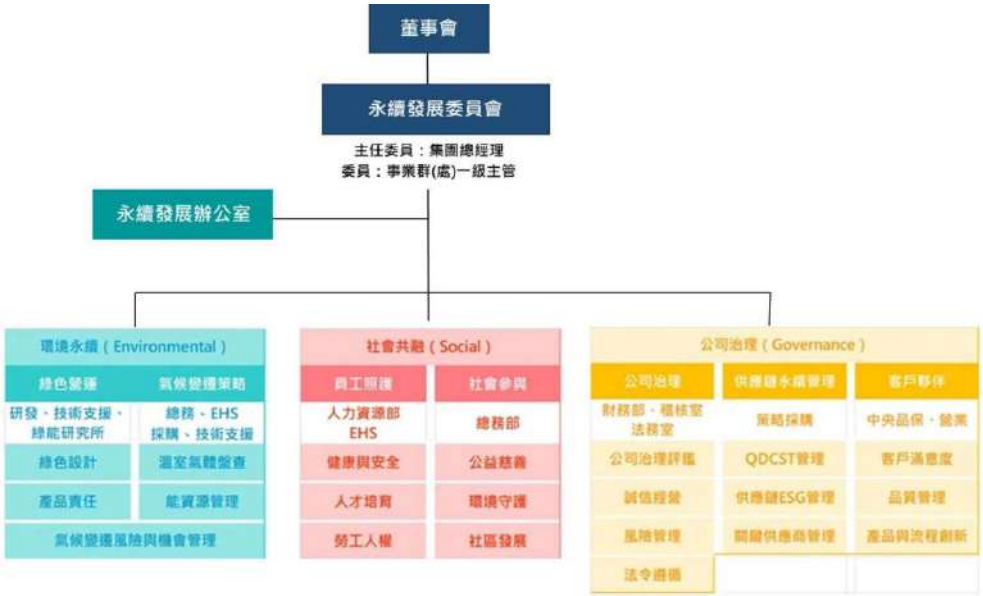
Implementation of the promotion of sustainable development and the differences and reasons for the rules of practice for sustainable development of TWSE/TPEx Listed Companies

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development and set up an exclusively (concurrently) dedicated unit to implement sustainable development (operated by the senior management upon authorization by the Board of Directors) and supervised by the Board of Directors?	V		Sustainable Development Committee In 2014, Phihong formally established the "Sustainable Development Committee" and in 2021 set up the "Sustainability Office", aimed at promoting ESG strategies, facilitating cross-departmental cooperation, and enhancing upstream and downstream communication and collaboration. To further improve the corporate sustainability governance structure, the position of "Chief Sustainability Officer (CSO)" was established in September 2023, filled by the Special Assistant to the President's Office. The "Sustainable Development Committee" is chaired by the Group President and comprises seven major functional groups formed by first-level executives from various business groups. Phihong's dedicated ESG unit, the "Sustainability Office," is responsible for coordinating the committee's operations. The committee meets monthly to review the implementation status of ESG targets and project progress, ensuring compliance with the company's sustainable development policy. Since 2023, the Chief Sustainability Officer has regularly reported work progress to the Board of Directors, making five reports in 2024 covering topics such as: the progress of Greenhouse Gas (GHG) inventory for major plant sites, the formulation of Sustainability Report preparation and assurance procedures, revisions to the Code of Ethical Conduct, and the approval of material sustainability issues and the report itself. [Phihong's Sustainable Development Committee]  	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			Sustainability Policies To practice sustainable development, Phihong formulated and obtained Board approval for the “Sustainable Development Best Practice Principles” in 2022, clearly establishing four major policies as core guiding principles for promoting sustainable development: (1) Implementing corporate governance, (2) Promoting environmental sustainability, (3) Maintaining social welfare, and (4) Strengthening the disclosure of corporate social responsibility (CSR) information. To further implement these policies, Phihong has also established management regulations such as the “Regulations Governing the Establishment of the Sustainable Development Committee,” the “Corporate Governance Best Practice Principles,” the “Code of Ethics and Business Conduct,” and the “Code of Ethical Conduct.” These regulations are continuously adjusted and updated based on international trends, recommendations from regulatory authorities, and actual needs. **Main Responsibilities of the Sustainable Development Committee** • Develop and promote sustainable development policies and help integrate corporate sustainable development values into the Company’s business strategies. • Review the goals, strategies, and action plans of the Company’s sustainable development policies, and review their effectiveness. • Guide and track the progress and performance improvement of each sustainable development action plan. • Responsible for the compilation and publication of the ESG sustainable report.  	

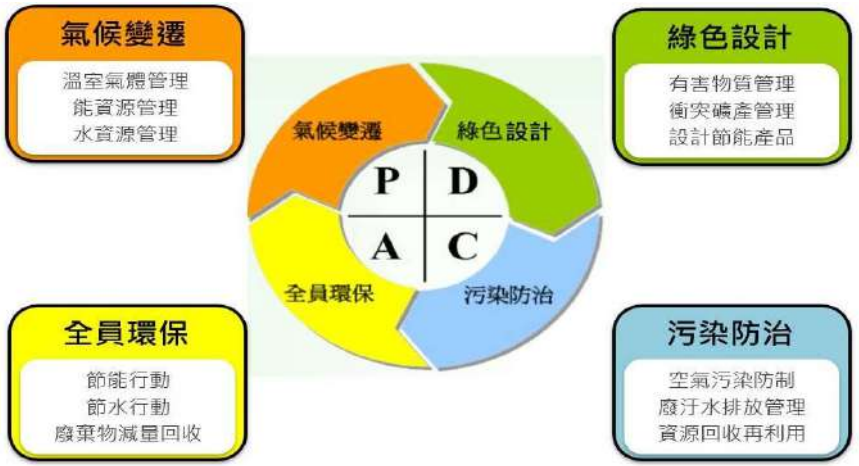
Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues in relation to its operations in accordance with the materiality principles, and formulate relevant risk management policies or strategies?	V		**Risk Governance Organization:** To enhance the resilience and sustainable development of the company's basic operations, Phihong has established a Risk Governance Organization with the Group President serving as the Chief Executive Officer (CEO). Through a cross-departmental structure for risk management-related affairs, a systematic operating mechanism has been implemented. Based on the Risk Management Handbook, risk assessment and identification are conducted for environmental, social, and governance (ESG) issues related to the company's operations. The execution status and results of risk governance are reported regularly to the Board of Directors, at least annually, enabling the Board to oversee the operation of the risk governance mechanism and its overall implementation. The scope of risk governance covers all companies within the group. Members of the Risk Governance Organization are the top executives of each business unit, while Risk Governance implementation personnel are designated individuals within each business unit responsible for executing various risk governance tasks in daily operations. **Risk Management Policies and Objectives** To establish, maintain, and continuously improve an effective risk management system, enabling the Company to safeguard commitments to customers, protect shareholder rights and interests, focus on employees' working environment and health, and move towards sustainable operation. For the complete policy, please refer to the Company's Risk Management Handbook. Risk Management Objectives 1. Reduce risk levels and strengthen the organization's risk management capabilities. 2. Enhance the consistency of the application of risk management across the company's organization. 3. Eliminate or reduce the frequency of specific crisis events. **Risk Identification and Monitoring** Phihong identifies and confirms potential risks and impacts from internal and external environments. Targeting aspects such as company operations, technology, Information security, facilities, supply chain, finance, and personnel, 10 risks were identified in 2024. Furthermore, impact response and mitigation measures, along with designated responsible parties/units for management, have been formulated for different risk items. Procedures covering early warning, response, crisis management, and recovery actions have been established to ensure operational sustainability.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Promoting items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>


Operations and Management Risk Analysis Table
<table>
<tr><th>Aspects</th><th>Risk Identification</th><th>Operational Impact</th><th>Mitigation measures</th><th>Business Opportunities</th></tr>
<tr><td rowspan="2">Environment(E)</td><td>Electricity and Water Supply Disruptions</td><td>Disruptions in operations due to public facilities such as electricity and water resources being disrupted</td><td>● Develop emergency response plans to reduce the impact of electricity and water outages
● Set up generators, uninterruptible power supply systems, and evaluate the introduction of energy storage facilities, among other measures.
● Establish in-plant water storage and external water source support mechanisms; and implement water-saving and power-saving measures</td><td>Accelerate the improvement of energy and resource use efficiency, introduce the use of renewable energy, and establish an energy and resource emergency mechanism</td></tr>
<tr><td>Environmental and climate change</td><td>Greenhouse gas emission
Energy Resources management
Management of air, water, hazardous waste and noise pollution</td><td>●Examine international environmental protection trend set environmental protection policy that meets operational demands
●Conduct disaster prevention monitoring and drills on emergency response and recovery ability
● For details on impacts or threats and corresponding response strategies, please refer to the “Climate Change Risks and Opportunities” chapter/section.</td><td>For potential opportunities, please refer to the “Climate Change Response” section</td></tr>
</table>
</td><td></td></tr>
</table>

Promoting items	Implementation							Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary					
			Society(S)	The threat of major infectious diseases	Due to the spread of the infectious disease, the production line was suspended as employees of the Company were unable to arrive at work and materials could not be delivered to the Company, resulting in the Company being unable to meet customers' requirements.	• To guarantee the safety of personnel online and resume operations, implement the epidemic prevention organization and SOP mechanism. • Employees work on alternate timing or work remotely for risk sharing Reinforce relationships with partners in the supply chain, share and respond to the supply chain pandemic control system.	Rapidly and carefully plan for the normal output, exerting our crisis management abilities, striving for customers' trust, and more business opportunities.	
			Society(S)	Occupational safety risks	Work injury and public safety events impacting company's normal operations. Damage to personnel, property, and factory halting work due to serious differences	• Examination of occupational hazards and operations to avoid employee exposure to hazards • Intensify everyday safety awareness and drills; when encountering disasters, public safety incidence, immediate activation of task team to perform rescue operations • Enhance labor-capital negotiation channel, establish harmonious labor-capital relations • Implement health checks for employees	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	
			Society(S)	Information security risk	Due to leaks, 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	• Information system remote restoration drills are conducted twice a year to simulate any natural disaster (such as earthquake, fire, and flood), or loss of information due to human factors to ensure the fastest restoring method of the operations system • Maintain two-carrier service at all times ensure normal external operations Enhance system encryption ability and password management • Implement employee training and promotion, strengthen information security management • and employees' awareness of legal compliance	Construct highly dependable information security management system to contain any possible communication disruption, data loss and leak in order to earn the trust and support of all the stakeholders in the Company	
			Corporate Governance (G)	Global Geopolitical Risk	Political conflict and instability pose potential threats to company operations and supply chains, consequently leading to risks such as local labor market disruptions, exchange rate fluctuations, and currency depreciation.	1.Regularly review geopolitical issues concerning facilities in mainland China and the operating sites of partners. 2.Formulate a complete command system and production transfer plans, and reach consensus with major customers	Strengthen supply chain resilience, reduce dependence on single countries or suppliers, and evaluate cooperation with suppliers that have dispersed production bases in politically stable countries.	
			Corporate Governance (G)	Macroeconomic Risk (Market Demand)	Increased downside risk for the global economy in 2024, particularly with persistently weak momentum and negative growth figures in European and American markets impacting the company's overall sales	1.Maintain regular communication with customers regarding sales volume expectations. 2.Review the reasonableness of capital expenditures and control factory production costs.	Consolidate and extend core competitiveness, demonstrate differentiated advantages, and proactively deploy green and low-carbon products while advancing the dual transformation towards a circular economy.	
			Corporate Governance (G)	Ethics risk	Violation of honesty and integrity principles of operation resulting in company's loss. In 2021, a corruption risk assessment was conducted for each plant, identifying a significant risk in the procurement area	•New Phihong employees are required to undergo training on the "Code of Ethics and Business Conduct" upon onboarding, and must sign an acknowledgment after the training. •Promote the importance and implementation of honesty and integrity through education at regular intervals	All employees must abide by the Code of Corporate Ethics and Business Conduct, and fully execute honesty and integrity of operations	

Promoting items	Implementation		Summary				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No					
					related to the inappropriate acceptance of gifts or money, or the use of entertainment expenses in exchange for preferential treatment in supplier bids for goods and services.		
				Financial risk	•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.	•Assess interest rate exposure items and the degree of impact from floating interest rates. •Exchange rate risk adopts natural risk avoidance. Investment of short-term funds is mainly in time deposit account and investment product that has liquidity and safety capital with good return. No high-risk, high-leverage investments. •Applying loan quota cash flow from disposing of idle assets pay for operational funding and long-term capital expense. •Actively deploy in Vietnam with effective flexibility to reduce the impact from trade tariffs.	•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.
				Supplier Risk	Suppliers are unable to provide raw materials as scheduled, affecting normal operations and shipments	•Review the inventory management mechanism and 'real-time material supply alert system' •Replacement material supplier mechanism to ensure stable sources of materials without the risk of supply disruption. Regularly perform supplier BCP audits and assist suppliers in establishing risk management mechanisms.	Enhance sustainable partnerships with suppliers to achieve the demand and expectations of customers for mutual prosperity.
			Organization Risk Alert The Company closely monitors changes and risks in domestic and international operating environments, strictly adheres to government regulations and internal systems, and continuously strengthens risk control. **Financial Risk Control** The Company adheres to the principle of prudent operation and does not engage in high-risk or high-leverage investments. Regarding exchange rate risk, natural hedging strategies are adopted, and exposure is reduced by undertaking US dollar liabilities. Short-term idle funds are prioritized for investment in liquid, principal-protected bank wealth management products and fixed deposits that ensure the security of both principal and return. Furthermore, stability for working capital and long-term capital expenditure is ensured through private placements of common stock, issuance of five-year fixed-rate corporate bonds, and credit lines from financial institutions **Operational Risk Control** The Company is fully aware that natural disasters and accidents can significantly impact production operations and employee safety. Therefore, proactive prevention management strategies are adopted, and risk management plans and safety regulations are strictly implemented to ensure the highest safety standards in the power supply industry are met. To respond to disasters (such as fire, earthquake, typhoon, water suspension, power outage, war, political turmoil, terrorist attacks, food poisoning, statutory infectious diseases, environmental pollution, etc.), the Company has established a complete response mechanism to ensure rapid restoration of normal operations after unforeseen events, reduce property losses for the company and customers, and safeguard corporate reputation and employee safety. Additionally, through comprehensive insurance planning and fixed insurance premium expenditures, we transfer operational risks and minimize potential losses to ensure stable corporate development.				

