

**PHISON**

2023

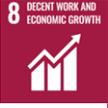
Phison Electronics ESG Report Highlights



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

# Responding to UN SDGs



SDGs	SDGs Targets	Phison's Performance	Corresponding Chapters/Sections
 <p>4 QUALITY EDUCATION</p>	4.4	<ul style="list-style-type: none"> <li>Provided scholarships for underprivileged students and sponsored industry-academic cooperation, schooling, and student activities to improve education quality and support students' self-development.</li> <li>Launched the five-year assistance plan of "Fun To Go to Schools" to help implement the STEAM education concept.</li> <li>In collaboration with the Lovely Taiwan Foundation, the "Shennong Farming Project" was promoted at Sinpu Elementary School in Tongxiao Township, Miaoli County, with "organic diet, native education, and hometown identity" as the core concept, boosting elementary school students' identification and confidence in their hometown.</li> </ul>	CH8 Social Participation
	4.5		
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	8.2	<ul style="list-style-type: none"> <li>Achieved a staff growth rate of approximately 5% in 2023 due to operational scale-up, and the R&amp;D layout was being actively expanded.</li> <li>In response to the rising salary standard in the market, salary increases will be assessed annually based on operating conditions, attesting to our practical feedback to employees' hard work.</li> <li>Maintained the ISO 45001-Occupational safety and health management system; promoted the maternity protection program; hosted diversified health-promoting activities to build a healthy workplace.</li> <li>The median salary for full-time employees in non-managerial positions is NTD 1,784 thousand and the average salary is NTD 2,020 thousand.</li> </ul>	CH3 Sustainable Governance  CH7 Employee Care
	8.3		
	8.8		
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	9.4	<ul style="list-style-type: none"> <li>The Company continues to invest resources in R&amp;D. In 2023, the annual R&amp;D expenses topped NTD10.3 billion, or 82.49% of total operating costs; total global patents obtained reached 2,006; in terms of patent quality, the Company's patent approval rate reached 90% or higher.</li> <li>We have been working in the automotive storage market for a long time and passed the ASPICE CL3 assessment, ISO 26262 certification, AEC-Q100 certification, and our partner manufacturers have passed the IATF 16949 certification. Through the development of automotive eMMC, BGA SSD and UFS, we create a comprehensive automotive storage solution that meets the safety and quality requirements of global car manufacturers.</li> <li>By introducing AI technology into NAND controller and algorithms, improving the computing performance and reliability of NAND storage solutions; at the same time, the Company has also established a data science team to develop and apply relevant AI technologies, and built a world-class verification laboratory to accelerate the rapid introduction of Phison's storage solutions into various PCs, mobile phones, automobiles, servers, e-sports and other applications.</li> </ul>	CH4 Innovation & Service
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.2	<ul style="list-style-type: none"> <li>Constantly optimized the product performance early on at the design stage to develop more energy-saving and more compact products, thereby helping end users reduce their greenhouse gas emissions and waste generation.</li> <li>Prioritized the use of recyclable materials when designing product packaging for customers; adopted a simplified and light-weight packaging strategy to reduce the amount of waste generation at the back end.</li> <li>Implemented green product management procedures to ensure that the products met domestic and foreign legal requirements and customers' requirements for restriction of hazardous substances; gradually improved products' green attributes to reduce the impact of product-related activities on health and environment.</li> </ul>	CH4 Innovation & Service  CH6 Environmental Protection
	12.5		
 <p>13 CLIMATE ACTION</p>	13.1	<ul style="list-style-type: none"> <li>Voluntarily inventories carbon emissions every year; signed the RE 10x10 Climate Declaration, and thereby committed to the goal of "transitioning at least 10% of total energy consumption to renewable electricity by 2025".</li> <li>Promoted energy-conservation programs and continued maintenance and upgrade of factory equipment to improve the resources and energy usage efficiency.</li> <li>The Company supports the "nature-based solution (NBS)" and continues the "Coastal Forest Restoration Long-term Program".</li> <li>The power consumption performance ratio of the Company's newly launched SSD, UFS and eMMC chips in 2023 is showing a downward trend. If estimated based on the daily usage of 40GB, while taking into account the annual shipment volume, compared with their respective benchmark products, the Company's four products PS8231, PS8325, PS5026 and PS5027T can help end users save approximately 48,907.12 kWh of electricity per year, which is equivalent to reducing 24.21 metric tons of carbon dioxide emissions.</li> </ul>	CH6 Environmental Protection  CH8 Social Participation
	13.3		
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	17.16	<ul style="list-style-type: none"> <li>Donated a research fund to relevant industry associations and academic research foundations.</li> <li>Donated computer equipment to the police station and the fire brigade for them to improve service quality and work efficiency.</li> </ul>	CH8 Social Participation

