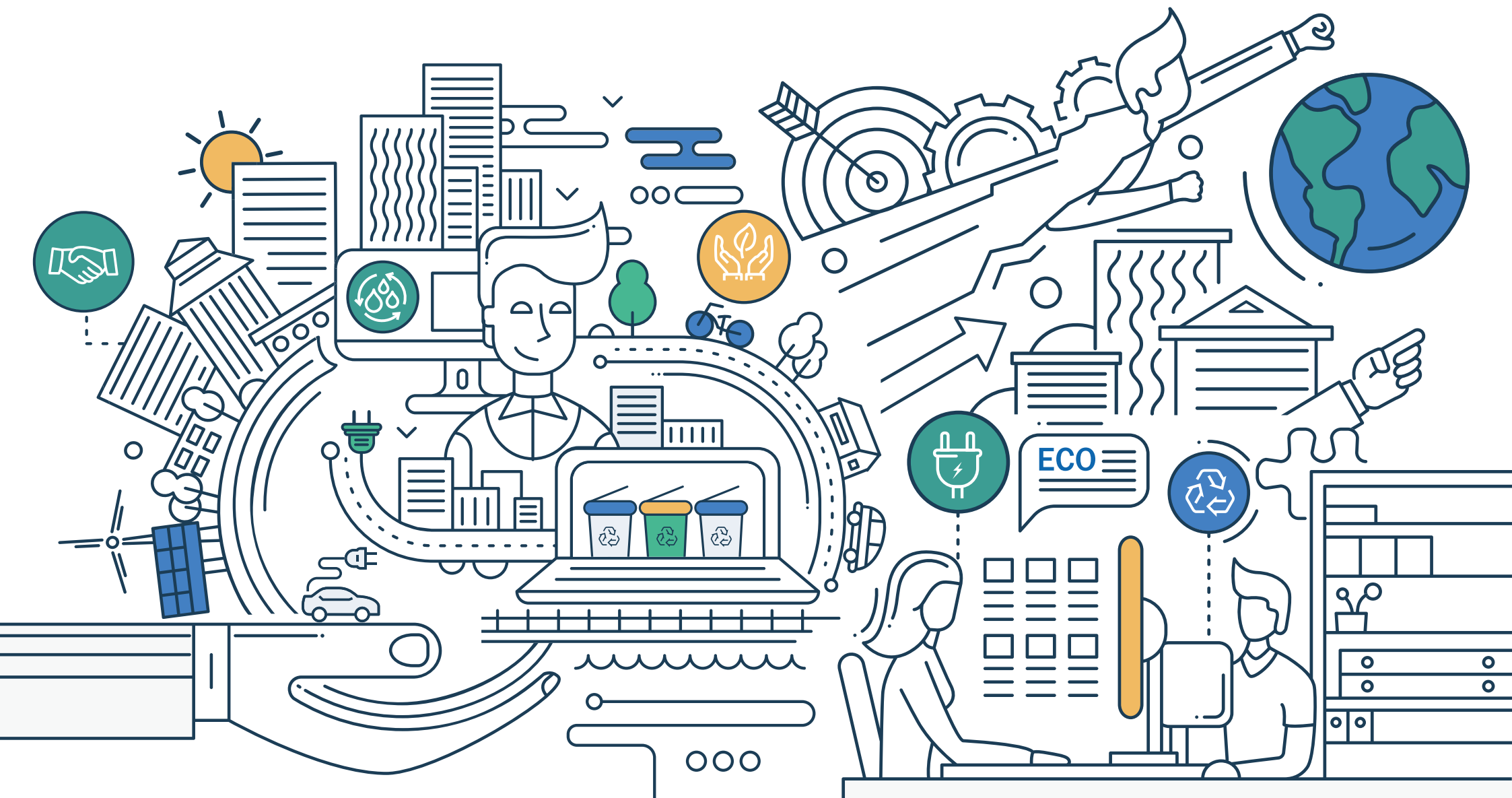


2019 CORPORATE SOCIAL RESPONSIBILITY



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Editorial 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 is 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 Pihong'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 Pihong's headquarters and factories and have been compiled by the social responsibility report editorial team. The report has been verified through administrative auditing procedures to be in compliance with the purpose of the report, of which the financial report information has been authenticated by accountants. Environment and safety and health management system receive regular internal audits and annual external ISO 14001 and OHSAS 18001 audits, information on greenhouse gas checking has been self-conducted according to international standards since 2009 and the results have been the basis for setting internal greenhouse gas reduction strategy. 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 Editorial Audit and Manuscript Finalization

After approval of the information and data in the report by the supervisor of each unit, the editorial 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

In order to enhance the credibility and compliance with the verification standards between GRI Standards and Convinced Standards No.1" Conviction cases that are not historical financial information check or review" and to express the transparency of operations of Pihong, the report has passed the certification of the French AFNOR Group and is guaranteed based on type 1 medium guarantee of AA1000 AS (2008) with the requirement of independent guarantee certificate. The guarantee is in compliance with the standards of the core of the GRI Standards, Convinced Standards No.1" Conviction cases that are not historical financial information check or review" and "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, 2019 to December 31, 2019. The scope of the information is mainly based on the important operation locations of Pihong, including related operational activities of the Linkou headquarters (including the Tainan factory) in Taiwan. 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.

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:

GM Office, Pihong Technology Co., Ltd.
Address: No.568, Fuxing 3rd Rd., Guishan Dist., Taoyuan City (33383), Taiwan, R.O.C.
Telephone: +886-3-3277288 ext.1666
Fax: +886-3-3279008
Email: CSR@phihong.com.tw
Company Website: www.phihong.com.tw

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, 2019

The current published version: Mandarin version published in July, 2020, (English version is published in December 2020.)

Company Website: www.phihong.com.tw



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A Word from the Management Team

Phihong is entering its 48th year since its founding. In an ever-changing world and political economic environment, we have faced many uncertainties and challenges in 2019. Although the 2019 total revenue has been affected, there has been great improvement in operational gross profit and gross profit rate. From the opportunity of the great environmental changes, we have further reviewed the company's business strategy, fortified technological innovation, and automated production to better meet market demand and integrate the value chain for the pursuit of maximized value. Meanwhile, we have continued to invest our effort in the realization of the corporate social responsibility and sustainable development by including relevant actions into the KPI management of the company. With the concerted effort of our clients, supply chain partners, and all colleagues in the company, our effort has again won the recognition of Taiwan Corporate Sustainability Silver Awards.

Looking back on 2019, protectionism continued to rise. The Sino-American trade dispute is continuing. The increased tariff and the restrictions placed on Chinese 5G technology have impacted the sales and profit of our company's products. Fortunately, our company has constructed a production base in Vietnam which has alleviated some of the pressures and diversified operational risks. The price of components has steadily increased in the bottom half of the year. Depletion of inventory is the major issue. Through adjusting operational and management strategy and the effort of all the colleagues, enhancing the advantage of product technology differentiation, competitiveness of production cost, and maintaining a stable financial structure, the position of the company in the power supply industry has been maintained and profit generated.

The big Australian fire persisting for almost 5 months since September, 2019 that has ravaged an area equivalent to 5 times that of Taiwan and has accentuated the severe impact extreme weather has on the earth. Also, according to the 'Global Risks Report' published in early 2020 by the World Economic Forum, the environmental risks of 'extreme weather', 'failed climate actions', 'natural disasters', 'loss of biodiversity', and 'environmental disasters caused by humans' occupied the top five positions for risk issues. It is estimated that these five risks will generate serious impact in the next 10 years. We, as world citizens, must take even more aggressive actions in the

environmental aspect. In 2019, Phihong has made conspicuous progress in its continued effort in the research, development, and promotion of high-efficiency energy saving products. The EV business group has undertaken research and development in the new generation of direct current electric vehicle charging post solutions that have a simple and clear human-machine interface. The group has participated in the construction of the highly efficient charging equipment needed by the public transportation sector to support the clean energy and environmentally friendly electric vehicle industry. As for other product line groups, the goals are in the refinement of developing and promoting related industrial technology and products and also in the commitment to high efficiency, standardized components, material savings, high power density, and miniaturization of power supply.

In addition, in terms of operational energy savings and environmental protection, the company is continuing to conduct comprehensive optimization of the environment management and systems. Besides participating in the CDP Weather Change and Water Safety Information Disclosure System project, the company also participated in the pre-disposition discussion of the CDP scientific carbon goal in the fourth quarter of 2019 to prepare to include scientific carbon goal commitments in the future, contributing to environmental protection and controlling global temperature rise, with the goal of active carbon reduction.

Taking care of the employees and building a happy enterprise are some of the most important policies of the company. Phihong has been awarded the '2019 Happy Companies Award', which was voted by the workers in the 'Happy Companies of Technology Industry Investigation' sponsored by the 1111 Human Resources Bank. In 2019, Phihong expanded sponsoring the 'parent-child workday' activity. Phihong employees and their family members are all part of the Phihong family. Through the activity, the bond between the employees, their families, and the company is even closer, filling every Phihong family member with happiness, and increasing the sense of belonging and loyalty of the employees. The company continues to promote cleaning the beaches, taking care of the underprivileged, community service, and has implemented the 'charity break' by encouraging all colleagues to actively participate in order to realize Phihong's company spirit of 'reciprocating to society where reside'.

Looking forward to year 2020 and the future, although the supply chain was disrupted by the Covid-19 outbreak in the beginning of the year when each country implemented quarantine policies, and the political, social, and economic impact derived has rendered market 'uncertainty' a new norm. However, crisis is another form of opportunity. Facing the change in people's lives and consuming behavior has forced corporations to adapt new thinking and develop new business models. Phihong will thus go toward the following directions in terms of operations:

- Utilize data well to adjust the operations system that removes losses and fortifies competitiveness.
- Refine the allocation of human resources, product technology, and productivity in the business groups to increase new clients and new projects.
- Enhance the design quality and product standardization of the electric vehicle charging products to augment revenue and profit.
- Expedite the Phihong Vietnam factory operation to diversify the risks of our Donguan factory and to better serve our global customers.

Meanwhile, Phihong will insist on the ideal of sustainable operations, and while pursuing our profit goals, continue seek benefits for our employees to increase overall loyalty and work efficiency in the hope of becoming the most reliable partner for our customers and suppliers. Love the earth through saving energy and reducing carbon, actively realizing corporate social responsibility, and creating the best values for the customers, employees, shareholders, suppliers, and other stakeholders will also be our goal.



General Manager

Summary of Achievement in 2019

Increased Gross Profit

3.9% 

Due to product structural change, as compared to 2018, although revenue and production did not increase, gross profit increased by 3.9%

Future Goal
Continue to change product structure, focus on high gross profit products and cultivate current customers to increase revenue and profit.

Product Certification

- Received ISO 13485 version change certification in Jan.
- PHCJ received IATF16949 certification in May.
- PHV received ISO 9001 certification in July.
- AC products of EV department received CE, UL and cUL certifications in 2019

Future Goal

- Push for acquiring IATF16949 certification for Pihong Vietnam plant(PHV).
- EV AC/ DC advanced products are estimated to acquire CE, UL and cul certification

Green Partner

SONY 

Green Partner

Future Goal
Continue to improve and strive to obtain more honors for the company


Emission of Greenhouse Gas

Phihong Taiwan :

- release reduced ↓ 0.5% (as compared with the 2017 benchmark year)

 Dongguan plant :

- release reduced ↓ 17.3% (as compared with the 2016 benchmark year)



Future Goal

- Using the 2017 greenhouse gas release as the benchmark, Phihong group's goal is to reduce release by 5% by 2020
- Set the Science Based Targets Initiative (sbtj) for Carbon in 2020 to continue energy saving and carbon reduction

Healthy Workplace Certification

Implement 100% work environment monitoring and employee health checkup more than required by law

Future Goal

- Continue to elevate the work environment and maintain employee health
- Strive for good healthy work environment certification before 2022

Company Management

- Received the honor of 'top 6 to 20% company' in the 1600 publicly listed companies evaluated in the 6th Securities Exchange corporate evaluation.
- The Pihong Vietnam production base construction completed by the end of 2019

Future Goal
Strive to achieve the 'top 5% company' grade as a result of the evaluation and continue to increase production in the Pihong Vietnam plant

Green Research and Development

- Completed the development of miniaturization of USB PD3.0/ 27W power supply with power density reaching 8.2W/per cubic inch; concurrently completed the development of miniaturization of USB PD/45W power supply with 22% reduction in size, and power density reaching 8.2W/per cubic inch.
- Continuing EV charging post constructions in Europe, US, Taiwan, Southeast Asia, and China.
- Completed the development of 30kw, 60kw, 120kw, 180kw EV direct current charging posts.
- EV wall mounting/standing direct current charging post products received 15th annual Golden Torch Innovation Award of the Republic of China.

Future Goal

- Continue to develop miniaturized, high-efficiency products.
- Continue the research and development of 360KW direct current charging post.
- Advocate industry cooperation and promote comprehensive electric vehicle charging solutions.

Environmental Management




- Fully implement waste reduction and recycling
- Reaching wastewater release environmental monitoring rate of 100% to comply with the requirements of the laws and regulations

Future Goal
Continue the 100% environment monitoring to meet the requirements of the law and focus on the work environment for improvement

Energy management

Phihong Taiwan / Dongguan:
as compared to benchmark years 2019 and 2016, energy saving reaching 9.5% (11,535 G Joules)



Future Goal
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

- The Dongguan plant continues to seek and implement effective energy saving solutions

Supplier Management

The signing rate of core suppliers' integrity certificates reached 74% (increased by 2% from 2018)

Future Goal
The signing rate by suppliers to reach 80% by the end 2020

Quality Achievement

- Received recognition by big international tooling machinery companies on quality and delivery results for two consecutive years.
- Received consecutive grade A quality evaluations in China in 2019

Future Goal
Continue to improve on quality, obtain customer recognition, and attain more honors for the company

Corporate Image

Received the 2019 Taiwan Corporation Sustainability Silver Award 

Future Goal
Continue to participate in CSR and corporate development related awards to earn more honors for the company

Employee Benefits

Awarded the 1111 Human Resources Bank's 2019 Happy Enterprise Award (based on the voting result by workers for 'the Happiest Enterprise for Employees')

Future Goal
Continue to seek better employee benefits

Employee Relationship/ Social Charity

Commenced charity break in year 2019 to encourage colleagues to participate in charity events and promote the company culture of serving the society

Future Goal
Continue to plan for charity events in which the colleagues can participate to promote the company culture of serving the society



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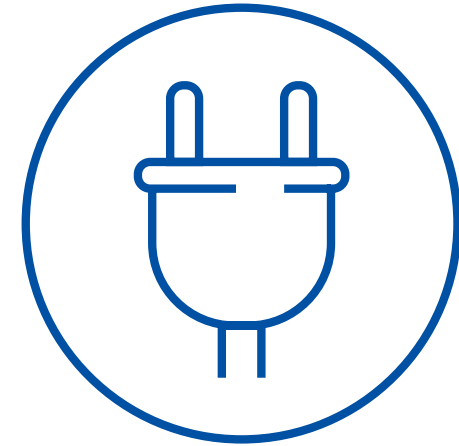


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Company Introduction

Phihong Technology is a publicly listed company in Taiwan (stock code 2457) with operations headquarters situated in the Hwa Ya Technology Park in Taoyuan City, with manufacturing bases in Dongguan, Guangdong, Fencheng, Jiangxi, 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 Phihong's subsidiary companies.

Under the everchanging global economy, the power supply industry competition intensifies. Phihong 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 2019, Phihong continues to conduct comprehensive business strategic planning, review various results of the operations of the year, and has defined 9 key improvement issues. Besides the 8 major issues in 2018: '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', we have added 'operational funding utilization enhancement' issues to conduct analysis, discuss the upgrade of competitiveness and brainstorm feasible mid-to-long term strategy and included such into the annual KPI of each department for management and follow-up.



Phihong-Taoyuan headquarter in Taiwan



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Company Introduction

VISION

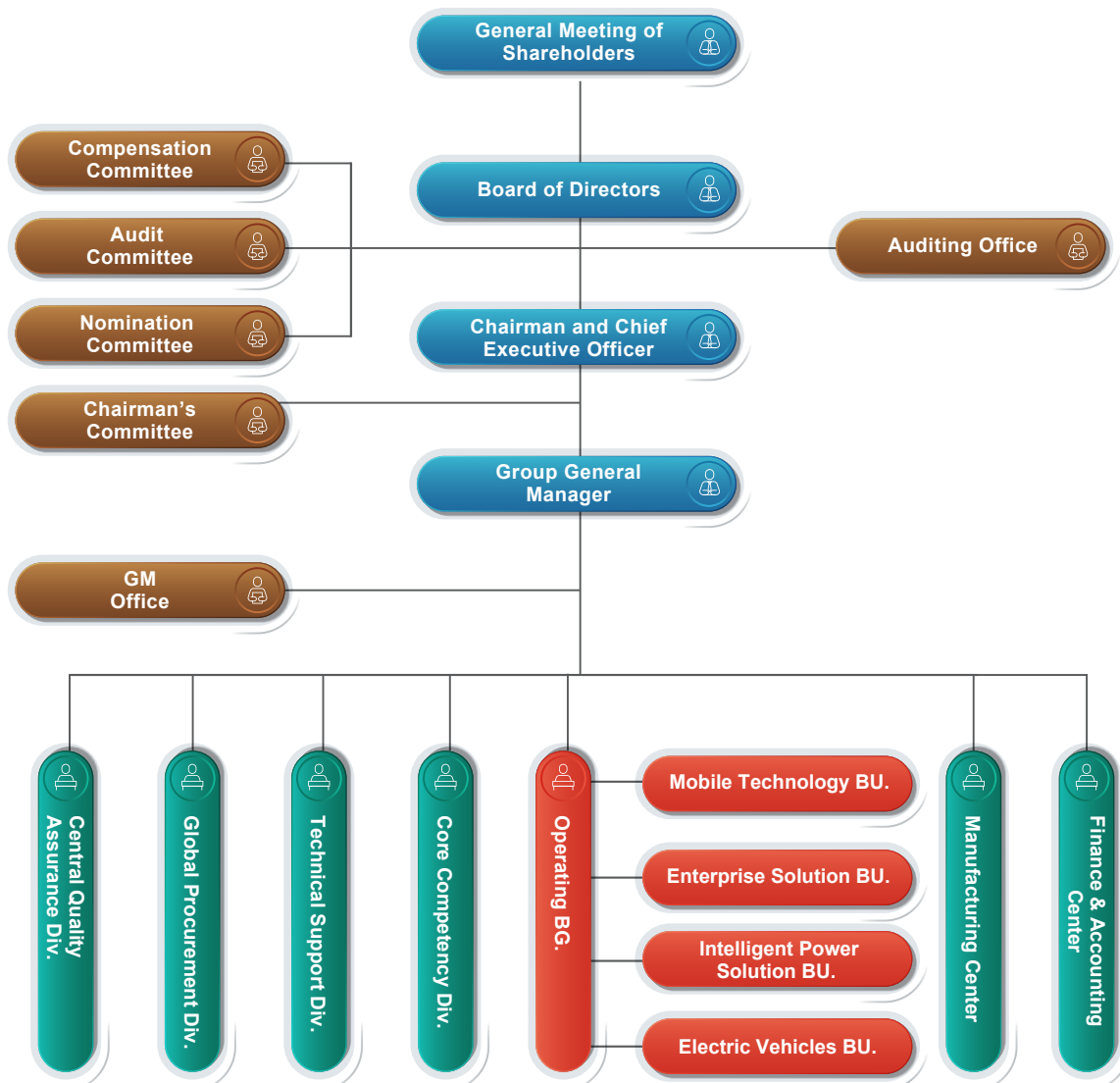
To become the world's best power supply supplier by having energy saving, eco-friendliness, innovation, and service as our core values.

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

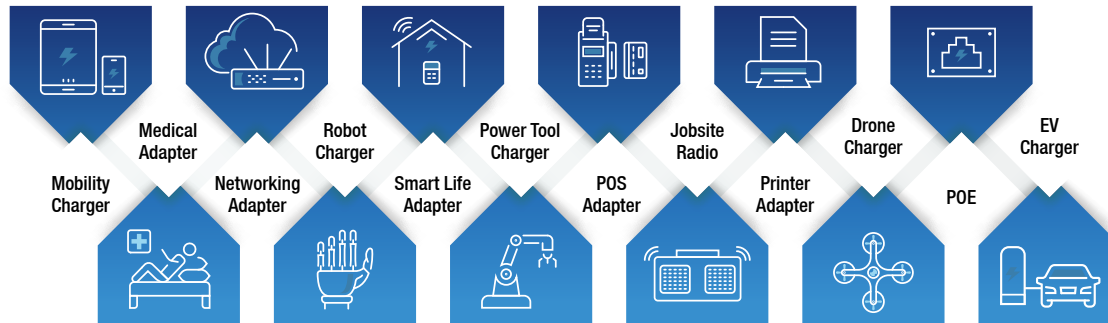
Phihong has been in the power supply industry for almost 48 years. The founder and chairman, Lin, Chung Min, has combined his efforts in the research and development of products and the enhancement of manufacturing capabilities with his passion for the power supply industry and business ideals of integrity, innovation, and challenge. The organizational structure and scale of our group has thus grown. Integrity is at the core of Phihong 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 Phihong employees; therefore, the training rate is 100%. Moreover, beginning in 2020, at the end of each quarter, public announcement is issued to all personnel for comprehensive promotion.



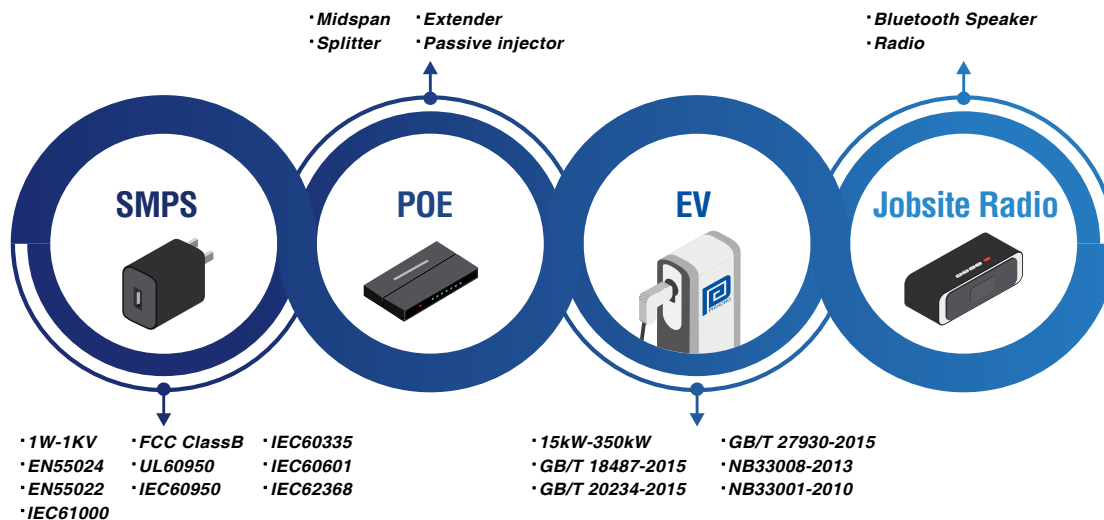
Products and Technology

Phihong has been in the power supply industry for almost 48 years and is one of the top 10 power supply companies. Phihong is mainly developing power supply products, including adapter power supply, battery chargers, PoE (Power over Ethernet), electric vehicle charging posts, radios for construction sites, and consumer electronics, for example: PoE networking, POS machines, small home appliances, home-grade medical care equipment, electric bikes, buildings, industrial products and electric vehicles. We have also made plans and preparations for the oncoming 5G era.