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
III. Environmental issues (I) Does the Company establish a suitable environmental management system based on its industrial characteristics?	V		Upholding the philosophy of "Global Symbiosis, Greening the Earth," Phihong actively promotes sustainable development and embeds environmental sustainability deep within its corporate culture. We continuously enhance employees' environmental awareness and fully implement environmental management objectives through cross-departmental cooperation. To improve climate resilience, Phihong strengthened its TCFD (Task Force on Climate-related Financial Disclosures) framework and introduced the TNFD (Task Force on Nature-related Financial Disclosures) framework at the end of 2024. This includes establishing a comprehensive climate risk assessment process to fully evaluate risks and opportunities, as well as dependencies and impacts, and closely linking environmental targets with management-level KPIs to strengthen climate governance. Furthermore, we actively research, develop, and manufacture green products, promote the application of renewable energy, and continuously reduce carbon emissions through energy management and Greenhouse Gas (GHG) inventory systems. In terms of waste management, we strictly implement segregated handling of hazardous and non-hazardous waste, practice source reduction, and maximize recycling and reuse to achieve resource circulation, advancing towards environmental sustainability. The Four Elements of Environment Management  **Environment and Energy Policy** Phihong pays close attention to international environmental issues and trends. In addition to complying with local laws and regulations at its global operating sites, the company proactively and cautiously implements environmental policies and related activities across the board. Based on corporate social responsibility and the goal of sustainable operation, we uphold the principles of implementing pollution prevention and energy saving/carbon reduction, continuously contributing efforts towards environmental protection.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Environment Policy	Energy Policy
➲Promote environmental management with PDCA spirit to reduce and preventthe generation of environmental impact. ➲Implement systematic management to conserve energy and water resources, moving towards net-zero carbon emissions goal. ➲Comply with environmental regulations and customer environmental requirements, focusing on prevention of wastewater, air pollution, waste, and noise pollution . ➲Ensure the production process and products do not use restricted substances, chemicals, and toxic chemical substances, and comply with or exceed international environmental regulations to avoid environmental impacts. ➲Regularly review environmental objectives, improve performance and climate risk assessment, disclose environmental results, and fulfill corporate social responsibility.	➲Continuously improve energy efficiency and reduce energy costs. ➲ Strictly comply with regulatory requirements and comprehensively identify energy considerations. ➲Review energy objectives and targets, ensure access to information resources. ➲Implement energy management systems to reduce greenhouse gas emissions.

Management system and certification

From climate change, green products, and pollution prevention, to environmental protection for all employees, Phihong comprehensively covers environmental issues and adopts a product lifecycle mindset throughout product design, raw material supply, manufacturing processes, factory operations, end products, subsequent services, and waste treatment, implementing comprehensive environmental management to reduce environmental and climate impacts.

Starting from 2024, all group facilities will fully implement the ISO 50001:2018 energy management system to further strengthen energy conservation and carbon reduction measures, and actively reduce our carbon footprint. We follow international standards to ensure the validity of environmental management certifications such as ISO 14001 and ISO 14064-1, and through annual review of environmental objectives, we continuously optimize environmental management performance to achieve sustainable development goals.

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(II) Is the Company dedicated to improving the utilization efficiency of energy and using recycled materials with a minimal adverse impact on the environment?</td><td>V</td><td></td><td>

Energy-Saving Investment, Practicing Carbon Neutrality

In 2024, Phihong actively promoted its energy management system by establishing an energy management team. Through energy monitoring and inventory, energy-saving opportunities are identified, specific energy-saving targets are set, and performance is regularly tracked and reported to ensure continuous optimization and effective implementation of goals. In terms of equipment upgrades, the Linkou headquarters redesigned and replaced its cooling towers with high-efficiency, energy-saving models in 2024 to enhance chiller operating efficiency. Meanwhile, the solar power generation systems for Phases 1, 2, and 3 of the Dongguan plant site are successfully operating, generating 2.14 million kWh (7.7 million MJ) annually and achieving carbon reductions of 942.25 tCO2e. Additionally, the Vietnam Haiphong plant is actively planning a solar system, expected to commence formal operations in the second half of 2025. This is projected to save 1 million kWh (3.6 million MJ) of electricity annually and reduce carbon emissions by 502 tCO2e, further promoting the green energy transition and implementing sustainable development goals.

Plant site	Energy saving type	Main implementation projects	Investment amount (Unit: NT$ 10,000)M	Execution status	Expected benefits
Linkou headquarters	Air Conditioning System	Replacement of energy-consuming cooling towers (upgraded from original 300 RT to 450 RT)	285	Construction in Q4 2024, formal operation commenced in January 2025.	Expected energy saving of 36,000 kWh/year (129.6 GJ), annual carbon reduction of 17 tCO2e.
Taiwan Dongguan	Air compressor	Air compressor energy-saving retrofit plan.	264	Construction in December 2023, commenced operation in January 2024.	Air compressor electricity consumption saved 638,228 kWh compared to 2023, achieving an annual carbon reduction of 28.1 tCO2e.
	Green Power System	Phase I, II, III plant solar power generation system	Shared Energ Savings Cooperation Model	In operational use	Actual total power generation in 2024 was 2.14 million kWh (7.7 million MJ), achieving an annual carbon reduction of 942.25 tCO2e.
Haiphong plant	Green Power System	Installation of solar power generation	Shared Energy Savings Cooperation Model	Planning conducted in 2024; construction to ommence after signing the Letter of Intent (LOI) in Q1 2025, with operation expected to start in the second half (H2) of 2025	Expected annual electricity saving of 1 million kWh (3.6 million MJ) compared to traditional equipment, with an annual carbon emission reduction of 502 tCO2e.

Plastic Cycle (PCR) Power Supply Design

PCR stands for Post-Consumer Resin, defined as “material that can be reused after undergoing certain processing,” also known as recycled material. Currently, Phihong’s existing plastic materials are recyclable and able to be reprocessed. If PCR plastic is to be used (meeting specifications and constituting a certain percentage within the plastic), besides price increases, its reliability and impact resistance would also be lower than current materials, as PCR materials are often primarily composites. The widespread application of PCR is anticipated in the future. Phihong will continue to commit to green technology and follow developments. The introduction of PCR content will be implemented in three phases: the focus in 2024 is on introducing products with 30%-50% PCR content, followed by horizontal expansion based on customer demand. The PCR ratio will be increased to 70% in 2026, and the adoption of over 90% PCR will be promoted in 2028, gradually fulfilling the responsibility towards environmental sustainability.

</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Plastic recycling, recycling (PCR) process

(Carbon reduce)

	kg CO2 eq. for 1kg resin material
PCR 30%	Reduce 0.5~1 kg
PCR 50%	Reduce 1.25~1.7 kg
PCR 70%	Reduce 2~2.3 kg
PCR 90%	Reduce 2.5~3kg

(Energy demand)

	MJ(Mega joules) for 1kg resin material
PCR 30%	Reduce 23~30 MJ (Saving 6.4~8.4 kWh)
PCR 50%	Reduce 40~45 MJ (Saving 11.1~12.5 kWh)
PCR 70%	Reduce 60~65 MJ (Saving 16.6~18 kWh)
PCR 90%	Reduce 70~80 MJ (Saving 19.4~22.2 kWh)
1 L Petrol=33~36 MJ 1 kWh=3.6 MJ	

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Enhancing Climate Resilience

Phihong Technology and Zerova (hereinafter referred to as Phihong Group, the Group, or we), as leading global enterprises in energy solutions and charging stations, deeply understand the importance of integrating Environmental, Social, and Governance (ESG) factors into corporate operations and business strategies. Therefore, starting in 2022, we voluntarily disclosed information following the Task Force on Climate-related Financial Disclosures (TCFD) framework. In the current year [or specify year, e.g., 2024], we have adopted the Task Force on Nature-related Financial Disclosures (TNFD) framework to promote more comprehensive management of nature-related risks and opportunities.

We continuously enhance our environmental management and Greenhouse Gas (GHG) inventory practices by adhering to international standards such as ISO 14001, ISO 14064-1, ISO 14067, UL 2799, and ISO 50001, aiming to improve environmental performance and GHG management capabilities. We also actively participate in international climate or nature initiatives, such as the Science Based Targets initiative (SBTi) and CDP.

Furthermore, we plan to issue our first “Climate and Nature Financial Disclosure Report” in 2025, covering the 2024 reporting period (January 1 to December 31). Through continuous efforts and innovation, Phihong Group is committed to becoming a leader in sustainable development and making significant contributions to the planet and society.

Table 3.1 Climate-related Risk and Opportunity Assessment Process

STEP 01 Collect Issues Establish a List of Climate- and Nature-related Risks and Opportunities	STEP 02 Identify Impacts Prioritize Risks and Opportunities	STEP 03 Formulate Strategies Key Risks and Opportunities - Formulate Response Strategies	STEP 04 Monitor and Manage Follow PDCA Principles - Monitor Risks and Opportunities
Regularly collect external development trends and internal climate- and nature-related issues through the Sustainability Office.	Assess the related issues based on their likelihood of occurrence and impact on Phihong Group, then filter and prioritize risks requiring focused management or opportunities for active expansion.	For each risk and opportunity, further formulate feasible response strategies and specific measures, and set corresponding indicators and targets to facilitate subsequent monitoring and management operations.	Annually, follow PDCA principles to continuously monitor and manage significant climate- and nature-related risks and opportunities, regularly conduct reviews and improvements to ensure the appropriateness of related strategies and the effectiveness of implementation measures.

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Does the Company assess the current and future potential risks and opportunities of climate change to the Company, and adopt corresponding measures?</td><td>V</td><td></td><td>Key Climate/Nature Risk Items and Response Measures
<table>
<tr><th colspan="2">Climate/ Nature Rish Category</th><th>Risk Item</th><th>Risk Description</th><th>Degree of Impact</th><th>Possibility of occurrence</th><th>Time Horizon</th><th>Value Chain Position</th><th>Financial Impact</th><th>Countermeasures</th></tr>
<tr><td>Climate</td><td>Policy and Legal</td><td>Energy saving and carbon reduction requirements for operations</td><td>In response to the global net-zero trend, the Group passed the Science-Based Targets (SBT) review in 2024 and will continue to drive transformation to achieve this target. Therefore, the Group needs to utilize more low-carbon technologies, such as the use of renewable energy, electricity storage facilities, and improvements in process energy efficiency, all of which require higher application costs.</td><td>High</td><td>High</td><td>Short, Medium, Long-term</td><td>Own Operations</td><td>Increased operating costs, Increased capital expenditure</td><td>1.Continuously monitor regulations and legislative progress regarding carbon pricing in various countries.
2.Regularly evaluate and analyze internal carbon pricing, implementing it in plant operations to proactively promote carbon reduction measures and reduce financial impact.
3.Continuously and actively pursue self-built renewable energy sites and evaluate long-term green electricity purchase agreements (PPAs) to stabilize the cost of obtaining green electricity.</td></tr>
<tr><td>Climate</td><td>Policy and Legal</td><td>Carbon cost pass-on from the supply chain</td><td>Taiwan is expected to begin levying carbon fees starting in 2026; China’s carbon trading market is already implemented; the EU will also begin imposing its Carbon Border Adjustment Mechanism (CBAM) starting in 2026. Although the Group is not directly subject to these levies, if some suppliers are charged high carbon taxes/fees or fines, they may pass these costs on to the Group.</td><td>Medium</td><td>High</td><td>Short, Medium-term</td><td>Upstream Supply Chain</td><td>Increased procurement costs</td><td>1.Actively cooperate with supply chain partners to jointly promote carbon reduction and regularly track suppliers’ carbon emission performance.
2.Adopt diverse and flexible procurement strategies to reduce the risk of cost pass-ons.
3.Considering the impact of different regional carbon tax/fee policies, diversify away from high-carbon-risk suppliers.</td></tr>
</table></td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(IV) Does the Company count the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on reduction of greenhouse gas and water consumption, or other waste management?</td><td>V</td><td></td><td></td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
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Climate, Nature	Policy and Legal	Environmental requirements and regulations for products	Electronic products must comply with product energy efficiency standards and environmental regulations that are successively issued and updated by various countries of sale in response to climate change and environmental trend strategies. Product requirements include standards such as ENERGY STAR, use of recyclable packaging materials, use of recycled materials, 80 PLUS certification, etc. If the Group fails to respond in a timely manner, it may result in market access bans and loss of orders.	Medium	High	Medium, Long-term	Downstream product services	Decrease in business revenue	1. Establish a tracking mechanism for relevant regulations and conduct early-stage research and deployment of corresponding technologies. 2. Introduce circular manufacturing technologies and recycled materials. 3. Introduce circular manufacturing technologies and recycled materials.
Climate, Nature	Technology	Failure to grasp low-carbon technologies in a timely manner	If the Group fails to continuously research and develop various emerging green technologies and product solutions around new technology development, it may lose market competitiveness. Increasing R&D investment could also bring additional cost expenditures and resource investment to the Group.	High	Medium	Short, Medium, Long-term	Downstream product services	Increased R& D costs; Decrease in business revenue	1. Continuously invest in low-carbon technology R&D, such as high-efficiency electric vehicle charging solutions and energy-saving power supplies. 2. Actively cooperate with supply chain partners to promote the use of low-carbon materials and renewable energy, building a green process system. 3. Strengthen the development and retention of R&D talent for green technologies.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Climate	Physical-Long-term	Impact of long-term temperature rise	The long-term warming trend caused by climate change may affect the safety and health of workers, and also has a direct impact by increasing air conditioning system power usage, increasing the energy consumption demand of cooling equipment, and causing excessively high cooling water temperatures, thereby increasing the Group's operating costs.	Medium	Medium	Medium, Long-term	Own Operations	Increase in operational cost; decrease in business revenue	1. Factory design incorporates high-efficiency insulation materials, installation of shading systems, and optimization of ventilation design. Regularly inspect and maintain air conditioning and cooling equipment to enhance energy use efficiency. 2. Implement a split-shift work system to avoid high-temperature periods, increase the frequency of rest breaks, and provide heatstroke prevention and cooling beverages/drinks. 3.Use a smart energy management system to monitor electricity consumption, install heat recovery devices, regularly conduct equipment efficiency tests, and replace old, energy-consuming equipment
Climate, Nature	Physical-Long-term	Changes in rainfall patterns and distribution	Changes in rainfall patterns during dry and rainy seasons will affect reservoir water storage and flood prevention/control capabilities, thereby impacting the water supply system. Insufficient water supply may also lead to stoppages in operations and production lines. If flooding occurs, it will cause operational disruptions, affect employees' lives, and other issues. Associated recovery costs and delays in product delivery time will increase operating costs and reduce sales.	High	Medium	Medium, Long-term	Own Operations	Increase in operational cost; decrease in business revenue	1. Install water storage facilities and "water piggy banks" (rainwater harvesting systems), introduce water recycling and reuse technology, and regularly maintain water supply equipment to ensure efficiency. 2. Establish a tiered management and control mechanism for water shortages or flooding, prepare alternative production plans, plan for personnel allocation and supply chain backup measures, and conduct regular drills to enhance response capabilities. 3. .Enhance the capacity of the plant's drainage system, install flood gates, establish a real-time monitoring system, adopt waterproof designs for critical equipment, and raise the ground floor elevation.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Greenhouse Gas Management