## Sustainable Governance

**10**

Number of Board meetings held

**94.38%**

Average attendance rate of directors

**6-20%**

Taiwan Stock Exchange corporate governance evaluation ranking among TPEX-listed companies

**19**

Number of participations in investor conferences

**33.42%**

Annual gross profit margin

**100%**

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

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

Sustainable  
Governance



## Innovation & Service

**10.3 billion**

Annual R&D expenses(NT\$)

**2,006**

Accumulated patents worldwide in 2023

**83nd**

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

**74nd**

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

Received the 2024

**"Taiwan Excellence Award"**

for the PCIe 4.0 SSD E22T automotive storage solution

**8.39 points**

Annual customer satisfaction score



Innovation & Service

## Responsible Supply Chain

**100%**

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

**100%**

Percentage of suppliers having signed the "Supplier Code of Conduct"

**54**

Number of critical suppliers audited under the RBA Code of Conduct

**92.59%**

RBA audit passing rate of critical suppliers

**82%**

Percentage of critical suppliers having received a RBA audit and made an improvement

**92.67%**

Ratio of quality suppliers

**4.972 million**

Amount of green procurement (NT\$)

Responsible Supply Chain



## Environmental Protection

### Join the RE 10x10 Enterprise Initiative Program

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

**20%**

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

### ISO 14001

Continue to obtain ISO 14001 Environmental management systems verification

### ISO 14064-1

Continue to pass the verification against the ISO 14064-1:2018 standards

**2**

Number of environmental education lectures

### Initiate **6** energy-saving programs

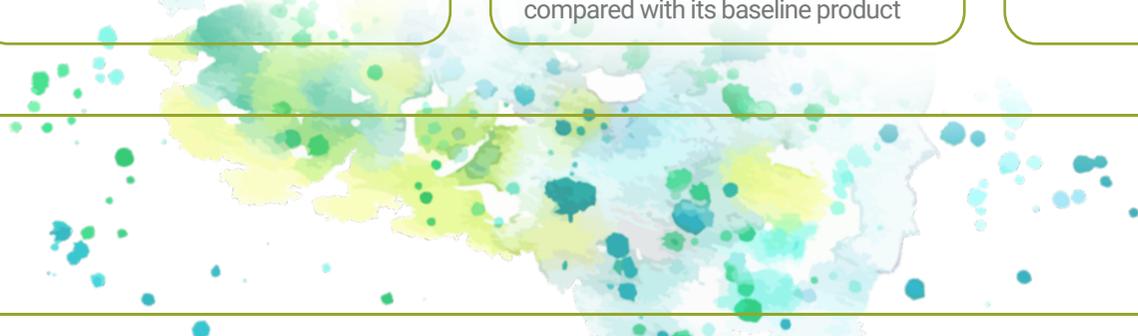
Expected to save 650,854 kWh of electricity, which is equivalent to a reduction of 322 tCO<sub>2</sub>e

**45%**

Taking the SSD as an example, the power consumption performance ratio of the PS5026 chip, the best performing product in 2023, reduced by 45% compared with its baseline product

Being rated **B-** in the CDP climate change questionnaire and water security questionnaire

Environmental Protection



## Employee Care

**1.784 million**

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

**2.020 million**

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

**2.418 million**

The average benefits expenses per employee(NT\$)

**14.8 hours**

The average training hours per employee

**94.8 points**

Satisfaction score of training courses

**2,027**

The number of people using Employee Assistance Programs consultation service

**5.8 points**

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

**ISO 45001**

Continue to pass the verification of ISO 45001 Occupational health and safety management systems

