



***PHISON***








## Corporate Sustainability Report Highlights

2021



# Responding to UN SDGs



SDGs	SDGs Targets	Phison's Performance	Corresponding Chapters/Sections
 3 良好健康與社會福利	3.3	<ul style="list-style-type: none"> <li>Donated supplies and funds for pandemic prevention purpose to improve the quality of public safety.</li> <li>Donated to NGOs promoting healthcare.</li> </ul>	CH8 Social Participation
	3.4		
 4 良質教育	4.4	<ul style="list-style-type: none"> <li>Sponsored industry-academic cooperation, schooling, and student activities to improve education quality and support students' self-development.</li> <li>Provided scholarships to financially needy students and went to two remote elementary schools to hold the "Fun to Go to Schools" activity, in which Phison volunteers inspired children's interest in sciences using self-developed teaching materials, thereby implementing education equality.</li> </ul>	CH8 Social Participation
	4.5		
 8 體面工作和經濟增長	8.2	<ul style="list-style-type: none"> <li>Annual operating revenue in 2021 reached NTD62.557 billion, up 29% from last year, a record high.</li> <li>Achieved a staff growth rate of 31% in 2021 due to operational scale-up; established an R&amp;D base in Tainan, and will do so in Kaohsiung, to expand our R&amp;D deployment.</li> <li>Conducted a salary structure adjustment for two consecutive years in response to the rising salary standard on the market; in 2021, employee's salary increased by 7%-10%, mainly contributed by the increment due to salary structure adjustment plus the increment due to annual salary adjustment, attesting to our practical feedback to employees' hard work.</li> <li>Maintained the ISO 45001-Occupational safety and health management system; promoted the maternity protection program; established an EHS license management platform; 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 2,176,000 and the average salary is NTD 2,677,000.</li> </ul>	CH3 Sustainable Governance
	8.3		CH7 Employee Care
	8.8		
 9 產業、創新和基礎設施	9.4	<ul style="list-style-type: none"> <li>In 2021, annual R&amp;D expenses topped NTD8.1 billion, or 13% of total operating revenue; total global patents obtained reached 1,791; in terms of patent quality, the Company's patent approval rate reached 90% or higher.</li> <li>Taking the line of major developed product as an example, the latest generation products consumed 16%-20% less energy than their predecessor, saving 22,499,545 kWh of electricity a year, equivalent to a reduction of CO2 emissions by 11,294.77 tons.</li> </ul>	CH4 Innovation & Service
 12 確保永續消費和生產模式	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>Reduced water intake intensity (amount of water intake per million dollars of revenue) by 23.37% from the 2020 level. Reduced the energy use intensity (energy consumption per million dollars of revenue) by 4.47% from the 2020 level.</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
	12.5		CH6 Environmental Protection
 13 氣候行動	13.1	<ul style="list-style-type: none"> <li>Passed ISO 14064-1 Greenhouse gases Part 1 certification; adjusted energy structure; signed the RE 10x10 Climate Declaration, and thereby committed to the goal of "transitioning at least 10% of total energy consumption to green electricity by 2025".</li> <li>Promoted energy-conservation programs and continued maintenance and upgrade of factory equipment to improve the resources and energy usage efficiency. Saved an estimated 421,257 kWh of electricity in 2021, which is equivalent to a reduction of 211,471 Kg of CO2e.</li> <li>Initiated the Coastal Forest Restoration Long-term Program, through which we planted 1,000 trees along the coastal land, participating in every stage from purchase and planting of saplings at the early stage to soil improvement and care at the later stage.</li> </ul>	CH6 Environmental Protection
	13.3		CH8 Social Participation
 17 促進目標實現的夥伴關係	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

