PHISON

PHISON 2025 ESG REPORT

Contents

About this Report

Phison Electronics Corp. (hereinafter referred to as Phison Electronics/Phison/the Group) was established in Hsinchu, Taiwan in November 2000, and is currently headquartered in Zhunan, Miaoli. Starting with the world's first System on a Chip (SoC) USB drive IC, Phison has now become a leader in NAND Controller ICs and solutions for comprehensive storage interfaces. In addition to outstanding economic performance, we also place great importance on making positive contributions in areas such as corporate governance, supply chain management, customer rights and interests, employee care, environmental sustainability, and social welfare, as we move toward the vision of sustainable operations.

Reporting Period

Phison Electronics' Sustainability and Risk Management Committee regularly compiles and publishes the sustainability report each year. The "2025 ESG Report" (hereinafter referred to as this Report) was published in July 2026, with both Chinese and English versions available in the ESG section of Phison Electronics' website for reference by stakeholders. The content covers the Group's performance in the three major dimensions of economy, society, and environment from January 1 to December 31, 2025, as well as the management approaches and response actions for material topics.

Reporting Boundary and Scope

The entities included in the consolidated financial statements of the Group comprise 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, Gorich Investment Corporation, Core Storage Electronic (Samoa) Limited, OSTEK Corporation, Power Flash (HK) Limited, Power Storage Technology (Shenzhen) Co., Ltd., Xiamen Jiaxin Electronics Co., Ltd., RealYou Investment Limited, Hefei Ruihan Electronic Technology Co., Phison Technology Inc., Super Storage Technology Corporation (hereinafter referred to as SStek), and Maistorage Technology Sdn Bhd. In consideration of operational materiality and gradual alignment with the International Financial Reporting Standards (IFRS), except for the Economic Performance chapter, which defines the organizational boundary based on the consolidated financial statements principle, the disclosure scope of the remaining chapters in this Report covers all operating sites of Phison Electronics in Taiwan and Super Storage Technology Corporation (covering 96% of revenues). However, if the information coverage boundary is affected by differences in topics involved or data collection in individual chapters, such circumstances are specifically noted in the relevant sections.

Reporting Basis

This Report has been prepared in accordance with the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, the GRI Standards 2021 issued by the Global Reporting Initiative (GRI) (industry standards for the semiconductor industry have not yet been released), the Semiconductor Sustainability Accounting Standard 2018 issued by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) framework. This Report was assured by TÜV NORD Taiwan in accordance with the AA1000AS v3 Type II Moderate Assurance Standard, the GRI Standards, and the SASB Standards. The financial data of the Group has been audited and verified by KPMG. All financial figures in this Report are presented in NT$, while the statistical figures for each dimension are calculated based on internationally recognized indicators. The Group has obtained multiple ISO system certifications and adopts a systematic management approach to collect the data disclosed in this Report.

Name of management system	Phison Electronics Headquarters	Super Storage Technology Corporation
ISO 14001	V	V
ISO 14064-1	V	In accordance with headquarters regulations
ISO 27001	V	In accordance with headquarters regulations
ISO 45001	V	V
ISO 50001	V	In accordance with headquarters regulations
ISO 9001	V	V
RBA VAP	V	V

Restatement of Information

Chapter	Reasons for Restatement
6.3 Waste Management	Revised the classification method for waste disposal transfer.
7.4.4 Occupational Injury Analysis and Statistical Information	Revised the definition of the number of recordable incidents.

Report Compilation and Approval Procedures

All data in this Report was provided by each department and compiled by the working group under the Sustainability and Risk Management Committee of the Board of Directors. After confirmation by each department, the Report was submitted by the Sustainability and Risk Management Committee to the Board of Directors for approval prior to publication.

- Current edition: Published July 2026.
- Previous version: Published July 2025.
- Next publication: Scheduled for publication July 2027.
- The publication cycle of the sustainability report is aligned with that of the financial statements.

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Message from the CEO

2025 was a milestone year in the development history of Phison Electronics. Against the backdrop of global economic challenges arising from inflation and geopolitical tensions, the explosive demand for artificial intelligence (AI) technologies expanding from the cloud to the edge has not only redefined the landscape of the technology industry, but also brought unprecedented growth opportunities to Phison. Leveraging its profound expertise in NAND storage technology and flexible "5+5" growth strategy, Phison achieved a record-high annual consolidated revenue of over NT$72.6 billion in 2025, and successfully transformed into a key player leading the field of AI computing storage.

Driven by the surge in demand for AI inference, NAND storage is no longer merely a container for data, but has become a core foundation that determines AI performance. In 2025, Phison launched the world's first 6nm AI computing SSD controller chip, E28, and fully upgraded its aiDAPTIV+ technology to version 2.0. This innovation not only helps enterprises implement large language model (LLM) fine-tuning locally at lower cost, but was also recognized with the Best Choice Award at COMPUTEX 2025, realizing the vision of democratizing AI. We also achieved significant results in the development of the enterprise-grade brand "PASCARI." Through ultra-high-capacity 128TB SSDs and high-performance PCIe Gen5 solutions, we substantially improved the Power Usage Effectiveness (PUE) of data centers, making tangible contributions to green computing.

In response to climate change and carbon reduction pressures, Phison actively implements the concept of green design. Through the development of advanced process controller chips, we are committed to enhancing transmission bandwidth while reducing unit storage energy consumption, thereby helping global customers achieve their net-zero carbon emission goals. At the same time, in response to severe fluctuations in the NAND supply chain, Phison leveraged its outstanding resource allocation capabilities and strategic partnerships with suppliers to ensure supply chain resilience and stability, fulfilling its commitment to responsible procurement and operations.

"Taking from society and giving back to society" has always been Phison's unwavering founding principle. In 2025, we continued to expand our R&D team to more than 3,500 employees, cultivating high-end technical talent for Taiwan's semiconductor industry. In terms of social engagement, Phison not only invested resources in rural education and care for disadvantaged groups, but also supported the transformation of public welfare through technological empowerment. For example, the high-performance storage solution we developed received recognition in the International FHIR Server Performance Competition, demonstrating the limitless potential of technology in smart healthcare and public services.

Looking ahead to 2026, although the international landscape and semiconductor cycle remain full of challenges, the momentum of AI development will not stop. Phison Electronics will continue to focus on forward-looking fields such as PCIe Gen6, high-performance AI storage, and automotive electronics, while further strengthening various ESG indicators. We are committed to continuing to uphold ethical corporate management and work together with all shareholders and strategic partners to create even greater technological value amid the AI wave, while building a smarter, more sustainable, and better digital future for users worldwide.

K. S. Pua

2025 Performance Highlights

Corporate Governance and Products

- A total of 11 Board of Directors meetings were convened, with an average directors' attendance rate of 95.96%.
- Ranked within the top 6%–20% among TPEx-listed companies in the corporate governance evaluation conducted by the Taiwan Stock Exchange.
- Selected as a member of the S&P Global Sustainability Yearbook 2026.
- The world's first 6nm AI computing SSD solution, E28, received the 2026 Taiwan Excellence Gold Award.
- The cumulative number of global patents reached 2,142, ranking 83rd among the top 100 domestic corporate invention patent grants announced in Taiwan.
- Established the "Supply Chain Information Security Management Regulations" and conducted information security assessments on 30 major suppliers using the "Information Security Risk Assessment Form," while also carrying out on-site audits of 2 suppliers.
- The average customer satisfaction score was 8.86 out of 10, with a satisfaction rate reaching 92%.

Environmental Protection

- Received a B rating in the CDP (Carbon Disclosure Project) Climate Change and Water Security.
- Renewable energy consumption reached 3,939,037 kWh, accounting for 8.69% of the Group's total electricity consumption.
- Promoted four energy-saving projects, with energy-saving measures including equipment replacement and adjustment of control modes. Estimated electricity savings amounted to 1,531,006.39 kWh, equivalent to a reduction of 725.6971 metric tons of CO_2e.
- The "Coastal Forest Restoration Long-term Program" entered its fifth year, with a cumulative total of 5,000 trees planted on the adopted coastal land, including species resistant to strong winds, sand burial, flooding, and salinity, such as sea hibiscus, screwpine, and beefwood.

Social Participation

- Received the "Certificate of Qualification for Self-assessment of Healthy Workplace Promotion" from the Ministry of Health and Welfare.
- Total education and training expenses reached NT$4.08 million, with average training hours of 17 hours per employee and a course satisfaction score of 92.25.
- A total of 3 health screening events and 26 health promotion and seminar activities were held, with 2,040 participants in total.
- The Employee Assistance Programs (EAPs) recorded 7,207 instances of use throughout the year, representing an increase of 21.43% compared to the previous year, with an average annual user satisfaction score of 5.8 out of 6.
- Following investor conferences, 4 employee briefing sessions were held, during which the CEO explained the Company's operating conditions and future objectives to employees in order to enhance employee cohesion.
- Total social investment amounted to NT$25,802,525 (including cash and in-kind donations), while accumulated volunteer service hours reached 742 hours in 2025.

Sustainability Management Indicators

Types of Sustainability Topic	Performance Indicator	2025 Targets	2025 Performance	Achievement Status[1]	2027 Targets	2030 Targets
Talent Attraction and Development	Employee Retention Rate	≧90%	88.59%	Not Achieved	≧90%	≧90%
	Talent Recruitment Rate	≧10 times	66 times	Achieved	≧10 times	≧10 times
	Education and Training Satisfaction Score	≧93 points	92.3 points	Not Achieved	≧94 points	≧94 points
	Average Management Training Hours Received by Supervisors	≧10 hours	14.60 hours	Achieved	≧10 hours	≧10 hours
		≧34%	44.8%	Achieved	≧37.5%	≧40%
Occupational Safety and Health	Participation Rate in Health Promotion Activities	≧57.5%	67.2%	Achieved	≧60%	≧60%
	Effectiveness Rate of Health Promotion Initiatives Satisfaction with the Employee Assistance Program (EAP) Project	≧5.8 (out of 6)	5.8 points	Achieved	≧5.8 (out of 6)	≧5.8 (out of 6)
Environmental Protection	Per Capita Water Consumption	Reduced by 10% compared to 2018	Reduced by 48% compared to 2018	Achieved	Reduced by 12% compared to 2018	Reduced by 15% compared to 2018
	Waste Generation Intensity (Waste Generation Volume / Revenue per NT$ Million)	≦0.00755	0.0061	Achieved	≦0.0074	≦0.0073
	GHG Emission Intensity (GHG Emissions / Revenue per NT$ Million)	≦0.3195	0.277	Achieved	≦0.318	≦0.315
	Renewable Energy Usage Ratio	Reached 10% of total electricity consumption	8.69%[3]	Not Achieved	Reached 10% of total electricity consumption	Reached 20% of total electricity consumption
Supply Chain Management	Based on the transaction conditions established by the Production Management Department and Procurement Department, the proportion of Tier-1 suppliers that completed the "Sustainability Risk Assessment Questionnaire"	100%	100%	Achieved	Maintained 100%	Maintained 100%
	Percentage of Key Suppliers Audited by Phison RBA Professionals	≧95%	100%	Achieved	Reached 100%	Maintained 100%
	Improvement Rate of Key Suppliers Following RBA Audits	≧95%	98.96%	Achieved	Reached 100%	Maintained 100%
	Percentage of Key Suppliers Signing the "Supplier Code of Conduct"	100%	100%	Achieved	Reached 100%	Maintained 100%
Social Welfare	Number of Public Welfare Activities Participated in by Phison Volunteers	4 sessions	5 sessions	Achieved	4 sessions	4 sessions
	Cumulative Number of Trees Planted	6,000 trees	14,590 trees	Achieved	15,000 trees	18,000 trees

1 Due to the inclusion of SStek this year, performance was presented based on Group data, resulting in multiple indicators not achieving their targets. Other subsidiaries will continue to be included in the scope in the future, and performance improvement plans will be developed accordingly.

2 The formula for calculating the talent recruitment rate is: number of interviewees / number of recruits.

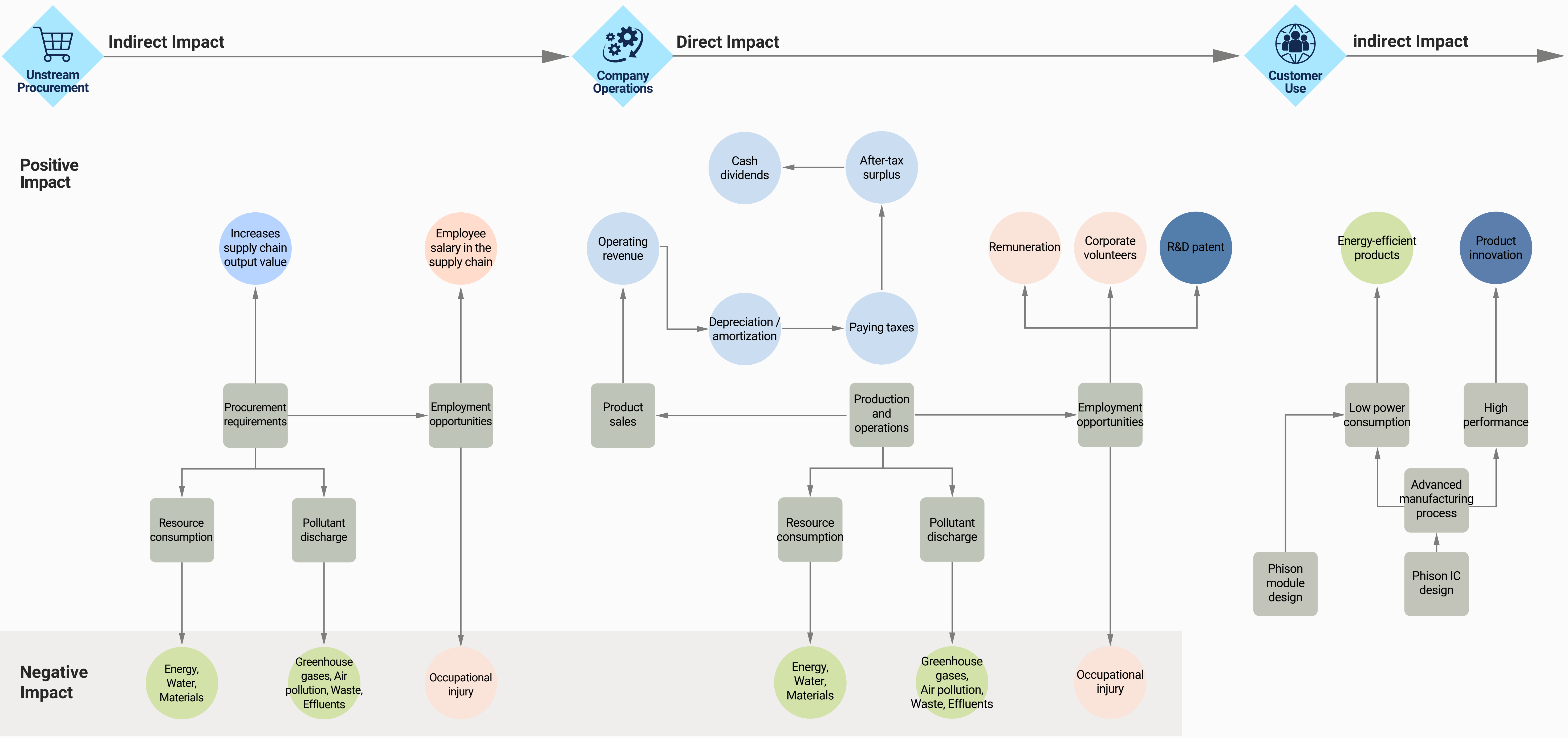
3 In 2021, the Company established the targets of achieving a renewable energy usage ratio of 10% for the parent company of the Phison Group by 2025 and 20% by 2030. Looking solely at Phison Electronics, renewable energy usage has continued to increase through nearly doubling annual procurement volumes each year. In 2025, renewable energy consumption accounted for 11% of total electricity consumption, achieving the renewable energy usage commitment for 2025.