Under the challenge of climate change, companies must continuously reduce greenhouse gas (GHG) emissions from their operations to mitigate environmental impact. If overall carbon emissions continue to rise, future pressure from increased carbon fees (taxes) will mount, making it difficult to meet market and customer expectations for sustainable development. To effectively manage GHG emissions and reduce climate impact, Phihong actively promotes the Science-Based Targets initiative (SBTi) and has obtained ISO 14064-1:2018 certification/verification. We continuously drive carbon reduction actions through GHG inventory, verification, and target setting. Since 2023, we have introduced an online carbon management platform (Ruitan Cloud), enhancing the transparency and efficiency of the Group's GHG emissions management. The Linkou headquarters and major global manufacturing sites undergo annual ISO 14064-1 verification, and we are continuously expanding the verification scope to cover service locations and subsidiaries. By 2026, it is expected that 100% verification of GHG emissions data for all individual companies within the Group and subsidiaries included in the consolidated financial statements will be achieved, further strengthening the company's carbon reduction commitments and sustainable development goals.

Greenhouse Gas Emissions

In 2024 PHIHONG continued to conduct inventory according to the ISO 14064-1:2018 greenhouse gas inventory standard. The results show that the main source of greenhouse gas emissions is Scope 2 purchased electricity, accounting for 82.73% of total emissions.

To reduce Scope 2 emissions, PHIHONG introduced ISO 50001:2018 in 2024 to establish energy saving (electricity) targets and improve the energy use efficiency of equipment.
Furthermore, we continue to pay attention to green energy issues and actively promote the planning and implementation of solar power generation, striving to reduce greenhouse gas emissions. Compared to the benchmark year (2021), the total Scope 1 and Scope 2 emissions of the group in 2024 have significantly decreased by 26.59%. Compared to the set SBT target (42% reduction by 2030), 63.31% of the emission reduction target has been achieved.

Scope 1+2 Greenhouse Gas Emissions (tCO2e)

Item	2021 (benchmark year)	2022	2023	2024	Compared to the enchmark year
Scope 1	612.6000	906.0500	727.7034	1,058.9241	72.86%
Scope 2	28,713.1000	25,133.9687	23,853.6698	20,470.1035	-28.71%
Total Emissions	29,325.6330	26,040.0187	24,581.3732	21,529.0276	-26.59%
Carbon emission density (T-CO2e / Million NTD Revenue)	2.3873	1.8576	1.9932	1.9755	-17.25%

Note: GWP values for the year 2024 are sourced from IPCC AR6; Regarding the selection of electricity emission factors, the Taiwan area uses the 2023 electricity emission factor of 0.494 ton-CO2e/thousand kWh announced by the Energy Administration, Ministry of Economic Affairs. The Dongguan area uses the national factor of 0.5366 ton-CO2e/thousand kWh from the 2022 electricity carbon dioxide emission factors published by the Ministry of Ecology and Environment of China. Haiphong Phihong uses the 2023 electricity emission factor of 0.6592 ton-CO2e/thousand kWh announced by the Vietnam DCC.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Scope 1 and Scope 2 Trend Chart

Scope 3 Greenhouse Gas Emissions

Based on the results of its materiality assessment, Phihong has expanded the scope of its Scope 3 inventory. In addition to established inventory items such as waste and energy losses, items like business travel and employee commuting have also been included. In 2024, Scope 3 greenhouse gas emissions increased compared to both the baseline year and 2023, primarily due to increased emissions from employee commuting and business travel. However, emissions from the use phase of products showed a gradual and significant decrease, reducing by 45.01% compared to the baseline year. As for greenhouse gas emissions from waste disposal, there was little difference compared to the previous year, representing an 82.47% reduction compared to the baseline year, but its impact on total emissions is limited due to its small proportion of the overall emissions.

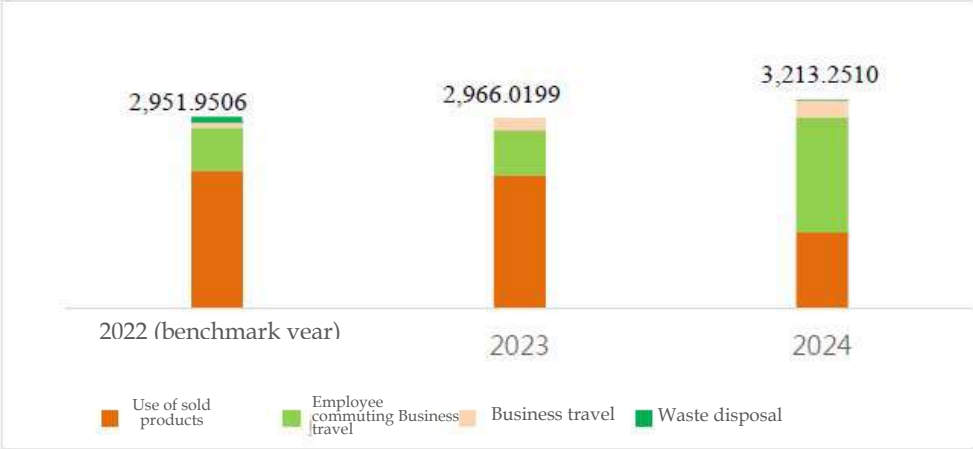
Scope 3 GHG Inventory Results Trend Table (TCO2e)

Category	2022 (benchmark year)	2023	2024	Compared to the benchmark year
Business Travel	76.9520	201.4096	258.5651	236.01%
Employee commuting	656.2741	695.6473	1768.8854	169.53%
Product Use	2127.3591	2053.0052	1169.7863	-45.01%
Waste Removal	91.3654	15.9578	16.0142	-82.47%
Total Emissions	2951.9506	2966.0199	3213.2510	8.85%

Note: 2022 was the first year that categories 3-6 were reviewed, so it is used as the benchmark year

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Scope 3 Greenhouse Gas Emissions Trend Chart (tCO2e)



Water Resources Management

Phihong's plant sites primarily involve product assembly processes that do not involve water, thus generating no process wastewater. Water consumption is mostly for domestic purposes, and all Group plants use tap water. As the main water use is domestic, to reduce water resource consumption, Zerova has implemented a rainwater harvesting and utilization system for recycling and reuse, primarily for cleaning and irrigation purposes. Dongguan Phihong conducts regular maintenance and technical upgrades on water-using equipment such as cooling towers to enhance the water circulation rate, further reducing overall water consumption. Other plant sites have implemented domestic water-saving improvement measures such as installing water-saving valves and replacing fixtures with water-efficient models.

Water Risk and Wastewater Management

Phihong values global water resources, continuously conducts risk management, plans corresponding measures, and strengthens operational risk management. We use the Aqueduct Water Risk Atlas tool from the World Resources Institute (WRI) for water stress assessment. The results show that Dongguan Phihong is in a low-risk area, while the Taiwan and Haiphong plants are in medium-low risk areas. Phihong's wastewater consists entirely of domestic sewage generated from daily living. Operating sites are equipped with effluent monitoring instruments to ensure that wastewater meets the water quality discharge standards stipulated by the industrial park/zone regulations. In 2024, the Group had no violations of wastewater discharge standards nor incurred any related penalties. Water withdrawal and wastewater discharge at each site caused no significant impact.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Water resources usage table			
Energy type(unit)	2022	2023	2024
Water Intake/Usage Volume (million liters)	384.96	318.33	266.23
※ Waste water discharge (million liters)	340.68	280.059	232.05
Number of employees	5,940	4,655	5,051
Water usage strength (million liters/person)	0.06	0.07	0.05

Water Withdrawal and Wastewater Volume Chart

Waste Management

Source Reduction

Phihong is committed to waste source reduction and efficient management, minimizing waste generation starting from the design phase to reduce environmental impact. Through continuous environmental awareness programs and educational training, we ensure employees deeply understand the company's environmental policy, waste management guidelines, and the importance of resource sustainability. We also promote the practice of source reduction and resource conservation to ensure waste in processes and daily operations is minimized. Furthermore, we emphasize the monitoring and continuous improvement of environmental performance, annually commissioning professional third-party organizations to conduct audits and target reviews, ensuring the continuous enhancement of environmental management effectiveness and contributing efforts towards sustainable development.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

2024 Waste Classification Statistics Table

Waste Type (Tons)	Linkou headquarters	Taiwan Dongguan	Haiphong plant	Tainan Zerova	Dongguan Zerova
Domestic waste (Tons)	7.33	110.93	42.85	15.59	15.35
General business waste (Tons)	0.54	658.35	49.21	65.41	102.12
Hazardous business waste	0.00	127.63	41.44	1.36	-
Total weight	7.87	896.91	133.50	82.36	117.47
Intensity (Total Weight / Headcount)	0.02	0.45	0.09	0.29	0.46
Per capita production of domestic waste	0.02	0.06	0.03	0.06	0.06

Waste Type (Tons)

Plant site	General Waste	Business waste (Tons)	
		General business waste (Tons)	Hazardous business waste
Linkou headquarters	100% Incinerated	55% Incinerated 45% Recycling (Metal)	-
Taiwan Dongguan	100% Incinerated	100% Recycle	100% Harmless treatment
Haiphong Phihong	100% Incinerated	10% Incinerated 90% Recycle	100% Harmless treatment
Tainan Zerova	100% Incinerated	16% Incinerated 84% Recycle (Metal and Non-metal)	100% Harmless treatment
Dongguan Zerova	100% Incinerated	100% Recycle	-

Note: Phihong complies with local environmental regulations, respectively: Taiwan Phihong: Taiwan Waste Disposal Act; Dongguan Phihong: People's Republic of China Law on Solid Waste Pollution Prevention; Haiphong Phihong: Vietnam Law on Environmental Protection.

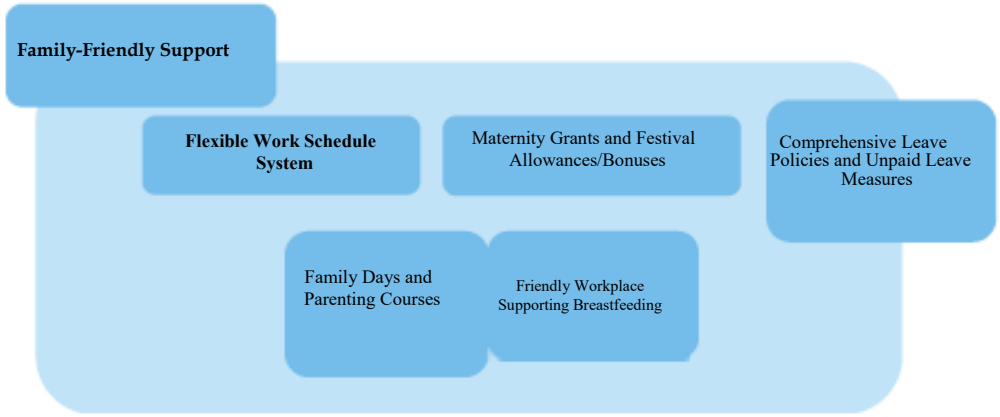
Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			## UL Zero Waste to Landfill (UL 2799) Phihong actively promotes green manufacturing, responding to global carbon reduction and net-zero initiatives, and is committed to sustainable resource management. Creating “zero waste” plant sites is a core goal, with “zero waste to landfill” serving as a key development direction. ◦ Since 2022, Phihong initiated the Zero Waste to Landfill program starting with the Dongguan Phitek plant, completing the pre-assessment in the same year. This prompted us to re-examine the entire production process, from front-end raw material selection and manufacturing design to waste reduction strategies, fully incorporating circular economy thinking. The program adopts the UL “Zero Waste to Landfill Validation” (UL ECVP 2799) standard, ensuring all waste streams comply with management regulations and undergo recycling, reuse, or conversion treatment rather than direct landfilling. Certification can only be obtained when the waste diversion rate reaches over 80%. Therefore, Phihong prioritizes waste reduction and evaluates its zero-landfill performance based on the UL 2799 standard across multiple aspects, including: In-plant: Waste reduction and reuse ratio. Off-site: Ratio of waste recycled, composted, anaerobically digested, converted to biofuel, or recovered for energy. Non-divertible portion: Ratio landfilled or incinerated. Through continuous improvement efforts, the Dongguan Phitek plant again achieved a “100% waste diversion rate, of which 8% was incineration with heat recovery” in 2024, and maintained its UL 2799 Zero Waste to Landfill Platinum certification (the highest level). In the same year, we expanded the certification scope, and the Vietnam Haiphong plant simultaneously passed the UL 2799 validation. This demonstrates Phihong’s determination to move towards zero waste production on the path of sustainable development and actively implements the United Nations Sustainable Development Goals (SDGs). ## Environmental Protection Investments As corporate environmental costs continue to rise, establishing statistics for environmental expenditures and benefits has become an important tool for enhancing management efficiency. According to environmental accounting compilation guidelines, the statistical method for environmental economic benefits involves estimating potential cost savings derived from the reduction in energy and water resource consumption, as well as the decrease in waste generation, achieved through implementing environmental protection plans. Additionally, income generated from waste recycling and reuse is included in the assessment. The environmental benefits presented in this report include tangible monetary income, such as proceeds from waste recycling, and reduced operating costs resulting from environmental measures. Statistics on environmental expenditures and benefits for each Phihong plant site are detailed in the table below.	

