

**PHISON**

**2022**

**Corporate Sustainability Report Highlights**



# Responding to UN SDGs



SDGs	SDGs Targets	Phison's Performance	Corresponding Chapters/Sections
	4.4 4.5	<ul style="list-style-type: none"> <li>Provided scholarships for underprivileged students and sponsored industry-academic cooperation, schooling, and student activities to improve education quality and support students' self-development.</li> <li>Supported S-Girl, Taiwan's first educational movie on popular science (specifically AI) filmed especially for teenagers, by purchasing movie tickets and donating them to family support centers in Hsinchu and Miaoli.</li> </ul>	CH8 Social Participation
	8.2 8.3 8.8	<ul style="list-style-type: none"> <li>Recorded an annual operating revenue of NT\$60.256 billion in 2022, the second highest record.</li> <li>Achieved a staff growth rate of 22% in 2022 due to operational scale-up; established an R&amp;D base in Tainan, and will do so in Kaohsiung, to expand our R&amp;D deployment.</li> <li>Conducts a salary structure adjustment every year in response to the rising salary standard on the market; in 2022, employee's salary increased by an average of 15~18%, mainly contributed by the increment due to salary structure adjustment, attesting to our practical feedback to employees' hard work.</li> <li>Maintained the ISO 45001-Occupational safety and health management system; promoted the maternity protection program; hosted diversified health-promoting activities to build a healthy workplace.</li> <li>The median salary for full-time employees in non-managerial positions is NTD1,894,000 and the average salary is 2,108,000.</li> </ul>	CH3 Sustainable Governance  CH7 Employee Care
	9.4	<ul style="list-style-type: none"> <li>In 2022, annual R&amp;D expenses topped NT\$8.1 billion, or 14% of total operating revenue; total global patents obtained reached 1,882; in terms of patent quality, the Company's patent approval rate reached 90% or higher.</li> <li>Taking the critical product lines under R&amp;D as an example, the power performance ratio of the PS5021chip, the best performing product in 2022, reduced by 37% compared with its baseline product.</li> </ul>	CH4 Innovation & Service
	12.2 12.5	<ul style="list-style-type: none"> <li>Constantly optimized the product performance early on at the design stage to develop more energy-saving and more compact products, thereby helping end users reduce their greenhouse gas emissions and waste generation.</li> <li>Prioritized the use of recyclable materials when designing product packaging for customers; adopted a simplified and light-weight packaging strategy to reduce the amount of waste generation at the back end.</li> <li>Implemented green product management procedures to ensure that the products met domestic and foreign legal requirements and customers' requirements for restriction of hazardous substances; gradually improved products' green attributes to reduce the impact of product-related activities on health and environment.</li> </ul>	CH4 Innovation & Service  CH6 Environmental Protection
	13.1 13.3	<ul style="list-style-type: none"> <li>Voluntarily inventories carbon emissions every year; signed the RE 10x10 Climate Declaration, and thereby committed to the goal of "transitioning at least 10% of total energy consumption to green electricity by 2025".</li> <li>Promoted energy-conservation programs and continued maintenance and upgrade of factory equipment to improve the resources and energy usage efficiency; Collaborated with downstream transportation companies on a carbon neutral project to reduce Scope 3 carbon emissions.</li> <li>Opted for the "nature-based solution (NBS)" by continuing the coastal reforestation long-term plan, and collaborated with Luodong Forest District Office on afforestation of 2.5 hectares of land and plantation of a total of 5,750 trees.</li> </ul>	CH6 Environmental Protection  CH8 Social Participation
	17.16	<ul style="list-style-type: none"> <li>Donated a research fund to relevant industry associations and academic research foundations.</li> <li>Donated computer equipment to the police station and the fire brigade for them to improve service quality and work efficiency.</li> </ul>	CH8 Social Participation



# Sustainable Governance

10

Number of Board meetings held

98.84%

Average attendance rate of directors

22%

Proportion of female directors

Top 5%

Ranked among the top 5% TPEX-listed companies in the corporate governance evaluation of Taiwan Stock Exchange

28

Number of participations in investor conferences

60.256 billion

Operating revenue reached NTD60.256 billion, the second highest record

100%

Completion rate of employees signed a consent letter, agreeing to abide by the "Code of Business Practices and Ethics"