4 Suppliers required to sign refer to those with annual transaction amounts exceeding NT$1 million and more than 12 purchase transactions per year, excluding spot-market suppliers and test board vendors.

Sustainability Impact Strategy Map

The Group identifies the positive (benefits) and negative (costs) impacts on the economy, environment, and society arising from upstream procurement, corporate operations, and customer usage stages, serving as the overall framework for internally managing ESG issues. The Group aims to minimize the negative impacts of its operations on the economy, environment, and society throughout the value chain as much as possible.

Operational Inputs/Outputs → Causal Relationships



- 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

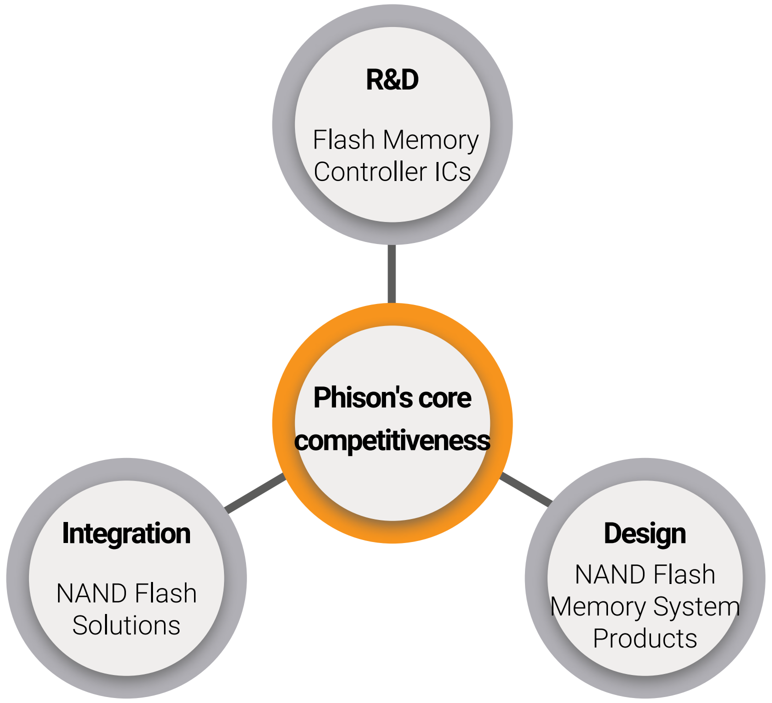
1.1 Company Profile

1.1.1 Company Profile

Headquarters	No.1, Qunyi Rd., Zhunan Township, Miaoli County
Date of Establishment	November 8, 2000
Chairman	Wee Kuan Gan
Capital	NT$2,179,614 thousand
Number of Employees	4,913
Output	139,032 thousand units of NAND Flash Memory Module Products 64,315 thousand units of ICs 456,273 thousand units of Controller ICs
Business Category	Semiconductor industry
Stock Code	8299

1.1.2 Business Philosophy and Development Strategy

Upholding the business philosophy of "Integrity, Sharing, Efficiency, Innovation, and Breakthrough," the Group is committed to the R&D and design of NAND Controller ICs. Beginning with the invention of the "world's first System on a Chip (SoC) USB drive IC" and the launch of the "world's first USB flash PenDrive," the Group has continued to deepen and expand its business, and has now become the world's most comprehensive and advanced provider of flash memory storage application solutions. Starting from the consumer application market, the Company's operations have now expanded to include high-end flash memory storage application markets such as smart IoT, embedded systems, automotive systems, edge computing, gaming and esports, Embedded ODM, and servers, continuously providing comprehensive and flexible storage solutions to customers worldwide.



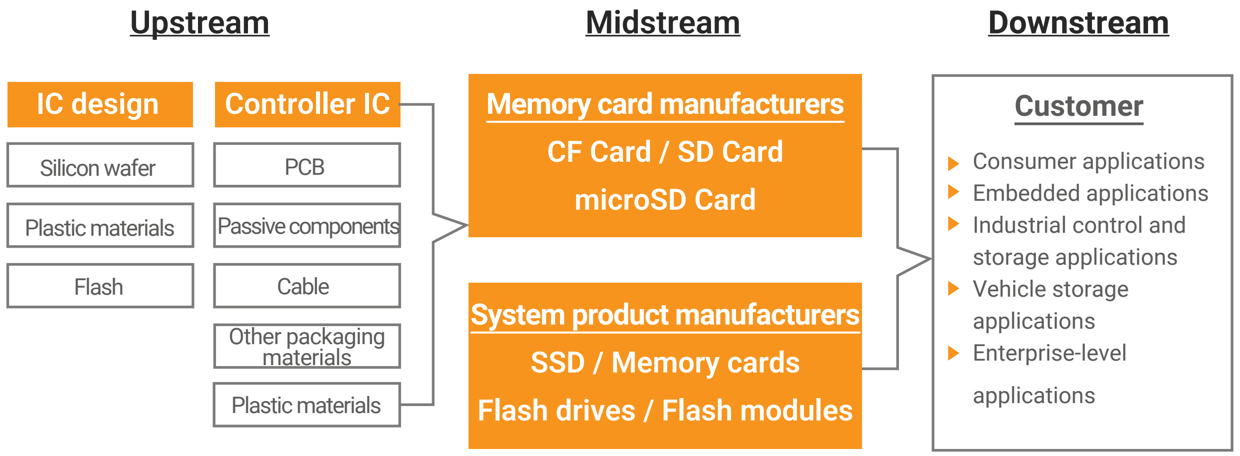
1.2 Primary Products and Sales Regions

1.2.1 Main Products

The Group's principal business consists of the R&D and sales of NAND applications, including NAND Controller chips and NAND storage module solutions. Accordingly, the Group operates within both the upstream and midstream segments of the value chain, with no significant changes in the value chain during the current year. The Group's principal products include NAND Controller ICs for comprehensive storage interfaces such as USB flash drives, SD/microSD memory cards, eMMC, PATA/SATA/PCIe SSDs, and UFS. Their application scope covers consumer applications, embedded applications, industrial storage applications, automotive storage applications, and enterprise applications.

Note: The Group's core operations focus on the design, development, and sales of NAND Controller ICs and flash memory module products. The manufacturing of chip products is fully outsourced to semiconductor foundries for production, packaging, and testing, while the manufacturing of module products is outsourced to module OEM manufacturers for production and assembly. Therefore, the Group does not manufacture products in-house.

Value Chain Upstream, Midstream, and Downstream Relationship Diagram



1.2.2 Operational Distribution

The Group has established its headquarters in Miaoli, Taiwan, and has set up subsidiaries and technical service locations in the United States, Japan, India, Malaysia, and China to facilitate multinational strategic cooperation, build closer collaborative relationships with business partners in various countries, provide timely technical support to local customers, and deepen mutually beneficial partnerships.

Headquarters	Miaoli, Taiwan
Technical Service Locations	Hsinchu/Taipei/Tainan, Taiwan San Jose/Boise, USA Shenzhen/Xiamen, China Tokyo, Japan Hyderabad, India Selangor, Malaysia
Sales Location	Kawasaki, Japan
Service Locations	Japan/USA

Proportion of Revenue by Major Sales Region

Region	Taiwan	Asia (excluding Taiwan)	Americas	Europe	Australia	Total
Percentage (%)	30.79	47.99	19.10	2.09	0.03	100

1.3 External Organization Participation

The Group actively participates in relevant industry organizations to engage in exchanges and discussions on industry trends, while keeping abreast of international developments. As of 2025, the Group had participated in a total of 17 industry organizations.

Serial No.	Name of Organization	Year of Participation	Participation Status
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 Member
5	JEDEC Solid State Technology Association	2007–Present	Member
6	SD Association	2009–Present	Board Member
7	Taiwan Semiconductor Industry Association (TSIA)	2009–Present	Member
8	CFA (CompactFlash Association)	2010–Present	Executive Committee Member
9	Mobile Industry Process Interface Alliance	2012–Present	Member
10	UNH-IOL	2014–Present	Member
11	MIH EV Open Platform	2020–Present	Member
12	Storage Networking Industry Association (SNIA)	2020–Present	Member
13	Open Compute Project (OCP)	2021–Present	Member
14	CXL Consortium	2022–Present	Contributor Member
15	Taiwan Electrical and Electronic Manufacturers' Association	2025–Present	Member
16	UALink Consortium	2025–Present	Member
17	InfiniBand Trade Association (IBTA)	2025–Present	Member

2. Stakeholder Engagements

2.1 Material Topics Identification Process

The Group values the voices of stakeholders and is committed to integrating stakeholder feedback into the Company's decision-making process through more timely and transparent communication channels, thereby responding to social expectations and fulfilling corporate social responsibility. In accordance with the AA1000 Stakeholder Engagement Standard (AA1000SES), the internal "Sustainability Information Management Procedures" and "Material Topic Determination Process Regulations," and with reference to domestic and international sustainable development trends, the Group identified six major stakeholder groups based on the three principles of identification, analysis, and confirmation. Using the GRI Standards as the foundation, the Group further analyzed stakeholders' level of concern regarding various economic, social, and environmental topics, the impacts of the Company's operations on the economy, society, and environment, as well as the scale, scope, and likelihood of impacts associated with each topic, and ultimately determined seven material topics. The corresponding management approaches for these topics are disclosed in the relevant chapters of this Report.

Step 1

Identification: Inclusivity

Based on the Group's operational characteristics and the five principles of the Stakeholder Engagement Standard (AA1000SES), namely Dependency, Responsibility, Tension, Influence, and Diverse Perspective, the Group identified six major stakeholder groups. The process for determining material topics was then conducted in accordance with the GRI Standards, supplemented by feedback obtained through interactions and communications with stakeholders over the past year. In addition, the Group referenced material sustainability topics recommended for the semiconductor industry by international sustainability indicators, as well as domestic and international sustainable development trends and the needs of information users. After considering actual and potential, positive and negative impacts, the Sustainability and Risk Management Committee identified 21 sustainability topics.

Step 2

Stakeholder Engagement

The Group maintains diverse engagement channels with its six major stakeholder groups. For details regarding engagement methods, frequency, and outcomes, please refer to 2.2 Stakeholder Communication.

Risk Reduction and Prevention	Precisely Focus Disclosure Information
Purpose of Stakeholder Engagement	
Identify Innovative Opportunities	Build Consensus on Sustainability

Step 3

Analysis: Materiality

In accordance with sustainability reporting standards, the Group collected stakeholders' levels of concern regarding various topics through stakeholder engagement feedback, media monitoring, regulatory identification, and other approaches. In addition, internal senior executives were invited to conduct a preliminary identification of material sustainability issues with reference to the Double Materiality principle issued by the European Union. This was further supplemented through discussions and input from the Sustainability and Risk Management Committee. After evaluating the degree of impact of each topic on the economy, society, and environment, as well as the scale, scope, and likelihood of impacts associated with each topic, a materiality matrix was developed, and seven material topics were ultimately selected. Although the remaining 14 topics were not identified as material topics in this assessment, we will continue to manage them and provide appropriate disclosure.

Step 4

Confirmation: Responsiveness

The 2025 material topic matrix included a total of 21 sustainability topics. After comprehensively considering the opinions of various stakeholders and the materiality to operations, the Sustainability and Risk Management Committee ultimately confirmed the elevation of "Corporate Governance and Ethical Corporate Management" and "Climate Change Response" to material topics, while "Development of Energy-saving Products" was adjusted to a medium-level topic. In addition, "Talent Attraction and Retention" and "Talent Development and Training" were consolidated into "Talent Attraction and Development," corresponding to a total of 20 GRI topic standards and SASB accounting metrics. In accordance with the disclosure requirements of the GRI Standards, this Report provides detailed explanations of the relevant policies, management approaches, and management performance in the corresponding chapters for each material topic. Other sustainability topics are also appropriately disclosed to enhance information transparency.

2024 Material Topics	
1. Economic Performance	5. Development of Energy-saving Products ⇎
2. Risk Management	6. Talent Development and Training ✻
3. Innovation Management	7. Supply Chain Management
4. Talent Attraction and Retention ✻	

2025 Material Topics	
1. Economic Performance	4. Innovation Management
2. Corporate Governance and Ethical Corporate Management ⊕	5. Talent Attraction and Development
3. Risk Management	6. Supply Chain Management
	7. Climate Change Response ⊕

✻Consolidated ⇎ Deleted ⊕ Added

Phison Electronics Materiality Analysis Results

● Environmental Issues ● Social Issues ● Governance and Economic Issues

Low Materiality Topics	Medium Materiality Topics	High Materiality Topics
Conflict Minerals	Legal Compliance	Economic Performance
Social Welfare	Human Rights	Corporate Governance and Ethical Corporate Management
Biodiversity	Customer Satisfaction	Risk Management
Waste and Hazardous Substance Management	Information Security	Innovation Management
Occupational Health and Safety	Diverse and Inclusive Workplace	Talent Attraction and Development
	Geopolitics	Climate Change Response
	Development of Energy-saving Products	Supply Chain Management
	Domestic and International Carbon Fees/Carbon Taxes	
	Use of Eco-friendly/Recycled Materials	

High — Impacts on the Economy, Environment, and People — Low

Low — Level of Sustainability Impact — High

Analysis of Positive and Negative Impacts of Material Topics

Negative Impacts (Considering Impact Scale, Scope, and Likelihood)	Sustainability Topics	Positive Impacts (Considering Impact Scale, Scope, and Likelihood)
	Economic Performance	Improvement in Operating Performance
Failure to achieve the Company's objectives and loss of trust from shareholders and stakeholders	Corporate Governance and Ethical Corporate Management	Enhance Company performance, safeguard the rights and interests of shareholders and stakeholders, and increase investor confidence
Improper risk management	Risk Management	Cultivate a risk awareness culture
	Talent Attraction and Development	Enhance corporate competitiveness, employee productivity, and retention rate
	Innovation Management	Competitive position and sources of competitive advantage in the industry
	Development of Energy-saving Products	R&D and investment in energy-saving products
Bear additional carbon costs	Domestic and International Carbon Fees/Carbon Taxes	
Improper supply chain management	Supply Chain Management	Enhancement of suppliers' ESG awareness and management practices
Damage to customer rights and interests	Customer Satisfaction	Enhancement of customer service experience
Workplace Unlawful Infringement	Diverse and Inclusive Workplace	Promote workplace gender equality and diversity
Improper GHG management	Climate Change Response	Climate actions
Increase in material costs	Use of Eco-friendly/Recycled Materials	Reduce resource consumption
Breach of privacy/confidential information	Information Security	
Risks of geopolitical factors to the Company's investment and operations	Geopolitics	
Improper conflict mineral management	Conflict Minerals	
Violation/Failure to protect labor human rights	Human Rights Protection	
Cause ecological impacts from operations	Biodiversity	
Improper waste and hazardous substance management	Waste and Hazardous Substance Management	
Improper occupational health and safety management	Occupational Health and Safety	
Cost of legal compliance	Legal Compliance	
	Social Welfare	Charity and public welfare