<table>
<tr><th rowspan="2">Promoting items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
2024 Environmental Expenditure statistics table Unit: New Taiwan Dollar
<table>
<tr><th>Item Category</th><th>Description</th><th>Linkou headquarters</th><th>Taiwan Dongguan</th><th>Haiphong Phihong</th><th>Tainan Zerova</th><th>Dongguan Zerova</th></tr>
<tr><td rowspan="2">Direct Costs for Mitigating Environmental ImpactNTD</td><td>Prevention costs of air pollution prevention, water pollution and other pollutions</td><td>-</td><td>2,945,019</td><td>786,238</td><td>-</td><td>-</td></tr>
<tr><td>Industrial waste disposal (sludge cleaning and transportation, waste solvents, waste water, normal garbage processing)</td><td>409,645</td><td>931,517</td><td>332,795</td><td>956,789</td><td>36,475</td></tr>
<tr><td rowspan="2">Indirect Costs for Reducing Environmental Impact</td><td>Environmental management system and certification acquisition costs</td><td>363,770</td><td>323,167</td><td>-</td><td>-</td><td>7,152</td></tr>
<tr><td>Cost of monitoring environmental burden</td><td>8,400</td><td>-</td><td>28,982</td><td>-</td><td>-</td></tr>
<tr><td>Other Costs</td><td>Energy and resource (water, electricity, etc.) costs</td><td>2,992,500</td><td>-</td><td>223,684</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total Expenditures</td><td colspan="5">10,346,133</td></tr>
<tr><td colspan="7">Environmental Benefits Statistics Table</td></tr>
<tr><th>Item</th><th>Description</th><th>Linkou headquarters</th><th>Taiwan Dongguan</th><th>Haiphong Phihong</th><th>Tainan Zerova</th><th>Dongguan Zerova</th></tr>
<tr><td>Business wastes recycling</td><td>Electronic component scrap, waste computers, etc.</td><td>-</td><td>9,748,634</td><td>1,886,447</td><td>460,685</td><td>1,050,416</td></tr>
<tr><td colspan="2">Total benefit</td><td colspan="5">13,146,182</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company formulate relevant management policies and procedures in accordance with related laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>Protecting labor rights is a fundamental requirement for a responsible enterprise and an expectation of stakeholders such as consumers, customers, and governments. Phihong is committed to fulfilling its corporate social responsibility and has formulated a human rights policy that supports the “UN Universal Declaration of Human Rights” and the “UN Guiding Principles on Business and Human Rights,” using the “Responsible Business Alliance (RBA) Code of Conduct” as its management mechanism. This policy covers all stakeholders, including the company itself, its supply chain, partners, and joint ventures. Through human rights risk identification, assessment, and management measures, we aim to reduce human rights risks, improve working conditions and employee welfare, and establish a comprehensive human rights management system.
Human Rights Management Policies
Phihong uses the Responsible Business Alliance (RBA) Code of Conduct as the basis for measuring the management mechanisms of its operational activities concerning labor, health and safety, environment, and ethics.
Promises

Labor Rights Policy
◎ Prohibition of Child Labor.
◎No form of forced labor is permitted; forced, bonded, or involuntary labor is not used.
◎Working hours and rest periods comply with the provisions of the Labor Standards Act.
◎Wages paid to workers shall comply with all relevant compensation laws.</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Does the Company formulate and implement reasonable employee benefits (including salary, leave and other benefits, etc.) and appropriately reflect the operating performance or results on the compensation of employees?	V		◎ Commitment to providing a workplace free from harassment and unlawful discrimination. ◎Open communication and direct engagement between employees and management are encouraged. ◎Respect for freedom of association. Human Rights Due Diligence Following the RBA Code of Conduct, Phihong executes human rights due diligence. The purpose is to identify and further assess risks potentially arising from human rights issues, and correspondingly take action, implement risk mitigation measures, and pursue continuous improvement to fulfill commitments and responsibilities for upholding human rights.  **Remuneration Policies** Phihong Technology adheres to fair and transparent remuneration principles, providing employees with competitive compensation commensurate with their professional knowledge, skills, competencies, and duties. Concurrently, we strictly comply with local laws and regulations to ensure the reasonableness and legality of salaries. **Pay for Competency:** Determine salaries based on the degree to which employees meet job competencies and comply with local laws and regulations, ensuring fair and reasonable compensation. **Fairness and Reasonableness:** Adhere to principles of internal equity and consider external market salary equilibrium to provide employees with fair compensation packages.  **Annual Salary Adjustment:** Adjust salaries based on the company's operating results, employee performance, market salary positioning, external competitiveness for talent, and the annual price index to ensure the market competitiveness of the remuneration system. **Operational Feedback:** Provide feedback such as project bonuses, performance bonuses, and year-end bonuses based on the overall business achievement rate and growth rate of the previous year, recognizing and rewarding employees for their hard work. **Employee Motivation and Retention** Phihong is committed to providing competitive salaries that align with local standards to attract and motivate outstanding talent, ensure organizational competitiveness, and achieve corporate sustainable development goals. If the company makes a profit in a given year, no less than ten percent (10%) is allocated for employee compensation, which is distributed in the form of stock or cash as resolved by the Board of Directors. Eligible employees of subsidiary companies are also included in the distribution. Furthermore, Phihong offers an employee stock ownership welfare plan, contributing 100% of the stock fund to individual accounts, and has established a long-term incentive plan involving a stock trust for senior managers.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			In 2024, the salary levels for indirect personnel at the Linkou headquarters and Tainan Zerova were higher than the local minimum wage, while salaries for direct personnel at Dongguan Phihong, Dongguan Zerova, and Haiphong Phihong met local minimum wage standards. Considering market salary levels and factors such as inflation, we conducted a company-wide salary review and adjustment. The average salary adjustment rate in 2024 reached 4.57%, aimed at attracting more outstanding talent to join Phihong while motivating high-performing current employees, achieving the goal of talent retention. Employee Care **Family-Friendly Support** Phihong is dedicated to creating a family-friendly work environment. Upholding the principles of caring for employees and sharing profits, we offer diverse welfare programs to support employees in achieving work-life balance. Phihong is dedicated to creating a family-friendly work environment. Upholding the principles of caring for employees and sharing profits, we offer diverse welfare programs to support employees in achieving work-life balance. This includes regularly organizing Family Days and parenting courses, and providing various festival bonuses/gift money for Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year, strengthening the bond between families and the company. In addition to statutory leave, employees can also enjoy one day of paid birthday leave in their birth month.. The Employee Welfare Committee also thoughtfully prepares birthday gift money and cakes, allowing colleagues to feel warmth and happiness alongside their work To meet employees' family needs, we fully implement a flexible work schedule system from 07:30 to 09:30, accommodating parents who need to drop off/pick up children and employees with long commutes, enabling a seamless connection between work and family. For childcare needs, we offer several support measures: ● Dedicated lactation rooms and specialized refrigerators are provided to ensure the hygiene and safety of breast milk storage. ● We cooperate with nearby educational institutions to offer childcare discounts, reducing the financial and time burdens on parents. ● In accordance with the Gender Equality in Employment Act, employees can apply for unpaid parental leave and are arranged to return to their positions upon completion of the leave, allowing colleagues to balance family and career development without worries during their parenting journey. After the pandemic, we resumed hosting the Phihong Family Day, allowing children to come to work with their parents. Activities included singing and dancing, storytelling, station games, inflatable slides, and DIY craft courses, ensuring the children had a great time. We believe that by implementing family-friendly policies and continuously optimizing welfare measures, we can effectively enhance employees' sense of belonging and well-being, laying a solid foundation for the company's sustainable development. Receiving the Golden Award for Happy Enterprise for the fifth consecutive time is the best affirmation of our efforts	

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
				

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Does the Company provide a safe and healthy work environment for employees and regularly organize health and safety training for employees?	V		**Occupational Safety and Health Management** To protect and promote the health of all employees, Phihong incorporates Occupational Safety and Health (OSH) management as one of the core strategies for corporate sustainable development.All plant sites are certified to the ISO 45001:2018 OSH management system standard, and we ensure the certificates remain continuously valid. The Group strictly complies with relevant occupational safety and health regulations, has formulated an "Occupational Safety and Health Policy," and established an Occupational Safety and Health Committee to promote a comprehensive safety management system. In addition to adhering to regulations and company policies, we actively prevent occupational injuries, comprehensively inspect and supervise the working environment, and conduct regular hazard identification and risk assessments based on different operation types and environmental conditions. We prioritize the minimization of significant risks, and continuously integrate risk management into the tracking of the OSH management system. Furthermore, we conduct regular internal and external audits to ensure that each plant site complies with local government regulations and company policy requirements, thoroughly eliminating potential hazards in the workplace to provide employees with a safe and healthy working environment.  LRQA Certificate of Approval Phihong (Dongguan) Electronics Co., Ltd. (PHC) ISO 45001:2018 GB/T 45001-2020 IAF Phihong ISO 45001 Multi-Site Unified Certificate (Valid until 2027.02.22)	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Plant site	Linkou headquarters					
Year	2022		2023		2024	
Gender	Male	Female	Male	Female	Male	Female
Occupational injury rate	0.06	0.1	0.33	0.23	0.33	0.38
Employee lost workday rate	12.51	18.83	9.22	14.07	16.78	9.81
Employee absenteeism rate	0.03	0.02	0.04	0.04	0.04	0.03
Number of employee accidents	3	5	4	2	4	3

Plant site	Linkou headquarters					
Year	2022		2023		2024	
Gender	Male	Female	Male	Female	Male	Female
Occupational injury rate	0.23	0.06	0.17	0	0	0.09

Employee lost workday rate	6.09	2.03	0.83	0	0	0.37
Employee absenteeism rate	0.01	0.02	0.13	0.12	0.02	0.02
Number of employee accidents	4	1	1	0	0	1

Plant site	Linkou headquarters					
Year	2022		2023		2024	
Gender	Male	Female	Male	Female	Male	Female
Occupational injury rate	1.53	1.3	0.47	0	0	0
Employee lost workday rate	19.51	10.65	3.74	0	0	0
Employee absenteeism rate	0.03	0.02	0.01	0.01	0.03	0.03
Number of employee accidents	2	0	2	0	0	0

Note 1: GRI: The 200,000 factor refers to a calculation basis of 2,000 working hours per year for every 100 employees.

Note 2: Total employee working hours in 2024 – Linkou Headquarters: Male 460,288, Female 339,264; Dongguan Phihong: Male 2,419,640, Female 1,560,216; Haiphong Phihong: Male 1,500,000, Female 2,164,800; Tainan Zerova: Male 522,000, Female 334,000; Dongguan Zerova: Male 295,913, Female 175,583.

Note 3: Employee and non-employee accidents in 2024 – Linkou Headquarters: Employees total 2 persons (1 case of strain, 1 case of sprain); Dongguan Phihong: Employees total 7 persons (3 cases of crush injury, 4 cases of fall injury); Haiphong Phihong: Employees total 1 person (1 case of crush injury); Tainan Zerova: Employees total 2 persons (1 abrasion incident, 1 electric shock incident).

Occupational Safety Education and Training

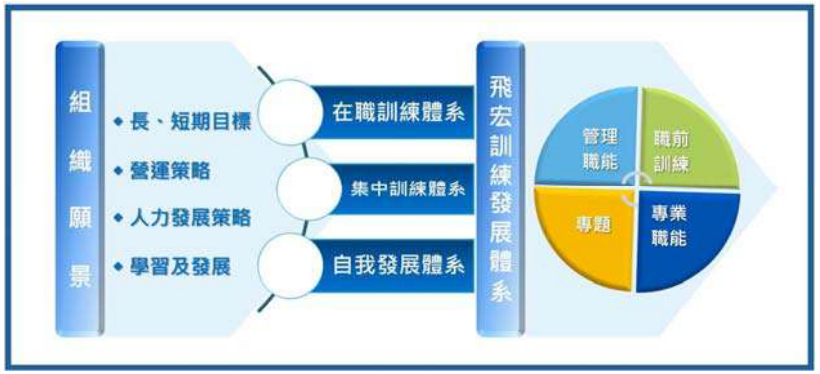
Phihong conducts mandatory orientation training for all new employees. Personnel receive additional special operations training before undertaking tasks involving special hazards. Various regular and ad-hoc on-the-job safety and health training sessions are also held. All Phihong plants, both domestic and overseas, conduct annual OSH and fire safety lectures and/or drills. The Dongguan plant sites (PHC/PHP/ZCM) jointly held an EHS knowledge competition with 100% employee participation. Linkou headquarters conducts fire drills and lecture courses in accordance with legal regulations. In 2023, Linkou headquarters held two 4-hour sessions of fire drills and lectures to enhance occupational safety awareness and the self-defense disaster prevention mechanisms for fire safety management sites, ensuring the life safety of employees and occupants during a fire. Additionally, CPR first-aid training courses were added to improve employees' understanding of CPR operation through practice, enhancing first-aid knowledge and operational steps. In addition, the course also provides guidance on the preparation of self-defense firefighting team training, including self-defense firefighting team training, disaster response, and evacuation drills.