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.



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Products and Technology

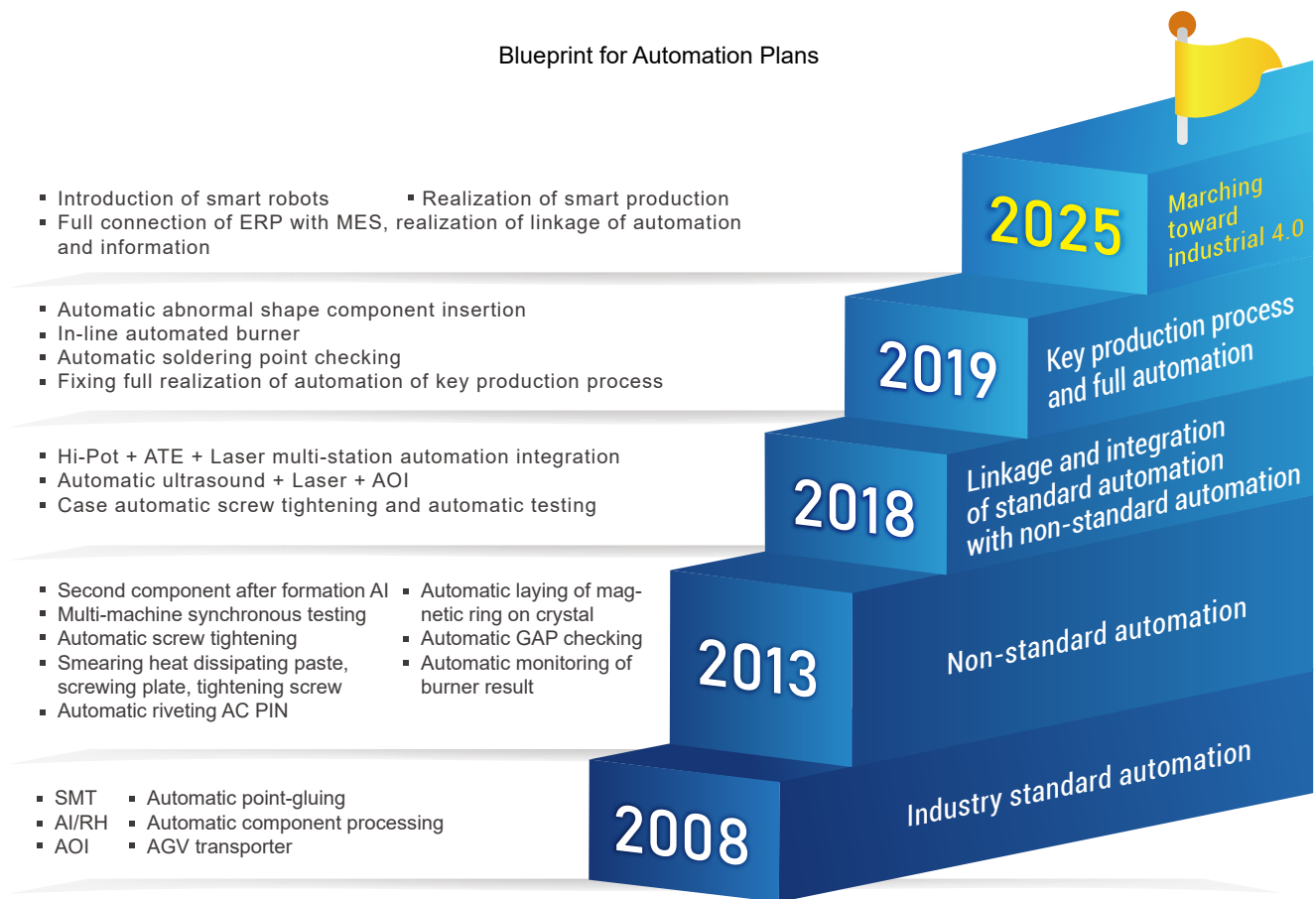
Technology Blueprint

- 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 USB PD/QC power source, network power source, medium and high-end smart phones, tablet computers, electric tools, POS machines, POE internet smart family, printers, OTT TV boxes, home-grade medical care equipment, medical and cosmetology equipment, robots, electric bikes, etc. As market expansion goals.
- 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, gain 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.

Blueprint for Automation Plans



Products and Technology

Quality Policies



Leading Designs

Actively fostering talents to develop and design high-performance new products through on-job education training



Outstanding Quality

From design, production, checking, to delivery, every step of the process is strictly monitored to ensure product quality



Timely Delivery

Achieve and satisfy customer demand on delivery date according to the contract



Reasonable Price

Reach consensus with customer, set reasonable sales price



Satisfactory Services

Through customer satisfaction survey and continuous improvement to achieve customer's satisfaction on service

Environment Policies



- Comply with various health and safety requirements
- Enhance communication of internal and external management



- Continue to improve work and living environment
- Prevent occurrence of various safety incidence



- Reduce occupational health and safety risks
- Fully protect the health and safety of the employees

Environment Policies

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

- Combining the spirit of (PDCA) PLAN, DO, CHECK, ACTION and CONFIRMATION 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



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Global Deployment

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 manufacturing center in Dongguan, China. Responding to changes in international economic trends, the threat of a Sino-American trade war, and avoiding the risk of concentration of production at the Dongguan production center in China, Phihong Technology also initiated the plan of an additional

production base in Vietnam. This will be completed by Q4, 2019, with mass production beginning in Q1 of 2020 helping to maximize the company's operations through even more flexibility to meet the needs of our customers.



Freemont, New York



England, France, Germany



Qingxi, Dongguan



Haiphong



Taipei, Tainan



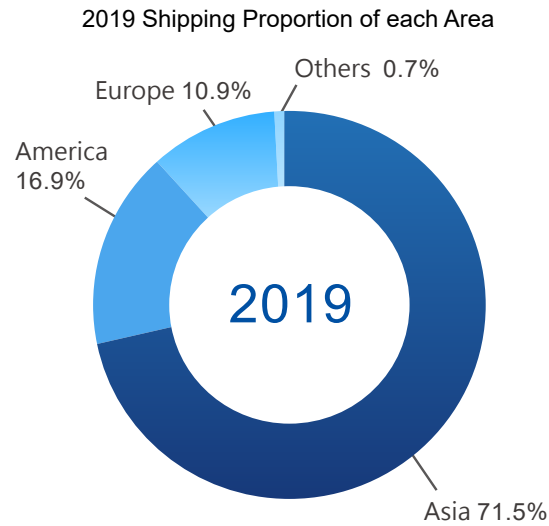
Tokyo



Global Deployment

Sales Regions

Well received and recognized by our clients who are from every region, the sales of our products are mainly in Asia and North America with sales revenues of 71.5% and 16.9% respectively. Europe and other regions make up about 11.6% of the company's total revenue. 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.



Distribution of Revenue of Major Sales Areas

Unit: Thousand NTD

Area	2019	%
Asia	7,635,990	71.5%
America	1,811,213	16.9%
Europe	1,171,000	10.9%
Others	76,401	0.7%
Total	10,694,604	100%

Operational Achievements

In 2019, the Sino-American trade war continued to escalate. Facing the impact of uncertainty from the world's major economies and the challenges of rising component prices, Pihong commenced a risk management mechanism to continue maintaining our position in the power supply industry through fortifying leadership in technology and our advantage of product differentiation, competitive advantage of synchronized production cost, and upholding a stable financial structure.

In 2019, the revenue for the year was 10.695 billion New Taiwan Dollars, a reduction of 11.9% as compared to year 2018. However, gross profit rate increased to 14.3% from the 10.4% in 2018, a pre-tax net loss of 42 million New Taiwan Dollars and after-tax net loss of 38 million New Taiwan Dollars. The overall operations did not achieve the set internal goal. For the results of the previous 3 consecutive years of 2019, please refer to the table below. Related financial information has already been disclosed in the investor's relations section of the company website.

2019 Combined Financial Result Table

Unit: Million NTD

Item	Year	2017		2018		2019	
Operating revenue		11,284	100.0%	12,139	100.0%	10,695	100.0%
Operating gross profit		1,314	11.6%	1,263	10.4%	1,526	14.3%
Operating expense		1,520	13.5%	1,624	13.4%	1,604	15.0%
Operating net profit (loss)		-206	-1.8%	-361	-3.0%	-78	-0.7%
Non-operating revenue and expense		287	2.5%	181	1.5%	36	0.3%
Pre-tax net profit (loss)		81	0.7%	-180	-1.5%	-42	-0.4%
Income tax		-75	-0.7%	-67	-0.6%	4	0.0%
Net profit of the period		6	0.1%	-247	-2.0%	-38	-0.4%



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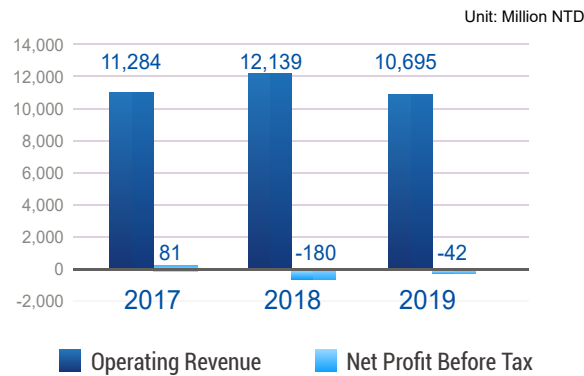
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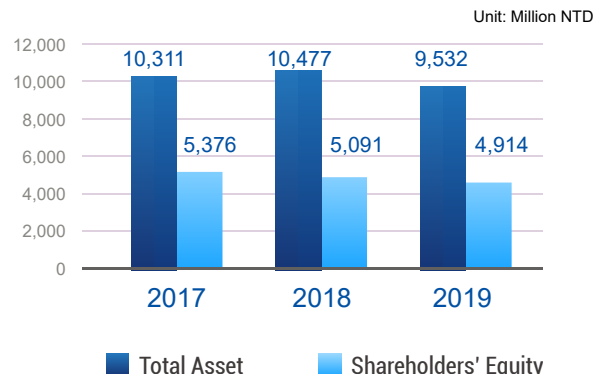
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Global Deployment

Operating Revenue and Net Profit Before Tax



Total Assets and Shareholders' Equity



- 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 2019 annual report disclosed on the company website, www.phihong.com.tw.
- For asset and liability, equity, and product related data, please refer to pages 158~162 and page 74 of the 2019 annual report
- For reserved profit related information, please refer to page 162 of the 2019 annual report

Organization Participation and Advocacy

Keeping the ideal of sustained corporate operations in mind, Phihong has actively participated in international/ national/ regional initiative organizations by becoming a member and attending meetings to deliver opinions in the hope of consolidating the strength of the industry, advocating industrial exchange, meeting the expectations of non-profit organizations and society, and implementing fully the effort of the company in regard to the issue of climate change. 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.

Aspects	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
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
	Taiwan Toy Library	Initiative
Environment	Taiwan Association for Marine Environmental Education	Initiative
	Carbon Trust SBTi/ CDP	Initiative
	CharIN e.V. Association	Member
	CHAdEMO Association	Normal Member



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Organization Participation and Advocacy

Achievement of Participation of External Organizations

In addition to participating in social charity events, Pihong 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.

Major Initiatives and Participation

Pihong actively participates in corporate social responsibility and industry related public policies. In order to implement fully corporate sustainability and social responsibility and complete disclosure of organization information, Pihong Technology is basing on two international standards and guidance, the GRI Standards, 2016 of the Global Reporting Initiative, GRI and AA1000AP (2018). We continue to hold regular communications with stakeholders 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 Pihong Technology in corporate social responsibility through the

annual publication of the corporate social responsibility report. Regarding the issue of climate change, Pihong has also begun the discussion of setting 'SBTi' and internal promotion to comply with customers' requirements at the end of 2019 in the hope of contributing to issue of the environmental sustainability.

Quality and Environmental Protection Initiative-Eco-friendly Policy

Besides bearing the burden of social responsibility and self-expectation, Pihong has been dedicated to the development of lead-free products. Considering the globalized deployment statement in recent years, we know environmental protection is the trend of the market. If we want to connect with the world, satisfying customer demand is the only way to synchronize with big international businesses though dedication to environmental protection



and producing eco-friendly products. As the leading company in the power supply industry, Pihong abides by the European Union, RoHS 2.0 directive prohibiting the use of harmful substances. We fully develop without using the 10 forbidden substances as prescribed in the RoHS 2.0 article and fully integrated into all components and products while complying with the customer's requirements for development design. We have established a database to manage the various materials of our suppliers in order to ensure compliance with the RoHS 2.0 supply chain management.

Responding to Conflict Mining Policy

Pihong has always abided by the principles of conduct of the Responsible Business Alliance (RBA) and expects the supply chain to work with Pihong in respecting and supporting internationally recognized human rights policy and movement without any violation or abuse of human rights behavior in any form, tolerance, utilization, investing, assistance, or support. Besides requesting that our suppliers must abide by the principles of conduct of the Responsible Business Alliance, we have also set a policy to ensure that the tantalum, tin, tungsten, and gold in the products they manufacture will not directly or indirectly subsidize the criminal armed groups in the Congo Democratic Republic and its neighbors that severely violate human rights. Pihong also has a strict monitoring mechanism to ensure that the suppliers use qualified smelters on the list on the RMI official website.



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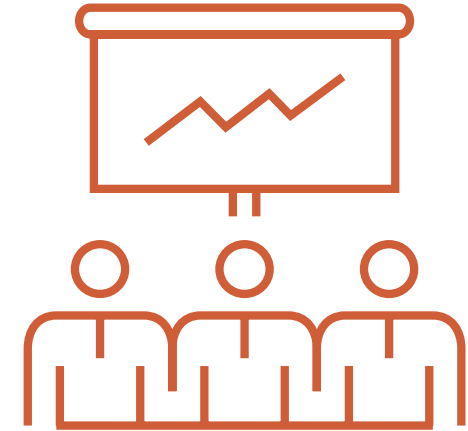


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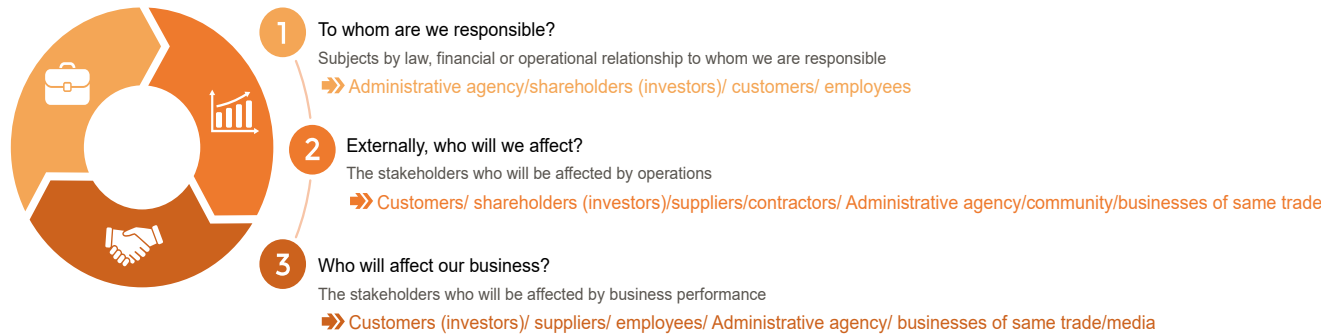


Communication and Negotiation with Stakeholders
Major Issues Identification

Communication and Negotiation with 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. As compared to the major stakeholders of 2018 where there was little feedback from the competitors in the same industry which, in terms of statistical results, is limited in number and has no representativeness, so the 2019 stakeholders identification have excluded the competitors in the same industry

List of Stakeholder

Stakeholder	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)
Suppliers	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

Principles of Communication with Stakeholders

The key foundation to Pihong 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 Pihong official website also has a contact us mailbox for the stakeholders(CSR@pihong.com.tw). Through such easy and immediate communication channel, the stakeholders can conduct exchange and communication on any sustainability issue with Pihong that can further be collected to become included in Pihong’s sustainability issues listing. If an issue is important and time sensitive, the Pihong sustainability committee members will speedily process the issue through the format of project meeting(s) with the related responsible department(s).

Pihong 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 Pihong’s operational targets, has compiled 32 Pihong 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.



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Communication and Negotiation with Stakeholders

Subject	Effect on Phihong	Issue of Concern	Communication Channel	Communication Frequency
Shareholders, Investors	The funders of the company, the force supporting the sustainable development of the company	<ul style="list-style-type: none"> Operational results 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 Greenhouse gas release Customer privacy 	<ul style="list-style-type: none"> Customer service hotline/official website Email, regular meeting, and audit Customer satisfaction survey CSR survey Customer complaint processing procedure CSR related disclosure through related platforms such as CDP, EcoVadis 	<ul style="list-style-type: none"> Irregular Once a year Irregular Once a year Once a year Once a 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 Education and training Freedom of assembly and group negotiation Human rights/ appeal mechanism No forced or compulsory labor/child labor No discrimination Improvement recommendations 	<ul style="list-style-type: none"> Internal bulletins and electronic bulletin board Catering communication meeting Employee opinion investigation Employee complaint mailbox Appointment of new employees with high level officers' seminars Employee benefits committee meeting Labor management 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 	<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 	<ul style="list-style-type: none"> Irregular Irregular At least 4 times a year Irregular Once a year Regularly set
Local 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 stakeholder 	<ul style="list-style-type: none"> Irregular Once a year Once a year Regularly set
Government Agencies/ Non-government Agencies	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 Operation 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



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Major Issues Identification

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 GRI standards-2016 version specific topic, 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 Pihong's operations goals, the team has compiled a total of 32 Pihong 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 AA1000 AP (2018) principles of accountability and reporting, the team conducts systematic identification, execution and disclosure of the company's major topics.

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 the expectations, needs, recommended strategies of the stakeholders and identify 6 categories of stakeholders according to GRI standards, United Nations Sustainable Development Goals, Responsible Business Alliance code of conduct, ISO 26000, requirements of new laws and regulations, and Pihong's operations goals
Ordering of the Sustainability Issues	Assessment survey of impact on stakeholders	Collect the surveys through O365 and WeChat online surveys.
	Survey of apparent economic, environmental, and social impact	Collect company's operating supervisors' surveys through O365 online survey
	Statistical tabulation and matrix analysis on importance	Conduct statistical tabulation and matrix analysis on importance
Confirmation on Major Topics	Confirmation of major topics	32 items in the 2019 major issue matrix analysis. Final confirmation of 19 topics which will be disclosed in the report herein
Review of Sustainability Issues	Sustainability context	Review on compliance of sustainability, importance, and completeness according to GRI standards and the content disclosed in the previous report

Ordering of Sustainability Issues

The CSR editorial team having compiled the sustainability issues has designed surveys of 32 specific topics in regard to economic, environmental, and social aspects that comply with the 2016 version of the GRI standards that are collected through Office 365 or WeChat questionnaire. Then the ordering of major topic identification is conducted.

1. First, major stakeholders are invited to fill out the online survey from which 583 valid questionnaires are collected that provide the results of 'assessment of impact on stakeholders'.
2. The CSR committee members (director, commissioners, convener) for a total of 15 members provide the results of 'apparent economic, environmental, and social impact' through the Office 365 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 32 important topics of the 'assessment of impact on stakeholders' and 'apparent economic, environmental, and social impact' to arrange in order and identify 19 of the 2019 Pihong Technology important topics. Afterwards, the collection and editorial of management principles are conducted, and information disclosure fortified while marking the different or reduced important topics between that of 2019 and 2018.



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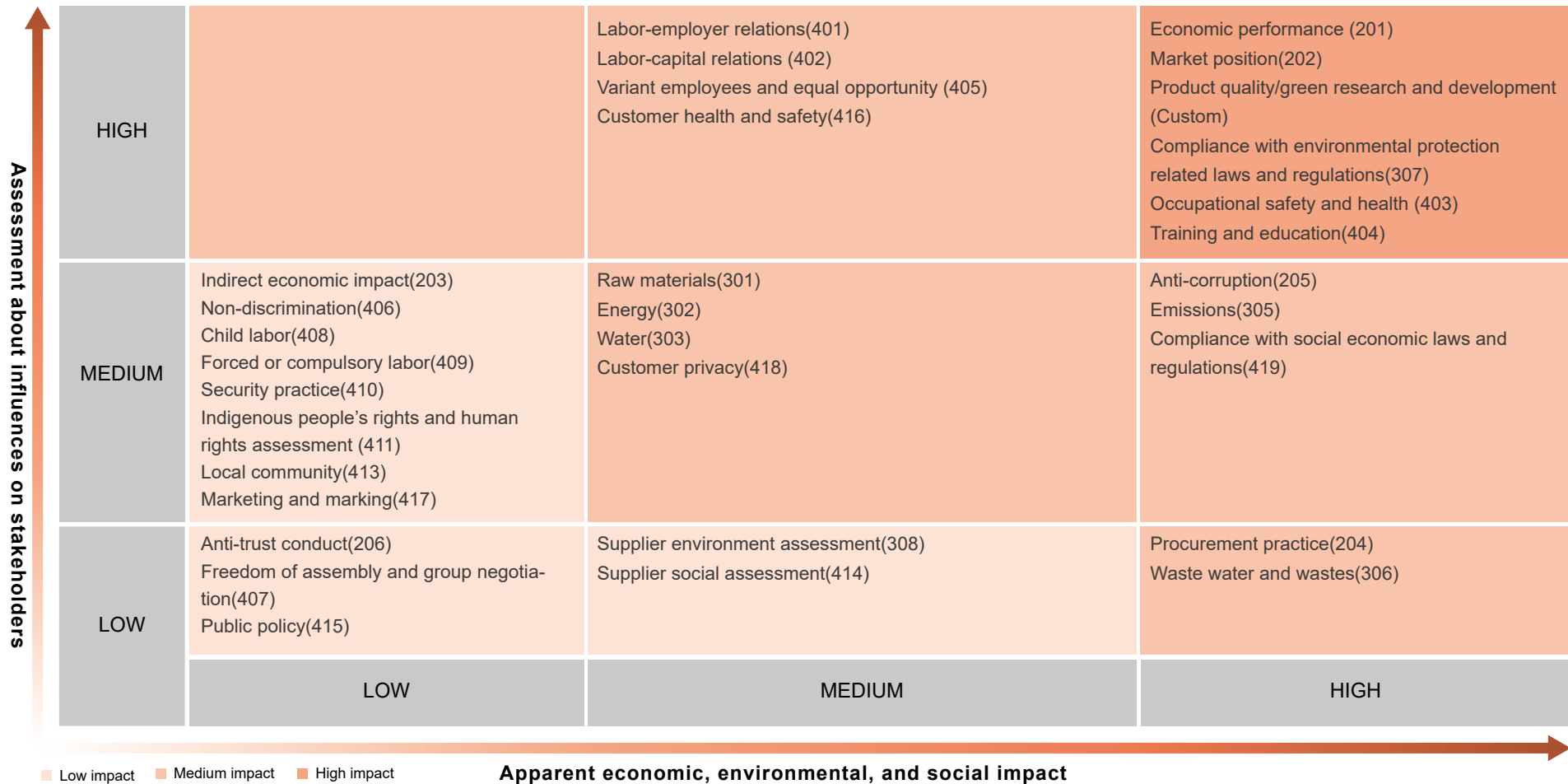
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Major Issues Identification

2019 Matrix of Major CSR Issues





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19 of 2019 Pihong Technology Major Topics

Aspect	NO	Major topic	
Economic Topic (200 series)	1	GRI 201	Economic result
	2	GRI 202	Market position
	3	GRI 204	Procurement practice
	4	GRI 205	Anti-corruption
	5	Custom	Product quality/green research and development
Environmental Topic (300 series)	6	GRI 301	Materials
	7	GRI 302	Energy
	8	GRI 303	Water
	9	GRI 305	Emissions
	10	GRI 306	Wastewater and wastes
		GRI 307	Compliance with environmental protection related laws and regulations
Social topic (400 series)	12	GRI 401	Labor-employer relations
	13	GRI 402	Labor/ capital relations
	14	GRI 403	Occupational safety and sanitation
	15	GRI 404	Training and education
	16	GRI 405	Variant employees and equal opportunity
	17	GRI 416	Customer health and safety
	18	GRI 418	Customer privacy
	19	GRI 419	Compliance with social economic laws and regulations

Differences in the 2019 and 2018 Major Topics

GRI standard	Major topic	Description on the difference	Note
308	Supplier environment assessment	Was not identified as major issue in 2019	Although it's a secondary topic, but there are still management actions, therefore, there were no infractions in 2019.
414	Supplier social assessment		
417	Marketing and markings		

After comparing the major topics identified in 2018, the 2019 identified major topics are not changed much in principle. Although the 'GRI-308 supplier environment assessment', 'GRI-41 supplier social assessment', and 'GRI-417 marketing and markings' were not identified as 2019 major issues, the environmental and social assessment of suppliers has always been an important part of the procedure for Pihong's assessment of their suppliers, ensuring that the supply chain partners operate sustainably with the same ideal as that of Pihong's, and to increase the overall competitiveness of the supply chain. Regarding 'GRI-308', 'GRI-414', and 'GRI-417', which have been identified as secondary topics in 2019, there still have been management actions on Pihong's part. Therefore, there have been no infractions.

