

**PHISON**

# Phison Electronics 2024 ESG Report

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## About this Report

The report centers on corporate sustainability strategies, structured around dimensions such as governance, innovation, responsible supply chain, environmental protection, employee care, and social welfare, disclosing Phison Electronics' perspectives and responses to material issues in its sustainable development process.

### Reporting Period

The Corporate Sustainable Development Committee at Phison Electronics compiles and publishes a report of the Company's non-financial information each year. The committee published the "2024 ESG Report" (referred to as "the Report" hereinafter) in July 2025, with Chinese and English versions posted under the ESG Section of our website for stakeholders to peruse. The Report covers the Company's economic, social, and environmental performance, as well as management approaches and action plans with respect to the material topics between January 1 and December 31, 2024.

### Reporting Scope

The Company's consolidated financial statements include PHISON and the following subsidiaries: Lian Xu Dong Investment Corporation, Phison Electronics Japan Corp., Emtops Electronics Corp., Phisontech Electronics Taiwan Corp., Global Flash Limited, Power Flash (Samoa) Limited, Regis Investment (Samoa) Limited, Nextorage Corporation, Phison Technology India Private Limited, Great Storage Investment Corporation, Core Storage Electronic(Samoa) Limited, OSTEK Corporation, Power Flash (HK) Limited, Power Storage Technology (Shenzhen) Limited, Power Storage Electronics Limited, RealYou Investment Limited, Hefei Ruhan Electronic Technology Limited, Phison Technology Inc. , Super Storage Technology Corporation and Maistorage Technology Sdn. Bhd.

Considering operational significance, organizational boundaries set out in the chapter of this Report concerning economic performance are set according to the principles for consolidated reports. The reporting scope of all the other chapters covers all operating locations of Phison Electronics in Taiwan. The operating locations of Phison Electronics' Taiwan include Phison Electronics Headquarters, Phison Electronics Hsinchu, Taipei, Tainan offices, and the Keyi plant (which ceased operations in May 2024).

### Reporting Basis

This Report, which is compiled by adhering to the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, the core options of GRI Standards 2021 published by the Global Reporting Initiatives (GRI) - the GRI sector-specific standards for the semiconductor industry has yet to be published -, the Semiconductors Sustainability Accounting Standard 2023 published by the Sustainability Accounting Standards Board (SASB), and the reporting framework developed by the Task Force on Climate-related Financial Disclosures (TCFD), has been attested by DQS Holding GmbH against AA1000 Assurance Standard v3 Type II moderate level, GRI Standards 2021, and SASB Standards. The Company's financial information was audited by KPMG. All financial information in the Report is disclosed in NT\$, and all statistics are calculated based on indicators used internationally.

### Report Compilation and Approval Procedures

Data in this Report were provided by each department, compiled by the task forces under the Corporate Sustainable Development Committee set up under the Board of Directors, confirmed by each department, and then issued after being submitted by the Corporate Sustainable Development Committee and approved by the Board of Directors.

### Contact Information

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- ▶ Website: Official website home page > ESG
- ▶ Latest Version: Published July 2025
- ▶ Previous Version: Published July 2024
- ▶ Next Version: July 2026
- ▶ The sustainability report publication cycle is consistent with financial reports, and there were no information restatements this year.



## A Message from the CEO

In 2024, the global economic environment was marked by numerous variables, especially in the second half of the year, when consumer market demand slowed, bringing challenges to industry development. However, Phison, with its strong technological research and development capabilities and diversified product portfolio, successfully maintained a competitive advantage amid market fluctuations, delivering strong results that outperformed industry peers. Our NAND storage solutions continue to gain market recognition in application areas such as PCs, servers, gaming, and industrial control, demonstrating Phison's steady growth momentum and further consolidating our leadership position in the global storage industry. Looking ahead to 2025, Phison will continue to progress technological innovation, launching a full range of PCIe 5.0 SSD storage solutions at the Consumer Electronics Show (CES) in the United States, providing higher performance, low-latency solutions to meet the high-speed storage needs of PC OEM, server, gaming, and AI markets, further expanding the Company's market share. Particularly in the enterprise market, Phison will continue to strengthen enterprise-level SSD solutions, introducing higher performance, high durability PCIe Gen5 and Gen4 SSDs, comprehensively optimizing storage performance for servers, cloud computing, and data centers. Furthermore, Phison will further expand its UFS product line, providing higher performance and low power solutions to meet the growing storage demands of smartphones, automotive applications, and IoT devices. In addition, Phison's on-device AI model fine-tuning solution, aiDAPTIV+, echoes the on-device inference strategy for machine equipment proposed by NVIDIA founder Jensen Huang in his CES speech. By integrating Phison's aiDAPTIV+ solution with NVIDIA's on-device AI inference equipment, this will help accelerate the application of AI technology across various industries, enabling the comprehensive implementation of AI, and driving intelligent industrial upgrades. Looking to the future, Phison will continue to uphold the core values of technological innovation, strengthen product competitiveness, and meet the ever-changing demands of the global market. We will work hand in hand with our partners to promote industrial development, creating higher value for global users through increasingly outstanding storage and AI solutions.

As climate change becomes an even more crucial issue, changes in regulations, value chains and product trends increasingly affect the development of corporate development blueprints. Climate disasters also cause enormous financial impacts on enterprises. Phison obtained ISO 50001 energy management system certification this year, actively implementing energy conservation and carbon reduction to contribute to climate mitigation, while also maximizing organizational climate resilience to adapt to the impacts of climate change. In addition to continuously optimizing product performance help reduce end users' carbon emissions, Phison will also fulfill its renewable energy commitment by raising its consumption of renewable energy to at least 10% of its total electricity consumption by 2025, and by purchasing an amount of renewable electricity equal to 20% of its total electricity consumption by 2030. In addition, Phison fills out the Carbon Disclosure Project (CDP) climate change questionnaire and water security questionnaire every year, striving to allow stakeholders from all walks of life to obtain more transparent information.

Good work environment, compensation, and benefits is the way to build long-term development with employees. Phison assesses feasibility based on employee suggestions collected through different platforms and then launches improvement projects while maintaining clear and effective labor-management communication channels, creating an inclusive, friendly, and healthy workplace so as to enhance employees' recognition for the Company. At the same time, as the organization scales up, so does the number of employees. In this year, to improve organizational performance, Phison continued to launch the "Manpower Efficiency Improvement Projects", hoping such training will enhance superiors' ability to foster subordinates and plan career development for subordinates, thereby improving colleagues' work skills. In terms of social welfare, Phison is committed to giving back to local communities, and in recent years has prioritized on deepening its social impact. The Fun to Go to Schools and Coastal Forest Restoration Long-term Program charitable projects have successfully operated for four years, while the Shennong Farming Project, implemented in partnership with the Lovely Taiwan Foundation, has entered its second year, aiming to nurture elementary school students' identification with and pride in their hometowns. In 2024, the Company donated more than NT\$13 million worth of supplies and funds, practicing the ideal of "Take from society, give back to society" and joining hands with partners of different trades to create sustainable value.

K.S. Pua

## 2024 Performance Highlights



- ▶ Held 8 Board meetings with an average Director attendance rate of 95.59%.
- ▶ Ranked among the 6%-20% TPEX-listed companies in the corporate governance evaluation of Taiwan Stock Exchange.
- ▶ Became of member of the Dow Jones S&P Global Sustainability Yearbook 2025.
- ▶ Exclusive patented AI solution aiDAPTIV+ was awarded the 2025 Taiwan Excellence Silver Award.
- ▶ Became the world's first independent NAND controller chip supplier to obtain ISO/SAE 21434 automotive certification.
- ▶ Established "Supply Chain Information Security Management Guidelines," conducted assessments on 27 major suppliers using the "Information Security Risk Assessment Form," while performing on-site audits for 3 of these suppliers.
- ▶ Scored 8.46 points in the annual customer survey, with the rate of "Satisfactory" reaching 88.33%.



- ▶ Phase V facility obtained ISO 50001 energy management system certification.
- ▶ Being rated B- in the CDP climate change questionnaire and water security questionnaire.
- ▶ Purchased 1,982,601 kWh of renewable energy, with plans to increase renewable energy purchases to 20% of total electricity consumption by 2030.
- ▶ Newly launched SSD and UFS products achieved 50% improvement in Chip Power Efficiency Ratio compared to baseline products.
- ▶ The "Coastal Forest Restoration Long-term Program" has entered its fourth year, and a total of 4,000 tree (such as yellow hibiscus, screw-pine, and casuarina) that are resistant to wind, sand, water and salt have been planted on the adopted coastal land.



- ▶ Received the Health Promotion Badge - Accredited Healthy Workplace from the Health Promotion Administration of the MOEA.
- ▶ The training included a total of 512 courses costing a total of NT\$4.08 million, with a satisfaction with the courses being 95.27 points on average.
- ▶ A total of 3 health screenings and 12 health seminars were held, with 1,025 people participating in the health promotion activities.
- ▶ In Employee Assistance Programs (EAPs) in the year offered consultation service to a total of 5,935 persons. The annual average score of user satisfaction is 5.8 points (out of 6 points).
- ▶ After an earnings call, the Company offered 4 sessions of employee briefings at which CEO of the Company brief employees on the operating status and goals in the future, thereby enhancing employees cohesion.
- ▶ Contributed a total of NT\$13,292,320 (including donations of funds and resources) towards charitable causes, with 930 volunteer hours cumulatively in 2024.

## Sustainability Management Indicators

Type of Sustainability Topic	Key Performance Indicator	Targets in 2024	Actual Performance in 2024	Progress	Targets in 2026	Targets in 2028
<b>Talent Attraction &amp; Retention</b>	▶ Employee retention rate	≥90%	93.98%	Achieved	≥90%	≥90%
	▶ Talent recruitment rate <sup>1</sup>	≥10 times	25 times	Achieved	≥10 times	≥10 times
<b>Talent Development and Training</b>	▶ Score of satisfaction with training courses	≥92 points	95.27 points	Achieved	≥94 points	≥94 points
	▶ Average number of hours of management courses taken by the supervisors	≥10 hours	11.12 hours	Achieved	≥10 hours	≥10 hours
<b>Occupational Safety and Health</b>	▶ Sessions of health promoting activity	7 sessions	14 sessions	Achieved	≥8 sessions	≥8 sessions
	▶ Participation rate for health promoting activities	≥33%	57.55%	Achieved	≥35%	≥40%
	▶ Health promotion effectiveness	≥55%	62.65%	Achieved	≥60%	≥60%
	▶ Employee Assistance Programs (EAPs) usage satisfaction	≥5.8 points(out of 6)	5.8 points	Achieved	≥5.8 points (out of 6)	≥5.8 points (out of 6)
<b>Environmental Protection</b>	▶ Water consumption per person	Decreased by 9% compared to 2018	Decreased by 60% compared to 2018	Achieved	Decreased by 11% compared to 2018	Decreased by 13% compared to 2018
	▶ Waste generation intensity (amount of waste produced per million dollars of revenue)	No target set <sup>2</sup>	0.0076 tons/million revenue	N/A	≤0. 0075 tons/million revenue	≤0. 0073 tons/million revenue
	▶ GHG emissions intensity (GHG emissions per million dollars of revenue)	≤0.320 tons/million revenue	0.285 tons/million revenue	Achieved	≤0. 319 tons/million revenue	≤0.317 tons/million revenue
	▶ Percentage of renewable energy used	≥3%	5.56%	Achieved	No less than 10% of total electricity consumption	No less than 10% of total electricity consumption
<b>Supply Chain Management</b>	▶ According to the transaction criteria set forth by the Production Management Dept. and Procurement Dept., suppliers' completion ratio of the "Sustainability Risk Assessment Questionnaire"	100%	100%	Achieved	Maintain at 100%	Maintain at 100%
	▶ Percentage of critical suppliers audited by Phison's RBA professionals against the RBA standard	≥90%	100%	Achieved	An audit rate of 100%	Maintain audit rate of 100%
	▶ Percentage of critical suppliers having received a RBA audit and made an improvement	≥90%	79.73%	Failed <sup>3</sup>	An improvement rate of 100%	Maintain the improvement rate of 100%
	▶ Percentage of suppliers having signed the "Supplier Code of Conduct" <sup>4</sup>	100%	100%	Achieved	Signing rate maintained at 100%	Signing rate maintained at 100%
<b>Social Welfare</b>	▶ Charitable event sessions with the participation of Phison volunteers	Reach 3 sessions	5 sessions	Achieved	4 sessions	4 sessions
	▶ Cumulative number of trees planted	4,500	11,590	Achieved	8,000	10,000

<sup>1</sup> The formula for calculating the talent recruitment rate is the number of applicants / the number of recruits.

<sup>2</sup> In 2024, as Phase V facility has just received approval for its waste disposal plan, waste generation is estimated to exceed the significance threshold (3%) for changes from the baseline year. Therefore, no waste reduction target has been set for 2024. New waste reduction baseline and targets will be re-established in 2025.

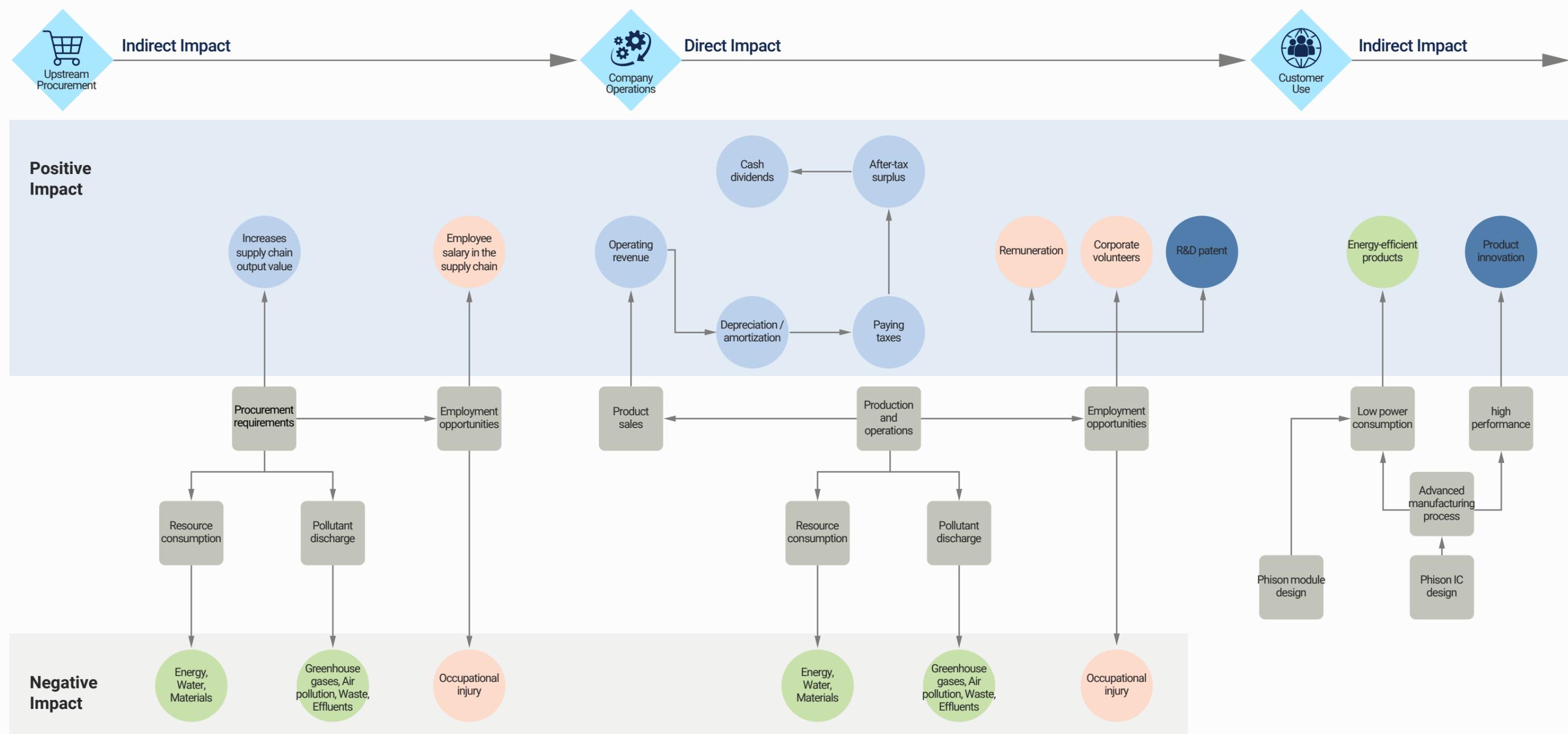
<sup>3</sup> This year, due to an increase in audit criteria items, most small-scale suppliers were unable to immediately improve audit deficiencies, resulting in an improvement rate that did not meet targets. We will continue to provide guidance for improvement in the future.

<sup>4</sup> Suppliers required to sign are those with an annual transaction amount of more than 1 million and more than 12 purchases per year, excluding spot and test board manufacturers.

# Sustainable Impact Strategy Map

The Company lists the positive (benefit) and negative (cost) impacts on the economy, environment and society from upstream procurement, company operations to customer use stages as an overall framework for internal management of ESG issues, and hopes to minimize the negative impact of operations on the economy, environment and society in the value chain.

■ Operational Input/ Output → Causal Relationship



Investors: Create dividends and returns to investors

Suppliers/ Subcontractors: Promote the common growth of supply chain output value

Government: Generate tax revenue to promote social development

Customers: Help customers realize product application and innovation

Society: Provide resources to support local development and strengthen social resilience

Employees: Create job opportunities and employee benefit

# 1. About Phison

## 1.1 Company Profile

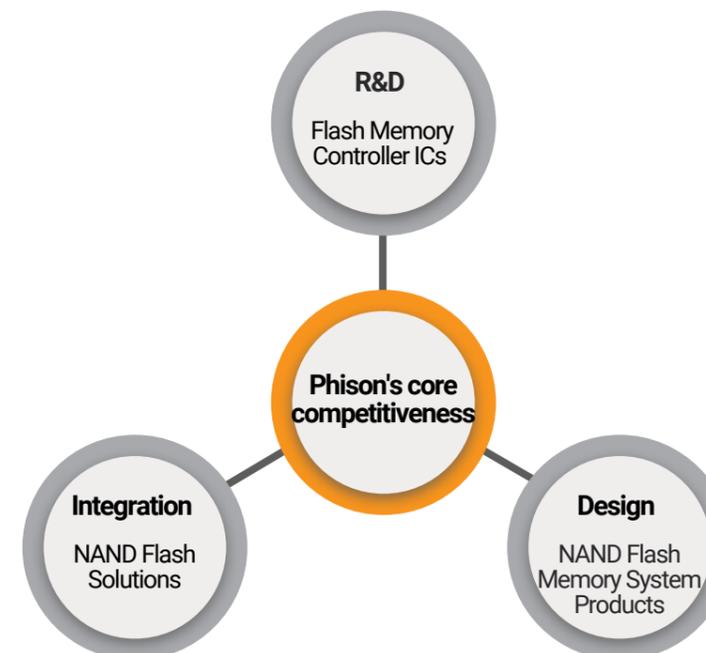
<b>Location of headquarter</b>	▶ No.1, Qunyi Rd., Zhunan Township, Miaoli County
<b>Date of establishment</b>	▶ November 8, 2000
<b>Chairman</b>	▶ Wee Kuan Gan
<b>Capita</b>	▶ NT\$2,058,178 thousand
<b>Number of employees</b>	▶ 4,797
<b>Output</b>	▶ 102,166 thousand units of NAND Flash Memory Module Product ▶ 82,541 thousand units of ICs ▶ 330,902 thousand units of controller ICs
<b>Business category</b>	▶ Semiconductor industry
<b>Stock Code</b>	▶ 8299



### 1.1.1 Business Philosophy and Development Strategies

Upholding its business philosophy of "integrity, sharing, efficiency, and innovation", the Company has specialized in the development and design of NAND Flash Memory controller ICs. Starting from the world's first system-on-a-chip (SoC) USB flash drive controller and world's first USB PenDrive, Phison has continued to develop its core technologies and expand NAND storage solutions, becoming the most complete and advanced NAND storage solution provider around the world. Since the Company's start in the consumer market, its business now covers AIoT, embedded systems, automotive, edge computing, e-gaming, embedded ODM, servers, and all high-end NAND application markets, delivering a full range of NAND storage solutions with highly flexible and customized services to customers.

In 2024, despite facing challenges from a weak global consumer market, the Company has still delivered outstanding results in the industry through strong technical capabilities and diversified product portfolio. Storage solutions across major application fields continue to receive market recognition, demonstrating flexibility and market competitiveness. Looking ahead to 2025, the Company will introduce a full range of PCIe 5.0 SSD storage solutions at the Consumer Electronics Show (CES) in the United States. These innovative cutting-edge storage solutions will help expand our market share in PC OEM, server, gaming, and AI sectors.



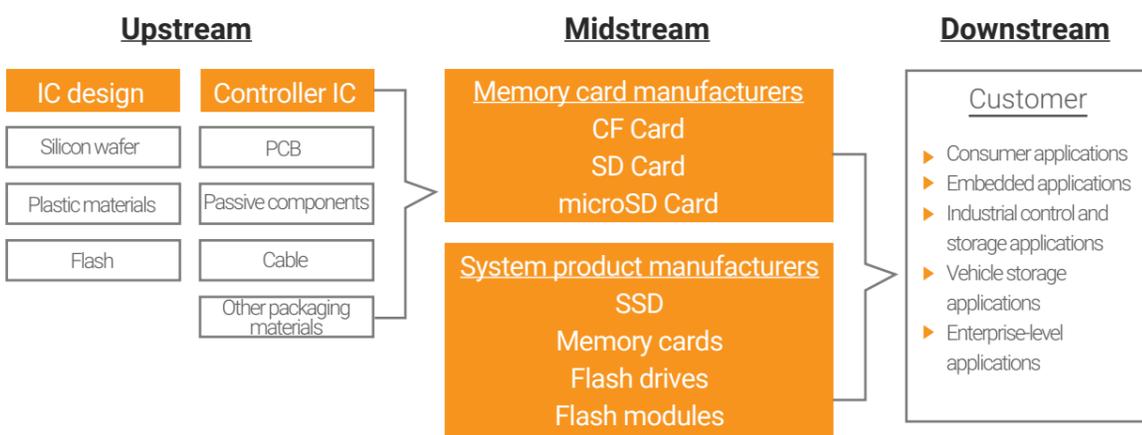
## 1.2 Primary Products and Sales Regions

### 1.2.1 Core Products

The Company's main business is the research, development, and sales of NAND applications such as NAND controller chips and NAND storage module solutions, thus belonging to both upstream and midstream sectors of the value chain (as shown in the orange sections in the figure below). Therefore, it belongs to the upstream and midstream of the value chain. There was no significant change in the value chain this year. The Company's primary products include USB flash drives, SD/microSD memory cards, eMMC, PATA / SATA / PCIe SSD and UFS and other NAND controllers. The applications include consumer applications, embedded applications, industrial control and storage applications, vehicle storage applications and enterprise-level applications.

Note: The core of Phison Electronics' operations is the design, development and sales of flash memory controller ICs and flash memory module products. All IC product manufacturing is commissioned to semiconductor foundries for production, packaging and testing; the manufacturing of module products is commissioned to module OEMs for production and assembly, so there are no self-made products.

### Relationship Diagram of the Up-, Mid- and Down- streams of the Value Chain



### 1.2.1 Operation Distribution

The Company has established its headquarters in Miaoli, Taiwan, and has set up subsidiaries and technical service centers in the United States, Japan, India, Malaysia, and China to facilitate cross-national strategic cooperation, establish closer partnerships with business partners in various countries, and provide the most timely technical support for local customers, deepening mutual partnership relationships.

### Operation Distribution of Phison Electronics

<b>Headquarters</b>	▶ Miaoli, Taiwan
<b>Technological service location</b>	▶ Taiwan: Hsinchu/Taipei/ Tainan ▶ US: San Jose/Boise ▶ China: Shenzhen ▶ Japan: Tokyo ▶ India: Hyderabad ▶ Malaysia: Selangor
<b>Sale center</b>	▶ Japan Kawasaki
<b>Service location</b>	▶ Japan/US

### Distribution of Major Sales Regions

Region	Taiwan	Asia (excluding Taiwan)	Americas	Europe	Australia	Other	Total
Percentage (%)	26.33	51.92	19.32	2.25	0.07	0.11	100

### 1.3 Participation in External Organizations

The Company actively participates in relevant industry organizations to interact with others in the industry, discuss trends, and get a grasp of world trends. As of 2024, the Company has participated in 17 industrial organizations.

Serial no.	Name of organization	Year joined	Form of participation
1	PCI-SIG	2004 - present	Member
2	USB Implementers Forum	2004 - present	Member
3	Open NAND Flash Interface Task Force	2006 - present	Board member
4	Non-Volatile Memory Host Controller Interface	2007 - present	Contributor
5	JEDEC Solid State Technology Association	2007 - present	Member
6	Solid State Drive Alliance	2008 - present	Board member
7	SD Card Association	2009 - present	Board member
8	Taiwan Semiconductor Industry Association (TSIA)	2009 - present	Member
9	Universal Flash Storage Association	2010 - present	Board member
10	CompactFlash Association (CFA)	2010 - present	Executive committee member
11	Mobile Industry Process Interface Alliance	2012 - present	Member
12	UNH-IOL	2014 - present	Member
13	Intelligent Terminal Memory Association (ITMA)	2020 - present	Board member
14	MIH EV Open Platform	2020 - present	Member
15	Storage Networking Industry Association (SNIA)	2020 - present	Member
16	Open Compute Project (OCP)	2021 - present	Member
17	CXL Consortium	2022 - present	Contributor

## 2. Stakeholder Engagement

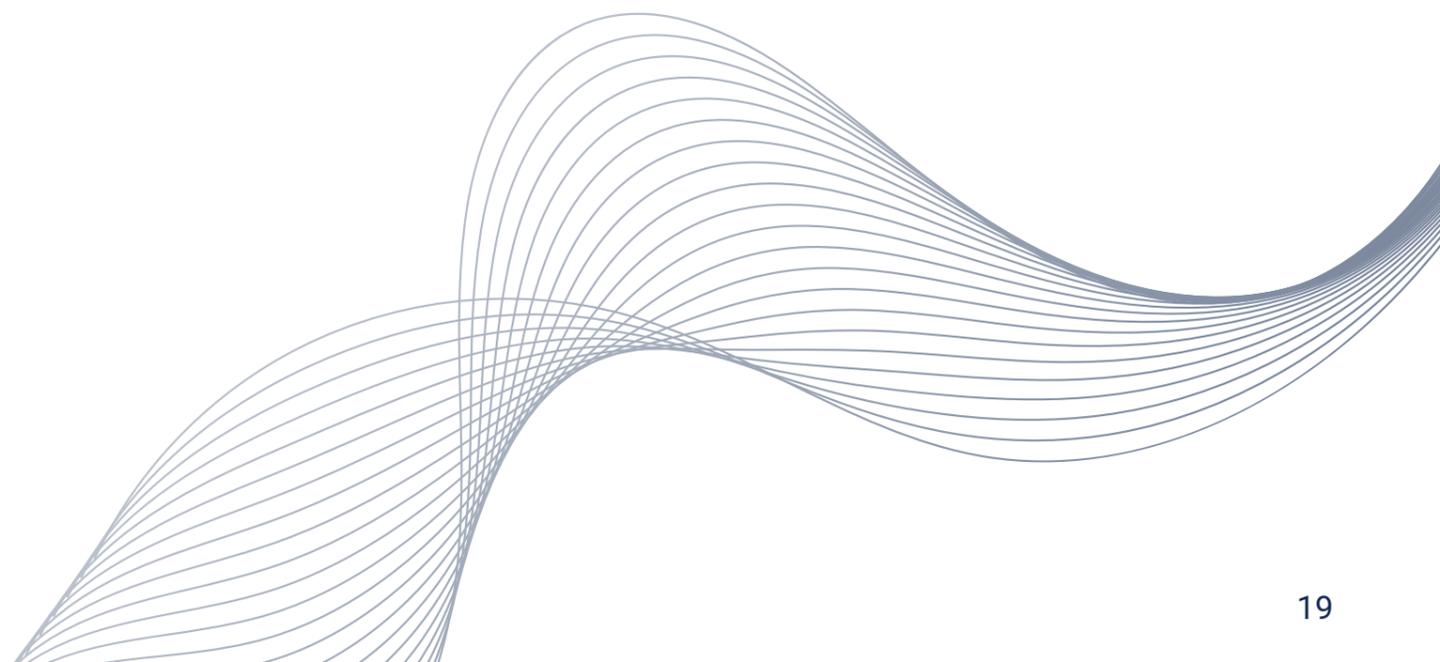
### 2.1 Material Topics Identification Procedures

The Company cares about shareholders' voices and is committed to integrating shareholder feedback into its decision-making procedures through more timely and transparent communication channels in order to respond to social expectations and fulfill our corporate social responsibilities. The Company follows AA 1000 Stakeholder Engagements Standard (AA1000 SES) and looks to domestic and foreign sustainable development trends. Following the four steps of identification, stakeholder engagement, analysis, and confirmation, the Company identified 6 major stakeholders and, based on GRI Standards, 7 major themes by analyzing how much main stakeholders pay attention to economic, social, and environmental issues, the level of impact that the Company's operations has on the economy, society, and the environment, and the impact scale, scope, and probability of each theme. The Company's management policies shall be disclosed below in the corresponding chapters.