2.2 Stakeholder Communications

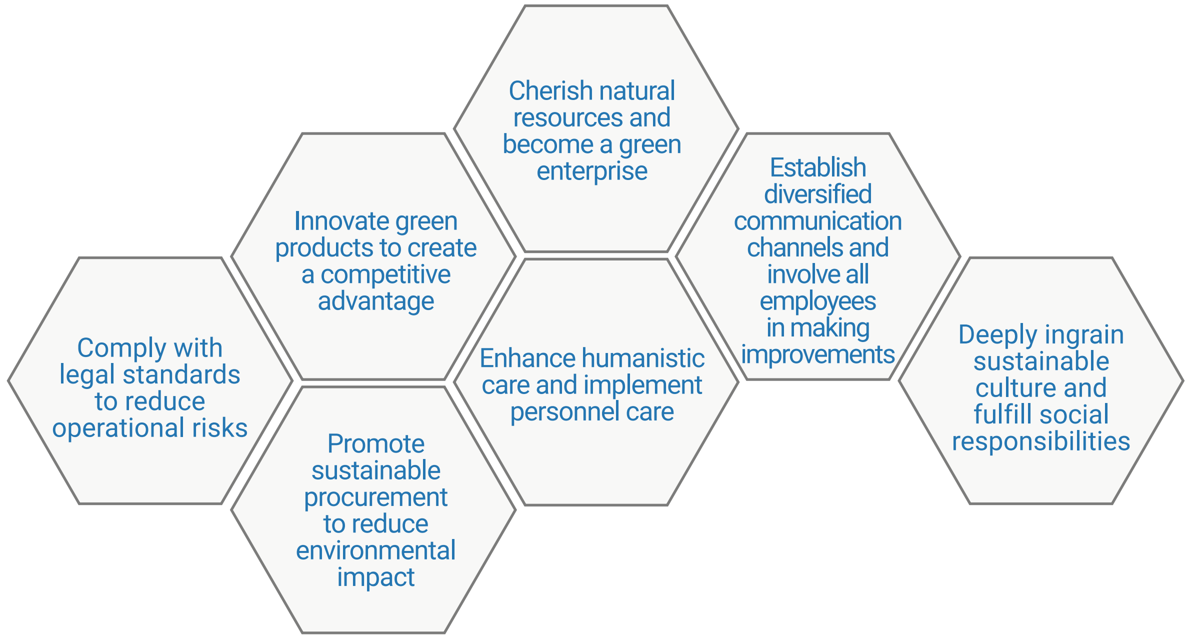
Stakeholders	Topic of Concern	Main Communication Methods and Frequency	Key Achievements in 2025	Corresponding Chapter
Customers	▸ Corporate Governance and Ethical Corporate Management ▸ Customer Satisfaction ▸ Supply Chain Management ▸ Climate Change Response	▸ Telephone, email (daily) ▸ Customer satisfaction survey (annually) ▸ Customer service hotline (real-time) ▸ Quarterly business review/technical review (QBR/QTR) (quarterly)	▸ Completed 22 customer responsible supplier/corporate sustainability questionnaires ▸ Customer satisfaction survey 8.86/10 ▸ No complaints regarding violations of customer privacy or data loss were received in 2025	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 4.3 Customer Relationship Management ▸ 5. Responsible Supply Chain ▸ 6.1 Climate Strategy
Employees	▸ Economic Performance ▸ Talent Attraction and Development	▸ Labor-management meetings (quarterly/occasionally) ▸ New employee forum (semiannually) ▸ Employee suggestion box (real-time) ▸ Employee forums (occasionally) ▸ Employee opinion survey (conducted as needed) ▸ Migrant worker communication meeting (weekly) ▸ Company newsletter (annually) ▸ Email announcement (real-time) ▸ Social media (occasionally)	▸ Held 4 labor-management meetings ▸ New employee forums are held quarterly or monthly based on demand ▸ Held 4 employee briefing sessions following investor conferences to keep employees informed of the Company's operating conditions ▸ Held 40 migrant worker communication meetings	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 3.4 Economic Performance ▸ 7. Employee Care
Suppliers	▸ Economic Performance ▸ Supply Chain Management	▸ Tier-1 suppliers complete the "Sustainability Risk Assessment Questionnaire" (annually) ▸ Key suppliers complete the RBA SAQ (annually) ▸ Key suppliers undergo RBA audits (annually) ▸ Supplier online platform (real-time) ▸ Complaint mailbox (real-time) ▸ Quarterly business review/technical review (QBR/QTR) (quarterly)	▸ Collected 74 supplier "Sustainability Risk Assessment Questionnaires" ▸ Completed RBA audits of 10 supplier partners ▸ Collected 10 supplier partner RBA SAQ	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 5. Responsible Supply Chain
Shareholders/ Investors	▸ Economic Performance ▸ Corporate Governance and Ethical Corporate Management ▸ Legal Compliance	▸ Annual general shareholders' meeting (annually) ▸ Extraordinary shareholders' meeting (occasionally) ▸ Investor conference (quarterly/occasionally invited) ▸ Annual report, sustainability report (annually) ▸ Investor mailbox (real-time) ▸ Domestic and international analyst meetings and investment forums (occasionally) ▸ MOPS - press releases and material information (occasionally)	▸ Convened the annual general shareholders' meeting ▸ Participated in 20 investor conferences ▸ Published the annual report and sustainability report ▸ Published 64 material information announcements on MOPS ▸ Published 13 press releases on the Company's official website	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 3.4 Economic Performance
Government Authorities	▸ Corporate Governance and Ethical Corporate Management ▸ Climate Change Response	▸ Official correspondence (real-time) ▸ Regulatory briefings and public hearings (occasionally) ▸ Industry policy questionnaire feedback (occasionally) ▸ Proactive reporting to government authority websites (occasionally)	▸ Participated in 7 regulatory briefings and public hearings ▸ Assisted in completing 19 government industry questionnaires	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 6.1 Climate Strategy
Communities	▸ Legal Compliance ▸ Climate Change Response ▸ Social Welfare	▸ Company telephone (real-time) ▸ Social media (occasionally) ▸ MOPS - press releases and material information (occasionally)	▸ Held 27 charity bazaars ▸ Published 64 material information announcements on MOPS ▸ Published 13 press releases and 9 featured case studies on the Company's official website	▸ 3.2 Corporate Governance and Ethical Corporate Management ▸ 6.1 Climate Strategy ▸ 8. Social Participation

Material Topics and Phison Electronics' 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 Usage)		
1. Economic Performance	●	●		GRI 201: Economic Performance 2016 SASB: Activity Metrics	8 DECENT WORK AND ECONOMIC GROWTH
2. Corporate Governance and Ethical Corporate Management		●		GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive Behavior 2016	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
3. Risk Management	●	●	●	GRI 418: Customer Privacy 2016	11 SUSTAINABLE CITIES AND COMMUNITIES
4. Innovation Management		●	●	GRI 302: Energy 2016 SASB: Intellectual Property Protection & Competitive Behavior	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
5. Talent Attraction and Development		●		GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 SASB: Recruiting & Managing a Global & Skilled Workforce SASB: Workforce Health & Safety	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
6. Supply Chain Management	●	●		GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016 SASB: Materials Sourcing	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
7. Climate Change Response	●	●		GRI 305: Emissions 2016 SASB: Greenhouse Gas Emissions SASB: Energy Management in Manufacturing SASB: Water Management	13 CLIMATE ACTION

3. Sustainable Governance

3.1 Sustainable Development Policy



The Group is committed to adopting the following implementation guidelines to continuously strengthen the foundation for sustainable development. In principle, sustainability-related policies of the Group are approved by the highest management supervisor responsible for the relevant topic, or by the Board of Directors/Chairman.

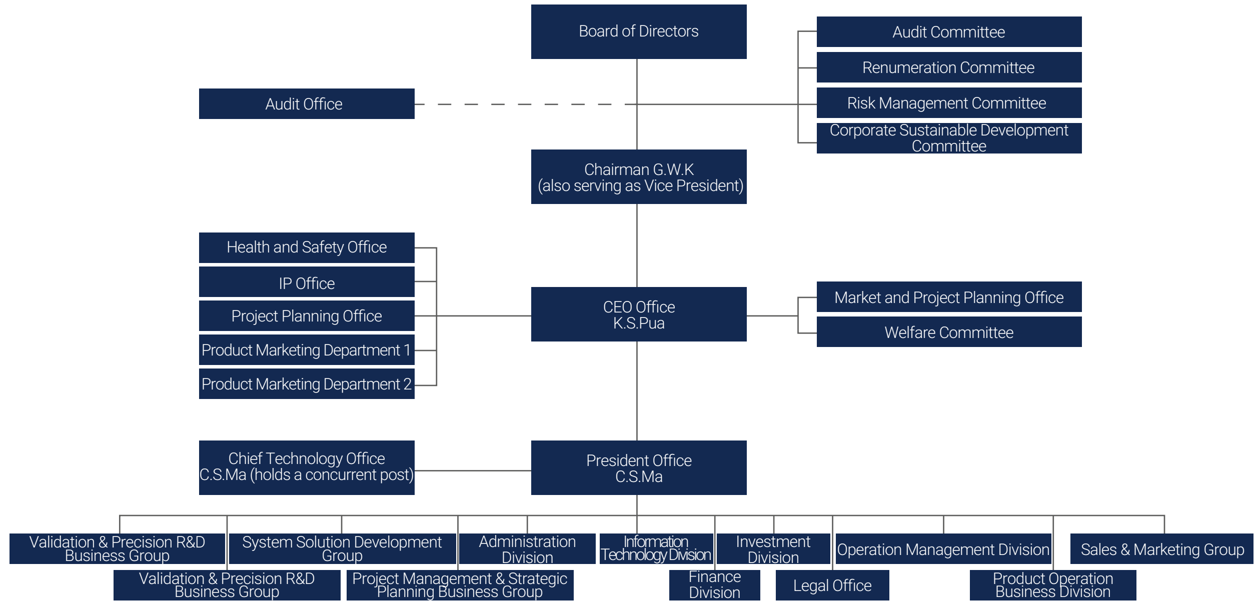
1. Comply with global sustainable responsibility, environmental protection, OHS regulations and standards, reduce operational risks and protect employee rights and interests.
2. Consider life cycle thinking, provide leading innovative green products and services, and demonstrate green competitive advantages.
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 and Ethical Corporate Management

3.2.1 Corporate Governance Framework

In accordance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations of the R.O.C., the Group has established the "Articles of Incorporation," "Rules Governing the Conduct of Shareholders Meetings," "Regulations Governing Procedure for Board of Directors Meetings," "Procedures for Election of Directors," and "Codes of Ethical Conduct" as the basis for establishing a sound corporate governance system and implementing accountable management policies.

To enhance management efficiency and centralize resources, the Group resolved at the Board of Directors meeting in November 2025 to merge the existing "Corporate Sustainability Management Committee" and "Risk Management Committee" into the "Sustainability and Risk Management Committee." The Group's "Sustainability and Risk Management Committee" is a functional committee under the Board of Directors and consists of three members, with at least half of the members being independent directors. The Committee reports its operational status to the Board of Directors once a year. The Sustainability and Risk Management Committee is the unit responsible for overseeing the Group's sustainable development affairs and risk management activities, and also serves as the highest governance body for managing the organization's impacts on the economy, environment, and people. An Executive Secretariat has been established under the Committee to promote the Group's sustainability and risk management activities in accordance with the "Corporate Social Responsibility Best Practice Principles" and the "Risk Management Policies and Procedures." The Sustainability and Risk Management Committee has delegated impact management responsibilities to the corporate governance officer and the working group under the officer. The working group compiles impact-related information annually and reports to the Sustainability and Risk Management Committee. The Board of Directors hears reports from the Sustainability and Risk Management Committee each year, and based on its respective authority and expertise, provides relevant recommendations, approves targets, formulates policy directions, and supervises and enhances the success rate of projects. In 2025, the key material matters communicated between the Sustainability and Risk Management Committee and the Board of Directors included preparatory work for alignment with Sustainability Disclosure Standards IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures," information security management, supply chain de-risking, supply chain information security management, the five-year achievement report of public welfare projects, the carbon management platform implementation project, and sustainability rating performance. The total number of key material matters communicated was seven. Going forward, the Group will continue to enhance the collective intelligence of the highest governance body in sustainable development.



To encourage senior management personnel to hold Company shares so that the execution of their duties is aligned with the Group's long-term performance, thereby aligning their interests and actions with those of the Company's shareholders and further strengthening corporate governance, the Group stipulates that beginning from the calendar year following the completion of three years in office, the CEO and President shall hold shares with a total value at the end of each year no less than two times their total annual fixed salary for that year. Going forward, the Group will continue to promote this requirement to Vice President-level supervisors.

3.2.2 Board of Directors

The election of directors of the Group is conducted in accordance with the "Procedures for Election of Directors." The Group has nine directors, including three independent directors. The Group adopts a candidate nomination system for its directors. Directors serve a term of three years and are elected by the shareholders' meeting from the list of candidates, with consecutive re-election permitted. The Board of Directors is organized by the directors. A Chairman shall be elected by and from among the directors with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present. The Chairman represents the Group externally. The composition of the Group's Board of Directors takes diversity into consideration, including fundamental attributes and values (such as gender, age, nationality, and culture) as well as professional knowledge and skills (such as professional background, expertise, and industry experience), with the aim of incorporating diverse perspectives and maximizing governance value. As of the end of 2025, the Group's Board of Directors consisted of nine members, including one female director, representing 11.11% of all Board members. The current term of the Board of Directors is from May 31, 2023 to May 30, 2026. The average age of all Board members was approximately 61.22 years old, with 89% of directors over the age of 50 and 11% between the ages of 30 and 50. The average tenure was 6.67 years. The Group plans to increase the nomination of female directors in the future and will progressively move toward the ultimate target of female directors accounting for one-third of the Board.