Confirmation and Vetting of the Sustainability of Major Topics

As for the certain major topics 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 topics with which the stakeholders are concerned. The team defines the boundary on each major topic with related departments while listing the management principles of various major topics according to GRI standard-2016.

The Pihong internal organization consists of the Linkou headquarters (including Tainan plant), Pihong Dongguan plant, Tiesong plant and Dahong 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 Yung Kang District, and mainland China Dongguan plant in the Silverlake Industrial Park 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 -Association Francaise de Normalisation- Bellcert of AFNOR Group — to undergo third-party review and certification in order to ensure the quality of the information disclosed in the report.



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Major Issues Identification

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

Aspect	NO	Major topic	Why is it important to Phihong	Boundary of impact						Government/ non-government	Responsible unit	
				Phihong Taiwan	Phihong Dongguan	Suppliers	Customers	Communities	Shareholders			
Economic Topics (200 series)	1	GRI 201-economic results	A stable and steady operations result is the basis to the sustained development of a corporation which, by creating economic values, attracts talents, a stable team, and gives back to the stakeholders	•	•					•	•	Finance Department, Accounting Department, Human Resources Department
	2	GRI 202-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-procurement practice	Supporting local suppliers not only can lower the supply risks but also stabilized local economy and maintain community relationship	•	•	•		•				Global Procurement Div.
	4	GRI 205-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, Vocational Training Office
	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.	•	•	•	•			•	•	Vocational Training Office
Environmental Topics (300 series)	6	GRI 301-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.,
	7	GRI 302-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	•	•							Phihong Taiwan General Affairs Department, Dongguan plant Management Department
	8	GRI 303-water	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	•	•			•				Phihong Taiwan General Affairs Department, Dongguan plant Management Department
	9	GRI 305-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	•	•			•			•	Phihong Taiwan General Affairs Department, Dongguan plant Management Department
	10	GRI 306-waste water and wastes	Considering increasing corporate environmental cost, establishing statistics on environmental revenue and expenditure can be an effective company management tool	•	•			•			•	Phihong Taiwan General Affairs Department, Dongguan plant Management Department
	11	GRI 307-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 is the role and responsibility of Phihong as a citizen of the world.	•	•			•		•	•	Phihong Taiwan General Affairs Department, Dongguan plant Management Department



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

Aspect	NO	Major topic	Why is it important to Phihong	Boundary of impact							Responsible unit	
				Phihong Taiwan	Phihong Dongguan	Suppliers	Customers	Communities	Shareholders	Government/ non-government		
Social Topics (400 series)	12	GRI 401-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	
	13	GRI 402-labor/capital relations	Create a mutually beneficial and win-win vision for both the labor and the capital side.	•	•			•		•	Human Resources Department	
	14	GRI 403-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	
	15	GRI 404-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.	•	•	•	•	•	•	•	Vocational Training Office, Human Resources Department	
	16	GRI 405-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	
	17	GRI 416-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.	•	•	•	•	•			•	Research and Development Department, Quality Assurance Div., Technical Support Div.
	18	GRI 418-customer privacy	Good data control procedures and information safety management are the necessary tools of protecting customer privacy and company secrets	•	•							Legal Affairs Department, Auditing office, Sales, IT Department, Document Management Center
	19	GRI 419-compliance with 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 Affairs Department, Auditing Office, Security Committee, CSR committee



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Management Principles of Major Topics of Concern to the Stakeholders

Aspect	NO	Major topics	Method of Management	Promises	Policies	Future Goals	Way of Evaluation	Results (page number)
Economics (200 series)	1	GRI 201-economic result	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	P12-P13 P23
	2	GRI 202-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	1.salary and remuneration policy (please refer to Page- 71) 2. 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	P61, P71
	3	GRI 204-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 of suppliers	Continue to increase procurement locally and increase the ratio of the local materials	Assess the ratio of foreign materials/ locally procured materials	P55-P56
	4	GRI 205-anti-corruption	1. Conduct education training on corporate ethics and business conduct principles and the Responsible Business Alliance 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 Conduct Outline	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	P31-P33 P36, P56-P57
	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	To have environmental protection and loving earth as our own responsibility, provide comprehensive power solutions and become a good company that prospers with the customers, employees, shareholders, and collaborating companies.	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	P39-P43



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Management Principles of Major Topics of Concern to the Stakeholders

Aspect	NO	Major topics	Method of Management	Promises	Policies	Future Goals	Way of Evaluation	Results (page number)
Environment (300 series)	6	GRI 301-materials	Require suppliers to provide component disassemble homogenous material content information and related toxic homogenous substance test reports which are to be listed for control in the PDM database, plus external reclaiming and recycling 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 (WEEE 2.0)	Database evaluation and random machine testing (outsource to external laboratory testing)	P39
	7	GRI 302-energy	Energy (resources) saving management policy	The environmental policy and commitment of the environmental management system (please refer to Page -10)	ISO14001:2015 Third-phase management of Environment Manual	Phihong Taiwan: using year 2016 electricity usage as a benchmark, continue to reduce over 5% Phihong Dongguan: continue reducing electricity usage	Environmental safety management and supervision and measuring procedure Setting annual KPI and monthly review	P44-P45
	8	GRI 303-water	Waste (sewage) water management policy, Energy (resources) saving management policy	The environmental policy and commitment of the environmental management system (please refer to Page-10)	ISO14001:2015 Third-phase management of Environment Manual	Phihong Taiwan: using 2016 electricity usage as the benchmark year, continue to reduce over 5% Phihong Dongguan: continue reducing electricity usage	Environmental safety monitoring and measuring procedure Setting annual KPI and monthly review	P45
	9	GRI 305-emissions	Greenhouse gas check management procedure	The environmental policy and commitment of the environmental management system (please refer to Page-10)	ISO14001:2015 Second-phase management of Environment Manual	Reduced by 5% compared to 2017	Through quantified greenhouse gas checking report Setting annual KPI and monthly review	P47
	10	GRI 306-waste water and wastes	Waste sorting and storage management policy	The environmental policy and commitment of the environmental management system (please refer to Page-10)	ISO14001:2015 Third-phase management of Environment Manual	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	P45, P47
	11	GRI 307-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-10)	Systematic management to prompt energy saving as environmental results. Continue to improve and prevent pollution	Continue the effort of maintaining zero infractions	Local environmental protection laws and regulations	P36, P47



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Management Principles of Major Topics of Concern to the Stakeholders

Aspect	NO	Major topics	Method of Management	Promises	Policies	Future Goals	Way of Evaluation	Results (page number)
Social (400 series)	12	GRI 401-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 -71)	Optimize salary and remuneration system while upholding the idea of 'same pay same work and salary based on ability'	Internal audit	P62-P63, P67, P71-P79
	13	GRI 402-labor/capital relationship	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	1. Labor laws 2. Communication channel 3. Electronic platform	Continue to provide and expand a smooth labor/capital exchange platform	1. Labor/capital meeting system 2. Job satisfaction survey 3. New employee caring survey	P64-P65
	14	GRI 403-occupational health and safety	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 policy	Continue to provide a healthy and safe work environment	Internal audit Regular external third-party verification	P80-P82 P84
	15	GRI 404-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	Internal audit Regular external third-party verification	P66,P68-P70
	16	GRI 405-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	1. Salary and remuneration policy (please refer to Page-71) 2. Employment policy	Achieve the same pay for same work and varied employee organization structure	Internal audit	P28,P60-P61 P71-P72



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Major Issues Identification

Management Principles of Major Topics of Concern to the Stakeholders

Aspect	NO	Major topics	Method of Management	Promises	Policies	Future Goals	Way of Evaluation	Results (page number)
Social (400 series)	17	GRI 416-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	Design and manufacture green products that comply with safety laws and regulations for environmentally controlled substances (HSF)	1. Protect the safety of the users; products pass strict design certification procedure; products comply with safety laws and regulations 2. Reduced environmental impact: products comply with environmental requirements	Continue to design products that comply with environmental and safety laws and regulations	Customer feedback/ Internal audit/external examination	P36,P38-P39 P51-P52
	18	GRI 418-customer privacy	Pihong 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	P36,P52
	19	GRI 419-compliance with 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	Local laws and regulations, Internal audit	P36



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Operations and Management

Sustainable Development

Integrity and Morality

Risk Pre-warning and Management

Legal Compliance



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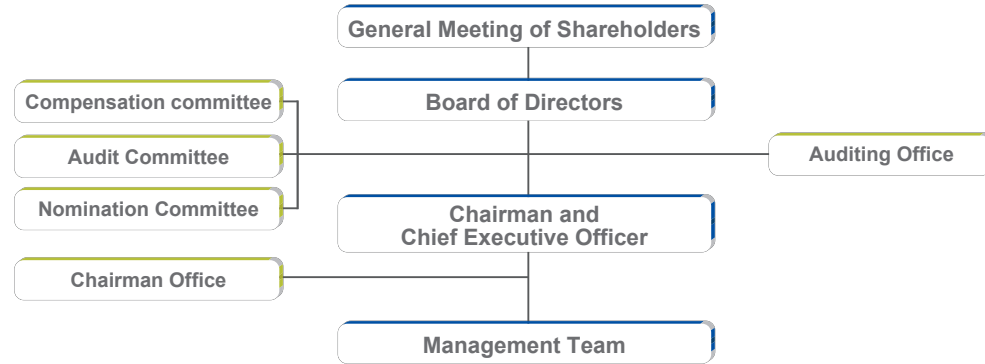
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Operations and Management

The ownership of Phihong Technology belongs to the general meeting of shareholders. The members of the board of directors and supervisors were elected at the general meeting of shareholders on June 14, 2017 for a tenure of 3 years. There are 11 directors (including 3 independent directors), among whom is a female director. 4 directors are between the ages of 30 to 50. 7 directors are above 50 years of age. The background information of all the directors and supervisors can be found on the official company website: [website link](#)

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 10 director meetings in 2019. The attendance rate of the directors in person was as high as 82.83%. In addition, for the 6th company management evaluation by the stock exchange commission on 1600 public companies, our company received a score of 92.19, receiving the honor of 'top 6% to 20% company' in the 901 publicly listed company bracket.



Audit Committee

The Phihong board established the Audit Committee in 2017 according to the law. One meeting is held in every quarter. 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. Seven meetings were held in 2019 with 95.24% attendance rate by the committee members.

Nomination Committee

The Phihong board established the nomination committee in 2017 according to the law. At least two meetings are held every year. The objective is to set the standards for the professional knowledge, technology, experience, and multiple backgrounds necessary for the directors and independents, and based on such, to seek, review, and nominate the best candidates (without regard to gender) for directors and independent directors. To construct and develop the organization structure of each committee. To conduct evaluations of the results of board actions and each director's performance, and to assess

the independence of the independent directors. To set or review the advance study plan for the directors. To set the regulations of company operations. Two meetings were held in 2019 with 100% attendance rate by the committee members.

Nomination Committee

The Phihong board established the nomination committee in 2017 according to the law. At least two meetings are held every year. The objective is to set the standards for the professional knowledge, technology, experience, and multiple backgrounds necessary for the directors and independents, and based on such, to seek, review, and nominate the best candidates (without regard to gender) for directors and independent directors. To construct and develop the organization structure of each committee. To conduct evaluations of the results of board actions and each director's performance, and to assess the independence of the independent directors. To set or review the advance study plan for the directors. To set the regulations of company operations. Two meetings were held in 2019 with 100% attendance rate by the committee members.



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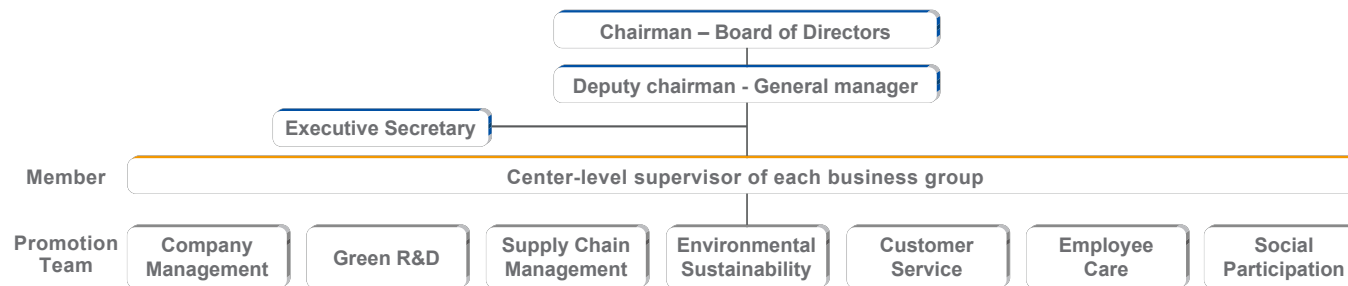
Sustainable Development

Sustainable Development Strategy and Promotion

Since establishment, Phihong 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, Phihong 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 Phihong’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, Phihong 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’ 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 Phihong 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.



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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.

- 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

To insure all employees, understand the philosophy and execution of corporate social responsibility, Pihong Taiwan 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 charity events and share related information. Employees, being a stakeholder, are responsible to promote corporate social responsibility as well, continuing progress toward sustainable development, social coexistence, and mutual environmental benefit. The 2019 CRS related classes were as follows:

Name of class	Total hours	Method of class	Cost	Number of participants	Total man hours
Discussing on gender-friendly work environment	6	External training	\$0	2	12
Discussing on how to promote friendly measures which make employees feel happy	6		\$0	2	12
The fifth Taiwan Sustainability Report Analysis Presentation	7		\$1,600	2	14
Energy saving practice of green building certification of old buildings (EEWH RN)	6		\$3,000	1	6
Reading of Corporate Ethics and Business Conduct Outline-2019 new employees training	0.5	Internal training	\$0	102	51
Introduction of corporate social responsibility 2019 new employees general class series	79		\$0	79	79
Total	104.5		\$6,200	188	174



General Manager, Allan Lin, was awarded the 2019 TCSA Sustainability Award on behalf of Pihong Technology.

Besides the above training classes, the co-workers regularly upload activity audio visual files onto Pihong's website and Pihong's Facebook fan page after participating in CSR and charity events. They are happy to share their thoughts which add to their perception of corporate social responsibility and increases their willingness to participate in CSR activities, while also elevating their loyalty and generating even more willingness to include participation as part of their balanced life.



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Integrity and Morality

Honest Operations and Moral Conduct

At the top of Phihong Technology’s business philosophy is honesty and integrity, the core value of the company and also the central thinking of all activities. Passed by the board, we have established the ‘principles of operations of honesty and integrity’ which are to be fully executed by all colleagues. Based on the content, we codified the ‘Corporate Ethics and Business Conduct Outline’. In 2019, we did not have any confirmed corruption events or corrective action taken.

- Based on the principles of honesty and integrity’, 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 Conduct Outline 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.

Honesty Education and Promotion

In order to have all the colleagues implement fully the operations of honesty, integrity, and ethics, beginning in 2019, all new Phihong employees (100%) who are reporting to work must receive ‘Corporate Ethics and Business Conduct Outline 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.

Name of Class	Class type	Class hours	Attendance	Number passed
New employee orientation: reading of ‘Corporate Ethics and Business Conduct Outline’	New employee reporting to duty	0.5	102	102
New employee orientation: sharing of Phihong corporate social responsibility actual practice	Classroom class	1	91	79

Phihong Dongguan Electronics Co. Ltd., Phihong 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 Phihong 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	Ratio of passing
Phihong Dongguan Electronics Co. Ltd. Limited Phihong Dongguan Electronics Co. Ltd. Limited (Tiesong Plant)	New employees	10,081	10,081	100%
	Present employees	1,220	2,023	100%
Dongguan Dahong Electronics Co. Ltd	New employees	5,988	5,988	100%
	Present employees	91	99	100%



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Risk Pre-warning and Management

Principles of Risk Management

Risk management is the guarantee and responsibility of all stakeholders, also a necessary means to sustainable operations. Phihong 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 general manager 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 2019 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.

Aspect	Risk Type	Impact on Operations	Corresponding Strategy	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 Vietnam 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.
	Information security risk	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
	Supplier risk	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Enhance sustainable partnerships with suppliers; good two-way communication and interaction to achieve the demand and expectations of customers for mutual prosperity
Environment	Environmental and climate change risk	<ul style="list-style-type: none"> 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' 	<ul style="list-style-type: none"> For potential opportunities, please refer to the attached 'climate change response table'
Society	Ethics risk	<ul style="list-style-type: none"> Violation of honesty and integrity principles of operation resulting in company's loss. The inappropriate acceptance of gifts, money, or exchange for benefits in procurement identified as major risks through anti-corruption risk assessment 	<ul style="list-style-type: none"> Beginning in 2019, all new Phihong employees must receive 'Corporate Ethics and Business Conduct Outline' 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 	<ul style="list-style-type: none"> All employees must abide by the Corporate Ethics and Business Conduct Outline and fully execute honesty and integrity of operations
	Work safety risk	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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



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Risk Pre-warning and Management

Organization Risk Alert

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

- **Internal Audit System:**

In 2019, Phihong executed 53 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	
2019 mistakes follow-up and improvement achievement rate			100%	



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Risk Pre-warning and Management

• Operational Risk Control :

Pihong 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 2019, Pihong 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	Pihong Group		Pihong Taiwan	Dongguan plant	Vietnam Plant
Original currency coverage	US\$2 million~12 million	NT\$ 11,900 million	NT\$ 978 million	RMB\$ 1,204 million	VND\$181,229 million
Taiwan dollar coverage	NT\$ 62 million~370 million	NT\$11,900 million	NT\$ 978 million	NT\$ 5,634 million	NT\$ 243 million
Original currency insurance payment	US\$29,800	NT\$214,200	NT\$1,011,656	RMB\$174,239	VND\$268,045,164
Taiwan dollar insurance payment	NT\$919,032	NT\$214,200	NT\$1,011,656	NT\$787,368	NT\$359,181
Total insurance payment	NT\$3,291,437				

Supplemental explanations:

- Original product liability coverage is in US dollars, exchange rate is pegged at the rate (30.84) in January, 2019
- Comprehensive property coverage is in Renminbi at the exchange rate of (4.51889) in July, 2019
- Comprehensive business insurance, the original currency is Vietnam Dong at the exchange rate of (0.00134) in October, 2019

• 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 Accord, Pihong 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. When constructing the new Tainan plant in 2015, we constructed rooftop solar power equipment which is still generating electricity today. All these measures are Pihong 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.



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Climate Change Risks	Impact or Threat	Response Strategy	Potential Opportunity
<p>Energy supply</p> <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 b over 5% Setting energy saving target, put government energy saving diagnosis service resources into good use to undergo improvement 	<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 Treat climate change strategy as key competitive advantage
<p>Resources shortage and invested cost</p> <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 obtainability 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 4 years and generating electricity over 30 k kilowatt hours per year on average, and carbon emissions reduced 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 	<ul style="list-style-type: none"> Natural disasters result in the increase demand of replacing products Obtain the support of investors, customers, stakeholders through open disclosure
<p>Increase in the number of days of extremely high temperature.</p> <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 Labors: employee absence increases; workplace overheats, productivity decreases, difficult to maintain labor and technical training 	<ul style="list-style-type: none"> 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 Introduce smart power management system of 'energy demand management function' to achieve optimized application goal for the contract capacity 	
<p>Extreme weather incidences</p> <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"> Utilize insurance to respond to and transfer risks, including business fire insurance, comprehensive property insurance, product transportation insurance, and product liability insurance. 	



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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 Affair 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 2019, 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.

Compliance with Laws and Regulations	
Compliance with environmental laws	In 2019, 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 2019. 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 2019, 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 labelling or product information must be reviewed by the sales, research and development, and marketing department to ensure the correctness of the content before disclosing. There has been no infraction of customer privacy or incidence of violation of personal information laws with the other stakeholders.
Anti-competition/anti-trust and monopoly	In 2019, Phihong Technology was not involved in any anti-competition, anti-trust, or monopoly related litigations



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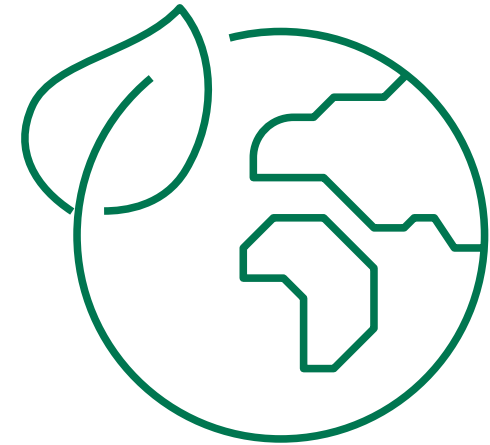


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4 Green Environmental Protection



Environmental Protection

Green Research and Development

Energy Saving and Carbon Reduction

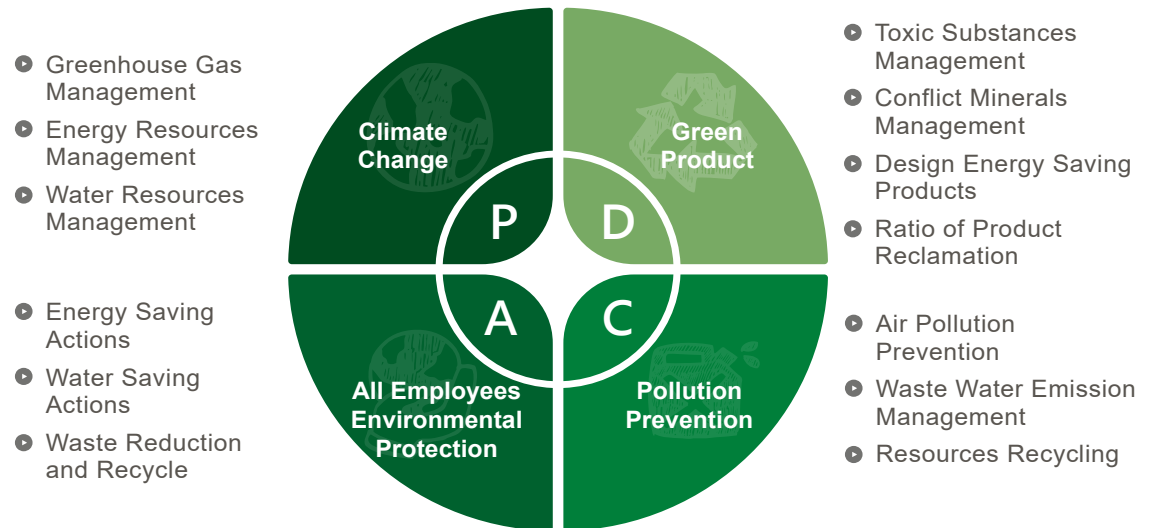
Environmental Protection Revenues and Expenditures

Environmental Protection

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. 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 ISO 14001 certification and received the certificate in 1997. In 2018, we passed the Lloyd's and the new ISO 14001: 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.