### Phison Electronics Materiality Analysis Results

● Environmental Topics ● Social Topics ● Governance and Economic Topics

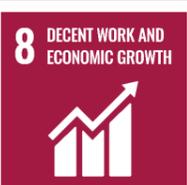
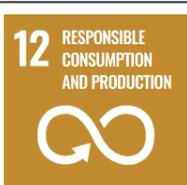


Negative Impacts (Consider Scale, Scope, Probability)	Sustainability Topics	Positive Impacts (Consider Scale, Scope, Probability)
	<b>Economic Performance</b>	Improvement of Operational Performance
Improper Risk Management	<b>Risk Management</b>	Fostering a Risk Awareness Culture
	<b>Talent Attraction and Retention</b>	Promotion of Workplace Benefits
	<b>Innovation Management</b>	Competitive Position and Sources of Competitive Advantage in the Industry
	<b>Green Products</b>	Research and Investment in Energy-Saving Products
	<b>Talent Development and Training</b>	Continuous Improvement of Human Resource Quality
Improper Supply Chain Management	<b>Supply Chain Management</b>	Enhancement of Supplier ESG Awareness and Management Practices
Damage to Customer Rights	<b>Customer satisfaction</b>	Enhancement of Customer Service Experience
Workplace Illegal Harassment	<b>Diverse and Inclusive Workplace</b>	Promotion of Workplace Gender Equality and Diversity
Improper Greenhouse Gas Management	<b>Climate Change</b>	Climate Action
Loss of Stakeholder Trust	<b>Ethical Corporate Management</b>	
Leakage of Privacy/Confidential Information	<b>Information security</b>	
Geopolitical Risks to Company Investment and Operations	<b>Geopolitical</b>	
Improper Management of Conflict Minerals	<b>Conflict Minerals</b>	
Violation/Failure to Protect Labor Rights	<b>Human Rights</b>	
Causing Ecological Impact on Operations	<b>Biodiversity</b>	
Improper Handling of Waste/Hazardous Substances	<b>Waste and Hazardous Substances Management</b>	
Improper Management of Occupational Safety and Health	<b>Occupational Safety and Health</b>	
Cost of Compliance	<b>Compliance</b>	
	<b>Social welfare</b>	Charity and Public Welfare

## 2.2 Communication with Stakeholders

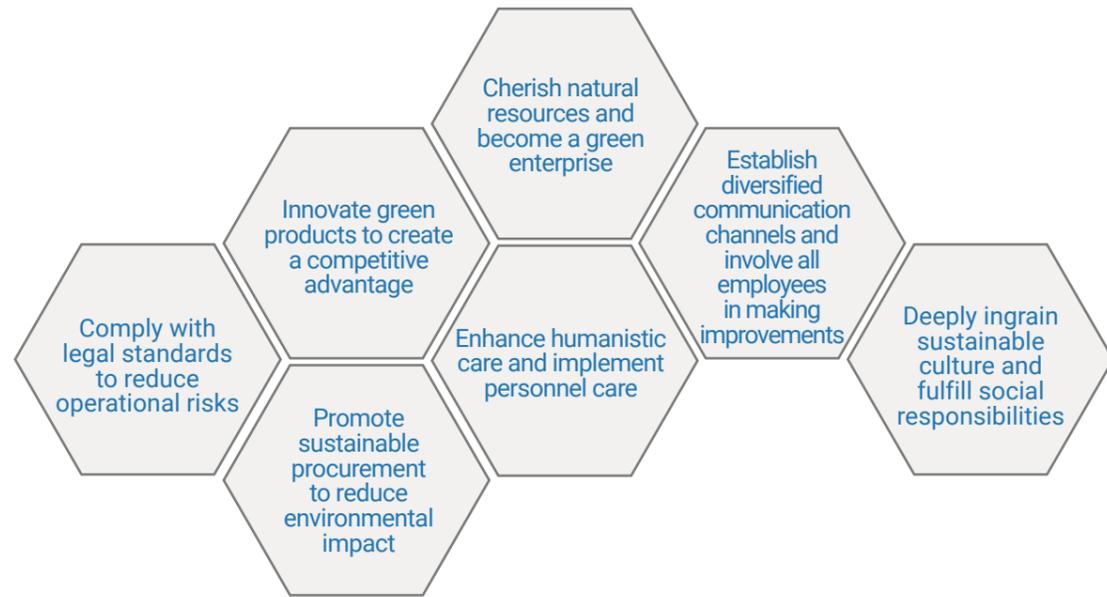
Stakeholders	Issues concerned	Communication channel & frequency	Key achievements in 2024	Chapter
<b>Customer</b>	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Customer Relationship</li> <li>Supply Chain Management</li> <li>Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>Telephone/Email (daily)</li> <li>Customer Satisfaction Survey (on an annual basis)</li> <li>Hotline (any time)</li> <li>Business review/Technical review (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>Fill out 11 RBA/CSR questionnaires</li> <li>Customer Satisfaction Survey 8.46/10</li> <li>No complaints for privacy violation or data loss in 2024</li> </ul>	3.3 Ethical Corporate Management 4.3 Customer Relationship Management 5. Responsible Supply Chain 6.1 Climate Strategy
<b>Employees</b>	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Economic Performance</li> <li>Labor-Management Relation</li> <li>Talent Development</li> </ul>	<ul style="list-style-type: none"> <li>Employee-employer meeting (quarterly/as needed)</li> <li>New employee symposium (semi-annually)</li> <li>Employee suggestion box (any time)</li> <li>Employee symposium (as needed)</li> <li>Employee opinion survey (execute as necessary)</li> <li>Company Journal (on an annual basis)</li> <li>Email announcement (any time)</li> <li>Social media (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>4 Labor-Management Committee meetings</li> <li>4 new employee suggestion survey and 4 new employee forum</li> <li>Held 4 employee conferences after the investor conference to inform employees of the Company's operations</li> <li>Conducted an employee opinion survey</li> </ul>	3.3 Ethical Corporate Management 3.6 Economic Performance 7. Employee Care
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers fill out the "Sustainability Risk Assessment Questionnaire" (on an annual basis)</li> <li>Critical suppliers fill out RBA SAQ (on an annual basis)</li> <li>Critical suppliers receive the RBA audit (on an annual basis)</li> <li>Supplier online platform (any time)</li> <li>Complaint mailbox (any time)</li> <li>Business review/Technical review (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>Retrieved a total of 111 pieces of "Sustainability Risk Assessment Questionnaire" from suppliers</li> <li>Complete the RBA audit of 48 suppliers</li> <li>Collect the RBA SAQ of 48 suppliers</li> </ul>	3.3 Ethical Corporate Management 5. Responsible Supply Chain
<b>Shareholders/ investors</b>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Ethical Corporate Management</li> <li>Regulatory Compliance</li> <li>Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder general meeting (on an annual basis)</li> <li>Interim shareholders meeting (as needed)</li> <li>Investor conference (quarterly/irregular invitations)</li> <li>Annual Report / ESG Report (on an annual basis)</li> <li>Investor mailbox (any time)</li> <li>Domestic and foreign analyst exchanges and investment forums (as needed)</li> <li>Market Observation Post System - press releases, major news (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Held an annual shareholders' meeting</li> <li>Attended 31 investor conferences</li> <li>Published annual report and ESG report</li> <li>Published 71 pieces of major news on the Market Observation Post System</li> <li>Published 7 press releases and 10 ESG news on the Company website</li> </ul>	3. Sustainable Governance 6.1 Climate Strategy
<b>Government agency</b>	<ul style="list-style-type: none"> <li>Ethical Corporate Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Official documents exchange (any time)</li> <li>Public hearings (as needed)</li> <li>Industry policy questionnaire feedback (as needed)</li> <li>Proactively report to government department websites (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Attended 6 public hearings</li> <li>Assisted in filling out and sending back 5 pieces of industry questionnaires issued by the government</li> </ul>	3.3 Ethical Corporate Management 3.4 Regulatory Compliance
<b>Communities</b>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Social Welfare</li> </ul>	<ul style="list-style-type: none"> <li>Company telephone (any time)</li> <li>Social media (as needed)</li> <li>Market Observation Post System - press releases, major news (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Held 25 charity sales</li> <li>Published 71 pieces of major news on the Market Observation Post System</li> <li>Published 7 press releases and 10 ESG news on the Company website</li> </ul>	3.4 Regulatory Compliance 8. Social Participation

**Material Topics & Phison Value Chain**

Material Topics (Prioritized according to the significance of impact)	Value Chain Impact Hotspots			GRI Standards/SASB Accounting Metrics	Contribution to SDGs
	Upstream (Raw Material Procurement/ Product Manufacturing)	Company Operations	Downstream (Customer Useage)		
1.Economic Performance	●	●		<ul style="list-style-type: none"> <li>▶ GRI 201: Economic Performance 2016</li> <li>▶ SASB: Activity Metrics</li> </ul>	
2.Risk Management	●	●	●	<ul style="list-style-type: none"> <li>▶ GRI 305: Emissions 2016</li> <li>▶ SASB: Greenhouse Gas Emissions</li> <li>▶ SASB: Energy Management in Manufacturing</li> <li>▶ SASB: Water Management</li> </ul>	
3.Innovation Management		●	●	<ul style="list-style-type: none"> <li>▶ GRI 302: Energy 2016</li> <li>▶ SASB: Intellectual Property Protection &amp; Competitive Behaviour</li> </ul>	
4.Talent Attraction & Retention		●		<ul style="list-style-type: none"> <li>▶ GRI 401: Employment 2016</li> <li>▶ GRI 405: Diversity and Equal Opportunity 2016</li> <li>▶ GRI 406: Non-discrimination 2016</li> <li>▶ SASB: Recruiting &amp; Managing a Global &amp; Skilled Workforce</li> <li>▶ SASB: Workforce Health &amp; Safety</li> </ul>	 
5.Green Products	●	●	●	<ul style="list-style-type: none"> <li>▶ SASB: Product Lifecycle Management</li> </ul>	
6.Talent Development and Training		●		<ul style="list-style-type: none"> <li>▶ GRI 404: Training and Education 2016</li> </ul>	 
7.Supply Chain Management	●	●		<ul style="list-style-type: none"> <li>▶ GRI 308: Supplier Environmental Assessment 2016</li> <li>▶ GRI 414: Supplier Social Assessment 2016</li> <li>▶ SASB: Materials Sourcing</li> </ul>	

### 3. Sustainable Governance

#### 3.1 Sustainable Development Policy



The Company is committed to adopt the following action plans to continue to lay the foundation for sustainable development

1. Comply with global sustainable responsibility, environmental protection, OHS regulations and standards, reduce operational risks and protect employee rights and interests.
2. Consider life cycle thinking, provide leading innovative green products and services, and demonstrate green competitive advantages.
3. Establish a rigorous supply chain screening system, implement supply chain due diligence and management, and continue to promote sustainable procurement.
4. Integrate the environmental performance of organizational activities, products and services, and take environmentally friendly actions to reduce environmental impact.
5. Pay attention to global climate change trends, establish management policies and goals, and launch risk adaptation and reduction plans.
6. Cherish natural resources, implement resource reduction, recycling and reuse, strengthen the supervision and improvement of pollution sources and risk management, and reduce the impact on the environment and personnel.
7. Establish sound independent management, strengthen the management of engineering maintenance and repair partners, and prevent work-related accidents.
8. Care for and cherish employees, provide a healthy and safe working environment, pay attention to employee health management, and implement our business philosophy.
9. Establish a communication mechanism for stakeholders, attach importance to internal and external needs and maintain good interaction.

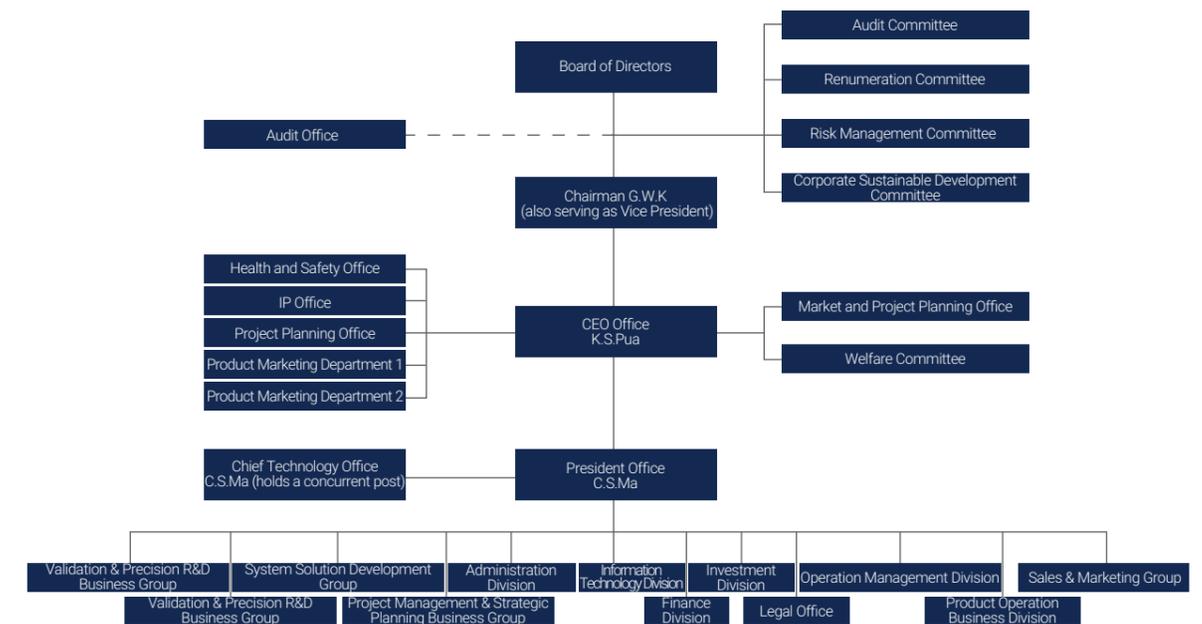
### 3.2 Corporate Governance

#### 3.2.1 Corporate Governance Structure

The Company established its Articles of Incorporation, Regulation and Procedure for Shareholders' Meetings, Rules of Procedure for Meetings of Board of Directors, Procedures of Election of Directors, and Code of Ethics in compliance with the Company Act, the Securities and Exchange Act, and other relevant laws, to perfect its corporate governance system and implement accountable management policies.

The Company has established a Corporate Sustainable Development Committee in accordance with the "Corporate Sustainable Development Committee Charter", which is a functional committee under the Board of Directors along with the Risk Management Committee, and reports its operating status to the Board of Directors once a year. The Corporate Sustainable Development Committee is the Company's highest governance body in charge of monitoring and managing the organization's impact on the economy, environment, and people. The Corporate Sustainable Development Committee has appointed the Chief Corporate Governance Officer and its task forces to manage impacts. The task forces summarize the information on impacts and report it to the Corporate Sustainable Development Committee every year. The Company's Board of Directors listens to the report of the Corporate Sustainable Development Committee every year, puts forward relevant suggestions, approves goals and sets policy directions based on its own authority, responsibilities and expertise, and supervises and improves the success rate of the project.

In 2024, the key major events discussed between the Corporate Sustainable Development Committee, Risk Management Committee, and the Board of Directors include emergency response management processes (using earthquake disasters as an example), climate risk response plans, progress on implementing organizational carbon inventory management platforms and product carbon footprint management platforms, progress on aligning with IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures", information security, supply chain risk management, implementation of employee diversity, implementation of ethical business practices, and domestic and international sustainability assessment performance. A total of 9 key major events were communicated, and we will continue to enhance the collective knowledge of the highest governance body regarding sustainable development in the future.



Encouraging senior management personnel to hold the Company's shares will link their performing duties to the Company's long-term performance and align their interest and actions with those of the Company's shareholders, thereby enhancing corporate governance. To achieve this end, the Company set out a regulation demanding that the CEO and the President, from the fourth calendar year after assuming their offices, hold the Company's shares at a year-end in an amount of no less than twice their fixed annual salary for that given year. We will apply such regulation to management personnel at the vice president level.

### 3.2.2 Board of Directors

The Company's directors are elected in accordance with the "Procedure for the Election of Directors". The Company has nine directors, three of which are independent directors. The Company's directors are nominated and serve a term of three years. They are elected from a list of nominees by shareholders and may serve consecutive terms if re-elected. The Board of Directors are comprised of the Company's Directors, and the Chairman of the Board, who represents the Company, is elected from among directors by a majority vote at a board meeting at which at least two-thirds of directors are present.

As of the end of 2024, among the nine members of the Company's Board of Directors, one is a female director, representing 11.11% of all directors; the average age of all directors is 60.22 years, with 11.11% of directors between 30-50 years old, and 88.89% over 50 years old; the average tenure is 5.67 years.

Title	Name	Gender	Education	Other positions at the Company or elsewhere
Chairman	▶ Chenghe Investment Co. Ltd. Representative: Wee Kuan Gan	Male	▶ Department of Electrical and Control Engineering, National Yang Ming Chiao Tung University	▶ Vice President, Phison Electronics; ▶ Corporate Representative Director, Ostek Corporation; ▶ Corporate Representative Director, Regis Investment (Samoa) Limited; ▶ Corporate Representative Supervisor, Phison Electronics Japan Corp.; ▶ Corporate Representative Director and Chairman, Super Storage Technology Corporation; ▶ Corporate Representative Director and Chairman, Great Storage Investment Corporation; ▶ Director, Mai Storage Technology Sdn. Bhd.; ▶ Director, Global Flash Limited; ▶ Director, Core Storage Electronic (Samoa) Limited
Board member	▶ Tzung Horng Kuang	Male	▶ Master of Business Administration, Greenwich University	▶ Senior Special Assistant, Phison Electronics; ▶ Corporate Representative Director and Chairman, EMTOPS Electronics Corp.; ▶ Corporate Representative Director, MICROTOPS Design Corporation; ▶ Corporate Representative Director, Ostek Corporation; ▶ Chairman, Phison Electronics Japan Corp.; ▶ Director, Power Flash (Samoa) Limited; ▶ Director, Nextorage Corporation; ▶ Chairman, ONE UPON CO. LTD.; ▶ Chairman, Hong Lian Cheng Co., Ltd.; ▶ Chairman, SRW CORPORATION; ▶ Supervisor, Green Jacket Sports Co., Ltd.; ▶ Director, United Power Research Technology Corp.
Board member	▶ Jiunn Yeong Yang	Male	▶ Ph.D., Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University	▶ None
Board member	▶ Cheng Shuo Investment Co., Ltd. Representative: Chiu An Chuang	Male	▶ Honorary Doctorate from Jinan University	▶ Political Advisor, Executive Yuan; ▶ Chairman of the Management Committee of Jhushan Zi Nan Temple; ▶ Director of Wen Wan Development Co. Ltd.
Board member	▶ KIOXIA Corporation Representative: Hiroshi Miyauchi	Male	▶ Bachelor of ElectroCommunications, University of Electro-Communications	▶ KIOXIA Corporation Part-time contractor; ▶ Toshiba Materials Corporation Part-time contractor
Board member	▶ Chih Jen Hsu	Male	▶ Department of Information and Computer Engineering, Chung Yuan Christian University	▶ Vice President, Technology of Phison Electronics
Independent director	▶ Huei Ming Wang	Male	▶ Master of Industrial Management from Chung Hua University	▶ Independent Director, GIGABYTE Technology Co., Ltd.; ▶ Independent Director, Taisol Electronics Co., Ltd.; ▶ Certified Public Accountant; ▶ Chairman, Apollo digital power CO., LTD.; ▶ Chairman, Apollo Power Company
Independent director	▶ Chen Wei Wang	Male	▶ Department of Electronics Engineering, National Yang Ming Chiao Tung University	▶ Independent director of Simplo Technology Co., Ltd.; ▶ Independent director of Pegatron Corporation
Independent director	▶ Yu Lun Huang	Female	▶ Ph.D., Department of Information Engineering, National Yang Ming Chiao Tung University	▶ Appointed Deputy Dean of Academic Affairs of National Yang Ming Chiao Tung University; ▶ Associate Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University; ▶ Consultant, Taiwan Open Course and Education Consortium

### Board Meeting Attendance Rate

The Company held 8 Board meetings in 2024 with an average attendance rate of 95.59%.

Title	Name	Attendance in person	Attendance by proxy	Number of meetings one should attend	Attendance rate (%)	Note
Chairman	▶ Chenghe Investment Co. Ltd. Representative: Wee Kuan Gan	8	0	8	100.00	
Board member	▶ Tzung Horng Kuang	8	0	8	100.00	
Board member	▶ Cheng Shuo Investment Co., Ltd. Representative: Chiu An Chuang	8	0	8	100.00	
Board member	▶ Jiunn Yeong Yang	8	0	8	100.00	
Board member	▶ KIOXIA Corporation Representative: Hiroshi Miyauchi	6	2	8	75.00	
Board member	▶ Chih Jen Hsu	4	0	4	100.00	Newly appointed on May 27, 2024
Independent director	▶ Huei Ming Wang	8	0	8	100.00	
Independent director	▶ Chen Wei Wang	7	1	8	87.50	
Independent director	▶ Yu Lun Huang	8	0	8	100.00	
Average attendance rate					95.59	

### Board of Directors Self-Improvement

2024 Board Member Training Courses and Hours

Course name	Total trainings hours <sup>5</sup>
▶ Prevention of Insider Trading: Updates on Legal Compliance and Enforcement	27
▶ Fair Trade Act Merger Notification—Recent Case Updates	27
▶ How the Board of Directors Supervises Corporate Risk Management and Crisis Handling	3
▶ How the Board of Directors Ensures Corporate Sustainability - Starting with Talent Discovery and Development	3
▶ Digital Technology and Artificial Intelligence Trends and Risk Management	3
▶ AI for All Industries—From Trends to Practical Implementation and Challenges	3
▶ Total hours	66

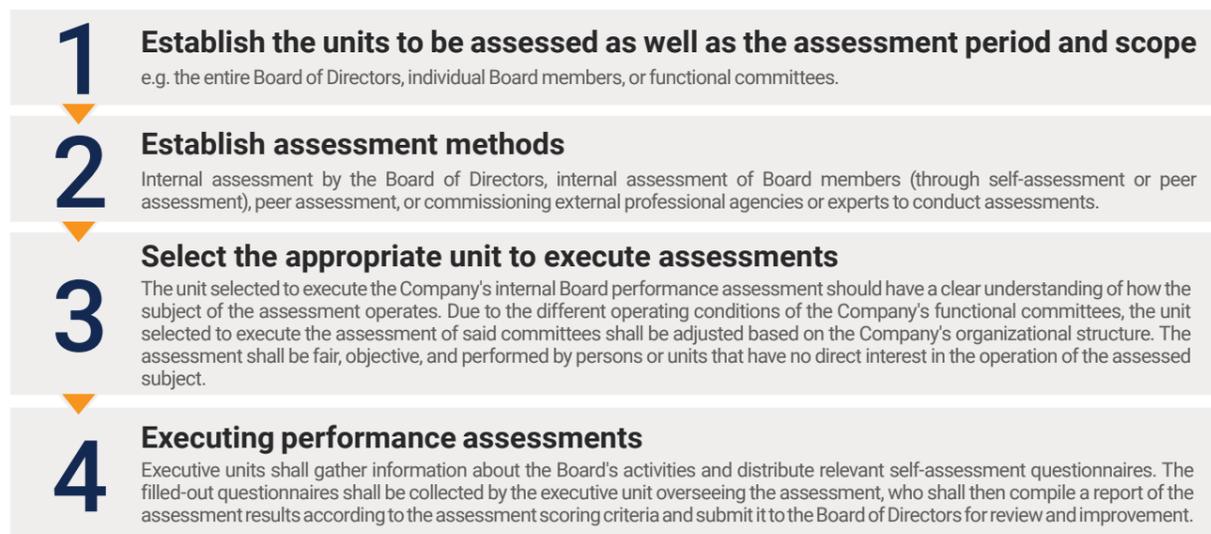
<sup>5</sup> Total training hours = Course duration \* Number of trainees.

## Board of Director Performance Assessment

To fully implement corporate governance and improve the function of our Board of Directors, the Company established performance goals to strengthen the Board of Directors' efficiency. In November 2020, following Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company established the "Board of Directors Performance Assessment Procedures", which specified the Board of Directors' main assessment cycles, assessment periods, assessment scopes and methods, assessment indicators and scoring standards, units for assessment, assessment procedures, and other regulations. The Company's Board of Directors shall conduct internal performance assessments based on the assessment procedures and indicators stipulated in the "Board of Director Performance Assessment" each year and commission external independent organizations or teams of experts and scholars to conduct assessments at least once every three years. Board of Director performance assessment results should be completed by the first quarter of the following year.

In accordance with the "Board of Directors Performance Assessment Procedures," the Company conducted the 2024 Board of Directors performance evaluation for the period from January 1, 2024 to December 31, 2024. The scope of performance evaluation included the overall Board of Directors, individual board members, and functional committees such as the Audit Committee and Remuneration Committee. The evaluation results showed positive assessments of the efficiency and effectiveness of all indicators for the Board of Directors, individual board members, Audit Committee, and Remuneration Committee. The results of the 2024 Board of Directors performance evaluation have been reported to the Company's Board of Directors.

### Board of Director Performance Assessment Procedures



## Remuneration Policies

The Company has an independent Remuneration Committee to oversee the compensation decision-making process, and meetings are convened in accordance with relevant legal procedures. Currently, no compensation consultants are involved in establishing compensation. The compensation of the Company's managers is based on the evaluation results executed according to the "Regulations of Performance Management," while the compensation of the CEO and President is linked to the Company's operational performance indicators and submitted to the Board of Directors for approval. To fully reflect the achievement of operational performance indicators, the performance measurement standards for the CEO and President are based on annual operational indicators related to operations, corporate governance, and finance. The evaluation scope includes: Earnings Per Share (EPS), Return on Equity (ROE), operating revenue, implementation of quality assurance and management, and various ESG performance targets. The ESG performance indicators include renewable energy procurement and employee retention rate, with ESG performance indicators accounting for a total weight of 10%. The performance measurement evaluation scope for other senior managers includes: operational safety management, supervision of financial plan execution, revenue management, strengthening internal controls, implementation of quality assurance and management, and ESG performance indicators (employee retention rate for responsible departments), with ESG performance indicators having a weight of 5%. The Company has not yet established signing bonuses, recruitment incentives, severance packages, or clawback mechanisms for the highest governance unit and senior management.

## 3.2.3 Responsibilities and Operating Status of Functional Committees

Name of committee	Year established	Main responsibilities	Operating status (Composition, number of meetings held in 2024, average attendance rate)
Remuneration Committee	2011	<ol style="list-style-type: none"> <li>Periodically review Company regulations and make recommendations for amendments.</li> <li>Establish and periodically review the annual and long-term performance targets for the Company's directors and managerial officers, and remuneration policies, systems, standards, and packages.</li> <li>Periodically assess the degree to which performance targets for our directors and managerial officers are achieved, and set the contents and amounts of their individual remuneration.</li> </ol>	<ul style="list-style-type: none"> <li>Independent directors Huei Ming Wang, Yu Lun Huang, and Chen Wei Wang have been appointed as committee members, with Mr. Huei Ming Wang as the convener.</li> <li>Meetings should be convened at least twice a year, with additional meetings held whenever necessary.</li> <li>A total of 4 meetings were convened in 2024, with an average attendance rate of 93.75%.</li> </ul>
Audit Committee	2020	<ol style="list-style-type: none"> <li>The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> <li>Assess the effectiveness of internal control system.</li> <li>Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</li> <li>Matters in which a director is an interested party.</li> <li>Asset transactions or derivatives trading of material nature.</li> <li>Loans, endorsements, or provisions of guarantee of material nature.</li> <li>The offering, issuance, or private placement of equity securities.</li> <li>The hiring, dismissal, or compensation of CPAs.</li> <li>The appointment or discharge of financial, accounting, or internal audit officers.</li> <li>Annual financial reports signed or stamped by the Chairmen, manager, and accounting supervisor.</li> <li>Other material matters regulated by the Company or competent authorities.</li> </ol>	<ul style="list-style-type: none"> <li>Independent directors Huei Ming Wang, Yu Lun Huang, and Chen Wei Wang have been appointed as committee members, with Mr. Huei Ming Wang as the convener.</li> <li>The Committee shall convene at least once every quarter, with additional meetings held whenever necessary.</li> <li>A total of 8 meetings were convened in 2024, with an average attendance rate of 100%.</li> </ul>
Corporate Sustainable Development Committee	2021	<ol style="list-style-type: none"> <li>Promote and enhance corporate governance and the ethical corporate management system.</li> <li>Promote and develop matters related to corporate sustainability.</li> <li>Supervise sustainability tasks resolved by the Board of Directors.</li> </ol>	<ul style="list-style-type: none"> <li>Independent directors Huei Ming Wang and Yu Lun Huang, and senior special assistant and COO Chih Chiang Yu have been appointed as committee members, with Mr. Chih Chiang Yu as the convener.</li> <li>The Committee shall convene at least annually, with additional meetings held whenever necessary.</li> <li>A total of 1 meeting was convened in 2024, with an average attendance rate of 100%.</li> <li>In 2024, a total of 9 stakeholder opinions were received.</li> </ul>
Risk Management Committee	2021	<ol style="list-style-type: none"> <li>Formulate operating procedures for relevant risks; establish risk management standards; regularly review the implementation of the Company's risk management mechanism; assess the various risks; and improve the operating procedures.</li> <li>Execute the risk management decisions made by the Board of Directors and regularly review the development, establishment, and implementation effectiveness of the Company's risk management mechanism as a whole.</li> <li>Approve risk response strategy and action plans, and demand that each of the Company's unit responsible for risk management effectively identify, measure, monitor, and control the various risks.</li> <li>Review and consolidate the Company's risk control reports of various types and timely report the status of risk management implementation to the Board of Directors.</li> </ol>	<ul style="list-style-type: none"> <li>Independent directors Huei Ming Wang and Yu Lun Huang, and senior special assistant and COO Chih Chiang Yu have been appointed as committee members, with Mr. Chih Chiang Yu as the convener.</li> <li>The Committee shall convene at least annually, with additional meetings held whenever necessary.</li> <li>A total of 1 meeting was convened in 2024, with an average attendance rate of 100%.</li> </ul>

### 3.3 Ethical Corporate Management

The Company adheres to the ethical management principles, promoting ethical corporate management at different aspects and levels from the Board of Directors down to all units, setting an example of valuing honest and ethical business practices. The procedures for the Board of Directors to avoid and mitigate conflicts of interest are provided in Article 15 of the "Rules of Procedure for Meetings of Board of Directors". In addition, the Company has newly revised the "Regulations for Whistleblowing", which include the establishment of an independent whistleblowing email address or a dedicated hotline for internal and external parties to utilize, the information that whistleblowers shall provide, the acceptance levels for different reporting targets, the processing procedures of the dedicated unit, how records shall be kept and the whistleblower protection system.

The Company disseminates information on related laws and regulations pertaining to prevention of insider trading to incumbent directors, managers, and employees at least annually; dissemination of such information to new employees will be made by the HR Department at the orientation training. Meanwhile, in 2024, the Company organized internal and external trainings for all directors, managers and employees on subjects relating to ethical corporate management (including courses on compliance with ethical corporate management laws and regulations, anti-corruption, insider trading, the use of reporting channel, the accounting system, and the internal control). The trainees totaled 8,025 people and the training hours totaled 4,330 hours. All in-service employees and new employees completed the training on ethical corporate management. In addition, all employees have signed the "Undertaking of the Code of Business Practices and Ethics". In 2024, there were no incidents of corruption or violations of ethical management principles.

In implementing ethical management courses, the Company promotes the prevention of insider trading and reminds directors not to trade their stocks during the blackout periods, which are thirty days before the announcement of annual financial reports and fifteen days before the announcement of quarterly financial reports. In February, April, July, and October 2024, the Company notified directors and insiders about the board meeting dates and financial report announcement dates for the 2023 annual financial report and the first to third quarter financial reports of 2024, as well as the blackout periods before each quarterly financial report announcement, to prevent directors from inadvertently violating internal regulations.

#### Statistics of cases violating the Code of Conduct/ethical regulations in 2024

Violation type	Number of violation cases
Corruption or bribery	0
Discrimination or harassment	1
Customer privacy	0
Conflicts of interest	0
Money laundering or insider trading	0

#### Whistleblowing for Violations of Ethical Management

- ▶ Ethical whistleblowing/reporting hotline: 886-37-586-896 (ext. 11000)
- ▶ Ethical whistleblowing/reporting mailbox: whistleblower@phison.com
- ▶ Labor rights whistleblowing/reporting mailbox: wecan\_8080@phison.com
- ▶ Anonymous opinion box

Internal employees
<ul style="list-style-type: none"> <li>▶ Rules of Procedure for Meetings of Board of Directors</li> <li>▶ Code of Ethics</li> <li>▶ Procedures for Preventing Insider Trading</li> <li>▶ Corporate Governance Best Practice Principles</li> <li>▶ Ethical Corporate Management Best Practice Principles</li> <li>▶ Code of Business Practices and Ethics</li> <li>▶ Regulations for Whistleblowing</li> </ul>

Supplier
<ul style="list-style-type: none"> <li>▶ Supplier Code of Conduct</li> </ul>

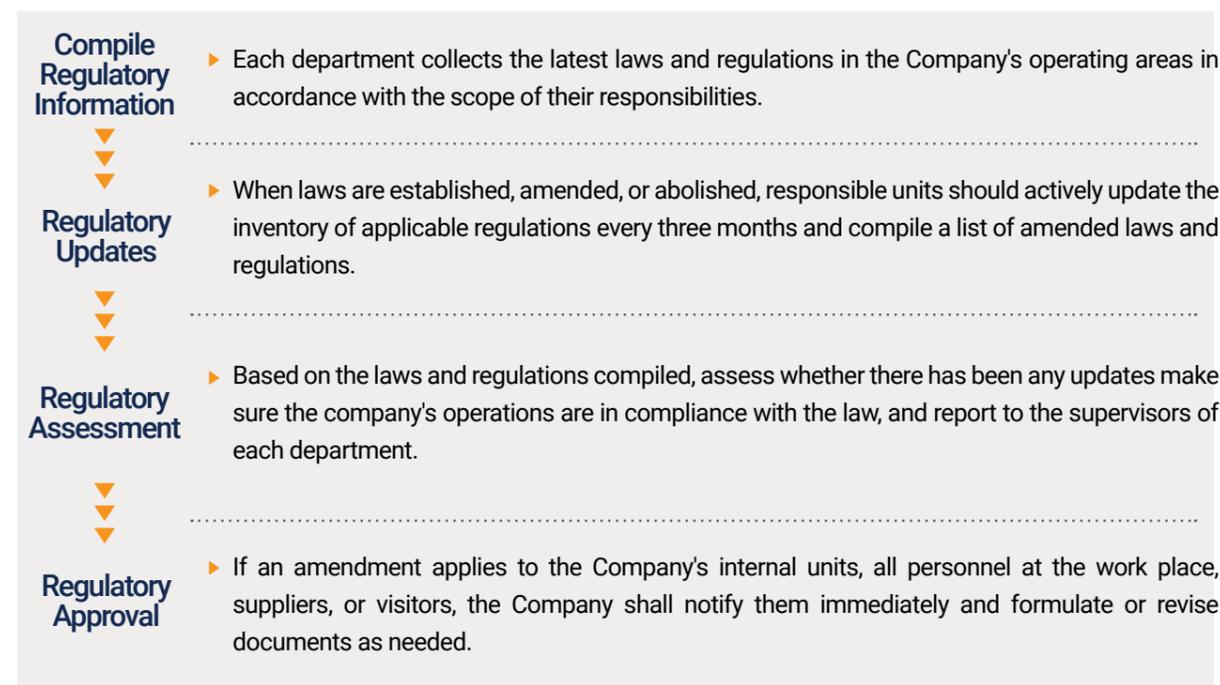
### 3.4 Regulatory Compliance

In order to implement a system of ethical and legal compliance, the Company established its Legal Affairs Office as a consulting unit for internal legal risk assessments. In addition to reviewing contracts and handling lawsuits and other day-to-day legal affairs, the office is also committed to making sure that the Company complies with international regulations and local laws and regulations. There have been no instances of penalties from competent authorities for violating economic, labor rights, environmental, occupational safety and health, or fire safety laws and regulations, nor any lawsuits regarding anti-competitive, anti-trust, or monopoly behaviors in 2024.

The Company provides legal compliance training for new and existing employees each year, including training in "information security", "trade secrets", "EU regulations", and "patent system", to raise employees' awareness of relevant legal knowledge.

Note: The Company defines material violation event as the violation event involving information or message identified by domestic applicable laws and regulations and the Company's Procedures for Handling Material Inside Information (including the Material Information Publication Requisition and Assessment Checklist) as material and required to be disclosed on the Market Observation Post System.