Title	Name	Gender	Educational Background	Current Positions Concurrently Held within the Group and other Companies
Chairman	Representative of Chenghe Investment Co. Ltd.: Wee Kuan Gan	Male	Department of Electrical and Control Engineering, National Yang Ming Chiao Tung University	Vice President of Phison Electronics Corp. Director Representative of Ostek Corporation Director Representative of Lian Xu Dong Investment Corporation Supervisor Representative of Phisontech Electronics Taiwan Corp. Director and Chairman Representative of Super Storage Technology Corporation Director and Chairman Representative of Great Storage Investment Corporation Director of Maistorage Technology Sdn. Bhd. Director of Global Flash Limited Director of Core Storage Electronic (Samoa) Limited.
Director	Tzung Horng Kuang	Male	MBA, Greenwich University Master's Degree in Healthcare Management, Yuanpei University of Medical Technology	Senior Special Assistant of Phison Electronics Corp. Director and Chairman Representative of EMTOPS Electronics Corp. Director Representative of MICROTOPS Design Corporation Director Representative of Ostek Corporation Chairman of Phison Electronics Japan Corp. Director of Power Flash (Samoa) Limited Director of Nextorage Corporation Chairman of ONE UPON CO. LTD. Chairman of Hong Lian Cheng Co., Ltd. Chairman of SRW CORPORATION Supervisor of Green Jacket Sports Co., Ltd. Director of United Power Research Technology Corp.
Director	Jiunn Yeong Yang	Male	Ph.D. in the Graduate Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University	None
Director	Cheng Shuo Investment Co., Ltd. Representative: Chiu An Chuang	Male	Honorary Doctorate, National Chi Nan University	Administrative Consultant of the Executive Yuan Chairman of the Zinan Temple Management Committee in Zhushan Township Director of SUNMOON DEVELOPMENT CO., LTD.
Director	KIOXIA Corporation Representative: Hiroshi Miyauchi	Male	Faculty of Electro-Communications, The University of Electro-Communications	Part-time Consultant of Kioxia Corporation Part-time Consultant of Niterra Materials Co., Ltd.
Director	Chih Jen Hsu	Male	Department of Information Engineering, Chung Yuan Christian University	Technical Vice President, Phison Electronics
Independent Director	Huei Ming Wang	Male	Master's Degree in Industrial Engineering and Management, Chung Hua University	Independent Director of GIGABYTE Technology Co., Ltd. Independent Director of TAI-SOL ELECTRONICS CO., LTD. Chairman of JS INVESTMENT COMPANY Chairman of Shih Lu Shuan Restaurant Co., Ltd. Chairman of Qing Cheng Property Development Co., Ltd. Chairman of Chia Yang Asset Management Co., Ltd. Chairman of Apollo Power Co., Ltd. Chairman of Apollo Shineng Co., Ltd. Chairman of Apollo Energy Co., Ltd. Chairman of Apollo Digital Power Co., Ltd. Chairman of Fu Zhi Yang Co., Ltd. Chairman of Citizen Enterprise Management Consulting Co., Ltd. Supervisor of ECROWD MEDIA INC. Supervisor of United Power Research Technology Corp. Certified Public Accountant of Huei Ming Wang CPA Firm.
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. in the Department of Computer Science, National Yang Ming Chiao Tung University	University-appointed Associate Vice President for Academic Affairs of National Yang Ming Chiao Tung University Associate Professor of the Department of Electrical Engineering, National Yang Ming Chiao Tung University Consultant of the Taiwan Open Course and Education Consortium

Board Members' Attendance Rate

A total of 11 Board meetings were convened in 2025, including 3 meetings involving proposals submitted by the Sustainability and Risk Management Committee. Communication matters included the annual report of the Sustainability and Risk Management Committee (report item), approval for the publication of the sustainability report (discussion item), and the implementation status of employee diversity and ethical corporate management (report item). The average directors' attendance rate was approximately 95.96%.

Title	Name	Number of actual attendances	Number of attendances by proxy	Number of meetings required for attendance	Attendance rate (%)
Chairman	Chenghe Investment Co. Ltd. Representative: Wee Kuan Gan	11	0	11	100.00
Director	Tzung Horng Kuang	11	0	11	100.00
Director	Cheng Shuo Investment Co., Ltd. Representative: Chiu An Chuang	10	1	11	90.91
Director	Jiunn Yeong Yang	11	0	11	100.00
Director	KIOXIA Corporation Representative: Hiroshi Miyauchi	10	1	11	90.91
Director	Chih Jen Hsu	11	0	11	100.00
Independent Director	Huei Ming Wang	11	0	11	100.00
Independent Director	Chen Wei Wang	9	2	11	81.82
Independent Director	Yu Lun Huang	11	0	11	100.00
Average attendance rate					95.96

Directors' continuing education courses and hours

Course name	Total training hours
Insider Trading Prevention: Legal Framework and Practical Case Analysis	24
Trade Secrets and National Security Compliance Practices: Key Amendments and Practical Case Analysis	24
Analysis of the Latest Tax Laws and Practices for the First Half of 2025	7
Latest Developments in Insider Trading Practices	3
Challenges and Perspectives under the New Global Tax Order	3
Anti-Money Laundering and Anti-Fraud Protection	3
What AI Can and Cannot Do: Corporate Survival Strategies in the Era of the AI Wave	2
Digital Asset Development Trends and Information Security Risks	2
Latest ESG Regulations, Trends, Impacts, and Responses	3
Total hours	71

Note: Total training hours = course hours × number of training participants.

Board Performance Evaluation

To implement corporate governance and enhance the functions of the Group's Board of Directors, as well as establish performance objectives to strengthen the operational efficiency of the Board, the Group established the "Rules for Performance Evaluation of Board of Directors" in November 2020 in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The Procedures regulate the primary evaluation cycle, evaluation period, evaluation scope and methods, evaluation indicators and scoring standards, responsible evaluation units, evaluation procedures, and other matters to be followed for Board performance evaluations. The Group's Board of Directors shall conduct internal Board performance evaluations each year in accordance with the evaluation procedures and indicators set forth in the "Rules for Performance Evaluation of Board of Directors," and shall engage an external professional independent institution or external team of experts and scholars to conduct an evaluation at least once every three years. The results of the Board of Directors performance evaluation shall be completed before the end of the first quarter of the following year.

In 2023, the Group engaged the external professional independent institution, the "Taiwan Investor Relations Institute," for the first time to conduct performance evaluations of the Group's Board of Directors, individual directors, and functional committees (the Audit Committee and the Remuneration Committee) regarding their operations from October 1, 2022 to September 30, 2023. The evaluation procedures conducted by the institute combined document reviews provided by the Group, self-assessment questionnaires, and on-site interviews, and a performance evaluation report was issued based on the evaluation results. Please refer to the Group's official website for the dimensions covered by the performance evaluation questionnaires, questionnaire survey results, and recommendations.

The Group conducted the 2025 Board of Directors performance evaluation in accordance with the "Rules for Performance Evaluation of Board of Directors." The evaluation period was from January 1, 2025 to December 31, 2025, and the scope of the evaluation included the overall Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee. The Sustainability and Risk Management Committee has not yet undergone a performance evaluation, but the Group will communicate with committee members and include it within the evaluation scope in the future. The evaluation results for the current year indicated positive assessments regarding the efficiency and effectiveness of the operations of the Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee across all indicators. The results of the 2025 Board of Directors performance evaluation have been submitted to the Group's Board of Directors.

Board Performance Evaluation Procedures

1 Establish the units to be assessed as well as the assessment period and scope

e.g. the entire Board of Directors, individual Board members, or functional committees.

2 Establish assessment methods

Internal assessment by the Board of Directors, internal assessment of Board members (through self-assessment or peer assessment), peer assessment, or commissioning external professional agencies or experts to conduct assessments.

3 Select the appropriate unit to execute assessments

The unit selected to execute the Company's internal Board performance assessment should have a clear understanding of how the subject of the assessment operates. Due to the different operating conditions of the Company's functional committees, the unit selected to execute the assessment of said committees shall be adjusted based on the Company's organizational structure. The assessment shall be fair, objective, and performed by persons or units that have no direct interest in the operation of the assessed subject.

4 Executing performance assessments

Executive units shall gather information about the Board's activities and distribute relevant self-assessment questionnaires. The filled-out questionnaires shall be collected by the executive unit overseeing the assessment, who shall then compile a report of the assessment results according to the assessment scoring criteria and submit it to the Board of Directors for review and improvement.

Remuneration Policy

The Group has established the "Remuneration Committee Organizational Charter," under which an independent Remuneration Committee supervises the remuneration determination process and convenes meetings in accordance with relevant legal procedures. Currently, no remuneration consultants participate in the formulation of remuneration. The Remuneration Committee regularly reviews the annual and long-term performance objectives, as well as the remuneration policies, systems, standards, and structure for the directors and managers of the Group's parent company. The remuneration of the CEO and President is linked to the Company's operating performance indicators, and remuneration is distributed each year in accordance with the "Senior Management Objectives and Performance Achievement Incentive Plan" approved by the Remuneration Committee and the Board of Directors.
The performance evaluation standards for the CEO and President are based on the results of annual operating 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. Among these, the ESG performance indicators include renewable energy procurement and employee retention rate, with ESG performance indicators accounting for a total weighting of 10%. The performance evaluation scope for other senior managers includes operational safety management, supervision of financial plan execution, revenue management, strengthening internal control, implementation of quality assurance and management, and ESG performance indicators (employee retention rate of the responsible department), with ESG performance indicators accounting for a weighting of 5%. The Group has not established sign-on bonuses, recruitment incentive bonuses, severance payments, or clawback mechanisms for the highest governance body and senior management.

3.2.3 Responsibilities and Operational Status of Functional Committees

Name of Committee	Year of Establishment	Main Responsibilities	Operational Status (composition, number of meetings convened in 2025, average attendance rate)
Remuneration Committee	2011	▶ Regularly review the Company's regulations and propose amendment recommendations. ▶ Establish and regularly review the annual and long-term performance objectives, as well as the remuneration policies, systems, standards, and structure for the directors and managers of the Group. ▶ Regularly evaluate the achievement status of performance objectives for the directors and managers of the Group, and determine the content and amount of their individual remuneration.	▶ Independent Director Mr. Huei Ming Wang, Independent Director Ms. Yu Lun Huang, and Independent Director Mr. Chen Wei Wang were appointed as committee members, with Mr. Huei Ming Wang serving as the convener. ▶ Meetings shall be convened at least twice a year and may be held at any time as necessary. ▶ A total of 3 meetings were convened in 2025, with an average attendance rate of 88.89%.
Audit Committee	2020	▶ The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act. ▶ Assess the effectiveness of the internal control system. ▶ 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. ▶ Matters in which a director is an interested party. ▶ Asset transactions or derivatives trading of material nature. ▶ Loans, endorsements, or provisions of guarantee of material nature. ▶ The offering, issuance, or private placement of equity securities. ▶ The hiring, dismissal, or compensation of CPAs. ▶ The appointment or discharge of financial, accounting, or internal audit officers. ▶ Annual financial reports signed or stamped by the Chairman, manager, and accounting supervisor. ▶ Other material matters regulated by the Company or competent authorities.	▶ 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. ▶ The Committee shall convene at least once every quarter, with additional meetings held whenever necessary. ▶ A total of 10 meetings were convened in 2025, with an average attendance rate of 96.67%.
Sustainability and Risk Management Committee	2025	▶ Review the Company's sustainable development policies. ▶ Review the Company's risk management policies. ▶ Supervise the planning, promotion, and implementation results of the Company's sustainable development initiatives. ▶ Supervise the planning, promotion, and implementation results of the Company's risk management operations.	▶ Independent Director Mr. Huei Ming Wang, Independent Director Ms. Yu Lun Huang, and Senior Special Assistant and COO Mr. Chih Chiang Yu were appointed as committee members, with Mr. Chih Chiang Yu serving as the convener. ▶ Meetings shall be convened at least once a year and may be held at any time as necessary. ▶ A total of 1 meeting was convened in 2025, with an average committee member attendance rate of 100%.

3.2.4 Ethical Corporate Management

Name of Material Topic	Corporate Governance and Ethical Corporate Management
Significance and Materiality to the Organization	▸ A sound corporate governance mechanism can enhance Company performance, safeguard the rights and interests of shareholders and stakeholders, increase investor confidence, and promote the sustainable development of the enterprise
Management Approach	
Policy and Commitment	▸ In accordance with the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," and "Regulations for Whistleblowing," the Group continues to strengthen the functions of the Board of Directors, commits to operating in compliance with all relevant laws and regulations, and has clearly established whistleblowing channels and investigation handling procedures for the Group
Long-term Targets	▸ Strengthen the linkage between senior management remuneration and ESG performance achievement rates ▸ Maintain zero incidents of corruption or violations of ethical corporate management
Performance	▸ No incidents of corruption or violations of ethical corporate management occurred in 2025 ▸ The completion rate for ethical corporate management training courses among new hires and incumbent employees of Phison Electronics reached 100% ▸ The completion rate for ethical corporate management training courses among incumbent employees of SStek was 97.59% ▸ The completion rate of employee consent form signing for the "Undertaking of the Code of Business Practices and Ethics" at Phison Electronics reached 100%
Responsibility	▸ Corporate Governance Unit, HR Department, Shareholding Affairs Department
Grievance Mechanism	▸ Ethics Complaint/Whistleblowing Hotline: 886-37-856-896 (ext. 11000) / 037-580885 (ext. 2000) ▸ Ethics Complaint/Whistleblowing Mailbox: whistleblower@phison.com / iCARE@sstek.com.tw ▸ Labor Complaint/Whistleblowing Mailbox: wecan_8080@phison.com
Action Plan	▸ Continue communicating sustainability trends and regulations with senior management. ▸ Link the performance of the CEO, President, and other senior managers to ESG indicators. ▸ Continue revising the Corporate Governance Best Practice Principles, ethical corporate management-related procedures, and Regulations for Whistleblowing in accordance with the Company's actual needs and amendments to applicable laws and regulations. ▸ Conduct educational promotion on "Insider Trading Prevention" and related laws and regulations for incumbent directors, managers, and employees at least once each year, while new employees shall receive such educational promotion from the HR Department during pre-employment training. ▸ Continue requiring employees to sign the "Undertaking of the Code of Business Practices and Ethics." ▸ The Sustainability and Risk Management Committee compiles the implementation status of internal ethical corporate management each year and regularly reports to the Board of Directors (at least once annually).
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▸ Senior management levels and number of personnel whose performance evaluations incorporate ESG indicators. ▸ Number of substantiated internal and external ethics complaint cases.

Upholding the principle of integrity, the Group actively promotes ethical corporate management from the Board of Directors down through all Company units at different levels and dimensions, establishing a strong model that emphasizes ethical and honest professional conduct. The procedures for the Board of Directors to avoid and mitigate conflicts of interest are stipulated in Article 15 of the "Regulations Governing Procedure for Board of Directors Meetings." In addition, the Group revised the "Regulations for Whistleblowing," which explicitly stipulate the acceptance of both named and anonymous reports, and established independent whistleblowing mailboxes and hotlines for internal and external use. The Procedures clearly specify the information that whistleblowers should provide, the acceptance hierarchy for different reporting subjects, the handling procedures of the responsible unit, the methods for record retention, and the whistleblower protection system. In addition, the Group emphasizes information related to whistleblowing channels in the ethical corporate management training designated as mandatory annual training each year, ensuring that when employees become aware of any unlawful conduct violating the Group's "Ethical Corporate Management Best Practice Principles," "Employee Code of Conduct," or "RBA Manual," they understand how to file a report in order to safeguard their own legitimate rights and interests as well as those of the Company.

The disclosure locations for the current year were Phison Electronics and SStek, with a total of 2 evaluated locations. As both locations implemented the RBA VAP, the percentage of locations conducting corruption risk assessments reached 100%. No significant material corruption risks have currently been identified. The Group continues to strengthen the awareness of the governance body and all employees regarding prevention through advocacy, communication, and training. The Group conducts educational promotion on insider trading-related laws and regulations for incumbent directors, managers, and employees at least once each year, while new employees receive such educational promotion from the HR Department during pre-employment training. In 2025, the Group conducted internal and external education and training related to ethical corporate management topics for all directors, managers, and employees, including courses on compliance with ethical corporate management regulations, anti-corruption, insider trading, accounting systems, and internal control. A total of 4,656 participants attended the training, with total training hours reaching 3,062 hours. All directors, incumbent employees, and new employees completed ethical corporate management communication and training at a 100% completion rate. In addition, all employees of Phison Electronics completed the signing of the "Undertaking of the Code of Business Practices and Ethics."

Ethical Corporate Management Items	Phison Electronics	SStek	Total
Number of people trained	4,088	568	4,656
Training hours	3,005	57	3,062
Course completion rate	100%	97.59%	-

Note: The number of training participants and training hours both include employees who have resigned.

Article 10 of the Corporate Governance Best Practice Principles of the Group prohibits insiders of the Company from trading securities using non-public information available in the market. It also expressly stipulates that directors may not trade their shares during the closed period beginning 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of each quarterly financial statement. As part of the implementation of directors' ethical corporate management training, the Group also reiterated preventive advocacy and notified insiders in 2025 of the Board meeting dates and financial statement announcement dates for the 2024 annual financial statements and the first to third quarter financial statements of 2025, as well as the closed periods prior to the announcement of each quarterly financial statement, in order to prevent directors from inadvertently violating internal regulations.

