rent and tax deductions.



### Patents:

Year	Field	Items	Note
Til 2008	Circuitry, chargers, etc.	10	Foreign items excluded
2009	Power, circuitry, touch technology	5	Same as above
2010	Touch technology	2	Same as above





- HR Overview • Compensation & Benefits
- Training and Development • Employee Relations
- Professional Safety and Sanitation Management

# **3** *Employees*



We believe that the success of a corporation lies in the collective efforts of all who are involved, which is why “employees” have always been our most valued capital. Aside from providing competitive compensation and benefits, we value employee care, development, and improving working conditions to provide colleagues with highest quality, comfortable, and safe working environment. Not only do we adhere to labor laws and standards, we uphold operation principles to create better results and establish superior corporate image to help Phihong reach the goal of sustainable operations.

### 3.1 HR Overview

Until late 2010, we currently employ 9020 employees with 337 in Taiwan and 8683 allocated in China and other overseas factories. In the long term we have continued to recruit elite personnel to increase the standards in education and development. Under our complete benefits and compensation mechanisms only 1.4% of our employees have chosen to leave. This is very rare for the tech industry and has helped us maintain competitiveness.

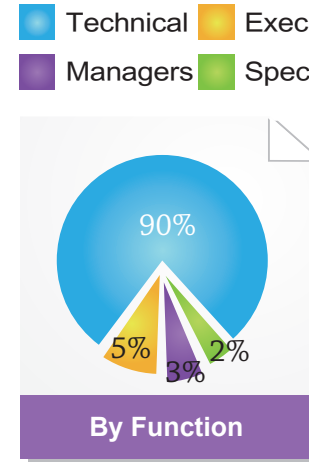
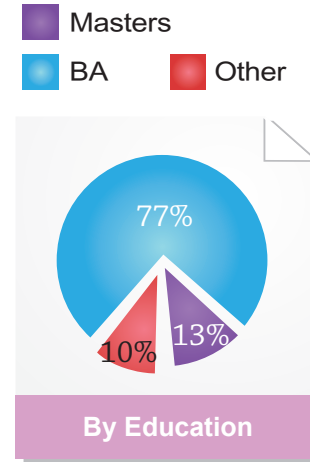
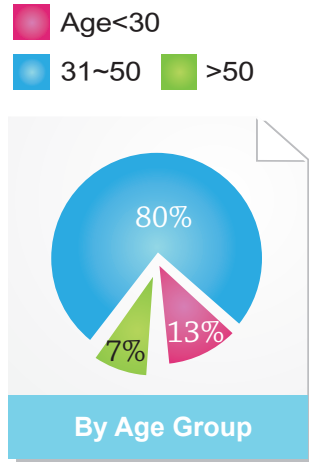
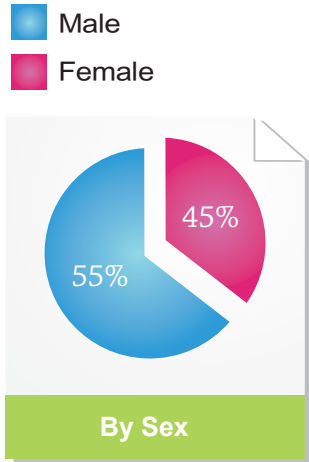
#### Manpower Allocation

2010.12.31 Branch / Employees

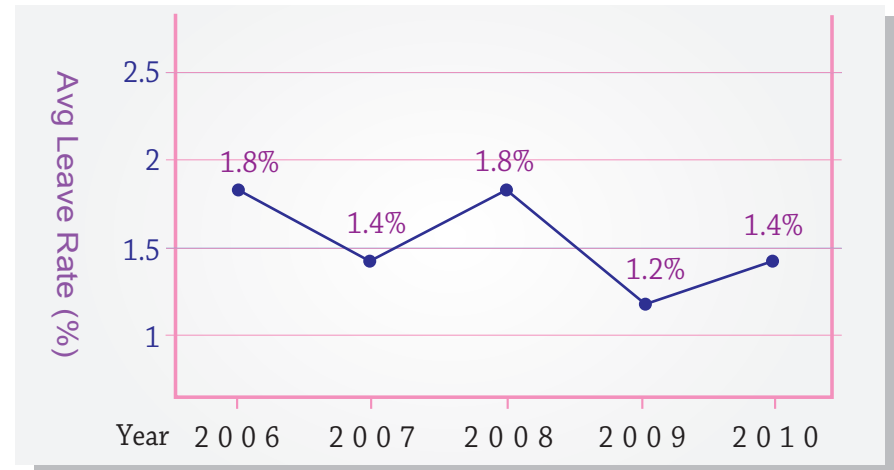


### 3.1.1 Manpower Structure

2010 Q4 Employee status and various statistics:



Age/Annual Employment Time/Leave Rate Statistics					
Year	2006	2007	2008	2009	2010
Avg Age	34.79	35.36	36.26	36.46	36.92
Avg Employment Time	5.63	6	6.61	6.53	6.52
Avg Leave Rate	1.8%	1.4%	1.8%	1.2%	1.4%







### 3.1.2 Equal Opportunity

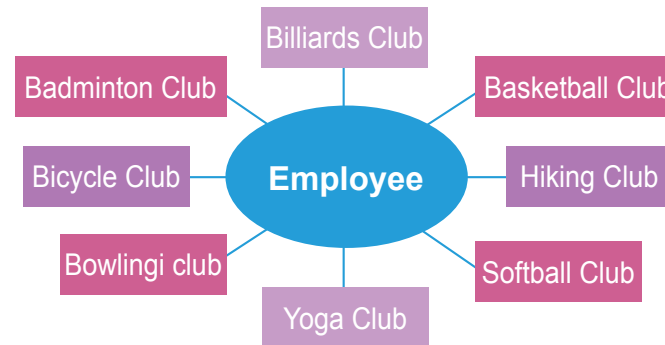
To ensure the employment rights of our colleagues, any standards or practices established must adhere to laws and regulations. Therefore, regardless of race, religion, skin color, nationality, political affiliation, or sex, all will be equally treated and will only be fairly assessed according to performance. New employees will be assigned a mentor and instructor to help accommodate them to work and environment to build synergy of new colleagues with the company. If employees meet circumstances where they are unable to adapt, we will allocate the individual according to their merits and place them in suitable positions or roles.

### 3.1.3 Anti Child Labor

Under the guidance of WTO free trade principles, the use of child labor is prohibited and followed by all corners of the world. According to regulations set forth by the ILO, the minimum age of hiring cannot be lower than that of required education and under any circumstances can children under the age of 15 be hired. Taiwan's labor laws also prohibits the hiring of children under the age of 15 and children over 15 but under the age of 16 cannot perform dangerous occupations. Pihong's local and overseas branches follow local laws and prohibit the hiring of workers under the age of 15 while closely monitoring the occupations of children under 16.

## 3.2 Compensation & Benefits

We follow performance based profit share principles when establishing compensation policies to satisfy the individual needs of employees and their families by holding various benefits and events. We have established an employee benefits association in accordance to laws and regulations and budget the committee according to earnings to provide employees with additional benefits.





### Generous Incentives

The company gives bonuses from profits according to individual performance.

The employee benefits association gives bonuses at all four major holidays and birthdays.

### Perfect Labor System

We provide employees with complete insurance, including groups, labor insurance, and health insurance.

We give vacations and retirement payment according to laws and regulations.

### Generous Benefit Measures

We offer parking space for transportation.