#### Regulatory Management Process



### 3.5 Risk Management

Material Topics	Risk Management
<b>Significance and Materiality to the Organization</b>	<ul style="list-style-type: none"> <li>▶ Ensure the effectiveness, integrity, and reasonableness of the Company's risk management to protect shareholders' equity and effectively achieve the Company's business strategy and goals.</li> </ul>
Management Approach	
<b>Policy and Commitment</b>	<ul style="list-style-type: none"> <li>▶ "Phison Electronics Corp. Risk Management Policy and Procedures"</li> </ul>
<b>Long-Term Goals</b>	<ul style="list-style-type: none"> <li>▶ Effectively identify, measure, monitor, and control the various risks and, through proper assessment and operating procedures, control potential risks to an acceptable level to achieve the goal of reasonable risks and rewards.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>▶ Invited 27 key suppliers to complete the "Information Security Risk Self-Assessment Form" and completed on-site audits of 3 suppliers.</li> <li>▶ Inventoried 151 critical electronic components with supply risks due to geopolitical factors, of which 128 have had risks eliminated, while the remaining components have substitute materials or relevant contingency plans in place.</li> <li>▶ The completion rate for risk management-related courses for all employees was 100%, with a total of 3,616 training hours.</li> </ul>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>▶ Risk Management Committee; all departments</li> </ul>
<b>Complaint Mechanism</b>	<ul style="list-style-type: none"> <li>▶ Stakeholder contact section of the official website</li> </ul>
<b>Action Plans</b>	<ul style="list-style-type: none"> <li>▶ The Risk Management Committee screens and manages emerging risks each year based on the risk identification process, and regularly reports on operational conditions to the Board of Directors.</li> <li>▶ Continue to strengthen risk management for high-risk factors such as information security, supply chain management, and climate change risk assessment and response. This year, we conducted information security assessments of our supply chain for the first time.</li> <li>▶ In response to geopolitical impacts, we conducted an inventory of the material sources for components used in critical products and proactively sought alternative materials.</li> <li>▶ To demand that employees complete the business continuity management courses.</li> </ul>
<b>Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>▶ Annual supervision recommendations from the board.</li> <li>▶ Number of sessions of risk-related training courses and the completion rate therefor.</li> </ul>

### 3.5.1 Risk Governance Framework

#### Risk Management Committee

The Company has established a Risk Management Committee, which is a functional committee under the Board of Directors and reports its operating status to the Board of Directors once a year. The Risk Management Committee is a unit that comprehensively oversees risk management activities. It is composed of three members (at least half of the members are independent directors) and has an executive secretariat.



Please refer to the official website for the Risk Management Policy and Procedures



### 3.5.2 Risk Management Identification and Response Plan

#### Risk Management Scope



## Risk Identification Results

The Risk Management Committee evaluates potential internal and external business risks annually and submits reports and response plans to the Board of Directors. The 2024 business risk identification results include risk factors such as information security<sup>6</sup>, climate change<sup>7</sup>, supply chain management<sup>8</sup>, and labor shortages<sup>9</sup>. Emerging risks include data privacy leakage risks brought by AI technology and geopolitical risks affecting company investments and operations. To avoid duplication with information in other chapters, this section only details the operational impacts and response strategies for emerging risks.

Dimension	Risk factor	Operational impact	Countermeasures
<b>Risks of data privacy leakage from AI technology</b>	<ul style="list-style-type: none"> <li>The popularization of AI technology in data processing and model applications has brought significant risks to data privacy. With the widespread application of large language models and other AI technologies, sensitive data may inadvertently leak, violating privacy regulations and company interests.</li> </ul>	<ul style="list-style-type: none"> <li>May lead to leakage of users' personal information, resulting in legal litigation or penalties from regulatory authorities, affecting the Company's market position.</li> <li>May lead to leakage of company design secrets, resulting in losses to the Company's intellectual property.</li> <li>Data security incidents may damage customer trust in the Company, affecting brand image and customer loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>Regulate communication with external AI tools: Regulate communication between the Company and external AI or related large language tools to prevent personal privacy and design secrets from leaking to external cloud servers.</li> <li>Establish proprietary AI servers: Establish the Company's internal proprietary AI and large language model training servers; train relevant models only within the Company's intranet to avoid leakage of relevant privacy information to cloud servers.</li> </ul>
<b>Geopolitical risks in company investment and operations</b>	<ul style="list-style-type: none"> <li>The situation in the Taiwan Strait, the Russia-Ukraine war, the de-risking of the West, and the confrontation between the technology camps, etc., have increased the uncertainty of future operations and investment.</li> </ul>	<ul style="list-style-type: none"> <li>In order to avoid risks, customers will ask the Company to find new suppliers, or transfer or increase operating locations. Supply chain repositioning, corporate reputation risks and uncertainty about new production bases will increase corporate costs.</li> </ul>	<ul style="list-style-type: none"> <li>Assess potential supplier risks from geopolitics and seek alternative supplier networks that can adapt to new policy environments</li> <li>Increase customer distributions and product application scope.</li> <li>Continue to track changes in global regulations, politics, and economic conditions, assess their impact on the acquisition of production resources, and changes in customer needs, so as to implement necessary risk response plans in a timely manner.</li> </ul>

<sup>6</sup> Please refer to 3.7 Information Security for information security countermeasures.

<sup>7</sup> Please refer to 6.1 Climate Strategy for climate change response measures.

<sup>8</sup> Please refer to 5.1 Supply Chain Management for supply chain management response measures.

<sup>9</sup> Please refer to 7.2 Talent Attraction & Retention for labor shortage countermeasures.

## 3.6 Economic Performance

Material Topics	Economic Performance
<b>Significance and Materiality to the Organization</b>	<ul style="list-style-type: none"> <li>Maintain good operating performance to protect the rights and interests of investors and shareholders as much as possible and achieve corporate sustainable development.</li> </ul>
Management Policy	
<b>Policy and Commitment</b>	<ul style="list-style-type: none"> <li>Phison Electronics shall continue to invest R&amp;D resources to secure its leading position in the industry, maintain customer relationships, and practice ethical management.</li> </ul>
<b>Long-Term Goals</b>	<ul style="list-style-type: none"> <li>Maintain and repay the rights and interests of investors and shareholders with stable profits.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>Record a revenue of NT\$58,935,513 thousand</li> <li>Annual operating gross profit of NT\$19,098,762 thousand</li> <li>Basic EPS of NT\$38.95</li> </ul>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>The Company's managers and governance units</li> </ul>
<b>Complaint Mechanism</b>	<ul style="list-style-type: none"> <li>Company spokesperson Mr. Yu : <a href="mailto:ir@phison.com">ir@phison.com</a></li> </ul>
<b>Action Plans</b>	<ul style="list-style-type: none"> <li>Continue to invest R&amp;D resources to strengthen core competitiveness.</li> <li>Help customers roll out various customized storage products and assist them to improve products' added value, which will deepen customer relationships.</li> </ul>
<b>Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>Revenue, Current net profit, earnings per share</li> </ul>

### 3.6.1 Economic Data

Despite so, throughout 2024, the Company recorded a gross profit of NT\$19.099 billion and a gross profit margin of 32.41%, signifying Phison's continuous and robust growth in the market for customized, added-value design service. In addition, the Company continues to prepare itself to transition to multiple storage markets (e.g., servers, in-vehicle applications, industrial control, gaming, and embedded ODM), striving to reduce the impact of market fluctuation.

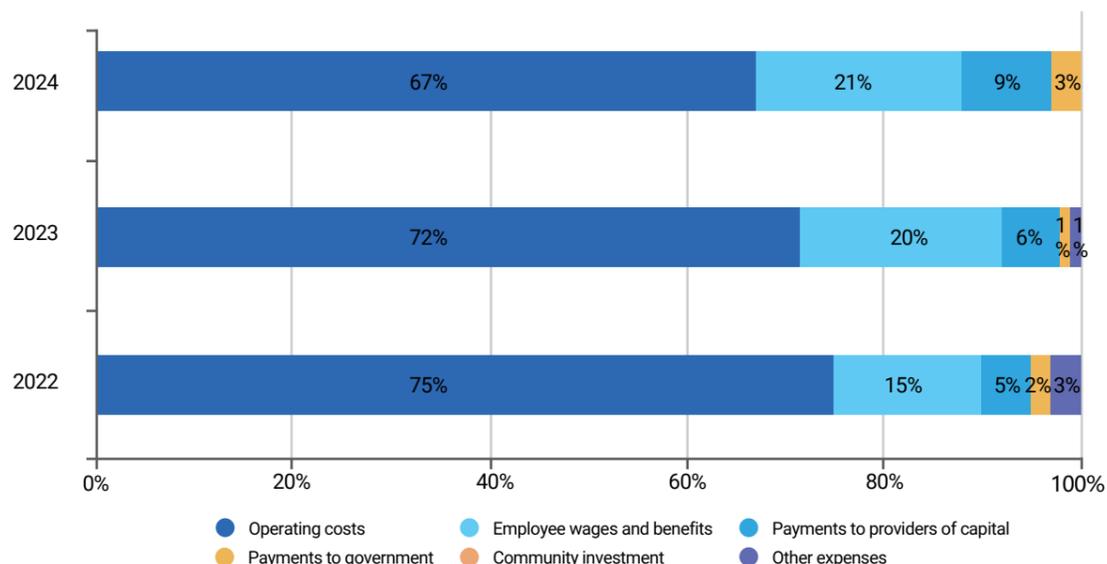
### Economic Value Generated and Distributed in the Most Recent Three Years

Unit: NT\$ thousand

Economic Value	Item	FY2022	FY2023	FY2024
Direct economic revenue	Net operating revenue	60,256,142	48,221,630	58,935,513
	Financial investment income	240,265	320,924	4,620,893
	Asset sales revenue	1,638	0	1,403
	Royalty income	0	0	0
	Government subsidies received	31,797	104,912	184,310
	Other income	827,582	571,808	1,958,599
<b>Direct economic value generated</b>		<b>61,357,424</b>	<b>49,219,274</b>	<b>65,700,718</b>
Economic distribution	Operating costs	44,313,710	34,751,293	42,110,317
	Employee wages and benefits	9,016,496	9,774,779	13,209,289
	Payments to providers of capital	2,872,485	2,714,774	5,445,535
	Payments to government by country	971,358	540,275	1,864,566
	Community investments	6,429	8,429	13,324
	Other expenses	1,612,502	466,113	275,813
<b>Distributed economic value</b>		<b>58,792,980</b>	<b>48,255,663</b>	<b>62,918,844</b>
<b>Retained economic value</b>		<b>2,564,444</b>	<b>963,611</b>	<b>2,781,874</b>

Note 1: Retained Economic Value = Direct Economic Value Generated - Distributed Economic Value.  
 Note 2: As the dividends paid to investors in payments to providers of capital are not items in the consolidated statement of comprehensive income in the financial statements, the difference between the retained economic value and net profit after tax is the amount of dividends paid.  
 Note 3: Government subsidies in 2024 are from the PCIe 5.0 New Generation Enterprise-Grade SSD Storage Controller Chip Development Project and the New Generation Artificial Intelligence Application Implementation 6nm AI SSD Storage Controller Chip Development Project.

### Economic Distribution Item Percentage by Year



### 3.6.2 Tax Management

The Company supports tax policies that are conducive to the sound development of society, seeking to improve tax risk management and remaining committed to transparent information and legal compliance. At the same time, we support the government's tax preference policies and promote local policy goals for economic development and industry innovation. In December 2022 the Company's Board of Directors resolved to formulate the "Tax Governance Policy", which covers tax-related matters of Phison Electronics and all subsidiaries in the consolidated financial statements. Furthermore, the Company has conveyed such Tax Governance Policy and Code of Conduct to subsidiaries.

#### Please refer to the official website for the Tax Governance Policy



The legal income tax rate in Taiwan for 2023 and 2024 is 20%. However, due to the Company's application of investment tax credits under Article 10 of the Statute for Industrial Innovation for research and development expenditures and under Article 10-1 for information security product or service expenditures, along with tax refunds from the correction of previous years' undistributed earnings assessments in 2024 and the approval from the National Taxation Bureau in 2024 to waive the interim income tax filing requirement, the Company's effective tax rate in 2024 was 18.41%, which is higher than the average effective tax rate of 13.96% for the "Semiconductor and Semiconductor Equipment" industry published in the S&P Global CSA Handbook. As profits in 2023 were lower than in 2024, the cash tax rate in 2024 was 12.49%, which is lower than the average cash tax rate of 13.82% for the "Semiconductor and Semiconductor Equipment" industry published in the S&P Global CSA Handbook.

### Tax Information

Unit: NT\$ thousand

Financial reports	FY2023	FY2024
Pre-tax profit	4,099,442	9,749,066
Income tax expense	475,014	1,795,067
Effective tax rate (%)	11.59%	18.41%
Income tax paid	422,646	1,217,508
Cash tax rate (%)	10.31%	12.49%

### 2024 Income Tax Expense

Place of operation	Main business activities	Number of staff	Operating revenue (NT\$ thousand)	Pre-tax profit (loss) (NT\$ thousand)	Income tax paid (NT\$ thousand)	Income tax breakdown
Taiwan	IC design	4,555	57,045,220	9,667,202	1,138,365	93.50%
USA	Investment/trade/business service location	35	748,961	31,435	3,431	0.28%
Japan	Flash memory application sales and business service location	63	1,137,446	104,504	74,908	6.15%
China	Investment and technological service location	88	355	-41,301	207	0.02%
India	Technological service location	9	0	2,142	597	0.05%
Malaysia	Investment and technological service location	47	3,531	-14,916	0	0%
<b>Total</b>		<b>4,797</b>	<b>58,935,513</b>	<b>9,749,066</b>	<b>1,217,508</b>	<b>100%</b>

### 3.7 Information Security

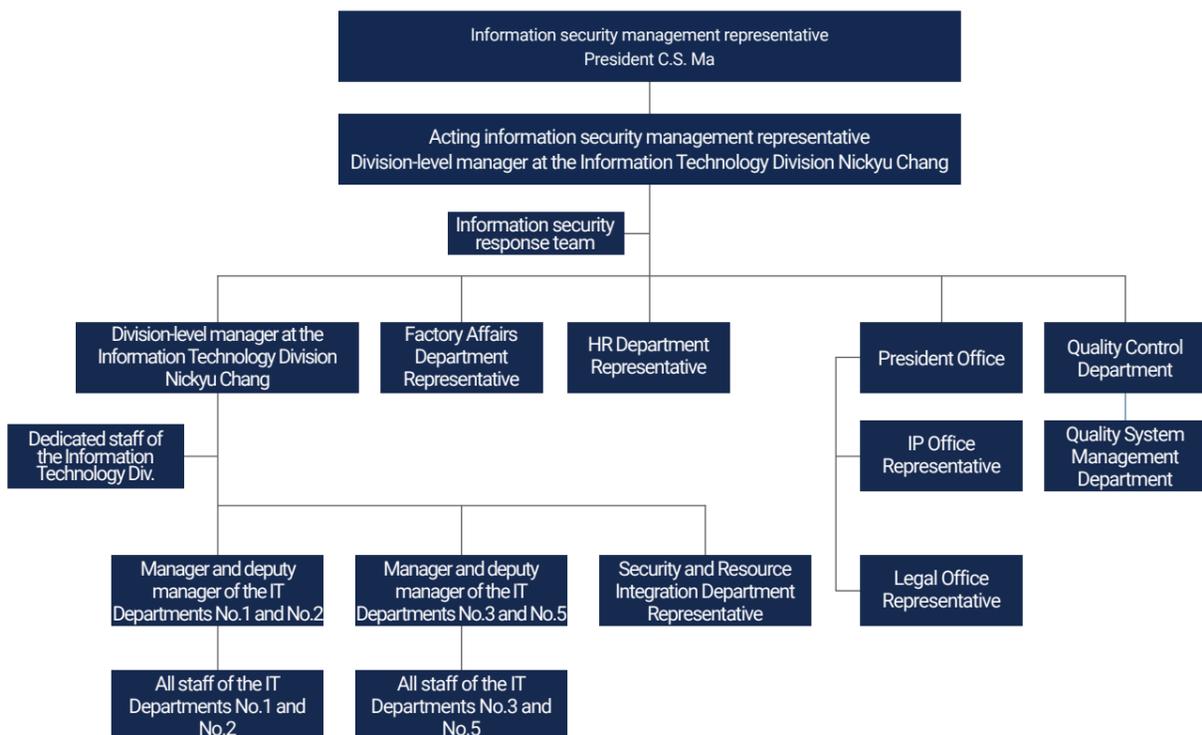
▶ The Company issued its "Information Security Policy", which specifies rules for employees to abide by, strictly implementing information security policies and measures to protect customer privacy to ensure that the Company's trade secrets and customer information are not leaked. The Company has also consistently received ISO 27001 certification to ensure the confidentiality, integrity, and availability of information assets. There were no major cybersecurity incidents in our company in 2024, nor did any lead to the loss of customer or related information.

Please refer to the official website for the Information Security Policy



#### 3.7.1 Information Security Committee

In 2017, the Company established the Information Security Committee, with the President serving as the representative of information security management, regularly reporting the Company's information security system performance to the highest level of management and reviewing the Company's information security policies and goals. An information security response team was established under the committee with members from various departments. Committee members are required to attend regular information security response training. They are in charge of planning information security crisis response procedures and for convening relevant personnel to conduct planned drills.



#### 3.7.2 Information Security Policies and Emergency Response Mechanisms

To maintain the confidentiality, integrity, and availability of the Company's assets and protect user information privacy, it's clearly stipulated in the Information Security Policy that employees avoid unauthorized access and revisions while respecting intellectual property rights and protecting the information of customers and the Company. Anyone who discovers information security incidents or suspicious security weaknesses shall report them to the information security personnel through the reporting mechanism, at which point proper investigations and handling shall be conducted.

It is the responsibility of all Phison personnel to follow our Information Security Policy. Company personnel who violate our Information Security Policy shall face civil, criminal, or administrative responsibilities according to the severity of the violation, or penalties according to relevant rules. The policies are also integrated with the Company's employee performance evaluation to reduce instances of employees being penalized or facing legal responsibilities due to information security violations and also reduce the Company's information security risks.

#### Reporting Procedures for Suspicious Information Security Risks



In accordance with ISO 27001 certification guidelines, the Company conducts an annual internal audit, followed by an external audit conducted by a third-party certification. No major deficiencies have been found in recent years. The Company regularly conducts recovery drills on important core systems every year to test the effectiveness of their recovery procedures, ensuring that the Company's system can continue to operate even if subject to natural disasters or malicious attacks. The Company also performs regular vulnerability scanning and has in place a third-party security risk analysis platform to detect vulnerabilities in external service sites, continuing to improve and strengthen information security protection. The ratings are all maintained at level A (90 points and above). Besides, the Company joined the Taiwan Computer Emergency Response Team / Coordination Center(TWCERT/CC) information security alliance, enhanced information security protection by using the information security information sent from the TWCERT/CC, examined each piece of internal equipment, updated systems, and fixed vulnerabilities.

#### Information Security Risk Management Plan

2024 Achievement Items	2025 Plans
<ul style="list-style-type: none"> <li>▶ Established information security performance indicators, displaying the status of assets, protective installations, external attacks, etc. on the dashboard.</li> <li>▶ ISO 27001 upgraded to the 2022 version.</li> <li>▶ Continue implementing social engineering drills to enhance staff awareness and vigilance.</li> <li>▶ Use source code detection to test and analyze application source code during the development stage, identifying and patching potential vulnerabilities and weaknesses.</li> <li>▶ Implement VMWare NSX (east-west firewall) to protect all east-west traffic between VMs and between VMs and physical devices.</li> <li>▶ Implement endpoint protection (EDR) to analyze and identify risks on endpoint computers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue implementing social engineering drills to enhance information security awareness among colleagues.</li> <li>▶ Continue using external penetration testing web services to ensure the security of external web services and prevent hacking.</li> <li>▶ Apply NDR to identify potential risks in internal network activities.</li> <li>▶ Evaluate Dynamic Application Security Testing (DAST) solutions to detect information security risks during application runtime through interaction with the application.</li> <li>▶ Evaluate implementing a cloud-based SIEM solution.</li> </ul>

### 3.7.3 Information Security Education Training

The Information Technology Division coordinates the planning of internal information security education and training for our company, and conducts quarterly information security announcements and promotions, dedicated to enhancing colleagues' information security awareness. In 2024, the Information Technology Division's security notification topics include sharing about deepfake technology scams, prohibition of photographing or capturing company sensitive data, social engineering drills, and anti-fraud information promotion. The content of information security education and training in 2024 includes information security introduction, information security incident reporting channels, information security threats and prevention, personnel information security guidelines, and social engineering attack prevention awareness promotion (total employee training hours were 4,842 hours), with 100% of all employees completing the information security courses.

### 3.7.4 Personal Privacy Protection

The Company has established the "Personal Data Protection Management Policy" and continues to require department heads to complete the annual "Personal Information Protection Risk Self-Assessment" operation, evaluating their own department's risk level regarding the invasion or leakage of relevant personnel's privacy, and formulating mitigation measures according to the risk level. The assessment results from each department are first preliminarily reviewed by the head of the Security and Resource Integration Department, and the final assessment results are submitted to the Risk Management Committee. The annual "Personal Information Protection Risk Self-Assessment" operation is completed only after being signed off by the representative committee members of the Risk Management Committee. In 2024, the Company did not receive any complaints regarding customer data leakage or violation of customer privacy. The Company also requires all employees to complete personal information/privacy-related training courses every year, which include an introduction to the Personal Information Protection Act, implementation of personal information protection, and case reviews. In 2024, the total training hours for employees were 4,784 hours, with 100% of all employees completing the personal information / privacy protection courses.

Please refer to the official website for the Personal Data Protection Policy



The Company values the privacy of users, customers, suppliers, contractor employees, applicants, visitors, and those browsing our company website (hereinafter referred to as "data subjects"). The Company only uses the privacy information collected from data subjects within the necessary scope and uses their privacy information for the purposes listed in the "Privacy Policy," with 0% of usage being outside these stated purposes.

## 4. Innovation & Service

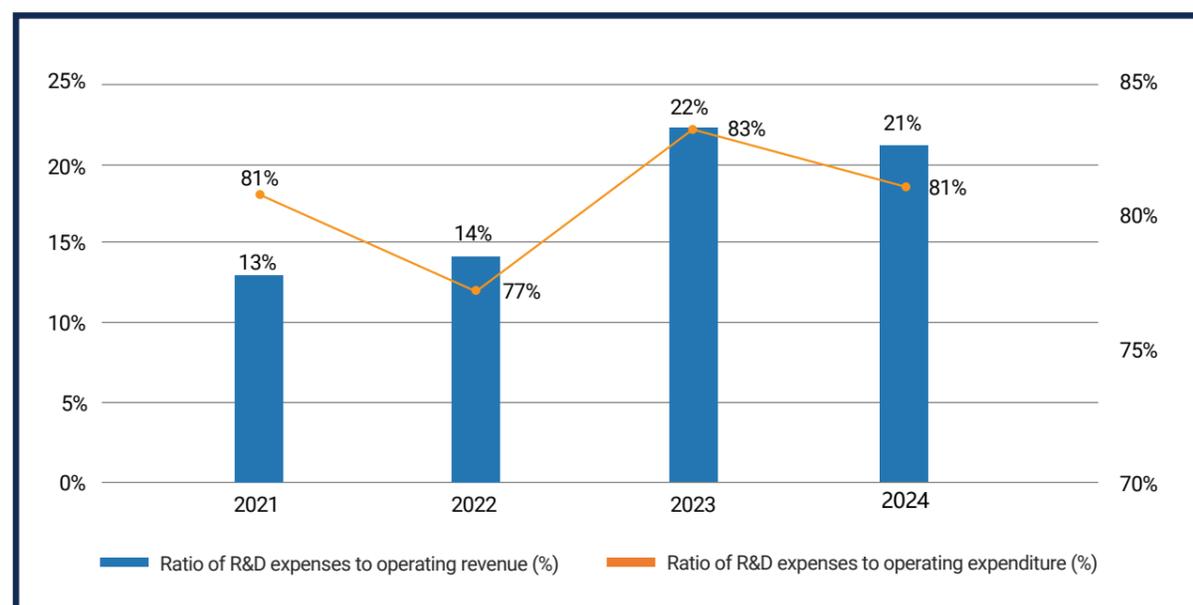
Material Topics	Innovation Management
<b>Significance and Materiality to the Organization</b>	▶ Only by remaining a technological pioneer in the ever-evolving technological environment in the future can we ensure the sustainable operations of the Company.
Management Approach	
<b>Policy and Commitment</b>	▶ The Company commits to offering high-end NAND storage for applications respecting AIoT, embedded systems, automotive products, edge computing, e-gaming, and Embedded ODM, servers, and in doing so delivering a full range of NAND storage solutions with highly flexible and customized services to customers.
<b>Long-Term Goals</b>	▶ Strive to become the world's most influential independent NAND storage controller supplier.
<b>Performance</b>	▶ Successfully developed 6 new technologies in 2024. ▶ Accumulated a total of 2,074 patents worldwide in 2024.
<b>Responsibility</b>	▶ Product R&D Department
<b>Complaint Mechanism</b>	▶ Stakeholder contact section of the official website
<b>Action Plans</b>	▶ Continue inputting R&D resources. The annual R&D expenses topped NTD12.6 billion, accounting for 81% of total operating expenditure.
<b>Assessment Mechanism</b>	▶ Total number of new technologies developed in the year ▶ Total number of patents accumulated worldwide in the year

Material Topics	Green Products
<b>Significance and Materiality to the Organization</b>	▶ Environmental issues have become the challenges facing mankind. As such, developing environmentally friendly products is not only a trend, but where the competitiveness of an enterprise lies.
Management Approach	
<b>Policy and Commitment</b>	▶ Strive to reduce energy consumption from the source through a design that constantly optimizes the product performance. Doing so improves the convenience for end users while reducing their carbon emissions.
<b>Long-Term Goals</b>	▶ Constantly optimize product performance and reduce the environmental impact of the product at each stage of its life.
<b>Performance</b>	▶ In 2024, newly launched SSD and UFS products achieved 50% improvement in Chip Power Efficiency Ratio compared to the baseline products.
<b>Responsibility</b>	▶ Product R&D Department
<b>Complaint Mechanism</b>	▶ Stakeholder contact section of the official website
<b>Action Plans</b>	▶ Develop more energy-saving and more compact products, thereby helping end users reduce their greenhouse gas emissions. ▶ Adopt a simplified packaging strategy when designing product packaging for customers, so as to reduce the amount of waste generation at the back end.
<b>Assessment Mechanism</b>	▶ Chip Power Efficiency Ratio of products

## 4.1 Innovative R&D

### 4.1.1 R&D Input

The main business of the Company is the design, manufacturing, and sales of NAND controller ICs and their integrated application products. The Company continued inputting R&D resources. The annual R&D expenses topped NTD12.6 billion, accounting for 81% of total operating expenditure and 21% of total operating revenue. The number of our R&D staff increased to 3,265 people, up 7.62% from the previous year and accounting for 81.69% of total employees, attesting to our ambition to expand the R&D capacity.



With the development of vehicle connectivity and automation technologies, cybersecurity risks have increased. Unauthorized control or system vulnerabilities may pose serious threats to drivers and passengers. Since 2023, the Company has begun preparation for ISO/SAE 21434 automotive standard certification, completing the certification-related processes after nearly a year. After obtaining ISO/SAE 21434 certification, the Company's automotive development process will be more secure and reliable, enhancing customer trust in our products. As the market places increasing emphasis on vehicle safety, this certification also gives the Company stronger competitiveness in the global automotive market.

### 4.1.2 R&D Outcome

With video and surveillance systems entering the high-resolution era, there is a growing demand from recording equipment and surveillance system integrators for sustained performance and power loss protection in SSD storage devices. According to market research data, global video recording and surveillance system shipments reach approximately 35 million units annually. While traditional mechanical hard disk drives (HDDs) have a price advantage, their speed performance is gradually becoming insufficient for high-resolution recording needs. Additionally, traditional HDDs have issues such as high failure rates, high power consumption, and significant noise. As a result, demand for SSDs in high-resolution recording and surveillance systems is steadily increasing. In view of this, the Company has launched SSD storage solutions specifically designed for recording and surveillance systems. These not only achieve a maximum sustained performance of 500MB/s, feature PLP (Power Loss Protection) mechanisms, offer more than 3 years warranty, reach maximum storage capacity of 7.68TB, and support wide temperature ranges, but also allow customers to perform SSD data recovery under specific abnormal circumstances through our proprietary patented Smart Rescue intelligent data recovery software tool. This is undoubtedly a significant benefit for users who require stable and reliable SSD storage solutions dedicated to recording and surveillance applications.

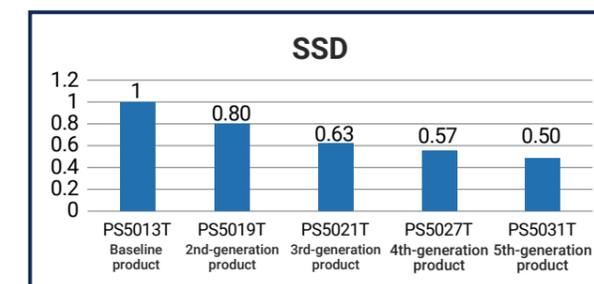
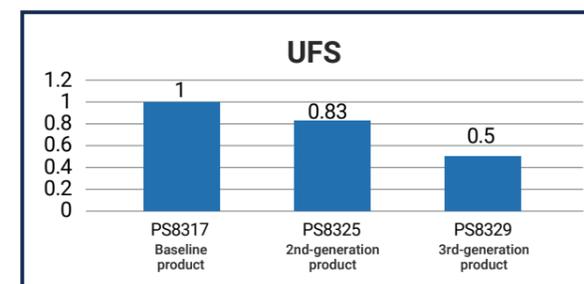
Furthermore, as mobile phone users increasingly seek better performance, storage devices in more and more entry-level 5G models have transitioned from eMMC to UFS 2.2 storage devices, and even 4G flagship models have begun to adopt UFS 2.2 specifications. Compared to eMMC's half-duplex mode, UFS 2.2's full-duplex mode significantly increases reading speed by three times. This not only handles phone functions that require processing large amounts of data (such as high-resolution video recording and streaming), but UFS also consumes less power than eMMC while delivering the same performance speeds. This helps improve battery life in smartphones and tablets, simultaneously meeting the high performance and low power consumption requirements of mobile devices. In view of this trend, the Company has launched the PS8327, the UFS 2.2 controller chip with the highest cost-performance ratio ever, to meet the growing demand for high-speed mobile storage. Using 22nm process technology, PS8327 is the smallest UFS 2.2 controller chip that can achieve UFS 2.2's extreme speed of 1000MB/s with single-channel and low-capacity 64GB storage conditions, bringing multiple advantages in cost, performance, and low power consumption to mobile devices. Additionally, the PS8327 uses the Company's self-developed sixth-generation LDPC ECC engine, which has more reliable and powerful error correction capabilities. It not only perfectly supports existing NAND product specifications from multiple NAND manufacturers but will also support new-generation NAND product specifications that are about to be launched in the future.



Exclusive patented AI solution aiDAPTIV+ was awarded the 2025 Taiwan Excellence Silver Award.

The Company's R&D team continues to develop and improve product performance, reducing greenhouse gas emissions for end users and contributing to the effort to mitigate global warming issues. In 2024, the company's newly launched SSD and UFS products have optimized Chip Power Efficiency Ratio by 50% compared to the baseline products. Based on an estimated daily usage of 40GB and considering annual shipment volume, the Company's two products, PS8329 and PS5031T, compared to their respective benchmark products, can help end users save approximately 1,826.64 kWh of electricity (equivalent to 6575.90 million joules) per year, which is equivalent to reducing carbon dioxide emissions by 902.18 kilograms. In the future, as shipment volumes increase, the carbon reduction benefits will become even more significant.

### Chip Power Efficiency Ratio



- Note 1: Chip power efficiency ratio = Average power consumption of product at read/write peak / Average performance of product at write/ read peak.
- Note 2: The comparative capacities for UFS/SSD are all selected based on mainstream shipping capacities, with UFS compared at 256GB and SSD compared at 512GB.
- Note 3: In 2024, due to improvements in CTL and NAND manufacturing processes, the new PS8329 model shows significant enhancement in power efficiency ratio.
- Note 4: It is estimated based on the user's daily usage of 40GB (this is the basic value used by the Company to estimate the user's daily usage to facilitate the calculation of total bytes written (TBW) and warranty period).
- Note 5: The annual carbon reduction is the total carbon reduction of the two products PS8329/PS5031T.

In the future, the Company will continue to invest its R&D resources into embedded industrial systems, in-vehicle systems, and enterprise storage solutions to construct even more robust, reliable, secure, and energy-saving NAND storage solutions. In 2024, Phison successfully developed 6 new technologies:

Category	Description
<b>Enterprise-level SSD Storage Solutions</b>	▶ Announced the new enterprise SSD brand "PASCARI", specifically tailored for enterprise-level and data center applications
<b>USB Storage Solutions</b>	▶ Launched the world's first native USB4.0 System on a Chip (SoC) controller chip PS2251-21(U21)
<b>SSD Storage Solutions</b>	▶ Launched the world's first PCIe 5.0 DRAM-Less E31T SSD storage solution
<b>Enterprise-level SSD Storage Solutions</b>	▶ Launched the first PCIe Gen5 128TB SSD designed specifically for data centers, which is also currently the highest capacity product available on the market
<b>Automotive SSD Solutions</b>	▶ Launched the MPT5 product specifically optimized for future automotive workloads with SR-IOV support capabilities
<b>Embedded UFS 4.0 Solutions</b>	▶ Launched Phison's first UFS 4.0 storage solution PS8361, further enhancing storage performance for 5G flagship smartphones

### 4.1.3 Intellectual Property Management

The Company's intellectual property rights are managed by its "Intellectual Property Office", which focuses on regulatory compliance as well as handling patent cases and litigation disputes to reduce IP-related risks, protect the rights of the Company and customers, and provide comprehensive IP protection through a strict patent strategy. As of 2024, the Company has a total of 2,074 global patents, ranking 72nd in the top 100 of the Taiwan Patent ranking in approved patents filed by enterprises in 2024.

Place of Application	Taiwan	China	USA	Other	Total
<b>Patent output</b>	751	646	647	30	2,074

### Patent Development Process

The Company values innovation and patent development. We offer patent bonuses to encourage employees to apply for new patents. The continuous accumulation of technical value will facilitate future product development and generate more competitive products.



## 4.2 Quality Management

In accordance with the "Quality/EHS Manual," "Internal Audit Management Process," "New Product Development Management Procedure," and "Customer Complaint Management Process," the Company plans quality management systems and implements quality management activities to ensure our products comply with regulatory requirements and customer needs.