# Sustainability Management Indicators

Type of Sustainability Topic	Key Performance Indicator	Targets in 2021	Actual Performance in 2021	Progress	Medium-term Goals (2023)	Long-term Goals (2025)
Talent Attraction & Retention	■ Remuneration Standard	■ The average remuneration remains in the top 25% of the industry	■ The average remuneration remains in the top 15% of the industry	Achieved	■ The average remuneration remains in the top 25% of the industry	■ The average remuneration remains in the top 25% of the industry
	■ Percentage of Participation Rate and Engagement Rate of the Employee Opinion Survey	■ A survey response rate of at least 70%; An engagement rate of 70%	■ A survey response rate of 77%; An engagement rate of 78%	Achieved	■ 80% survey response rate; An engagement rate of 79%	■ 85% survey response rate; An engagement rate of 80%
Talent Development and Training	■ Score of Satisfaction with Training Courses	■ Maintain employee satisfaction score for the courses at no less than 90	■ Employee satisfaction score for the courses reached 94.2	Achieved	■ Maintain employee satisfaction score for the courses at no less than 92	■ Maintain employee satisfaction score for the courses at no less than 94
	■ Average Employee Training Hours	■ Average employee training hours reaching 47 hours	■ Average employee training hours reaching 47.3 hours	Achieved	■ Average employee training hours reaching 48 hours	■ Average employee training hours reaching 49 hours
Occupational Safety and Health	■ Health Promoting Activities	■ Host 6 sessions of activities annually	■ Hosted 11 sessions of activities	Achieved	■ Host at least 7 sessions of activities annually	■ Host at least 8 sessions of activities annually
	■ Participation Rate for Health Promoting Activities	■ An employee participation rate for health promoting activities at 30%	■ An employee participation rate for health promoting activities at 35.3%	Achieved	■ An employee participation rate for health promoting activities at no less than 33%	■ An employee participation rate for health promoting activities at no less than 35%
	■ Health Promotion Effectiveness	■ An activity completion rate of no less than 50%	■ An activity completion rate of 60.9%	Achieved	■ An activity completion rate of 55%	■ An activity completion rate of no less than 60%
	■ Employee Assistance Programs (EAPs) Usage Satisfaction	■ An employee satisfaction score for the programs at 5.5 (out of 6)	■ An employee satisfaction score for the programs at 5.8 (out of 6)	Achieved	■ Maintain employee satisfaction score for the programs at no less than 5.8 (out of 6)	■ Maintain employee satisfaction score for the programs at no less than 5.8 (out of 6)
Environmental Protection	■ Waste Generation Intensity (waste generated per million dollars of revenue)	■ An annual waste generation intensity of no greater than 0.004 tons per million dollars of revenue	■ An annual waste generation intensity of 0.0031 tons per million dollars of revenue	Achieved	■ An annual waste generation intensity of no greater than 0.0035 tons per million dollars of revenue	■ An annual waste generation intensity of no greater than 0.003 tons per million dollars of revenue
	■ Water Intake Intensity (amount of water intake per million dollars of revenue)	■ An annual water intake intensity of no greater than 1.9 tons per million dollars of revenue	■ An annual water intake intensity of 1.589 tons per million dollars of revenue	Achieved	■ An annual water intake intensity of no greater than 1.7 tons per million dollars of revenue	■ An annual water intake intensity of no greater than 1.6 tons per million dollars of revenue
	■ GHG Emissions Intensity (GHG emissions per million dollars of revenue)	■ An annual GHG emissions intensity of no greater than 0.195 tons per million dollars of revenue	■ An annual GHG emissions intensity of no greater than 0.182 tons per million dollars of revenue	Achieved	■ An annual GHG emissions intensity of no greater than 0.190 tons per million dollars of revenue	■ An annual GHG emissions intensity of no greater than 0.185 tons per million dollars of revenue
	■ Percentage of Renewable Energy Used	■ No less than 1% of total electricity consumption	■ Reached 1.17% of total electricity consumption	Achieved	■ No less than 3% of total electricity consumption	■ No less than 10% of total electricity consumption
	■ Environmental Education Lectures and Courses	■ This is a newly set target	■ Yet to be hosted	N/A	■ Host no less than two sessions per year	■ Host no less than three sessions per year
Supply Chain Management	■ Percentage of Tier 1 Suppliers Having Completed the "Sustainable Risk Assessment Questionnaire"	■ A completion rate of 70% for Tier 1 suppliers "Sustainable Risk Assessment Questionnaire"	■ A completion rate of 100% for Tier 1 suppliers "Sustainable Risk Assessment Questionnaire"	Achieved	■ Maintain a completion rate of 100% for Tier 1 suppliers "Sustainable Risk Assessment Questionnaire"	■ Maintain a completion rate of 100% for Tier 1 suppliers "Sustainable Risk Assessment Questionnaire"
	■ Percentage of Critical Suppliers Audited by Phison's RBA Professionals against the RBA Standard	■ 80% of critical suppliers receive the RBA audit	■ 100% RBA audit ratio	Achieved	■ 90% of critical suppliers receive the RBA audit	■ 100% of critical suppliers receive the RBA audit
	■ Percentage of Critical Suppliers Having Received An RBA Audit and Made An Improvement	■ 80% of critical suppliers having received an RBA audit make an improvement	■ All critical suppliers pass the audit	Achieved	■ 90% of critical suppliers having received an RBA audit make an improvement	■ 100% of critical suppliers having received an RBA audit make an improvement
	■ Percentage of Suppliers Having Signed the "Supplier Code of Conduct"	■ 100% of critical suppliers sign the "Supplier Code of Conduct"; 75% of tier 1 suppliers as a whole signs the document	■ 100% of critical suppliers have signed the "Supplier Code of Conduct"; 78% of tier 1 suppliers as a whole signs the document	Achieved	■ 85% of tier 1 suppliers sign the new version of "Supplier Code of Conduct"	■ 100% of tier 1 suppliers sign the new version of "Supplier Code of Conduct"
Social Welfare	■ Number of Sessions of the "Fun to Go to Schools" Activity	■ 2 sessions in the first year	■ Having hosted 2 sessions	Achieved	■ Host 3 sessions of activities annually	■ Host 4 sessions of activities annually
	■ Number of Trees Planted	■ Plant 1,000 trees	■ Having planted 1,000 trees	Achieved	■ Plant a total of 3,000 trees	■ Plant a total of 6,000 trees