An employee restaurant providing a variety of meal options, and birthday parties are held monthly.







## Excellent Work Environment

Factories are equipped with convenience stores to provide convenient shopping for employees. Sports centers give employees a location to balance their bodies and minds.

Factories in China are built with dormitories to provide employees with comfortable and safe lodging.







## Activities to Develop the Body and Mind

Health seminars and courses are provided for mental wellness.

Club support and related events are supported.

Local and overseas vacation support for employees.



## Caring and Kindness Towards Employees

We provide monetary for weddings, births, hospitalizations, and funerals.

We provide reserved parking for pregnant mothers, and feeding rooms.

We have government graded superior nurseries as contractors to provide employees a safe nursery environment.





## 3.3 Training & Development

### 3.3.1 Training Principles

Phihong views employees as its most important asset and invests heavily in personnel training. Aside from complete benefits and compensation mechanisms, all training, certifications, and occupational training adheres to local labor laws. Through a complete educational development system and learning platform, we provide courses to employees to satisfy their need for personal development and in turn increase our competitiveness.

As the general manager one said, “learning at Phihong is continuous and everyone should ready themselves for the next wave of challenges. Continuous growth through learning and development will become the source of Phihong’s advantage, and is the best guarantee for client satisfaction.”

Phihong employees are assessed twice annually and their education/development is one of the facets assessed for promotion. This is highly beneficial in building an environment of learning.

### 3.3.2 Training & Development System

We established human resources development missions according to our company vision by developing and maintaining employees of high quality coupled with operational goals and strategy to establish a complete educational and training system. The company puts effort in establishing an environment of learning and aside from providing full compensation for off-site training, professional training, language courses, and lifestyle seminars, we introduce digital learning platform resources to provide all at Phihong education and growth.



Management Role	Advisory / Technical Roles		Training System by Level		Occupational Training System		Pre-Employment Training System	Training System Category						
General Manager														
Vice President														
BU General Manager	Special Assistant		Chief Engineer				Personnel stationed abroad pre-training	Internal Lecturer Training	Quality Management Training TL9000 ISO14001 ISO9000	Sanitation Safety Training (fire seminars, first aid training, labor sanitation concepts)	Self Training (keynote speech, school education)			
BU Vice President														
Associate, (Deputy) Director														
Manager	Special Assistant / Commissioner	Sales Rep / Secretary	Advanced Engineer	Management Development Training	MTP Mid Level Management Training Management Basics Work Improvement Job Control Job Coordination Subordinate Development	Professional function on the job training	New employee pre-employment training							
Project manager, Assistant Manager														
Section Chief														
Deputy Section Chief														
Director														
Deputy Director	Clerk	Driver / Operator	Engineer	Assistant Engineer	TWI Supervisor Training Job Education Job Method Job Relations Job Safety	OJT Basic Job Training	Specific Individual Training							
Leader														
Deputy Leader														
	Assistant	Driver / Operator	Advanced Technician											
	Intern		Operator											

### Pre-Employment Training (Digital Course)

Give an overview and organizational structure of the Pihong Group to gain a better understanding of corporate operation principles, values, and vision while introducing basic compensation and benefits along with training systems to help new employees blend in with company culture as soon as possible.







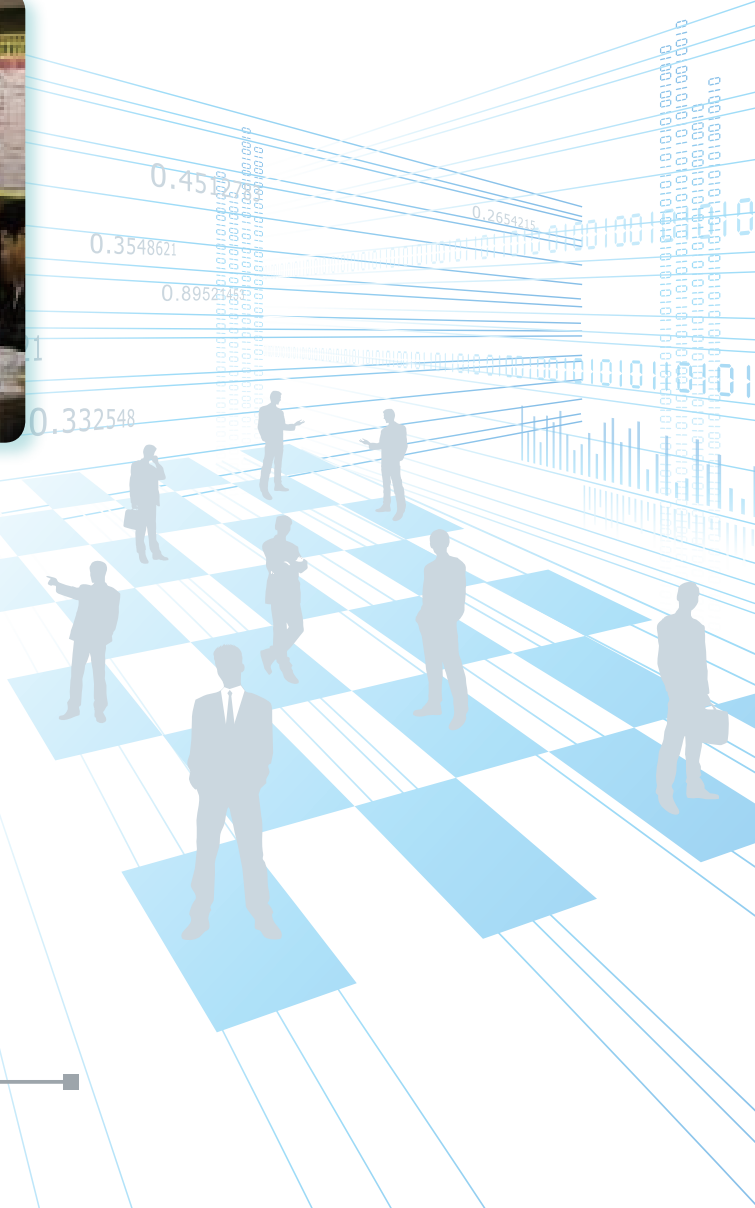
## Management Development Training

Managers play a critical role in the operation of the corporation. All manager level personnel must undergo a curriculum to strengthen the management and leadership skills of managers.



## Professional Function Training

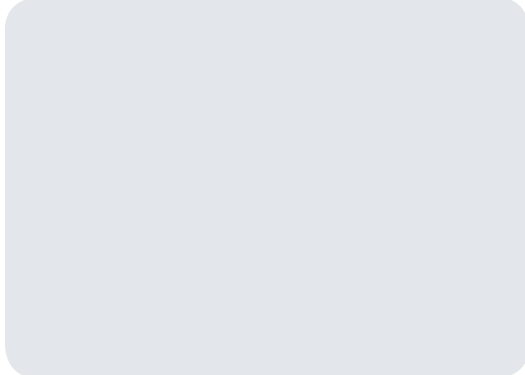
Using professional function as the main topic of training, the basic skills of employees are developed along with the core values of a department to increase personal performance and group competitiveness.





### Project Based Training

Clear learning goals are set in project based training to meet various needs. As employees have a common training goal, this type of training helps the company develop required knowledge, attitude, and techniques.



### General Education Courses

At Pihong, not only professional abilities are valued, but in order to satisfy the personal growth needs of employees we have prepared courses on CSR concepts. We hold random courses on environmental safety, self health analysis, and general education courses to help employees achieve balanced development in their professional and personal lives.