The Company has obtained ISO 9001 quality management system certification, with annual on-site audits and documentation audits conducted by an independent third-party organization every three years to ensure the system aligns with international standards. Additionally, the Company regularly conducts internal audit programs led by the quality system department every year, with clearly defined qualification requirements for internal auditors. If auditors identify non-conformities or issues, they require the responsible units to propose corrective measures, subsequently track implementation status, and ultimately compile audit results for management review to evaluate system effectiveness and drive continuous improvement.

The Company has established a product development plan with standardized processes that clearly define the responsibilities of each department to guide the development process. We simultaneously monitor inspection records of pilot batch production to ensure production conditions meet product quality requirements. We also issue production quality engineering documents, which include process monitoring points, inspection frequency, checking methods, measuring tools, abnormal response plans, reference standards, etc. Quality checkpoints are set up to sample-check product functionality, appearance, dimensions, packaging, and other items to ensure products and processes meet quality requirements, effectively reducing the probability of customers receiving defective products. In 2024, the Company did not experience any product recall incidents.

To enhance quality awareness among new employees and current staff, the Company has established QC education and training management measures, defining required general courses for QC personnel. QC personnel are required to undergo regular evaluation once every six months, and professional qualification skills assessment once per year. Professional certification methods include written tests, oral examinations, reports, and practical demonstrations.

If customers have any concerns about the quality of the received products, they can file complaints through sales or quality assurance channels. After understanding the nature of the issue, sales personnel or quality assurance staff will complete a customer complaint form in the complaint notification system. Quality assurance personnel will then identify the quality anomalies and analyze the abnormal phenomena, subsequently providing customers with analysis and improvement reports, and conducting statistical analysis to facilitate future improvements. In 2024, a total of 12 customer complaint forms were established, of which 9 cases were closed before December 31, 2024, another 2 cases were closed by the end of January 2025, and the remaining case is expected to be closed by the end of April 2025 as the long-term solution requires back-and-forth confirmation of requirements with the customer and tool development.

### Customer Complaints Management Process



### 4.3 Customer Relationship Management

Phison makes satisfying customers' needs its top priority. The Company has established an outstanding customer relationship management system that systematizes customer service methods and processes to serve as a basis for providing customers with premium products and services, and to ensure that we provide consistent quality services, thereby helping customers create value while also maximizing profits. To ensure customer opinions are heard and handled, the Company provides a diverse array of communication channels (including customer service hotline, telephone, and email), through which the Company will notify customers of important news.



#### Customer Satisfaction Survey

The Company's customers mainly comprise those in the semiconductor industry and the electronics industry. To further understand their needs and expectations, the Company surveys the satisfaction of customers accounting for 80% of its operating revenue every year. In 2024, it surveyed the satisfaction of 60 customers.

The Company's customer satisfaction survey includes four aspects, namely Q (quality), D (delivery), S (service), and T (technology), for which the customers are asked to rate on a scale of 1 to 10. The Company deems customers to be satisfied with a year's products and services if the average score of the four aspects is 7 or above. The results of the survey will provide a reference for the Company's internal performance reviews and help the Company continue to improve the quality of its services.

The score of the customer satisfaction survey for 2024 averaged 8.46 points. One thing worth mentioning is that 53 customers gave a satisfaction score of no less than 7 points. The satisfaction rate was 88%, which met our target of 75%.

Customer satisfaction	2021	2022	2023	2024
Score	7.55	8.12	8.39	8.46
Satisfied customers (%)	62%	80%	85%	88%
Percentage of the total revenue from surveyed customers (%)	80%	80%	80%	80%

### 5. Responsible Supply Chain

Material Topics	Supply Chain Management
<b>Significance and Materiality to the Organization</b>	<ul style="list-style-type: none"> <li>▶ Having reliable suppliers is the key to the Company's stable provision of high-quality products and services. Effective supply chain management can reduce the sustainability risk of the value chain.</li> </ul>
<b>Management Approach</b>	
<b>Policy and Commitment</b>	<ul style="list-style-type: none"> <li>▶ Benchmarking against the Responsible Business Alliance(RBA) Code of Conduct, the Company formulated the "Supplier Code of Conduct", with which we assess suppliers' sustainable risks annually and perform an RBA audit for critical suppliers to implement related regulations.</li> </ul>
<b>Long-Term Goals</b>	<ul style="list-style-type: none"> <li>▶ 100% of suppliers with an annual transaction amount of more than 1 million and more than 12 purchases per year shall sign the "Supplier Code of Conduct".</li> <li>▶ Require suppliers meeting the transaction criteria set forth by the Production Management Department and Procurement Department complete the "Sustainability Risk Assessment Questionnaire" every year and maintain the completion rate at 100%.</li> <li>▶ Critical suppliers taking an RBA audit reach 95% by 2024 and 100% by 2025, and maintain at 100% thereafter.</li> <li>▶ Critical suppliers taking an RBA audit and making improvement reach 90% by 2024 and 100% by 2025, and maintain at 100% thereafter.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>▶ In 2024, the top 80% of suppliers in terms of transaction amount or the suppliers with an annual transaction amount of more than 1 million all signed the "Supplier Code of Conduct".</li> <li>▶ 100% of suppliers meeting the transaction criteria set forth by the Production Management Department and Procurement Department completed the "Sustainability Risk Assessment Questionnaire", with a qualification rate of 93.69% increased from 84.96%.</li> <li>▶ We performed an RBA audit of 48 critical suppliers, with a passing rate of 77.08% for their audit results.</li> </ul>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>▶ Procurement Department; Production Management Department; Supply Chain Quality Management Division; IC Quality Engineering Division</li> </ul>
<b>Complaint Mechanism</b>	<ul style="list-style-type: none"> <li>▶ Ms. Tsai, Materials Division <a href="mailto:supplychain@phison.com">supplychain@phison.com</a></li> <li>▶ Complaint channels available on the Supply Chain Management platform</li> </ul>
<b>Action Plans</b>	<ul style="list-style-type: none"> <li>▶ Utilize SAMP Online, the supply chain management platform, to convey the Company's important policy to suppliers along the supply chain.</li> <li>▶ Sustainability risk (ESG) accounts for 5%-10% of the total supplier evaluation score.</li> <li>▶ Establish the "RBA Vendor Management Policy", demanding that suppliers fill out and send back the RBA Self-assessment Questionnaire, and that suppliers found of any deficiency submit an improvement plan containing corrective measures within a week.</li> <li>▶ Hold annual supplier RBA training courses to strengthen suppliers' understanding of the RBA Code of Conduct and Phison's Supplier Code of Conduct, helping suppliers to assess their own compliance.</li> <li>▶ Require personnel from departments with procurement functions that are related to core business operations (Production Management Department and Procurement Department) to annually complete the "Sustainable Supply Chain - Role Awareness and Capacity Building Course." The content covers the definition and importance of sustainable supply chain management, the relationship between procurement behavior and the carbon pricing era, product carbon footprint and organizational carbon emissions, sustainable raw materials, etc.</li> <li>▶ Have established a "Supply Chain Information Security Management Guidelines" and conducted information security evaluations of 27 major suppliers using an "Information Security Risk Assessment Form," while also performing on-site audits of 3 of these suppliers.</li> </ul>
<b>Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>▶ Percentage of suppliers having signed the Supplier Code of Conduct</li> <li>▶ The percentage of suppliers having filled out and sent back the Sustainability Risk Assessment Questionnaire and the percentage of suppliers identified as highly risky</li> <li>▶ The percentage of our critical suppliers who have received RBA audit, and their passing rate</li> </ul>

## 5.1 Supply Chain Management

### 5.1.1 Supply Chain Management Structure and Action Plans

The Company is committed to establishing a trustworthy and stable sustainable supply chain, growing together with our suppliers. The Company uses quality, price, delivery time, service, and sustainability risks (ESG) as criteria for supplier evaluation, leveraging our influence to require suppliers to disclose sustainability information and improve their sustainability performance.

New suppliers of the Company need to pass basic corporate social responsibility assessment (the assessment content including human rights, occupational health and safety, and environmental management); only after they pass the assessment are they allowed to do business with the Company. Subsequently, they also need to fill out the "Sustainability Risk Assessment Questionnaire" if the transaction conditions are met. 100% of the new suppliers are screened against environmental standards and social criteria.

Of all purchase contracts the Company have signed with suppliers, the Company stipulates thereon that suppliers comply with the "RBA Code of Conduct". We also demand that suppliers who meet the criteria set forth by the Production Management Department and the Procurement Department fill out the "Sustainability Risk Assessment Questionnaire", the contents of which covering five aspects, namely Labor, Occupational Health and Safety, Environmental Protection, Supply Chain Management, and Corporate Governance. The Company's personnel will review the questionnaire and grade the suppliers into different sustainability risk level according to their scores. The Company then performs supply chain management and optimization according to their long-term sustainability performance. In 2024, a total of 111 suppliers underwent environmental and social impact assessments through the "Supplier/Contractor Sustainability Risk Assessment Questionnaire." Among them, 7 suppliers were identified as having significant actual or potential negative impacts on the environment or society. The main negative impacts were failure to establish occupational safety and health management systems, environmental management systems, and failure to implement organizational carbon inventories. The procurement department will continue to monitor the improvement status of non-compliant suppliers over the next 2 years. The percentage of relationships terminated after evaluation this year is 0%.

At the same time, the Company considers factors such as procurement amount, delivery batches, and supply nature to screen out critical suppliers<sup>10</sup> based on risk identification results. Critical suppliers must cooperate by signing the "RBA Supplier Code of Conduct" (with a 100% code of conduct signing rate) and accept annual RBA audits conducted by the Company's professional staff. In 2024, to align with the revision of RBA standards, the Company updated the Supplier Code of Conduct. Furthermore, the Company emphasizes improving suppliers' sustainability management capabilities. Through RBA audit explanations and training courses, we educate suppliers on prohibiting child labor, human rights, anti-discrimination/anti-harassment, health and safety, pollution and greenhouse gas management, anti-corruption, grievance channels, privacy, management systems, material restrictions, and responsible mineral sourcing, deepening sustainability awareness throughout the supply chain. In 2024, 57 suppliers participated in the annual supplier education and training courses.

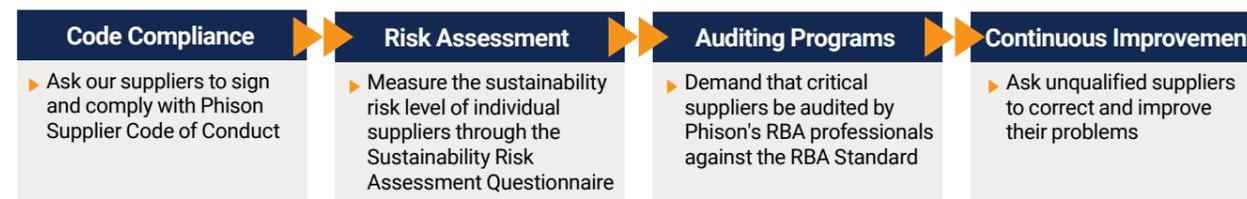
Note : Critical suppliers are defined based on suppliers of critical components for main products.

### Please refer to the official website for the Supplier Code of Conduct



▶ The Company also utilized the SAMP Online, a supply chain management platform, on which the Company provides important regulations such as human rights and supplier code of conduct, and encourage suppliers to click to read. The platform also provides a complaint channel for suppliers' employees. If the labor or employee of a supplier discovers or suspects that his/her employer violates Phison's "Supplier Code of Conduct", he/she may whistleblow the violation. The Company will then start investigation and, as required by law, protect the personal information and privacy of such a whistleblower

### Four Major Principles of Supply Chain Management



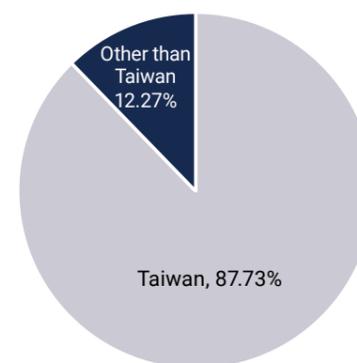
### 5.1.2 Sustainable Procurement

In order to strengthen the resilience of the supply chain and control the status of raw materials, the Company regularly performs short, medium and long-term material risk assessments. Short-term risk assessment assesses the risks associated with the inventory level of suppliers, the ability of agents to allocate and mobilize products, replacement with substitute materials, rush purchase on the spot market, product origin investigation, and capacity investigation. Medium- and long-term assessment assesses the potential risks that suppliers determine the abnormalities will have on their company by inferring from the abnormalities' extent of worsening and impact presumed by them. An emergency response meeting may be convened by the head of the procurement department whenever needed; the extent of impact as indicated in the emergency investigation results may serve as a reference for response to be made by the relevant units.

### Local Purchases

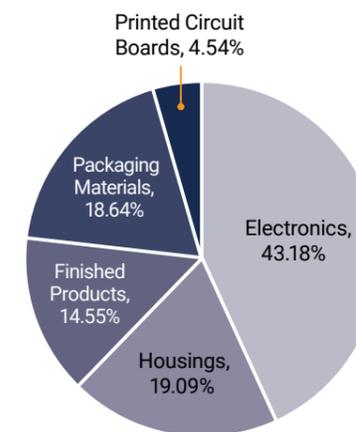
The Company purchased raw materials that were mainly electronics, packaging materials, housings, finished products, and PCBs. The Company purchases mainly in Taiwan, with 87.73% of suppliers located in Taiwan, and is committed to developing a supply chain of materials backup and diverse supply sources, so as to reduce geological risks and increase supply chain resilience.

Supplier Percentage by Local



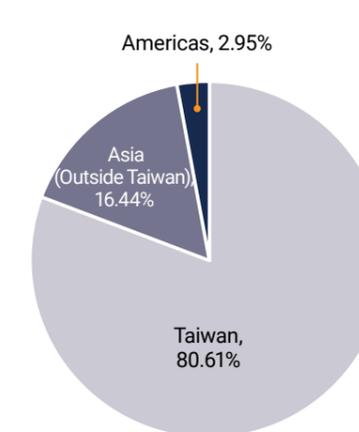
Note: Local procurement means any procurement made from a Taiwan-based supplier.

Supplier Percentage by Category



Note: Finished products mean any products procured by enterprises which are ready to be sold immediately without further processing.

Percentage of Procurement Expenses by Territor of Origin



## Critical Materials Management

The Company continued its critical material management in 2024, identifying 151 critical electronic components with supply risks due to geopolitical factors, and finding alternative materials that were validated for product use. In the future, we will continue to adjust product categories and necessary conditions to differentiate supplier levels, review the supply chain health status of these product categories, evaluate adjustment feasibility, and consider suppliers who already possess Tier 1 capabilities to enhance the breadth and depth of our supply chain.

Category	Number of Items
No risk	128
Substitute material pending inspection	10
Relocation-pending site	13

## Supply Chain Information Security Management

The increasing digitalization, connectivity, and extensive data exchange within supply chain networks are exposing supply chains to unprecedented information security threats. These attacks not only lead to significant financial losses for organizations but can also damage the long-term trust relationships between organizations and their partners and customers. Establishing robust information security strategies, ensuring the stability of digital transactions, and protecting the data privacy of all parties involved have become top priorities for businesses today.

In 2024, the Company established "Supply Chain Information Security Management Guidelines" for the supply chain, and conducted security assessments on 27 major suppliers using an "Information Security Risk Assessment Form." The assessment results showed that all 27 suppliers achieved a score of at least 60 points, with 85.19% scoring 80 points or above. Additionally, in 2024, the Company conducted random inspections based on the assessment results of these 27 major suppliers, ultimately performing on-site audits of 3 suppliers to verify their information security management status.

Supplier type	Selection criteria	Number of suppliers evaluated
Raw material suppliers	▶ Transaction amount of over 80% in the previous year	16
System subcontractors	▶ Top 5 processing fee amount in the previous year	4
Packaging subcontractors	▶ Main Suppliers	7
<b>Total</b>		<b>27</b>

Note: Because one of the subcontractors undertakes business for both the system factory and the packaging factory, it is included in the packaging factory here to avoid double counting.

## Green Procurement

The Company has formulated the "Green Procurement Policy", which takes the environmental performance into account for the procurement decision-making process. Doing so reduces the adverse environmental impact and exerts influence on the upstream and downstream suppliers to an extent that they are willing to jointly deliver a positive environmental impact. Before conducting procurement, the Company will assess the necessity of procurement, and will prioritize the procurement of products and services that fit the definition of a green product. Products and services that fit the definition of green procurement include but are not limited to the following: Products and services that consume low energy; of low pollution; recyclable; or made from recycled materials; or packaging materials made from the minimal amount of materials, or from recycled/recyclable materials. The amount of Phison's green purchases amounted to NT\$34,596,847 in 2024.

## 5.1.3 Suppliers Assessment

In 2024, the Company attempted to categorize suppliers as tier-1 suppliers and non tier-1 suppliers according to the structure of product engagement. Since the Company does not have its own factory, following the principles of the product production supply chain, tier-1 suppliers refer to system providers and packaging and testing partners who regularly collaborate with the Company to produce products, while non tier-1 suppliers refer to component suppliers and wafer fabs. The Company identifies tier-1 suppliers and non tier-1 suppliers with high sustainability risks through the "Supplier/Subcontractor Sustainability Risk Assessment Questionnaire".

Category	Number of supplier	Percentage of processing fee amount
Tier-1 suppliers <sup>(Note 1)</sup>	24	97%
Tier-1 critical suppliers <sup>(Note 2)</sup>	9	75%
High-risk suppliers	7	-
Non tier-1 critical suppliers <sup>(Note 3)</sup>	20	-

Note 1: Tier-1 suppliers exclude non-primary subcontractors.

Note 2: Tier-1 critical suppliers refer to system and packaging/testing subcontractors that account for the top 75% of annual processing fees.

Note 3: Non tier-1 critical suppliers refer to component and wafer suppliers that account for the top 85% of annual transaction amount, as well as suppliers that are the sole source and irreplaceable for key products.

## Raw Material Supplier Evaluation

The Company's raw material supplier evaluation is divided into five dimensions: quality, delivery, cost, service, and sustainability risk (including labor and human rights, health and safety, environment, corporate governance, and supply chain management), with sustainability risk accounting for 10% of the total weight. Based on the evaluation scores, this company classifies suppliers into four levels: A, B, C, and D, and submits the results to the management review meeting. In 2024, the number of excellent suppliers (level B and above) reached 193, accounting for a high proportion of 87.73%.

Raw material supplier rating	Score range	Rating result	2024	
			Number of rated suppliers	Percentage (%)
Level A	≥90 points	▶ Entitled to priority for manufacturing, selection, ordering, and developing new products.	2	0.91%
Level B	80-89 points	▶ Qualified suppliers who pass the evaluation can receive normal orders.	191	86.82%
Level C	70-79 points		26	11.82%
Level D	<70 points	▶ Unqualified suppliers, follow the principle of "continue ordering existing materials, not purchasing new materials".	1	0.45%
<b>Total</b>			<b>220</b>	<b>100%</b>

## Subcontractor Evaluation

The Company conducts evaluations of subcontractors who meet trading conditions according to the "Subcontractor Management Operating Procedures." The evaluation dimensions include quality, production management, manufacturing engineering, test engineering, and sustainability risk. The sustainability risk accounts for 5% of the total weight. In 2024, there were no suppliers who failed the evaluation.

Subcontractor rating	Score range	Rating result	2024	
			Number of rated suppliers	Percentage (%)
Level A	≥90 points	▶ Priority consideration for increasing outsourced orders.	0	0%
Level B	80-89 points	▶ Maintain normal outsourced order volume, continue monitoring.	24	88.89%
Level C	70-79 points	▶ Maintain normal outsourced order volume, continue monitoring, and suppliers shall implement improvement plans.	3	11.11%
Level D	60-69 points	▶ Priority consideration for reducing outsourced order; suppliers must propose improvement measures within 7 days, and if necessary, the evaluation team will conduct on-site verification of improvement status.	0	0%
Level E	<60 points	▶ After improvement guidance, if evaluation still does not reach D rating or above; recommend listing as an unqualified supplier.	0	0%
<b>Total</b>			27	100%

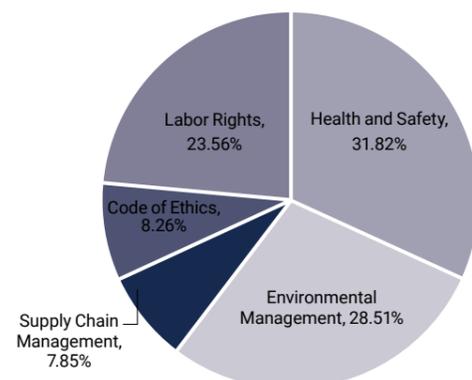
### 5.1.4 Supplier Audit

To reduce the sustainability risk in our supply chain, the Company has established the "RBA Vendor Management Policy", with an annual audit being conducted on all of our critical suppliers<sup>11</sup> with respect to labor rights, health and safety, environmental management, code of ethics, and compliance and effectiveness of their supply chain management. A total of 22 critical suppliers were audited on-site this year. The remaining critical suppliers have all obtained RBA VAP certification, so they only need to provide third-party reports for documentation audit. Auditors will promptly inform the supplier of any defects found during their audits. The defects will then be reported to the department head and the supplier will be asked to provide an improvement plan; furthermore, the supplier will be required to submit the improvement plan containing corrective actions within one week.

The overall audit pass rate in 2024 was 77.08%, with 242 deficiency items identified. The main causes of deficiencies were excessive overtime, zero-fee recruitment for migrant workers, and environment-related issues. The Company's audit representatives have communicated the audit findings and discussed possible improvement plans with each supplier. The Company did so because according to the management regulations, the Company's audit representatives and the supplier may agree on a deadline for improvement completion. If the supplier fails to improve before the deadline, the Company will reduce or suspend the orders to be placed with it, or remove it from the List of Approved Suppliers.

Number of suppliers passing audit	37
Number of suppliers failing audit	11
Audit pass rate	77.08%
Number of suppliers completing improvements within the deadline	14
Audit improvement rate	79.73%

### Defect Analysis for Supplier Audit



<sup>11</sup>The 48 critical suppliers include 19 raw materials suppliers, 20 subcontractors and system providers, and 9 services producers.

## 5.2 Conflict Minerals Control

- ▶ To ensure we are not sourcing any conflict minerals which were mined through abuses of human rights or under the coercion of armed groups, the Company has established the Phison Conflict-free Minerals Management Policy stipulating that the "Avoidance Use of Conflict Minerals" or "Non-use of Conflict Minerals" be signed by suppliers upon the first-time purchase of materials or by subcontractors during the annual indirect materials survey. The Company's process for conflict minerals inquiry: After the product requirements and specifications are submitted, if any of the product materials involve metal, a conflict minerals inquiry is conducted to identify the type of the metal, the name of smelter and its country of origin, whether the mineral comes from recycled or scrap sources, and the country where the mineral was mined from, through conflict minerals inquiry forms (Conflict Minerals Reporting Template-CMRT, Extended Minerals Reporting Template-EMRT). If the supplier is found to be in breach of the Phison Conflict-free Minerals Management Policy, we will cease all purchases from such supplier immediately. The supplier will be required to provide its plans for corrective and preventive measures.

Please refer to the official website for the Conflict-free Minerals Management Policy



### Conflict Minerals Control Process



### Reasonable Country of Origin Inquiry (RCOI)

Phison conducts reasonable country of origin inquiry to identify the original place of 3TG: gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and Mica in our electronic products, and to confirm whether they originate from conflict zones.

Our RCOI includes the following steps:

1. Conduct inquiries into suppliers to identify the smelters and their sources of 3TG, cobalt, and mica through Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT).
2. Suppliers are asked to sign an undertaking letter confirming their compliance with the Conflict-free Minerals Management Policy.

The Company identifies mineral and smelter source information in the supply chain annually through conflict minerals survey forms. In 2024, the Company surveyed a total of 101 suppliers and completed verification of 228 material items through the conflict minerals management process. According to the survey results, we confirmed that the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and mica minerals are all from smelters approved by the RMI (Responsible Minerals Initiative), meeting responsible minerals requirements.

## 6. Environmental Protection

### 6.1 Climate Strategy

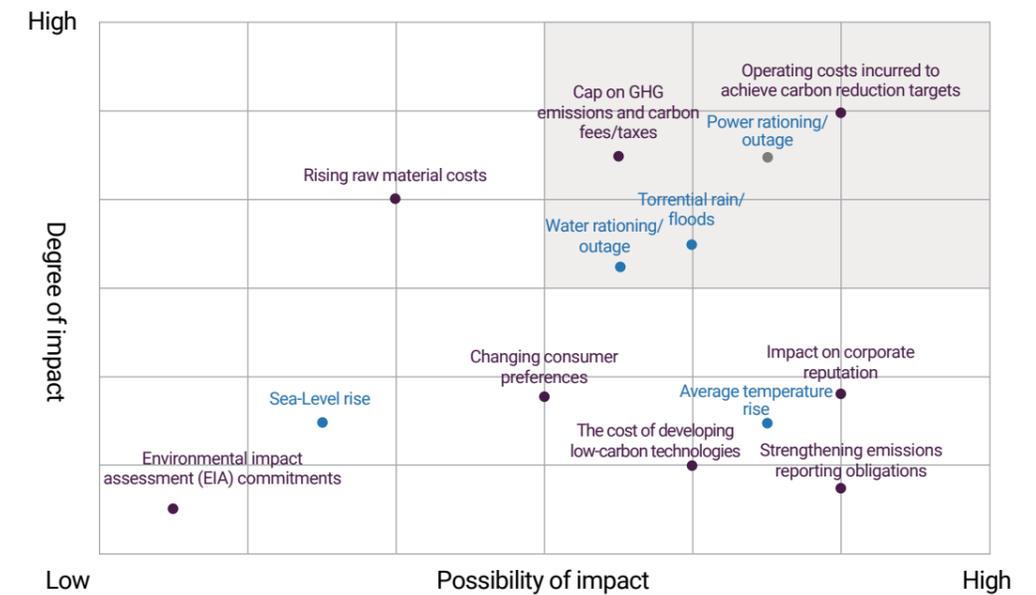
Climate change has become a critical global issue today. Once climate disasters occur, they can cause significant financial impacts on businesses. The Company follows the Task Force on Climate-related Financial Disclosures (TCFD) assessment framework and refers to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) to simulate climate change scenarios. We conduct physical impact analyses of climate change for the regions where we operate, performing scenario analyses on the main disaster types of concern to stakeholders, such as high temperatures and rainfall, in order to develop impact adaptation plans for the next 3 years (short-term), 4-10 years (medium-term), and beyond 10 years (long-term).

#### 6.1.1 TCFD Disclosure Framework and Phison's Management Approaches

<b>Governance</b>	<ul style="list-style-type: none"> <li>▶ Risk Management Committee is a functional committee under the Board of Directors and take charge of climate change-related issues. The committee is composed of three members, of whom more than half are independent directors, and briefs the Board of Directors on its climate risk management progress every year.</li> <li>▶ The executive task force under the Risk Management Committee is responsible for identifying, assessing, and monitoring climate-related risks and opportunities, and for briefing the Risk Management Committee regularly on climate risk-related information. The Board of Directors is the unit that supervises the Risk Management Committee.</li> <li>▶ The Risk Management Committee regularly reports risk identification results and management and control implementation results to the Board of Directors. The Board of Directors then makes relevant suggestions based on its own authority, responsibilities and expertise, supervises the direction of the project and improves the success rate of the project.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>▶ The Company defines "short-term" as the following 3 years, "medium-term" as the following 4 to 10 years, and "long-term" as the years counting from the 11th following year.</li> <li>▶ Analyze the impact and contribution associated with climate change-related risks and opportunities against the TCFD architecture.</li> <li>▶ Climate risk analysis is conducted using different scenarios provided by the "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform" (TCCIP), including consideration of physical scenarios such as SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>▶ Analyze risks and opportunities by looking at goodwill, substantive risks, and any change in policy, laws and regulations, market, and technology which might arise under different scenarios.</li> <li>▶ Plan an adaptation and mitigation strategy for material risks by discussion among relevant departments, and submit the overall assessment results to the Risk Management Committee and the Board of Directors.</li> <li>▶ The Supplier Code of Conduct has been revised to add requirements for carbon inventory information disclosure.</li> <li>▶ Obtain ISO 50001 Energy Management System certification and implement low-carbon production through energy-saving projects based on electricity consumption hotspots and the replacement of outdated equipment.</li> <li>▶ Annual ISO14064-1 carbon inventory is performed and data is verified by a third party. In the future, we will annually expand the inventory types for Category 3 and Category 4 to capture comprehensive carbon emission information.</li> </ul>
<b>Indicators and Goals</b>	<ul style="list-style-type: none"> <li>▶ Climate-related key performance indicators have been established for 2028, including water consumption per person, greenhouse gas emissions intensity, and waste generation intensity.</li> <li>▶ Renewable energy usage proportion targets and carbon reduction targets for 2030 have been established.</li> </ul>

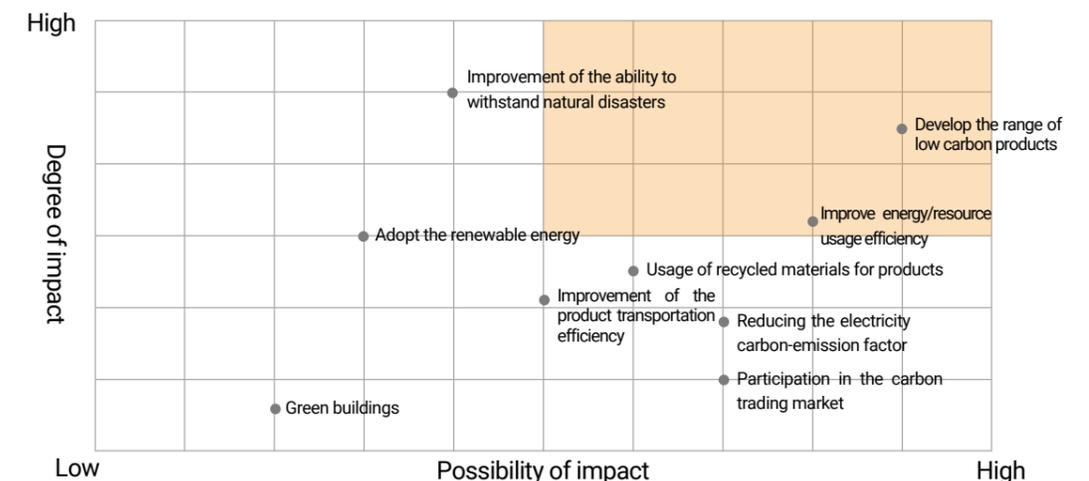
Based on factors such as business nature, probability of occurrence, and impact level, the Company has identified five main climate risks and two climate opportunities, and has outlined relevant response measures.

#### Climate Change Risk Matrix



Note: Blue indicates physical risks, purple indicates transition risks.

#### Climate Change Opportunities Matrix



## Climate Change Risks and Opportunities Identification Results

### Transition Risks

Risk factor	Scenario description	Description of potential financial impact	Response actions
Cap on GHG emissions and carbon fees/taxes	Although the Company is not identified by the Energy Administration of the Ministry of Economic Affairs as a big electricity user at the moment, chances abound that the Company will need to pay a carbon fee as the law lowers the emission threshold or the Company scales up its operations.	Increase in operating costs	Set greenhouse gas reduction targets, purchase renewable energy, plant trees, and verify environmental management systems to mitigate the impact of future carbon fees.
Operating costs incurred to achieve carbon reduction targets	In order to ensure that the global average temperature rise is within 1.5°C, it has become an international consensus to achieve net-zero greenhouse gas emissions by 2050. Brand customers and private advocacy groups have successively put forward carbon reduction requirements.	Increase in operating costs	The Company promotes energysaving plans in the plants and will also evaluate working with value chain partners in the future to increase the benefits of renewable energy procurement.

### Physical Risks

Risk factor	Scenario description	Description of potential financial impact	Response actions
Water rationing/ outage	Extreme climate increases the likelihood of absence of rainfall during prime time slots for water gathering. If the situation is considered severe, the government will impose a series of water rationing measures, which will prevent employees from normal work.	Decreasing operating revenue	Establish an internal water level analysis and alert system, and take water from two alternate sources of water supply to cope with the risk of insufficient water supply of either source.
Power rationing/ outage	The Energy Administration of the Ministry of Economic Affairs forecast electricity demand to grow by an average of 2.5% annually during 2024 and 2028. Power rationing or power outage in case of insufficient power resilience will bear on the operation of important server rooms, thus production capacity.	Increase in operating costs Decreasing operating revenue	Install UPS to ensure the stability of important server rooms and machine operation and test the generator every month.
Torrential rain/floods	Extreme weather leads to a higher probability of torrential rain and floods; the velocity of torrential rain is likely to cause floods, which will prevent employees from commuting to work, delay materials allocation, and disrupt planned production and shipment of products.	Increase in operating costs Decreasing operating revenue	Purchase flood prevention equipment, such as flood pumps and sandbags. Perform short, medium and long-term material risk assessments regularly.

### Major Opportunities

Opportunity factor	Scenario description	Description of potential financial impact	Response actions
Develop the range of low carbon products	More customers in the market select partners by looking at the energy efficiency of a product and a company's ability to reduce carbon emission.	Increase in operating revenue	Improve product performance as early as at the design stage, and use eco-friendly and durable materials for products to help end users save energy and extend product lifespan. Use light packaging materials in principle when developing packaging design, and preferentially use renewable materials.
Improve energy/resource usage efficiency	Companies must comply with the Energy Administration's requirement on saving power consumption by 1% annually.	Decreasing operating cost	Obtained ISO 50001 Energy Management System certification, implemented energy-saving projects based on electricity consumption hotspots, replaced outdated equipment, etc., to achieve low-carbon production.

Note: All risks and opportunities above use the SSP2-4.5 emission scenario from the IPCC Sixth Assessment Report (AR6), which refers to a medium emission scenario.