## | Sustainable Governance

12

Number of Board meetings held

98.10%

Average attendance rate of directors

25%

Proportion of female directors

6%-20%

Taiwan Stock Exchange corporate governance evaluation ranking

62.557billion

Operating revenue reached NTD62.557 billion, up 29% YoY

100%

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

17

Number of participations in investor conferences

**Appointed first Chief Corporate Governance Officer**

**Established Risk Management Committee and Corporate Sustainable Development Committee**

Both committees are a functional committee subordinate to the Board of Directors and composed of members of which a majority are independent directors





## Innovation & Service

**8.1 billion**

Annual R&amp;D expenses(NT\$)

1,791

Accumulated patents worldwide in 2021

# 72nd

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

# 70<sup>nd</sup>

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

7.55points

Annual customer satisfaction score

## Awarded World's First SD Association's SVP Verification for our SD Express Storage Solution.



## | Responsible Supply Chain

**100%**

Completion rate of sustainable risk assessment on tier 1 suppliers

**100%**

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

**78%**

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

**28**

Performed RBA audit on 28 critical suppliers

**100%**

Passing rate of RBA audit

### Enable Supply Chain Management Platform

Convey the Company's important policy to suppliers along the supply chain

**98%**

Ratio of quality suppliers

**43million**

Amount of green procurement(NT\$)

### Formulated the "Green Procurement Policy"



## | Environmental Protection

### Joined the RE 10x10 Enterprise Initiative Program

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

**20%**

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

### ISO 14064-1

Being certified against ISO 14064-1 Greenhouse Gas by a third party for the first time

**23.37%**

Reduced water intake intensity (amount of water intake per million dollars of revenue) by 23.37% from the 2020 level

**4.47%**

Reduced the energy use intensity (energy consumption per million dollars of revenue) by 4.47% from the 2020 level

**6.27%**

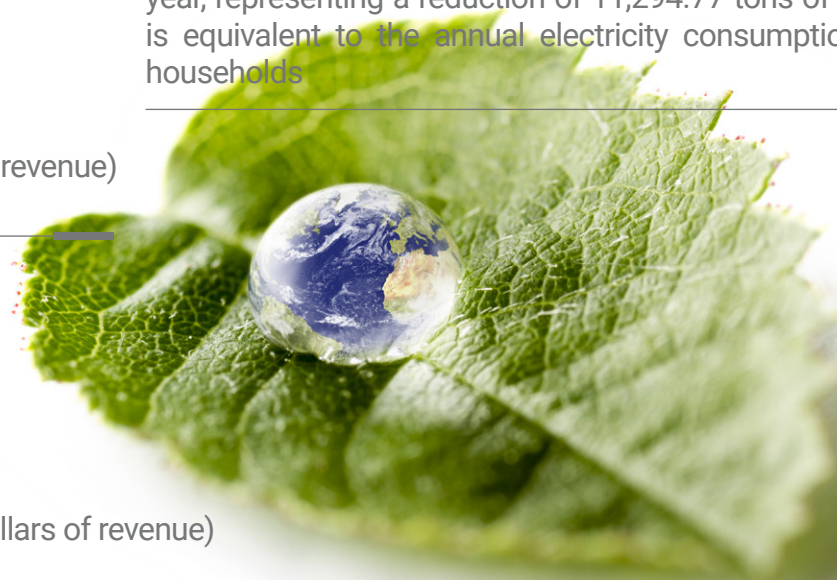
Reduced greenhouse gas emissions intensity (GHG emissions per million dollars of revenue) by 6.27% from the 2020 level

**2**

Initiated 2 energy-saving programs, which are expected to save 421,257 kWh of electricity, which is equivalent to a reduction of 211,471 Kg of CO<sub>2</sub>e

**16%-20%**

Taking the line of major developed product as an example, the latest generation products consumed 16%-20% less energy than their predecessor. Based on the statistics on the energy consumption data and the shipments data of the products of the latest generation in 2021, when used in terminal products, they help reduce electricity consumption by 22,499,545 kWh per year, representing a reduction of 11,294.77 tons of CO<sub>2</sub>, which is equivalent to the annual electricity consumption of 5,530 households