Became the first-ever IC design company in Taiwan and successfully obtained the **RBA VAP silver certificate**

Became of member of the **S&P Global Sustainability Yearbook 2023**



# Innovation & Service

**8.1 billion**

Annual R&D expenses(NT\$)

**1,882**

Accumulated patents worldwide in 2022

**92nd**

Ranking of the Taiwan's top 100 invention patent applications list

**77nd**

Ranking of the Taiwan's top 100 invention patent grants list

**8.12 points**

Annual customer satisfaction score

Received the 2023

**“Taiwan Excellence Award”**

PCIe 4.0 SSD **passed NASA’s space certification** and was ready for use in moon-landing mission

PCIe 4.0 SSD E21T helped a partner customer in **acquiring a full-score recommendation** from a test and evaluation website

PCIe 5.0 SSD E26 assisted a brand customer in **receiving the 2023 CES Best SSD award**



# Responsible Supply Chain

**100%**

Completion rate of sustainable risk assessment on tier 1 suppliers who meet the transaction criteria

**100%**

Completion rate of critical suppliers have signed the "Supplier Code of Conduct"

**100%**

Completion rate of tier 1 suppliers have signed the "Supplier Code of Conduct"

**31**

Performed RBA audits on 31 critical suppliers

**100%**

Passing rate of RBA audit

**98.7%**

Ratio of quality suppliers

**113.53million**

Amount of green procurement(NT\$)



# Environmental Protection

## Joined the RE 10x10 Enterprise Initiative Program

Committed to the goal of "transitioning at least 10% of total energy consumption to renewable electricity by 2025"

20%

Expect to purchase renewable energy in the amount equal to 20% or more of total electricity consumption by 2030

## ISO 14064-1

Being certified against ISO 14064-1 Greenhouse Gas by a third party

1

Held 1 environmental education lecture

3

Initiated 3 energy-saving programs, which are expected to save 133,962 kWh of electricity and 3,553 cubic meters of water, which is equivalent to a reduction of 68,759 Kg of CO<sub>2</sub>e

37%

Taking the critical product lines under R&D as an example, the power performance ratio of the PS5021 chip, the best performing product in 2022, reduced by 37% compared with its baseline product

## 544.2 metric tons of CO<sub>2</sub>e

Collaborated with UPS on a carbon neutral project to reduce carbon emissions at the logistics back end. A total of 544.2 metric tons of CO<sub>2</sub>e were removed from the atmosphere under this project in 2022

Progressed from **C to B-** in the rating based on the CDP climate change questionnaire. Progressed from **B- to B** in the rating based on the water security questionnaire



# Employee Care

**1.894 million**

The median salary for full-time employees in non-managerial positions(NT\$)

**2.108 million**

The average salary for full-time employees in non-managerial positions(NT\$)

**2.431 million**

The average benefits expenses per employee(NT\$)

**28.6 hours**

The average training hours per employee, up 34.1% from last year

**93.9 points**

Satisfaction score of training courses

**998**

The number of people using Employee Assistance Programs consultation service

**5.8 points**

Satisfaction score of Employee Assistance Programs (with 6 being the full score)

**ISO 45001**

Continue to obtain the certification of ISO 45001 Occupational health and safety management systems

Officially announced its intension to join the

**“TALENT, in Taiwan”**, a Taiwanese talent sustainability action alliance, and jointly proposed the initiative that “enterprises take hold of talents and export future skills to universities”



# Social Participation

**9.878 million**

The amount of charity donation  
(including donations of funds and  
resources) (NT\$)

**300**

Volunteer service hours

**2**

The number of charity sales held

**2,000 trees**

Cumulatively planted a total of 2,000 trees as the "Coastal Forest Restoration Long-term Plan" entered the second year