## 6.1.2 Greenhouse Gas Management

The Company supports the carbon reduction goals of the Paris Agreement. In response to climate change and the implementation of green operations, the Company has been conducting an annual GHG emissions inventory and passing the verification against the ISO 14064-1:2018 standards.

In 2024, the Company's direct emissions (Category 1) and energy indirect emissions (Category 2) totaled 16,785.799 metric tons of CO<sub>2</sub>e, an increase of 1,109.498 metric tons of CO<sub>2</sub>e compared to 2023. The Company has no manufacturing operations, so the main emissions come from purchased electricity. In 2024, the emission intensity decreased to 0.285 metric tons of CO<sub>2</sub>e/per million dollars of revenue, a reduction of 12.31% compared to 2023. The Company's carbon reduction target for 2030 is to achieve greenhouse gas emission intensity of 0.310 metric tons/per million dollars of revenue. In terms of carbon reduction strategies and actions, we implement various energy-saving projects, replace outdated equipment, purchase renewable energy, and introduce organizational carbon inventory and product carbon footprint management platforms to improve overall inventory efficiency and data quality, thereby identifying emission hotspots.

Emission type	Type of emission	Metric tons of CO <sub>2</sub> e	2021	2022	2023	2024
Direct emissions	Category 1	Metric tons of CO <sub>2</sub> e	150.5286	340.8842	228.3663	344.3885
	Category 2		11,181.9074	15,001.1131	15,447.9343	16,441.4106
Indirect emissions	Category 3		2,116.4078	1,659.6377	1,721.5395	1,975.6410
	Category 4		2,165.7436	2,737.3262	3,183.5048	3,386.8338
	Category 5		-	-	-	4.3547
	Category 6		-	-	-	-
Total (Category 1 + Category 2)		Metric tons of CO <sub>2</sub> e	11,332.436	15,341.997	15,676.301	16,785.799
Total (Categories 1+2+3+4+5+6)		Metric tons of CO <sub>2</sub> e	15,614.587	19,738.961	20,581.345	22,152.629
Emissions intensity (Category 1 + Category 2)		Metric tons of CO <sub>2</sub> e / million NTD	0.181	0.255	0.325	0.285

Note 1: The data covers the use of all factories and leased offices of Phison Electronics, but excludes unused facilities and bases that have not been officially operated for one year and the scope of outsourced management.

Note 2: Since ISO 14064-1 2018 has expanded inventory boundaries and changed quantifying method, changes in GHG emissions exceeded the significance threshold. Therefore, we shifted the base year from 2023 to 2024.

Note 3: Category 1 includes energy, process, transportation (mobile sources), and fugitive emissions; Category 2 includes purchased electricity; Category 3 covers indirect transport emissions (employee commuting, business travel, and other transport); Category 4 covers indirect GHG emissions associated with an organization's use of products and services (i.e., emissions arising from other organizations' use of products and service, waste disposal, and raw materials use); Category 5 covers emissions from downstream leased assets.

Note 4: Our GHG emissions inventory includes an inventory to: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbon (HFCs).

Note 5: The global warming potential was quoted from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC); the electricity carbon-emission factor used for calculation is the electricity carbon-emission factor announced by Taiwan's Energy Administration, Ministry of Economic Affairs in 2023; other emission factors are calculated using the Greenhouse Gas Emission Factor Management Table (version 6.0.4) of the Ministry of Environment of the Executive Yuan, the Carbon Footprint Information Platform of the Ministry of Environment of the Executive Yuan, the Greenhouse Gas Emission Inventory Operation Guidance of the Ministry of Environment of the Executive Yuan, the China Airlines Carbon Footprint Calculation System, and the High-Speed Rail Transport Service Carbon Footprint Platform.

## 6.2 Energy Resources Management

### 6.2.1 Statistics of Energy Consumption

In 2024, the Company's Phase V facility obtained ISO 50001 Energy Management System certification. Through data tracking and analysis, we continuously seek energy improvement opportunities to reduce environmental impact.

In 2024, the Company's total energy consumption was 128,678.707 gigajoules (GJ), with an energy intensity of 2.183 (GJ/per million dollars of revenue), a decrease of 9.49% compared to 2023. This reduction was due to ongoing energy-saving projects and improvements in energy use efficiency. The Company's energy consumption is predominantly from purchased electricity - non-renewable energy, which accounts for approximately 94.18% of total energy consumption. The remaining energy sources include purchased electricity - renewable energy at approximately 5.55%, and fossil fuels at 0.27%. Therefore, in our subsequent energy-saving planning, purchased electricity will be our primary target.

The Company's energy consumption increases yearly with business growth. Since 2021, we have been purchasing renewable energy (wind power), and to achieve our 2025 and 2030 goals, we will further procure solar photovoltaic energy in 2025. By 2024, renewable energy usage reached 5.56% of total electricity consumption, and aiming to reach 10% by 2025 and 20% by 2030. By continuously procuring renewable energy, we are gradually reducing carbon emissions from traditional electricity use.

### Energy Consumption Analysis Table

Unit: Gigajoules GJ

Energy consumption items		Energy consumption amount			
		2021	2022	2023	2024
Purchased renewable energy	Electricity	950.24	1,218.06	3,605.31	7,138.99
	Fossil fuels	271.97	219.52	216.38	342.36
Purchased non-renewable energy	Electricity	81,318.35	107,375.03	112,483.61	121,197.36
Total consumption of renewable energy		950.24	1,218.06	3,605.31	7,138.99
Total consumption of non-renewable energy		81,590.32	107,594.55	112,699.99	121,539.72
Total energy consumption		82,540.56	108,812.61	116,305.30	128,678.71
Energy intensity (GJ/ per million dollars of revenue)		1.319	1.806	2.412	2.183

Note : Heat values are based on the Energy Administration of the Ministry of Economic Affairs, where energy usage is multiplied by the unit heat value and converted to gigajoules (GJ) to calculate energy consumption.

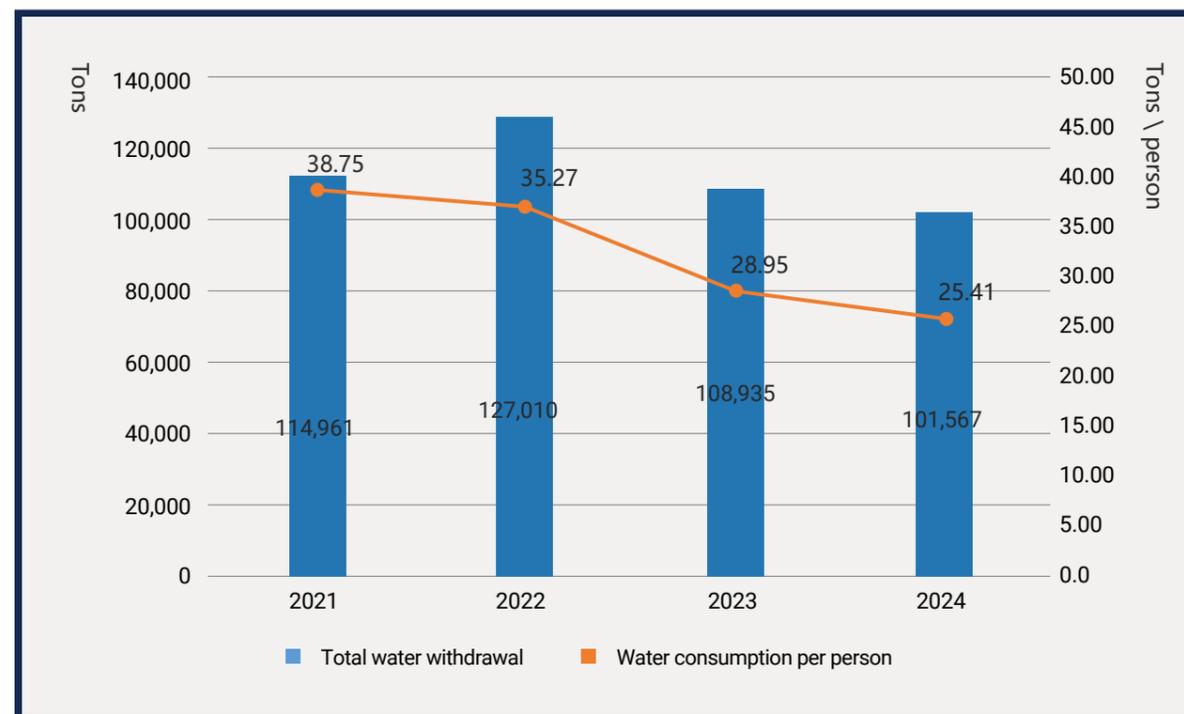
### 6.2.2 Statistics of Water Consumption

The Company operates mainly in the fields of R&D. Our production process only involves simple assembly and packaging, and maintenance and testing processes. There is no water consumption for our production process<sup>12</sup>, we use water only for general use, of which air-conditioning water accounts for the largest amount. The sources of our water intake are city water and the private water supplier, Kuan Yuan.

In 2024, the Company's total water withdrawal was 101.57 thousand cubic meters (million liters), with a total water discharge of 81.98 thousand cubic meters, and total water consumption of 19.58 thousand cubic meters. In 2024, the Company's water withdrawal decreased by 7,368.19 tons compared to last year, with per capita water usage at 25.41 tons/person; water withdrawal intensity was 1.723 metric tons/per million dollars of revenue.

<sup>12</sup>Not having any production process, the water consumed by the Company is mainly water for domestic use and water for cooling the machinery. The water used in our in-factory labs is from the RO water system, and does not comprise any ultrapure water.

### Total Water Withdrawal and Water Consumption Per Person



### Level of Water Stress

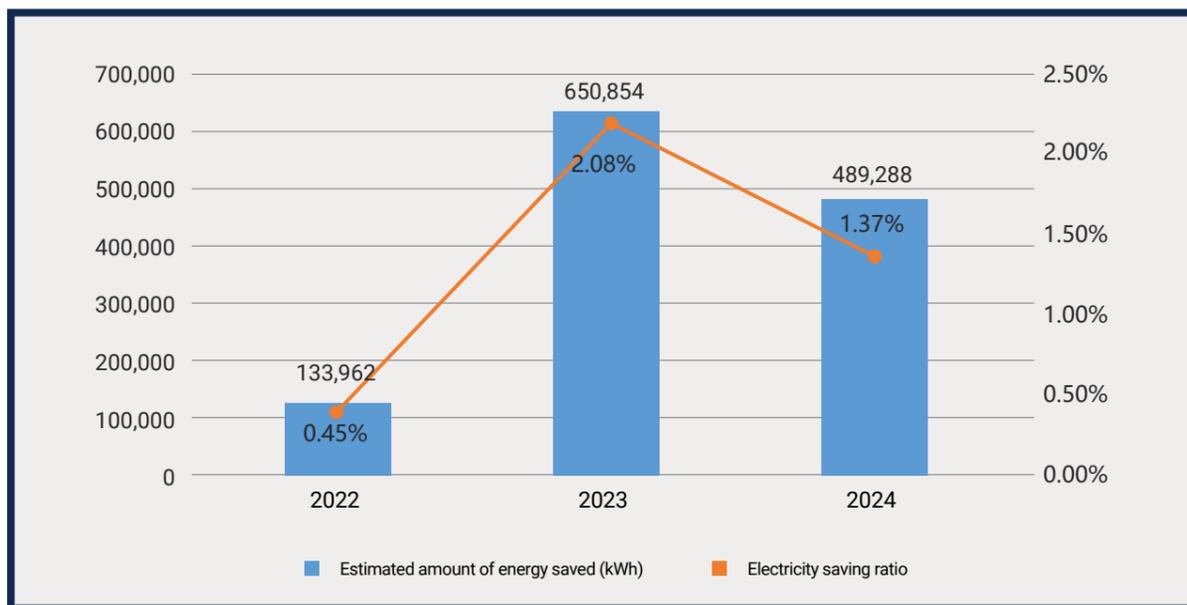
The water used in the Company's business activities was 100% third-party sources (Taiwan Water Corporation and Taipei Water Department). The sources of our water withdrawals for the Miaoli area were Dapu Reservoir and Yungshoshan Reservoir; for the Taipei area, it was Feitsui Reservoir; for the Hsinchu area, it was Baoshan Reservoir; and for the Tainan area, it was Nanhua Reservoir. According to the World Resources Institute (WRI)'s Aqueduct tools and the Water Supply Situation Report issued by the Taiwan Water Resources Agency, MOEA, the levels of water stress in our Taiwan operating locations were identified as low to medium.

### 6.2.3 Energy Efficiency Improvement Project

In addition to daily promotion of energy conservation to employees, the Company also promotes the concepts of energy conservation, water conservation, and waste reduction and shares action plans in annual online re-training courses. It is expected that employees will pay attention to the risk impact of climate change and find ways in their daily lives to reduce energy and resource waste and garbage generation, so as to lessen the burden on the earth from the source.

In 2024, the Company implemented three energy-saving projects, estimated to save 489,287.72 kWh of electricity (saving NT\$1,911,647 in electricity costs), equivalent to reducing approximately 241.7082 metric tons of carbon dioxide equivalent.

Energy-saving measures	Energy savings	Energy savings (GJ)	Carbon reduction (tCO <sub>2</sub> e)
Optimization adjustment of chilled water pump control mode for air conditioning	32,556.0000 kWh	117.2283 GJ	16.0827 tCO <sub>2</sub> e
Scheduled shutdown of office ventilator	182,159.7200 kWh	655.9244 GJ	89.9869 tCO <sub>2</sub> e
Scheduled shutdown of MAU (Make-up Air Unit)	274,572.0000 kWh	988.6843 GJ	135.6386 tCO <sub>2</sub> e
<b>Total</b>		<b>1761.8370 GJ</b>	<b>241.7082 tCO<sub>2</sub>e</b>



Note 1: The estimated amount of costs saved was calculated by multiplying the average electricity rate by the estimated number of kWh saved.

Note 2: Electricity carbon-emission factor used for calculation is the electricity carbon-emission factor announced by Taiwan Energy Administration, Ministry of Economic Affairs for 2023 (0.494 kg CO2/kWh).

Note 3: Energy saving ratio = number of kilowatt hours of electricity saved due to energy saving projects / annual actual kilowatt hours of electricity usage.

## 6.3 Effluent and Waste Management

### 6.3.1 Effluent Discharge Management

The Company's wastewater in Miaoli region was conveyed to the sewage treatment plant in Kuan Yuan Science Park via the pipelines applied legally without treatment; wastewater in Taipei region was conveyed to the public sewer system. A total of 81,984 tons of water and effluents was discharged from our Miaoli headquarters in 2024. Our wastewater generated in the Miaoli area is tested monthly by an independent water quality testing agency for water temperature, hydrogen ion concentration index (pH), suspended solids, biochemical oxygen demand, and chemical oxygen demand. This is to ensure that the quality of our water and effluents meets the discharge standards of the Kuanyuan Science Park's sewerage system, and our water and effluents does not cause any serious impacts to nearby water bodies.

Unit: Thousand Cubic Meters (Million Liters)

Wastewater discharge categories	Wastewater discharge					
	2022		2023		2024	
	All regions	Water-stressed regions	All regions	Water-stressed regions	All regions	Water-stressed regions
Third-party water	103.41	0	91.70	0	81.98	0
	0	0	0	0	0	0
<b>Total wastewater discharge</b>	<b>103.41</b>	<b>0</b>	<b>91.70</b>	<b>0</b>	<b>81.98</b>	<b>0</b>

Note 1: The volume of effluents is estimated according to the park regulations, and is calculated as total water withdrawal x 0.9.

Note 2: All the wastewater of the Company is discharged to the local wastewater treatment plant; there was no direct discharge to a receiving body of water.

### 6.3.2 Waste Management

In 2024, the total waste generated by the Company was 445.66 metric tons (waste intensity of 0.0076 metric tons/per million dollars of revenue), of which 39.33 tons were hazardous industrial waste, accounting for 8.82%; and 406.33 metric tons were general waste (general industrial waste + domestic waste), accounting for 91.18%. This year's waste generation increased by 12.72% compared to 2023, mainly due to the launch of Phase V facility, which resulted in more employee domestic waste and industrial waste generated from Phase V facility.

The Company generates hazardous industrial waste, mainly under the waste item E0217 (Scrapped electronic parts and components, leftover scrap and defective goods) from our activities of product experimentation. All of the Company's hazardous industrial waste is removed by qualified disposal and treatment vendors, and conveyed to a professional electronics recycling and treatment plant, which treats the waste physically and chemically. The crushed waste is partially refined for metal recycling, and the unrecyclable part will be incinerated. To ensure our hazardous industrial waste is handled properly by our contracted disposal and treatment vendors, the OHS Department will inspect the operating procedures of the disposal and treatment vendors and their operating performance on a regular basis by following the removal truck to its destination in person or conducting on-site audits, making sure that the risks and impacts of our hazardous industrial waste posed on the environment are minimized. 7 in-vehicle audits and 2 on-site audits were conducted in 2024, and the vendors all passed the audits.

In addition to striving to reduce waste at the source, to enhance the value of existing waste resources, the Company, in compliance with local regulations and within existing feasible technologies, maximizes the use of recycling methods such as regeneration and reuse, ensuring that waste resources are utilized most effectively. In 2024, 0.0051% of the Company's hazardous industrial waste and 47.46% of general waste were processed through recycling methods, accounting for 43.27% of the total annual waste. The waste recycling rate for this year has increased by 3.65 percentage points compared to 2023.

#### Table of Industrial Waste Generation, Transfer During Disposal, and Direct Disposal

Total of All Sites, Unit: Metric Tons

Year	Item <sup>Note</sup>	Amount generated	Disposal and transfer amount	Direct disposal amount	Stored volume
2024	▶ Hazardous industrial waste	39.33	0	39.33	0
	▶ General waste (General industrial waste + Domestic waste)	406.33	0	406.33	0
	▶ Total amount	445.66	0	445.66	0
2023	▶ Hazardous industrial waste	57.10	0	57.10	0
	▶ General waste (General industrial waste + Domestic waste)	338.27	0	338.27	0
	▶ Total amount	395.37	0	395.37	0
2022	▶ Hazardous industrial waste	6.17	0	6.17	0
	▶ General waste (General industrial waste + Domestic waste)	248.32	0	248.32	0
	▶ Total amount	254.49	0	254.49	0

Note: The classification of hazardous and non-hazardous waste is determined according to local regulations at each site.

## Waste Directly Disposed by Disposal Operations

Total of All Sites, Unit: Metric Tons

Item	Direct disposal method	2022			2023			2024		
		On-site	Off-site	Subtotal	On-site	Off-site	Subtotal	On-site	Off-site	Subtotal
Hazardous industrial waste	▶ Incineration (Including energy recovery)	0	6.17	6.17	0	57.09	57.09	0	39.328	39.328
	▶ Recycling/Reuse	0	0	0	0	0.01	0.01	0	0.002	0.002
	▶ Total amount	0	6.17	6.17	0	57.10	57.10	0	39.33	39.33
General waste (General industrial waste + Domestic waste)	▶ Incineration (Including energy recovery)	0	185.72	185.72	0	181.63	181.63	0	213.49	213.49
	▶ Recycling/Reuse	0	62.60	62.60	0	156.64	156.64	0	192.84	192.84
	▶ Total amount	0	248.32	248.32	0	338.27	338.27	0	406.33	406.33

Note: On-site refers to waste processed by the Company within the factory (site), while off-site refers to waste collected and processed by commissioned external third-party companies.



- ▶ The waste plastics generated by the Company are remanufactured into eco-friendly cup bags, which are distributed and promoted during waste reduction activities held on "World Environment Day."

## 6.4 Green Design

### 6.4.1 Environmental Management System

To respond to the sustainability trend and actively guide our internal sustainability programs, the Company timely amended its "Environmental Protection Policy", which involves our commitments to protect the natural environment in an appropriate way according to environmental legislations and international standards, and to endeavor to achieve the goal of environmental sustainability in the course of our business activities and internal control by devoting to energy conservation, autonomous carbon reduction and biodiversity protection. The Company continued to obtain ISO 14001 Environmental management systems for the design of our flash memory storage devices and flash memory controller chips. We also focus on recycling and energy efficiency policies to reduce the impact of our business activities on the environment.

### Please refer to the official website for the Phison Environmental Protection Policy



In 2024, the Company used the "Taiwan Ecological Network" established by the Forestry and Nature Conservation Agency, MOA to make identifications based on geographical location. Only the Tainan Office falls within the "Southern Chianan Plain Grassland Conservation Zone", and all other operating locations are not located in "Biodiversity Hotspots" or "Conservation Corridors". After comprehensive consideration of industry characteristics, operating activities, location, land use, water resource use, and pollutant emissions, the Company determined that the Tainan Office will not come into contact with sensitive areas that affect biodiversity and pristine natural forest ecosystems. Therefore, there are no concerns about potential damage to biodiversity or destruction or deforestation. Therefore, the impact on biodiversity is low. Starting from 2024, the Company has also included a biodiversity question set in the annual sustainability risk self-assessment questionnaire submitted by suppliers, requiring suppliers to use the "Taiwan Ecological Network" to identify their own biodiversity risks.

### 6.4.2 Green Management Process

The Company is committed to environmental protection. By examining the life cycle of our products, we have been able to understand the actual and potential impacts of our products on the environment at each product stage, and strategies and objectives were planned ahead to reduce the environmental impacts. Since the Company is not an end brand owner, in accordance with the cradle-to-gate model, the management policies at each stage are as follows:

Stage	Implementation approach and results
<b>Raw materials</b>	<ul style="list-style-type: none"> <li>▶ Hazardous Substance Management.</li> <li>▶ Sony Green Partner Environmental Quality Approval Program.</li> <li>▶ Prioritize the procurement of products and services that consume low energy; of low pollution; recyclable; or made from recycled materials; or packaging materials made from the minimal amount of materials, or from recycled/recyclable materials.</li> </ul>
<b>R&amp;D and design</b>	<ul style="list-style-type: none"> <li>▶ Obtain ISO 50001 Energy Management System certification.</li> <li>▶ Obtain ISO 14001 Environmental Management System certification; the processes to be certified include the design of flash memory storage devices, and the design process of flash memory chips.</li> <li>▶ Constantly optimized the product performance to develop more energy-saving and more compact products, thereby helping end users reduce their greenhouse gas emissions and waste generation.</li> </ul>
<b>Packaging</b>	<ul style="list-style-type: none"> <li>▶ Adopt a simplified and light-weight packaging strategy when designing product packaging for customers, so as to reduce the amount of waste generation at the back end.</li> <li>▶ Reuse packaging materials to reduce the amount of packaging materials used and waste generated. In 2024, we recycled 523,925 units of packaging materials (antistatic trays).</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>▶ Adopt "freight consolidation" approach according to the geographic regions of our customers and the load capacities of our carriers to enhance transportation efficiency.</li> </ul>

### 6.4.3 Hazardous Substance Management

The Company established the "Hazardous Substance Management Procedures" and set up the Green Management Team to monitor the conformity of our R&D, design, procurement and manufacturing processes to international standards including the EU Restriction of Hazardous Substances Directive (EU RoHS), Halogen Free, EU Registration, Evaluation, Authorisation and Restriction of Chemicals on Substance of Very High Concern (EU REACH SVHC), and EU Waste Electrical and Electronic Equipment Directive (WEEE), to ensure our compliance with Taiwan and international legislations and the requirements of hazardous substance restrictions on our customers' products and to reduce the environmental impact of product-related activities. In 2024, we sent a total of 32 products of our new series to an independent third party for testing of hazardous substances, and the compliance rate of our products with hazardous substance requirements was 100%.

#### Phison's Approach to Hazardous Substance Management

<b>EU RoHS</b>	<b>EU REACH SVHC</b>
<ul style="list-style-type: none"> <li>▶ Due to the characteristics of our customers' products, we still require the use of substances which contain trace amounts of lead; however, such use is exempted from EU RoHS, and our use of all other EU RoHS controlled substances are in compliance with the regulations.</li> </ul>	<ul style="list-style-type: none"> <li>▶ All our products conform to the requirements.</li> </ul>
<b>Halogen Free</b>	<b>EU WEEE</b>
<ul style="list-style-type: none"> <li>▶ Conformity to customer requirements.</li> </ul>	<ul style="list-style-type: none"> <li>▶ All our products conform to the requirements for the recovery, reuse, and recycling of WEEE.</li> </ul>

#### Hazardous Substance Management by Stage

<b>R&amp;D</b>	<b>Manufacture</b>	<b>Supplier management</b>
<ul style="list-style-type: none"> <li>▶ Review of New Products                             <ul style="list-style-type: none"> <li>• Control Standards of Hazardous Substances</li> <li>• Third-party hazardous substance inspection</li> <li>• Safety Data Sheet (SDS)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ Incoming Quality Control                             <ul style="list-style-type: none"> <li>• Acceptance standards</li> <li>• Hazardous substance testing</li> </ul> </li> <li>▶ Change Management                             <ul style="list-style-type: none"> <li>• Third-party hazardous substance inspection</li> <li>• Safety Data Sheet (SDS)</li> </ul> </li> <li>▶ Annual Hazardous Substance Testing                             <ul style="list-style-type: none"> <li>• Products sent to independent third party for testing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ Green Product Management System</li> <li>▶ Third-party hazardous substance inspection</li> <li>▶ Safety Data Sheet (SDS)</li> </ul>

### 6.5 Environmental Investments

To analyze our environmental protection costs and benefits to provide a critical reference for decision-making, the Company breaks down our environmental protection costs and our environmental protection benefits as follows by adhering to the Industrial Green Accounting Guideline released by Taiwan Ministry of Environment.

Unit: NT\$

Cost breakdown		Description	2021	2022	2023	2024
Operating cost	Pollution prevention cost	▶ Wastewater processing	2,241,993	3,581,765	3,273,687	2,938,570
		▶ Empty the septic tank	300,000	400,000	498,750	498,750
	Cost of sustainable use of resources	▶ Waste disposal	894,240	1,172,240	3,007,678	4,632,941
Management costs	Global environmental protection costs	▶ Purchase renewable energy	977,118	1,252,506	3,911,882	7,899,128
		▶ Management system verification	138,000	138,000	260,000	544,500
		▶ Effluent quality testing	15,225	36,750	33,440	26,160
Social activity costs		▶ Greening and beautification	453,000	422,000	100,000	200,000
		▶ Utilization of the farm environment	1,735,805	1,876,636	1,955,247	1,349,345
		▶ Environmental protection activities	307,700	1,006,455	1,032,935	836,269
<b>Total</b>			<b>7,063,081</b>	<b>9,886,352</b>	<b>14,073,619</b>	<b>18,925,663</b>

Unit: NT\$

Benefits breakdown		Description	2021	2022	2023	2024
Cost savings	Energy/Water conservation plan	▶ Estimated electricity / water charges saved	1,137,395	411,440	2,486,831	1,911,647
		▶ Revenue from recycling	103,506	137,338	3,238,184	3,774,798
	Waste recycled/reused	▶ Resale of anti-static trays	3,967,605	4,315,382	4,406,662	2,632,705
<b>Total</b>			<b>5,208,506</b>	<b>4,864,160</b>	<b>10,131,677</b>	<b>8,319,150</b>

## 7. Employee Care

### 7.1 Employment Overview

#### 7.1.1 Employee Structure

In 2024, Phison Electronics had a total of 4,797 employees<sup>13</sup>, an increase of 399 people compared to the previous year, representing a growth rate of approximately 9.07%. This reflects the continued growth of the Company's operational scale and business, and also demonstrates our determination to actively build up research and development capabilities. Phison Electronics in Taiwan (excluding subsidiaries) has a total of 3,997 employees, accounting for 83.32% of the total workforce, including 3,265 R&D personnel, 168 sales personnel, 365 production personnel, and 199 administrative personnel.

<sup>13</sup>All headcount information in this Report is based on the number of employees in service on December 31 of the current year. The number of employees in 2021 includes employees in Phison, PJP, USA, Super Storage Technology, and Ostek; The number of employees in 2022 includes employees in Phison, PJP, USA, Super Storage Technology, Ostek, Nextorage, and Power Storage Technology (Shenzhen); The number of employees in 2023 includes employees in Phison, PJP, USA, Super Storage Technology, Ostek, Nextorage; The 2024 headcount includes Phison (including 16 people on unpaid leave), PJP, USA, Ostek, Super Storage, Nextorage, Maistorage, Xiamen Jiabin, Shenzhen Jiacun, and Phison India.

#### Phison Group Employee Headcount

Year		Taiwan (including subsidiaries)	Overseas	Total
2024	Male	3,263	187	3,450
	Female	1,292	55	1,347
	Total	4,555	242	4,797
2023	Male	3,044	94	3,138
	Female	1,233	27	1,260
	Total	4,277	121	4,398
2022	Male	2,908	82	2,990
	Female	1,178	22	1,200
	Total	4,086	104	4,190
2021	Male	2,365	26	2,391
	Female	1,020	3	1,023
	Total	3,385	29	3,414

### Employee Structure

Category		Male	Female	Total	Percentage
Job category	▶ R&D personnel	2,726	539	3,265	81.69%
	▶ Sales personnel	35	133	168	4.20%
	▶ Production personnel	203	162	365	9.13%
	▶ Administrative personnel	93	106	199	4.98%
Type of employment contract	▶ Permanent	3,043	928	3,971	99.35%
	▶ Temporary	14	12	26	0.65%
	▶ Non-guaranteed hours employees	0	0	0	0.00%
Age	▶ < 30	918	284	1,202	30.07%
	▶ 30-50	2,068	636	2,704	67.65%
	▶ >50	71	20	91	2.28%
Education	▶ High school diploma or below	11	17	28	0.70%
	▶ Bachelor degree	533	424	957	23.94%
	▶ Master degree	2,482	496	2,978	74.51%
	▶ Ph.D.	31	3	34	0.85%
Nationality	▶ Taiwanese indigenous people	1	0	1	0.03%
	▶ Taiwanese national (non-indigenous people)	2,959	924	3,883	97.15%
	▶ Foreign national	97	16	113	2.82%
Work visa	▶ Percentage of employees that require a work visa	46	8	54	1.35%

In 2024, the number of non-employee workers was 1,731 people, primarily consisting of engineering, cleaning, security, and food court personnel. All are employees of contractors commissioned by the Company, with no dispatch workers or cooperative education students.

In terms of nationality, Taiwanese national, at 97.17%, constitute the most of our workforce; the second highest percentage in our workforce is Malaysian, the third and fourth highest are Vietnamese and Japanese, respectively.

Nationality	Taiwan	Malaysia	Vietnam	Japan	Other
Percentage in total workforce (%)	97.17	2.38	0.13	0.05	0.27
Percentage in all managerial positions (%)	95.17	4.21	0.25	0.12	0.25

Among Taiwan's full-time employees, female managers account for 17.72% of all management positions, with women making up 17.96% of entry-level management, 17.70% of middle management, and 15.87% of senior management. Female managers in revenue-generating departments constitute 15.76% of management positions. Tracking the trends, we can see that the proportion of female R&D personnel in the Company has been increasing year by year, already exceeding the 2025 target ahead of schedule. The percentage of female entry-level managers has increased compared to last year, while the proportion of female middle/senior managers has slightly decreased. This is because previously promoted entry-level managers had a higher proportion of males, thereby diluting the ratio, but the overall proportion of female managers remains stable. In the future, we will continue to uphold the principles of inclusivity and diversity, and continue to improve.

### Proportion of Female Employees

Category	2023	2024	Targets in 2025 in terms of percentage
Percentage of total female employees (%)	23.68	23.52	27.00
Percentage of female managers (%)	17.80	17.72	22.00
Percentage of female in first-level managerial positions (%)	17.10	17.96	20.50
Percentage of female in middle-level managerial positions (%)	19.51	17.70	25.50
Percentage of female in top-level managerial positions (%)	16.67	15.87	25.00
Percentage of female managers in revenue-generating departments (%)	15.75	15.76	20.00
Female working in STEM-related positions (%)	15.92	16.51	16.50

Note 1: Top-level managers include CEO, president, vice president, vice presidents of technology, senior division heads, division heads, deputy division heads, and senior special assistant.  
 Note 2: Middle-level managers include senior managers, department managers, deputy department managers.  
 Note 3: First-level managers include managers, deputy managers, section chiefs, deputy section chiefs, team leaders, and deputy team leaders.  
 Note 4: Revenue-generating departments do not include administrative departments (e.g. Human Resources, Legal, Finance).  
 Note 5: Personnel working in STEM-related positions are defined as the innovative products R&D engineers and system products R&D engineers.

### Employing People with Disabilities

Year	2023			2024		
	Minimum number of employees as legally required	Number of people actually employed	Weighted percentage	Minimum number of employees as legally required	Number of people actually employed	Weighted percentage
Number of people	37	24	0.82%	39	24	0.83%

Note: Although the actual number of employed persons with disabilities in 2023 and 2024 was the same, the number of severely disabled employees in 2024 was higher than in 2023, so the weighted percentage is higher after adjustment.

### Employee Absence Rate

Year	2021	2022	2023	2024
Absence rate (%)	1.33%	0.95%	0.89%	0.76%

Note 1: Absence rate = (Number of absences during an accounting period / Number of man-workdays during the accounting period) x 100.  
 Note 2: Absence includes sick leave, personal leave, family care leave and occupational sickness leave, excluding rescheduling of annual leave, business trip, maternity leave, or paternity leave.

### 7.1.2 Percentages of New Hires and Terminated Employees

In 2024, there was a total of 496 new employees joining Phison's permanent staff in Taiwan, of which 361 were male and 135 were female, accounting for 12.41% of our workforce; a total of 253 employees left our permanent staff in Taiwan, of which 169 were male and 84 were female, accounting for 6.33% of our workforce. With our diligent execution of a performance evaluation system, we aim to increase our retention rate of quality talents by improving employee benefits and satisfying their career development, thereby continuously injecting new energy into our company.