Through occupational safety and health education and training, we enhance employees' safety awareness and response capabilities. Course content covers OSH orientation for new employees, hazard identification, emergency response drills, and professional training for in-plant supervisors. Combined with regular tests and practical drills, we ensure employees are familiar with safety regulations and protective measures, fostering a zero-accident safety culture. Furthermore, Vietnam Phihong engages government professional functional units to conduct OSH education and training, ensuring the presence of qualified and experienced professional OSH management personnel to safeguard production and life safety and prevent occupational injuries. There are currently 50 volunteer firefighters, 20 volunteer first-aiders/hygienists, and 15 EHS auditors, further strengthening the safety management system.

OSH Training Summary Table (OSH: Occupational Safety and Health)

Item/ plant	Linkou headquarters	Taiwan Dongguan	Haiphong Phihong	Tainan Zerova	Dongguan Zerova
Sessions	5	14	20	16	12
Number of Attendees	149	6,036	5,964	439	495
Total number of hours	503	8,878	19,321	5,268	670

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(IV) Does the Company establish effective career development and training plans for employees?	V		Phihong views talent development as core to corporate sustainable operation and is committed to enhancing employees' professional capabilities and career development. Through the "Education, Training, and Promotion System Framework," learning hours are incorporated into promotion criteria, encouraging employees towards self-directed learning, and fostering a proactive learning environment. We are dedicated to building a learning organization, providing diverse learning opportunities to strengthen employee competitiveness and promote mutual growth for both the company and individuals. Concurrently, Phihong adheres to the TTQS (Taiwan TrainQuali System) for talent development quality management from the Ministry of Labor, Executive Yuan, and was again honored with the Silver Medal Certification in 2024, demonstrating its commitment to talent development. **Training and Development** Phihong Technology utilizes the PDDRO (Plan-Design-Do-Review-Outcome) training management cycle to establish a comprehensive learning and development system, ensuring the stability and appropriateness of training quality. Diverse learning resources are provided, including pre-employment training, professional competency courses, and management potential development courses, offered through both online and offline methods, allowing employees flexible learning opportunities to enhance knowledge application and innovation capabilities. In 2024, Phihong further strengthened employee career and training development, centered on the core concept of "Learning is Growth, Development is Value," by promoting the following key measures: **Internal Lecturer Promotion:** Successfully trained 16 internal lecturers, 6 of whom are already actively teaching, deepening internal knowledge transfer. **Newcomer Mentor System:** Conducted refresher training, with 42 participants completing the program and achieving a high satisfaction rate of 9.8 points, enhancing newcomer adaptability. **Diverse Learning and Autonomous Development:** Promoted learning opportunities such as study groups (accumulating 48 sessions), themed month activities, and micro-courses, enabling employees to autonomously explore and enhance their professional capabilities. **General Lectures:** Organized 5 thematic lectures covering health promotion, prevention of unlawful infringement, parenting issues, etc., to enhance employees' holistic career development potential. **Language Learning Support:** Provided free international language courses, allowing employees to enroll voluntarily. Participation has grown significantly, paving the way for internationalization. Phihong is committed to building a learning organization, offering diverse learning opportunities, and emphasizing the internalization and application of knowledge, allowing learning to truly transform into competitiveness.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			Departure Care and Career Development Phihong is committed to the career development of its employees and long-term labor relations. For employees nearing retirement or departure, the company conducts individual interviews and provides free learning resources to enhance professional skills. For employees facing involuntary departure, in addition to statutory severance compensation, the company provides two days of paid job-seeking leave per week, assists with applications for unemployment benefits, and offers career counseling and vocational training information to ensure a smooth transition. Phihong firmly believes that corporate success stems from employee growth. Whether employees are currently employed or departing, we are dedicated to providing the best support, deepening the learning culture, and strengthening talent competitiveness, moving together towards a sustainable future through “Creating Value Together with Talent.” Phihong Education and Training System 	

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(V) Does the Company comply with relevant laws and regulations and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and complaint procedures?	V		**Green Product Management** Restriction of Hazardous Substances In order to maintain health and environmental safety, Phihong complies with the relevant requirements of various countries and customers for chemical substances, and strictly requires suppliers to limit or prohibit the use of controlled hazardous chemical substances. In accordance with international environmental regulations, we refer to our customers' hazardous substance control standards, formulate green management standards and non-hazardous substance technical standards, establish an electronic green information platform, announce hazardous substance requirements and standards on the supplier management platform, and organize internal and external education and training. The "Environmental Management Substance Control Standard" includes controls related to RoHS, REACH, the prohibition of adding red phosphorus flame retardants, specifications for halogen-free products, and the EU RoHS amendment directive 2015/863 incorporating the ban of four phthalates (BBP, DBP, DIBP, DEHP). Since the end of 2017, it has been mandatory for suppliers to provide test reports for the 10 RoHS banned substances during parts approval and report updates. Regarding the REACH Substances of Very High Concern (SVHC) designated by ECHA, the substance list is updated semi-annually. As of December 15, 2023, 29 batches of notified substances have been updated, controlling a total of 235 substances, all of which have been promptly updated in the standard and implemented. Additionally, specific phthalates were added, including 28 items such as Dibasic lead phthalate ([Phthalato(2-)] dioxotrilead). Although Phihong has not adopted the IEC 62474 framework, regarding IEC 62474 regulated substances, excluding the uses of some controlled substances that are outside the scope of the company's product applications, halogen-free specification products can fully meet the IEC 62474 requirements.In addition, 28 new items of specific phosphophthalates were added: dioxotrilead [Phthalato(2-)] In addition to managing updates to hazardous substance controls, the Company follows WEEE regulations as a minimum requirement during product development, ensuring the reuse, recycling, and recovery of products at their end-of-life cycle. It not only meets the requirements and expectations of our clients and end users, but it also fulfills a duty that Phihong has as a global citizen  	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			Customer Privacy Phihong is committed to maintaining the company's competitive advantages, intellectual property, and customer information, adhering to the principle of "Upholding integrity, strictly maintaining customer confidentiality" as its commitment to customer privacy rights. Referencing local regulations in its operating locations, and the EU's General Data Protection Regulation (GDPR), Phihong has formulated "Procedures for Company Information Processing and Customer Data Protection" as the highest guiding principle for privacy protection. These procedures cover Phihong, its subsidiaries, suppliers, contractors, external consultants, and other third-party partners, ensuring the security of customer data. **Data Protection Operations and Responsible Units** The Information Departments of the headquarters, branches, and factories are responsible for maintaining the company website and managing the enterprise operation systems. This includes handling user accounts for email and data sharing platforms, managing data permissions, and system access rights to ensure customer information security. **Business Group Sales Departments:** Responsible for customer data protection, maintenance, and update operations; only authorized personnel have access rights. **Head Office Legal Affairs Office:** Responsible for the review and official stamping of customer purchase (sales) agreements and confidentiality agreements (NDAs), sending contract expiration reminders, and maintaining and updating the contract system. **Head Office Document Control Center (DCC) Unit:** Responsible for registering, tracking, maintaining, and updating external documents submitted by various business groups from customers. **Employee Training and Confidentiality Obligations** New employees are required to undergo training on the "Code of Ethics and Business Conduct" and sign an "Intellectual Property Rights and Confidentiality Agreement," thereby undertaking the obligation of confidentiality and data protection. All sales personnel and employees communicating with customers or handling customer documents, must strictly adhere to the Code of Ethics and Business Conduct, and are prohibited from disclosing, disseminating, or transmitting confidential customer information to competitors, business partners, suppliers, or unrelated third parties. **Data Management and Protection** Phihong strictly adheres to the "Technical Document Control Procedures" and "Document Handling Procedures" to properly register, store, safeguard, and update external documents provided by customers, product technical data, software, and intellectual property rights information. The protection, management, and use of all electronic data media follow the "Electronic Information Management Procedures." **Trust and Cooperation** Phihong insists on rigorous and comprehensive protection mechanisms to manage confidential customer information and privacy rights, aiming to build trust and long-term cooperative relationships with customers, creating win-win situations. For example, in a case involving the leak of confidential charging station information that occurred at Phihong in 2021, IT department personnel proactively discovered the anomaly and reported it for investigation; the case was successfully solved in 2024. **Privacy Protection Measures** Phihong regularly conducts privacy protection training for all personnel and evaluates its effectiveness. In addition to strengthening company-wide training and awareness programs, we also enhance the protection capabilities of Information security software and hardware equipment through upgrades. Channels for reporting privacy concerns and whistleblowing are established; complaints or reports regarding privacy infringements or violations of the privacy policy can be made via a dedicated hotline or email.	

<table>
<tr><th rowspan="2">Promoting items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Phihong adopts a zero-tolerance policy towards privacy protection, and any violation will result in disciplinary action according to the company's code of conduct. In 2024, Phihong did not experience any incidents involving customer complaints about information disclosure, privacy breaches, or loss of customer data.
<table><tr><td>Privacy Protection Hotline
03-3277288#1340</td><td>Privacy Protection Email
Charles_Wang@phihong.com.tw</td></tr></table></td><td></td></tr>
<tr><td>(VI) Does the Company formulate a supplier management policy which requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and disclose the suppliers' implementation?</td><td>V</td><td></td><td>Supply Chain Management Policies
Phihong emphasizes the establishment of a sustainable supply chain. Through "Procurement Management Procedures" and related systems, supplier management processes are regulated to ensure operational risks are controllable and to promote stable development. We require suppliers to sign an "Integrity Commitment Agreement," a "Non-disclosure Agreement," an "Environmental Protection and Social Responsibility Commitment,and a "Conflict Minerals Survey" to ensure labor rights, environmental protection, ethical standards, and safety and health risk control are upheld, jointly building a responsible supply chain system.
 
1. Supplier Evaluation and Risk Management:
Conduct operational reviews for new suppliers and regularly assess the risks of existing suppliers to ensure supply chain stability and compliance.
2. Conflict-Free Minerals Commitment
Strictly prohibit the use of conflict minerals from unknown sources or smelters not certified by the RBA (Responsible Business Alliance), ensuring raw material sources comply with ethical standards and regulations.
3. Local procurement
Prioritize purchasing products from local suppliers to reduce logistics and transportation costs, lower carbon emissions simultaneously, and enhance supply chain efficiency and sustainable development.
4. Green Procurement
Select goods and services that comply with environmental regulations to reduce environmental impact, promoting the joint practice of a green economy by the company and its supply chain partners.</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Promoting items	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			5.Supplier sustainability commitment Require suppliers to comply with local regulations and the RBA Code of Business Conduct, jointly upholding labor rights, business ethics, and social responsibility to build a sustainable supply chain. Phihong collaborates together with its suppliers, committed to reducing operational risks and costs, promoting supply chain transparency and responsible operations, and jointly moving towards a stable and sustainable future.	
V. Does the Company refer to the reporting standards or guidelines which are accepted internationally for compiling reports on non-financial information of the Company such as the sustainability report? Does the previous report obtain the assurance or verification statement of a third-party verification unit?	V		Reporting Principles and External Assurance Non-financial Information Standards Followed ☑ GRI Sustainability Reporting Standards 2021 ☑ ISO 26000 Guidance on Social Responsibility ☑ SASB Standards for the Electrical & Electronic Equipment & Components industry ☑ TCFD Framework on Climate-Related Financial Disclosures ☑ Carbon Disclosure CDP Climate Change/Water Security ☑ United Nations Sustainable Development Goals (SDGs) ☑ Code of Practice for the Sustainable Development of Listed OTC Companies External Assurance ☑ This report has been verified by AFNOR ASIA LTD. according to GRI Standards, SASB Sustainability Accounting Standards, TCFD recommendations, and AA1000 Assurance Standard (AA1000AS v3) at a Type 1 Moderate assurance level.) Financial Information Standards Followed ☑ International Financial Reporting Standards (IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC) ☑ Standards for Financial Statements prepared by Securities Verification/Audit Organization ☑ Deloitte & Touche	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

VI. If the Company has formulated its sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," any differences between the performance of sustainable development and the principles should be disclosed:

Phihong Technology formulated the Company's "Code of Practice for Corporate Social Responsibility" in April 2016, which was approved by the Board of Directors and implemented in May of the same year. The company has always followed and implemented the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies" issued by the competent authority. After inspection, there is no difference between the actual operation of the company and the "Code of Practice for the Sustainable Development of Listed OTC Companies".

The Company amended its internal code to the "Sustainable Development Best Practice Principles" (formerly "Corporate Social Responsibility Best Practice Principles") in 2022, with the latest revision occurring in 2024 to reflect the content of the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies." The principles were issued after review and approval by the Board of Directors.

VII. Other important information that helps to understand the implementation status of sustainable development:

In addition to viewing the latest financial information, material announcements, and related integrity management operations in the Investor Relations section of the Phihong company's official website (www.phihong.com.tw), detailed disclosures of important integrity management information can also be found in the historical "Corporate Social Responsibility Reports" within the "Corporate Social Responsibility" section of the Phihong company website.

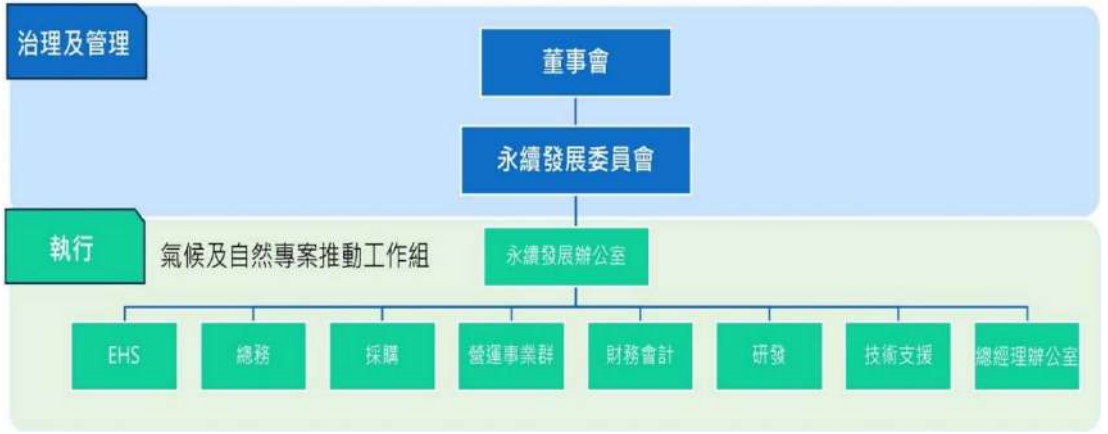
In 2022, Phihong Technology also changed the report name to the "Corporate Sustainability ESG Report".