Statistics of Violations of the Code of Conduct/Ethical Standards in 2025

Types of violation	Number of violations
Corruption or bribery	0
Discrimination or harassment	1
Customer privacy	0
Conflicts of interest	0
Money laundering or insider trading	0

3.2.5 Legal Compliance

To implement professional ethics and regulatory compliance systems, the Group has established a Legal Affairs Office as the consultation unit for internal legal risk assessments. In addition to reviewing contracts and handling legal litigation-related matters, the Office is also committed to complying with international standards and the laws and regulations established by local governments where the Group operates. In 2025, the Group was not subject to any fines and convictions imposed by competent authorities for violations of public regulations related to the economy, corruption and bribery, labor human rights, environment, occupational health and safety, or fire safety, nor was it involved in any litigation related to anti-competitive behavior, antitrust, or monopoly practices.

The Group provides relevant regulatory compliance training each year for new employees and incumbent employees, including "Information Security," "Trade Secret Advocacy," "Five EU Regulations," and "Patent System," in order to enhance employees' awareness of relevant regulations upon employment.

Note: The Group defines material violation incidents based on relevant domestic laws and regulations as well as the Group's internal Procedures for Handling Material Information (including the Material Information Publication Requisition and Assessment Checklist). Violations determined to constitute material information or news and required to be disclosed on MOPS are classified as material violation incidents.

Regulatory Management Process

Compile Regulatory Information	Each department collects the latest laws and regulations in the Company's operating areas in accordance with the scope of their responsibilities.
Regulatory Updates	When laws are established, amended, or abolished, responsible units should actively update the inventory of applicable regulations every three months and compile a list of amended laws and regulations.
Regulatory Assessment	Based on the laws and regulations compiled, assess whether there has been any updates make sure the company's operations are in compliance with the law, and report to the supervisors of each department.
Regulatory Approval	If an amendment applies to the Company's internal units, all personnel at the work place, suppliers, or visitors, the Company shall notify them immediately and formulate or revise documents as needed.

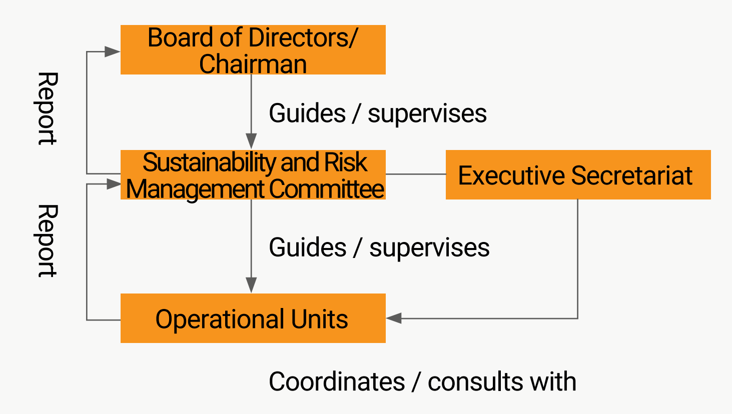
3.3 Risk Management

Name of Material Topic	Risk Management
Significance and Materiality to the Organization	Ensure the effectiveness, integrity, and reasonableness of the Group's risk management in order to safeguard shareholders' rights and interests and enable the effective achievement of the Group's business strategies and objectives
Management Approach	
Policy and Commitment	The Group has established the "Risk Management Policies and Procedures" to regulate the risk management process and the responsibilities and authorities of each unit. The Group has also established the "Risk and Opportunity Assessment Procedures" to ensure that the Company can effectively identify, assess, and manage risks and opportunities, and integrate risk control into daily operations, employee performance evaluations, and incentive mechanisms. The "Risk and Opportunity Assessment Procedures" clearly define the scope of risk management and the "Risk and Opportunity Identification and Assessment Process." Quantitative assessments of risks and opportunities are conducted through the "Business Impact Analysis (BIA) and Risk/Opportunity Assessment Form." After considering factors such as the quantitative impacts of individual risks on finance, operations, and brand reputation, as well as risk appetite and risk tolerance, the priority ranking of risks is determined and corresponding risk mitigation strategies are formulated
Long-term Targets	Effectively identify, measure, monitor, and control various risks, and after appropriate assessment and handling procedures, control potential risks within an acceptable level in order to achieve the objective of balancing risk and return
Performance	▸ Continue strengthening risk management for high-risk factors such as information security, supply chain management, and climate change risk assessment and response ▸ The completion rate of Business Continuity Management (BCM)-related courses for all employees of the parent company reached 100%, with total training hours amounting to 3,905 hours. Subsidiaries will subsequently follow up with the relevant courses
Responsibility	Sustainability and Risk Management Committee, all department units
Grievance Mechanism	Stakeholder Contact Section on the Official Website
Action Plan	▸ Each year, the Sustainability and Risk Management Committee screens and manages emerging risks in accordance with the risk identification process, and regularly reports its operational status to the Board of Directors ▸ Conduct inventories of raw material sources for components used in key products and identify alternative materials ▸ Conduct operational impact analyses for water shortages, establish a water condition forecasting system, and increase backup pipeline infrastructure ▸ Conduct operational impact analyses for power shortages. In addition to routine testing of fixed diesel generators and UPS systems, empty diesel barrels and fuel pumps have also been procured so that diesel can be independently purchased and replenished during emergencies to maintain generator operations. In addition, the Group has established an energy storage system at the Phase I plant of the parent company as a demonstration site to further enhance power dispatch flexibility and operational resilience, and it is expected to commence operation in 2026 ▸ Continue implementing social engineering projects and penetration testing projects, and conduct education and training to cultivate employees' cautious email usage habits; utilize the Panorays third-party security risk analysis platform and website vulnerability scanning to strengthen external vulnerability management ▸ Require employees to complete BCM courses each year
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▸ Completion status of annual plans and supervisory recommendations from the Board of Directors ▸ Number of risk-related education and training courses and completion rates

3.3.1 Risk Governance Framework

Sustainability and Risk Management Committee

The Group has established the Sustainability and Risk Management Committee as a functional committee under the Board of Directors, which reports its operational status to the Board of Directors once each year. The Sustainability and Risk Management Committee is the unit responsible for overseeing risk management activities and consists of three members, with at least half of the members being independent directors, and an Executive Secretariat has been established under the Committee.



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

3.3.2 Risk Management Identification and Response Plans

The Group has established the "Risk and Opportunity Assessment Procedures" to ensure that the Company can effectively identify, assess, and manage risks and opportunities, and integrate risk control into daily operations, employee performance evaluations, and incentive mechanisms. The "Risk and Opportunity Assessment Procedures" clearly define the scope of risk management and the "Risk and Opportunity Identification and Assessment Process." Quantitative assessments of risks and opportunities are conducted through the "Business Impact Analysis (BIA) and Risk/Opportunity Assessment Form." After considering factors such as the quantitative impacts of individual risks on finance, operations, and brand reputation, as well as risk appetite and risk tolerance, the priority ranking of risks is determined and corresponding risk mitigation strategies are formulated.

Scope of Sustainability Risk Management

Financial Risks	Operational Risks	Legal and Compliance Risks	Climate Change Risk
Market risks Credit risks Market liquidity risks Funding liquidity risks Asset liability matching risks	Information security risks Human resource risks Ethical corporate management risks Emerging risks Strategic risks	Regulatory compliance risks Risks related to intellectual property rights	Climate change risks in own operations Climate change risks in supply chain Climate-related regulatory risks

Risk Identification Results

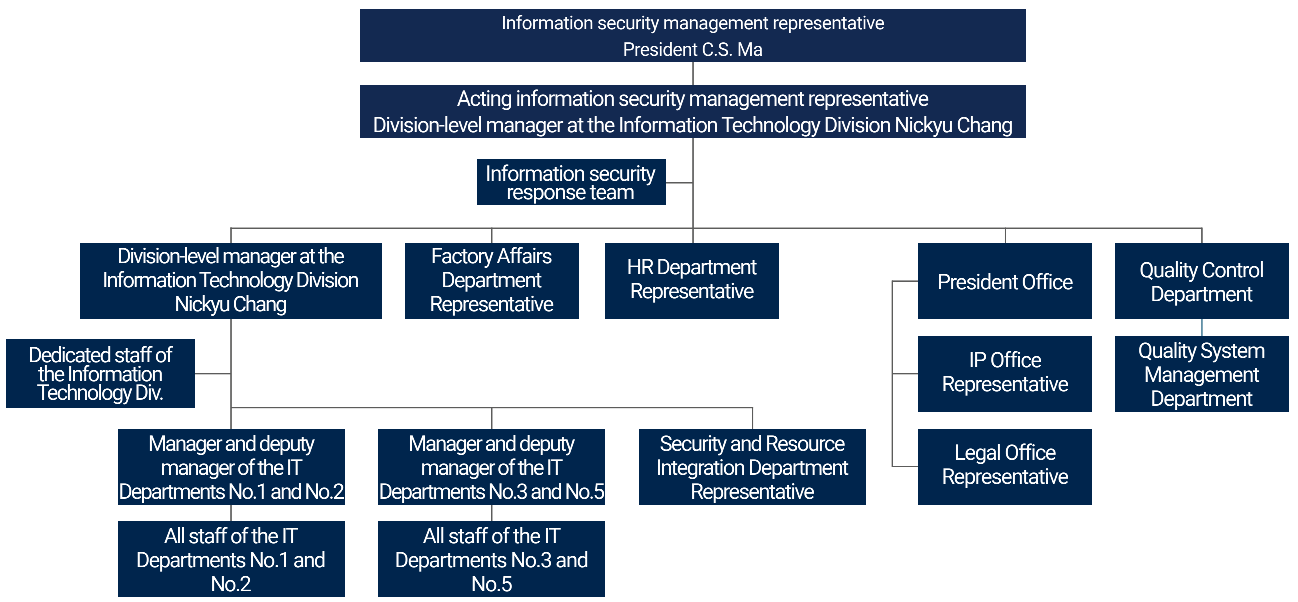
Each year, the Sustainability and Risk Management Committee evaluates internal and external operational risks that may be faced by the Company and submits reports and response plans to the Board of Directors. The operational risk identification results for 2025 included risk factors such as information security, climate change, supply chain management, and labor shortages. Emerging risks included threats posed by quantum computing to traditional encryption algorithms and the risks of geopolitical factors to the Company's investment and operations. To avoid duplication with information disclosed in other chapters, this section focuses only on the operational impacts and response measures related to emerging risks.

Note: For information security response measures, please refer to 3.3.3-3.3.5 Information Security Management; for climate change response measures, please refer to 6.1 Climate Strategy; for supply chain management response measures, please refer to 5.1 Supply Chain Management; and for labor shortage response measures, please refer to 7.2 Talent Attraction and Retention.

Risk Issue	Risk Factors	Impact on Operations	Countermeasures
Technology Risks	Threats posed by quantum computing to traditional encryption algorithms	The firmware signature verification mechanism may be compromised by quantum computing, resulting in malicious tampering of firmware and potential data theft	Evaluate and introduce quantum-resistant firmware signature verification algorithms
Risks of geopolitical factors to the Company's investment and operations	Cross-strait tensions, the Russia-Ukraine war, Western de-risking efforts, and technological bloc confrontations have increased uncertainties surrounding future operations and investments	To mitigate risks, customers may require the Company to identify new suppliers or relocate and expand operating sites. Supply chain relocation, corporate reputational risk, and uncertainties associated with new production sites will increase corporate costs	Assess potential supplier risks arising from geopolitical factors and seek alternative supplier networks that can adapt to the evolving policy environment. Expand customer regions and product application scope. Continuously monitor changes in global regulations, political conditions, and economic developments, assess their impact on the availability of production resources and changes in customer demand, and implement necessary risk response measures in a timely manner

3.3.3 Information Security Committee

The Group has established an Information Security Committee, with the President serving as the Information Security Management Representative. The Committee regularly reports the performance of the information security system to top management and reviews information security policies and objectives. An Information Security Response Team has been established under the Information Security Committee. The team members are drawn from various departments and are required to receive regular information security response training. The team is responsible for planning information security incident response procedures and convening relevant personnel to conduct drills and exercises.

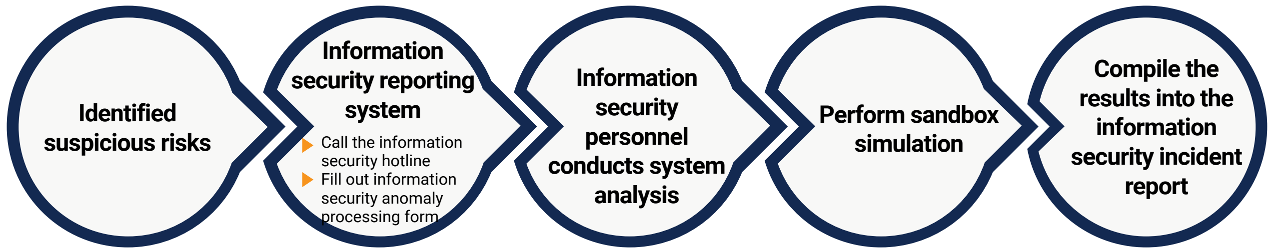


3.3.4 Information Security Policy and Emergency Response Mechanism

To maintain the confidentiality, integrity, and availability of the Group's information assets and to protect user data privacy, the Group's Information Security Policy clearly stipulates that employees shall avoid unauthorized access and modification, respect intellectual property rights, and safeguard customer and Company information. In addition, when any person discovers an information security incident or suspected security vulnerability, such matter shall be reported to information security personnel in accordance with the reporting mechanism for appropriate investigation and handling.

Compliance with the "Information Security Policy" is the responsibility of all employees. When employees of the Group violate the Information Security Policy, civil, criminal, and administrative liabilities will be pursued depending on the severity of the violation, or disciplinary actions will be imposed in accordance with the Group's relevant regulations. Such compliance is also integrated into employee performance evaluations to reduce incidents where employees are penalized or held legally liable due to violations of information security control requirements, thereby mitigating the Group's information security risks.

Suspected information security risk reporting process



In accordance with ISO 27001 certification requirements, the Group conducts an internal audit once every year, followed by external audits performed by an independent third-party certification body. In recent years, no major deficiencies have been identified. The Group conducts regular annual recovery drills for critical core systems to test the effectiveness of recovery procedures, ensuring that operations can continue even if systems are affected by natural disasters or malicious attacks. The Group also conducts regular vulnerability scans and utilizes a third-party security risk analysis platform to detect vulnerabilities in external service websites, continuously improving and strengthening information security protection, with ratings consistently maintained at Grade A (90 points or above). In addition, the Group has joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) information security alliance. The Group receives occasional information security intelligence from TWCERT/CC to strengthen information security protection and reviews internal equipment, system updates, and vulnerability remediation accordingly.