## | Employee Care

**2.17million**

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

**2.67million**

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

**3.05million**

The average benefits expenses per employee(NT\$)

**47.3hours**

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

**94.2points**

Satisfaction score of training courses

**78%**

Employee engagement rate

**535**

The number of people using Employee Assistance Programs consultation service

**5.8points**

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

## Perform maternal hazard classification management

The maternal hazard classification signs are posted at the entrance of each area, thereby providing comprehensive materiality protection for female staff at the childbearing age, expectant mothers, mothers within one year after childbirth, and subcontractors





## | Social Participation

**15.08million**

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

**200**

Volunteer service hours

**9**

The number of charity sales held

**2**

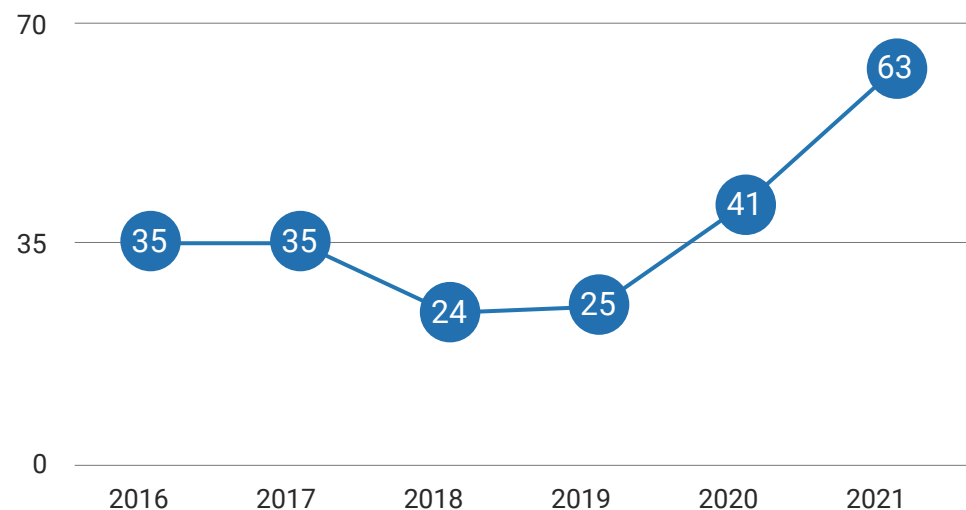
Initiated the five-year supported program  
"Fun to Go to Schools" and held 2 sessions in 2021

**1000trees**

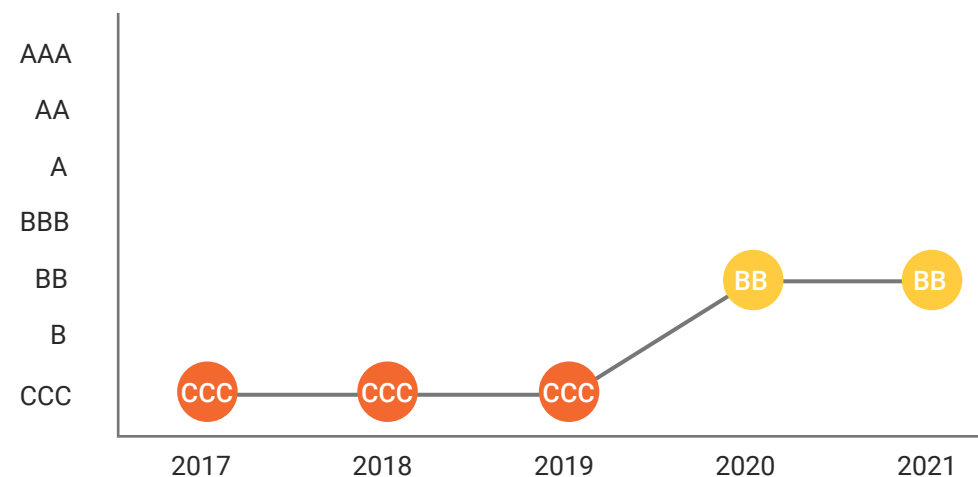
Initiated the "Coastal Forest Restoration Long-term Program";  
planted 1,000 trees in 2021



## Appendix I DJSI Scores



## Appendix II MSCI Grades



## Appendix III Corporate Governance Evaluation Results

Year	2014	2015	2016	2017	2018	2019	2020	2021
Score	72.66	77.00	50.62	69.65	68.23	64.31	80.56	88.21
OTC company ranking	None (only the top 20% listed companies and OTC companies were announced)	6%~20%	81%~100%	21%~35%	21%~35%	21%~35%	6%~20%	6%~20%
Electronics industry with a market value above NT\$10 Billion	N/A				61%~100%	61%~100%	21%~40%	21%~40%