Climate-related Information for TWSE/TPEx Listed Companies

1 Climate-related information implementation status

Item	Implementation
1. Describe Board of Directors' management oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities impact the Company's business, strategy and finances (short-term, medium-term, long-term). 3. Describe the financial impact of extreme climate events and transformation actions. 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, factor analysis and main financial impacts used should be described. 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of the offset carbon reduction credits or the number of renewable energy certificates (RECs) should be stated. 9. Status of Greenhouse Gas (GHG) inventory and verification, along with reduction targets, strategies, and specific action plans (to be detailed separately in sections 1-1 and 1-2).	Enhancing Climate Resilience In response to the challenges brought by climate change, Phihong formally signed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2022, aligning with international standards. In 2025, for the first time, Phihong will follow the TCFD and TNFD frameworks, focusing on the four pillars of Governance, Strategy, Risk and Impact Management, and Metrics and Targets to disclose climate- and nature-related matters. We continuously utilize a complete climate and nature risk and opportunity identification process, leveraging quantitative financial impact information to clearly understand the potential effects of climate and nature risks and opportunities on the company's operations and strategy. This enables effective monitoring, control, and response to various climate-related issues, allows us to grasp opportunities for operational development and innovation, implement various sustainable management actions, and actively move towards the goals and vision of a low-carbon economic transition.  For detailed information, please refer to the 2024 Phihong Climate and Nature Biodiversity Report. Management Based on the TCFD and TNFD frameworks, Phihong has established a comprehensive climate and nature governance structure to ensure related risks and opportunities can be effectively managed with clear responsibilities and integrated into corporate operations and decision-making processes. The Board of Directors serves as the highest decision-making unit for the Group's climate and nature governance. Reporting to it is the "Sustainable Development Committee," chaired by the Group President, with participation from the Chief Sustainability Officer (CSO) and first-level executives from various business groups (or departments). The Committee is responsible for overseeing the Group's implementation effectiveness and progress towards targets on climate and nature issues. It actively promotes the Board's comprehensive assessment of the potential impacts, dependencies, risks, and opportunities associated with climate and nature issues when deliberating on major decisions, fully incorporating the opinions of various stakeholders to ensure a balance between sustainable development and corporate operational needs in the decision-making process. At the management and execution level, the "Sustainability Office," led by the CSO, serves as the Group's core unit dedicated to ESG affairs and is responsible for convening the "Climate and Nature Project Promotion Working Group." This working group coordinates the annual identification, assessment, and management process for climate- and nature-related risks and opportunities, assists the Board of Directors and the "Sustainable Development Committee" in understanding potential risks and opportunities, ensures operational risks are effectively monitored, and proposes specific suggestions for improvement. Each participating department, according to its scope of responsibilities, assesses the likelihood of occurrence and potential impact of risk and opportunity items, establishes a sound risk and opportunity management mechanism, formulates necessary response strategies, and ensures their effective execution. The Chief Sustainability Officer (CSO) will report quarterly to the Board of Directors on the implementation status and progress of the "Climate and Nature Project Promotion Working Group."

Governance structure diagram



Responsibilities and Reporting Frequency

Level	Governance / Execution Content	Reporting Frequency
Board of Directors	Oversee the management of climate and nature issues, reviewing the achievement of strategies and goals at all levels	At least once a year
Sustainable Development Committee	The General Manager is responsible for approving sustainable development-related policies and decisions, reviewing the annual performance of related issues	Once a month
Sustainability Office	Oversee the annual identification, assessment, and management process of climate and nature-related risks and opportunities, and regularly track and evaluate the implementation progress and effectiveness	Once a year
Climate and Nature Project Promotion Working Group	Implement climate and nature risk and opportunity management measures, and coordinate and communicate climate and nature issues with internal and external stakeholders	At least once a year

Linkage between Performance Indicators and Remuneration

The remuneration for Phihong Group's directors and senior managers is handled in accordance with the "Organizational Rules of the Remuneration Committee." It is based on performance self-assessment results, which serve as the measurement basis for individual director and manager remuneration, and is reviewed by the Remuneration Committee before being submitted to the Board of Directors for resolution.

Item	Implementation
	The salary structure for Phihong's President and senior managers is highly correlated with the company's operating performance and individual performance indicators, and is also linked to sustainability performance indicators, including non-financial performance aspects such as corporate governance, green design, and environmental sustainability. This aims to closely align remuneration with the company's long- and short-term operating goals and shareholder interests. For detailed linkage indicators and proportions, please refer to the Sustainability section on the Phihong Technology official website. ## Strategy Phihong deeply recognizes the importance of climate and nature risks and opportunities for corporate sustainable operation, and incorporates low-carbon transition and environmental sustainability into its core strategy. The Group has set specific commitments for net-zero emissions and biodiversity protection, and reduces the environmental impact of its operations through proactive management and innovative technology. ## Net-Zero Strategy Phihong is committed to achieving its net-zero emission goals and has formulated specific carbon reduction measures to comply with global net-zero transition requirements and international standards. The Group's carbon reduction targets have passed the SBTi review, aiming to reduce Scope 1 and 2 emissions by 42% by 2030 compared to 2021, reduce Scope 3 emissions by 51.6% by 2030 compared to 2022, and achieve net-zero emissions by 2050. To achieve these goals, the Group actively promotes energy transition, increases the proportion of renewable energy use, and reduces dependence on fossil fuels through self-built solar power generation facilities and the purchase of green electricity certificates (RECs). Smart energy management systems are introduced at the plant level to optimize production processes and enhance energy efficiency. On the product side, Phihong actively develops low-carbon innovations, selects environmentally friendly materials, and optimizes manufacturing processes to reduce product carbon footprints. For example, the "Power-tool Charger," developed using third-generation semiconductor Gallium Nitride (GaN) technology, enhances energy efficiency and reduces carbon emissions. Additionally, applying Silicon Carbide (SiC) technology to the "For E-bike Charger" achieves reductions in size and weight while lowering energy loss and improving energy efficiency. Zerova focuses on electric vehicle (EV) charging solutions and infrastructure consulting services. Leveraging its strong technical background, it has assisted in the global installation of over 100,000 charging stations, promoting green transportation transition and zero-carbon emission goals, making significant contributions to environmental protection and climate change mitigation. We also actively cooperate with supply chain partners to promote carbon reduction plans, encouraging suppliers to implement carbon inventories and GHG reduction strategies to ensure a comprehensive low-carbon transition of the supply chain. ## Climate Risk and Opportunity Assessment Results and Management Phihong categorizes the risks and opportunities arising from climate and nature issues based on their time horizon: short-term (within 2 years), medium-term (2-6 years), and long-term (over 6 years). The Sustainability Office regularly identifies potential risks and opportunities systematically through international research reports, industry trend analysis, and multi-stakeholder feedback surveys. In 2024, Phihong collected a total of 11 risks and 6 opportunities. During regular meetings of the Climate and Nature Project Promotion Working Group, questionnaires were used to invite various departments to conduct a comprehensive assessment based on the likelihood of occurrence and degree of impact of these risks and opportunities, and to prioritize key items for management. Key risks include the impact of extreme weather events on plant operations, the financial shock from rising energy costs, and the effects of supply chain disruptions and energy price volatility on costs. To strengthen supply chain management, the Group has enhanced its supplier risk assessment mechanisms to ensure supply chain stability and resilience. On the opportunities side, Phihong Group views low-carbon transition as a core strategy, creating competitive market advantages through measures such as technological innovation, product design optimization, and renewable energy applications. For example, developing higher-efficiency energy-saving power products meets customer demand for low-carbon products, and actively participating in international green supply chain programs expands business opportunities. In summary, through clear strategic planning and execution, Phihong actively responds to climate change and nature risks while seizing green transition opportunities to ensure the company's long-term competitiveness.

Climate and Nature Risk Prioritization and Analysis Result

Key Climate/Nature Risk Items and Response Measures

Climate/Nature Risk Category		Risk Item	Risk Description	Degree of Impact	Likelihood of Occurrence	Time Horizon	Value Chain Position	Financial Impact	Response Measures
Climate	Policy and Legal	Energy saving and carbon reduction requirements for operations	In response to the global net-zero trend, the Group passed the Science-Based Targets (SBT) review in 2024 and will continue to drive transformation to achieve this target. Therefore, the Group needs to utilize more low-carbon technologies, such as the use of renewable energy, electricity storage facilities, and improvements in process energy efficiency, all of which require higher application costs.	High	High	Short, medium, Long-term	Own Operations	Increased operating costs, Increased capital expenditure	1.Continuously monitor regulati and legislative progress regard carbon pricing in various countries. 2.Regularly evaluate and analyze internal carbon pricing, implementing it in plant operations to proactively prom carbon reduction measures and reduce financial impact. 3.Continuously and actively purs self-built renewable energy sit and evaluate long-term green electricity purchase agreement (PPAs) to stabilize the cost of obtaining green electricity.
Climate	Policy and Legal	Carbon cost pass-through from the supply chain	Taiwan is expected to begin levying carbon fees starting in 2026; China's carbon trading market is already implemented; the EU will also begin imposing its Carbon Border Adjustment Mechanism (CBAM) starting in 2026. Although the Group is not directly subject to these levies, if some suppliers are charged high carbon taxes/fees or fines, they may pass these costs on to the Group.	medium	High	Short, medium-term	Upstream Supply Chain	Increased procurement costs	1.Actively cooperate with supply chain partners to jointly promo carbon reduction and regularly track suppliers' carbon emissio performance. 2.Adopt diverse and flexible procurement strategies to redu the risk of cost pass-throughs. 3.Considering the impact of different regional carbon tax/f policies, diversify away from high-carbon-risk suppliers.
Climate, Nature	Policy and Legal	Environmental requirements and regulations for products	Electronic products must comply with product energy efficiency standards and environmental regulations that are successively issued and updated by various customer countries in response to climate change and environmental trend strategies. Product requirements include standards such as ENERGY STAR, use of	medium	High	Medium, Long-term	Downstream product services	Decrease in business revenue / Revenue decline	1. Establish a tracking mechanis for relevant regulations and conduct early-stage research and deployment of corresponding technologies. 2. Introduce circular manufactur technologies and recycled materials. 3. Understand market trends and customer needs to carry out

				recyclable packaging materials, use of recycled materials, 80 PLUS certification, etc. If the Group fails to respond in a timely manner, it may result in market access bans and loss of orders.						forward-looking technology development.
	Climate, Nature	Technology	Failure to embrace low-carbon technologies in a timely manner	If the Group fails to continuously research and develop various emerging green technologies and product solutions around new technology development, it may lose market competitiveness. Increasing R&D investment could also bring additional cost expenditures and resource investment to the Group.	High	medium	Short, medium, Long-term	Downstream product services	Increased R&D costs; Decrease in business revenue	1. Continuously invest in low-carbon technology R&D, such as high-efficiency electric vehicle charging solutions and energy-saving power supplies. 2. Actively cooperate with supply chain partners to promote the use of low-carbon materials and renewable energy, building a green process system. 3. Strengthen the development and retention of R&D talent for green technologies.
	Climate	Physical - Long-term	Impact of long-term temperature rise	The long-term warming trend caused by climate change may affect the safety and health of workers, and also has a direct impact by increasing air conditioning system power usage, increasing energy consumption of cooling equipment, causing excessively high cooling water temperatures, thereby increasing the Group's operational costs.	medium	medium	Medium, Long-term	Own Operations	Increased operating costs	1. Factory design incorporates high-efficiency insulation materials, installation of shading systems, and optimization of ventilation design. Regularly inspect and maintain air conditioning and cooling equipment to enhance energy use efficiency. 2. Implement a split-shift work system to avoid high-temperature periods, increase the frequency of rest breaks, and provide heatstroke prevention and cooling beverages/drinks. Establish a high-temperature warning mechanism and response procedures. 3.Use a smart energy management system to monitor electricity consumption, install heat recovery devices, regularly conduct equipment efficiency tests, and replace old, energy-consuming equipment.
	Climate, Nature	Physical - Long-term	Changes in rainfall patterns and distribution	Changes in rainfall patterns during dry and rainy seasons will affect reservoir water storage and flood prevention/control capabilities, thereby impacting the water supply system. Insufficient water supply may also lead to stoppages in operations and production lines. If flooding occurs, it will cause operational disruptions, affect employees' lives, and other issues. Associated recovery costs and delays in product delivery time will increase operating costs and reduce sales.	High	medium	Medium, Long-term	Own Operations	Increased operating costs; Decrease in business revenue	1.Install water storage facilities and "water piggy banks" (rainwater harvesting systems), introduce water recycling and reuse technology, and regularly maintain water supply equipment to ensure efficiency. 2.Establish a tiered management and control mechanism for water shortages or flooding, prepare alternative production plans, plan for personnel allocation and supply chain backup measures, and conduct regular drills to enhance response capabilities. 3.Enhance the capacity of the plant's drainage system, install flood gates, establish a real-time monitoring system, adopt waterproof designs for critical equipment, and raise the ground floor elevation.