Information Security Risk Management Plan

Matters completed in 2025	2026 Plans
▸ Continue conducting social engineering exercises to enhance employees' information security awareness ▸ Continue using external penetration testing web services to ensure the security of externally facing websites and prevent unauthorized intrusion ▸ Utilize NDR to identify potential risks in internal network activities ▸ Implement a new SIEM solution in Q4 ▸ ISO 27001:2022 certification completed in Q3 and remains valid	▸ Continue conducting social engineering exercises to enhance employees' information security awareness ▸ Continue using external penetration testing web services to ensure the security of externally facing websites and prevent unauthorized intrusion ▸ Continue maintaining ISO 27001:2022 certification and ensuring that all activities comply with relevant standards and regulations ▸ Use SIEM to identify abnormal connections in networks, server systems, and websites ▸ Utilize NDR to identify potential risks in internal network activities ▸ During the development stage, analyze application source code, manage open-source code versions, and identify and remediate potential vulnerabilities and weaknesses

3.3.5 Information Security Education and Training

The Group's information security education and training is coordinated by the Enterprise System Integration Division. Information security announcements and promotions are conducted on a quarterly basis to enhance employees' information security awareness. In 2025, the cybersecurity announcement topics issued by the Enterprise System Integration Division included awareness of business email compromise and spam emails, legitimate software licensing and weak password change guidance, social engineering exercises, detection of suspicious phone impersonation attempts to obtain employee information, and prevention of phishing attacks through contact forms. In 2025, the information security training program included an introduction to information security, information security incident reporting channels, cybersecurity threats and preventive measures, employee information security guidelines, and awareness training on social engineering attack prevention (with total employee training hours reaching 5,081.5 hours). All employees completed the information security training at a 100% completion rate.

3.3.6 Personal Privacy Protection

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

▸ The Group has established the "Personal Information Protection Management Policy" and continues to require each department head to complete an annual "Personal Information Protection Risk Self-Assessment," evaluating the risk level of potential infringement or leakage of personal privacy within their respective departments, and formulating mitigation measures based on the assessed risk level. The assessment results from each department are first preliminarily reviewed by the head of the Security and Resource Integration Department. The final evaluation results are then submitted to the Sustainability and Risk Management Committee. The annual "Personal Information Protection Risk Self-Assessment" is completed only after approval by the representative member of the Sustainability and Risk Management Committee. In 2025, the Group did not receive any complaints related to data breaches or violations of customer privacy. The Group also requires all employees to complete personal data/privacy-related training courses each year, including an introduction to the Personal Information Protection Act, implementation of personal data protection measures, and case reviews. In 2025, total employee training hours reached 4,937 hours, and all employees completed the personal data/privacy protection training at a 100% completion rate.

The Group places great importance on the privacy rights of users of its products or services, customers, employees of suppliers and contractors, job applicants, visitors, and visitors to the Group's website (hereinafter referred to as "data subjects"). The Group only uses the personal data collected within the necessary scope and for the purposes specified in the "Privacy Policy," with 0% of personal data being used for purposes beyond those stated.

3.4 Economic Performance

Name of Material Topic	Economic Performance
Significance and Materiality to the Organization	▸ Maintain strong operational performance to safeguard the maximum interests of investors and shareholders, and achieve corporate sustainable development
Management Approach	
Policy and Commitment	▸ The Group operates in accordance with the "Articles of Incorporation" and continues to invest in R&D resources to establish its industry leadership position, maintain customer relationships, and implement ethical corporate management
Long-term Targets	▸ Maintain stable profitability and provide returns to investors and shareholders' interests
Performance	▸ Revenue reached NT$72,664,091 thousand ▸ Annual gross profit reached NT$24,857,698 thousand ▸ Basic earnings per share (EPS) was NT$41.98
Responsibility	▸ Company Managers and Corporate Governance Units
Grievance Mechanism	▸ Company Spokesperson Mr. Yu ir@phison.com
Action Plan	▸ Continue investing in R&D resources to strengthen the core competitiveness of the Group's main business ▸ Provide high-quality products and services and strengthen customer relationships
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▸ Net profit for the period, return on assets, return on equity, earnings per share, net profit margin

3.4.1 Economic Data

In 2025, the Company's cumulative annual gross profit amounted to NT$24.858 billion, with a gross margin of 34%, reflecting the Group's continued steady growth in the customized value-added design services market. In addition, the Group continues to expand its transformation into the customized diversified storage market (such as servers, automotive, industrial control, gaming, and Embedded ODM), with the aim of reducing the impact of market fluctuations. The Group also proactively assists global customers in providing various customized storage products, helping them enhance product value-added, which will also serve as one of the Group's future growth drivers.

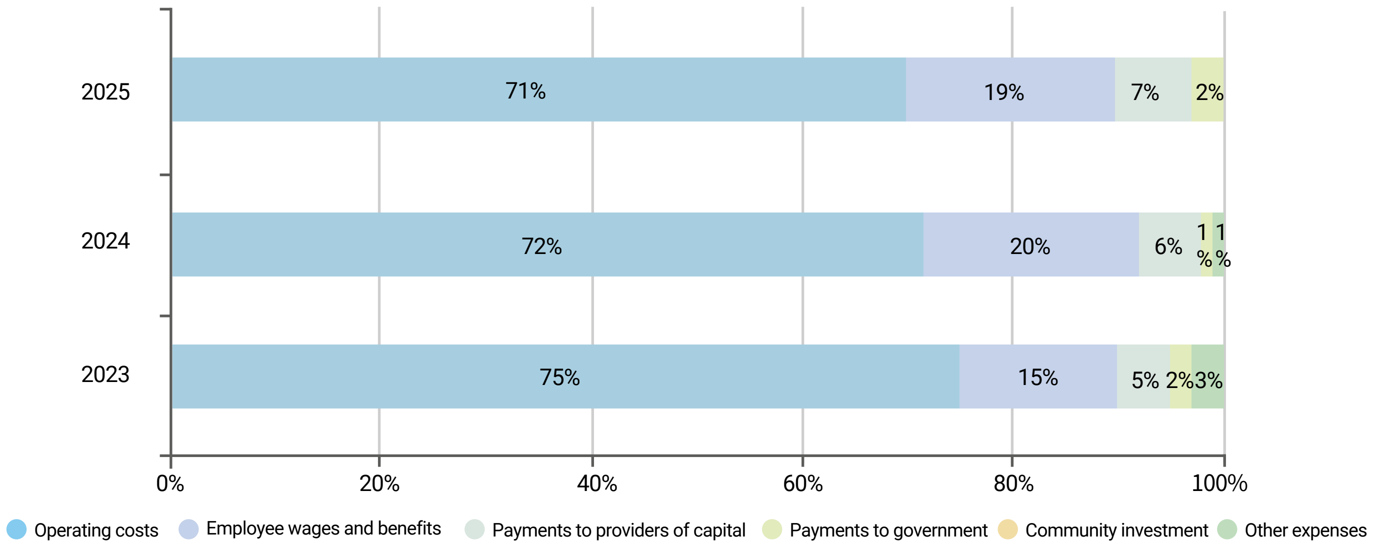
Economic value generated and distributed over the past three years

(Unit: NT$ thousand)

Economic value	Item	2023	2024	2025
Direct economic revenue	Net operating revenue	48,221,630	58,935,513	72,664,091
	Financial investment income	320,924	4,620,893	376,246
	Asset sales income	0	1,403	0
	Royalty income	0	0	0
	Government subsidies received	104,912	184,310	133,631
	Other income	571,808	1,958,599	1,751,341
Direct economic value generated		49,219,274	65,700,718	74,925,309
Economic value distribution	Operating costs	34,751,293	42,110,317	50,460,081
	Employee salaries and benefits	9,774,779	13,209,289	13,839,296
	Payments to providers of capital	2,714,774	5,445,535	5,242,934
	Payments to the government	540,275	1,864,566	1,537,074
	Community investment	8,429	13,324	25,820
	Other expenditures	466,113	275,813	173,914
Economic value distributed		48,255,663	62,918,844	71,279,119
Economic value retained		963,611	2,781,874	3,646,190

Note 1: The consolidated financial statements include the Group and entities controlled by the Group (i.e., subsidiaries). Please refer to the financial statements for details.
Note 2: Economic value retained = direct economic value generated – economic value distributed.
Note 3: Operating costs include unrealized gains or losses on sales.
Note 4: Since dividends paid under payments to providers of capital are not included in the statement of comprehensive income, the difference between economic value retained and net profit after tax represents the amount of dividends paid.
Note 5: Government subsidies in 2025 mainly relate to the development project for a 6nm PCIe 6.0 AI computing storage controller chip and inference server architecture. This government subsidy does not involve any equity ownership in Phison Electronics.

Distribution of economic value by item across years



3.4.2 Tax Management

Please refer to the official website for the Tax Governance Policy

- The Group supports tax policies that contribute to sound social development, seeks to establish robust tax risk management, and is committed to information transparency and regulatory compliance. At the same time, the Group supports government-promoted tax incentive policies that foster local economic development and industrial innovation policy objectives. The Group established the "Tax Governance Policy" in December 2022 following approval by the Board of Directors. The scope covers all tax-related matters of Phison Electronics and its subsidiaries included in the consolidated financial statements. The Tax Governance Policy and Code of Conduct have been communicated to the subsidiaries.

Tax Information

The statutory income tax rate in Taiwan for 2024 and 2025 is 20%. However, due to the investment tax credits obtained under Article 10 of the Statute for Industrial Innovation for research and development expenditures and Article 10-1 for cybersecurity products or services, the Company's effective tax rate in 2025 was 14.35%, higher than the average effective tax rate of 13.96% for the "Semiconductors and Semiconductor Equipment" industry as published in the S&P Global CSA Handbook (April 2025). In addition, as 2025 profitability was higher than in 2024, the cash tax rate in 2025 was 12.93%, which is lower than the industry average cash tax rate of 13.82% for the "Semiconductors and Semiconductor Equipment" industry as published in the S&P Global CSA Handbook (April 2025).

Unit: NT$ thousand

Financial reports	2024	2025
Pre-tax profit	9,749,066	10,205,817
Income tax expense	1,795,067	1,464,642
Effective tax rate (%)	18.41%	14.35%
Income tax paid	1,217,508	1,319,928
Cash tax rate (%)	12.49%	12.93%

Income tax expenses for 2025

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	4,598	70,111,011	9,936,820	1,285,837	97.41%
USA	Investment/trade/business service location	39	941,402	13,734	1,943	0.15%
Japan	Flash memory application sales and business service location	59	1,155,650	174,786	10,955	0.83%
China	Investment and technological service location	105	432,472	35,066	10,510	0.80%
India	Technological service location	7	0	1,517	500	0.04%
Malaysia	Investment and technological service location	105	23,556	43,894	10,183	0.77%
Total		4,913	72,664,091	10,205,817	1,319,928	100%

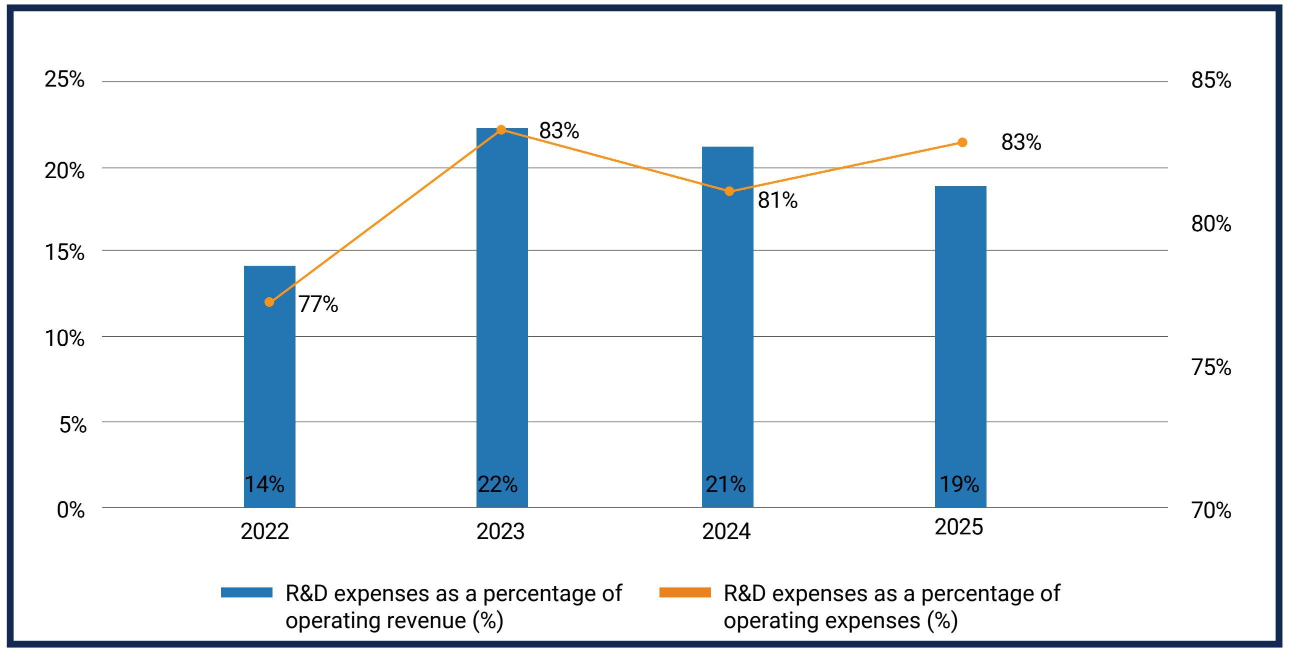
4. Innovation and Services

Name of Material Topic	Innovation Management
Significance and Materiality to the Organization	Maintaining technological leadership amid future technology trends is essential to ensuring the Company's sustainable operations
Management Approach	
Policy and Commitment	To incentivize employees' innovation or improvement in current and future product technologies, the Group has established the "Patent Application Incentive Procedures" to enhance the Group's patent innovation and product competitiveness. The Group's operational footprint now spans high-end flash memory storage application markets, including smart IoT, embedded systems, automotive systems, edge computing, gaming and esports, Embedded ODM, and servers, continuously providing comprehensive and flexible storage solutions to customers worldwide
Long-term Targets	Committed to becoming the world's most influential independent NAND storage controller IC supplier
Performance	In 2025, the cumulative number of global patents reached 2,142
Responsibility	Product R&D Department
Grievance Mechanism	Stakeholder Contact Section on the Official Website
Action Plan	Continuously investing in R&D resources, with annual R&D expenses exceeding NT$13.8 billion, accounting for 83% of operating expenses and 19% of operating revenue
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	Chip Power Efficiency Ratio Annual Cumulative Global Patent Count

4.1 Innovative R&D

4.1.1 R&D Investment

The Group's principal business is the design, manufacturing, and sales of NAND Controller ICs and integrated application products. The Group continues to invest in R&D resources, with annual R&D expenses exceeding NT$13.8 billion, accounting for 83% of operating expenses and 19% of operating revenue. The R&D team increased to 3,246 employees, accounting for approximately 71.22% of total employees.



4.1.2 R&D Achievements

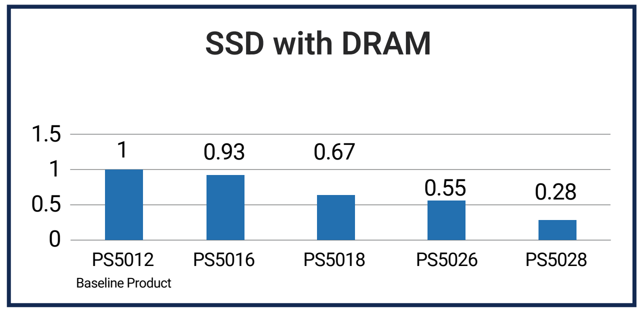
As data scale and AI computing demands rapidly increase, enterprises urgently require storage systems with low latency, stable QoS, and high efficiency. At the same time, enterprise IT teams and higher education institutions also face challenges in validating the return on investment (ROI) during the initial stage of AI adoption. The Pascari X201 launched by Phison is designed specifically to accelerate data-intensive workloads. The Pascari D201 adopts a density-optimized design to meet the needs of cloud and object storage clusters. On the client side, aiDAPTIV+ enables laptops and desktops equipped with integrated GPUs (iGPUs) to efficiently run inference-based AI agents, helping enterprises enhance productivity while also making it easier for students to access AI learning and hands-on development environments.