## Digital Learning Platform

To address the rapid growth of the company and the global trend of e-learning, the Pihong e-Learning Network was introduced in 2007 to encourage colleagues to learn and grow by ushering the learning platform of Pihong employees into a new generation. The platform facilitates the listing of internal and external training courses and enables users to track their learning hours and courses. Furthermore, Pihong also publishes newsletters with articles, course information, company news, and newly purchased books in the library to help the people of Pihong better grasp their education.

The Pihong e-Learning Network is based on the concept of a corporate university with specific schools using department heads for deans for various roles to help employees lead, develop, and find personal growth. This establishment is not only related to the management issues faced in the age of information economy, but is also closely tied to overall corporate strategy and operations.



### 3.3.3 Annual Training Performance

In order to continue the strengthening of Pihong's recruiting competitiveness and the reliability, training quality, and results of the training program, we enrolled in the training quality standards counseling and assessment promoted by the Bureau of Employment and Vocational Training. We successfully received the TTQS (Taiwan Training Quality System) certification and in 2010, we received a TTQS assessment of bronze. We will continue to improve our training methods to increase the quality and abilities of our employees to improve corporate competitiveness.

According to the annual training program of Pihong's personnel development, the statistics for 2010 training hours are as to the right:

Item	Q1	Q2	Q3	Q4	Accumulated Hours (Year)
Internal Training	342	779	1,666	1,205	3,991
External Training	335	528	995	1,142	2,999
Digital Learning	80	75	103	200	458
<b>Total</b>	<b>756</b>	<b>1,382</b>	<b>2,764</b>	<b>2,546</b>	<b>7,448</b>





### 3.3.4 Personnel Development and Vision

To facilitate the company's goal of stable growth and sustainable development along with the demand for human resources, we work hard to provide all colleagues with a complete educational training and development curriculum in hopes of helping colleagues increase their professional skills and individual growth. Phihong has a consistent and clear training method:

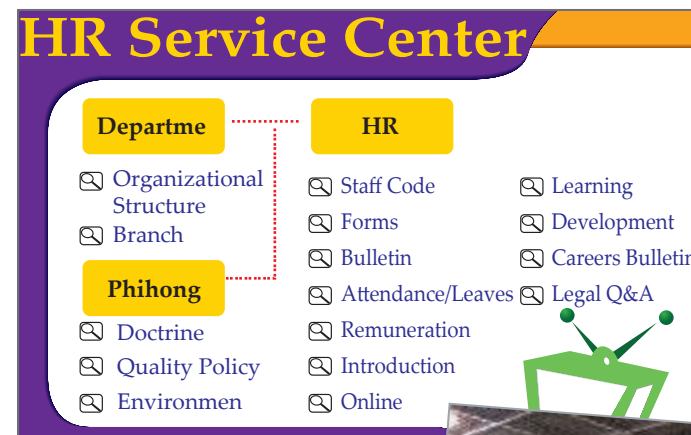
1. Aggressively develop varied design and innovative abilities of professional research personnel.
2. Develop mid-level management personnel to take management level roles.
3. Attain the highest effect of e-Learning and enable all colleagues to receive newest learning resources.

## 3.4 Employee Relations

### 3.4.1 Multiple Communication Methods

Listening to the voice of employees is a critical course in management education in order to continuously improve and drive the company towards a better future. Company policies are established with legal regulations as the most basic foundation. All policies relating to employee standards, benefits, or company regulations can be found on the electronic platform for HR Service Center for all employees to understand.

Monthly meetings are held to announce internal information and to promote spirit and doctrines to help employees understand the strategies being promoted by the company and raise support and spirit while letting employees express their ideas. Furthermore, these meetings are held to award excellent individual performance to help raise morale of all employees.



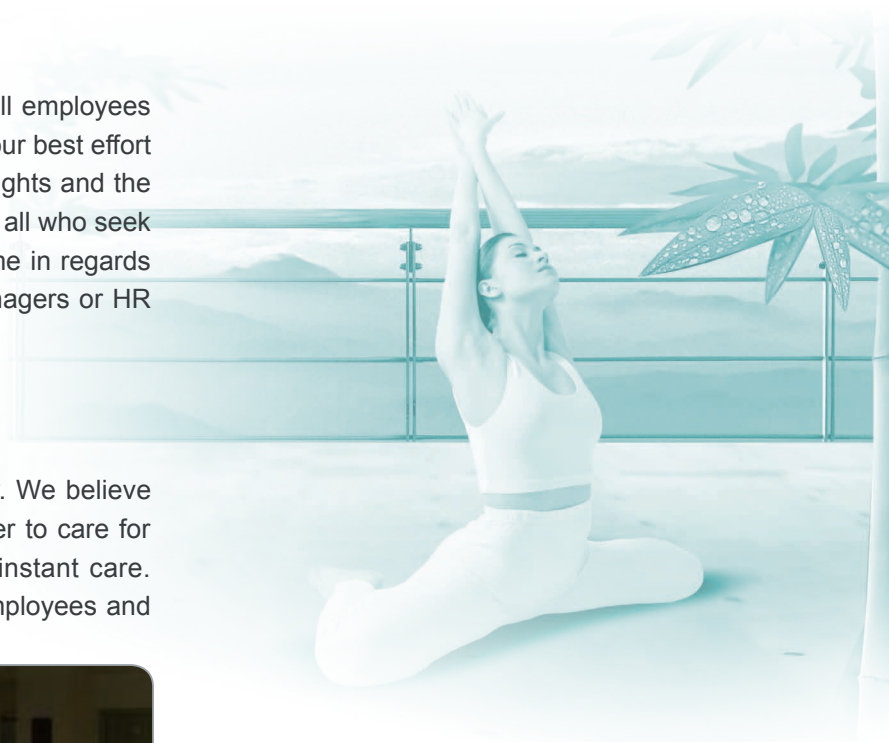


### 3.4.2 Human Rights

Aside from basic employee policy, valuing employee suggestions, we hope to give all employees an environment where they can fully perform to their abilities. We have always put forth our best effort in respecting international human rights, including: UN universal declaration of human rights and the International Labor Organization's core labor standards. We provide equal opportunity to all who seek employment with us. Employees at Phihong can declare their personal rights at any time in regards to management and their work environment by addressing these concerns to their managers or HR departments.

### 3.4.3 Health Management

Providing employees with a safe and healthy work environment is our responsibility. We believe that healthy employees in mind and body can perform at their maximum ability. In order to care for employee health, we have established nursing stations to provide professional and instant care. Furthermore, we hold health seminars to promote mental and physical health of our employees and reduce work related stress.



We provide a free body check up for employees once per year to help employees understand their health status. We track abnormal health examination results and provide consulting and support to improve employee knowledge towards health and help promote individual health management.





## 3.5 Occupational Safety and Sanitation

### Management

Through our management systems and policies for environment, health, and safety (EHS), we declare our intent towards these three aspects. At Phihong, that is our basic promise towards the environment, occupational health and safety. We provide employees with a safe and comfortable work environment and analyze risks to make adjustments. We have also established professional safety sanitation management personnel at our factories who are in charge of safety sanitation management planning, execution, and assessment.