Gender	Male			Total -male	Female			Total -female	Total new hires	Employee size	New hires percentage (%)
	Age	< 30	30-50		>50	< 30	30-50				
Number of new hires (percentage)	239 (5.98%)	119 (2.98%)	3 (0.08%)	361 (9.03%)	86 (2.15%)	48 (1.20%)	1 (0.03%)	135 (3.38%)	496	3,997	12.41%

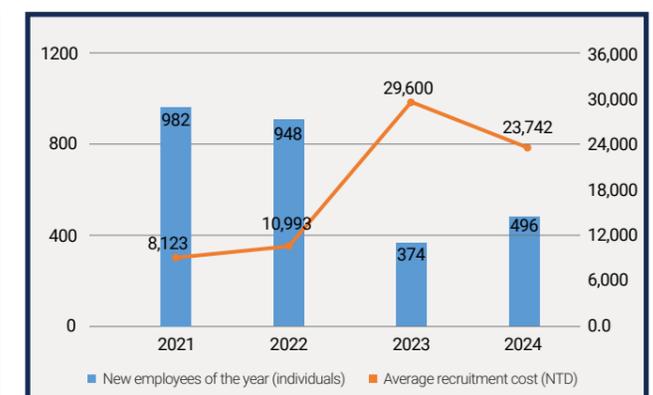
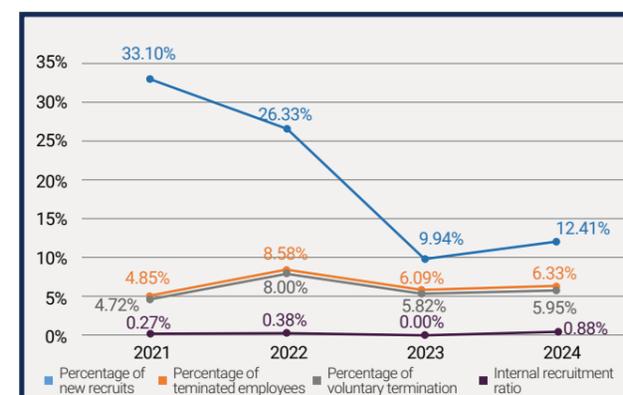
  

Gender	Male			Total -male	Female			Total -female	Total termination	Employee size	Terminated employees percentage (%)
	Age	< 30	30-50		>50	< 30	30-50				
Number of terminated employees (percentage)	74 (1.85%)	91 (2.28%)	4 (0.10%)	169 (4.23%)	34 (0.85%)	50 (1.25%)	0 (0.00%)	84 (2.10%)	253	3,997	6.33%

Gender	Male			Total -male	Female			Total -female	Total number of voluntary terminated employees	Employee size	Voluntarily terminated employees percentage (%)
	Age	< 30	30-50		>50	< 30	30-50				
Number of voluntarily terminated employees (percentage)	72 (1.80%)	83 (2.08%)	4 (0.10%)	159 (3.98%)	32 (0.80%)	47 (1.18%)	0 (0.00%)	79 (1.98%)	238	3,997	5.95%

Note 1: New hires ratio = number of new hires for the year / total number of employees at the end of the year \* 100.  
 Note 2: Terminated employees ratio = number of terminated employees for the year / total number of employees at the end of the year \* 100.  
 Note 3: Voluntary termination means employees who have decided to leave the Company on their own accord (e.g. resignation, retirement, or early retirement).  
 Note 4: Voluntary termination ratio = number of voluntary termination for the year / total number of employees at the end of the year \* 100.  
 Note 5: Internal recruitment ratio = number of vacancies being filled by the existing employees for the year / total number of vacancies for the year \* 100.



## 7.2 Talent Attraction & Retention

Material Topics	Talent Attraction & Retention
<b>Significance and Materiality to the Organization</b>	<ul style="list-style-type: none"> <li>Employee turnover is critical to the stability of an organization's operations. Allowing employees to develop and use their talents in an appropriate way and giving them reasons to be willing to make a long-term commitment to the organization will enhance the efficiency of the organization's operations.</li> </ul>
Management Approach	
<b>Policy and Commitment</b>	<ul style="list-style-type: none"> <li>We are committed to the protection of human rights, and have provided excellent salary and benefits as well as a healthy and safe workplace to attract employees to be highly engaged in their works and develop their career together with the Company.</li> </ul>
<b>Long-Term Goals</b>	<ul style="list-style-type: none"> <li>Employee retention rate is no less than 90%</li> <li>Talent recruitment rate is not less than 10 times</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>The median salary for full-time employees in non-managerial positions is 2,137NT\$ thousand and the average salary is 2,525NT\$ thousand.</li> <li>The expenses on employee benefits amounted to approximately NTD 12,152,266 thousand or NTD 3,132 thousand per employee.</li> </ul>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>Human Resources Department</li> </ul>
<b>Complaint Mechanism</b>	<ul style="list-style-type: none"> <li>Ms. Wang/Ms. Wu of Human Resources Department <a href="mailto:wecan_8080@phison.com">wecan_8080@phison.com</a></li> <li>Anonymous opinion box</li> </ul>
<b>Action Plans</b>	<ul style="list-style-type: none"> <li>Refer to industry salary survey information and evaluate salary increases every year based on operating conditions to constantly improve the attractiveness of employee welfare and salary.</li> <li>Launch improvement projects based on the results of the employee opinion survey; maintain clear and effective labor-management communication channels; create an inclusive, friendly, and healthy workplace, so as to enhance employees' recognition for the Company.</li> <li>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."</li> </ul>
<b>Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>The salary standard disclosed every year on the Market Observation Post System (MOPS)</li> <li>Employee retention rate</li> <li>Talent recruitment rate</li> <li>The number of employee complaints</li> </ul>

### 7.2.1 Promotion of Diversity and Inclusion

Establishing a workplace environment that is diverse, equal, and inclusive can give employees with various characteristics the opportunity to speak up, express their ideas, give full play to their abilities, and at the same time participate more in depth in the Company's growth and decision-making, thereby enhancing their "sense of belonging" to the Company, which has a significant impact on talent retention; meanwhile, job seekers are paying more and more attention to a company's DEI performance and will consider the Company's DEI performance when deciding whether to join the Company.

The Company is committed to improving workplace inclusion and formulates different action plans for different groups. We hope that employees from different backgrounds can all be accepted and supported in the workplace.

Note: The initials DEI stands for Diversity, Equity and Inclusion.

Target Group	Actions to Improve Employee Diversity
<b>Female employees</b>	<ul style="list-style-type: none"> <li>Phison supports "Women in Research and Development". In March 2024, we invited outstanding female managers to participate in campus recruitment activities, sharing their experiences and career development journeys in science and engineering fields. In August 2024, during the summer intern graduation ceremony, we invited female senior colleagues to share how the Company provides a challenging platform for them to showcase their expertise and achieve superior accomplishments, reinforcing the Company's belief that women can excel in their careers, and encouraging female students to join, thereby promoting gender diversity.</li> </ul>
<b>Persons with physical and mental disabilities</b>	<ul style="list-style-type: none"> <li>In addition to actively recruiting employees with disabilities through existing recruitment channels, we will also provide job content suitable for employees with disabilities through job redesign; we also continue to work with relevant social welfare organizations and match them with organizations in need to serve disabled clients; at the same time, we cooperate with the county and city government labor departments and vocational training units to refer suitable candidates with disabilities.</li> </ul>
<b>Foreigners</b>	<ul style="list-style-type: none"> <li>In order to attract more international talents to join, Phison has been working with well-known overseas universities actively in recent years to organize online recruitment briefings, as well as participating in overseas talent recruitment sessions organized by the Ministry of Economic Affairs and aligning with government policies to actively recruit talent from abroad.</li> <li>For industry-university collaboration part, we also consulted with National Taiwan University and National Yang Ming Chiao Tung University about overseas "Industry Support Talent Cultivation Degree Classes", and cooperates with universities to recruit students from all over the world to study in Taiwan. Enterprises will then provide living stipend and job opportunities after graduation.</li> <li>The Company continues to provide comprehensive assistance such as work permits, banking, accommodation, and medical care to create a friendly talent retention environment so that foreign professionals can live and work in Taiwan.</li> </ul>

### 7.2.2 Salaries and Benefits

In the highly competitive semiconductor industry, quality talents are essential for our company to provide high quality products and services, and to maintain the vitality of corporate innovation; as such, we consider recruiting and retaining quality talents as a key issue in our business management. To cope with the shortage of talents in the semiconductor industry, in addition to actively implementing the industry-academia cooperation programs and participating in the job fair of universities, the Company also actively recruits those overseas Chinese students studying in Taiwan in the hope to attract more exceptional cosmopolitan talents. For our employees, we continue to develop their professional functions to create workplace value and personal competitiveness, and at the same time achieving our goal of enhancing the overall competitiveness of Phison Group.

Our employee remuneration is reasonably determined based on individual job duties, and the complexity, required professional knowledge, experience, and skills of individual works, as well as remunerations offered by our competitors, and does not discriminate on the basis of gender, religion, race, or political affiliation. Phison provides cash bonus and employee remuneration twice a year to encourage employees' continual contributions to the Company. In this year, the expenses on employee benefits<sup>14</sup> amounted to approximately NTD 12,152,266 thousand, or NTD 3,132 thousand per employee.

<sup>14</sup>Employee benefits include salary, employee insurance (labor insurance, health insurance, group insurance), retirement benefits (new and old pension schemes), food expenses, and employee welfare (related allowances and subsidies from the Employee Welfare Committee).

## Salary of Full-time Employees Who Are Not in a Managerial Position

Item	2023	2024	Comparison between two years
<b>Non-managerial full-time employees (Number of people)</b>	3,639	3,783	144
<b>Average salary of non-managerial full-time employees (NT\$ thousand)</b>	2,020	2,525	25.00%
<b>Median salary of non-managerial full-time employees (NT\$ thousand)</b>	1,784	2,137	19.79%

Note: The total annual remuneration for the CEO (including fixed remuneration and variable remuneration) was 54 times as much as the median annual salary of all employees (excluding the CEO). The ratio of the percentage increase in annual total remuneration for the CEO to the median percentage increase in annual total remuneration for all employees (excluding the CEO) is 9.

## Male-female Employee Remuneration Ratios

Position	Male	Female
<b>Executive manager salary</b>	112%	100%
<b>Executive compensation</b>	157%	100%
<b>Mid-level and entry-level manager salary</b>	125%	100%
<b>Mid-level and entry-level management compensation</b>	133%	100%
<b>General employee</b>	123%	100%

Note 1: Executive-level managers include the CEO, president, vice president, vice presidents of technology, senior division heads, division heads, deputy division heads, and senior special assistant.

Note 2: Middle-level managers include senior managers, department managers, deputy department managers.

Note 3: Entry-level managers include managers, deputy managers, section chiefs, deputy section chiefs, team leaders, and deputy team leaders.

The Company's compensation policy is based on employees' positions and responsibilities, and complies with local government labor laws. Taking Taiwan as an example, this includes the "Labor Standards Act," "Gender Equality in Employment Act," and "Employment Service Act." Compensation standards do not differ based on gender. Based on talent management, we participate in external compensation surveys, comprehensively referencing other market compensation data reports, refining market compensation benchmarking, and using competency and job grade parameters to design position salary range tables, providing reasonable and competitive compensation. As the majority of managers in our company are male, and different departments also affect overall compensation, managers at the same level may have different compensation levels. The overall compensation in R&D departments (predominantly male) may be higher than in administrative departments (predominantly female), thus creating a gender pay gap.

## Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees

Item	Statutory standard	Phison policy
<b>Holidays and leaves</b>	▶ According to the amended enforcement rules of the Labor Standards Act, the number of national holidays has been reduced to 12 days.	▶ Phison give extra 7 days leave off in lieu.
<b>Annual paid leave<sup>14</sup></b>	▶ A worker having worked continually for more than 6 months but less than one year shall be granted 3 days annual paid leave.	▶ A worker having worked continually for 3 months shall take annual paid leaves in advance, those having worked for 1 year more will be granted 8 days annual paid leave.
<b>Family care leave</b>	▶ The number of this leave shall be incorporated into leave with personal cause and not exceed 7 days in one year. The employee taking leave will not be paid.	▶ The number of this leave shall be incorporated into leave with personal cause and not exceed 14 days in one year. The employee taking leave will be paid for the first 3 days.
<b>Paid miscarriage leave</b>	▶ Those who have a miscarriage after being pregnant for more than two months but less than three months will be granted one week of maternity leave; those who have a miscarriage after being pregnant for less than two months will be given five days of maternity leave. Such one week and five days may not be paid, but the perfect attendance bonuses and performance appraisals shall not be affected.	▶ Those who have a miscarriage after being pregnant for more than two months but less than three months will be granted one week of maternity leave; those who have a miscarriage after being pregnant for less than two months will be given five days of maternity leave. Such one week and five days may be paid.
<b>Consultation services</b>	▶ No regulations	▶ Offers EAPs, free counseling and legal or financial consultation services.
<b>Flexible working hours</b>	▶ No regulations	▶ Employees may apply for clock-in at half an hour earlier than the normal working hours, or for working 2 flexible hours per day, according to individual needs.
<b>Work from home</b>	▶ No regulations	▶ Whenever needed, employees may apply to his/her supervisor for working from home on a project by project basis.
<b>Bonuses</b>	▶ No regulations	▶ Bonuses during the three holidays; birthday bonus; travel allowance; group meal subsidies; language learning subsidies; scholarships and grants; and subsidies for childbirths, marriages, injuries and illness, and funerals. In 2024, bonuses totaling NT\$99,818,103 were distributed.
<b>Employee association</b>	▶ No regulations	▶ According to Phison's rules, an employee association shall consist of 25 or more employees, and will be established after the approval of the Employee Welfare Committee. Upon being established, an association shall recruit members for at least one week. In 2024, we offered subsidies totaling NT\$1,213,263 for the associations.
<b>Medical insurance</b>	▶ No regulations	▶ Term life insurance ranges from NT\$1.5 million to 3 million according to level; critical diseases range from NT\$375,000 to 750,000 according to level; inpatient medical treatment ranges from NT\$2,500 to 3,500 according to level; cancer inpatient medical treatment is NT\$2,000.
<b>Accident insurance</b>	▶ No regulations	▶ Accidental injury insurance ranges from NT\$1.5 million to 5 million according to level; the pay-as-you-go accidental injury medical treatment is NT\$30,000.
<b>Paid natural disaster leave</b>	▶ If employees are unable to report to work due to circumstances during (or after) a natural disaster, employers should not deduct wages.	▶ Provide paid natural disaster leave.
<b>Accompanying prenatal check-up and paternity leave</b>	▶ In addition to taking leave for accompanying prenatal check-up during the spouse's pregnancy, the employee's paternity leave should be taken within a total of fifteen days, including the day of childbirth and the days before and after.	▶ Relaxed application period, to be used within one year from the beginning of spouse's pregnancy.
<b>Employee stock ownership trust</b>	▶ No regulations	▶ Employees with 1 year of service can participate in the Employee Stock Ownership Trust, and may choose to contribute 1-6% of their salary. The Company will subsidize 50% of the aforementioned contribution.

<sup>14</sup> According to Article 38 of Taiwan's Labor Standards Act, workers who have continuously worked for the same employer or business unit for a specified period shall be granted a specific number of days of annual paid leaves as stipulated by regulations. For workers' annual leave days that remain unused due to the end of the year or termination of contract, the employer shall pay wages for those days.

## Diversified Events

The Company formulates annual activity plans based on the available employee welfare budget, employee preferences, and business operation directions. In 2024, we held a total of 6 themed activities, adding enjoyment beyond work for employees and enhance their sense of well-being.

Event name	Event contents	Sessions	No. of participants
Staghorn fern DIY workshop	<ul style="list-style-type: none"> <li>Growing plants on your desk not only adds greenery and purifies the air, but also helps people stay calm and focused. In view of this, the first DIY course of 2024 specially featured the popular staghorn fern. Floral experts were invited to provide hands-on guidance to Phison employees on how to cultivate staghorn ferns: from distributing wooden boards, sphagnum moss, copper wire, and seedlings, to teaching colleagues how to identify growth points, how to tie and plant, and how to secure the hanging mount.</li> </ul>	2	260
Double-dribble ID card holder DIY workshop	<ul style="list-style-type: none"> <li>Among the DIY workshop themes over the years, the leather ID card holders worn around the neck, which are essential for daily work, have often been the most popular items among Phison employees. In 2024, the Company specially arranged a collaboration with Double-Dribble to recycle discarded sports ball leather and repurpose it as a new type of material, designing innovative styles of ID card holders. During the DIY teaching process, an eco-sustainability seminar on sports ball upcycling was simultaneously integrated, demonstrating a new and effective recycling system for sports balls.</li> </ul>	2	290
Family day and charity fair	<ul style="list-style-type: none"> <li>Phison's twenty-fourth anniversary combined family, sports, charity, and environmental protection, organizing a series of activities with the theme "Run Together," including a fair, team competitions, running events, and parent-child interactive games. The race route was planned to start from Phison's Miaoli Headquarters, connecting Guanyuan Technology Park and Zhunan Science Park, leading runners through the parks to experience a full sense of pride and glory. We hope that through the Family Day activities, we can build consensus and cohesion among colleagues, while allowing them to hold hands with their family members to have fun, relax, and relieve daily work pressure.</li> </ul> <p>On the morning of the event day, the Company-wide running activity began under the leadership of executives. The Employee Welfare Committee also planned a series of fun checkpoint games, parent-child DIY activities, and large inflatable play areas for children at the main venue, while integrating local disadvantaged groups by inviting a total of ten charitable organizations to set up charity sale booths. Additionally, the Miaoli Visually Impaired Association's Heart Vision Band was invited to perform and provide blind massage services. At the same time, with Phison's executives taking the lead in donating, employees and guests at the event were invited to join in, raising more than NT\$6.4 million in total, all of which was donated to the ten charitable organizations participating in the event.</p>	1	3,768
Recycling and reusing waste wood - Natural living calendar	<ul style="list-style-type: none"> <li>With the increasing awareness of waste reduction and resource recycling, the Company's 2024 environmental education course specifically planned a waste recycling DIY workshop. The course involved recycling and cutting pine wood waste materials produced during furniture manufacturing processes. Participants used sandpaper to smooth the cut wood surfaces, decorated the wood blocks through priming and coloring techniques, and finally assembled the dried wood blocks into unique "Calendar Mountain Monsters". During the DIY process, colleagues not only learned about the burden that waste wood creates for the earth through the course introduction, but also discovered through hands-on experience that reusing waste materials is a simple and fun activity.</li> </ul>	1	30



Family Day and Charity Fair - Running Event Assembly



Family Day and Charity Fair - Children's Amusement Park



Double-dribble ID card holder DIY workshop



Staghorn fern DIY workshop

## Phison Farm Report

In order to continuously improve employee welfare and promote employee health, Phison has used the land (of an area of approximately 2,300 ping) voluntarily offered by employees for the Phison Farm since 2011, and hired three fulltime farmers to manage it and plant seasonal fruits and vegetables. Because we attach importance to the safety and healthiness of food, we use self-made eco-friendly enzymes such as vegetable leaves, milk from our employees that has passed its expiration date, yogurt drink, and the milk beverage Yakult, in order to improve crop quality and control pests and diseases. We also periodically issue internal letters to inform employees about the current condition of the farm and the feature types of plants.

In 2024, Phison Farm input a total of NT\$1,349,345 and harvested a total of 15,902 kilograms of fruits and vegetables. We packed different types of fruits and vegetables into bags to be delivered to employees who request them via the online registration system. A total of 5,112 packs of fruits and vegetables were distributed to employees in 2024. In addition to the free supply of healthy fruits and vegetables, the farm also provides employees with opportunities to relieve stress and get close to nature. Every year, we offer one to two opportunities for employees to experience the fun of vegetable and fruit picking. As a themed farm of Phison, employees may also request fruits and vegetables with the approval of their superiors to offer customers or suppliers as gifts.



## Pension Contribution

The Company's Regulations Governing Employee Retirement is applicable to all full-time employees. Phison formulated defined benefit plans in accordance with Taiwan's Labor Standards Act as well as defined contribution plans in accordance with Taiwan's Labor Pension Act, and contributes pension reserve funds as required by law to ensure employees' right to pension. Currently, the old labor pension system contribution rate is 4.23%; the voluntary contribution rate for the labor pension is 20.43%.

Welfare fund	Phison policy	Pension reservation for this year
<b>Defined benefit plan</b>	▶ According to the Labor Standards Acts, pension is calculated based on an employee's service period and his/her average salary for the six months before retiring. The Company deposits pension contributions into a designated account with the Bank of Taiwan under the name of the Supervisory Committees of Workers' Retirement Reserve Funds.	▶ Phison contributes 2% of total employee salary into employee pension fund monthly.
<b>Defined contribution plan</b>	▶ In accordance with the Labor Pension Act, we established our Regulations Governing Employee Retirement, and contribute pension funds to employees' personnel accounts at the Bureau of Labor Insurance.	▶ Phison contributes 6% of each employee's monthly salary as their pension fund.

## Unpaid Parental Leave

In accordance with Taiwan's Act of Gender Equality in Employment and Regulations for Implementing Unpaid Parental Leave for Raising Children, the Company has specified the criteria and eligibility of unpaid parental leave in its Regulations Governing Unpaid Retention and Suspension, thus securing employees' right to unpaid parental leave. Employees who have worked continuously at the Company for more than six months and have children under three years old are eligible to apply for this leave for a maximum period of two years.

### Parental Leave Personnel Analysis

Year	2023			2024		
	Male	Female	Total	Male	Female	Total
<b>Number of people eligible for parental leave in the current year (A)</b>	361	107	468	166	52	218
<b>Number of people who actually applied for parental leave in the current year (B)</b>	5	8	13	2	18	20
<b>Number of people due to return to work from parental leave in the current year (C)</b>	4	12	16	2	15	17
<b>Number of people who actually returned to work from parental leave in the current year (D)</b>	2	10	12	2	11	13
<b>Number of people who actually returned to work from parental leave in the previous year (E)</b>	1	8	9	2	10	12
<b>Number of employees who returned from parental leave in the previous year and were still employed 12 months after return (F)</b>	0	6	6	2	6	8
<b>Parental leave application rate (%) (=B/A)</b>	1.39%	7.48%	2.78%	1.20%	34.62%	9.17%
<b>Return-to-work rate (%) (=D/C)</b>	50%	83.33%	75%	100%	73.33%	76.47%
<b>Retention rate (%) (=F/E)</b>	0%	75%	66.67%	100%	60%	66.67%

## 7.2.3 Human Rights Management

Abiding by and recognizing internationally recognized human rights standards such as the International Bill of Human Rights, International Labor Organization Declaration of Fundamental Principles and Rights at Work, and Ten Principles of the United Nations Global Compact, the Company formulated its Human Rights Policy, which has been approved by the Chairman, and takes actions in line with the Code of Conduct of the Responsible Business Alliance, thus treating all workers at the Company's workplace with dignity and respect.

Phison's human rights policy stipulates that child labor and forced labor are prohibited; that unlawful discrimination shall be eliminated; that equal job opportunities shall be ensured; that a communicative work environment shall be created for employees; and that a safe and healthy work environment shall be provided. We are committed to eliminating any unlawful discriminations on the basis of gender, sexual orientation, race, nationality, religion, political affiliation, age, marital status, socioeconomic status, family condition, physical and mental disabilities, and appearance, thereby ensuring the equal rights of employees and their right to have a dignified job.

Every year, employees are required to complete human rights-related training. In 2024, the total hours of human rights training reached 4,818 hours (including RBA training, workplace unlawful infringement prevention advocacy, workplace unlawful infringement - manager class, unconscious bias training), with a completion rate of 100%. This year, we received 1 complaint of psychological violence and 1 complaint of sexual harassment. There were no complaints related to labor disputes or indigenous rights.

The Company's "Regulations for Whistleblowing" clearly stipulates that whistleblowing can be done by real name or anonymously. The responsible unit should handle whistleblowing cases confidentially, and when verifying facts with the whistleblower, this should be done without exposing their identity. Furthermore, all personnel of the Company (including directors, independent directors, managers, and employees) are prohibited from dismissing, demoting, suspending, threatening, harassing, or taking any discriminatory or retaliatory actions against any employee during their employment period who, in good faith, legally reports matters related to legal issues. If anyone retaliates against or treats the whistleblower unfavorably, they will be dealt with according to laws or the Company's relevant reward and punishment regulations.

### Human Rights Incidents and Remedial Measures in 2024

Human rights item	Number of cases received	Number of cases investigated	Investigation result validity	Cause of incident	Remedial measures or actions
<b>Sexual Harassment</b>	1	1	Yes	Inappropriate sexual jokes between colleagues	Administrative punishment and requirement to watch workplace harassment prevention videos and submit a reflection report.
<b>Psychological Violence</b>	1	1	No	Uncomfortable interpersonal interactions causing psychological stress	Office seating adjustment and requiring a third party to be present during work interactions.

Please refer to the official website for the Human Rights Policy



### Internal Human Rights Risk Assessment

In order to implement the "Human Rights Policy", the Company has established a human rights due diligence process. Every year, by reviewing relevant information on domestic and foreign human rights issues, relevant labor laws and regulations in Taiwan, industry characteristics and the Responsible Business Alliance Code of Conduct, the Company identifies potential human rights risk issues, differentiates affected objects and risk sources, and reviews the corresponding management through the results of risk assessment, so as to formulate or adjust risk mitigation measures to improve and follow-up on relevant measures, facilitating the effective control and the reduction of the human rights risk impacts and the achievement of management goals.

## Due Diligence Investigation Process



## Internal Human Rights Management Practices and Performance

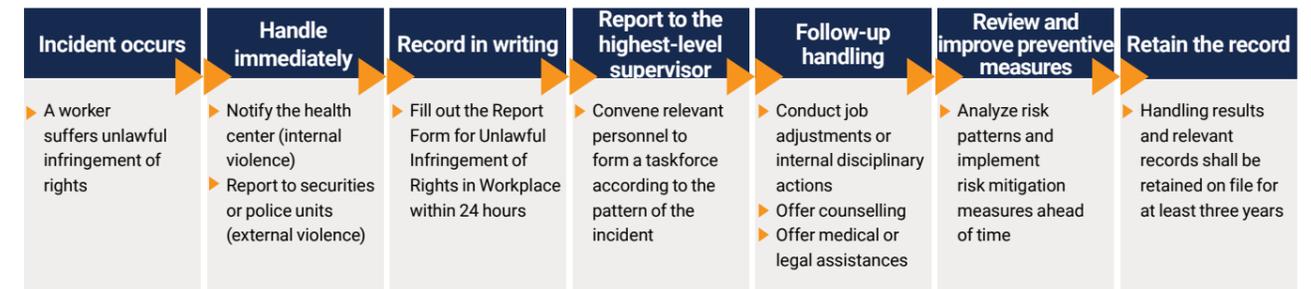
Phison has established the Regulations Governing Internal and External Communication and Complaint and Report Management, which is applicable to Phison's employees and external personnel having a business relationship with or stake in Phison. If the aforementioned personnel suffer or detect any unlawful infringement of rights, discriminations, improper punishments, violations of ethical management and conduct, violations of privacy and intellectual property rights, or other relevant matters, they may file complaints through the existing channels in which the complainants' names shall be provided, or through our anonymous feedback box. All complaints will be reported to the representative of the Corporate Sustainable Development Committee immediately, followed by the investigation in due course. All complaint cases must be approved by the representative before closing. In 2024, the anonymous suggestion box received a total of 3 comments: 1 regarding company policies and regulations, 1 about office temperature, and 1 concerning workplace interpersonal interactions. All comments have been forwarded to the relevant departments for subsequent improvements and management adjustments.

In 2024, the Company's internal RBA human rights audit compliance rate was 100%. Auditors have reported the audit results to the Corporate Sustainable Development Committee for the management to get a grasp of the extent and performance of the implementation of human rights policy. For the upcoming new year, we will continue to uphold the goal of a 100% compliance rate.

Aside from formulating an unlawful infringement zero-tolerance policy, the Company also organizes internal and external trainings on stalking and harassment prevention and unlawful infringement prevention every year. All employees, including new hires and inservice staff, are required to be trained. The coverage rate for trainees is 100%. Seeing that unlawful infringement often occurs under imbalanced position of power, we hold the "Program on Illegal Infringement for Supervisors" and continue to arrange for all superiors to attend the "Workplace Unlawful Infringement Prevention" course, in which they will be informed of the definition of unlawful infringement, awareness, frequently occurred cases, and prevention principles. Furthermore, superiors need to take the "Finding Employees' Problems" course, during which they will be informed of their roles, responsibilities, and obligations, the indicators for employee abnormality, the Company's referral system and assistance system, and the Employee Assistance Programs (EAPs). The percentage of supervisors who have participated in the "Program on Illegal Infringement for Supervisors" in the past three years is 31.84%.

In addition, the Company distributes an unlawful infringement investigation questionnaire to employees after their physical checkup every year, in the hope to early identify risk and help them deal with it, if any. In 2024, the total number of copies distributed and the number of valid copies returned was 3,583. The Company tracked and analyzed those questionnaires, and found that 0.11% of employees believed that they were facing an unlawful infringement risk from outside. However, 0.47% of employees believed that they were facing an unlawful infringement risk from inside, mostly in the form of mental and language abuse. Infirmary staff will first inform them the internal and external resources available, and then inform them that the Company has in place management measures and grievance procedures for illegal workplace infringement, so that if a complaint is filed, it will be formally accepted and handled.

## Flowchart of Handling Reports on Unlawful Infringement of Rights



## Sexual Harassment Complaints Handling Flowchart



## Living Wage

Decent work is closely related to wage levels. To ensure employee wages are sufficient to meet basic needs with dignity, the Company uses the concept of "living wage"<sup>16</sup> rather than "minimum wage" to regularly review conditions needed for workers to meet basic local living requirements. We hope that implementing a living wage will lead to better labor-management interactions and strengthen the stability of business operations.

The Company refers to data from Numbeo, the world's largest cost of living database, which showed in December 2024 that the standard monthly expenses for a single person in Taiwan are NT\$24,933 (excluding rent). Adding to this the national average rent of NT\$9,016, as determined by the Ministry of the Interior's rental survey across 289 administrative districts, we can roughly calculate that employees who rent housing need a monthly salary of at least NT\$33,949 to meet the requirements for a decent living standard. Based on our review results, all current full-time employees' wages exceed the aforementioned amount. In the future, the Company will continue to monitor wage levels to ensure the implementation of living wage standards.

<sup>16</sup>Living wage is the wage level necessary to provide workers and their families with a decent standard of living, and only calculates income earned during legal working hours.

## Supply Chain Human Right Management

The Company gets a grasp of the human rights risks among the supply chain by referencing the Supplier Sustainability Risk Assessment Questionnaire, Critical supplier RBA audit, and the employee complaint channels provided to suppliers' employees on the supplier management platform. We also adopt the human rights due diligence procedure. Following this procedure, we identify human rights issues, evaluated risks, implement mitigation and compensation measures, track improvement, and finally make regular review, thereby constantly improving the human rights management among the supply chain.

Based on the Responsible Business Alliance (RBA) self-assessment form, after document review and on-site audit verification, the Company confirms that the supply chain does not involve the use of child labor or young workers performing hazardous work. Based on our assessment, our company's main suppliers are manufacturing factories, and most are located in Taiwan, an area with relatively low child labor risk. Therefore, there are currently no significant risk indicators showing child labor issues among our suppliers. To further implement supply chain human rights management, the Company requires all suppliers to establish and immediately execute remedial measures for any misuse situations discovered. During the reporting period, the Company has also continuously strengthened monitoring and auditing mechanisms, conducting regular risk assessments and on-site inspections, and through relevant training for suppliers and employees, ensuring the effective prevention of any form of child labor use and related hazardous work arrangements.