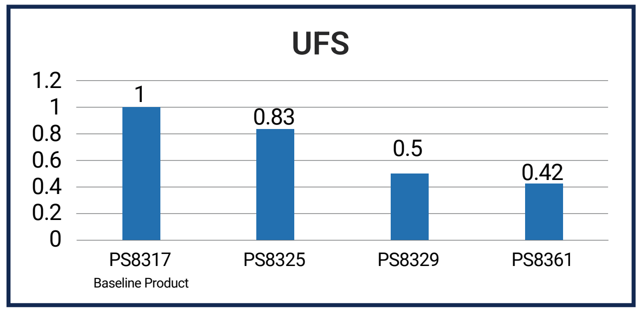
▶ Phison's world's first 6nm AI computing SSD solution, E28, received the 2026 Taiwan Excellence Gold Award.

Amid the rapid growth of global AI, enterprises commonly face the triple challenges of cost, complexity, and data security. The world's first 6nm AI computing SSD solution, E28, featuring a breakthrough architecture and independently designed by Phison, received the 2026 Taiwan Excellence Gold Award. E28 adopts Phison's proprietary patented architecture, deeply integrating SSD and GPU, enabling the SSD to directly extend GPU memory capacity. This effectively overcomes the memory bottleneck in edge AI training, allowing enterprises to securely and efficiently train generative AI models (GenAI) on-premises, significantly reducing dependence on high-cost AI memory. Therefore, this technology positions the E28 as an unprecedented new architecture in edge AI training platforms, and also establishes its innovative positioning as an "AI computing SSD," enabling more enterprises to deploy localized AI training in a more affordable way while balancing data privacy and computing performance, and helping customers build their own AI capabilities to train their own models.

The Group's R&D team continuously develops and improves product performance, reducing end users' greenhouse gas emissions and contributing to efforts to mitigate global warming. In 2025, the Group's newly launched SSD and UFS products continued to deliver optimized performance. Assuming daily usage of 40GB and taking annual shipment volumes into account, the Group's PS5028 and PS8361 products, compared with their respective baseline products, are estimated to help end users save approximately 22,558.44 kWh of electricity (81.21 GJ) per year, equivalent to a reduction of 10.69 metric tons of carbon dioxide emissions. As shipment volumes increase in the future, the carbon reduction benefits are expected to become even more significant. Going forward, the Group will continue to invest R&D resources in embedded industrial systems, automotive systems, and enterprise storage solutions to develop more robust, reliable, secure, and energy-efficient NAND storage solutions.

Chip Power Efficiency Ratio





Note 1: Power efficiency ratio = Average power consumption of product at read/write peak / Average performance of product at write/ read peak
Note 2: The comparison capacities for UFS/SSD are based on mainstream shipment capacities, with UFS compared at 256GB and SSD compared at 2TB.
Note 3: The estimate is based on a daily user usage of 40GB (this is the Group's reference value used to estimate users' daily usage for calculating total bytes written (TBW) and warranty period).
Note 4: The annual carbon reduction is the total carbon reduction from the PS5028 and PS8361 products.

4.1.3 Intellectual Property Management

The Group's intellectual property rights are managed by a dedicated Intellectual Property Office (IP Office). Its primary responsibilities include complying with regulatory policies of competent authorities, handling patent litigation disputes, and reducing risks related to intellectual property rights. Through a comprehensive patent portfolio strategy, the Group protects the interests of both the Company and its customers and provides a robust intellectual property protection framework. In 2025, the Group's cumulative number of global patents reached 2,142, ranking 83rd among the top 100 domestic corporate invention patent grants announced in Taiwan.

Place of application	Taiwan	China	USA	Others	Total
Patent output	779	655	678	30	2,142

Patent Development Process

The Group places great importance on innovation and patent development capabilities and provides R&D patent incentives to encourage employees to file new patent applications. Continuous accumulation of technological value supports future product development and enhances product market competitiveness.

Inventor submits a proposal → IP Office accepts the patenting request and assigns it a serial number → Internal review procedures → Determine the country in which the patent application should be filed → Patent agency draws up the application

4.2 Quality Management

The Group has established its quality management system and implemented quality management activities in accordance with the "Quality/Environmental, Health and Safety Manual," "Internal Audit Management Process," "New Product Development Management Procedure," and "Customer Complaint Management Process," to ensure that the Group's products comply with legal and regulatory requirements as well as customer requirements.

The Group has obtained ISO 9001 Quality Management System certification. Every three years, an independent third-party organization conducts annual on-site audits and document reviews to ensure that the system remains aligned with international standards. In addition, the Group conducts an annual internal audit program led by the Quality Systems Department and has defined qualification requirements for internal auditors. When auditors identify non-conformities or issues, the responsible units are required to propose corrective actions, which are subsequently tracked for implementation. The audit results are ultimately consolidated and submitted for management review to assess system effectiveness and drive continuous improvement.

The Group has established a product R&D plan and standardized processes, clearly defining the roles and responsibilities of each department to ensure a structured development process. It also monitors pilot production inspection records prior to mass production to ensure that production conditions meet product quality requirements. In addition, mass production quality engineering documents are issued, covering process control points, inspection frequency, inspection methods, measurement tools, abnormal response plans, and reference standards. Quality checkpoints are also established to sample and inspect product functions, appearance, dimensions, and packaging to ensure compliance with quality requirements and effectively reduce the likelihood of customers receiving defective products. In 2025, the Group did not experience any product recall incidents.

To enhance quality awareness among new hires and existing employees, the Group has established the "QC Education and Training Management Procedures," which define mandatory general courses for QC personnel. QC personnel are required to undergo periodic evaluations every six months and annual assessments of professional qualification skills. Professional certification methods include written examinations, oral examinations, report submissions, and practical assessments.

If customers have any concerns regarding product quality, they may file complaints through the sales or quality assurance channels. After the sales or quality assurance personnel understand the nature of the issue with the customer, a customer complaint report is entered into the complaint notification system. Quality assurance personnel then assess the quality abnormality, conduct analysis of the issue, and subsequently provide an analysis and improvement report to the customer. Data is also statistically analyzed to support subsequent improvement actions. In 2025, a total of 6 customer complaint abnormal reports were established, of which 5 were closed by December 31, 2025. The remaining case is pending due to system development requirements and is expected to be completed and closed in early February 2026 following system implementation.

Lean Production, Continuous Improvement

SStek is a professional memory manufacturing foundry. In 2020, it became a 100% subsidiary of Phison Electronics through full investment by Phison Electronics and is now a member of the Phison Group. SStek's main business operations include manufacturing processes such as Surface Mount Technology (SMT), testing, assembly, and packaging. SStek's core philosophy is "Quality First," establishing a management concept that quality is dignity. Frontline supervisors conduct self-inspections based on inspection checklists to proactively review high-risk production processes that may cause quality defects, thereby reducing production abnormalities at an early stage. The quality assurance unit also establishes control sampling points to prevent batch-level quality abnormalities. For recurring abnormalities or those exceeding control targets, the responsible units are required to develop improvement plans and implement monitoring measures, with the objective of striving toward zero defects.

In 2025, SStek optimized soldering operations at selected soldering workstations by adjusting temperature settings and soldering paths, improving operational efficiency by approximately 25%. In addition, soldering operations were shifted to automated equipment, increasing output from a manual operation UPH (units per hour) of 106 to 257, resulting in a 1.42-fold increase in per capita productivity. In addition, SStek introduced systematic Automated Optical Inspection (AOI) during the repair and packaging stages. By integrating AOI machine inspection data with the Manufacturing Execution System (MES), an inspection record query platform was established. Previously, analysts had to retrieve raw data directly from AOI machines; now, the data can be accessed via the MES, improving accessibility and reducing processing time. After implementation, approximately 10.4 hours of abnormal handling time are saved per month.

Customer Complaint Procedure

Customer → **Sales/Quality Control** → **Quality Control**

Customer
- A customer reports a quality anomaly or make other complaints

Sales/Quality Control
- Communicate with the customer to identify the problem and fill out the customer complaint form on the customer complaints system

Quality Control
- Distinguish the problem, assign the responsible division
- Provide a customer-lodged anomaly analysis report (within 10 working days)

Quality Control → **Sales/Product Division/Quality Control** → **Sales**

Quality Control
- Analyze and confirm the quality anomalies
- Take measures to improve quality anomalies and confirm the efficacy of such measures
- Submit an anomaly analysis report to the customer

Sales/Product Division/Quality Control
- Repair management
- Return management

Sales
- Make sure the customer is satisfied

4.3 Customer Relationship Management

The Group has established relevant customer service management standards and complaint procedures with the aim of understanding customer needs, improving customer satisfaction, and maintaining and strengthening customer relationships. The Group has established a "Customer Protection Policy" and operates offices in multiple regions worldwide, including its headquarters in Taiwan, Japan, the United States, China, India, and Malaysia, and has established technical service contact points to enable rapid response to customer needs and provide localized technical support and assistance. The Taiwan headquarters is responsible for coordinating environmental management, social responsibility, and hazardous substance control matters, ensuring that necessary and sufficient information can be provided in a timely manner to meet the requirements of customers and end users. At the same time, the Group actively supports customers' sustainability initiatives by carrying out necessary activities, surveys, verifications, audits, and related data collection.

To assess customer satisfaction with service quality, the Group conducts an annual customer satisfaction survey covering customers representing 80% of revenue. In 2025, a total of 60 customers were included in the satisfaction survey. The Group's customer satisfaction questionnaire consists of four dimensions: Quality, Delivery, Service, and Technology. Customers rate satisfaction on a 10-point scale, and an average score of 7 or above (inclusive) across the four dimensions is defined as satisfaction with the Group's overall annual products and services. The survey results are used as a reference for internal performance evaluation and to continuously improve the quality of customer service. In 2025, the average customer satisfaction score was 8.86 points. A total of 55 customers achieved an overall score of 7 or above, resulting in a satisfaction rate of 92%, which met the annual target of 80%.

Customer Satisfaction	2022	2023	2024	2025
Score	8.12	8.39	8.46	8.86
Satisfied customers (%)	80%	85%	88%	92%
Percentage of the total revenue from surveyed customers (%)	80%	80%	80%	80%

To improve communication efficiency and shorten response time, the Group's customers may communicate not only through the Company's website but also directly contact the corresponding representatives in the sales or quality assurance departments. Upon receiving customer complaints, the Group responds within the timeframe defined in internal regulations and assists customers in promptly resolving issues. The channels available for customers to request support and provide feedback are as follows:

Item	Operating Procedure
Online Form Submission	▸ Official website - Department contact https://www.phison.com/zh-tw/contact ▸ Official website - Online warranty system https://www.phisonenterprise.com/ewarranty-support/
Telephone/email contact	▸ +886-37-586-896 ext. sales extensions and e-mail address
Physical Meetings	▸ Customer and sales representative contact arrangements

Upon receiving a complaint, the Group issues an "acknowledgement of receipt" notification to the customer within one working day in accordance with internal procedures and product characteristics, and conducts an initial assessment to determine whether the issue involves defective products. The case is then assigned to the relevant units for analysis according to defined responsibilities, and the customer is simultaneously informed of the estimated processing timeline. An initial investigation is provided within 3 to 5 working days depending on product characteristics. Subsequently, a detailed completion timeline is provided based on the customer's analysis requirements. After the abnormality analysis is closed, feedback is collected through customer satisfaction surveys or regular customer meetings.

Customer feedback also serves as an important input for product planning. The product team communicates existing product specifications, applicable use cases, and success cases to customers to help them initially assess whether their requirements fall within the product's capabilities, and may also initiate customized projects based on customer needs. Once requirements are clearly defined, the product team conducts product planning to translate customer needs into concrete solutions, including functional design, technical architecture, as well as schedule and resource evaluation. Throughout the process, close communication with customers is maintained to ensure that the outcomes meet expectations and can be integrated into actual business processes.

5. Responsible Supply Chain

Name of Material Topic	Supply Chain Management
Significance and Materiality to the Organization	▸ Having reliable supplier partners is key to the Group's stable provision of high-quality products and services, and effective supply chain management helps reduce sustainability risks across the value chain
Management Approach	
Policy and Commitment	▸ The Group manages its supply chain in accordance with the "Supplier Management Process" and the "Contractor Management Procedures," and follows the Responsible Business Alliance (RBA) Code of Conduct. The Group has established a "Supplier Code of Conduct," conducts annual sustainability risk assessments of suppliers, and performs RBA audits on key suppliers to ensure compliance with relevant standards
Long-term Targets	▸ 100% of Tier-1 suppliers with annual transaction amounts exceeding NT$1 million and more than 12 purchase transactions per year have signed the "Supplier Code of Conduct." ▸ Each year, Tier-1 suppliers that meet the transaction criteria established by the Production Management Department and Procurement Department are required to complete the "Sustainability Risk Assessment Questionnaire," with a maintained completion rate of 100% ▸ In 2025, 95% of key suppliers underwent RBA audits. The Group targets 100% coverage in 2026 and will maintain a 100% audit rate thereafter ▸ In 2025, the improvement completion rate for key suppliers following RBA audits reached 95%. The Group targets 100% in 2026 and will maintain a 100% completion rate thereafter
Performance	▸ In 2025, 100% of suppliers accounting for the top 80% of transaction value or with annual transaction amounts exceeding NT$1 million signed the "Supplier Code of Conduct." ▸ The completion rate of the "Sustainability Risk Assessment Questionnaire" for suppliers meeting the transaction criteria set by the Production Management and Procurement Departments reached 100%, and the passing rate increased from 93.69% to 97.3% ▸ A total of 33 key suppliers were audited under the RBA program, with an audit pass rate of 96.97% and a corrective action improvement completion rate of 98.96%
Responsibility	▸ Procurement Department, Production Management Department, Supply Chain Quality Management Division, Chip Quality Engineering Division
Grievance Mechanism	▸ Ms. Tsai, Materials Division supplychain@phison.com ▸ Supply Chain Management Platform Complaint Channel
Action Plan	▸ Use the Supply Chain Management Platform (SAMP Online) to communicate and disseminate the Company's key policies to upstream and downstream supply chain partners ▸ Sustainability risk (ESG) accounts for 5%-10% of the total supplier evaluation score ▸ The Group has established the "RBA Vendor Management Policy," requiring key suppliers to complete the RBA self-assessment questionnaire annually. If any deficiencies are identified, suppliers are required to submit a corrective action plan within one week ▸ The Group conducts annual RBA training courses for suppliers to strengthen their understanding of the RBA Code of Conduct and the Phison Supplier Code of Conduct, and to assist suppliers in reviewing their own compliance practices ▸ Employees in departments with procurement functions related to core business operations (Production Management and Procurement Departments) are required to complete the annual "Sustainable Supply Chain - Role Awareness and Capability Development Course." The course covers topics including the definition and importance of sustainable supply chain management, the relationship between procurement behavior and the era of carbon pricing, product carbon footprint and organizational carbon emissions, and sustainable raw materials ▸ Established the "Supply Chain Information Security Management Regulations" and conducted information security assessments on 30 major suppliers using the "Information Security Risk Assessment Form," while also carrying out on-site audits of 2 suppliers
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▸ Supplier Code of Conduct Signing Rate ▸ Supplier Sustainability Risk Assessment Questionnaire completion rate and the proportion classified as high-risk suppliers ▸ Key supplier RBA audit coverage rate and audit pass rate

Note: Key suppliers are defined based on suppliers of critical components for core products. Key suppliers are required to undergo an annual RBA audit conducted by the Group's professional personnel.