Phihong Technology Occupational Injury Statistic				
Year	Injuries	Diseases	Days Lost	Deaths
2010	25	0	186	0
2009	17	0	95	0
2008	25	0	225	0

### 3.5.1 Occupational Safety and Sanitation Policies

Continuous transformation and growth are the sources of power of Phihong Technology's growth. We also hold this attitude towards our product quality and working environment to improve them as well. We approach occupational safety and sanitation with an attitude of care to achieve our goals of professionalism, varied, and global and use these guidelines as our main guidance. Our occupational safety and sanitation policies are as below:

1. Follow all standards of safety and sanitation, strengthen internal and external management communications.
2. Continuously improve working conditions to prevent accidents from occurring.
3. Reduce the risk of occupational safety and sanitation, fully devote ourselves to protect the health and safety of employees.

Policy Explanation:

1. Operations and production must adhere to labor safety regulations and the demands of clients and other organizations.
2. Improve educational training and raise awareness of occupational safety and sanitation to realize the related management activities of safety and sanitation responsibilities and protect the functionality of occupational safety and sanitation systems.
3. Continuously improve working and living conditions to provide employees with better working and living environments and reduce the risk of labor related accidents.
4. To ensure and increase the company's superior image to achieve the goal of sustainable operations.





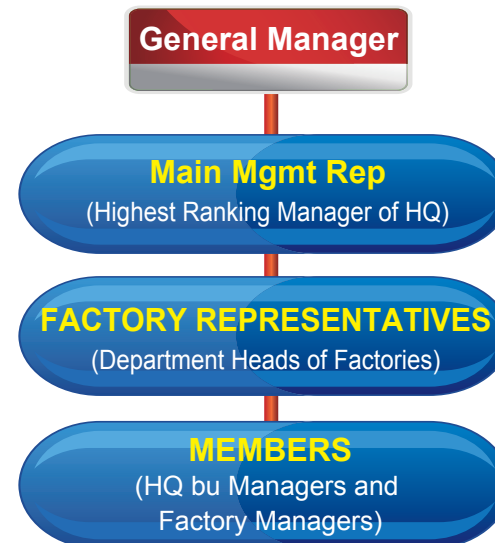
### 3.5.2 Occupational Safety and Sanitation Promises

During development, manufacturing, testing, and sales, Phihong Technology must adhere to legal regulations and other related demands to prevent occupational accidents and continue the operations of occupational disaster management systems, establishing ourselves globally. With the responsibilities in protecting employees and caring for the earth, we promise to:

1. Guaranteeing employee safety and sanitation is the main mission and responsibility of all managers.
2. Prevent all cases relating to injury, bad health, disease, and accidents to protect all factory personnel.
3. Follow legal regulations, reduce the impact of pollution, and develop standard operating procedures.
4. Perform necessary training for employees, suppliers, clients, contractors, and related groups to ensure all activity follows environment safety and sanitation concepts.
5. Continue to improve management systems and increase performance.
6. Encourage employees to give suggestions to establish and maintain good paths of communication between employees and management.
7. Produce green products, promote the reduction of emissions, continue to organize and create safe and sanitary environments.
8. We promise to follow local and international environmental safety and sanitation standards as our basis for self improvement.

### 3.5.3 Environmental Safety and Sanitation Management Organization

Establishing an environmental safety and sanitation management organization to monitor our work environments and facilities is a measure to follow legal standards and help build a culture of safe and sanitary work environments. To ensure employee safety, we have established complete occupational safety and sanitation management mechanisms to help achieve our organizational goal of sustainable development.



**Role Responsibilities:**

1. Monitor and promote safety and sanitation policies and develop good knowledge of industrial operations safety habits and industrial safety and sanitation.
2. Hold a safety and sanitation meeting every 3 months and strengthen inspections to make adjustments to prevent accidents.
3. Realize factory organization functions.
4. Establish zero injury mechanisms for all employees.
5. Promote a habit of daily cleaning to maintain the optimal movement line within a factory.
6. Periodically hold work safety seminars and related events.



### 3.5.4 Occupational Safety and Sanitation Certifications and Training

Aside from introducing ISO14001 environment management systems to our factories we have received external certification from related organizations. Dongguan factories have even passed the OHSAS18001: 2007 occupational safety and sanitation management system certification. Every year we hold internal audits and random audit external clients to ensure the degree of our management systems, whilst serving as basis for future improvements.

The promotion and practice of environmental safety sanitation training is the foundation of the organization. Aside from preparing training courses relevant to local safety and sanitation regulations, training of new employees, medical personnel, fire managers, forklift personnel, diesel fuel personnel, and safety and sanitation managers must be certified to ensure their suitability. Two training courses for what to do during accidents must be held per year. Furthermore, Phihong has made all of this training material digital and available on the e-Learning platform for employees to peruse and register for online to help them gain more related knowledge.



ISO14001Certification



OHSAS18001



### 3.5.5 Operational Environment Safety

Establishing a hazard-less work environment is one of Pihong Technology's most important promises. Currently Pihong Technology's main manufacturing plants have passed the OHSAS18001 occupational safety and sanitation management system certification enabling employees to work in a safe environment and perform at their fullest without worry.

If there are any doubts towards factory safety or violations, Pihong Technology provides complete personnel safety equipment and mechanisms and we periodically check and monitor actual conditions (such as: tin smoke exhaust, indoor air quality, noise pollution, drinking water quality, lighting, and others). Any work environment with high temperatures, high voltage, or static electricity are all equipped with safety labels and control SOP to ensure the safety and health of personnel.

Modern corporations and employees must regard accident adaption and environmental sanitation with higher specifications in construction and maintenance to reduce the risks of natural disasters and new epidemics and the losses they bring. We provide a safe and risk free work environment including our factory and personnel safety. We also hold training against fraud and occupational safety and have direct lines to local enforcement agencies and industrial park security for help. Through our internal network, employees can retrieve necessary information for personal and home safety to protect the safety of life.

### 3.5.6 Environmental Compliance Records

Our factories are periodically assessed for environmental law compliance. In 2010, Pihong Technology did not receive any punishment or fines related to the environment.







# **4 SUPPLY CHAIN MANAGEMENT**

- Supply Chain Risk Management
- Supplier Assessment Standards
- Contractor Safety and Sanitation Management
- Annual Supplier Meeting
- Client Service and Satisfaction

## 4.1 Supply Chain Risk Management

### Supplier Management

Phihong grades suppliers according to quality, ESH, and risk management. We demand that suppliers follow local laws and regulations and perform annual audits to manage our suppliers.

Furthermore, in our contracts signed with suppliers we require that they follow the environmental, safety, health, and labor laws in their local countries. We perform annual audits to ensure that suppliers follow local labor laws to protect the rights of laborers.





## 4.2 Supplier Assessment Standards

We choose suppliers through our internal platform to ensure that suppliers provide products which are high in quality and low in risk. Aside from periodic assessment towards the price, quality, technique, and delivery of suppliers, we also assess the management of critical components to reduce risk.

Supplier Management Key Points:

- Component selection and approval
- Supplier auditing
- Development of new suppliers, 2nd source, 3rd source
- Supplier quality management
- Component technical management
- Component cost management

Through the origin management system we control RoHS and have a firm grasp on RoHS progress during manufacturing and material management. Purchase personnel demand suppliers to maintain control and use trusted third party organizations for testing and the signing of RoHS certifications for auditing to ensure that all materials used meet the specifications of clients.

We make the most effective use of the materials and components from suppliers using high, medium, and low RoHS management. Furthermore, in our factories located in China we have hazardous substance free (HSF) laboratories which include XRF, XRI, inductively coupled plasma emission spectrometer ICP-OES, GC-MS, UI/VIS spectrometer, ion chromatography IC, infrared chromatograph FT-IR and other equipment used in testing for materials and components which are not of standard.