## 7.3 Talent Development and Training

Material Topics	Talent Development and Training
<b>Significance and Materiality to the Organization</b>	<ul style="list-style-type: none"> <li>Talents are the foundation for an organization's operational development. Quality talents drive the growth of an enterprise, and are the source of its competitiveness.</li> </ul>
<b>Management Approach</b>	
<b>Policy and Commitment</b>	<ul style="list-style-type: none"> <li>Regulations Governing the Management of Training; Regulations Governing Employee Performance Assessment</li> </ul>
<b>Long-Term Goals</b>	<ul style="list-style-type: none"> <li>Maintain employee satisfaction score for the courses at no less than 94.</li> <li>Average number of hours of management courses taken by the supervisors shall not be less than 10 hours.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>The total training expenses was NT\$4,075,078. We have offered a total of 512 sessions of courses, of which 327 are classroom-based courses and 185 are online courses, with an average satisfaction score for such courses being at 95.27.</li> <li>The total training hours reached 75,677.40 hours, or 18.93 hours per employee.</li> </ul>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>Human Resources Department</li> </ul>
<b>Complaint Mechanism</b>	<ul style="list-style-type: none"> <li>Ms. Wang/Ms. Wu of Human Resources Department <a href="mailto:wecan_8080@phison.com">wecan_8080@phison.com</a></li> </ul>
<b>Action Plans</b>	<ul style="list-style-type: none"> <li>We understand the gap between expected goals and actual performance through gap analysis, and plan the annual training program and the department-specific training program (including new employee training) according to the specialized requirements of the organization and individual departments. Through continuous training in employees' professional competencies, we create employees' value in the workplace and raise their individual competitiveness.</li> <li>Enrich online courses to improve employees motivation to take the continuing education.</li> </ul>
<b>Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>Average employee training hours</li> <li>Satisfaction feedback for training courses</li> </ul>

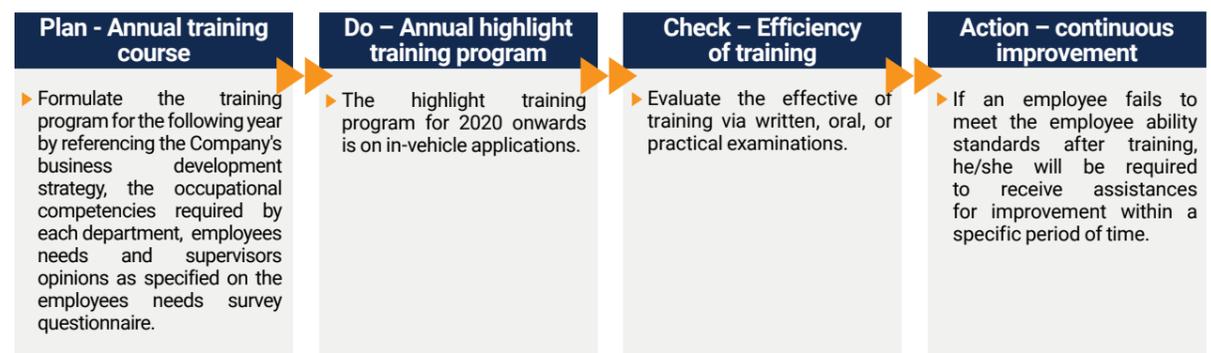
## 7.3.1 The Seven-Category Training Framework

The Company keeps investing in talent training. The HR Department plans the annual training plan and identifies the trainees by referencing the Company's business development strategy and the occupational competencies required by each department. In addition, the HR Department will distribute an employee needs survey questionnaire in August and September every year. Employees may determine the skills they need to improve. The HR Department then retrieves the questionnaires and submits the same to each department head for reference. The HR then retrieves the questionnaires again, with the opinion of the department head specified thereon, to formulate the training program for the following year, and submits such program to the CEO for approval.

The Company mainly formulates annual plans based on seven major training categories (new employee training, on-job / professional training, quality training, secondary skills training, health and safety training, hierarchy-based training, and vehicle system training). Moreover, Phison provides self-inspiration training and subsidies for certification according to individual career needs. All of the Company's full-time employees may apply for a subsidy for external training every year based on their seniority to acquire licenses and degrees relevant to their work skills. Those who have served the Company for no less than three years are eligible for a subsidy of NTD20,000 per year; those who have served the Company for no less than three years but no greater than five years are eligible for a subsidy of NTD30,000 per year. Those who have served the Company for more than five years are eligible for a subsidy of NTD40,000 per year. In 2024, the total certification subsidy expense was NT\$172,440.

Course category	New employee training	On-job training	Quality training	Secondary skills training	Health & safety training	Hierarchy-based training	Vehicle system training
<b>Training recipients</b>	All new employees of the Company	All current employees of the Company	Employees from departments related to product quality	All current employees of the Company	All current employees of the Company	Entry-level/Middle-level/Senior-level managers	Employees from departments related to automotive qualified product
<b>Course content</b>	<ul style="list-style-type: none"> <li>Introduction of the Company's culture and personnel regulations</li> <li>Courses on the ISO series</li> <li>Courses on Responsible Business Alliance</li> <li>Code of Conduct Courses in Authorized Economic Operator</li> <li>Code of Conduct for employee (including topics on human rights and unlawful infringement)</li> </ul>	<ul style="list-style-type: none"> <li>FW development and verification tool course</li> <li>Relevant algorithm computing teaching</li> <li>Flash application teaching</li> <li>Power management chip design series courses</li> <li>Introduction to the use of measuring instruments</li> <li>VMware Vsan series teaching</li> </ul>	<ul style="list-style-type: none"> <li>Quality basic training</li> <li>ISO9001 Quality management systems</li> <li>Quality continuous improvement training</li> <li>IATF 16949 Automotive industry quality management system</li> <li>ANSI/ESD S20.20: Protection of electrical and electronic parts</li> <li>Work environment management using the 6S strategy</li> </ul>	<ul style="list-style-type: none"> <li>Problem analysis and resolution</li> <li>Work plan and accountability executive power (Employee Class)</li> <li>Leveraging communication skills to build a team</li> <li>Language training courses</li> </ul>	<ul style="list-style-type: none"> <li>In-service employee OHS training</li> <li>OHS training for supervisors</li> <li>Self-defense fire organization training</li> </ul>	<ul style="list-style-type: none"> <li>Finding employees' problems</li> <li>Work plan and accountability executive power (Supervisor class)</li> <li>Manpower efficiency (management) improvement project</li> </ul>	<ul style="list-style-type: none"> <li>Training on the five core tools</li> <li>Phison in-vehicle products manual</li> <li>Vda 6.3 training</li> <li>ISO 26262 training</li> <li>ASPICE training</li> <li>Automotive awareness training</li> </ul>

To ensure the training effect, the Company evaluates training courses on the basis of the four stages of the Kirkpatrick Model: reaction, learning, behavior, and results. We conduct questionnaire survey on satisfaction for non-online training courses as a basis for follow-up improvements.



### 7.3.2 Employee Development Plan

The Company encourages employees to participate in workplace operations and various projects, hoping that employees can develop new skills, accumulate more practical experience, learn in different ways, apply and enhance their professional skills, driving the overall growth of individuals, teams, and the Company.

In addition to career development training for general employees, the Company also tailors career training plans for management positions. From new manager training, middle-level manager development, to strategic leadership for senior managers, there are clearly defined competency blueprints and training directions. These are complemented by 360-degree feedback questionnaires, book club experience sharing, and other methods to provide the necessary skills for managers at different levels.

In recent years, with the rapid development of AI and big data, the Company has actively introduced related applications. Led by the Company's research and development team, an AI tool has been developed to support various departments in improving work efficiency, freeing employees from tedious tasks to unleash their creativity. At the same time, the Company continues to cultivate AI technical talents through reviewing technical documents on the arXiv platform, industry-academia collaboration with universities and colleges, exchanging professional knowledge and experience to enhance AI technical capabilities, and continuously keeping abreast of the latest AI application technologies by attending relevant seminars and exhibitions.



In 2024, the Company's training expenses totaled NTD4,075,078; the average training expenses per person was NTD1,020; and the average training hour per person is 18.93 hours. In 2024, we have offered a total of 512 sessions of courses, of which 327 sessions are classroom-based courses and 185 sessions are online courses. A total of 86 sessions of courses are evaluated with a written examination. The satisfaction score for all the courses averages 95.27.

#### Average Training Hours by Gender for Full-time Employees

Unit: Hours

Gender	2022	2023	2024
Male	28.31	14.49	18.47
Female	29.64	16.00	20.16

Note: Average training hours = Total training hours by gender ÷ Number of employees of each gender at year-end.

#### Average Training Hours by Gender for Contract Workers

Unit: Hours

Gender	2022	2023	2024
Male	3.50	1.30	8.00
Female	1.20	2.30	4.60

#### Average Training Hours by Job Level for Full-time Employees

Unit: Hours

Position	2022	2023	2024
Executive management	36.42	21.45	24.84
Mid-level management	45.68	30.60	30.16
Entry-level management	36.76	22.82	25.26
General employee	26.29	12.61	16.90

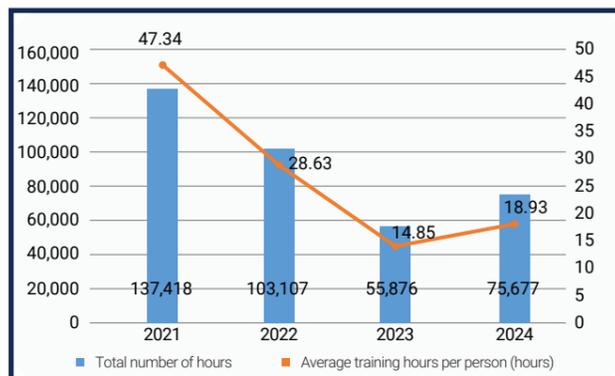
Note 1: Average training hours = Total training hours by job level ÷ Number of employees of each job level at year-end.

Note 2: Executive managers include the CEO, president, vice president, vice presidents of technology, senior division heads, division heads, deputy division heads, and senior special assistant.

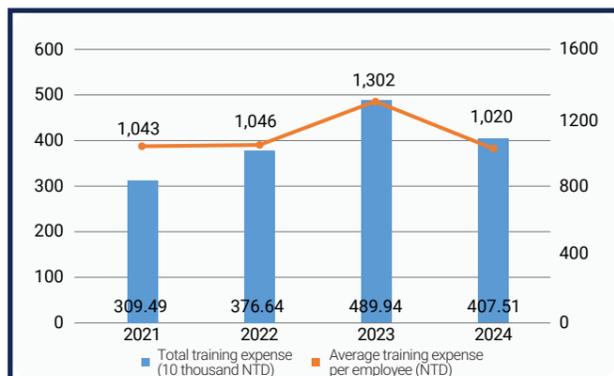
Note 3: Mid-level managers include senior managers, department managers, deputy department managers.

Note 4: Entry-level managers include managers, deputy managers, section chiefs, deputy section chiefs, team leaders, and deputy team leaders.

### Training Hours



### Training Expenses



### Employee Capability Development Training Plan

Project name	Manpower efficiency improvement project	In-vehicle trainings
<b>Project description</b>	▶ As the organization scales up, so does the number of employees. To improve organizational performance, we continue to promote a series of "Manpower Efficiency Improvement Projects", hoping such training will enhance superiors' ability to foster subordinates and plan career development for subordinates, thereby improving colleagues' work skills.	▶ For R&D staff taking part in the in-vehicle projects, we arrange a series of in-vehicle safety trainings covering topics like application of the five core tools, ASPICE, VDA6.3, IATF 16949, and ISO 26262. The trainings walk employees through formulation of functional safety requirements, functional safety design process, and safety analytics; this enables employees to systematically familiarize themselves with the automotive electronics functional safety industry.
<b>Project goals</b>	▶ Cultivate the management capabilities of the management of the System Solution Development Group and the Validation & Precision R&D Business Group to improve the efficiency of the workforce. ▶ Implement the performance evaluation system to bolster the competitiveness of personnel. ▶ Enhance the correlation of performance evaluation with promotion and rewards.	▶ Integrate development process within the Company and establish in-vehicle development specifications. ▶ Establish a corporate culture of vehicle development. ▶ Ensure the output value of in-vehicle projects. ▶ Organize trainings to develop the capabilities of in-vehicle development seeds. ▶ Arrange and assist seeds to obtain in-vehicle licenses considered necessary.
<b>Number of employees received trainings since the launch of this project</b>	762	3,036
<b>Number of employees received trainings in 2024</b>	610	278

### 7.3.3 Employee Performance Assessment

The Company has established the "Regulations Governing Employee Performance Assessment," implementing performance evaluations through goal management and performance ranking. Performance evaluations are conducted twice a year. The implementation process involves employees proposing work plan objectives and quantifiable performance indicators for the following year in November, which are confirmed as goals after discussion with their direct supervisors. Every six months, employees submit self-evaluation forms, and supervisors assess the degree of achievement of target performance and compare it with the performance of employees in the same job category to conduct individual performance evaluations. 100% of the Company's employees regardless of gender, job category, and position, have received regular performance assessment.

In addition, to supplement the previous one-way performance evaluation process, starting from 2021, multi-dimensional(360-degree) performance evaluation feedback mechanisms have been implemented for division-level and above managers. This allows peers, direct supervisors, and direct subordinates to provide feedback, with the goal of gaining a more comprehensive understanding of individual strengths through more thorough assessments. In 2024, multi-dimensional performance evaluations was extended to department-level managers and above, with a total of 291 managers eligible for this evaluation approach. Future expansion to other job levels will be based on the effectiveness of this implementation.

Assessment type	Assessment system	Applicable subjects	Frequency	Implementation methods
<b>Recruitment evaluation</b>	▶ New employee evaluation	▶ New employees	▶ Implemented as needed	▶ For new employees during their probation period, a systematic evaluation of their work performance, attitude, and organizational adaptability is conducted to confirm whether they are competent for their positions, and to serve as an important basis for determining whether they will become permanent employees.
<b>Management by-objective orientation</b>	▶ Performance evaluation	▶ All employees	▶ Once / half year	▶ Supervisors discuss with employees to set work goals and quantifiable performance indicators, and review the goal achievement and self-assessment results during performance appraisals. Supervisors shall evaluate goal achievement and provide feedback.
<b>Multidimensional (360 degrees)</b>	▶ 360-degree assessment	▶ Senior managers and some mid-level managers	▶ Once / year	▶ The assessee's upper-level supervisors, direct subordinates, and cross-departmental partner colleagues will evaluate the teamwork, work attitude, problem-solving and decision-making abilities in daily work through different aspects. The evaluation results can provide the assessee with a reference for their own improvement.
	▶ Promotion evaluation	▶ Managers to be promoted to mid- or senior level	▶ Twice / year	▶ The assessee explains his / her past contributions and future plans after promotion. Relevant senior managers will serve as reviewers to examine whether the assessee is qualified for the new position.
<b>Agile</b>	▶ Monthly review	▶ All employees	▶ Once / month	▶ After supervisors discuss with employees and set personal annual work goals and quantifiable performance indicators, in order to achieve performance indicators, they shall regularly review work progress with employees every month, provide timely guidance and feedback, and take appropriate corrective measures when necessary to avoid mistakes from happening again. Through monthly reviews, department and employee performance indicators are monitored to ensure that the department's overall work goals can be achieved.

Note 1: Performance assessment is not applicable to contract workers for a term of three months or shorter, part-time student workers, and employees on unpaid leaves.

Note 2: Performance appraisal items include work performance, work attitude (including compliance with the code of conduct), teamwork, creative learning, and management competencies (applicable only to managerial employees).

## 7.4 Occupational Safety and Health

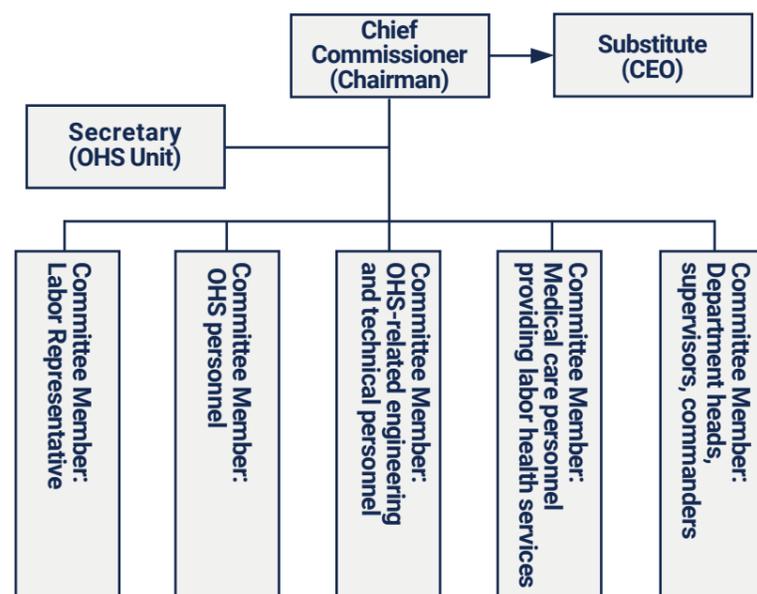
### 7.4.1 Occupational Health and Safety (OHS) Management System

The Company strives to provide employees with a safe, healthy, and friendly workplace and develops and implements safety and health management documents to maintain the safety of plant personnel (including contractors and visitors) and the plants. The Company continues to obtain the ISO 45001 Occupational Health and Safety Management Systems, and has obtained the Healthy Workplace Certification from the Ministry of Health and Welfare. In addition to identifying OHS regulations applicable to all operating plants on a regular basis, the Company implements standardized management procedures and training, adheres to the principles of formulating safety regulations, regularly assesses risks, audits and confirms effects of implementation and principles of continuous improvement, so as to strengthen the existing OHS management system.

Safety Rules	Risk Assessment	On-site Check	Participate in Improvement
<ul style="list-style-type: none"> <li>Follow the requirements of ISO 45001, RBA CoC, and local laws and regulations to publish OHS policy and set up OHS management procedures and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>According to hazard identification and risk assessment procedures, conduct risk assessment annually to ensure risk management and control.</li> </ul>	<ul style="list-style-type: none"> <li>Implement occupational health and safety management audits, inspect the working conditions and environment of workers in the plant, and supervise the implementation of self-inspections.</li> </ul>	<ul style="list-style-type: none"> <li>All employees shall receive regular OHS training, and warning and prevention information shall be posted in conspicuous places in hazardous workplace.</li> </ul>

### 7.4.2 Organization for Safety and Health Implementation

The Company has established its safety OHS organization as required by law (management unit/committee) and appointed personnel to implement safety and health management affairs. The occupational safety and health management unit (OHS Office) is the organization of the Company in charge of formulating, planning, promoting, and supervising OHS-related businesses. It is dedicated to identifying hazards in the work environment or operations, maintaining the safety of contractor operations, implementing OHS trainings and OHS performance assessment, and other relevant management affairs, thereby attaining the "prevention" of occupational injuries and "protecting" employee health. The Safety and Health Committee is the Company's organization for reviewing, coordinating, and recommending OHS-related affairs. The incumbent committee has 14 members (serving a term of 2 years). While the Chairman of the Board of Director serves as the Chairman of the Committee, 7 employee representatives (elected in employee-employer meetings) shall also be appointed. The other members shall be designated from among OHS-related personnel by the Chairman according to actual needs as required by law. Committee meetings are held on a quarterly basis.



### Safety and Health Implementation Items

Item	2024 Results
<b>Statutory identification</b>	<ul style="list-style-type: none"> <li>Identify laws and regulations applicable to the Company on a regular basis and confirm the compliance status of all plant areas.</li> <li>This year, there were five amendments to occupational health and safety-related regulations, and the identification results were in compliance with laws and regulations.</li> </ul>
<b>Standardized management procedure</b>	<ul style="list-style-type: none"> <li>36 documents of OHS management procedure are added or modified.</li> <li>Maintain the ISO 45001 OHS management system, conduct internal audits regularly every year, and appoint a third-party verification unit to conduct external audits.</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>New employees completed three hours of work-related safety and health education training within three months of joining the Company.</li> <li>On-the-job employees receive one hour of general safety and health education training every year.</li> <li>The qualifications of special operations personnel and supervisors are in compliance with the occupational health and safety education and training regulations.</li> </ul>
<b>Hazard identification</b>	<ul style="list-style-type: none"> <li>A total of 906 work items were conducted for hazard identification and risk assessment of the operating environment and personnel work modes. The final assessment result was that there was no work with unacceptable risks.</li> </ul>
<b>Chemicals control</b>	<ul style="list-style-type: none"> <li>One new chemical has been added, and operation change management has been completed before use to ensure the safety of personnel and plants.</li> </ul>
<b>Contractor management</b>	<ul style="list-style-type: none"> <li>The total number of applications for contractor operations was 387, of which 139 were high-risk operations, accounting for 35.92%.</li> <li>Three contractor incidents occurred, with the types of occupational injuries being burns and falls, all resulting in temporary total disability, with a total of 41 days of injury loss.</li> </ul>
<b>Implementation audit</b>	<ul style="list-style-type: none"> <li>This year's internal audit results included 1 deficiency and 3 suggestions, all of which were corrected and improved during the year and records were retained.</li> <li>The external audit results revealed no deficiencies, but there were 8 recommendations, all of which were corrected and improved during the year.</li> </ul>
<b>Emergency drills</b>	<ul style="list-style-type: none"> <li>Five emergency drills were held, with themes covering emergency response procedures for natural disasters, power outages, earthquakes, fires, and chemical spills.</li> <li>Three fire extinguishing training sessions were held for new employees, with a total of 263 participants.</li> <li>Four near-miss incidents occurred, including 3 incidents of personnel trapped in elevators and 1 incident of a personal power bank experiencing a thermal reaction. Hazard prevention measures have been implemented for all of the above incidents to prevent harmful outcomes.</li> </ul>

### 7.4.3 Health Risk Identification and Management

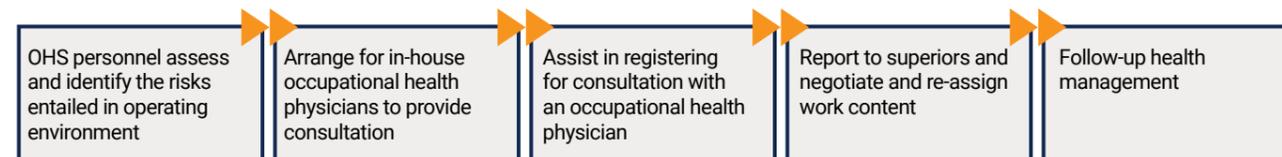
The physical and mental health of employees is the foundation for a company's productivity. Every year, Phison organizes health check-ups that are more prime than what are required by law. A health check-up set worth NTD5,000 is granted to employees regardless of their age; starting from 2023, health check-up subsidies for senior staffs (more than 15 years of experience) have been increased to NT\$8,000 every five years, and the expenses are fully borne by the Company. A health checkup set that is conducted in hospital is granted to top managerial personnel at or above the division level. Through the check-ups, we identify, track, and manage health-related risks and plan subsequent health promotion events. The Company has a health center where health services are provided by 4 contract resident physicians (Department of Occupational Medicine and Family Medicine Department), 3 full-time nurses, and a contract physician who comes onsite to provide services for 9 times per month and 3 hours per time.

After reviewing health check-up reports and the questionnaires on the four major plans, we identified three health risks that pose the greatest threat to employees, including metabolic syndrome, anomalous workload and human-factors hazards. We carefully regarded these risks and proposed preventive measures, and we carried out continuous assessment and improvement.

Rank	Risk/Hazard	Level of impact	Preventive/Corrective measures
1	<b>Metabolic syndrome</b>	High	<ul style="list-style-type: none"> <li>▶ Medical care personnel offer health advice.</li> <li>▶ Implement health seminars and body weight loss activities.</li> <li>▶ Ensure the healthiness and safety of group meal ingredients and cookery and avoid using processed and fried food.</li> <li>▶ Encourage sports clubs activities and the use of sports areas.</li> </ul>
2	<b>Anomalous workload</b>	High	<ul style="list-style-type: none"> <li>▶ Formulate plans to prevent and manage anomalous workload.</li> <li>▶ Control employees' overtime work.</li> <li>▶ Track and manage three highs (high blood pressure, high cholesterol, and high blood sugars).</li> <li>▶ Implement health seminars.</li> <li>▶ Promote health passbooks (monthly measurements of body weight, body fat, waist, and blood pressure).</li> </ul>
3	<b>Human factors hazards (office working posture)</b>	Medium	<ul style="list-style-type: none"> <li>▶ Formulate human-factors hazard preventive management plans.</li> <li>▶ Employ visually impaired massage therapists, whose service can help employees relax their bodies.</li> <li>▶ Promote sports club activities, with instructors leading full-body muscle stretching and relaxation exercises.</li> <li>▶ During annual health check-ups, colleagues are asked to complete musculoskeletal assessment questionnaires. Statistical analysis is conducted based on the responses. For high-risk groups (those with pain in a single area scoring above 3 points or total pain scores across all areas exceeding 15 points), those who request pain relief patches 3 or more times in a single month, or those who take sick leave for over 7 days due to musculoskeletal injuries, individual assessments and recommendations are arranged with occupational medicine physicians. In 2024, a total of 52 individuals received individual physician assessments.</li> </ul>

For operators working in a factory area entailing higher risks (lead-related operations and ionizing radiation operations), Phison provides them with purpose-specific health check-ups every year to track and ensure their health. Tiered management is implemented in accordance with the Worker Health Protection Rules. The management methods can be divided into 4 levels: Level 1 (no anomalies); Level 2 (anomalies are found but are unrelated to work); Level 3 (anomalies are found, but their relation to work cannot be confirmed); and Level 4 (anomalies are found and confirmed to be related to work). For any case of Level 3 or above, health consultation will be arranged for during the doctors' on-site services. According to the 2024 statistics of health check-ups for employees performing extraordinary operations, of the operators engaging in over two types of operation entailing high risks, no one was classified as subjects for Level 3 and Level 4 management.

#### Level 3 Management Procedures for Personnel Engaging in Extraordinary Operation



### Maternity Protection

The Company has several nursery rooms, all equipped with refrigerators for storing breast milk, sterilizers, cleaning supplies, and sinks, convenient for new mothers to breastfeed her baby in a comfortable, private, and hygienic environment. Meanwhile, we provide health risk assessment and health education to our female colleagues before and after child birth in order to assess whether the current environment or work posts any health risks to our female worker. If there is a concern of risk after assessment, the health center will arrange for the occupational physician to have an interview with the female staff, to visit and inspect her work environment, and to inform her supervisor at the unit, so that subsequent health management can be arranged. In addition, the Company also provides expectant mothers with a gift pack holding mostly baby care products, so that they can prepare the motherhood early on.

To grade maternity hazards in work environment for management purpose, the Company begins by issuing a questionnaire to the ISO 45001 member of each unit for it to fill in. Subsequently, the OHS Department will summarize, grade the hazards and submit the grading results to the Health Center for use in an interview. After assessing the risk hazard level, there are currently no workplaces in the Company that may pose maternal health hazards.

### Workplace Stress Management

Every year, employees will fill in a "workload assessment scale" to determine whether an interview is required based on workload risks and cerebrovascular / cardiovascular disease risks. For those who need an interview, the infirmary will arrange individual consultations and fill out abnormal workload hazard assessment and suggestion forms, and will conduct overtime management and health reminders every month.

When facing stress, in addition to personal adjustments, employees can use the employee assistance programs (EAPs) to help them adjust through professional consultation. The Company will also organize stress relief-related courses and encourage employees to participate in more club activities to relax physically and mentally.

### Health Promoting Activities

Phison continues to promote diverse health promotion seminars and employee assistance programs. When major diseases or epidemics occur, the Company will also inform employees of important matters and response measures via internal mails to raise employees' preventive awareness and improve their ability to respond. In 2024, a total of 3 health screening events and 12 health seminars were organized (with topics including parent-child relationships, acupressure massage DIY, stress-relief pastel drawing, muscle building and fat reduction, diabetes prevention and management, weight loss, road running experience sharing, and EAPs promotion courses), with 1,025 participants attending these health promotion activities.



■ Stress-relief pastel drawing



■ Health seminar

### Employee Assistance Programs, EAPs

Since 2011, the Company has been cooperating with consulting companies for employee assistance programs for the long term to plan and provide counseling services. Over the years, the scope of counseling services has extended to work, family, interpersonal relationships, physical and mental health, mental illness, finance, law, and management consulting, and the service subjects include all employees (no limit on the number of times using the services) and second-degree relatives or relatives of higher degrees (three times per person per year; additional times may be applied for according to individual needs). Employees are allowed to bring a partner when seeking consultation. We also explain the services to employees and encourage them to use the services via non-periodic courses and publicities.

In 2024, the first phase of EAPs telephone consultations (case managers) was used by 5,590 people, while the second phase of consultations (professional consultants) was used by 345 people, totaling 5,935 consultations, which represents a 193% increase compared to the previous year. The annual average score of user satisfaction is 5.8 (out of 6). We will continue this service to assist employees and their families in overcoming difficulties in work and life or emotional issues, thus helping to maintain their mind-body balance.

### 7.4.4 Analysis of Occupational Injuries and Occupational Disease

In 2024, there were no industrial accidents or work-related incident or deaths of employees in the Company. There were a total of 21 injuries, all of which resulted from traffic accidents during employees' travels to/from work.

In addition, in 2024, contractors worked a total of 1,931,740 hours, with 3 work injury accidents occurring among contractors (occupational injury rate of 1.55). These included a restaurant staff member who suffered a burn resulting in 32 lost workdays, and cleaning and security personnel who suffered fall injuries at work, resulting in 3 and 6 lost workdays respectively, for a total of 41 lost workdays. All 3 incidents have completed accident investigations and corrective preventive measures have been implemented to prevent similar work injury accidents from recurring. There were no contractor fatalities this year.

The Company's occupational health and safety performance goal is to keep the number of material work-related accident at 0. Below is the statistical information of occupational injury and occupational disease statistics in recent years.

Statistical Items	2022	2023	2024
Total working hours	6,277,831	6,640,450	6,968,464
Number of occupational injury fatalities	0	0	0
Occupational injury fatality rate <sup>Note 1</sup>	0	0	0
Number of serious occupational injuries <sup>Note 2</sup>	0	0	0
Serious occupational injury rate <sup>Note 3</sup>	0	0	0
Number of recordable incidents <sup>Note 4</sup>	21	22	21
Recordable incident rate <sup>Note 5</sup>	3.35	3.31	3.01
Number of occupational disease cases	0	0	0
Occupational disease incidence rate <sup>Note 6</sup>	0	0	0

Note 1: Occupational injury fatality rate = Number of occupational injury fatalities ÷ Total working hours × 1,000,000.  
 Note 2: Serious occupational injury refers to an occupational injury that prevents or makes it difficult for an employee to recover to their pre-injury health condition within 6 months, excluding fatalities.  
 Note 3: Serious occupational injury rate = Number of serious occupational injuries ÷ Total working hours × 1,000,000.  
 Note 4: Number of recordable incidents refers to all occupational injury events that occurred during the year, including the number of serious occupational injuries and occupational fatalities.  
 Note 5: Recordable incident rate = Number of recordable occupational injuries ÷ Total working hours × 1,000,000.  
 Note 6: Occupational disease incidence rate = Number of occupational diseases ÷ Total working hours × 1,000,000.  
 Note 7: Material work-related accident was defined as (1) Accidents involving death; (2) Accidents causing injuries to three people or more; (3) Accidents causing injuries to one person or more that require hospitalization; or (4) All other categories of accidents designated and officially announced by the central competent authority.

### Occupational Injury Handling and Reporting System

Phison established the Regulations Governing the Reporting and Investigation of Occupational Injuries. When a major occupational incident occurs, we will implement handling procedures in accordance with the regulations and applicable labor laws, and report the incident to the local labor inspection agency (Occupational Safety and Health Center in central Taiwan) within 8 hours of its occurrence. In addition, we conduct statistical analysis of investigation reports and propose corrective and preventive measures.



### Subcontractor Occupational Safety and Health (OHS) Management

In order to achieve the goal of zero occupational accidents for contractors and prevent damage to plants, the Company established the "OHS Procurement Management Regulations" and the "Contractor Management Regulations". We screen for contractors deemed appropriate to undertake the commissioned work, and ask them to sign the "Subcontractor Safety and Health Commitment Letter" before work, declaring compliance with government labor and environmental regulations, Code of Conduct of the Responsible Business Alliance and other standards.

In order to strengthen the safety and health management capabilities of contractors, the Company holds a consultative organization meeting for the on-site contractors on contract within one month of the new year, requiring mutual safety and health education guidance, assistance, communication, inspections and other necessary matters to prevent occupational disasters among contracting enterprises. In addition, high-risk operations in the plant (such as elevated operations, hot work, live electricity, crane operations or confined spaces) are also required to be confirmed by the OHS Office before they can be carried out. The OHS Office conducts random inspections during the contractor's operations to review the implementation of the contractor's operation safety management.

There were a total of 387 applications for contractor operations in the plant in 2024. According to the regulations, the OHS Office conducted the annual safety and health performance evaluation on the contractors (33 in total) who had signed the contracts with Phison or worked in the plant every quarter before the end of the year, and reported the results to the management unit for contracting and outsourcing as a reference for future selection of contractors. The evaluation results of contractors this year showed only 1 contractor was listed as "Under Observation," while the rest were classified as excellent or standard. The main reason for being placed under observation was that the contractor failed to adopt fall prevention measures during elevated work operations, violating contractor management regulations.

## 7.5 Employee-Employer Communication

The Company values employees' right to free associations, and set up Employee Code of Conduct, which stipulates employees' right to participate in associations, which will not affect their remuneration, promotion, and employment. Upholding the idea of respect and two-way communication, the Company not only holds the employee-employer meetings as required by law, but also actively establishes multiple communication channels, such as physical and online forum, anonymous mail box, complaints hotline, email address for complaints filing. The Company conducted an employee opinion survey again in 2024. Through the survey results, improvement policies will be implemented to enhance the quality and effectiveness of communication between labor and management, while also collecting employee suggestions as a basis for improving management effectiveness. In addition, if the Company needs to implement mass layoffs due to operational adjustments, it will comply with the notification and advance notice period requirements stipulated in Taiwan's Mass Layoff of Workers Protection Act and the Labor Standards Act.

### Channels and Frequency of Communication

Category	Timing	No. of Sessions in 2023	No. of Sessions in 2024
Employee opinion survey	▶ Execute as necessary	0	1
New employee opinion survey	▶ Prior to new employee symposium	4	4
New employee symposium	▶ At least held semiannually in which the CEO communicates with new employees	4	4
Employee seminar	▶ Held after the investor conference to inform employees of Phison's operations and future goals	4	4
Employee-employer meeting	▶ Held by the Human Resource Department on a quarterly basis to facilitate communications between employees and the employer on the subject of labor rights	4	4

### Employee Opinion Survey

To understand employees' perspectives on the organization's work culture, the Company's core values, managers' leadership styles, and various suggestions, the Company conducted an employee opinion survey targeting full-time employees in Taiwan who had been employed for at least three months. The number of respondents was 2,059, with a response rate of 53.80%. The survey covered four major dimensions, including "Immediate Manager Effectiveness," "Organizational Identification," "Employee Development," and "Compensation and Benefits." According to the survey results, the proportion of employees with a positive evaluation of overall employee satisfaction was 76.20%.