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Green Research and Development

Phihong 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 'environmentally controlled substance control standard' 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, Phihong 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 16, 2020, REACH has updated 22 batches of substances for a total of 205 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 Phihong as a world citizen. In 2019, Phihong Technology developed a total of 366 products, 100% of which comply with the WEEE regulations, 284 lead-free (RoHS) products, 82 Halogen-Free products.



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

In addition to management and control of environmental substances in product materials, in terms of product development technology, Phihong Technology still holds laws and regulations as the basic compliance principles and is actively dedicated to increase product efficiency, volume reduction, power density, material saving, energy saving, and waste reduction in the manufacturing process. Below are a few important products and results of green research and development by Phihong Technology in 2019.



- 27W foldable AC PIN miniaturized USB PD3.0 charger: the product complies with level 6 CoC V5 tier 2 standard, using hooks and supersonic waves to replace screws. Power density reaches 8.2W per cubic inch, a 13 % reduction in volume, conspicuously reduced the use of electronic, plastic, and hardware materials



- 45W miniaturized USB PD charger: the product complies with level 6 CoC V5 tier 2 standard, using hooks and supersonic waves to replace screws. Power density reaches 11W per cubic inch, a 22 % reduction in volume, conspicuously reduced the use of electronic, plastic, and hardware materials.

Green Research and Development

- In order to comply with the EU ERP compulsory requirement of products of high efficiency and low standby power, most of the new products development begun in 2019 have added high-efficiency, low standby power product designs
- Continue to develop USB Power Delivery: USB PD and Type C connector power supply. The tolerant current is expanded to 5 amperes. Voltage supports 5 to 20 volts in order to provide the optimized voltage for any device and foster more high-wattage product application customers.
- As compared to the Qualcomm Quick Charge 2.0 that can charge up to 63% of the power in 30 minutes in 2018, in 2019, we developed a power supply that can charge up to 71% (7% increase in charging speed) for Qualcomm Quick Charge 3.0. For power output, USB-A connector is used for better universality.

- Reduce the development and production of products using less than 5W and promote 6W-20W universal power supply products (Pihong standard product) in order to make better use of application development, human resources management, and testing resources. In terms of components, increase unified procurement, and common molds to save on new mold development. Reduce minimum packaging and redundant material waste from minimum orders to reduce environmental pollution.
- For related models, optimize and maximize automatic PCB insert materials to replace hand inserts to save on materials, production time, and cost and to increase production efficiency and quality, reducing carbon emissions indirectly.

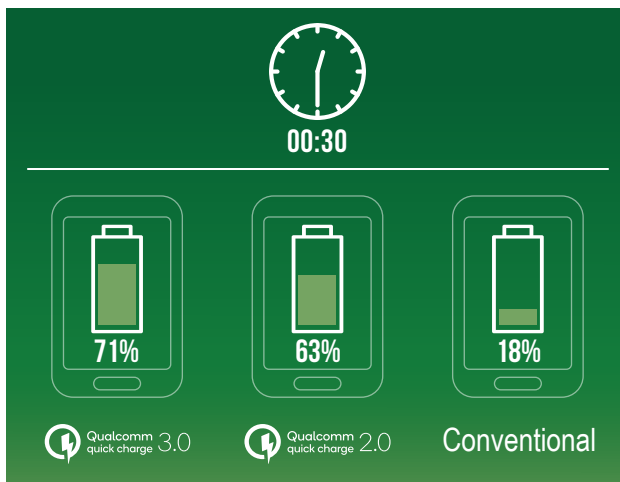
2018 PCB design



2019 PCB design



- Pihong's research and development unit had a total of 18 patent applications and acquired 23 new patent approvals in 2019; Researching solutions for electric tools, electric bicycles, electric cars, and electric busses in recent years, the focus of our patent applications is mostly medium to large wattage lithium battery charging related technologies, such as connector interface, water-resistant technology, optimized battery charging, fast charging, all geared to enhance the competitiveness of Pihong Technology in the future broad industry.
- Inheriting the former electric bicycle charging research result of miniaturized, digitally controlled, 168W of 42V/4A charger, the company launched a new 252W of 42V/6A charger framework by introducing the exclusive, state of the art, digitalized power supply control IC, reduced the usage of peripheral components, and used high heat-conduction coefficient heat dissipation technology in order to achieve the goal of miniaturization and high-power density. Currently, the test result can reach 7.5W/in³ with conversion efficiency reaching over 95%. In the future, gallium nitride, flat transformer technology will be used to increase efficiency.





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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 clean energy, 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, Phihong introduced a new generation direct current charging system which is developed and designed with a high degree of system integration and high reliability. The new generation of charging post includes: 30kW mobile charger, 30kW wall-mounted charger, 60kW and 120kW~180kW three plugs charging posts that have simple human-machine interface and cable management system, so the users can use Phihong charging posts with ease.



Phihong 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 Phihong's charging post.

Sample Vehicle Model	Charging Frequency (Number of times/day)	Wattage Saved (kWh/year)	Carbon Emission Reduction	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

In 2019, Phihong Technology participated in the 15th innovative design Golden Torch Award of the Republic of China with its wall-mounted/standing direct current charging posts which won the innovative design award, all showing the maturity of Phihong Technology's technology in EV charging posts. These display the design and practicality of the direct current charging posts that not only meet the international mainstream charging standard but also a 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.



15th Innovative Design Golden Torch Award of the Republic of China of 2019.



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Green Research and Development

Phihong 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 IATF 16949 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. Phihong'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.

In the sales promotion of the EV charging posts, Phihong Technology has made significant progress in 2019 all over the world including Taiwan, China, Europe, the United States, and southeast Asia, wherever high power smart charging equipment construction has started. Also, through actual application, the utility efficiency of the charging equipment is enhanced.

- **The United States**

Undertake product charging equipment product development with newly founded car companies and large brand companies. Also, through the cooperation, gain an understanding of the advantages and shortcomings of the major competitors' products in the market in order to fortify the market competitiveness of a new generations of products. We estimate that production and delivery will begin in 2020-2021.

- **Europe**

Collaborate with local well-known charging station operators. In Helsinki, Finland, we constructed a smart DC 720kW high-efficiency electric bus fast charging station. The charging station can intelligently redistribute charging according to present power usage status by utilizing the limited electricity of the station in an allocation for maximum efficiency. A DC360kW water cooled charging station for average cars was also constructed.





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Green Research and Development

- Taiwan

Provide customized equipment befitting the demand and usage scenario of most of the electric bus companies and begin collaboration with one of the bus companies with the highest market share to undergo high-efficiency charging equipment software development in order to assist the government to promote the development of low-pollution green energy. We enhanced the communication between the vehicle and the equipment which will undergo the most efficient charging based on different operational plans and have the least environmental impact. As for average consumer electric vehicles, we also obtained a cooperation opportunity with Jaguar Taiwan. We also, using the international communication protocol framework, let different car companies, through different service providers but using the same product, create unique product usage experience. We will provide to more car companies in 2020.



- Southeast Asia

In response to the government's new southward policy, we began market research and deployment for the Southeast Asian market. We began cooperation with various electric companies or public transportation companies in various countries and provide equipment to assist Taiwan businesses to promote entire charging system solutions for the local market. We also have begun upgrading the current smart charging systems to meet the operational demand in each individual country. We have successfully assisted related southeast Asian countries to conduct the most efficient market planning and constructing local Eco-Systems in the shortest time span.

- China

We worked with several car companies to undergo product development for China's and foreign specifications. We provided mainstream UL and CE certified products to the Chinese car companies and have begun delivery to Europe. Although the requirements of Europe and the United States are strict, however, Pihong's products have completely met and complied with local regulation requirements and have successfully entered the European, American, Australian, and Asia Pacific public transportation charging services systems. With Pihong's long-term accumulated research and development capacity and experience, we also managed to entice many price-oriented Chinese customers to begin cooperation with us to develop charging equipment with unique features.



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Energy Saving and Carbon Reductions

Pihong Technology not only implements green product design but also promote the policy and company philosophy at Pihong's plants and the three plants in Dongguan. In addition to conducting the research and development of high-efficiency, miniaturized, high power density power supply products, in terms of the production process, the plants use the local electricity usage monitoring system first to inventory the actual usage for enhanced management while achieving the goal of

reducing energy use, carbon emissions, and sustainable development through improvement in energy savings.

Energy Usage and Strength

In terms of energy usage, the main energy used by Pihong Taiwan is electricity. No renewable energy is used nor sold. 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. In 2019, the energy usage for Dongguan plant has continued to decrease as compared to 2016 (benchmark year) where the overall electricity usage decreased 1%, fuel and natural gas decreased 54% and 42% respectively. So, emissions quantity is included into Pihong's emissions quantity. The natural gas usage in the Dongguan plant is all used in the employee cafeteria. Comparing the result of 2019 with that of 2018, there is an increase of 48%, the cause is that the number of mainland employees increased.

Energy Resources Usage Table

Unit: G Joule (GJ)

Energy type	2016		2017 年		2018 年		2019 年	
	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant
Electricity	10,150	111,117	10,022	116,477	9,185	119,274	9,967	99,765
Diesel	-	136	-	443	-	121	-	62
Natural gas	-	300	-	128	-	116	-	172

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

The type of energy used in production activities by Pihong 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, Pihong Technology adopted energy unit strength in its annual target setting.

The 2019 Dongguan plant results as compared to 2018, although productivity decreased and energy use decreased about 15.9%, however, energy strength (thousand units) increased 29.63%, energy strength cost

(10 k New Taiwan dollars) increased 2.67%. The reason is that the output of low-power models has decreased significantly (for example, the output of 5W power supplies decreased by 64.4% in 2019), output of high-power EV (electric vehicle) power supplies increased by about 1.95 times, which led to an increase in the use of energy for burn-in testing, and an increase in energy unit strength.

Energy strength	Unit	2016	2017	2018	2019	Energy strength 2019 v.s. 2018
		Dongguan plant	Dongguan plant	Dongguan plant	Dongguan plant	Dongguan plant
Electricity	KW.H	30,912,623	32,354,730	33,131,750	27,713,443	-15.92%
Productivity (quantity)	Unit	174,566,552	138,318,330	157,851,908	102,386,209	-35.14%
Energy strength (thousand units)	KW.H/thousand units	177	233.91	209.89	270.68	29.63%
Production value NTD	NTD	11,211,825,822	11,063,611,182	11,850,324,896	9,705,427,541	-18.10%
Energy strength (10k NTD)	KW.H/10k NTD	27.57	29.24	27.96	28.55	2.67%



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Energy Saving and Carbon Reductions

Water Resources Control

Phihong Technology’s use of water resources is mainly for employee’s life use and 100% comes from tap water with no water recycling. Waste and sewage water come from daily life water use. The plants in Taiwan are mostly offices and laboratories without other water use purpose than that of life use. The Dongguan plant is an electronics assembly factory where the production process does not use water; therefore, there is no industrial waste water generated. The water resources management in various Phihong plants is mainly the promotion of water saving. The execution strategy is improving water equipment, for example, introducing water saving faucets, water saving valves in bathrooms, etc. As for waste water treatment, waste water emissions from operations and plant areas all meet the emission standards of the industrial park and local government regulations. In 2019, the overall water usage of Phihong Taiwan was reduced by 2% as compared to 2016, and 20.6% for the Dongguan plant.

Water Resources Usage Table

Energy type(unit)	2016		2017		2018		2019	
	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant	Phihong Taiwan	Dongguan plant
Water usage (tons)	14,488	702,344	11,326	632,949	12,741	622,799	14,177	544,967
Number of employees	464	4,936	459	5,342	453	5,510	476	4056
Water usage strength (tons/ person)	31	142	24	111	28	113	30	134
Wastewater emission(tons)	13,039	632,110	10,193	535,404	11,467	560,519	12,759	490,470

Note: In 2019, Dongguan plant water usage strength is about 19% higher than in 2018; after investigation, it was due to an abnormal water gauge, resulting in higher usage. The water gauge was fixed in October, 2019

Note: In 2019, Phihong Taiwan’s water usage was higher than in 2018. The main reason is that the Tainan plant used a large quantity of water watering the plants and washing the external wall of the headquarters building.

Fulfilling Energy Saving and Low Carbon

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 2019, the Linkou headquarters saved over 120 thousand kWh of electricity, a saving on electricity cost of over NTD230,000 dollars, an outstanding energy saving result.

Energy Saving Design and Concrete Measures	Content	Plant Where Executed
Review contract capacity	Regularly review reasonable contract capacity (PHT:600KW/ PHN:450KW) to reduce the basic electricity expenditure	Linkou headquarters, Tainan plant
Energy saving improvement and renovation of buildings	Exit sign, emergency evacuation sign to be replaced with LED products	
Demand loading management and smart electricity management	Demand loading control (PHT) and smart electricity management (PHN) to avoid penalty for over usage	
Adding lighting timer control equipment	Adding timer to garden lighting and pond lighting	
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	
Air conditioning temperature management and on/off time control	Ice water making machine to be set at 13 degrees for outgoing water (normally at 10 degrees). The mainframe will turn off once the set temperature is reached to reduce energy use. Also, implement air conditioning on/off time control	



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Energy Saving Design and Concrete Measures	Content	Plant Where Executed
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, Tainan plant
Turning off cold waterspout 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	
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.	
Adding automatic heat ventilation function in windows	In the summer, when the inside temperature reaches 30 degrees Celsius, heat is ventilated out for cooling. In the winter, when the outside temperature is lower than 23 degrees Celsius, ventilation is turned on. Air conditioning energy saving can reach 4-5% for the entire year.	Linkou headquarters
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
New buildings use high-efficiency air conditioner ice water making machine	PHN uses evaporative air conditioning mainframe	
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	
Construct rooftop solar power system	Construct solar power system on PHN roof. Annual electricity generating capacity is about 32, 500 kwh and is used on air conditioning and research and development equipment.	

Pihong Taiwan Result of Electricity Saving (Linkou headquarter)

Year	2016	2017	2018	2019	Compared to the 2016 benchmark year	
					Difference	Difference in %
Electricity used (kWh)	1,896,016	1,805,000	1,698,300	1,770,400	↓197,716	↓10.4
Electricity cost (dollars)	5,976,380	5,660,362	5,553,606	5,737,218	↓239,162	↓4

Greenhouse Gas Emission Management

Pihong Technology understands the problem of global warming. Through annual greenhouse gas checking, we actively implement greenhouse gas emission management. We adopt management control methods to calculate. Scope 1 emission calculations include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbon, sulfur hexafluoride, and nitrogen trifluoride according to IPCC coefficient and calculation method. Scope 2 comes from externally purchased electricity. The results, besides being used to set the internal greenhouse gas reduction and energy saving strategy as well as the risks and opportunities of climate change, are reviewed to establish a carbon reduction action plan and target. It is also included in the long-term operational strategy to achieve the target and fulfill corporate social responsibility.

In 2010, the two Dongguan plant areas began the first checking and passed the third-party verification of Lloyd's Register Quality Assurance (LRQA) test according to ISO 14064-1. Beginning in 2016, the range of checking expanded to all parts of the Dongguan plant (including Dahong plant). Therefore, Pihong Dongguan has set the year 2016 as the greenhouse gas check benchmark year. Pihong Taiwan also began greenhouse gas checking in 2017 and has set the year 2017 as the benchmark year. In recent years, Pihong Technology has participated in the climate change survey initiated by the CDP and has disclosed greenhouse gas emissions information. We have begun preparing in advance in Q4 f 2019 to discuss with CDP on the commitment to 'Science Based Target, SBT'.

Waste Management

Each of Pihong Technology's plants complies with local environmental laws and regulations and the requirements of the customers. Upholding corporate conscience, we are dedicated to prevention of environmental pollution caused by wastes by including wastes into management in order to effectively reduce the quantity of wastes and prevent impact on the environment. We conduct education of related personnel on the necessary regulations on waste (sewage) water, exhaust gas, wastes, noise, chemicals, prohibited substances and toxic substances. We already passed the ISO14001 certification in 1997 and ISO14001(2015 version) in 2018. We continue regular auditing each year and disclose the result of the environmental efficacy. The wastes Pihong produces include 3 main categories of 'life wastes', 'business wastes', 'toxic wastes', the quantities of which are



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reduced through the source of the replacement materials, whose waste and carbon are reduced through sorting and recycling, and prevention of pollution. We strictly adhere to the local environment related laws in the place we operation. We commission legal companies to process properly through selling waste materials for recycling and paying for cleaning to reduce the quantity of wastes. In addition, we also promote the concept of ‘resources recycling and reduction’ from the inside out to implement reduction fully by every employee. In 2019, there was no major leaking incidence nor major infraction of environmental laws, punishment or fines for Pihong Technology.

2019 Pihong Technology greenhouse gas (GHG) emissions

Category/unit	Dongguan plant					Pihong Taiwan			
	2016 Benchmark year	2017	2018	2019	Compared to the benchmark year	2017 Benchmark year	2018 年	2019 年	Compared to the benchmark year
Direct emissions (Scoe 1)/T-CO2e	1,135	1,195	870	581	-554	13	13	14	1
Indirect emissions (Scoe 2)/T-CO2e	27,204	28,824	28,113	22,851	-4,353	1,521	1,350	1,513	-8
Total emissions/T-CO2e	28,339	30,019	28,983	23,432	-4,907	1,534	1,363	1,527	-7
Number of employees	4,936	5,362	5,510	4,056	-880	460	462	476	16
Emissions strength (T-CO2e/person)	5.74	5.38	5.26	5.78	0.65%	3.33	2.95	3.21	11.5%
Emissions strength (T-CO2e/ million dollars)	2.6	2.59	2.45	2.41	-7.14%	NA	NA	NA	0.00%

Note: Pihong Taiwan is the group headquarter and has no production line, so emissions strength is calculated based on per capita emission

Wastes Category Statistics Table

Type of wastes (Tons)	2016		2017		2018		2019	
	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant	Pihong Taiwan	Dongguan plant
Life wastes (tons)	27.47	3,162	26.21	2,190	28.40	2,278	23.03	1,051.20
Business wastes(tons)	1.47	1,134.49	0.70	1,253.25	1.05	1,289.64	1.031	1,075.04
Toxic astes(tons)	-	183.84	-	233.14	-	234.59	-	158.39
Total weight(tons)	28.94	4,480.33	26.907	3,676.39	29.451	3,802.23	24.06	2,284.64



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Environmental Protection Revenues and Expenditures

Corporate environment capital is also one of the important foundations that support a company in providing products and services. Constructing an environmental balance sheet and evaluation can become an effective environmental capital management tool for the company. 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 Pihong Taiwan and Dongguan plant are as in the following table:

Environmental protection cost categories	Description	2019 expenses (NTD)	
		Pihong Taiwan	Dongguan plant
1. The direct cost of reducing the environmental burden			
Pollution prevention cost	Prevention costs of air pollution prevention, water pollution and other pollutions	103,707	4,012,944
Cost of saving energy	The cost spent on saving energy (such as water, electricity resources)	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)	395,472	5,047,928
The indirect cost of alleviating environmental burden (Environmental protection related management cost)	Environmental protection education expenses	304,486	
	Environmental management system and certification cost		
	Cost of monitoring environmental burden	16,254	
	Environmental protection organization personnel cost		
Added cost from procuring environmental protection products	0		
Other environmental protection related costs	Soil remediation and natural environment restoration costs	0	
	Environmental pollution damage insurance and Environmental tax and fees levied by the government	0	
	Environmental problem settlement, compensation, fines, and litigation fees	0	
Total		819,919	9,060,872
2. Environmental protection benefits statistics table			
Item	Description	Benefits in 2019	
		Pihong Taiwan	Dongguan plant
Business wastes recycling (NTD)	Such as benefits from recycling of electronics component wastes, waste computers	8,337	13,418,999



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Customer Service Management

Customer satisfaction is one of the main goals of corporate sustainability. Phihong 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 (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 Phihong'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.

Result of Customer Satisfaction Survey

The collection rate of the 2019 customer satisfaction survey was 100 % (a total of 47 questionnaires issued, and return of 47 valid questionnaires) where customer satisfaction (overall) is 78.7% (the 14th index), the average group customer satisfaction is 75.5% which is slightly higher than the 71.3% of the business of the same trade. 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).

In some of the questionnaires, customers have reflected and suggested improvement in cost control. This shows that Phihong is reliable in product R&D technology and product quality; however, big clients usually expect big cost reduction on the product price that results in lower satisfaction rate in the cost control item. Therefore, Phihong must continue to seek lower material and production costs, operational cost and expenses in order to meet customer expectation.



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Customer Service and 14 Satisfaction Evaluation Indices

	Customer satisfaction		Technical service
	Technology R&D capability		Project management
	Improvement capability		Sales capability
	Demand response		Manufacturing quality
	Cost control		Problem solving
	Fast response		Key technology
	Organization operations		Leading technology



Customer Satisfaction Result Response

- 1 Problem compilation**
 - Customer suggestions
 - Unsatisfying message
 - Improvement strategy and feedback report
- 2 Cause analysis**
 - Review meetings
 - Root cause analysis
 - Propose improvement
- 3 System integration**
 - Quality assurance
 - system integration
 - Data statistical analysis
- 4 Result announcement**
 - Announcing to the whole group
 - Feedback to customer
- 5 Tracking and improvement**
 - ISO management audit review
 - Report to management
 - Tracking the result of improvement
 - Reporting in regular monthly operational meeting for discussion and improvement

The Customer Satisfaction Survey Results in the Past 3 Years

Year	2017	2018	2019	
			Phihong	Competitors
Questionnaire return rate	91.9%	97.7%	100%	-
Customer satisfaction(overall)	75.3%	80.0%	78.7%	75.0%
Average customer atisfaction rate	75.5%	75.8%	75.5%	71.3%

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 standard'



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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 development, Pihong 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 2019, there has not been any health and safety law violation and fines for Pihong Technology.

Product Marketing and Labeling

• Product Marketing

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

• Product Related Labelling

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 2019, 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.

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, Pihong 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 Affair 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 unit: 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 Conduct Outline' training



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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 Conduct Outline' 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 2019, there was not any incidence of customer complaint, privacy leak, or loss of customer data.

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.

So, in selecting suppliers, it is usually executed with the thought of partnership. Besides quality management, design management, and supplier management audit, the requirements of the Responsible Business Alliance code of conduct was also adopted to conduct new supplier evaluation in which the management system and level of execution in the management, environment, and social aspects of the suppliers are reviewed to ensure the sustainable development status of the suppliers and whether the commitment to a long partnership with Phihong Technology can be realized. 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.