Climate and Nature Risk Prioritization and Analysis Result

Key Climate/Nature Opportunity Projects and Response Strategies

Climate/Nature Risk Category		Risk Item	Risk Description	Degree of Impact	Likelihood of Occurrence	Time Horizon	Value Chain Position	Financial Impact	Response Measures
Climate	Policy and Legal	Energy saving and carbon reduction requirements for operations	In response to the global net-zero trend, the Group passed the Science-Based Targets (SBT) review in 2024 and will continue to drive transformation to achieve this target. Therefore, the Group needs to utilize more low-carbon technologies, such as the use of renewable energy, electricity storage facilities, and improvements in process energy efficiency, all of which require higher application costs.	High	High	Short, Medium, Long-term	Own Operations	Increased operating costs, Increased capital expenditure	1. Continuously monitor regulations and legislative progress regarding carbon pricing in various countries. 2. Regularly evaluate and analyze internal carbon pricing, implementing it in plant operations to proactively promote carbon reduction measures and reduce financial impact. 3. Continuously and actively pursue self-built renewable energy sites and evaluate long-term green electricity purchase agreements (PPAs) to stabilize the cost of obtaining green electricity.
Climate	Policy and Legal	Carbon cost pass-on from the supply chain	Taiwan is expected to begin levying carbon fees starting in 2026; China's carbon trading market is already implemented; the EU will also begin imposing its Carbon Border Adjustment Mechanism (CBAM) starting in 2026. Although the Group is not directly subject to these levies, if some suppliers are charged high carbon taxes/fees or fines, they may pass these costs on to the Group.	Medium	High	Short, Medium-term	Upstream Supply Chain	Increased procurement costs	1. Actively cooperate with supply chain partners to jointly promote carbon reduction and regularly track suppliers' carbon emission performance. 2. Adopt diverse and flexible procurement strategies to reduce the risk of cost pass-ons. 3. Considering the impact of different regional carbon tax/fee policies, diversify away from high-carbon-risk suppliers.
Climate	Policy and Legal	Environmental requirements and regulations for products	Electronic products must comply with product energy efficiency standards and environmental regulations that are successively issued and updated by various countries of sale in response to climate change and environmental trend strategies. Product requirements include standards such as ENERGY STAR, use of recyclable	Medium	High	Medium, Long-term	Downstream product services	Decrease in business revenue	1. Establish a tracking mechanism for relevant regulations and conduct early-stage research and deployment of corresponding technologies. 2. Introduce circular manufacturing technologies and recycled materials. 3. Grasp market trends and customer needs to carry out forward-looking technological development.

			packaging materials, use of recycled materials, 80 PLUS certification, etc. If the Group fails to respond in a timely manner, it may result in market access bans and loss of orders.						
Climate, Nature	Technology	Failure to grasp low-carbon technologies in a timely manner	If the Group fails to continuously research and develop various emerging green technologies and product solutions around new technology development, it may lose market competitiveness. Increasing R&D investment could also bring additional cost expenditures and resource investment to the Group.	High	Medium	Short, Medium, Long-term	Downstream product services	Increased R& D costs; Decrease in business revenue	1.Continuously invest in low-carbon technology R&D, such as high-efficiency electric vehicle charging solutions and energy-saving power supplies. 2.Actively cooperate with supply chain partners to promote the use of low-carbon materials and renewable energy, building a green process system. 3.Strengthen the development and retention of R&D talent for green technologies.
Climate,	Physical-Long-term	Impact of long-term temperature rise	The long-term warming trend caused by climate change may affect the safety and health of workers, and also has a direct impact by increasing air conditioning system power usage, increasing the energy consumption demand of cooling equipment, and causing excessively high cooling water	Medium	Medium	Medium, Long-term	Own Operations	Increase in operational cost; decrease in business revenue	1. Factory design incorporates high-efficiency insulation materials, installation of shading systems, and optimization of ventilation design. Regularly inspect and maintain air conditioning and cooling equipment to enhance energy use efficiency. 2.Implement a split-shift work system to avoid high-temperature periods, increase the frequency of rest breaks, and provide heatstroke prevention and cooling beverages/drinks. Establish a high-temperature warning mechanism and response procedures. 3.Use a smart energy management system to monitor electricity consumption, install heat recovery devices, regularly conduct equipment efficiency tests, and replace old, energy-consuming equipment.
Climate, Nature	Physical-Long-term	Changes in rainfall patterns and distribution	Changes in rainfall patterns during dry and rainy seasons will affect reservoir water storage and flood prevention/control capabilities, thereby impacting the water supply system. Insufficient water supply may also lead to stoppages in operations and production lines. If flooding occurs, it will cause operational disruptions, affect employees' lives, and other issues. Associated recovery costs and delays in product delivery time will increase operating costs and reduce sales.	High	Medium	Medium, Long-term	Own Operations	Increase in operational cost; decrease in business revenue	1.Install water storage facilities and "water piggy banks" (rainwater harvesting systems), introduce water recycling and reuse technology, and regularly maintain water supply equipment to ensure efficiency. 2.Establish a tiered management and control mechanism for water shortages or flooding, prepare alternative production plans, plan for personnel allocation and supply chain backup measures, and conduct regular drills to enhance response capabilities. 3..Enhance the capacity of the plant's drainage system, install flood gates, establish a real-time monitoring system, adopt waterproof designs for critical equipment, and raise the ground floor elevation.

Climate/Natural Opportunity Ranking and Analysis Results

Key Climate/Nature Opportunity Projects and Response Strategies

Climate/ Nature Risk Category		Risk Item	Risk Description	Degree of Impact	Possibility of occurrence	Time Horizon	Value Chain Position	Financial Impact	Countermeasures
Climate	Products / Services	Low-carbon technology and product development	Climate change accelerates the low-carbon transition, and countries continuously tighten carbon emission regulations, driving demand for energy saving and carbon reduction solutions, as well as charging and energy storage facilities. The Group possesses core technologies in power conversion and charging equipment. By continuously developing higher-efficiency power supplies and smart charging solutions, along with possessing cross-disciplinary system integration capabilities, it is expected that opportunities to	High	High	Short, Medium-term	Downstream product services	Increase in business revenue	1. 1.Establish a waste data tracking system to monitor volume and costs and identify key areas for improvement. 2.Strategically cooperate with professional recyclers to optimize precious metal recovery processes and benefits. 3. Continuously expand the scope of UL2799 certification/validation, considering the entire lifecycle from product design to final disposal, to increase the waste diversion rate.

				obtain policy subsidies can be increased, and business revenue from areas such as charging stations and energy storage systems can be expanded.						
	Climate	Energy Sources	Layout for low-carbon and alternative energy	Under the global trend of actively promoting energy transition, governments may increase the price of electricity from non-renewable sources to support the development of low-carbon and alternative energy. If the Group can proactively deploy self-built renewable energy sites and evaluate energy recovery or other alternative energy solutions early on, it will be advantageous for reducing future electricity usage costs	High	High	Short, Medium-term	Own Operations	Operating cost reduction	1. Assess the potential for rooftop solar installation on plant buildings, plan a phased installation program, and self-generate green electricity to reduce electricity costs. 2. Inventory opportunities for process waste heat recovery at plant sites, establish heat reuse systems, and enhance energy use efficiency. 3. Continuously monitor green electricity procurement options, participate in Power Purchase Agreements (PPAs) at appropriate times, and lock in long-term electricity price advantages.
	Climate, Nature	Resilience	Using more efficient production and distribution processes	Following the trend of sustainable development, the use of smart manufacturing systems not only enhances production efficiency but is also a key tool for achieving corporate	High	Medium	Short term	Own Operations	Operating cost reduction	1.Establish a process energy monitoring system to analyze energy consumption hotspots and optimize production scheduling to lower energy usage costs. 2.Introduce smart predictive

			sustainability goals. By integrating production management and energy monitoring systems, real-time tracking of process energy consumption, optimization of production scheduling, and reduction of resource waste can be achieved. Such smart transformation not only lowers operating costs, but also strengthens positive impacts on the environmental aspect.						maintenance functions to reduce the risk of equipment failure and decrease material and energy waste. 3.Establish a cross-plant promotion organization/team to share practical experience from implementing smart manufacturing across different plant sites.

Risk Management

Phihong comprehensively identifies internal and external potential risks and impacts, covering domains such as operations, technology, Information security, facilities, supply chain, finance, and personnel. We have established complete response mechanisms, encompassing early warning, response, crisis management, and recovery actions, with a dedicated unit responsible for execution, aiming to enhance risk resilience and ensure operational stability and sustainable development. For a detailed explanation, please refer to section 2.3 Risk Management of this report.

Risk Management Framework

We continuously optimize our risk management mechanism, regularly identify emerging risks, and enhance response capabilities and The Risk Governance Organization, led by the Group President serving as CEO, integrates cross-departmental resources and systematically assesses environment, social, and governance (ESG) risks related to operations based on the Risk Management Handbook, aiming to strengthen corporate resilience and sustainability capabilities. aiming to strengthen corporate resilience and sustainability. The Group President reports to the Board of Directors annually on the execution status and results, ensuring the Board effectively oversees the implementation of the risk governance mechanism.

Climate-related Risk and Opportunity Identification and Assessment Process

STEP 1 Collect Issues Establish List of Climate- and Nature-related Risks and Opportunities	**STEP 2 Identify and Assess Impacts** Prioritize Risks and Opportunities	**STEP 3 Formulate Strategies** Key Risks and Opportunities: Formulate Response Measure Strategies	**STEP 4 Monitor and Manage** Follow PDCA Principles: Monitor Risks and Opportunities
Regularly collect external development trends and internally encountered climate- and nature-related issues through the Sustainability Office.	Assess the materiality of related issues based on their likelihood of occurrence and impact on Phihong Group, then filter and prioritize risks requiring focused management or opportunities for active expansion.	For each risk and opportunity, further formulate feasible response strategies and specific measures, and set corresponding indicators and targets to facilitate subsequent monitoring and management operations.	Annually, follow PDCA principles to continuously monitor and manage significant climate- and nature-related risks and opportunities, regularly conduct reviews and improvements to ensure the appropriateness of related strategies and the effectiveness of implementation measures.

Risk and Opportunity Identification and Assessment Process

Phihong constructs a comprehensive climate and nature risk management mechanism, identifying future challenges and business opportunities, incorporating them into corporate strategy and daily decision-making. We follow a four-step process for risk and opportunity assessment, ensuring risks are properly managed and opportunities fully grasped to enhance organizational resilience and create sustainable value. For key risks and opportunities, we formulate quantifiable response strategies and action plans, establish performance indicators and phased targets, and regularly review management effectiveness through the PDCA continuous improvement principle, ensuring the mechanism remains flexible and effective, while adjusting strategies in a timely manner to respond to market changes.

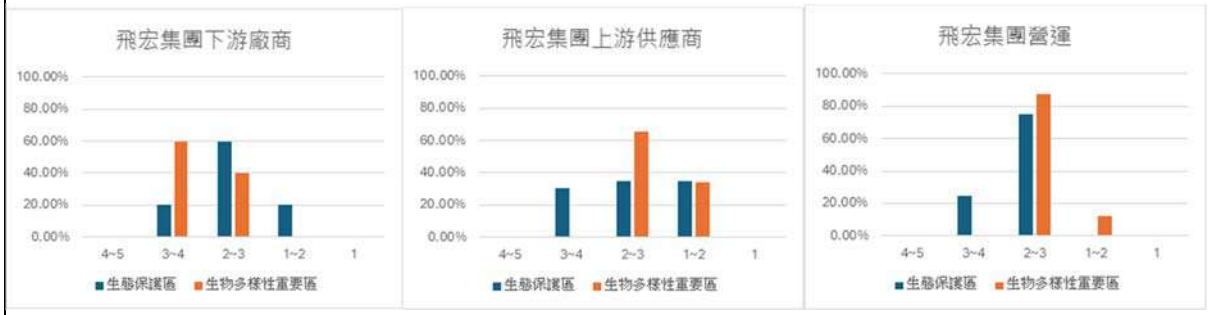
Through a well-established risk and opportunity assessment management process, Phihong Group can not only respond rapidly to international regulatory and market changes but also actively expand its sustainability impact across the value chain, promoting joint participation of partners in climate and nature actions, ensuring the Group maintains its leading edge and operational resilience during the low-carbon transition.

Value Chain Nature Risk Assessment

Responding to emerging trends in nature risk management, in 2024 we initiated an assessment of potential impacts and risks in biodiversity-sensitive areas within our value chain. We utilized the World-Wide Fund for Nature's (WWF) Biodiversity Risk Filter tool to evaluate locations of upstream suppliers, our own operating sites, and downstream partners, serving as an important basis for future climate- and nature-related risk management and information disclosure. This assessment covered 100% of operating sites, core suppliers, and the site locations of all outsourced waste disposal vendors. Risk classification was conducted based on the degree of potential impact on "Protected Areas (PA)" and "Key Biodiversity Areas (KBA)" in each location to ensure the completeness and representativeness of the analysis results.

Impact levels are divided into five grades from 1 (lowest) to 5 (highest). We statistically analyzed all sites based on their score ranges (1, 1-2, 2-3, 3-4, 4-5) and analyzed whether each stage involved high potential risk areas (i.e., scores of 4-5).

As can be seen from the chart below [Chart not included in text prompt], none of the Group's sites – whether upstream suppliers, own operating sites, or downstream customers – fall within highly sensitive biodiversity areas (scores of 4-5). Most data points are concentrated in the medium-low risk zones (between 2-3 and 3-4), indicating that the overall risk related to biodiversity involvement across the value chain is currently relatively low. Although there is currently no significant involvement in high-risk areas, Phihong Group will continue to monitor changes in biodiversity risks in the regions where value chain sites are located. We will integrate this information into supplier selection, site planning, and sustainability strategies to reduce potential impacts on natural capital and strengthen our nature-related risk management capabilities.



Ensuring Uninterrupted Operations, More Robust Response

As climate change intensifies, extreme weather events and sudden disasters occur more frequently worldwide. To strengthen risk response capabilities and operational resilience, Phihong has established Business Continuity Planning (BCP) as the basis for responding to operational disruption risks. When unforeseen events occur, response mechanisms can be swiftly activated to ensure timely operational recovery and minimize impact.

To ensure the long-term effectiveness of the BCP, Phihong reviews and optimizes the plan content annually, and links it to Key Performance Indicators (KPIs) to enhance overall response effectiveness and management performance. The plan applies to all subsidiaries and branch offices within the Group, and is coordinated by the President to ensure the effective implementation of various operational performance indicators. Currently, Phihong has established Standard Operating Procedures (SOPs) for seven major operational disruption risks: natural disasters, man-made disasters, product safety, infectious diseases, industrial safety accidents, Information security, and supplier emergencies. Potential risks are also mitigated through insurance mechanisms to reduce the financial impact of major incidents and ensure stable business operations.