□□□□□□□□ GC-MS



□□□□□□□□□□□□□□ ICP-OES





### 4.3 Contractor Safety and Sanitation Management

Phihong regards safety as a high priority, from our employees to our contractors. We aggressively manage our contractors to effectively prevent accidents. We established contractor safety management standards used to assess contractors and demand that all personnel who enter factories must attend Phihong's contractor sanitation and safety training course to effectively manage work at all stages. Aside from requesting monitoring personnel at contractors, safety meetings prior to work are held. During periods of work, random checks are performed aside from the on-site supervisor to ensure that all activity adheres to safety regulations.

### 4.4 Annual Supplier Meeting

During the period when EuP was introduced in 2009, we held two supplier seminars and six assessment meetings and received CoC self announcement and recognition from our clients, mass producing to Europe and other areas.

To help suppliers understand legal requirements for Halogen Free and Phihong's HFS system, we have held three supplier seminars in stages to hold two way communications on topics such as supplier assessment standards, power source industry trends, and Phihong's efforts in CSR. We have also completed system structures and begun the manufacturing of halogen free products for sale in Europe.

Three environmental data electronification seminars were held in 2010 to help suppliers understand system operation procedure and data management to reduce repetitive tasks and achieve goals of reducing energy and increasing efficiency.

### 4.5 Client Service and Satisfaction

Superior design, excellent quality, on-time delivery, reasonable pricing, and service satisfaction are all important aspects of Phihong's quality management system. We promise our clients quality assurance services and quick response to client demands. We honestly face problems in striving for excellence in hopes of becoming a brand that clients can trust.

According to client satisfaction surveys taken in 2010, the overall satisfaction of clients is 80.8%. At least 80% of our clients are satisfied or very satisfied with Phihong.





# **5 ENVIRONMENTAL PROTECTION**

- Product Life Cycle
- Environmental Management Systems
- Green Products. Energy Management
- Waste Management
- Green House Gases Emissions Assessment
- Environmental Law





## 5.1 Product Life Cycle

Product life cycle refers to the moment a product is manufactured or released, through quick growth, climbs to the peak of sales (maturity) until sales decline and it exits the market into recall. Product life cycle management (PLM) refers to managing a product as the target during the life cycle. The four processes or stages of a product life cycle are concept proposal, design, realization, and service.

In the tech industry, only products which meet related environmental laws and regulations can enter the market which is why we invest so much effort in developing green products. In order to meet our responsibility to the environment, aside from watching RoHS (EU restrictions on materials used in electronic products), we also watch REACH (EU registration, assessment, allowance and restrictions on chemicals) and global environmental laws. We must have vision and incorporate environmental, sanitation, and safety considerations into the product life cycle, including the stages of concept, design, realization, and service. Introducing green design concepts into the process and using environmentally friendly materials and easy to open packaging is in the realm of supply chain management. Continuing to add green packaging and power usage related strategy and lowering our product impact on the environment can establish and maintain our competitive advantage.

**Product Life Cycle Table**

Stage	Goal	Main Tasks
Market Dev Proposal and Examination Stage	Communicate with clients to understand their needs for use in product planning	Market analysis, functions and application analysis Technical viability assessment Development, manufacturing equipment and measures assessment Method to obtain materials Cost estimation
Product assessment/ planning	Set product specs according to market and client need; raise product proposal to ensure final product will meet client demands Ensure the correctness of design data	Market/client needs report, data/info collection New product viability assessment, technical/cost assessment Deliver quote to client, order prototype Call project meeting, simulate development progress plans Raise product project plan Establish product sales target and executino plan
Product design & certification stage	Ensure design output correctness Examine product quality and assess whether they meet specs or client demands	Design prep, molding, mold testing, special material purchasing Complete hardware design and spec confirmation EVT test report & creation of engineering sample Product design examination Sample creation, construction, testing, and prototype record, discussion Reliability examination, safety standards examination Blue book creation, delivery to client
Project transfer stage	Transfer designed product to engineering	Deliver technical documents through PDM system New spec materials/components check New product announcement/mass production/test production conference and engineering technique transfer Set manufacturing requirements Test manufacturing plans Plan IE,PE flow, instruments equipment&mold tool prep, QC engineering flow chart & examination standards established
Test production and mass production stage	Small production test, help new machines successfully enter mass production Confirm mass prod product up to client standards Product manufacture SOP Manufacturing and client support system	Testing&confirmation(confirm production ability) Create/propose new model pilot run and discussion Problem adjustment and quality status confirmation acceptance Product quality testing Production plan according to order Deliver product to client
Customer Service Stage	Increase CS quality Increase efficiency in handling complaints	Client satisfaction survey Client resources and services Client quality problem analysis and improvement Establish good communications
Ending Stage of the Product Life Cycle	Plan customer services for products nearing end of cycle collection of client complaints and refunds as reference for quality and product improvements	establish strategy for discontinued products (maintenance, exchange, etc.) propose client service measures data and related document archiving calculate return rate of product





## 5.2 Environment Management System

Phihong headquarters and factories in China have all passed the ISO14001 environmental management system certification. In recent years we have been pushing the reduction of energy use, emissions, and waste pollutants which has had clear effect. In the future we will use energy consumption as an index to objectively determine Phihong's environmental performance as an index for future improvements.

### 5.2.1 Environmental Principles

The Phihong Group believes in sustainable operations and corporate morality in the development, manufacturing, sales, and service of our supplying of power supplies and related products. We will continue to improve our environmental management system.

### 5.2.2 Environmental Management Direction

- We use the actions of PLAN, DO, CHECK, ACTION(PDCA), and CONFIRM to promote our environment management to reduce and prevent impact on the environment. The use of management systems effectively reduces energy and continues to improve pollution prevention.
- We follow environmental laws relating to polluted water, emissions, waste, noise, chemicals, and RoHS environment managed materials (HSF) and advise accordingly.
- We design and manufacture green products which adhere to HSF.
- We periodically audit environmental goals and performance, and release these results.

### 5.2.3 Declaration

# Global Symbiosis, Making the Earth Green





## 5.3 Green Products

### 5.3.1 Phihong's Green Commitment

- Designing and manufacturing low power consumption products which adhere to legal regulations reduces the consumption of power.
- Gradually make adjustments in the office, factories, and facilities to reduce the consumption of energy.
- Promote the reduced use of energy to our employees in their work and personal lives.
- Taking the initiative to participate in internal and external events to lower carbon footprints to absorb more precious experience and methods.
- Work closely with clients, suppliers, and strategic partners to create a green supply chain.

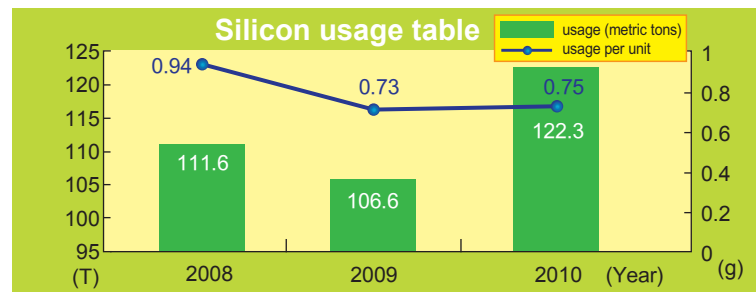


### 5.3.2 Effect of Reducing Raw Materials

Phihong's main products are power supplies, which require raw materials such as metals, plastics, silicon, and packaging. Throughout 2009-2010 we focused on two types of these materials and reduced their usage in our designs and improved production and tools to lower the consumption of energy and also lower costs to increase competitive advantage.