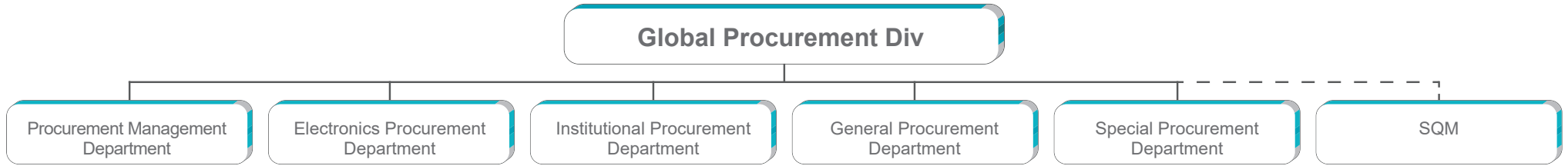
Phihong Supply Chain Organization

In 2019, there was no major change in Phihong Technology supply chain organization which is divided into 3 sections based on the responsibility of the supply chain:

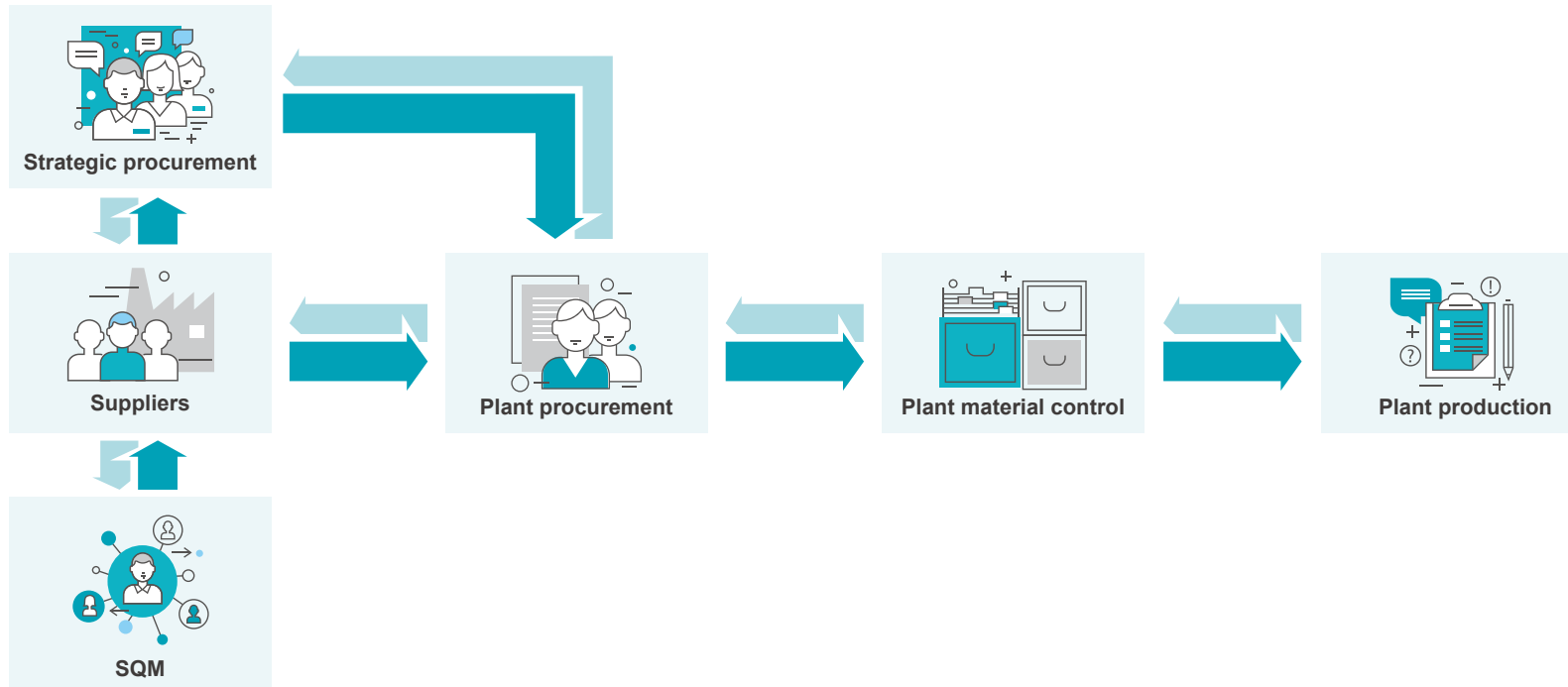
1. Global Procurement Div: responsible for developing new suppliers, arranging new supplier audit, price negotiations, order distribution, maintenance of supplier relations, supplier collaborations, exchange and induction of new technology and new production process
2. Plant procurement: scheduling materials 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.

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Phihong Global Procurement Div Organization Chart



Phihong Supply Chain Illustration





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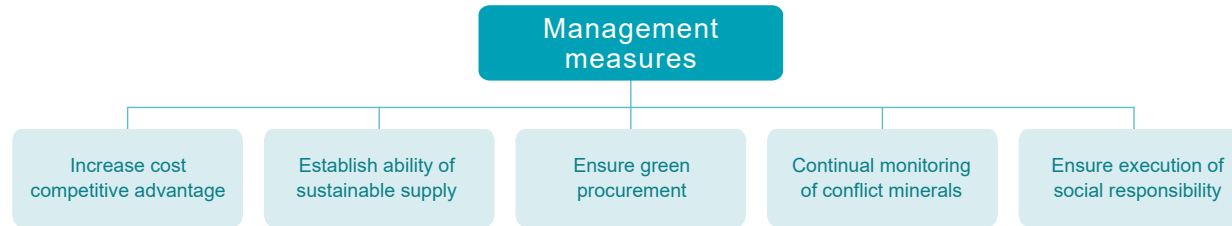
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Supply Chain Management



Management objective



Management target



Strategic Procurement

- Procure Locally to Reduce Carbon Footprint

Pihong 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. In order to reduce logistics cost of foreign procurement, carbon footprint (reducing greenhouse gas emissions and greenhouse effect) and dispersion of risks while also supporting local providers, taking care of local labor and economy, Pihong has been continually choosing suppliers that are close to the production base. The 2019 component and raw materials procurement record, of which, 72% was the local purchase, compared to 2018, has been lowered by 9%. The reason is in the difference in product combination structure. As compared to 2018, delivery to the Chinese customers has been greatly reduced. Overall, the strategic target of local procurement still has not been changed. Currently, the newly inducted suppliers, whether in structural materials, electronic materials, are all suppliers that are within 2 hours reach of the plant. The ratio is expected to increase.

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.



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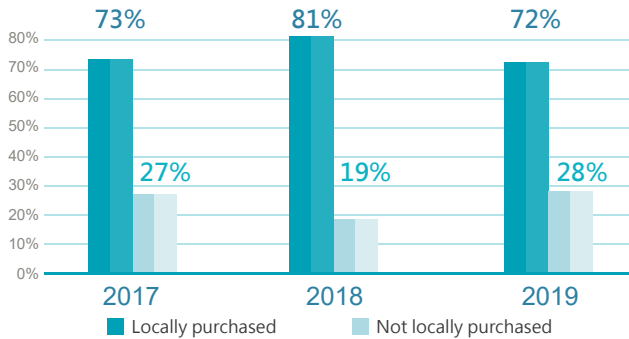


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Green Supply Chain Management



The Pihong sustainable supply chain proclamation and implementation:

In order to promote Pihong 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 Pihong'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, Pihong 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.

Supplier convention:

In order to let all Pihong Technology suppliers familiarize with Pihong's environmental protection information system, update requirement of the law, and the application and operation of the environmental protection system, beside the normal exchange of opinions, we have sponsored supplier conventions in the top and bottom half of 2019 where suppliers can bring forth suggestions, conduct discussions. All these measures are to ensure the suppliers will be in sync with Pihong in protecting the environment sustainably.



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, Pihong Technology has set the 'Corporate Ethics and Business Conduct Outline' to regulate the procurement personnel and suppliers with anti-corruption and anti-bribery policy to avoid the risk. In 2019, of the core



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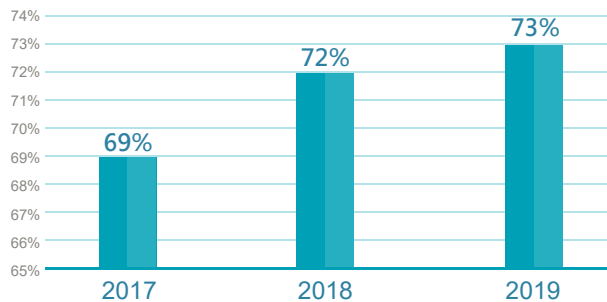
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suppliers, 74% has signed and returned the 'probity commitment affidavit', a slight increase as compared to that in 2018. In 2019, there was not any confirmed corruption and action taken.



• 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 certified smelting plants.
2. After RMI (Responsible Minerals Initiative) has updated the smelting plant list, we will ask the suppliers to confirm on the update.

• Supplier quality management

As for the new or existing suppliers, Phihong Technology's Supplier Quality Management (SQM) of the supplier quality Management department will conduct irregular quality/environmental system audit and counseling evaluation irregularly in order to ensure the product quality, environmental protection system, corporate social responsibility of the suppliers meet the requirement 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.

In response to the demand of comprehensive assessment of the new suppliers, SQM will integrate technology, procurement, and the environmental sanitation and safety unit of the plant to execute the Quality System Audit of the new suppliers using the format of supply chain counseling team.



Supplier Quality Management department (SQM) work content

The 2019 new supplier quality system audit was conducted on 39 new suppliers; the result is as follows:

Number of QSA audited	Number of companies	Ratio	Note
Qualified	35	90%	
Unqualified	2	5%	Unqualified and audit terminated
Unqualified but applied for second audit	2	5%	Assed the first auditx1 Requiring second auditx1
Total of audited	39	100%	

Note: The unqualified and terminated audits were all material quality problems, not the result of supplier labor or environment management problems.

The 2019 supplier Quality Process Audit (QPA) was conducted on 41 qualified suppliers; and the audit result is as follows:

Number of QSA audited	Number of companies	Ratio	Note
Qualified	40	98%	
Unqualified	0	0%	
Unqualified but applied for second audit	1	2%	Passed on the second audit x 1
Total of audited	41	100%	

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



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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 Pihong'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 Pihong on product environmental substance management.

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

- Procedure and standard
- Control list and project confirmation and method confirmation
- Traceability
- Whether extended to the supplier and confirmation on supplier's execution as well
- Whether the production equipment and control tools are managed as well
- Document management
- Division of labor and training of the professional personnel

The suppliers must confirm whether the environmental substance management meets Pihong's standards before the audit. During the audit, the auditors must confirm on the verity of the environmental

substance management actions one by one as on the audit list to avoid product contamination due to insufficient management and the loss and damage to the environment.

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 passed 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 Pihong'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:

- Compliance with the laws and regulations.
 - Implementation of labor contract
- Ensuring appeals channel
- Prohibiting child labor
- Workplace equality
- On-site management and supervision and guidance system
- Prevention of conduct unbecoming
- Job safety equipment completeness and readiness



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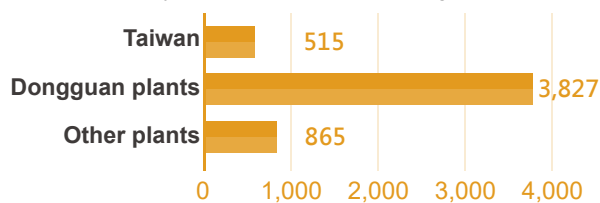


- Human Resources Structure
- Human Rights Protection
- Talents Development
- Wages, Remuneration and Benefits
- Workplace Safety

Human Resource Structure

Pihong Technology has continued caring for the issues of the environment and the stakeholders, fulfilled corporate social responsibility, marching toward the goal of being the best corporate citizen. We also lead the entire employees with the corporate core culture of 'honesty and integrity, creating, challenge' based on the mission of 'making environmental protection as our own responsibility, providing comprehensive power solutions, becoming the quality company that shares the prosperity with the customers, employees, shareholders, and suppliers'. Together, we march toward becoming the best power supply manufacturer and provider. However, in the process of corporate development, employees are the most valuable asset of Pihong Technology that play a crucial. The growth of the employees is even one of the important parts of stimulating corporate competitiveness and innovation. Pihong Technology constructs a happy workplace with salary and remuneration system that is better than what the law requires, complete benefits and comfortable working environment to attract excellent talents from all over. We are actively integrating our talents system, enhancing talents development to encourage the employees to grow with the company.

Employee Distribution of Pihong Group

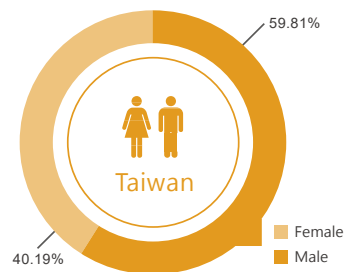


As of the end of 2019, the total number of employees of Pihong group is 5,207. Male employees are slightly more than female employees mainly because some of the production process in the factory requires more physical stamina.

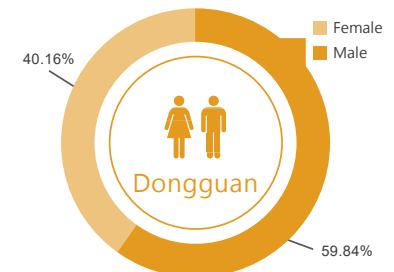
2019 analysis Pihong Technology human resources structure

Category	Team	Male		Female		Team subtotal and ratio	
		Number	Ratio to the team	Number	Ratio to the team	Number	Ratio to all employees
Job	Supervisors	158	75.60%	51	24.40%	209	4.81%
	Other personnel	2,440	59.04%	1,693	40.96%	4,133	95.19%
Work location	Taiwan	308	59.81%	207	40.19%	515	11.86%
	Dongguan plant	2,290	59.84%	1,537	40.16%	3,827	88.14%
Age	Under 30	1,629	64.62%	892	35.38%	2,521	58.06%
	31~40	548	51.12%	524	48.88%	1,072	24.69%
	41~50	328	53.42%	286	46.58%	614	14.14%
	Above 51	93	68.89%	42	31.11%	135	3.11%
Education	Phd	3	100.00%	0	0.00%	3	0.07%
	Masters	84	77.06%	25	22.94%	109	2.51%
	Bachelors	367	59.29%	252	40.71%	619	14.26%
	Others	2,144	59.37%	1,467	40.63%	3,611	83.16%
Nationality	Foreigner	2,595	99.88%	1,743	99.90%	4,338	99.91%
	Citizen	3	0.12%	1	0.10%	4	0.09%
Employment category	Irregular contract	1,026	57.03%	773	42.97%	1,799	41.43%
	Contracted	1,572	61.82%	971	38.18%	2,543	58.57%
Physical and mental disability (Pihong Taiwan)		6	75.00%	2	25.00%	8	1.55%
Gender subtotal		2,598	59.83%	1,744	40.17%	-	-
Other plants				865			
Total				5,207			

Note: 1. This analysis table includes Pihong Taiwan and Pihong Dongguan plan personnel (excluding other subsidiaries) 2. The definition of supervisors denotes section chief and above. 3. tabulated for the personnel still on the job as of December 31, 2019.



Gender ratio of human resources in Pihong Technology in 2019





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Human Resource Structure

Statistics on the Ratio of the Management Level

Besides providing job opportunities to the local people, Pihong also promotes the local employees first. In 2019, the ratio of native management level reached 98.6%; 100% of the Dongguan plant are local residents. We have effectively promoted local employment and economic development, increased the understanding of the local demand and further fortified the company's labor capital.

2017-2019 gender ratio of Pihong Taiwan plant managers

Year/Job level	2017					2018					2019				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base level-section managers	31	65.96%	16	34.04%	47	36	76.60%	11	23.40%	47	36	72.00%	14	28.00%	50
Mid-level- manager/deputy managers	47	75.81%	15	24.19%	62	47	73.44%	17	26.56%	64	54	78.26%	15	21.74%	69
Mid/high level- directors	13	76.47%	4	23.53%	17	13	81.25%	3	18.75%	16	15	78.95%	4	21.05%	19
High level-vice president and above	5	83.33%	1	16.67%	6	5	83.33%	1	16.67%	6	6	100.00%	0	0.00%	6
Male/female subtotal/ratio	96	72.73%	36	27.27%	132	101	75.94%	32	24.06%	133	111	77.08%	33	22.92%	144
Ratio to Taiwan employees	19.79%		7.42%		27.22%	20.61%		6.53%		27.14%	21.55%		6.41%		27.96%

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

2017-2019 gender ratio of Pihong Dongguan plant managers

Year/Job level	2017					2018					2019				
	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total	Male	Ratio	Female	Ratio	Total
Base level-section managers	31	75.61%	10	24.39%	41	27	71.05%	11	28.95%	38	26	72.22%	10	27.78%	36
Mid-level- manager/deputy managers	11	84.62%	2	15.38%	13	14	73.68%	5	26.32%	19	20	71.43%	8	28.57%	28
Mid/high level- directors	1	100%	0	0%	1	1	100%	0	0%	1	1	100%	0	0%	1
High level-vice president and above	0	0%	0	0%	0	0	0%	0	0%	0	0	0%	0	0%	0
Male/female subtotal/ratio	43	78.18%	12	21.82%	55	42	72.41%	16	27.59%	58	47	72.31%	18	27.69%	65
Ratio to Dongguan plant employees	0.75%		0.21%		0.96%	0.77%		0.29%		1.06%	0.88%		0.34%		1.22%

Note: 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: 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%.



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Human Rights Protection

Gender Equality, Respecting Human Rights

Pihong openly and fairly selects the good talents and treats each job seeker and employee with equality. We observe the law strictly without discrimination based on race, class, language, thought, religion, party orientation, birthplace, gender, sexual orientation, age, marriage, looks, five sense organs, physical and mental disability, or past labor union membership and with the following guarantee:

1. Clear regulation of the rights and responsibilities for both labor and capital and employee conduct in the labor/capital agreement
2. Set 'work regulations' and related operational rules based on the 'Labor Act' and local laws and regulations
3. Establish gender equality committee, related management regulations, and sexual harassment prevention channel, including employee appeal mailbox to provide a communication channel for employees when their legal rights are being violated.

In 2019, there was not any violation of discrimination, human rights, forced labor and sexual harassment incidents in Pihong's workplace.

- **Child Labor Prohibition Policy**

Pihong Technology complies with the regulations of the Labor Act and International Labor Organization to verify the identity at time of employment. In 2019, there was not any incident of employment of child labor.

- **Indigenous People's Policy**

Pihong Technology signs with each employee at the time of employment a written labor contract which

states clearly the employment is established based upon mutual consent that is regularly reviewed and controlled. In 2019, there was no case involving discrimination of the rights of the indigenous people and related case of human rights through official mechanism. There was not any punishment incident for violation nor any review and impact assessment related to human rights.

Item/ plant	Taiwan	Dongguan plant
Child labor	No employment	No employment
Indigenous peoples	No discrimination involved	No discrimination involved

- **Discrimination Prohibited**

Pihong Technology employment recruitment, selection, hiring, and dispatch are based on the education acumen, work experience, result and attitude, future potential of the job seeker according to the demand of the company. We also treat the other party with equality and fairness and the attitude of mutual understanding. As for the performance check and promotion of the existing employees, the same is also applied. There is no difference of treatment or discrimination due to race, class, language, thought, religion, party orientation, birthplace, gender, sexual orientation, age, marriage, looks, five sense organs, physical and mental disability.

- **Illegal Punishment Prohibited**

Pihong Technology does not permit any physical and mental torture, verbal and physical harassment or attack. Any threat or violence and physical coercion is all prohibited. We have set the 'sexual harassment prevention measures and managing procedure' to protect the equality

and dignity of any person in Pihong's workplace.

Mutual Balance Between Work and Family

Pihong Technology, based on 'Gender Equality Act', implements balance between work and life, granting colleagues relevant maternity, paternity, family care leaves. Employees can also apply based on need according to the 'managing procedure for parental leave' before the child is 3 years old for a maximum of two years; and their work right is protected where upon the end of the leave, the colleagues are guaranteed to return to their original jobs.

Leaves between genders under the Gender Equality Act

Item	Gender	2017	2018	2019
Maternity leave/ number of people	Female	82	67	65
Paternity leave/ number of people	Male	98	54	50
Physiological leave/days	Female	155	140	148
Family care leave/days	Male	86	47	39
	Female	53	46	19



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2017-2019 Pihong Taiwan's ratio of application for parental leave between the genders

Item	Gender	2017	2018	2019
The number of people qualified for applying for parental leave	Male	61	30	37
	Female	36	57	29
	Total	97	87	66
The number of people who actually applied for parental leave	Male	0	2	0
	Female	5	4	4
	Total	5	6	4
Estimated number of people retuning from parental leave for the year (A)	Male	2	1	0
	Female	5	6	2
	Total	7	7	2
Number of people retuning from parental leave for the year (B)	Male	2	1	0
	Female	3	4	1
	Total	5	5	1
Return rate (B/A)	Male	100%	100%	0%
	Female	60%	67%	50%
Number of people retuning from parental leave from the previous year (C)	Male	0	2	2
	Female	1	3	4
	Total	1	5	6
Number of people retuning from parental leave from the previous year who have continued to work for over a year (D)	Male	0	0	2
	Female	0	3	4
	Total	0	3	6
Retention rate (D/C)	Male	0%	0%	100%
	Female	0%	100%	100%

Note1: 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

- Protection of the Health of Mothers

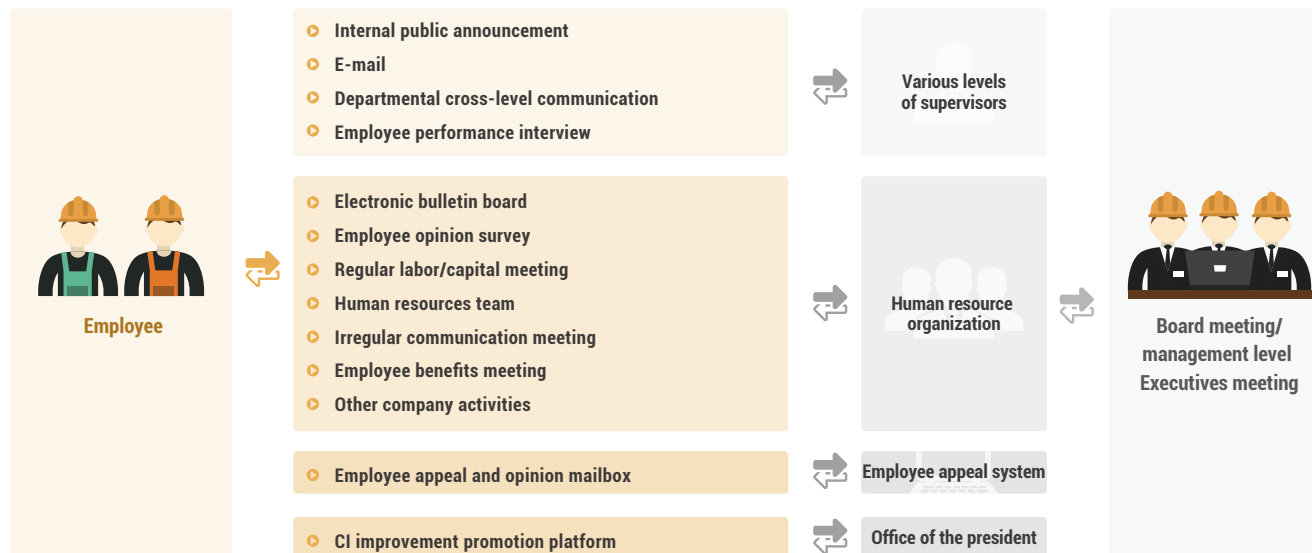
The company also fully supports and encourages female colleagues to breastfeed. The company has many safe, clean, comfortable, and bright breastfeeding rooms which have exclusive refrigerators to ensure the sanitation of the mother's milk so mother can use with security in mind.