Employee Care



## Social Participation

**7.736 million**

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

**737 hours**

Volunteer service hours

**23**

The number of charity sales held

**8,745 trees**

Cumulative number of trees planted

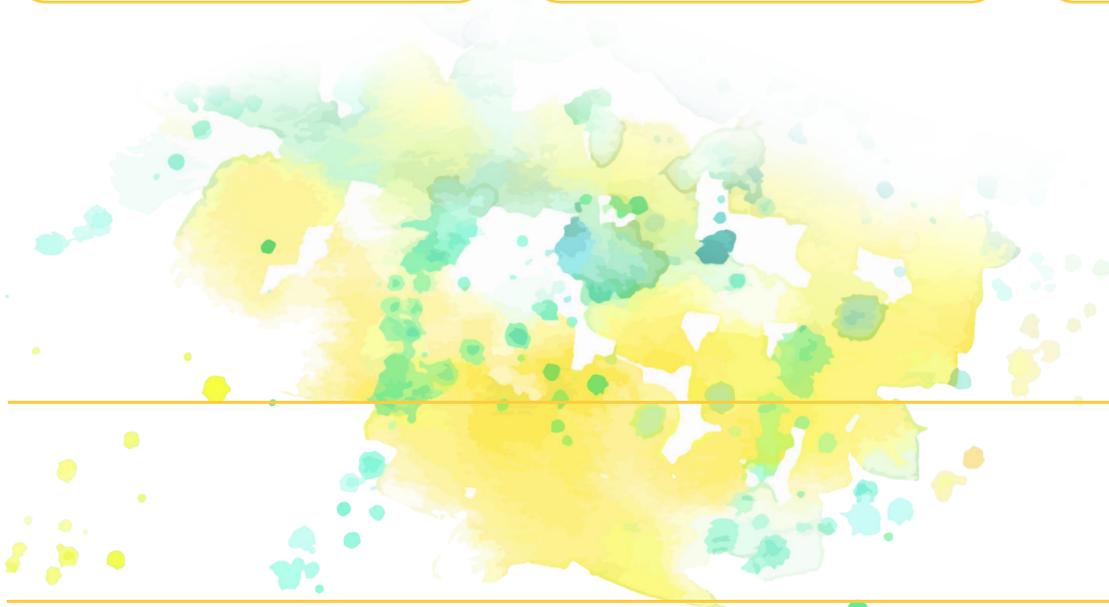
**2**

Sessions held under the five-year support program of "Fun to Go to Schools"

**1 million**

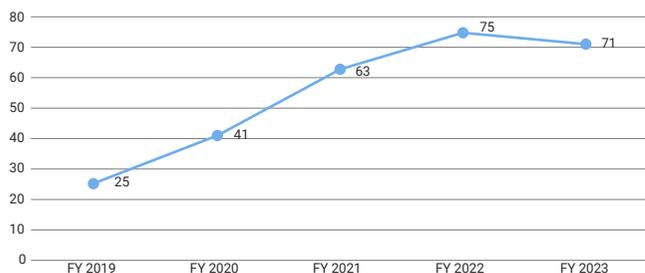
Donations in the first year of the "Shennong Farming Project" (NT\$)

Social Participation

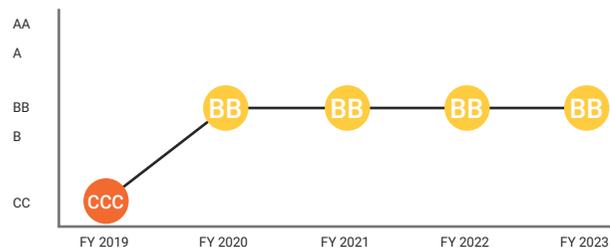


# Appendix

## DJSI Score



## MSCI Grade



## Sustainalytics Risk Rating

Year	FY 2021	FY 2022	FY 2023
<b>Risk rating score</b> <small>(The lower the score, the lower the risk value)</small>	32.7	21.7	21.6
<b>Risk rating</b>	High Risk	Medium Risk	Medium Risk

## FTSE Russell Score

Year	FY 2022	FY 2023	FY 2024
<b>Score</b> <small>(Full score is 5)</small>	3.0	3.6	4.1

Appendix

## Appendix

### Corporate Governance Evaluation Result

Year	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Score	64.31	80.56	88.21	96.49	89.27
OTC company ranking	21%~35%	6%~20%	6%~20%	Top 5%	6%~20%
Electronics industry with a market value above NT\$10 Billion	61%~100%	21%~40%	21%~40%	21%~40%	41%~60%

Appendix