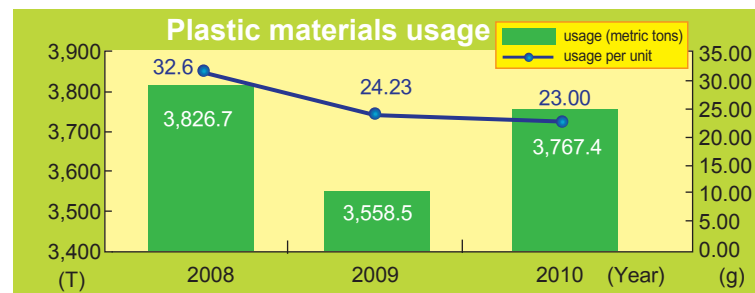
Silicon materials: We used the measures below to net a 20% decrease.

- Switched packaging from small to big to reduce plastic waste.
- Introduced automatic dispensing equipment to reduce waste.
- Cancel or reduce the amount of plastics through design.



Plastic materials: We used a lighter design principle to reduce weight, especially those of main models. After redesign, each model reduced 28% usage (from 32.06g to 23.0g) of plastics.

With 2010 as example, although orders delivered maintained a 20% growth, but 59 metric tons of plastic usage was reduced. The effect was very apparent.





## 5.4 Energy Management

All of Pihong Technology's research and development factories are located in industrial parks throughout Taiwan, China, and the U.S.. We do not own, rent, or manage any factories in protected habitats or water sources. We also do not partake in any activity, from manufacturing to services, that may negatively affect the ecosystem of an environmentally protected area.

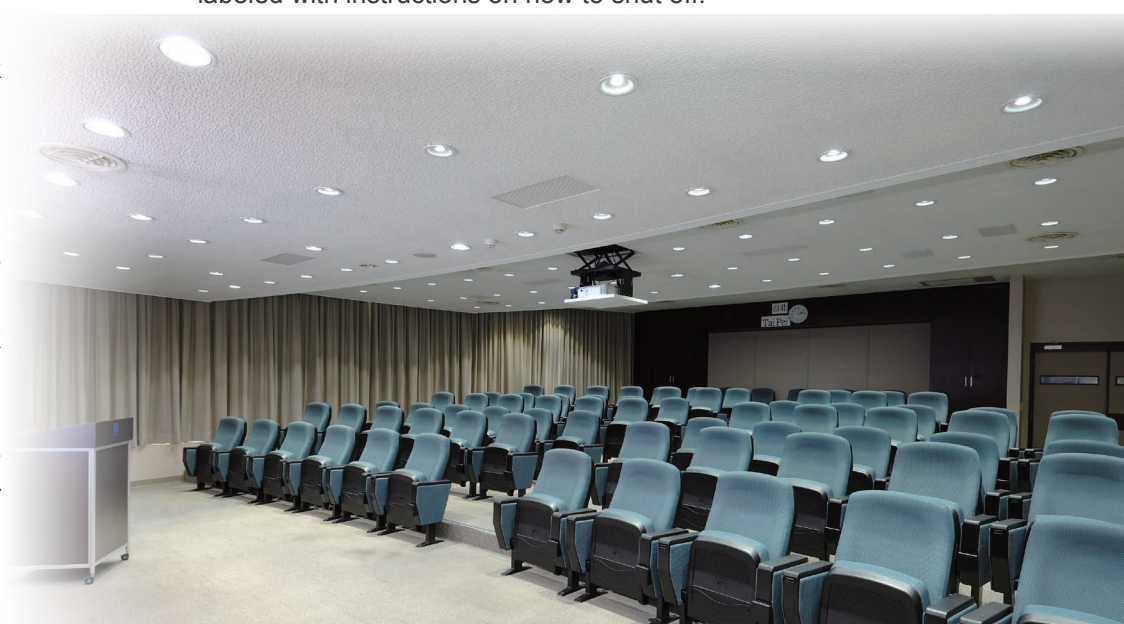
To address government promotion of reducing carbon footprints to create sustainable living environments, we have proposed a general plan for factory planning which can reduce energy consumption and increase usage efficiency by actions such as saving power, water, reducing waste, recycling, and reducing greenhouse gas emission. The plan is as below:

### ◆ Ventilation Reductions

1. Not affecting the temperature of rooms, ventilation can be turned on 30 minutes after work begins and 30 minutes before work ends. The central ventilation temperature should be raised 1°C, as every 1°C raised saves 2% power.
2. During off hours or the weekend, turn off unnecessary ventilation to save energy. Install insulation paper on glass windows and also install blinds to reduce radiation from the sun entering the building and reduce the power consumption of ventilation.
3. Centralize the ventilation of departments which often work overtime to reduce capacity and periodically clean filters to achieve better performance.
4. Install temperature control within offices. Ventilation in the cafeteria should be turned on when employees have meals or breaks to reduce power consumption during off hours.

### ◆ Lighting Reduction

5. Replace light bulbs with LED lighting which not only reduces power consumption but also indoor temperature.
6. Install timers on outdoor lighting. Hallways should be adjusted to indirect lighting under the pretense that it does not affect brightness.
7. Public areas such as tea rooms, bathrooms, or stairways should have optical sensors installed on the lighting so when light is sufficient, lighting is automatically turned off to save power.
8. Select active electronic ballast with high frequency T-8 (diameter 8/8 inch) 32W fluorescent lamps, which consume 36% less power and provides 10% more brightness than traditional 40W fluorescent lights.
9. Security personnel should patrol every day at 6 PM to ensure all doors and lights are turned off, and also ask employees to turn off power when they leave to avoid waste. All equipment is clearly labeled with instructions on how to shut off.







## ◆ [2010 Reduce Carbon Footprint, Green Christmas]

### Loving the Earth Event

In order to promote the idea of reducing our carbon footprint, during our Christmas celebration in 2010 we used reducing our carbon footprint as a theme and encouraged colleagues to recycle old batteries for christmas wish cards. We collected 1204 batteries weighing 34.41 kg which is the equivalent of creating 1204 sq meters of land life, also saving water power for 1204 individuals. Aside from improving future environments and water quality, all proceeds were donated to the Parents' Association for Persons with Intellectual Disability, R.O.C. for recycling public benefit purposes.

In the future, we plan on introducing the ISO14064 greenhouse gases emission inspection and examination management system to reduce emissions of greenhouse gases and systematically reduce energy consumption.

## 5.5 Waste Management

Through our management system, waste must be categorized, stored, registered, transported, and processed according to laws and regulations. Waste produced at factories can be reused and are passed to certified agencies for use. Waste without value is incinerated or buried.