Human Rights Protection

Labor Capital Communication

Pihong Technology values the most the flexible management and flattened organization. Various labor/capital communication channels and E platform were established so communication can be swift and efficient. Also, company's policy can be delivered correctly in time. Under the interaction with the employees, work environment can be optimized, employee loyalty enhanced, employee ask request resolved to achieve the result of continued improvement and win-win for both the labor and the capital so there is a good stepping stone for the labor/capital relation. In 2019, 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 97% survey return rate which increase the comprehensiveness of the colleague's participation and opinion collection.



Labor Capital Communication Channel (Pihong Taiwan)

Pihong Technology respects the freedom of assembly for the employees and promises that the participating employees and representatives will not be discriminated or labeled in order to optimize labor-capital relations. In order to enhance internal communication between labor and capital, we have continued to implement a well-rounded labor/capital meeting system to encourage voluntary consultation and cooperation between the labor and capital to consolidate consensus and collective wisdom and potential for a joint effort of executing the resolution in order to create the vision of the win-win situation for both the labor and the capital.

Pihong Taiwan, based on the labor/capital meeting regulations where at least 5 representatives from the labor and capital side and a total of 12 labor representatives voted by all employees, convene regularly every 3 months.

Each of labor/capital communication organization executes its duty and regularly or irregularly holds labor/capital meeting, employee benefits committee according to law to conduct communication on different issues while also establishing employee mailbox by the joint effort for mutual benefits for both the labor and capital.

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

No labor problem was proposed through official appeals mechanism in 2019. A total of 49 opinions were proposed by the colleagues for the company, 100% of which were resolved.

Source of case	Total number of cases	Number of resolved cases
Labor/capital meeting	7	7
Satisfaction survey	16	16
Employee suggestions	26	26
Total	49	49

Human Rights Protection

• Job Leaving Advance Notice Period

Phihong Taiwan complies with the Labor Act. In regard to personnel leaving the company, all comply with the pre-warning time regulations which are clearly stated in the employee manual and the timeframe and procedure are publicly announced in order to ensure the rights and responsibilities of both parties. According to the Labor Act, both labor and capital comply the following notification principles:

- (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

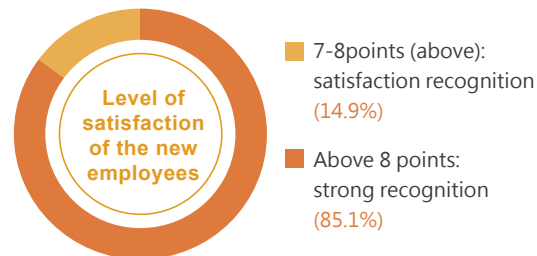
In addition, the Dongguan plant, according to China's labor contract law, signs the labor contract with the employee on the day of reporting to duty and clearly states the advance notice period in the contract and employee manual: employees leaving the job must provide written advance notification 30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

<p>Purpose of Job Satisfaction Survey</p>	<p>Proactive care letting employees have a sense of participation and existence</p>
<p>Expressing good will making employees feel conspicuously the good will of the company</p>	<p>Bidirectional communication letting employees understand that the company is happy to listen to them</p>
<p>Immediate handling letting employees feel the resolution of the company to continue constructing a friendly environment</p>	<p>Increased satisfaction making employees feel satisfied so they can work with peace and happiness</p>

Phihong values the feedback to the company by every employee. Through job satisfaction survey and the quarterly labor/capital meeting process, different opinions of the colleagues are collected and compiled. The content is evaluated and reported to relevant units for processing and responding. We actively establish a friendly work environment, develop competitive system so the company and colleagues can grow continually. We will also announce immediately important items and promotion content to let every employee know so that each person can understand the newest policy of the company right away in order to achieve the goal of mutual prosperity.

• Job Satisfaction Survey for New Employees (Phihong Taiwan)

Phihong has arranged a counselor in the same unit 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.

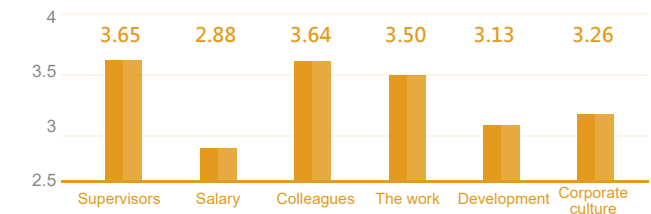


- Subject of survey: the officially hired colleague after the trial period
- Survey timeframe: January to December, 2019
- Number of valid questionnaires: 74, 100% collection rate
- Overall level of satisfaction: 8.8 points(total of 10 points)

• Annual All-personnel Satisfaction Survey(Phihong Taiwan)

Phihong holds regular satisfaction survey on all personnel. In 2019, we conducted the satisfaction and opinion survey on all colleagues through the 104 corporate masters professional survey platform in order to understand the expectation and level of satisfaction of the colleagues of the company. The result of the survey is analyzed and the suggestions of the colleagues compiled to be the reference for future improvement and management measures for the increased identification of the employees on the company. The corporate masters-employee satisfaction survey platform focuses on 6 aspects that include supervisors, colleagues, the work, salary, development, and corporate culture. It also provides comparison of the same industry's norm so the result is more objective and fairer. In the first 2019 survey, Phihong received over 3.5 points in recognition and agreement in terms of supervisors, colleagues, and the work, leading the same industry by up to 53%

- Subject of survey: all official employees
- Survey timeframe: November, 2019
- Number of valid questionnaires: 405 questionnaires collected, 369 valid ones, effective rate of 91%



Note: maximum score for each item is 5 points



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Talents Development

Phihong Human Resources Policy



- **Selecting Talent Carefully, Using the Right Talent on the Right Job**

In order to make Phihong Technology grow and develop sustainably, in synch with international trend and operation plans, Phihong Technology insists on selecting talent carefully, using the right talent on the right job'. We search for the appropriate talents through various fair, equitable, and open channels, such as the human resources bank, campus recruiting, job fairs, industry-academic cooperation, head hunters, and internal recruitment. We actively use multiple talent recruiting channels so that Phihong have excellent talents joining continuously to enhance the overall professional capability of the employees that will be salubrious to the company's development. 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.

- **Result Audit Linked to Reward and Remuneration**

Phihong result management system is executed fully in each plant, using on-line operations that can objectively control the work result. The real-time interaction between the employees and supervisors can be for effective communication and counseling. The categories of audit of Phihong Technology are 'trial period audit, mid-year audit, yearend audit'. Through regular evaluation of the employee's contribution and ability as an important basis for fostering the employees and their career development, promotion and job adjustment are linked so the right employee is at the right job for a continued development. Concurrently, work result and reward and remuneration are strongly 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.

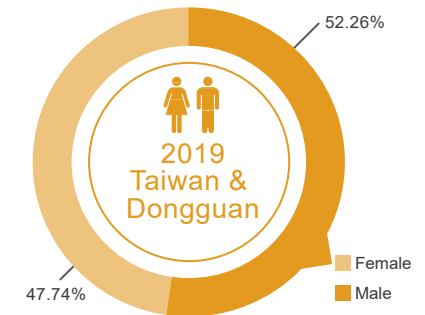
We have incorporated the work result audit procedure into the daily work management. From confirmation of the set target, key promotion and effective control are conducted in the beginning, middle, and end of the year, hoping that the goal of the audit and effectiveness are achieved. When there is profit at the end of year, according to the company's various regulation, and depending on the result of the audit, yearend bonuses out, employee dividend or stocks are given out.

Number of female and male employees in the 2019 audit

Audit item	Male		Female	
	Taiwan	Dongguan plant	Taiwan	Dongguan plant
Mid-year audit	270	1,078	184	1,066
Yearend audit	273	897	195	855
Total	2,518		2,300	

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

Ratio of female and male employee in the 2019 audit



Target management
• Setting target • Confirmed by supervisor

Review and maintenance
• Target review • Progress maintenance

Annual audit
• Mid-year audit • Yearend audit



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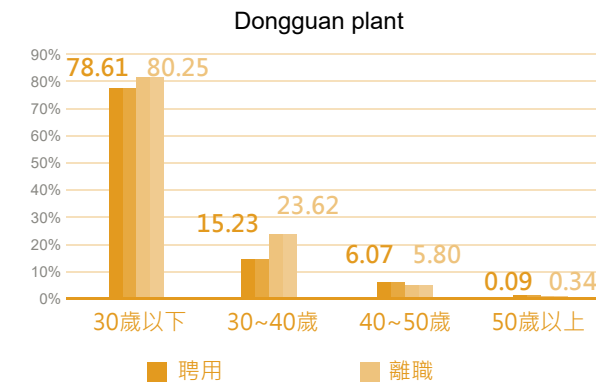
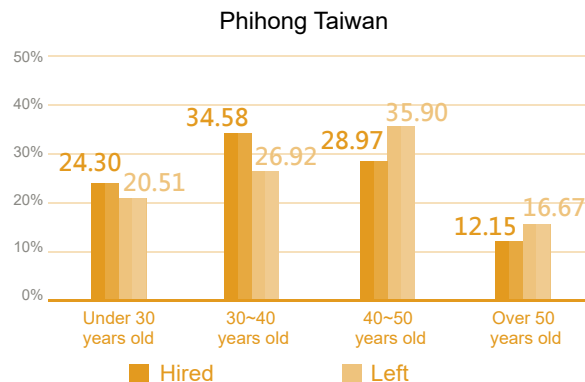
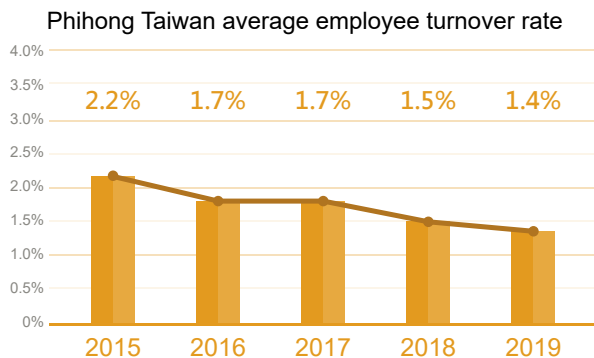


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Talents Development

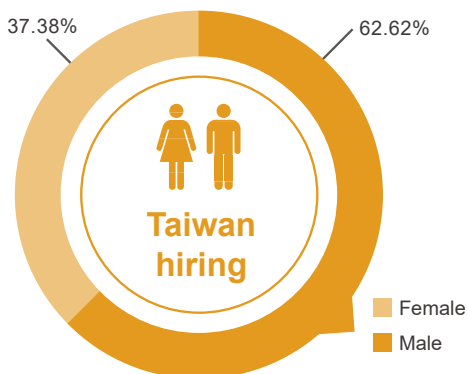
Employee Retention

Pihong cares deeply about the status of acclimation of each new colleague. The human resources partner will arrange a one-on-one interview of every new colleague after reporting to duty for 3 months to understand how the colleague is fitting in the job and environment, resulting in the 2019 New employee's satisfaction survey an 85% satisfaction rate which only prompts Pihong to dedicate even more in the recruitment, cultivating, developing, and retaining excellent talents. Yet, when a colleague applies to leave the company, in order to understand the main reason, adjustment on the job is further coordinated to help the colleague overcome difficulty. Internally, we also explore ways to make the employees more willing to grow with the company. The human resources unit will conduct a one-on-one interview, resulting in 3 consecutive years of decline in the average turnover rate of key core talents in Pihong headquarter. It is even lower than 1.5% in 2019 in that Pihong is able to maintain good competitiveness and also representative of the high degree of identity by the employees on the internal management communication channel and corporate culture.

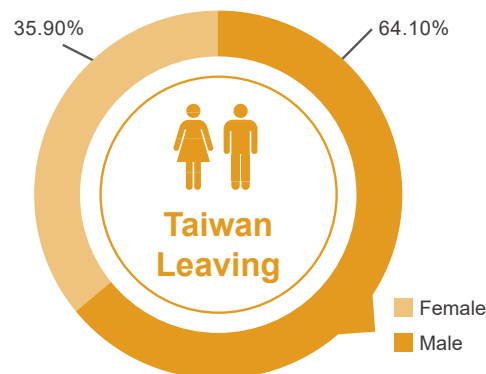


Note1: calculation of each age group and female/male ratio = number of male/female respectively in each age group/total number of hired (left)*100%.
 Note2: turnover rate is slightly higher in Dongguan plant mainly due to lack of labor.

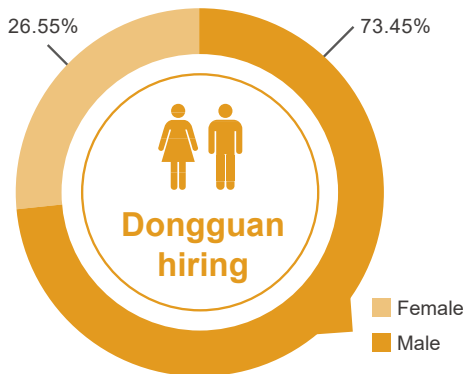
Structure of hiring and leaving employees in 2019



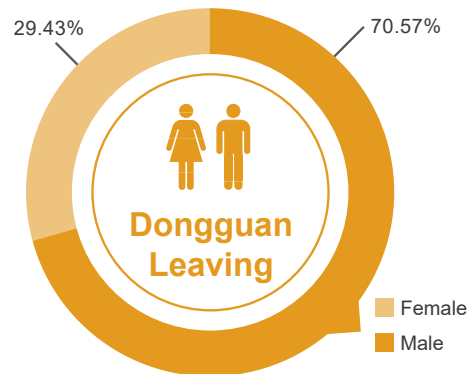
Note: Taiwan hiring male 67, female 40



Note: Taiwan leaving male 50, female 28



Note: Dongguan plant hiring male 11,804 people, female 4,267 people



Note: Dongguan plant leaving male 8,959 people, female 3,737 people



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Talents Development

Talent Cultivation and Development

Pihong Taiwan complies with the Talent Quality-management System (TTQS) promoted by the Ministry of Labor of the Executive Yuan by continuing to enhance the link between organization demand, strategy, and training. As the company's training policy and commitment

Using TTQS as the benchmark of training quality combined with company vision and target strategy

Upholding the ideal of talent is the root of the company, construct multiple development training system

Enhance human resources quality and corporate competitiveness to achieve the goal of corporate sustainability

We believe that labor capital can continue to increase in value through educational training, therefore we fortify and enhance the quality of training. Because 'a company begins with people and ends with people', for a company, the quality of the employees not only reflects on the current operations result but is also the crucial influencing factor in its future growth and development. Therefore, for cultivating employees to have the ability to face the intense global technology challenges and grasp the pulse of the industry, Pihong has systematically planned for employee training. In addition

to arrange professional technology and departmental courses, multiple training systems are used to meet the various demands and to integrate full subsidy for outside professional trainings, on-line classes so that the employees have the platform for self-learning and growth. Employee education is the source of corporate competitiveness. Pihong provides many learning resources for self-development in order to encourage self-study by the employees. From conveying the company's basic culture in the new employees training to high level executive training for enhanced management skills, from elevating work efficiency in personal management to team development that consolidates consensus, all are designed for the job and employee level. In addition to these career development related work skills and professional ability training, person health and spiritual growth are also emphasized. Workplace related training in accordance with the law is also developed.

2019 employee training hours statistics

Level/location	Pihong Taiwan						Dongguan plant united plant area					
	Number of employees			Cumulative yearly hours			Number of employees			Cumulative yearly hours		
Total	487			17,848			17,766			324,627.7		
Average hours per person	37						18.3					
Training data for both Males and females	Male		Average hours	Female		Average hours	Male		Average hours	Female		Average hours
	Hours	People		Hours	People		Hours	People		Hours	People	
Average employees	8117.5	190	43	6,031.5	174	35	227,401.9	11,969	19	96,313.8	5,719	17
Basic level supervisors	1,441	35	41	621.5	13	48	341.5	20	17	109	10	11
Mid-level supervisors	1118.5	44	25	238.5	14	17	322	32	10	100.5	11	9
Middle/high level supervisors	201.5	9	22	19.5	3	7	33	4	8	6	1	6
High level supervisors	58.5	5	12	0	0	0	0	0	0	0	0	0

Cumulative yearly hours - Taiwan includes internal/external trainings, new employee training and on-line e-Learning; For China, its internal/external trainings, new employee training
 Number of employees - In Taiwan, number of employees as of December, 2019.12; In China, the number of employees who have been working in 2019



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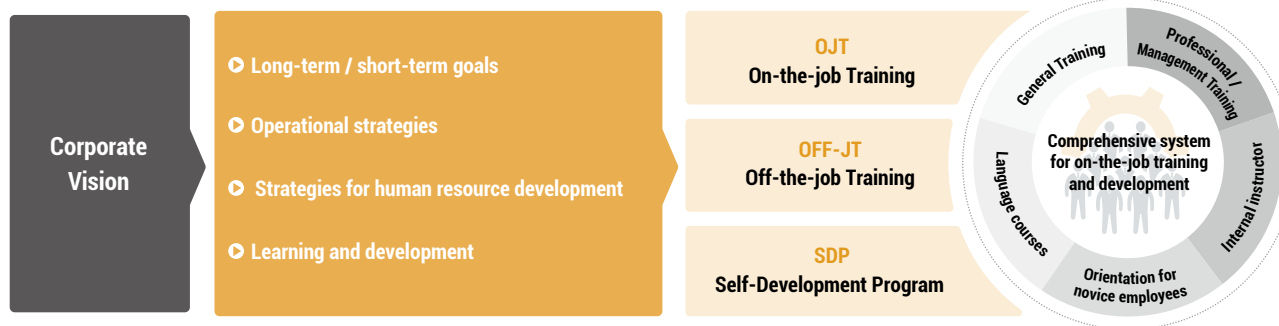
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Talents Development

- Complete Educational Training Development System



Pihong not only constructs a safe and healthy work environment but is also dedicated in providing the space for employee learning growth. Under the overall company strategy with corresponding organization and vision, a complete educational training development system was developed which has the framework of PDDRO procedure that makes learning meet the demand of employee self-improvement but also can be adjusted and arranged according to organization development or level demand to form a good development of learning environment so that the employees can transform from talent to labor capital and grow continuously in self-learning and organizational contributions.

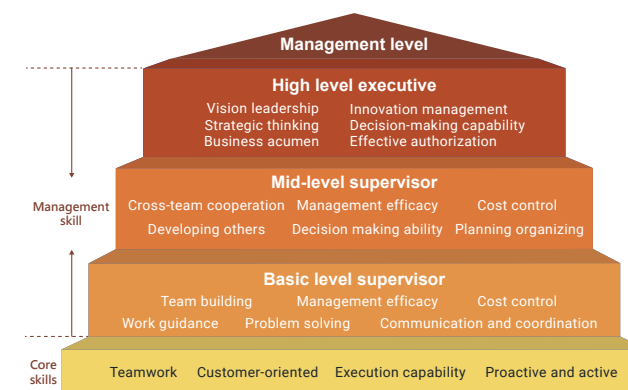
Year/item	2017	2018	2019
Management skill category	3,037	1,286.5	1,091
New employee training	2,125	1,699.5	2,435
Sales/marketing category	899	1,874	1,324
Professional R&D category	4,251.5	9,739	8,062.5
Administration/procurement category	6,829	5,040.5	4,331
Quality assurance category	2,748.5	1,538.5	604.5
Total training hours	19,890	21,178	17,848

* The 2019 training hours and categories were executed according to the annual training plan. Due to refining the number of people being trained and the focus shifting from number of hours to increase in quality, the total number of training hours has decreased.

- Constructing Management and Core Skill Model

In light of the operations result of a company is the result of the overall performance of all the employees. In order to elevate work performance, the type of key behaviors producing positive effect on the company's efficacy must be confirmed first. The mid/high level supervisors play the role of passing on the experience, the communication bridge between the executive level and the average employees. They not only have to pass down the ideal and order of the executive level to the workplace but also have to reflect the correct staff's thoughts and work status to the executive level.

Therefore, in 2019, a consulting team was invited to lead the mid/high level supervisors to construct the management and core skill model. Hopefully, the skill model can increase their work efficiency and bring the economic impact and competitiveness to the company.



Talents Development



Data Analysis Training

Facing stringent global competition, Pihong thinks about how to predict the future? How to derive information from the normal data? In order to actuate data, data analysis is conducted. In 2019, 'commercial data analytic ability' series of classes was sponsored to let relevant personnel learn to use the simplest tool, Excel pivot table, to do data analysis amidst the numbers to turn to an analytic table that can predict the future and be easily understood. Hopefully, through the classes, data can be transformed into information to increase job skills and create result for the company.



E-Learning Digital Learning Platform

In order to let employees have even more learning tool and flexibility, Pihong also has a systematic learning platform for training. On the well-constructed and complete e-Learning platform, the new colleagues not only have a fast learning module to minimize the learning curve but can learn at their own pace where they can read the rich content of the knowledge bank at any time for a continual learning of skills.

The digital learning platform will be upgraded in 2019, the new learning network not only match more intuitive operation, but also adds the function of linking training dates with personal Outlook calendars, making it easier for employees to control their personal working plans and schedules.



Language Learning Resources

Pihong Technology's business covers the world's major markets. Facing the demand of the international clients, besides those in China, English and Japanese are the major languages used in communication. Therefore,

the company encourages the employees to strengthen their own foreign language ability. We not only hired professional teachers to come to the company to undergo language training but also provide on-line learning as another choice. We also subsidize language learning tuition and language testing and certification. We also set different levels of language certification based on job type. Those who passed the test will be recommended for administrative reward in order to encourage employees to continue enhancing their language ability, workplace competitiveness, and further expand their vision and career development.

Item/Year	2017	2018	2019
Language	English/ Japanese	English/ Japanese	English/ Japanese
Number of participants	74	64	30
Funds invested	\$403,800	\$440,000	\$214,800

Note: for promoting language learning through on-line self-learning, in 2019, language training classes were reduced



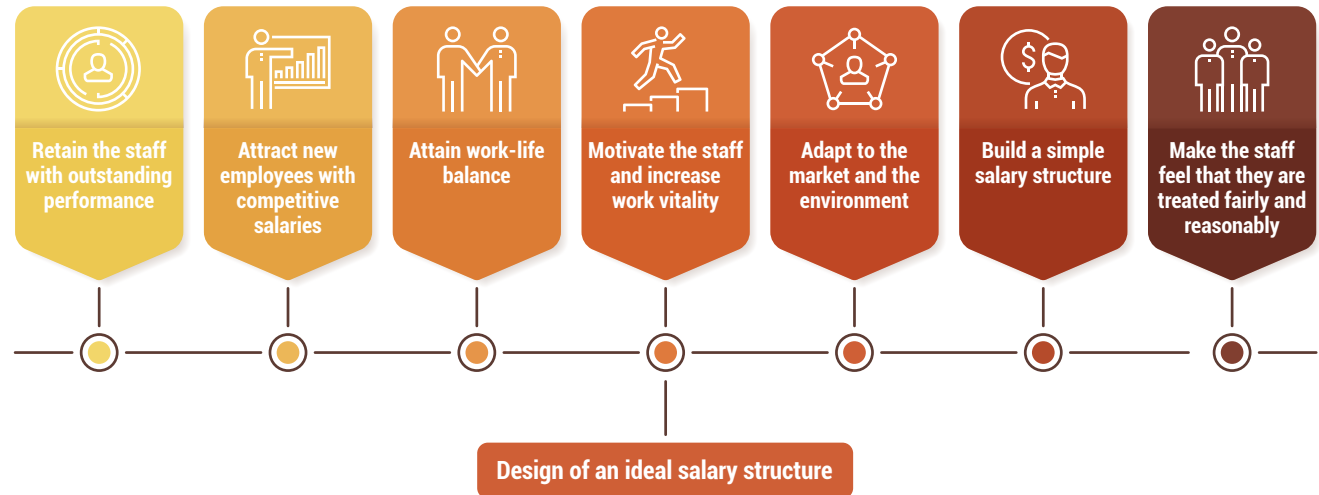
Wages, Remuneration and Benefits

Phihong Technology upholds the idea that the result of the company comes from every employee who thus deserves to share. So, based on the company's annual target and salary and remuneration policy while taking into consideration the internal and external wage level, it is executed according to the company's management regulations to provide competitive salary and benefits to the employees.