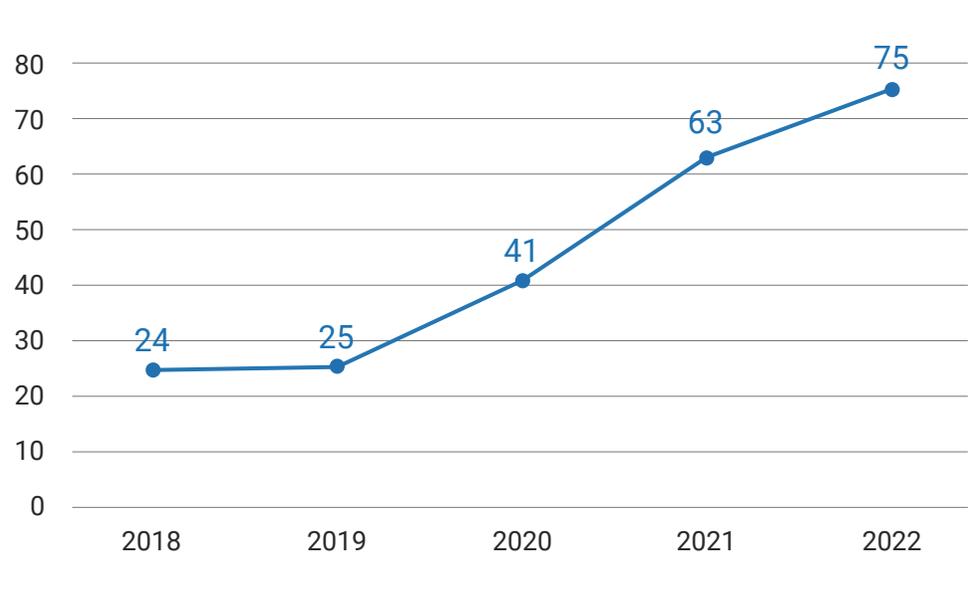
**3,750 trees**

Collaborated with Luodong Forest District Office on afforestation of 2.5 hectares of land and plantation of a total of 3,750 tanoaks, arishan oaks, and Mori oaks

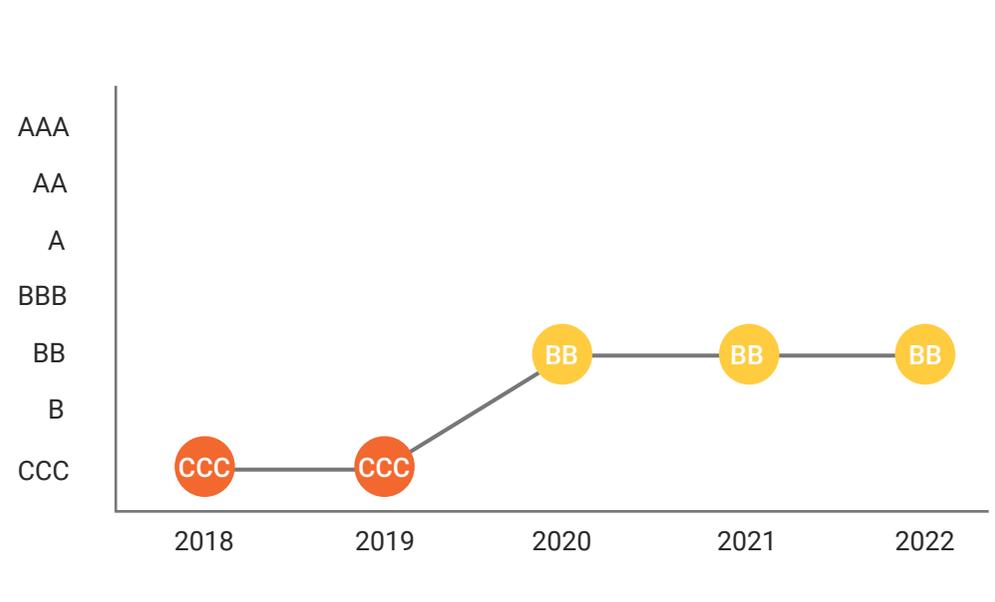
**2**

Continued the five-year supported program "Fun to Go to Schools" and hold 2 sessions in 2022

### Appendix I DJSI Score



### Appendix II MSCI Grade



### Appendix III Sustainalytics Risk Rating

Year	2021	2022
Risk Rating Score	32.7	21.7
Risk Rating	High Risk	Medium Risk

### Appendix IV Corporate Governance Evaluation Result

Year	2018	2019	2020	2021	2022
Score	68.23	64.31	80.56	88.21	96.49
OTC company ranking	21%~35%	21%~35%	6%~20%	6%~20%	Top 5%
Electronics industry with a market value above NT\$10 Billion	61%~100%	61%~100%	21%~40%	21%~40%	21%~40%