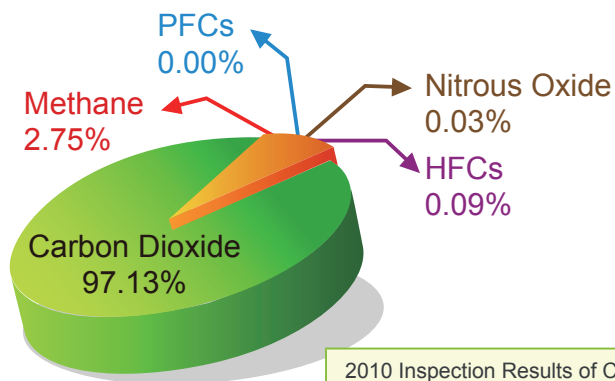




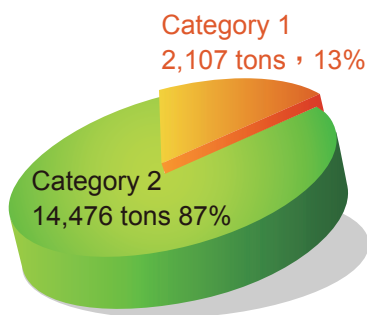
## 5.6 Greenhouse Gases Emissions Inspection

When the Kyoto Treaty was announced in 1997, advanced countries all over the world developed plans to reduce the emissions of greenhouse gases. In recent years many countries have established a consensus in the restriction of greenhouse gases and corporations are also examining and restricting their greenhouse gas emissions to improve their CSR image. We have also initiated examination operations on greenhouse gases and established greenhouse gases standards. Preliminary inspections include the two manufacturing bases in China (PHC & PHCJ) to reduce emissions of carbon dioxide.

Phihong checks our greenhouse gases emissions annually and releases a report with contents detailing the emission of greenhouse gases in the previous year. The latest report details 2010 and inspects 2 manufacturing plants which released 12583.72 metric tons of greenhouse gases. During June of 2011 we will authorize a 3rd party to conduct a confirmation of these results and obtain a ISO14064 certification. Below is the statistical data of greenhouse gases emitted in 2010:



CO2	CH4	N2O	HFCs	PFCs	SF6
CO2	CH4	N2O	HFCs	PFCs	SF6
16,108.20	455.46	5.21	14.15	0.7	0
97.13%	2.75%	0.03%	0.09%	0.00%	0.00%
Total: 16,583.72					



Cat 1	Direct greenhouse gases emissions	2,107
Cat 2	Indirect greenhouse gas emission through energy	14,476

## 5.7 Environmental Law

We periodically collect and examine laws relating to the environment for reference in establishing corporate environment management to meet the demands of laws and regulations.





- Care of Vulnerable Groups
- Employment Promotion
- Green Life • Promoting the Arts

## **6 PUBLIC SERVICE**



As a corporate citizen, we take and use from the society which is why we must meet our responsibility in providing support to society when needed. We aggressively participate in public benefit events and through donations, help vulnerable minorities and give back, spreading love across all corners of society. Love and care is our responsibility and commitment to society.

## 6.1 Care of Vulnerable Groups

### 6.1.1 [Donate Receipts, Draw Red Envelopes] Charity Event

The wei ya event of 2010 at Phihong was very different. Aside from eating, drinking, and enjoying themselves, the event committee held a charity event in which employees who donated 10 receipts could draw a red envelope. Under the current of love and passion, donations were very abundant and 5658 receipts were collected within an hour. All of the receipts were donated to the Eden Social Welfare Foundation and Genesis Social Welfare Foundation to help vulnerable groups.

### 6.1.2 In Response to the [Help Single Mothers Raise Children] Charity Event

In response to the help single mothers raise children charity event promoted by Like Sisters, donations were made to the Taiwan Fund for Childrens and Families and Chinese Christian Relief Association to help 200 single mothers raise their children. Scholarships and reading classes were established to help these weak children achieve their dreams by transforming love into an actual contribution to these kids and letting them feel warmth from society to begin their new hopes.

### 6.1.3 Nutritional Lunches at Nurseries

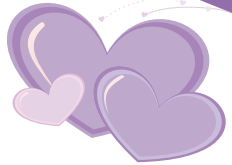
As unemployment has been a sever problem in the past few years, the increase of low income families has led to situations where children are unable to pay their tuition or lunch money. From 2008 til now, Phihong has responded to the Guei Shan social

welfare policy and collected donations from the Huaya industrial park to support the lunch money of local children so that aside from having fresh milk to drink everyday, we can reduce the burden of their parents.

### 6.1.4 Promoting the Concept of [Superior Life Education]

Phihong's chairman Lin cares very much about education in schools and social services and understands the importance of educational jobs. In 2010, he represented the company in donating to the "Superior Life Education Organization" to support in the promoting of social services and educational reform. Schools are burdened with heavy roles, and aspects that cannot be influenced with a school education sorely needs the participation and investment of corporations to help realize and give more meaning to the task of education.





## 6.2 Employment Promotion

### 6.2.1 Corporate Internships and Appointment

In the recruitment and appointment of employees, we not only provide a working opportunity, but a mission to chase a superior and beautiful technological life. With our attitude of “taken from society, giving back to society”, we give employment opportunities to local labor and vulnerable groups. In these times of economic uncertainty, we still strive to offer a little stability in the employment market by aggressively using varied recruitment plans to increase internship opportunities and promote the development and improvement of industry personnel.

### 6.2.2 Response to [immediate employment plan] and [employment project] Promotion

In order to liven up the labor market and assist elite personnel in finding jobs, we responded to the government’s immediate employment plan and employment project to help the unemployed successfully return to work.

Meeting our CSR responsibilities has always been a principle at Phihong. We aggressively participate in and support government projects, recruiting elites, and promoting employment and stability in society. Until 2010, there are apparent results of our efforts in creating a triple win scenario for society, corporations, and employees.



## 6.3 Green Life

1. Introducing paper-less or less paper in the business machine fax sending and receiving function. Offices on the same floor share printers and copiers to reduce power consumption of office equipment.
2. Fully recall of personal trash cans in office areas. According to the waste categorization standards, we have the goal of categorizing and reducing waste.
3. Prohibiting the use of disposable cutlery in the cafeteria by promoting the “one person one pair of chopsticks for a healthy life”. Annual decrease of nearly 80000 pairs of bamboo chopsticks, reducing 0.5 metric tons of waste and 4.16 metric tons of CO2 emissions.
4. Starting the office stationary recycling event, donating unused stationary for recycling or charities and setting up public stationary stations to reduce waste and achieve the goal of recycling.
5. Introduce electronic signing of documents for administration operations. All strategic or memos are delivered via e-mail to reduce needless paper waste. Employees are asked to reuse paper to cut less trees and love the earth more.





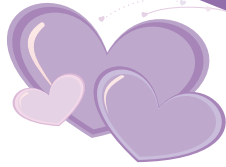
## 6.4 Promoting the Arts

### 6.4.1 Phihong Art Hallway

Innovation and art are elements that are indispensable in the development of Phihong's design. In order to cultivate culture and art innovation, the chairman planned this area to hold monthly exhibitions of local and foreign artists and increase culture while attaining the goal of incorporating art in life.







## 6.4.2 Library

We strive to cultivate multi-faceted skills in our employees and aside from using training courses, we listen to our colleagues and purchase local and foreign reading material to help enrich personal knowledge and provide bait for learning. A bright and comfortable reading environment with wide open space is our kindness towards employees.