Phihong Salary Policy

- Paid based on ability: setting salary based on the employee work skill
- Fair and reasonable: complying with the company's principle of equitability and considering the external market salary level
- Annual adjustment: depending on the operation status of the company, the price index of the year, employee efficacy ...
- Operations give-back: based on the previous year's overall target reaching rate and growth rate to appropriate this year's project bonus, dividend, yearend bonus to the employees

In order to employ good talents and stabilize good employees, Phihong Technology pays the employees higher than the local base wage. In 2019, the lowest monthly wage of Phihong Taiwan is 1.12 times the local minimum wage. Phihong Dongguan plant is 1.06 times than the local minimum monthly salary. We also put in our effort in designing the ideal salary structure as much as possible in the hope of achieving the following goals:



For Phihong, 2019 was still a hard year where there was zero profit, the company, in consideration of the effort of the employees and the care the company wanting to extend to them, still appropriated part of the funds in adjusting the employees' annual income. As compared to 2018, the average increase in 2019 was 3.19%, displaying how much the Phihong values and cherishes the employees. In order to enhance the disclosure quality of company management and social responsibility, the 'salary of non-supervisor employee' related disclosed information is audited and certified by the accountants with the correct, open integrity. The 2019 'extra disclosed information' statistics analysis is compiled as in the following:

Unite: New Taiwan Dollars/ thousand dollars

2018 - 2019 Taiwan region extra disclosed information			
Item		2018	2019
1	Non-supervisor employee (number)	485 people	496 people
2	Non-supervisor employee (total salary)	409,864	423,125
3	Non-supervisor employee (annual salary average)	845	853
4	Non-supervisor employee (median annual salary)	746	737

Note: supervisor denotes the manager as prescribed in the 2003. 3. 27 Taiwan-Finance-Securities-(III), number 920001301 order letter (vice president and above)



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Wages, Remuneration and Benefits

Same Work Same Payment, Gender Equality

All of Pihong Technology's employee salary standard is without regard to gender, age, education, nationality. The base salary ratio of the same job, job level, and gender is 1: 1. The salary is adjusted corresponding to the promotion given. According to the 2019 salary record, the female to male average base salary ratio in Pihong Taiwan is 1: 1.14, and 1: 1.07 in Pihong Dongguan plant.

Pihong Taiwan female to male base salary ratio

	Female	Male
Mid-level/high level supervisors	1	1.22
Others	1	1.14

Note: Pihong Taiwan is major research and development center where the number of male R&D personnel is slightly higher than the female

Pihong Dongguan plant female to male base salary ratio

	Female	Male
Official employee	1	1.07

Note: Pihong Dongguan plant major posts are filled with male employees with post stipend

Employee Benefit and Lohas Vacation

• 2019 Happy Company Award

Great salary, good benefits, development ability are the 3 benchmarks of a happy company. Pihong Technology had the honor in 2019 in becoming one of the top 20 companies with the 'happiest employees' as voted by workers in the 'happy scientific company survey' and received the greatest honor in the science and technology industry-the Happy Company Award, which makes Pihong even more motivated in providing benefits to the employees.

• Happy Pihong Workplace

Happy employee, happy company. Pihong Technology upholds the principle of taking care of the colleagues and profit sharing and the goal of elevating the colleague's quality of life. According to the 'Employee Benefits Act', employee benefits committee was established. The company appropriates fixed funds based on the operations status of the company to sponsor various benefit measures, clubs, and competitions. Gift and stipend are appropriated on the May 1 Labor Day, Dragon Boat Festival, Mid-Autumn Festival, the lunar New Year, and the month of the employee's birthday. Subsidy for wedding, funeral, and child birth is also given.

Pihong Technology cherishes, values employees and treats them well. Besides providing safe, comfortable, good, and friendly work environment, the company adopts humanized management, focusing on physical and mental construction, establishes Pihong art gallery, beautifies the inside and outside of the plant, making the green environment, putting in installation art, gym, and annual travel subsidy, departmental get-togethers ... etc. Each year, we sponsor large-scale activities to consolidate the employees and promote employee physical and mental health.

Pihong Taiwan 2019 benefit committee major activity subsidy statistics

Item	Applicable amount	Total number of people subsidized	Total dollar amounts appropriated
Wedding and funeral	1,500-2,100	42	77,200
Birthday money	200-1,400	502	702,800
Child birth celebration	2,000	19	38,000
Injury/hospitalization	2,000	7	14,000
Employee travel subsidy	1,000-7,000	440	2,790,090
Employee domestic travel	1,400	114	159,600
Lunar New Year, Dragon Boat Festival, Mid-Autumn Festival bonus	600-10,000	480	4,047,380
Labor Day bonus	600-1,000	449	424,140
Social club subsidy	2,000	-	25,750
Yearend raffle	2,000-6,000	170	46,000



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Wages, Remuneration and Benefits

- Retirement Fund and Insurance

Phihong Taiwan has established the labor retirement fund supervisory committee according to law and process labor retirement application and payment. The old retirement regulations call for appropriating 2% of the employee's monthly salary into the retirement fund account in Bank of Taiwan. Each year, an actuarial report is provided by the actuarial to ensure that the old-regulation retirement fund is fully prepared to protect the rights of the employees. In 2019, the total amount appropriated was 35,594,201 New Taiwan Dollars. For those employees on the new retirement system, the company appropriates 6% of the monthly salary to the employee's exclusive account. The employee can also opt to appropriate 0~6% personally into his own retirement account so when each labor meets the retirement condition and applies for the retirement fund, his rights are protected. As for the Phihong Dongguan plant official employees, the company complies with the social insurance laws of the People's Republic of China by appropriating a certain percentage required by law into the retirement fund account.

Ratio of Phihong Taiwan appropriated retirement fund to the salary

Method of retirement	Appropriator	Ratio to salary
Old system retirement fund: company's retirement fund account	Employer	2%
New system retirement fund: personal retirement fund account	Employer	6%
	Employee	0~6%

Note: for the retirement fund related information, please refer to page 77 of the 2019 Phihong Technology report

Ratio of Phihong Dongguan plant appropriated retirement fund to the salary

Method of retirement	Appropriator	Ratio to salary
Retirement insurance account	Employer	13%
	Employee	8%

- Charity Leave (Phihong Taiwan)

Besides encouraging colleagues to actively participate the charity events planned and sponsored by the company, Phihong, in order to cultivate the concept of philanthropy in the employees, has instituted the charity leave starting in 2019 to encourage colleagues to put into action by volunteering and participating in charity event. According to the statistics, in 2019, a total of 235.5 hours was devoted to charity events, immersing the mission of serving the society into Phihong's corporate culture.





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- **Birthday Leave (Pihong Taiwan)**

On the birthday of each employee, the benefits committee will appropriate birthday money to the employee. On this exclusively important day for the employee, Pihong lets each employee to opt for a 'birthday leave' on the birthday to celebrate with friends and family for more family life interaction and for a heartwarming day.



- **Wedding and Funeral, Holiday Subsidy (Pihong Taiwan)**

The company is not absent in employee's life either. 12,000 dollars are provided for the employee who is getting married, and 10,000 dollars for funeral. For child birth, injury and sickness, the company also provides money as a token of care.

- **Travel Subsidy for LOHAS (Pihong Taiwan)**

The company's benefits committee carefully plans a one-day domestic trip which is fully subsidized every year so the employees can bring family members together on the trip to enjoy a relaxed and happy time. In addition, the company will also provide travel subsidy to encourage the colleagues to arrange domestic trip or travel abroad flexibly so the employees can enjoy with friends and family to achieve work/life balance.



- **Departmental Get-togethers, Meal Subsidy**

Pihong Technology hopes to consolidate internal loyalty and increase the opportunity of communication and exchange among the colleagues. The company provides departmental get-together funding so departments can hold irregular get-togethers.





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- **Birthday Party Present, Sharing Happiness**

Pihong 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**

Affiliated business - the Beitou Spring City Resort provides various discounts to Pihong employees: holiday discounts (meal group purchase, tickets set)/friends and family wedding package discount/ 20% off and service fee waived for employees/ other discounts on using related facilities.



- **Multiple Social Clubs (Pihong Taiwan)**

The benefits committee subsidizes various social clubs. Pihong encourages colleagues to have other stress release channels outside of work through exchanges and sharing in social clubs to achieve physical and mental balance. Team morale and loyalty is also increased through cross-unit interactions among the colleagues.





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- Multiple Social Clubs (Dongguan plant)

As with Pihong Taiwan, the Pihong Dongguan plant also provides friendly work environment, cares about the balanced physical and mental development of the employees while encouraging active employee participation. For enriching employee's leisure life, the company, besides providing each club an annual 3,000 CNY subsidy so the employee's work and life can be developed in balance, also encourages the colleagues to exchange cross-unit and cross-company. In 2019, the Dongguan plant basketball club held a friendly competition with suppliers. Through leisure sports, exercise for health and friendship are gained.



- Doubling the Care for the Employee Sent Abroad

In order for the employees sent abroad to work with security in mind, Pihong Technology, besides providing complete group insurance and 24-hour overseas medical service, has also set the 'overseas personnel management regulations' that clearly stipulates various subsidy measures for leasing, transportation, homecoming visit, bringing along family members.

- Parent-child Day (Pihong Taiwan)

Pihong's employees and their families are all part of the Pihong family. We carefully plan a family day in each summer with good food and beverage, charity seminar, and fun games. We welcome friends of all ages to come, hoping that the employees and their families feel more of the sense of belonging and loyalty and that everyone can have fun. The company also extends its gratitude for the support and companionship the family members give to the employees through the family day so that each Pihong family member is happy.





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- Happy Holidays Awarding Model Employee (Phihong Taiwan)

Before Christmas Eve, Phihong sponsors 'donate good books, spread the love to sunshine' charity event where the colleagues love is shared with the Sunshine Social Welfare Foundation. And on Christmas day of 2019, the high-level executives dressed up like Santa Claus giving out gifts and snacks to each business unit in the company, sharing the joy and happiness of Christmas with the colleagues who welcomed Santa joyfully!

And to express gratitude to the colleagues for their effort for the past year, in the afternoon of Christmas day, delicious meals, fun activities, great presents were prepared. The colleagues share a memorable and fun time together.



- Awarding Senior Employees (Phihong Taiwan)

Phihong is grateful for the dedication and effort by the senior employees. For the past 40 years of Phihong in Taiwan, each year in the yearend party, Phihong makes souvenir gold coins and gifts for employees of 5 years of experience to show the gratitude of the company while also encourage the employees to continue working and growing with the company.



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- **Phihong with Love, Accessible Environment (Phihong Taiwan)**

Phihong Technology respects the diversity and culture of the employees and treats every employee equally with the principle of equitability. At each entrance and exit and floor, there is accessible ramp in Phihong Taiwan. There are also many elevators with ample space for wheelchairs. We welcome the physically and mentally challenged people to join us. We provide them long-term stable job opportunities. Phihong has hired the physically and mentally challenged meeting the quota as prescribed by the 'Disabilities Rights Protection Act' for 3 consecutive years. In 2019, the number employed is 1.6 times more than the legal requirement. 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.



- **Complete Facilities, Rest and Fun (Phihong Taiwan)**

There is workout gym, Ping-Pong room, squash court, basketball court, showers, library, employee rest area that provide employees rich selection of activities. There are also dormitory, parking lot, employee cafeteria, microwave oven, steaming machine, and breastfeeding room for the employees to use. The cafeteria provides buffet, noodle zone, simple meals, vegetarian means, coffee machine, vending machines for multiple selections.

- Employee gym



- Employee gym



- Employee gym



- Rest area



- Rest area





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- On-site Life Function Services

Pihong 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 Pihong employee discounts that cover every aspect of the employee's life while at work and in life as well.



• Pihong art gallery



• Library and rest area



• Environment greenery beautification





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Workplace Safety

Occupational Health and Safety Management

Pihong 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.

2017-2019 Pihong Taiwan employee work loss rate/ absence rate/ number of incidences

Item	2017		2018		2019		Calculating formula
	Male	Female	Male	Female	Male	Female	
Labor injury rate	0.71	2.21	1.10	2.66	1.04	1.03	(Disabled) labor injury cases/total work hours*212,000
Employee workday loss rate	5.69	35.31	13.21	29.80	99.51	127.51	The total number of work injury applications for the year/total number of days of attendance *212,000
Employee absence rate	0.01	0.01	0.01	0.01	0.01	0.01	The number of absent days/ total number of days of attendance (absentee rate includes labor injury leave, personal leave, sick leave)
Number of employee incidence	2	4	3	5	3	2	Number of injured labors for the year

Note1: The 2017 GRI: 208,000 coefficient denotes that 40 weekly work hours, 52 work weeks for every 100 employees each year

Note2: The 2018~2019 GRI: 212,000 coefficient denotes 40 weekly work hours, 53 work weeks for every 100 employees each year

2017-2019 Pihong Dongguan plant employee work loss rate/ absence rate/ number of incidences

Item	2017		2018		2019		Calculating formula
	Male	Female	Male	Female	Male	Female	
Labor injury rate	0.41	0.37	0.22	0.42	0.56	0.34	(Disabled) labor injury cases/total work hours *212,000
Employee workday loss rate	86.36	101.47	30.55	72.57	53.72	23.83	The total number of work injury applications for the year/total number of days of attendance *212,000
Employee absence rate	0.03	0.01	0.04	0.03	0.03	0.04	The number of absent days/ total number of days of attendance (absentee rate includes labor injury leave, personal leave, sick leave)
Number of employee incidence	10	10	6	7	12	5	Number of injured labors for the year

Note1: The 2017 GRI: 208,000 coefficient denotes that 40 weekly work hours, 52 work weeks for every 100 employees each year

Note2: The 2018~2019 GRI: 212,000 coefficient denotes 40 weekly work hours, 53 work weeks for every 100 employees each year



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Workplace Safety

Dongguan plant has established the OHSAS 18001 occupational health and safety management system to implement the care for the employees and acquires third-party certification each year. The system also established a 'safety committee' consisting of 13 labors and 7 people from the company with the highest commander being the plant manager. The personnel consists of security guards, security manager (section chief), executive committee members (base level supervisors and employees) to ensure the personal health and safety through labor health and safety management so the factory production line can operate normally. In addition, in order to let employees have complete protection, Pihong 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.

For job posts that may involve occupational hazard factors (such as soldering, laser sculpting, supersonic wave, electrical work, X-Ray check station, Pihong Technology always utilizes engineering control and personal protection gear to prevent any possible endangering factor that may come into contact with the employee of the post and to achieve the goal of occupational hazard prevention. We also conduct work environment monitoring regularly. 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 Pihong Taiwan and the Dongguan plant.

Each of Pihong Technology's plant sponsors fire drill and training classes for increasing self-defense mechanism against fire, fortifying the team fire training in normal places in order to ensure the life and safety of all the people in case of fire. There is also instruction on self-defense team fire training and equipment. The drill and training include self-defense fire team making, disaster report, disaster avoidance and escape.



Workplace Safety

Employee Health Exam (Pihong Taiwan)

Employees are the most important driving force of Pihong Technology’s sustainability. We value very much the physical and mental health. According to the labor ratio regulation of the ‘Labor Health Protection Rule’, one professional nurse is imparted to provide employees various medical consultation, health exam and follow-up, planning and executing health promotional activities. We sponsor annually all-employee health exams which is better than what the law requires. Abnormal cases are tracked and include re-diagnosis, regular follow-up, physician consultation, and providing health education information. We safeguard the physical and mental health of the employees through the overall plan and effort.

Physique/health exam table

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	<ul style="list-style-type: none"> When a labor is discovered to be unfit for a job, job matching operation commences The exam record is preserved in accordance with the labor health protection rules in terms of format and timeframe Exam fee: subsidy up to 600 dollars
		Special physical exam	Starting in 2012, non-lead soldering began; there is no endangering work environment in the factory		
2	Existing employees	Normal physical exam	Once a year, better than legal requirement	Invite the Labor Council designated hospital to come to the factory	<ul style="list-style-type: none"> When a labor is discovered to be unfit for a job, job matching operation commences The exam record is preserved in accordance with the labor health protection rules in terms of format and timeframe Exam fee: fully subsidized by company
		Special physical exam	No special health endangering work environment		

In 2019, besides a new record for participation of health checkup for Pihong Taiwan, the colleagues overall satisfaction rate for the annual health exam is as high as 98.5%, indicating that the colleagues have high trust in the annual health exam sponsored by the company. In addition, the company also opened up the exam to the family members of the employees to pay for the exam; therefore, many employees’ family members also participated, further proving that the employees recognize such benefit.

Item	2017	2018	2019
Number of people qualified for exam	406	411	420
Number of people actually examined	396	404	416
Examination rate (%)	97.5%	98.3%	99.0%





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On-site Physician Service

Phihong Taiwan arranges professional doctors to the factory every month to provide various medical consultation for the employees and work environment inspection concurrently. At the annual employee physical examination, they assist in the execution of operations, health index consultation, and follow-up of the employee health problems.

Professional physician service (Taiwan)			
Year	2017	2018	2019
Number of people served	221	155	116

Charity Massage by the Visually Impaired Masseur

The company arranges professional visually impaired masseur to the factory to provide stress release massage service regularly every month so those colleagues who sign up may enjoy the service and the fees they pay are donated for charity as a token of appreciation for the underprivileged group.



Physical and Mental Health Seminar

Phihong provides multiple health services, sponsors health issue related seminars irregularly. In 2019, there were 'the better the stress relief, the lesser the worries', 'smart eats, happy exercise, along comes health' ... seminars where the lecturers convey concept with vivacious operations. Employees who come after work, through easy stress relief and extension exercise reach physical and mental balance. In addition, the company's electronic bulletin board will also post the most up-to-date health information irregularly to remind the employees about self-health management.



Good Group Insurance Planning

In addition to the labor insurance, health insurance, and labor retirement fund appropriation, Phihong Technology has a good group insurance planning for the employees which is reviewed and evaluated each year. The most suitable group insurance and service team are selected for the colleagues who can now better focus on their job, 'making everything perfect'. The employee loyalty for the company is thus consolidated through this.



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Free Health Exams (Dongguan plant)

Dongguan plant also cares very much about the health of the employees. In order to ensure the employees' health, the company provides a free physical exam for official employees who have worked for over 6 months. In 2019, there was a total of 1,081 people who participated in the health exam. In 2019, the cost of the exams was 35,673 CNY.

Phihong Dongguan plant health exam table

Subject of examination	Category	Cycle	Method	Note	Subject of examination
1	New employees	Normal physical exam	Before reporting to duty	New employees going to the hospital him/herself for the exam	<ul style="list-style-type: none"> When a labor is discovered to be unfit for a job, job matching operation commences Valid health certificate within one year or valid health exam report within 3 months from a township (inclusive) level and above hospital is acceptable The exam record is preserved in accordance with the labor health protection rules in terms of format and timeframe
2	Existing employees (official employee who have worked over 6 months)	Normal physical exam	Once a year in the 4 th quarter	Invite the township (inclusive) level and above hospital to come to the factory	<ul style="list-style-type: none"> When a labor is discovered to be unfit for a job, job matching operation commences The exam record is preserved in accordance with the labor health protection rules in terms of format and timeframe Exam fee: fully subsidized by the company





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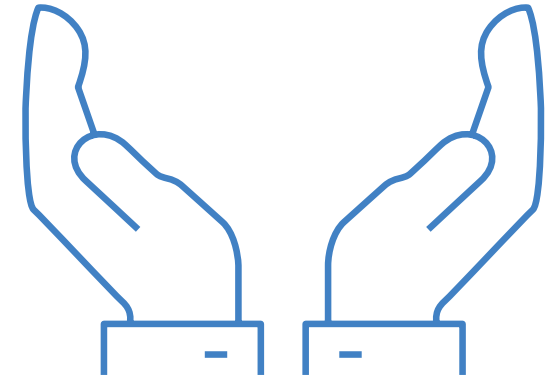


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Social Services

Industry, Academia, Research Sponsorship



Since the establishment of Phihong Technology in 1972 in Taiwan, Phihong has devoted and participated in various charity events and cared for the underprivileged groups. We encourage the technology development of institution and group with corporate resources. The management team, besides upholding ‘from the society, back to the society’ corporate spirit to support and promote social services, has instituted the ‘charity leave’ to encourage the employees to participate with their concrete actions to do corporate social responsibility, benefitting groups in society. We hope to transmit the love and blessings of all the company’s employees to those who need them through various charity events.

In 2019, in addition to continue the usual social care activities, we further work with other units. For example, at Christmas time, we work with Sunshine Social Welfare Foundation to respond to knowledge environmental protection by sponsoring ‘Donate good books on Christmas Eve, spread the love to Sunshine’ second hand book event. The book donation fund will be donated to burn and facial damage psychological reconstruction fund of Sunshine Social Welfare Foundation. On the day of the Veteran’s day, we also sponsor cheerful activity and tea party to commemorate the veterans who have selflessly dedicated their lives to the country. We let the elderly have a warm memory in the moment of honor. Moreover, we increased the number of hours of the visually challenged massage service, supporting them with actions so the physically challenged may have a stable source of income.

No distance in loving the ocean, beach cleaning, love the earth—Linkou Dingliao beach

May



Two consecutive times held; through actual action to reduce sea pollution, contributing effort for the land we live on

Sending warmth on Mid-Autumn Festival, saluting elderly heroes

Oct.



Local care: Thanking the veterans for their selfless dedication to the country, on the day of Veteran’s Day, salute the elders with cheerful activity and gratitude

‘Donate good books, spread the love to Sunshine’ second hand books collection

Dec.



Materials donation: Responding to Sunshine’s second-hand books collection, finding new masters for old books. The fund from the donation is donated to burn and facial damage psychological reconstruction fund of Sunshine Social Welfare Foundation.

‘Cross the visual barrier’, inviting the visually challenged masseur to the company

Throughout the year



Care for the underprivileged: Encouraging employment of the physically challenged, inviting the visually challenged masseur to Phihong Taiwan, providing stable work opportunity once a week. In 2019, the service hours were increased to an average of 23 hours per month

A hundred a month, warm up the Taiwan Fund for Children and Families

Throughout the year



Charity donation: ‘Phihong hundred-dollar club’ invites voluntary donations from the colleagues to help the poor children who cannot go to school due to economic reasons

Genesis Social Welfare Foundation receipts collection box

Throughout the year



Receipts collection: Donate your receipts to help those in vegetated state, the elderly, and the poor. In 2019, over 800 receipts were donated



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Linkou Dingliao Beach & Tainan Sicao Coastline

Taiwan is surrounded by ocean. The ocean ecology is greatly connected to us; however, there is so much trash polluting the ocean that not only destroys the beauty of the beach, endangers the creatures in the sea but may further affect our lives. Because of such realization, beginning in 2017, Phihong started the 'No distance in loving the ocean, beach cleaning, love the earth' project. This year is the third time. Our colleagues went to Linkou Dingliao beach and Tainan Sicao coastline to contribute their effort in protecting the earth with concrete actions to safeguard the land we are on. 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.



'Sending Warmth on Mid-Autumn Festival, Saluting Elderly Heroes'

October 31 is Veteran's Day, set by the country for the commemorating the selfless dedication of the veterans to their country. Phihong Technology has been working with Tainan Veteran's Home by frequently visiting and caring the elderly. On Veteran's Day, we have prepared a tea party and shows, sharing the boundless energy of the youth with the elders on site, forwarding the warmth to the heroes.