The Company also compared and analyzed the results across five dimensions: business groups, gender, years of service, age, and management/non-management roles versus the Company's overall satisfaction. The analysis results showed that the Sales & Marketing Group, System Solution Development Group, administrative departments, and female employees had significant differences from the Company's overall satisfaction rate of 76.20%. Other specific groups (aged 20 to 39 years, 3 to 8 years of service, non-management colleagues) also showed slightly lower satisfaction than the Company's overall satisfaction, but the differences were all below 5 percentage points, which is within a reasonable range.

Year	Region	Survey implementing unit	Total number of participants	Number of respondents	Response rate (%)	Positive rating (%)	Survey coverage rate (%) <sup>17</sup>
2021	Phison Taiwan operations location	Mercer	2,194	1,695	77.26%	78.00%	64.26%
2024		Human Resources Department	3,827	2,059	53.80%	76.20%	79.78%

<sup>17</sup> Survey coverage rate = Total number of participants / Total number of Phison Electronics group employees at the end of 2024.

Survey dimensions	Included topics	Average score <sup>18</sup>	Satisfaction percentage
Leadership	▶ Supervisor effectiveness ▶ Supervisor guidance ▶ Leadership	4.18	81%
Organizational identification	▶ Organizational loyalty ▶ Organizational commitment ▶ Shared goals and sense of values	4.05	77%
Career development	▶ Job clarity ▶ Education and training ▶ Sense of personal achievement	3.85	68%
Salary and benefits	▶ Basic salary ▶ Benefits and bonuses ▶ Salary equity	3.78	66%

<sup>18</sup> The questionnaire uses a five-point scale (Strongly agree = 5 points, Agree = 4 points, Neutral = 3 points, Disagree = 2 points, Strongly disagree = 1 point) for responses.

Improvement plan
<ol style="list-style-type: none"> <li>1. Due to the anonymity of the questionnaire, HR will arrange interviews with some employees monthly to further understand their thoughts and focus on employee issues, facilitating subsequent planning and improvement.</li> <li>2. Strengthen course training needs analysis and planning. In 2025, we will first focus on management courses, and in 2026, we will plan the professional skills needed for each job category according to the analysis results.</li> <li>3. Regarding the promotion opportunities, HR will provide relevant performance data to division-level managers twice a year, asking them to proactively review and discuss with department-level managers.</li> <li>4. Expand the flexible work hours eligibility from the current RD and sales staff to include all personnel (some positions will maintain the current work schedule due to operational needs and job characteristics).</li> </ol>

# 8. Social Participation

## 8.1 Charity Events and Phison Group Strategies

The Company fully understands that the sustainable development of an enterprise relies on the prosperity and stability of society. Therefore, we develop our strategies of social investment in pursuit of common good by leveraging our core businesses in combination with internal and external resources, and committing to five social work themes, namely "support for students", "support for the disadvantaged", "environmental protection", "community care", and "social innovation." In doing so, we hope to use our specialties to help solve social issues and exert Phison's unique social influence.

Our General Affairs Department of the Administration Division is in charge of the planning and implementation of social participation. We are also active in building a volunteer culture in Phison, hoping in doing so to not only facilitate social integration but also improve our employees' cohesion and our brand image.

As for the Company's for-benefit performance, the Company contributed a total of NT\$13,292,320 (including donations of funds and resources) towards charitable causes, with 930 volunteer hours cumulatively in 2024.

Note: Of the 930 volunteer hours, 474 were in office hours, and the remaining 456 were in off-hours and on holidays.



### Support for Students



- ▶ Sponsor the 2024 NCTU financial aid and guidance fund for disadvantaged students
- ▶ Sponsor the NTHU Malaysia volunteer team
- ▶ Sponsor the NYCU Department of Electrical Engineering talent cultivation scholarship
- ▶ Sponsor the NYCU College of Electrical Engineering Simon Sze academician lecture and scholarship
- ▶ Donation to NYCU Global Talent Program
- ▶ Sponsor Pantao Elementary School for improving teaching environment, equipment, and campus team activity competition subsidies
- ▶ Donation to 2024 NYCU Department of Electrical Engineering freshman orientation camp activities expenses
- ▶ Sponsor NTHU's 2024 Family Day Charity Run Donation

**Donations in cash totaled NT\$5,115,000.**

### Community Care



- ▶ National Friends of the Police Association establishment sponsorship fund
- ▶ Donation of 300 bags of rice to Wei Gong Hospital for health examination promotion
- ▶ Donated Mentor-200AI Workstation to Good Liver Foundation
- ▶ Fun to Go to Schools - Donation to Nanhe Elementary School/Liyu Elementary School
- ▶ Taiwan Health Foundation 2024 Family Day Charity Run Donation

**Donations in cash totaled NT\$1,520,000, while the total value of supplies donated reached NT\$2,640,500.**

### Support for the Disadvantaged



- ▶ Donation to Syin-lu Foundation's "multiple support services for people with mental developmental disabilities"
- ▶ Charity Visit and Donation of Supplies - Saint Joseph Social Welfare Foundation/ Huashan Social Welfare Foundation/ Shihguang Home for the Disabled
- ▶ Sponsorship of 1919 Food Bank

**Donations in cash totaled NT\$112,600, while the total value of supplies donated reached NT\$34,378.**

### Environmental Protection



- ▶ Donation to the Tse-Xin Organic Agriculture Foundation (TOAF) "Coastal Forest Restoration Long-term Program" for tree cultivation
- ▶ Adoption of Luodong Forest District Office's 2024 national forest afforestation plan
- ▶ Donation for public facilities greening and beautification plants to Miaoli county government
- ▶ Second year donation to Lovely Taiwan Foundation's Shennong Farming Project

**Donations in cash totaled NT\$2,000,000.**

### Social Innovation



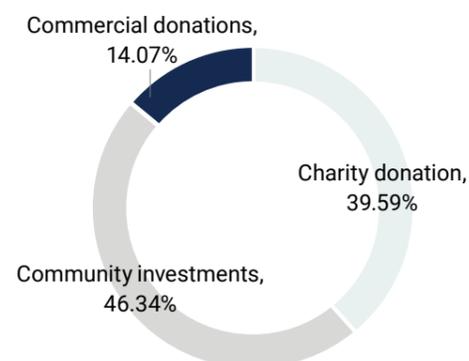
- ▶ Sponsorship for the 2024 NYCU Electrical Engineering baseball team
- ▶ Sponsorship for the 2024 NCKU Cultural and Educational Foundation spring/fall recruitment event expenses
- ▶ Sponsorship for the establishment of Artificial Intelligence Voice Research and Development Center Laboratory at NYCU College of Industrial Innovation
- ▶ Sponsorship for NYCU Electrical Engineering Week activities
- ▶ Sponsorship for NYCU Electrical Engineering Department anniversary celebration
- ▶ Sponsorship for NYCU 2024 Computer Science Night event expenses
- ▶ Sponsorship for NYCU Overseas Chinese Student Association sound equipment upgrade
- ▶ Sponsorship for Spring Foundation of NCTU 2024 Mei-Chu Hackathon Event
- ▶ Sponsorship for Malaysian Business Association's 2024 Malaysian Sports Event/Malaysian Cultural Day
- ▶ Donation of AI100E 320GB SSD \*1pcs to National Taiwan Ocean University
- ▶ Donation of AI100E 320GB \*2pcs to NCKU Center for Humanities and Social Sciences
- ▶ Sponsorship for the 27th International Conference on Oriental COCOSA (Committee for the Co-ordination and Standardisation of Speech Databases and Assessment)
- ▶ Sponsorship for the 35th VLSI Design/CAD Symposium

**Donations in cash totaled NT\$1,862,000, while the total value of supplies donated reached NT\$7,842.**

## 8.2 Annual Charity Performance

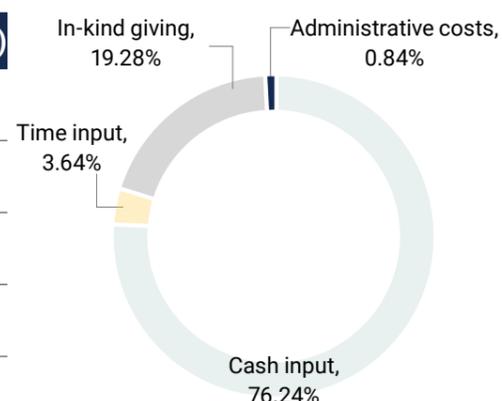
### Analysis of Charity Categories

Category	Amount (NT\$)	Percentage(%)
Charity donation	5,261,978	39.59%
Community investments	6,160,500	46.34%
Commercial donations	1,869,842	14.07%
<b>Total money for annual charity activities</b>	<b>13,292,320</b>	<b>100%</b>



### Cost Analysis of Charitable Expenses

Category	Amount (NT\$)	Percentage(%)
Cash input	10,609,600	76.24%
Time input	506,469	3.64%
In-kind giving	2,682,720	19.28%
Administrative costs	116,619	0.84%
<b>Total costs of annual charity activities</b>	<b>13,915,408</b>	<b>100%</b>

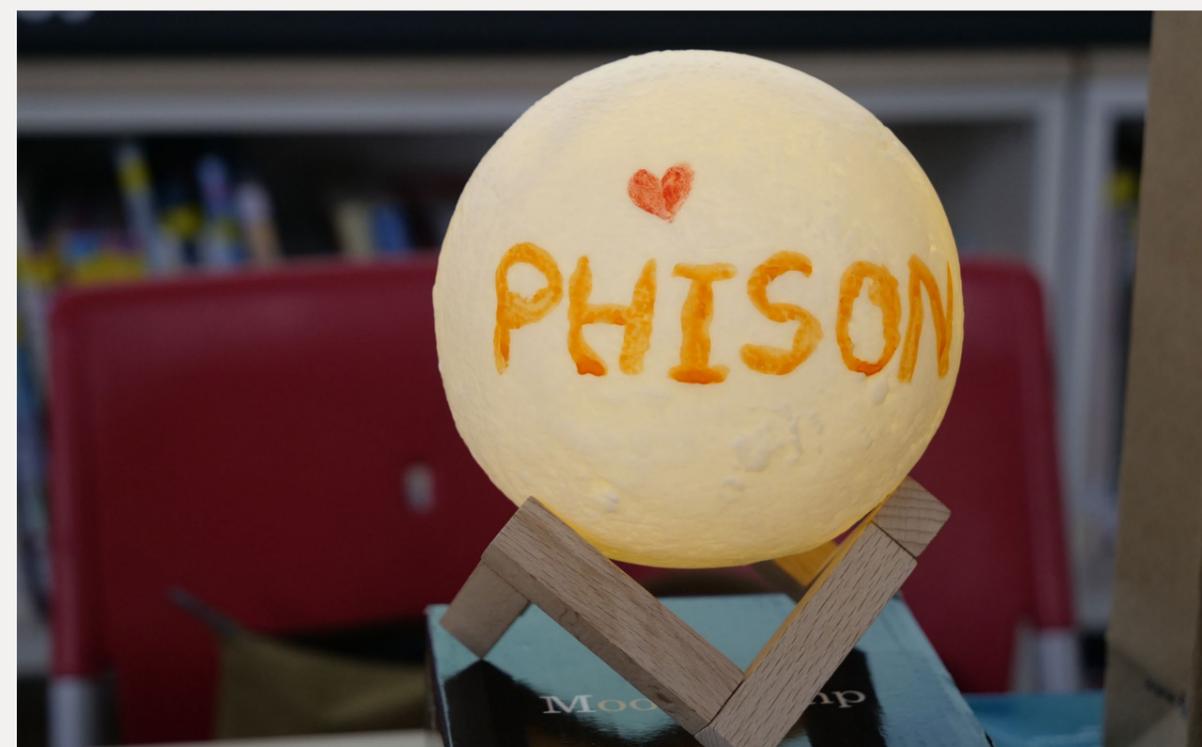


Note: Time input calculation method:  
 Volunteer hourly wage = (Average salary for non-managerial positions / total working days in 2024) / daily working hour  
 Total volunteer time value = volunteer hours invested during business hours \* volunteer hourly wage

Donated funds and expenses in the past four years for political activities, industrial associations, and tax-exempt groups are as follows: donated fund in this regard was NTD 240 thousand in 2024.

Item	Unit: NT\$ thousand			
	2021	2022	2023	2024
Lobbying group; advocacy group	0	0	0	0
Political activities; candidate	0	0	0	0
Business association, associations, or tax exempt group	0	0	0	240
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>240</b>

### Highlight Project 1: Phison Electronics "Fun to Go to Schools" Five-Year Support Program Enters its Fourth Year



The Company's "Fun to Go to Schools" five-year support program has entered its fourth year. Volunteers chose to provide service before the Mid-Autumn Festival, leading children to learn about traditional festivals and the historical origins of Mid-Autumn customs. At the same time, they introduced STEAM education in an accessible way, presenting astronomy knowledge related to the moon, and worked with the children to DIY assemble and paint moon lamps.

Through this educational activity, the children not only learned about the origins of eating mooncakes and pomelos, but also acquired a wealth of knowledge about the moon, including that the moon is Earth's only natural satellite, as well as information about the moon's circumference, volume, and distance from Earth. Finally, they expressed their aesthetic creativity by using paintbrushes to complete their own dreamy moon lamps. When the instructing engineers introduced how Phison helped space startup Skycorp test SSDs in a lunar mission in September 2022, and showed photos of the SSDs that had returned to Earth after a space adventure, the children exclaimed in amazement, saying: "How romantic!"

As the Company is located in Miaoli County, Phison has chosen to deeply cultivate the local community. For four consecutive years, we have recruited company colleagues to form volunteer teams to serve at Liyu Elementary School in Sanyi Township and Nanhe Elementary School in Gongguan Township in Miaoli County, making an effort to help local rural schools. We have also made donations to both schools to enrich the resources available to children on their learning journey. Over the past four years, the volunteer team has also grown together with the children, striving to bring more meaningful courses to everyone and cultivating students' potential.

**Highlight Project 2:  
Xinpu Elementary School "Shennong Farming Project" Evolves by Integrating Coastal Features**



The Company, in order to enhance community identity and reduce the urban-rural gap, has chosen to cooperate with Xinpu Elementary School in Miaoli, which has rich marine resources, on the "Shennong Farming Project" since 2023. The Company invests 1 million NTD annually to support the Lovely Taiwan Foundation in implementing this project for six consecutive years, and it has now successfully entered its second year.

In the first year of the project, Xinpu Elementary School already established the East School Field at the school entrance, with a total area of 90 square meters, collaborating with the local community for joint farming, promoting community development and interaction. This year, they further developed the West School Field inside the campus with a total area of 108 square meters, which not only has ten crop planters but also grows more diverse fruits and vegetables including Surinam cherry, avocado, and others, with trellises set up for climbing crops.

We deeply believe that food and agriculture education is not just about going from planting to eating, but should also be innovative education and environmental education. Through understanding and practical implementation of the "Shennong Farming Project," children can experience the beauty of their hometown, truly feel the value of the land, strengthen their identification with their hometown, while also stimulating their curiosity about interdisciplinary knowledge, thereby cultivating their ability to comprehensively apply knowledge from various fields to solve practical problems.

**Highlight Project 3:  
Protecting Coastal Ecosystems - Phison Electronics Implements "Coastal Forest Restoration Long-term Program" for Four Consecutive Years**



Since 2021, Phison Electronics has been promoting the "Coastal Forest Restoration Long-term Program," leading volunteers for four consecutive years to plant sea hibiscus, screw pine, and casuarina seedlings that are adapted to the coastal environment along the shoreline. In 2024, Phison chose to plant a total of 1,000 new trees in the Maoerding section of Zhubei, Hsinchu, and the Jixin and Jibao sections of Yilan. A coastal tree planting event was also held on coastal land at Zhubei New Moon Bay, working together with the Tse-Xin Organic Agriculture Foundation to maintain the stability of the coastline and protect the ecological environment.

In 2023, the strong typhoon Suala caused Taiwan's coastline to recede further. To stabilize the sand, the Tse-Xin Organic Agriculture Foundation urgently built fences and planted trees at New Moon Bay, which is now showing initial results. Under the guidance of the tour, Phison volunteers witnessed firsthand the effectiveness of coastal tree planting and were deeply moved by the newly accumulated soil and sand layers. Compared to wave breakers which only treat symptoms but not the root cause, tree planting is the best solution to prevent land loss. In addition, tree planting can also improve air quality, regulate climate, and enhance the stability and sustainability of coastal ecosystems.

# Appendix

## Appendix 1: GRI Content Index Table

- ▶ Statement of Use: Phison Electronics Corp. has reported in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024.
- ▶ GRI 1 Used: GRI 1: Foundation 2021
- ▶ Applicable GRI Sector Standard(s): N/A

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
<b>GRI 1: Foundation 2021</b>			
<b>GRI 2: General Disclosures 2021</b>			
<b>1. The organization and its reporting practices</b>			
Disclosure 2-1 Organizational details	▶ 1.1 Company Profile	14	
Disclosure 2-2 Entities included in the organization's sustainability reporting	▶ 3.6 Economic Performance	4	
Disclosure 2-3 Reporting period, frequency and contact point	▶ About this Report	4	
Disclosure 2-4 Restatements of information	▶ No information restatement events this year	4	
Disclosure 2-5 External assurance	▶ Appendix 4	107-109	
<b>2. Activities and workers</b>			
Disclosure 2-6 Activities, value chain and other business relationships	▶ 1.2 Primary Products and Sales Regions	16	
Disclosure 2-7 Employees	▶ 7.1 Employment Overview	69	
Disclosure 2-8 Workers who are not employees	▶ 7.1 Employment Overview	69	
<b>3. Governance</b>			
Disclosure 2-9 Governance structure and composition	▶ 3.2 Corporate Governance	28	
Disclosure 2-10 Nomination and selection of the highest governance body	▶ 3.2 Corporate Governance	28	
Disclosure 2-11 Chair of the highest governance body	▶ 3.2 Corporate Governance	27	
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	▶ 3.2 Corporate Governance	27	
Disclosure 2-13 Delegation of responsibility for managing impacts	▶ 3.2 Corporate Governance	27	
Disclosure 2-14 Role of the highest governance body in sustainability reporting	▶ 3.2 Corporate Governance	27	
Disclosure 2-15 Conflicts of interest	▶ 3.2 Corporate Governance	28	
Disclosure 2-16 Communication of critical concerns	▶ 3.2 Corporate Governance	27	
Disclosure 2-17 Collective knowledge of the highest governance body	▶ 3.2 Corporate Governance	29	
Disclosure 2-18 Evaluation of the performance of the highest governance body	▶ 3.2 Corporate Governance	30	
Disclosure 2-19 Remuneration policies	▶ 3.2 Corporate Governance	30	
Disclosure 2-20 Process to determine remuneration	▶ 3.2 Corporate Governance	30	
Disclosure 2-21 Annual total compensation ratio	▶ 7.2 Talent Attraction & Retention	74	
<b>4. Strategy, policies and practices</b>			
Disclosure 2-22 Statement on sustainable development strategy	▶ A Message from the CEO	6-7	
Disclosure 2-23 Policy commitments	▶ 7.2 Talent Attraction & Retention	79	
Disclosure 2-24 Embedding policy commitments	▶ 5.1 Supply Chain Management	50	
Disclosure 2-25 Processes to remediate negative impacts	▶ 7.2 Talent Attraction & Retention	79	
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	▶ 3.3 Ethical Corporate Management	32	
Disclosure 2-27 Compliance with laws and regulations	▶ 3.4 Regulatory Compliance	33	
Disclosure 2-28 Membership associations	▶ 1.3 Participation in External Organizations	17	
<b>5. Stakeholder engagement</b>			
Disclosure 2-29 Approach to stakeholder engagement	▶ 2.1 Material Topics Identification Procedures	18	
Disclosure 2-30 Collective bargaining agreements	▶ Omission		As the Company does not have a labor union, there is currently no collective bargaining agreement.

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
Disclosure 3-1 Process to determine material topics	▶ 2.1 Material Topics Identification Procedures	18	
Disclosure 3-2 List of material topics	▶ 2.1 Material Topics Identification Procedures	24-25	

## Material Topics

Material Topic Disclosure	Related Report Section(s)	Page No.	Reasons for Omission
<b>Economic Performance</b>			
Disclosure 3-3 Management of material topics	▶ 3.6 Economic Performance	37	
GRI 201: Economic Performance 2016			
Disclosure 201-1 Direct economic value generated and distributed	▶ 3.6 Economic Performance	38	
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	▶ 6.1 Climate Strategy	58	
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	▶ 7.2 Talent Attraction & Retention	78	
Disclosure 201-4 Financial assistance received from government	▶ 3.6 Economic Performance	38	
<b>2. Risk Management</b>			
Disclosure 3-3 Management of material topics	▶ 3.5 Risk Management	34	
GRI 305: Emissions 2016			
Disclosure 305-1 Direct (Scope 1) GHG emissions	▶ 6.1 Climate Strategy	59	
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	▶ 6.1 Climate Strategy	59	
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	▶ 6.1 Climate Strategy	59	
Disclosure 305-4 GHG emissions intensity	▶ 6.1 Climate Strategy	59	
Disclosure 305-5 Reduction of GHG emissions	▶ 6.1 Climate Strategy	59	
Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	▶ N/A		No ozone-depleting substances were used or discharged during the reporting period
Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	▶ N/A		No nitrogen oxides (NOx), sulfur oxides (SOx), and other major gases were used or discharged during the reporting period
<b>3. Innovation Management</b>			
Disclosure 3-3 Management of material topics	▶ 4.1 Innovative R&D	43	
GRI 302: Energy 2016			
Disclosure 302-1 Energy consumption within the organization	▶ 6.2 Energy Resources Management	60	
Disclosure 302-2 Energy consumption outside of the organization	▶ Omission		Information not available/incomplete
Disclosure 302-3 Energy intensity	▶ 6.2 Energy Resources Management	60	
Disclosure 302-4 Reduction of energy consumption	▶ 6.2 Energy Resources Management	61	
Disclosure 302-5 Reductions in energy requirements of products and services	▶ 4.1 Innovative R&D	45	
<b>4. Green Products</b>			
Disclosure 3-3 Management of material topics	▶ 4.1 Innovative R&D	43	
<b>5. Supply Chain Management</b>			
Disclosure 3-3 Management of material topics	▶ 5.1 Supply Chain Management	49	
GRI 308: Supplier Environmental Assessment 2016			
Disclosure 308-1 New suppliers that were screened using environmental criteria	▶ 5.1 Supply Chain Management	50	
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	▶ 5.1 Supply Chain Management	50	
GRI 414: Supplier Social Assessment 2016			
Disclosure 414-1 New suppliers that were screened using social criteria	▶ 5.1 Supply Chain Management	50	
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	▶ 5.1 Supply Chain Management	50	

Material Topic Disclosure	Related Report Section(s)	Page No.	Reasons for Omission
<b>6. Talent Attraction &amp; Retention</b>			
Disclosure 3-3 Management of material topics	▶ 7.2 Talent Attraction & Retention	72	
GRI 401: Employment 2016			
Disclosure 401-1 New employee hires and employee turnover	▶ 7.1 Employment Overview	71	
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	▶ 7.2 Talent Attraction & Retention	75	
Disclosure 401-3 Parental leave	▶ 7.2 Talent Attraction & Retention	78	
GRI 405: Diversity and Equal Opportunity 2016			
Disclosure 405-1 Diversity of governance bodies and employees	▶ 3.2 Corporate Governance ▶ 7.1 Employment Overview	28 69	
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	▶ 7.2 Talent Attraction & Retention	74	
GRI 406: Non-discrimination 2016			
Disclosure 406-1 Incidents of discrimination and corrective actions taken	▶ 7.2 Talent Attraction & Retention	79	
<b>7. Talent Development and Training</b>			
Disclosure 3-3 Management of material topics	▶ 7.3 Talent Development and Training	82	
GRI 404: Training and Education 2016			
Disclosure 404-1 Average hours of training per year per employee	▶ 7.3 Talent Development and Training	85	
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	▶ Omission		Information not available/incomplete
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	▶ 7.3 Talent Development and Training	86	

**Other Topics**

Other Topic Disclosure	Related Report Section(s)	Page No.	Reasons for Omission
GRI 205: Anti-corruption 2016			
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	▶ 3.3 Ethical Corporate Management	32	
Disclosure 205-3 Confirmed incidents of corruption and actions taken	▶ 3.3 Ethical Corporate Management	32	
GRI 206: Anti-competitive Behavior 2016			
Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	▶ 3.4 Regulatory Compliance	33	
GRI 207: Tax 2019			
Disclosure 207-4 Country-by-country reporting	▶ 3.6 Economic Performance	39	
GRI 403: Occupational Health and Safety 2018			
Disclosure 403-9 Work-related injuries	▶ 7.4 Occupational Safety and Health	92	
GRI 408: Child Labor 2016			
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	▶ 7.2 Talent Attraction & Retention	79,82	
GRI 418: Customer Privacy 2016			
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	▶ 3.7 Information Security	42	

## Appendix 2: Sustainability Accounting Standards Board (SASB) Content Index

Topic	Code	Accounting Metric	Category	Report Contents / Data	Page No.
<b>Greenhouse Gas Emissions</b>	TC-SC-110a.1	▶ Gross global Scope 1 emissions ▶ Amount of total emissions from perfluorinated compounds	Quantitative	▶ 344.6144 metric ton CO <sub>2</sub> e ▶ 0 metric ton CO <sub>2</sub> e	59
	TC-SC-110a.2	▶ Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	▶ Sustainability Management Indicators	10-11
<b>Energy Management in Manufacturing</b>	TC-SC-130a.1	▶ Total energy consumed ▶ Percentage grid electricity ▶ Percentage renewable	Quantitative	▶ 128,678.707 GJ ▶ 94.18% ▶ 5.55%	60
<b>Water Management</b>	TC-SC-140a.1	▶ Total water withdrawn, ▶ Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	▶ 0% ▶ 0%	61
<b>Waste Management</b>	TC-SC-150a.1	▶ Amount of hazardous waste from manufacturing ▶ Percentage of hazardous waste recycled	Quantitative	▶ 39.33 metric tons ▶ 0.0051%	63
<b>Employee Health &amp; Safety</b>	TC-SC-320a.1	▶ Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Discussion and Analysis	▶ 7.4 Occupational Safety and Health	90-91
	TC-SC-320a.2	▶ Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	▶ NT\$0	33
<b>Recruiting &amp; Managing a Global &amp; Skilled Workforce</b>	TC-SC-330a.1	▶ Percentage of employees that require a work visa	Quantitative	▶ 1.35%	69
<b>Product Lifecycle Management</b>	TC-SC-410a.1	▶ Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	▶ 0% The company's products do not meet the threshold for declaration of IEC 62474	
	TC-SC-410a.2	▶ Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	▶ Phison Electronics is not an end products manufacturer of processors, so there is no corresponding applicable content.	
<b>Materials Sourcing</b>	TC-SC-440a.1	▶ Description of the management of risks associated with the use of critical materials	Discussion and Analysis	▶ 5.2 Conflict Minerals Control	55
<b>Intellectual Property Protection &amp; Competitive Behavior</b>	TC-SC-520a.1	▶ Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	▶ In 2024, there was one patent litigation case, but it is still ongoing with no final judgment yet, so the amount of loss cannot be calculated at this time.	
<b>Activity Metrics</b>	TC-SC-000.A	▶ Total production	Quantitative	▶ 102,166 thousand units of NAND Flash Memory Module Product ▶ 82,541 thousand units of ICs ▶ 330,902 thousand units of controller ICs	14
	TC-SC-000.B	▶ Percentage of production from owned facilities	Quantitative	0%	16

## Appendix 3: Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Sustainability Reports by TPEX Listed Companies - Table 1-8 Sustainability Disclosure Indicators - Semiconductor Industry

Code	Indicator	Indicator Category	Annual Disclosure Status	Unit
1	Total energy consumption, percentage of purchased electricity, and percentage of renewable energy consumption	Quantitative	▶ 128,678.707 GJ, 94.18%, 5.55%	▶ Gigajoules (GJ), percentage (%)
2	Total water intake and total water consumption	Quantitative	▶ 101.57 Thousand cubic meters, 19.58 Thousand cubic meters	▶ Thousand cubic meters (1,000m <sup>3</sup> )
3	The weight and recycling percentage of hazardous waste generated	Quantitative	▶ 39.33(t), 0.0051%	▶ Metric tons (t), percentage (%)
4	Description of work-related accident category, number of victims, and percentage	Quantitative	▶ No occupational injuries in 2024	▶ Quantity, percentage (%)
5	Disclosure of product life cycle management: Including the weight, and percentage of recycling, of electronics waste and scrapped products	Quantitative	▶ 39.33(t), 0.0051%	▶ Metric tons (t), percentage (%)
6	A description of the risk management associated with the use of critical materials	Qualitative description	▶ 5.2 Conflict Minerals Control	▶ Not applicable
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	▶ 0	▶ Reporting currency
8	Production by product category	Quantitative	▶ 102,166 thousand units of NAND Flash Memory Module Product ▶ 82,541 thousand units of ICs ▶ 330,902 thousand units of controller ICs	▶ Varies by product category

## Appendix 4: Independent Assurance Opinion Statement



### Independent Assurance Statement

#### To the Management and Stakeholders of Phison Electronics Corp.

DQS has been engaged by Phison Electronics Corp. ("Phison") to provide independent assurance over the Sustainability Report 2024. The engagement took place in April 2025.

The objective of this assurance engagement was to independently express conclusions on underlying reporting processes and validate qualitative and quantitative claims, so as to limit misinterpretation by stakeholders and increase the overall credibility of the reported information and data.

#### Scope of assurance and standards

The assurance encompassed the entire sustainability report and focused on all figures, statements and claims related to sustainability during the reporting period January 2024 to December 2024.

The assurance engagement was performed in accordance of the AA1000 Assurance Standard (AA1000AS v3) and GRI Standards 2021 of Global sustainability standard board (GSSB), which consists of:

- Evaluating the company's sustainability framework and processes using the inclusivity, materiality, responsiveness and impact criteria of the AA1000 AccountAbility Principles (AA1000AP 2018), and
- Evaluating the quality of the reported sustainability performance information – Economy, Environment and People (including Human Rights), the period from 1 January 2024 to 31 December 2024.
- The financial information is the same as the scope of the 2024 consolidated financial report of Phison Group. Non-financial information covers all operating locations of Phison Electronics in Taiwan - Phison Electronics Headquarters, Phison Electronics Hsinchu Office, Phison Electronics Taipei Office, and Phison Electronics Tainan Office and Keyi Plant.
- Phison is responsible for the issuance, response, performance data, case studies and the information related to management sustainability related data and information systems;
- The report is in accordance to the requirements of GRI Standards 2021, Sustainability Accounting Standards Board (SASB) Semiconductor sector, the sustainability indicators of "Financial Supervisory Commission" "Semiconductor" sector and Task Force on Climate-related Financial Disclosures (TCFD).

#### Level of assurance

A Type 2 Moderate Level of assurance under AA1000AS v3 was provided for this engagement. Information and performance data subject to assurance is limited to the scope described above.

DQS Taiwan Inc.  
8F, 23, Yuan Huan West Road,  
Feng Yuan Dist., Taichung City,  
Taiwan 420014

document no.: TF-0065

[www.dqsglobal.com](http://www.dqsglobal.com)



**Limitations**

The assurance did not cover financial data, GHG emission data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability.

The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

**Independence and Competences of the Assurance Provider**

The DQS Group is an independent professional services firm that provides assurance on sustainability disclosures under the Global Reporting Initiative (GRI), CDP and other specialized management and reporting mechanisms. Independent verifiers have not been involved in the development of the report or have they been associated with Phison sustainability program, data collection or strategic processes.

DQS Group ensures that the assurance team possesses the required competencies, maintained neutrality and performed ethically throughout the engagement. Further information, including a statement of impartiality, can be found at: [www.dqsglobal.com](http://www.dqsglobal.com).

The management of Phison was responsible for the preparation of the sustainability data.

**Assurance Methodology**

The assurance procedures and principles used for this engagement were drawn from the International Standard AA1000AS and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Reviewing the Sustainability Report to determine whether the material topics identified during our procedures have been adequately disclosed.
3. Carrying out interviews with key functional managers and data owners at Phison office in No.1, Qun Yi Rd., Jhunan, Miaoli, Taiwan, R.O.C.
4. Assessing the collected information and provide recommendations for immediate correction where required or for future improvement of the report content.

**Evaluation of the adherence to AA1000 AccountAbility Principles**

**Inclusivity** – People should have a say in the decisions that impact them

The stakeholder identification and engagement process are documented and implemented through the Phison Sustainability program and the Report well brings out key stakeholder

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concerns as material aspects of significant stakeholders.

**Materiality** – Decision makers should identify and be clear about the sustainability topics that matter

The sustainability data included in the scope of the assurance engagement consists of sustainability performance indicators for sustainability topics that are considered material, through a materiality assessment. In accordance with the IFRS sustainability disclosure standards, it was recommended to use “Double Materiality” for the material topics disclosure for further report.

**Responsiveness** – Organizations should act transparently on material sustainability topics and their related impacts

Phison is responding to those issues that it has identified as material and demonstrates this in sustainability performance indicators. The organization and its stakeholders can use the reported sustainability information as a reasonable basis for their opinions and decision-making. For further report, it was recommended that the risks identification on TCFD could consider adopting a more objective methodology.

**Impact** – Organizations should monitor, measure and be accountable for how their actions affect their broader ecosystems

Phison has implemented systems to monitor and measure its economy, environment and people (including human rights) impacts through selected performance indicators based on GRI standards, has also focused on related ecological impacts.

**Conclusion**

On the basis of a type 2 moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us to believe that the disclosures within the scope of this assurance engagement are materially misstated. The processes for collecting and consolidating the data are structured in such a way as to enable independent verification.

On behalf of the assurance team

May 21, 2025

Taiwan

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