Indicators and Targets

To address the potential impacts of climate and nature change on operations, Phihong sets green operational targets and promotes specific strategies and target setting in aspects such as energy saving and carbon reduction, and renewable energy generation amount. The company also enhances its environmental management effectiveness by annually reviewing implementation performance and continuously formulating and implementing improvement measures.

Indicators and Short, Medium, and Long-Term Targets

Indicators	Performance in 2024	Short Term (2025 to 2026)	Medium Long-term (2027 to 2030)
Scope 1+2 Carbon Reduction Rate (Benchmark Year 2021)	26.59%	23.33%	42.00%
Renewable Energy Annual Power Generation(Cumulative kWh)	2167.991	3,000,000	5,000,000

Note: The medium-to-long-term renewable energy power generation includes the projected total power generation of Phihong's US subsidiary.

1-1 Greenhouse Gas Inventory and Assurance Status of the Company in the last two years

1-1-1 Greenhouse Gas Inventory Information

State the greenhouse gas emissions (metric tons CO2e), intensity (metric tons CO2e / million NTD), and data coverage scope for the most recent two years.

Greenhouse Gas Management

Under the challenge of climate change, companies must continuously reduce greenhouse gas (GHG) emissions from their operations to mitigate environmental impact. If overall carbon emissions continue to rise, future pressure from increased carbon fees (taxes) will mount, making it difficult to meet market and customer expectations for sustainable development. To effectively manage greenhouse gas emissions and reduce the impact on the climate, PHIHONG actively promotes Science Based Targets initiative (SBTi), and has passed ISO 14064-1:2018 certification.

We continuously drive carbon reduction actions through GHG inventory, verification, and target setting. Starting from 2023, we introduced an online carbon management platform (Eco-Carbon Cloud), enhancing the transparency and efficiency of the group's greenhouse gas emission management.

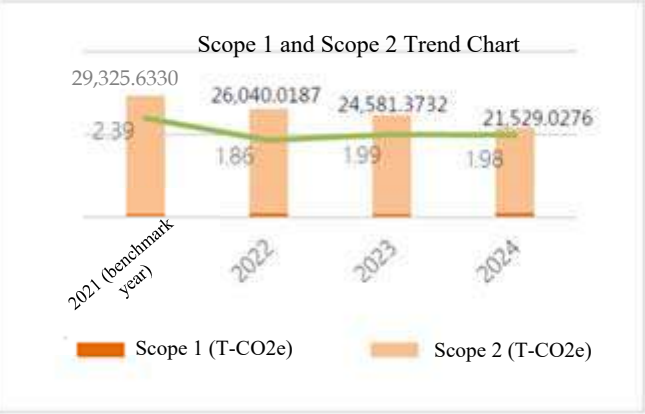
The Linkou headquarters and major global manufacturing sites pass ISO 14064-1 verification annually, and the verification scope is continuously expanded, covering service locations and subsidiaries. By 2026, it is expected that 100% verification of GHG emissions data for all individual companies within the Group and subsidiaries included in the consolidated financial statements will be achieved, further strengthening the company's carbon reduction commitments and sustainable development goals.

Greenhouse Gas Emissions

In 2024 PHIHONG continued to conduct inventory according to the ISO 14064-1:2018 greenhouse gas inventory standard. The results show that the main source of greenhouse gas emissions is Scope 2 purchased electricity, accounting for 82.73% of total emissions. To reduce Scope 2 emissions, PHIHONG introduced ISO 50001:2018 in 2024 to establish energy saving (electricity) targets and improve the energy use efficiency of equipment. Furthermore, we continue to pay attention to green energy issues and actively promote the planning and implementation of solar power generation, striving to reduce greenhouse gas emissions. Compared to the benchmark year (2021), the total Scope 1 and Scope 2 emissions of the group in 2024 have significantly decreased by 26.59%. Compared to the set SBT target (42% reduction by 2030), 63.31% of the emission reduction target has been achieved.

Category 1+2 Greenhouse Gas Emissions (T-CO2e)

Item	2021 (benchmark year)	2022	2023	2024	Compared to the benchmark year
Scope 1	612.6000	906.0500	727.7034	1,058.9241	72.86%
Scope 2	28,713.1000	25,133.9687	23,853.6698	20,470.1035	-28.71%
Total Emissions	29,325.6330	26,040.0187	24,581.3732	21,529.0276	-26.59%
Carbon emission density (T-CO2e / Million NTD Revenue)	2.3873	1.8576	1.9932	1.9755	-17.25%



Note: Note: GWP values for the year 2024 are sourced from IPCC AR6; Regarding the selection of electricity emission factors, the Taiwan area uses the 2023 electricity emission factor of 0.494 ton-CO2e/thousand kWh announced by the Energy Administration, Ministry of Economic Affairs. The Dongguan area uses the national factor of 0.5366 ton-CO2e/thousand kWh from the 2022 electricity carbon dioxide emission factors published by the Ministry of Ecology and Environment of China. Haiphong Phihong uses the 2023 electricity emission factor of 0.6592 ton-CO2e/thousand kWh announced by the Vietnam DCC.

Scope 3 Greenhouse Gas Emissions

Based on the results of its materiality assessment, Phihong has expanded the scope of its Scope 3 inventory. In addition to established inventory items such as waste and energy losses, items like business travel and employee commuting have also been included. In 2024, Scope 3 greenhouse gas emissions increased compared to both the benchmark year and 2023, primarily due to increased emissions from employee commuting and business travel. However, emissions from the use phase of products showed a gradual and significant decrease, reducing by 45.01% compared to the benchmark year. As for greenhouse gas emissions from waste disposal, there was little difference compared to the previous year, representing an 82.47% reduction compared to the benchmark year, but its impact on total emissions is limited due to its small proportion of the overall emissions..

Scope 3 Greenhouse Gas Inventory Results Trend Table (TCO2e)

Category	2022 (benchmark year)	2023	2024	Compared to the benchmark year
Business Travel	76.9520	201.4096	258.5651	236.01%
Employee commuting	656.2741	695.6473	1768.8854	169.53%
Product Use	2127.3591	2053.0052	1169.7863	-45.01%
Waste Removal	91.3654	15.9578	16.0142	-82.47%
Total Emissions	2951.9506	2966.0199	3213.2510	8.85%

Note: 2022 was the first year that categories 3-6 were reviewed, so it is used as the benchmark year

Note 1: Direct emissions (Scope 1, i.e., direct emissions from sources owned or controlled by the company), indirect emissions from energy (Scope 2, i.e., indirect greenhouse gas emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions from company activities that are not indirect emissions from energy and originate from sources owned or controlled by other companies).

Note 2: The coverage of direct emissions and indirect emissions from energy shall be handled according to the schedule set forth in Article 10, Paragraph 2 of these Standards; information on other indirect emissions may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization (ISO) Published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated by revenue (in millions of New Taiwan dollars) should be stated.

1-1-2Greenhouse Gas Assurance Information

Describe the assurance situation in the last two years as of the publication date of the annual report, including the scope of the assurance, the organization of the assurance, the standards for the assurance and the opinion of the assurance.

Verification year	Assurance scope	Assurance organization	Assurance standards	Assurance opinion
2023	Category 1 & Category 2: Reasonable guarantees Category 3-4: Limited guarantees	AFNOR International	ISO 14064 14064- 1: 2018	None
2024	Category 1 & Category 2: Reasonable guarantees Category 3-4: Limited guarantees	AFNOR International (formerly Bellcert of AFNOR Group)	ISO 14064 14064- 1: 2018	Pending certification of Verification Statement

Note 1: It should be handled in accordance with the timetable specified in the order stipulated in Paragraph 2, Article 10 of these Regulations. If the company fails to obtain a complete greenhouse gas assurance opinion by the publication date of the annual report, it should state that "the complete assurance information will be included in the sustainability report". If the company does not prepare a sustainability report, it should indicate that "complete and reliable information will be disclosed in the Public Information Observatory" and disclose complete and reliable information in the next annual report.

Note 2: Confirmed institutions should comply with the relevant requirements for certified institutions on sustainability reports stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange of the Republic of China.
Note 3: The contents of the disclosure can be found in the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

1-2 Greenhouse gas reduction targets, strategies and specific action plans

Describe the benchmark year for greenhouse gas reduction and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

SBTi Science-Based Carbon Reduction Target

Phihong proactively adopted the Science Based Target initiative (SBTi) in 2021 and submitted its carbon reduction commitment. In November 2023, we further followed the SBTi Net-Zero Standard and set a science-based target for carbon reduction: "Reduce absolute greenhouse gas emissions by 42% for Scope 1+2 by 2030, based on 2021; reduce carbon intensity emissions by 51.6% for Scope 3 by 2030, based on 2022." This is in response to the Paris Agreement's commitment to limiting global warming to no more than 1.5°C above pre-industrial levels. This target was approved by SBTi in March 2024.

In terms of carbon reduction achievements, Phihong has reduced its overall emission intensity by 17.25% and carbon emissions by 26.59% in 2024, exceeding the original target. This was achieved through strategies such as significantly increasing the proportion of renewable energy, replacing old air conditioners and chillers, and optimizing product structure. Furthermore, for the mid-to-long-term carbon reduction plan for Scope 3, Phihong is actively promoting the green and low-carbon transformation of its supply chain through three major strategies: sustainable procurement, localized management, and value chain carbon footprint reduction, fully implementing its commitment to sustainable development. This demonstrates Phihong's concern and proactive actions regarding climate change and sustainable goals.

Specific Actions for Energy Conservation to Achieve Carbon Neutrality

In 2024, Phihong actively promoted its energy management system by establishing an energy management team. Through energy monitoring and inventory, energy-saving opportunities are identified, specific energy-saving targets are set, and performance is regularly tracked and reported to ensure continuous optimization and effective implementation of goals. In terms of equipment upgrades, the Linkou headquarters redesigned and replaced its cooling towers with high-efficiency, energy-saving models in 2024 to enhance chiller operating efficiency.

Meanwhile, the solar power generation systems for Phases 1, 2, and 3 of the Dongguan plant site are successfully operating, generating 2.14 million kWh (7.7 million MJ) annually and achieving carbon reductions of 942.25 tCO2e. Furthermore, the Haiphong plant in Vietnam is actively planning a solar power system, which is expected to be operational in the second half of 2025, saving an estimated 1 million kWh (3.6 million MJ) of electricity annually and reducing carbon emissions by 502 tons of CO2e, further promoting the green energy transition and achieving sustainable development goals.

Plant site	Energy saving type	Main implementation projects	Investment amount (Unit: NT$ 10,000)M	Execution status	Expected benefits
Linkou headquarters	Air Conditioning System	Replace inefficient cooling tower (Original 300T updated to 450T)	285	Construction in Q4 2024, formal operation commenced in January 2025.	Expected energy saving of 36,000 kWh/year (129.6 GJ), annual carbon reduction of 17 tCO2e.
Taiwan Dongguan	Air compressor	Air compressor energy-saving retrofit plan.	264	Construction in December 2023, commenced operation in January 2024.	Air compressor electricity usage saved 638,228 kWh compared to 2023, annual carbon reduction reached 28.1 tons CO2e.
	Green Power System	Phase I, II, III plant solar power generation system	Shared Energy Savings Cooperation Model	In operational use	Actual total power generation in 2024 was 2.14 million kWh (7.7 million MJ), achieving an annual carbon reduction of 942.25 tCO2e.
Haiphong plant	Green Power System	Installation of solar power generation	Shared Energy Savings Cooperation Model	Planning in 2024, LOI signing in 2025 Q1 followed by construction, expected to be in use and operating in H2 2025	Expected annual electricity saving of 1 million kWh (3.6 million MJ) compared to traditional equipment, with an annual carbon emission reduction of 502 tCO2e.

Cooling Tower Replacement (Linkou HQ)

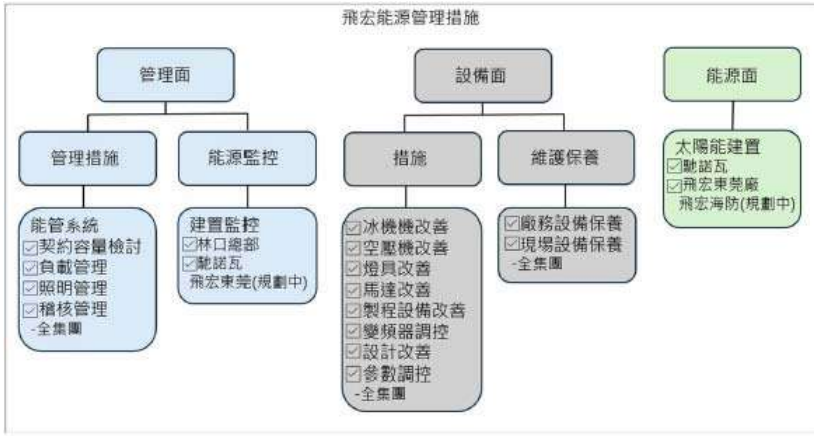
Air Compressor Improvement (Dongguan Dahong)

Solar Panel Power Generation System Installation (Dongguan Phihong)

Energy Saving Actions and Promotion

According to statistics, if energy-saving improvements for electricity, lighting, air conditioning, and office equipment are implemented in buildings, energy consumption can be reduced by approximately 20%.

% To reduce building energy use, Phihong Group continuously promotes power management in office buildings across various sites. Not only does it actively implement energy-saving improvement measures for energy-consuming equipment, but it also enhances employee awareness and builds consensus on energy saving through internal communication and promotion.



Note 1This should be handled according to the schedule stipulated in the order specified in Article 10, Paragraph 2 of these Standards.

Note 2: The benchmark year should be the year in which the inventory is completed based on the consolidated financial reporting boundary. For example, according to the order specified in Article 10, Paragraph 2 of these Standards, companies with capital of NT$10 billion or more should complete the consolidated financial statements for 2024 by 2025. Therefore, the benchmark year is 2024. If the company has completed the inventory of the consolidated financial report in advance, the earlier year can be used as the benchmark year. In addition, the data for the benchmark year can be calculated using a single year or the average of several years.

Note 3: The contents of the disclosure can be found in the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.