Christmas Love Collection 'Donate Good Books on Christmas Eve, Spread the Love to Sunshine' Christmas Second-hand Books Collection

In recent years, environmental protection has become more important. In order to respond and encourage books to be recycled and reused, Christmas of 2019, Phihong Technology works with the Sunshine Social Welfare Foundation by sponsoring second hand books collection, promoting the concept of book recycling, finding new masters for old books. The fund from the donation is donated to burn and facial damage psychological reconstruction fund of Sunshine Social Welfare Foundation.





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'Cross the Visual Barrier', the Visually Challenged Masseur On-site Service

Job opportunities for the physically and mentally challenged are already less than others and are further restricted. In addition to donations, providing work for them is an even better option. The Pihong headquarter has begun in October, 2017, inviting the visually impaired masseurs to come to the company once a week. The Tainan plant also invites the visually impaired masseur of the Blind Association to alleviate neck pains and aches. After launching, the activity has been well received by the colleagues. The quota for each time was gobbled up immediately. Therefore, in 2019, the number of service hours is increased by 6 hours a month, an average of 23 hours per month. We hope to let the colleagues be relaxed while also provide stable work for the physically and mentally challenged friends.



Industry, Academia, Research Sponsorship

Sponsoring National Taiwan University (NTU) Congenital Heart Disease Treatment Research

According to NTU Children's Hospital research, there are 13 infants in 1,000 new borns (1.3%) with congenital heart disease in Taiwan. Although close to half are slight, requiring no active treatment, but still half of them require treatment. Pihong Technology has been supporting the NTU hospital in the research for the treatment of congenital heart disease and subsidizing patients in need of the necessary medical supply and surgery cost. From 2009 to 2019, the dollar amount of contribution to the NTU hospital fund by Pihong Technology has reached a total of 800,000 New Taiwan Dollars. The fund has not only published international papers on the treatment research but has also cared for those patients in dire need of help.



Industry Academic Cooperation, Sponsoring Cheng Kung University(CKU) to Participate in Fomula SAE Competition

Pihong Technology, for encouraging young students to apply what they have learned and increase their problem solving ability, provides mobile EV charging modules of electricity transformation technology, sponsors CKU formula racing team (consisted of students of related departments) to participate in the 2019 Fomula SAE (FSAE) competition in Japan. Of the 27 teams, the CKU team ranked 13th. In addition, the team is the second Taiwanese team that has passed all race car static check. For a team participating for the first time, this has been a very good showing and experience learning.





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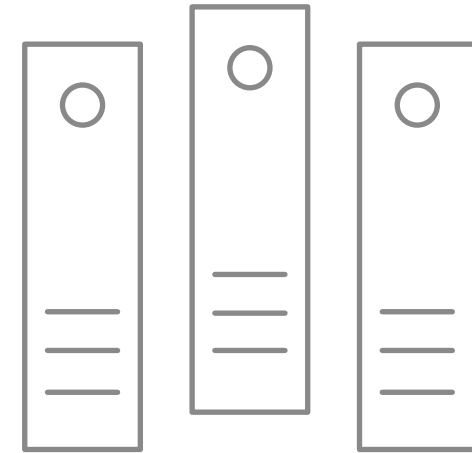


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Assurance Statement

On

PHIHONG TECHNOLOGY CO., LTD. Social Responsibility Report of 2019

AFNOR GROUP was established in 1926. We are the National standardization body of France, a permanent council member in ISO and one of the leading certification bodies in the world. AFNOR ASIA LTD., a subsidiary of Afnor Group, conducted this assignment using a verification team consisting of seasoned professionals highly trained in sustainability-related standards including AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, OHSAS 18001 and ISO 50001, and with qualifications as lead auditors, or verifiers. Afnor Group hereby provides a summary of PHIHONG TECHNOLOGY CO., LTD. Social Responsibility Report of 2018 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

Afnor Group and PHIHONG TECHNOLOGY CO., LTD. (hereinafter referred to as "PHIHONG") are independent entities. Afnor Asia Ltd. was commissioned by PHIHONG to conduct the assessment and assure the Corporate Social Responsibility Report of 2019 was in accordance with AA1000 Assurance Standard (2008) (AA1000 AS 2008) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

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

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

REFERENCES

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

METHODOLOGY

- The inclusivity, materiality and responsiveness in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (2008).
- The contents and the level of disclosure of the Report were in accordance with GRI Standards core option and review the report's general standard disclosure requirements and specific subject disclosures (including management policies and projects) that meet the Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected and disclosed by the Report was reviewed through a validated sampling plan.
- All of documents, data and information that are related to the preparation of the Report has been reviewed and verified by the assessment team via discussions with responsible individuals in PHIHONG.
- A total of 17 employees, representatives from different departments and different management levels having participated in the sustainability management and preparation of the Report were respectively interviewed.
- The findings of internal audits and the effectiveness of CSR policy have been reviewed.
- All the supporting material and evidence which were used for the preparation of the Report were reviewed for adequacy and integrity.

CONCLUSION

◆ AA1000 Accountability Principles and AA1000 Assurance Standard

Inclusivity

PHIHONG continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The impartial report sets out the economic, social and environmental message adequately to support planning and achieving targets. Future reports could be improved by the following recommendations :

- Continue to identify and organize sustainable operations from multiple perspectives that have impacts on stakeholders and issues of concern, and collect and understand the reasonable expectations and interests of stakeholders.

Materiality

PHIHONG has made their sustainability management information public available to enable the stakeholders to assess the management and performance of the company. PHIHONG also develop and implement a decision-making mechanism to consider all critical issues from different stakeholders. Future reports could be improved by the following recommendations :

- Continue to strengthen the relevance of major issues to the operating procedures of various departments to facilitate the rational allocation of organizational resources and ensure the proper management of issues of material significance to the organization and stakeholders.

Responsiveness

PHIHONG has developed and implemented the responding mechanism for stakeholders' interests to clearly declare the ethical policies and to communicate with interested parties. PHIHONG has responded the ethical expectations and opinions from the stakeholders. Future reports could be improved by the following recommendations :

- In addition to maintaining the existing response and communication mechanism of various departments and stakeholders, organization can use or construct an instant interactive reporting method and platform, so that the organization and stakeholders can timely feedback and participate in the operational performance of material topics.

Impact

PHIHONG has developed and implemented processes to understand, measure, evaluate and manage the impact of the organization and to provide the necessary capabilities and resources. PHIHONG also committed to a comprehensive and balanced disclosure of the organization's impact measurement and assessment of stakeholders and themselves. Future reports could be improved by the following recommendations :

- Each department continues to strengthen the understanding, measurement and evaluation process of impacts. By using qualitative, quantitative or monetized measurement standards, and linking with departmental performance Indicators, the issues that have impact on stakeholders can be reasonable and managed as expected.

◆ Global Reporting Initiative Sustainability Reporting Standards

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

- Continue to search and disclose the operational performance of each operation site, and integrate the disclosure content required by the management policy in accordance with the reporting standards, and integrate it into the management process of each department, so that the sustainability context and sustainability performance management are internalized into the organization's management basis



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ASSURANCE OPINION

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

ASSURANCE LEVEL

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

LIABILITY

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

For and on behalf of AFNOR :

Trevor Wilmer
The Director for Certification and Assessment
Jul. 24, 2020





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Attachment 2: GRI Standards Cross Reference Index

Normal Disclosure

GRI standards	Item disclosed	Chapter/description	Page number	Note
GRI 102 normal disclosure	There is no major change in the ownership of Phihong and its subsidiaries			
	102-1	Name of organization	About Phihong: company introduction	P6
	102-2	Activity, brand, products and services	About Phihong: products and technology	P8-P10
	102-3	Headquarter location	About Phihong: company introduction	P6
	102-4	Operations locations	About Phihong: global deployment	P11
	102-5	Ownership and legal format	About Phihong: company introduction	P6
	102-6	Market of service provided	About Phihong: products and technology	P8-P9
	102-7	Organization scale	About Phihong: global deployment, happy workplace: human resources structure	P11-P12, P60
	102-8	Information of employees and other workers	Happy workplace: human resources structure	P60
	102-9	Supply chain	About Phihong: organization and initiative, mutual prosperity with partners: green supply chain management	P14, P53-P58
	102-10	Major change in the organization and its supply chain	Editorial principle, About Phihong: company introduction, global deployment, mutual prosperity with partners: green supply chain management	P2, P6, P11, P56
	102-11	Alerting principles	Company management: risk pre-warning and management	P32-P35
	102-12	External initiative	About Phihong: organization and initiative	P13-P14
	102-13	Membership to unions and associations	About Phihong: organization and initiative	P13-P14
	Strategy			
	102-14	Proclamation of the decision maker	A Word from the Management Team, About Phihong: company introduction	P3
	102-15	Key impact, risks and opportunities	Company management: risk pre-warning and management	P32-P35
	Ethics and honesty, integrity			
	102-16	Values, principles, standards, and code of conduct	About Phihong: company introduction, company management: integrity and morality	P7, P31
102-17	Mechanism of suggestions and concerns in regard to ethics	Company management: risk pre-warning and management	P31, P32	
Management				
102-18	Management structure	Company management: operations and management - company management structure chart, company management: sustainable development - sustainable development strategy and promotion	P28-P30	
102-19	Commissioned rights and responsibility	Company management: operations and management - company management structure chart, company management: sustainable development - sustainable development strategy and promotion	P28-P30	



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Normal Disclosure

GRI standards	Item disclosed	Chapter/description	Page number	Note	
GRI 102 normal disclosure	102-20	Responsibility of high-level executives for economic, environmental, and social topics	Company management: sustainable development - sustainable development strategy and promotion	P28-P30	
	102-21	Consulting with stakeholders on economic, environmental, and social topics	Stakeholders: communication and negotiation with stakeholders	P16-P17, P29-P30	
	102-22	Consists of the highest management level and its committee	Company management: operations and management, sustainable development	P28-P29	
	102-23	Chairman of the highest management level	Company management: operations and management, sustainable development	P28-P29	
	102-26	The objective, value, and strategic role of the highest management level	A word from the management team, About Phihong: company introduction, products and technology company management: sustainable development - sustainable development strategy and promotion	P3, P7-P10 P28-P30	
	102-29	Identification and management of economic, environmental, and social impact	Stakeholders: major issues identification Company management: sustainable development - sustainable development strategy and promotion	P16-P26, P29-P30	
	102-31	Review of economic, environmental, and social topics	Stakeholders: major issues identification Company management: sustainable development - sustainable development strategy and promotion	P16-P26, P29-P30	
	102-32	The role of the highest management level in the sustainability report	Stakeholders: major issues identification company management: sustainable development - sustainable development strategy and promotion	P16-P26, P29-P30	
	102-38	Ratio of annual total salary and remuneration	Happy workplace: wages, remuneration and benefits	P71	
	102-39	Increased percentage of the ratio of annual total salary and remuneration	Happy workplace: wages, remuneration and benefits	P71	
	Stakeholders communication				
	102-40	Stakeholders group	Stakeholders: communication and negotiation with stakeholders,	P16	
	102-41	Group negotiation	Happy workplace: human rights protection- labor capital communication channel	P64	
	102-42	Stakeholders identification and selection	Stakeholders: communication and negotiation with stakeholders	P16	
	102-43	Principle of communication with stakeholders	Stakeholders: communication and negotiation with stakeholders	P16-P17	
	102-44	Key topics and items of concern proposed	Stakeholders: communication and negotiation with stakeholders, major issues identification	P18-P26	
	Reporting practice				
	102-45	Entity included in the combined financial report	Editorial principle, About Phihong: global deployment – sales regions	P2, P11	
	102-46	Defining the report content and topic boundary	Editorial principle, stakeholders: major issues identification- confirmation and vetting of the sustainability of major topics	P2, P20-P22	
102-47	Listing of major topics	Stakeholders: major issue identification	P16-P26		



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Attachment 2: GRI Standards Cross Reference Index

Normal Disclosure

GRI standards	Item disclosed	Chapter/description	Page number	Note	
GRI 102 normal disclosure	Reporting practice				
	102-48	Information re-editorial	No information re-editorial	N/A	No change
	102-49	Report changes	Stakeholders: communication and negotiation with stakeholders - stakeholders identification Stakeholders: major issues identification	P16, P20	Reduce the difference in the 2018 and 2019 major topic items with businesses of the same trade
	102-50	Report duration	Editorial principle	P2	2019
	102-51	Date of last report	Editorial principle	P2	
	102-52	Report cycle	Editorial principle	P2	Once a year regularly
	102-53	The contact person who can answer report related questions	Editorial principle	P2	
	102-54	The proclamation report according to the GRI standards	Editorial principle	P2	
	102-55	GRI content index	Attachment: attachment 2	P92-P97	
	102-56	External guarantee and corroboration	Attachment: attachment 1	P90-P91	

Specific topic disclosure

GRI standards	Item disclosed	Page number of management principle (103)	Chapter/description	Page number	Note
GRI 200 Specific topic disclosure	GRI 201 Economic efficacy	201-1 The direct economic value produced and distributed by the organization	P21, P23	About Pihong: global deployment – operational result	P12-P13
		201-3 Appropriation of retirement fund	P21, P23	Happy workplace: wages, remuneration and benefits – retirement fund and insurance	P73
	GRI 202 Market position	202-1 Ratio of Pihong and local minimum wage	P21, P23	Happy workplace: wages, remuneration and benefits – same work, same payment, gender equality	P72
		202-2 Ratio of local resident as high-level management	P21, P23	Happy workplace: human resources structure	P61
	GRI 204 Procurement practice	204-1 Ratio of procurement expenditure of local suppliers	P21, P23	Mutual prosperity with partners: supply chain management - strategic procurement	P55-P56



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Specific topic disclosure

GRI standards	Item disclosed	Page number of management principle (103)	Chapter/description	Page number	Note	
GRI 200 Specific topic disclosure	205-1 The operations locations already having conducted corruption risk assessment	P21, P23	Company management: integrity and morality - honest operations and moral conduct Company management: risk pre-warning and management – risk management principles	P31-P33		
	205-2 Communication and training report requirement in regard to anti-corruption policy and procedure	P21, P23	Company management: integrity and morality - honest operations and moral conduct Company management: risk pre-warning and management – risk categorizing, strategy and opportunity management	P31-P33		
	205-3 Confirmed corruption and actions taken	P21, P23	Company management: integrity and morality - honest operations and moral conduct Mutual prosperity with partners: supply chain management - strategic procurement	P31, P56-P57		
	Self-setting Product quality/ green research and development	P21, P23	Green environmental protection: green research and development	P39-P43	Self-disclosure	
GRI 300 Specific topic disclosure	GRI 301 materials 301-1 The total weight or volume of the materials used in producing and packaging the main products and services (renewable, non-renewable)	P21, P24	Green environmental protection: green research and development	P39		
	301-2 Percentage of the weight or volume of the materials used in producing the main products and renewable materials	P21, P24	Green environmental protection: green research and development	P39		
	GRI 302 energy	302-1 Energy use within the organization	P21, P24	Green environmental protection: energy saving, carbon reduction – energy use and strength	P44-P46	
		302-3 Energy density	P21, P24	Green environmental protection: energy saving, carbon reduction - energy use and strength	P44	
	GRI 303 water	303-1 Quantity of water used based on the source	P21, P24	Green environmental protection: energy saving, carbon reduction - water resources management	P45	
		303-3 Recycled and reused water	P21, P24	Green environmental protection: energy saving, carbon reduction - water resources management	P45	
	GRI 305 emissions	305-1 Direct (scope 1)greenhouse gas emissions	P21, P24	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	P47	
		305-2 Energy indirect (scope 2) greenhouse gas emissions	P21, P24	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	P47	
		305-4 Greenhouse gas emissions density	P21, P24	Green environmental protection: energy saving, carbon reduction - greenhouse gas emissions management	P47	
		305-1 Direct (scope 1) greenhouse gas emissions	P21, P24	Green environmental protection: energy saving, carbon reduction - energy use and strength, greenhouse gas emissions management	P47	



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GRI standards	Item disclosed	Page number of management principle (103)	Chapter/description	Page number	Note	
GRI 300 Specific topic disclosure	GRI 306 waste water, sewage and wastes	306-1 Quantity of water emissions based on water quality and emissions purpose	P21, P24	Green environmental protection: energy saving, carbon reduction - water resources management	P45	
		306-2 Wastes by category and disposal method	P21, P24	Green environmental protection: energy saving, carbon reduction - waste management	P47	
		306-3 Serious leak	P21, P24	Company management: legal compliance Green environmental protection: energy saving, carbon reduction - water resources management, waste management	P36, P45, P47	
	GRI 307 Compliance with environmental protection related laws and regulations	307-1 Violation of environmental protection laws and regulations	P21, P24	Company management: legal compliance , Green environmental protection: energy saving, carbon reduction - water resources control and management, waste management	P36, P45, P47	
	GRI 308 Supplier environment evaluation	308-1 Percentage of new suppliers by environmental standard selection	N/A	Mutual prosperity with partners: green supply chain management	P53-P56	Self-disclosure
		308-2 The negative impact on the environment by supply chain and the actions taken	N/A	Mutual prosperity with partners: green supply chain management	P56-P58	Self-disclosure
GRI 400 Specific topic	GRI 401 labor-employer relations	401-1 New employee and leaving employee	P22, P25	Happy workplace: talents development - employee retention	P67	
		401-2 Benefits provided to full time employee(excluding temporary or part-time employees)	P22, P25	Happy workplace: salary and benefits	P71-P79	
		401-3 Maternity leave	P22, P25	Happy workplace: human rights protection- balance between work and family	P62-P63	
	GRI 402 labor-capital relations	402-1 The shortest advance notification period in regard to changes in operations	P22, P25	Happy workplace: human rights protection- job leaving advance notice period	P65	
	GRI 403 occupational health and safety	403-1 labor representative of the health and safety committee members consisted of labor and capital	P22, P25	Happy workplace: workplace safety - occupational health and safety management	P80-P81	
		403-2 injury type, injury, occupational disease, work loss days, absence ratios and number of deaths due to official affairs	P22, P25	Happy workplace: workplace safety - occupational health and safety management	P80-P81	
		403-3 worker of high occurrence of occupational disease and high occupational risks	P22, P25	Happy workplace: workplace safety - occupational health and safety management	P80	
	GRI 404 training and education	404-1 the average number of hours of training received by each employee every year	P22, P25	Happy workplace: talents development - talent cultivation and development	P68	
		404-2 program that enhances employee job skill and transitional assistance	P22, P25	Happy workplace: talents development - talent cultivation and development	P68-P70	
		404-3 the percentage of employees who regularly receive result and job development reviews	P22, P25	Happy workplace: talents development - result review feedback. Linked to reward and salary	P66	



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GRI standards	Item disclosed	Page number of management principle (103)	Chapter/description	Page number	Note	
GRI 400 Specific topic	GRI 405 multivariant employees and equal opportunity	405-1 the management unit and multivariant employees	P22, P25	Company management: operations management happy workplace: human resources structure:	P26, P60-P61	
		405-2 female to male base salary and remuneration ratio	P22, P25	Happy workplace: wages, remuneration and benefits – same work, same payment gender equality	P72	
	GRI 406 non-discrimination	406-1 discrimination incidence and improvement action taken by the organization	N/A	Happy workplace friendly workplace: human rights protection- labor capital communication	P36, P62	Self-disclosure
	GRI 407 freedom of assembly and group negotiation	407- operations location and supplier that may face the risks of freedom of assembly and group negotiation	N/A	Happy workplace friendly workplace: human rights protection- labor capital communication	P64-P65	Self-disclosure
	GRI 408 child labor	408-1 operations location and supplier that have major risks of using child labor	N/A	Company management: legal compliance : happy workplace: human rights protection- gender equality, human rights the top priority	P36, P62	Self-disclosure
	GRI 409 forced or compulsory labor	409-1 operations location and supplier that have major risks of forced and compulsory labor incidence	N/A		P36, P62	Self-disclosure
	GRI 411 indigenous peoples rights	411-1 incidence involving indigenous people's rights	N/A		P36, P62	Self-disclosure
	GRI 414 supplier social assessment	414-1 new supplier selection using social standards	N/A	Mutual prosperity with partners: green supply chain management -strategic procurement	P55-P58	Self-disclosure
		414-2 actions taken on the negative social impact in the supply chain	N/A	Mutual prosperity with partners: green supply chain management -supplier quality management	P55-P58	Self-disclosure
	GRI 416 customer health and safety	416-1 evaluate the impact on health and safety by the products and services	P22, P26	Mutual prosperity with partners: customer service management – product liability	P51-P53	
		416-2 incidence of violation of health and safety law of products and services	P22, P26	Company management: legal compliance: Mutual prosperity with partners: customer service management – product liability	P36, P51-P53	
	GRI 417 marketing and markings	417-1 requirement of products and services information and labelling	N/A	Mutual prosperity with partners: customer service management – product marketing and markings	P51-P53	Self-disclosure
		417-2 incidence of non-compliance with products and services information and labelling laws	N/A	Company management: legal compliance Mutual prosperity with partners: customer service management – product marketing and markings	P36, P51-P53	Self-disclosure
		417-3 incidence of non-compliance with marketing and communications related laws	N/A	Company management: legal compliance mutual prosperity with partners: customer service management – product marketing and markings	P36, P51-P53	Self-disclosure
	GRI 418 customer privacy	418-1 proven infringement of customer privacy or complaint of lost customer information	P22, P26	Company management: legal compliance mutual prosperity with partners: customer service management – information management and customer privacy	P36, P53	
	GRI 419 compliance with social economic laws	419-1 violation of social and economic laws	P22, P26	Company management: legal compliance :	P36	



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Attachment3: United Nations Sustainable Development Goals Cross Reference Table (SDGs)

	SGD target content	Chapter /description	Page number
Target 1	Eliminate all forms of poverty and care for the underprivileged everywhere	Social care	P86-P88
Target 2	Eliminate hunger, achieve food security, improve nutrition and promote sustainable agriculture	Social care	P86-P88
Target 3	Ensuring health and promoting the benefits of all ages	Happy workplace: human rights protection, workplace safety	P62, P80-P84
Target 4	Ensuring education for all, fair and high-quality education, and promoting life learning	Happy workplace: talents development	P66-P70
Target 5	Implement gender equality, empowering women	Happy workplace: human rights protection:	P62-P63
Target 6	Ensuring water and sanitation and sustainability of which for everyone	Green environmental protection: energy saving, carbon reduction – water resources management	P45
Target 7	Ensuring that every person can obtain affordable, reliable, sustainable, and modern energy	Green environmental protection: energy saving, carbon reduction	P39-P47
Target 8	Promote tolerant and sustainable economic growth to reach full and productive employment to let everyone have a good job	About Phihong: global deployment – operations achievement company management	P12-P13, P28-P36
Target 9	Construct resilient infrastructure, promote tolerant and sustainable industry and expedite innovation	Green environmental protection: environmental protection: green research and development	P39-P43
Target 10	Reduce domestic and international inequality	Happy workplace: human rights protection:	P62-P63
Target 11	Promote urban and human residence with tolerance, safety, resilience, and sustainability	Social care:	P86-P88
Target 12	Ensure sustainable consumption and production model	Mutual partnership prosperity: customer service management	P50-P53
Target 13	Take emergency measures in response to climate change and its impact	Company management: risk pre-warning and management -risk principles of risk management ; climate change response	P32, P34-P35
Target 16	Promote a peaceful and tolerant society for sustainable development; provide judicial channels to all; establish effective tolerant system at every level	Stakeholders:	P16-P26
Target 17	Fortify sustainability execution method and invigorate sustainable development of global partnership	Stakeholders, Mutual partnership prosperity:	P16-P26, P28-P30



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