### ● Book Rental Rankings (Survey Period 99/01/01-99/09/30)

Book Rental Rankings		
Rank	Serial	Title
1	B300	Girl with the Dragon Tattoo
2	B266	Porcupine's Elegance
3	E033	Buying a Dream-The First Book for Learning How to Buy a House
4	B179	Incompatibility
5	B282	Twilight
6	C068	Career Queen – 6 role plays women must learn in the work place
7	E064	Bicycle school teach you 52 lessons
8	B275	Give you half my heartbeat
9	B290	Twilight – New Moon
10	B293	Final Destination of Wandering

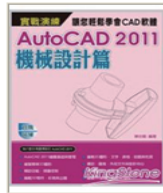
## e Reading ● New Titles in April



作者：邁可 桑德爾  
出版社：雅言文化  
[內容介紹](#)



作者：黃瓏寧  
出版社：時報文化  
[內容介紹](#)



作者：陳世勳  
出版社：易習圖書  
[內容介紹](#)



作者：Pseric  
出版社：悅知文化  
[內容介紹](#)



作者：閻焜  
出版社：就是文化  
[內容介紹](#)



作者：蘇珊·邁納  
出版社：麥格羅希爾  
[內容介紹](#)



作者：張耀飛  
出版社：知識工場  
[內容介紹](#)



作者：林梅花  
出版社：國際學村  
[內容介紹](#)



作者：村上春樹  
出版社：時報文化  
[內容介紹](#)



作者：史露芬妮·梅爾  
出版社：尖端  
[內容介紹](#)



# Global Reporting Initiative, GRI G3 Table

GRI Exposure	Reference Item	GRI Content Overview	Phihong Technology Report	
			Chapter	Page
1. Strategy and Analysis	1.1	Declaration of sustainability strategy from the highest office	Management Level	4~5
2. Organizational Overview	2.1	Organization Name	2.1 Company Overview	10
	2.2	Main brands, products, and services	2.1 Company overview	10
	2.3	Operation structure (main BU, sub BU, investment companies)	2.1.1 Global strategy	11~12
	2.4	HQ Location	2.1 Company overview	10
	2.5	Countries and Regions of Operation	2.1.1 Global strategy	11~12
	2.6	Legal rights	2.1 Company overview	10
	2.7	Markets supplied by products and services	2.1.3 Main services	14
	2.8	Organization scale	2.7.1 Revenue growth performanc	21
	2.9	Major changes during report	Management level declaration	4~5
	2.10	Major awards during report	2.3 Awarded performance	15
3. Reporting Standards	3.1	Report period	Report overview	2
	3.2	Past report dates	Report overview	2
	3.3	Report publishing date	Report overview	2
	3.4	Report contact or questions	Report overview	2
	3.5	Report content definition process	Report overview	2
	3.6	Report scope	Report overview	2
	3.7	Report preparation and special restrictions	Report overview	2
	3.8	Subsidiaries, rent, contractor influence on performance	2.1.1 Global strategy	11~12
	3.10	Parts identical to previous reports	Report preparation	2
	3.11	Parts different from previous reports	Report preparation	2
		Location of all standards in the report	GRI G3 table	57~60
4. control, commitment, and participation	4.1	Organization control structure	2.5 Company control	18
	4.2	Point out if highest manager is also operations manager	2.5 Company control	18
	4.3	Independent board and non operations personnel	2.5 Company control	18
	4.4	Mechanism for shareholders and employees to give suggestions	2.4 Stakeholders	16~17
	4.14	List of groups with related interests	2.4 Stakeholders	16~17
	4.15	Identification of persons with related interests	2.4 Stakeholders	16~17

Economic Performance Index				
Consideration	Core Index		Phihong Technology Report	
			Chapter	Page
Economic Performance	EC1	Creation and allocation of direct economic value including revenue, operational cost, salaries, donations, other community investments, reserved profits, etc.	2.7 Revenue and key results	21
	EC3	Benefits and scope defined by organization	3.2 Compensation and benefits	26~29
	EC4	Main government subsidizing	2.7.3 Rent and tax deductions	22
Market Share	EC6	Ratio of suppliers in area of operations	2.4.4 Phihong and suppliers	17
	EC7	Ratio of local hires vs high level management	3.1.2 Equal employment	26
Indirect Economic Impact	EC8	Investment and services of public benefit facilities	6. Social charity	52~56

Economic Performance Index				
Consideration	Core Index		Phihong Technology Report	
			Chapter	Page
Materials	EN1	Material usage	5.3.2 Effect of reducing material waste	48
Energy	EN5	Reduce energy	5.4 Energy management	49~50
Habitat	EN11	Located close to the land of protected habitats	5.4 Energy management	49~50
	EN12	Impact of events, products, and services to natural habitats	5.4 Energy management	49~50
Emissions, waste water, waste	EN18	Results of plan to reduce emissions of greenhouse gases	5.6 Inspection of greenhouse gas emission	51
	EN22	Total number of waste categorized	5.5 Waste management	50
Products and services	EN27	Ratio of products recycled according to packaging	5.5 Waste management	50
Laws and regulations	EN28	Record of environmental law non-compliance	5.7 Environmental compliance	51



## Labor Actions and Labor Dignity Performance Index

Consideration	Core Index		Pihong Technology Report	
			Chapter	Page
Employment relations	LA2	Employee leave rate and ratio by age, sex, and region	3.1 Labor overview	24~26
	LA3	Benefits of full-time employees	3.2 Compensation and benefits	26~29
Job health and safety	LA6	Ratio of laborers in safety sanitation committee	3.5 Occupational safety and sanitation management	37~40
	LA7	Death and injury and lost days rate for occupational injuries, diseases	3.5 Occupational safety and sanitation management	37~40
	LA8	Plan for supporting employees and their families or communities in training, education, consulting, prevention, and risk control of serious diseases.	3.5.5 Operation environment safety	40
Training and Education	LA10	Employee training hours	3.3.3 Annual training performance	34
	LA11	Training and curriculum related to employee career and abilities	3.3.2 Training and development system	30~34
Varied and Equal Opportunity	LA13	Employees grouped by sex, age, and other categories	3.1.1 Labor structure	25

## Human Rights Performance Index

Consideration	Core Index		Pihong Technology Report	
			Chapter	Page
Investment and purchasing measures	HR3	Discuss employee training and human rights concerns with operations related personnel	3.4.2 Human rights	36
Non discrimination	HR5	Install action plans supporting freedom of choice	2.5.5 Political contribution and donations	20
Child labor	HR6	Develop mechanisms to prevent the hiring of child labor	3.1.3 Anti child labor	26
Forced labor	HR8	Related training for security personnel concerning human rights	3.5.5 Operation environment safety	40

Society Performance Index				
Consideration	Core Index		Phihong Technology Report	
			Chapter	Page
Bribery	S02	Bribery risk analysis	2.5.4 Anti-corruption	20
	S03	Training courses for employees on anti-bribery strategy	2.5.4 Anti-corruption	20
	S04	Actions taken on bribery incidents	2.5.4 Anti-corruption	20
Public policy	S05	Participate in the lobbying and writing of public policy	2.5.5 Political participation and contribution	20
Anti-competitive actions	S07	Legal action and results of anti-competitive behavior and anti-trust laws	2.5.4 Anti-corruption	20
Legal compliance	S08	Records of legal non-compliance	2.5.6 Records of legal non-compliance	20

Product Responsibility Performance Index				
Consideration	Core Index		Phihong Technology Report	
			Chapter	Page
Client health and safety	PR1	Assessment and modification of safety impact of product and service life cycle	5.1 Product life cycle	46
			5.3.1 Phihong's green commitment	48
Product and services Marks	PR5	Survey and results of client service and satisfaction	2.4.3 Phihong and Clients	17
			4.5 Client service and satisfaction	44
Marketing promotion communications	PR6	Legal compliance promotion plan for market communication	5.3.1 Phihong's green commitment	48
Legal compliance	PR9	Records of legal non-compliance for products and services	5.3.1 Phihong's green commitment	48

Note: For GRI G3 overview and performance indexes, the tables above only list categories used or pertaining to this report