5.1 Supply Chain Management

5.1.1 Supply Chain Management Framework and Implementation Policy

The Group is committed to building a trustworthy and stable sustainable supply chain and growing together with its suppliers. The Group evaluates suppliers based on factors such as quality, price, delivery, service, and sustainability risk (ESG). Leveraging its influence, the Group requires suppliers to disclose sustainability information and improve their sustainability performance.

New suppliers of the Company are required to meet basic corporate social responsibility assessments, covering human rights, occupational health and safety, and environmental management. Business cooperation with the Company may only commence after passing the assessment. Subsequently, suppliers meeting the transaction criteria are also required to complete the "Supplier/Contractor Sustainability Risk Assessment Questionnaire." Therefore, the percentage of new suppliers screened using environmental standards and social criteria is 100%. At present, SStek only requires new suppliers to sign a Supplier Commitment Letter and has not yet applied social and environmental criteria for screening new suppliers.

The Group stipulates in procurement contracts with suppliers that they must comply with the RBA Code of Conduct. Each year, based on transaction criteria set by the Production Management and Procurement Departments, existing suppliers are required to complete the "Supplier/Contractor Sustainability Risk Assessment Questionnaire," which covers five areas: labor, occupational health and safety, environmental protection, supply chain management, and corporate governance. The Group's quality assurance personnel conduct a secondary review and classify suppliers' sustainability risk levels based on their scores. Subsequent supply chain management and optimization are carried out based on suppliers' long-term sustainability performance.

In 2025, a total of 76 suppliers were assessed for environmental and social impacts through the "Supplier/Contractor Sustainability Risk Assessment Questionnaire." Among them, 2 suppliers were identified as having significant actual or potential negative impacts on the environment or society. The primary risks included incomplete policies, lack of environmental management plans, and absence of supplier management systems. Both suppliers have not yet committed to corrective actions (0% of suppliers agreed to improvements). The Procurement Department will continue to monitor the progress of non-compliant suppliers over the next two years. The percentage of supplier relationships terminated following assessment in the current year was 0%.

At the same time, the Group identifies key suppliers based on factors such as procurement amount, delivery frequency, and supply nature, in accordance with risk assessment results. Key suppliers are required to sign the "RBA Supplier Code of Conduct" (with a 100% signing rate) and to undergo an annual RBA audit conducted by the Group's professional personnel. In addition, the Group emphasizes enhancing suppliers' sustainability management capabilities. Through RBA audit briefings and training courses, suppliers are educated on topics including the prohibition of child labor, human rights, anti-discrimination/anti-harassment, health and safety, pollution and greenhouse gas management, anti-corruption, grievance mechanisms, privacy, management systems, material restrictions, and responsible mineral sourcing. These efforts aim to strengthen sustainability awareness across the entire supply chain. In 2025, a total of 25 suppliers participated in the annual supplier training program.

The Supplier Code of Conduct of the Group is available on the official website

- The Group also utilizes the Supply Chain Management Platform (SAMP Online) to publish key policies such as the Human Rights Policy and Supplier Code of Conduct, encouraging suppliers to access and review them. The platform also provides a grievance channel for supplier employees. When workers or employees of suppliers discover or suspect that their employer has violated Phison Electronics' "Supplier Code of Conduct," they may file a complaint. The Group will initiate an investigation and protect the whistleblower's personal data and privacy in accordance with applicable laws.

Four Key Implementation Policies of Supply Chain Management

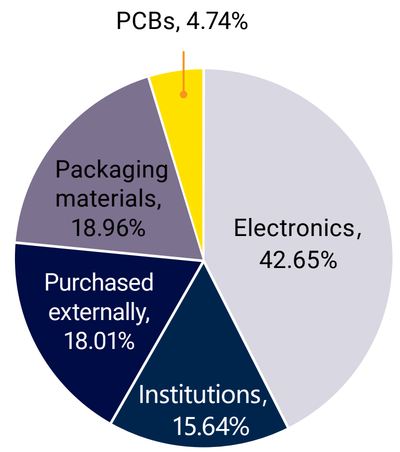
Code Compliance	Risk Assessment	Auditing Programs	Continuous Improvement
Ask our suppliers to sign and comply with Phison Supplier Code of Conduct	Measure the sustainability risk level of individual suppliers through the Sustainability Risk Assessment Questionnaire	Demand that critical suppliers be audited by Phison's RBA professionals against the RBA Standard	Ask unqualified suppliers to correct and improve their problems

5.1.2 Sustainable Procurement

To strengthen supply chain resilience and ensure visibility over raw material conditions, the Group regularly conducts short-, mid-, and long-term material risk assessments. Short-term risk assessments include supplier inventory levels, distributor supply allocation, alternative material substitution, spot market procurement, country-of-origin investigations, and capacity assessments. Mid- and long-term risk assessments involve evaluating the potential escalation and impact of abnormal events at suppliers and assessing the risks such events may pose to the Company. If necessary, the Procurement Department will take the lead in convening emergency response meetings, and the impact severity identified through emergency incident investigations will serve as the basis for response actions by the relevant units.

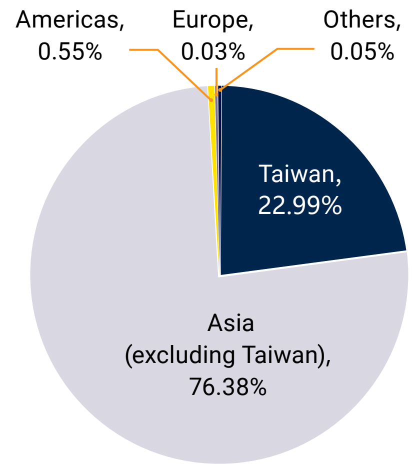
Geographical Location	Major Procured Materials	Identifiable Risks	Risk Mitigation Plan
Asia	FLH	Earthquake	Multiple supply sources
Asia	Electronics	Geopolitics	Multiple supply sources
Taiwan	CTL	Earthquake	-
Others	Tantalum Capacitor	War	Multiple supply sources

Percentage distribution of supplier categories by number of suppliers



Note: Purchased externally refers to products purchased by the enterprise that can be sold externally without undergoing any processing.

Regional distribution of procurement expenditures



Note: In previous years, the regional distribution of procurement expenditures was based on the supplier's registered company location. This year, the statistics are based on the actual place of production.

Key Material Management

The Group continues its critical material management efforts by identifying component supply risks arising from geopolitical factors, seeking alternative materials, and validating them in products. A total of 285 critical electronic components are subject to ongoing quarterly review and management. The inventory assessment results are as follows:

Category	Number of items
No risk	248
High risk - Forecast response	4
Alternative materials available for implementation	18
Production relocation feasible	15

Supply Chain Information Security Management

The increasing digitalization, connectivity, and large-scale data exchange within supply chain networks are exposing supply chains to unprecedented information security threats. These attacks may not only result in significant financial losses for organizations, but also damage the long-term trust relationships between organizations, their partners, and customers. Establishing robust information security strategies to ensure the stability of digital transactions and protect the data privacy of all stakeholders has become a top priority for enterprises today.

The Group has established the "Supply Chain Information Security Management Regulations" for its supply chain. In 2025, 30 suppliers were evaluated using the "Information Security Risk Assessment Form." The assessment results showed that 29 suppliers achieved scores of 60 or above, with only 1 supplier failing to meet the standard. The proportion of suppliers scoring above 80 points reached 86%. In addition, on-site reviews were conducted for 2 suppliers in 2025 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	20
System subcontractors	Top 5 processing fee amount in the previous year	4
Packaging subcontractors	Main Suppliers	7
Total		30

Note: As one contractor simultaneously undertakes business for both system manufacturers and packaging plants, it has been classified under packaging plants here to avoid double counting.

Green Procurement

The Group has established the "Green Procurement Policy," incorporating environmental performance into the procurement decision-making process to reduce negative environmental impacts, while leveraging its influence to encourage upstream and downstream supply chain partners to strengthen their positive environmental impact. Before procurement, the Group evaluates the necessity of the purchase and gives priority to products and services that meet the definition of green procurement. Products and services that meet the definition of green procurement include, but are not limited to, those that are low energy-consuming, low-polluting, recyclable, made from recycled materials, or packaged using minimal packaging or packaging made from recycled/recyclable materials. In 2025, the Group's total green procurement expenditure amounted to NT$16,108,950.

5.1.3 Supplier Evaluation

The Group classifies suppliers into Tier-1 suppliers and non-Tier-1 suppliers based on the product subcontracting structure. As the Group does not own manufacturing plants, under the principles of the product production supply chain, Tier-1 suppliers refer to system manufacturers and packaging/testing contractors that regularly cooperate with the Group in product manufacturing, while non-Tier-1 suppliers refer to component suppliers and wafer foundries. The Group identifies high sustainability risk Tier-1 suppliers and non-Tier-1 suppliers through the "Supplier/Contractor Sustainability Risk Assessment Questionnaire."

Category	Number of supplier	Percentage of processing fee amount
Tier-1 Suppliers(Note1)	28	97%
Tier-1 Critical Suppliers(Note2)	7	80%
High-risk Suppliers	2	-
Non-Tier-1 Critical Suppliers(Note 3)	20	-

Note 1: Tier-1 suppliers exclude non-primary cooperative contractors.
Note 2: Tier-1 key suppliers refer to system manufacturers and packaging/testing contractors accounting for the top 75% of annual processing expenses.
Note 3: Non-Tier-1 key suppliers refer to component and wafer suppliers accounting for the top 85% of annual transaction amounts, as well as suppliers that are the sole source and non-substitutable for key products.

Raw Material Supplier Evaluation

The Group evaluates raw material suppliers based on five dimensions: quality, delivery, cost, service, and sustainability risk (including labor human rights, health and safety, environment, corporate governance, and supply chain management), with sustainability risk accounting for 10% of the total weighting. The Group classifies suppliers into four levels, A, B, C, and D, based on evaluation scores, and submits the results to management review meetings. In 2025, the number of outstanding suppliers (Level B and above) reached 195, accounting for as high as 92.42%.

Raw Material Supplier Rating	Score Range	Rating Result	2025	
			Number of Rated Suppliers	Percentage (%)
Level A	≧90	Entitled to priority for manufacturing, selection, ordering, and developing new products.	2	0.95%
Level B	80-89	Qualified suppliers who pass the evaluation can receive normal orders.	193	91.47%
Level C	70-79		13	6.16%
Level D	<70	Unqualified suppliers, follow the principle of "continue ordering existing materials, not purchasing new materials".	3	1.42%
Total			211	100%

Contractor Evaluation

The Group evaluates contractors that meet the transaction criteria in accordance with the "Contractor Management Procedures." The evaluation dimensions include quality, production management, manufacturing engineering, testing engineering, and sustainability risk, with sustainability risk accounting for 5% of the total weighting. In 2025, no contractors failed the evaluation.

Subcontractor Rating	Score Range	Rating Result	2025	
			Number of Rated Suppliers	Percentage (%)
Level A	≥90	Priority consideration for increasing outsourced orders.	2	8.69%
Level B	80-89	Maintain normal outsourced order volume, continue monitoring.	20	86.96%
Level C	70-79	Maintain normal outsourced order volume, continue monitoring, and suppliers shall implement improvement plans.	1	4.35%
Level D	60-69	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	After improvement guidance, if evaluation still does not reach D rating or above; recommend listing as an unqualified supplier.	0	0%
Total			23	100%

5.1.4 Supplier Audit

To reduce sustainability risks in the supply chain, the Group has established the "RBA Vendor Management Policy" and conducts annual audits on the compliance and effectiveness of Tier-1 key suppliers in areas including labor human rights, health and safety, environmental management, ethical standards, and supply chain management. During the current year, on-site audits were conducted for 18 Tier-1 key suppliers classified as high risk, while the remaining 15 key suppliers classified as medium risk underwent document reviews. If auditors identify deficiencies during the audit process, they will immediately communicate with the supplier. The findings are subsequently reported to department supervisors, and the supplier is required to propose an improvement plan. Suppliers must submit a corrective action plan within one week.

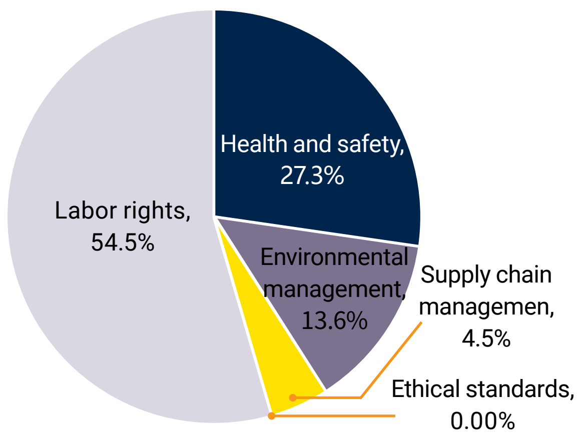
In 2025, the overall audit pass rate was 96.97%, with 22 non-conformity items identified. The majority of deficiencies were related to excessive overtime and health and safety issues. The Group's audit representatives have shared audit findings with each supplier and discussed potential improvement measures. In accordance with the management procedures, the Group's audit representatives may agree with suppliers on corrective action deadlines. If improvements are not completed within the agreed timeframe, the Group may implement measures such as reducing orders, suspending purchase orders, or revoking qualified supplier status.

[5]Among the 33 key suppliers classified as high risk and medium risk, there were 2 material suppliers, 10 contractors and system manufacturers, and 21 service suppliers.

Item	Phison	SStek
Number of qualified suppliers	30	2
Number of non-conforming suppliers	1	0
Audit pass rate	96.67%	100%
Number of suppliers completing improvements within the deadline[6]	5	1
Audit improvement rate	100%	83.33%

[6]A total audit score of 160 points or above for key suppliers is considered qualified; however, deficiencies may still exist and must be corrected within the agreed timeframe.

Supplier audit deficiency analysis



5.2 Conflict Minerals Management

Please refer to the official website for the Phison Electronics Conflict-Free Minerals Management Policy.

- To ensure that no conflict minerals sourced through human rights abuses or armed coercion are procured, the Group has established the "Phison Electronics Conflict-Free Minerals Management Policy." Suppliers (upon initial material introduction) and contractors (during annual indirect material surveys) are required to sign either a "Conflict-Free Minerals Assurance Letter" or a "Non-Use of Conflict Minerals Assurance Letter." The Group's conflict minerals investigation process begins after product requirements and specifications are proposed. If the material classification includes metallic materials, a conflict minerals investigation is initiated. Through conflict minerals reporting forms, including the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT), the Group identifies the types of metals, smelter names and locations, whether the minerals originate from recycled or scrap sources, and the countries of mineral origin. If a supplier fails to comply with the conflict-free minerals management requirements, procurement will be immediately suspended, and the supplier will be required to propose corrective and preventive measures.

Conflict Minerals Management Process

Conflict Minerals Guidelines	Conflict Minerals Inquiry Form	Survey Result	Public Disclosure
▸ Compliance with the "Phison Conflict-free Minerals Management Policy" ▸ Sign the "Undertaking of Avoidance Use of Conflict Minerals" or "Undertaking of Non-use of Conflict Minerals"	▸ CMRT ▸ EMRT	▸ Inquiry results confirmed	▸ Disclose our control of conflict minerals on the ESG Report

Reasonable Country of Origin Inquiry (RCOI)

The Group conducts the RCOI to identify and verify the sources of mineral substances used in electronic products, including gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), mica, copper (Cu), natural graphite, lithium (Li), and nickel (Ni), in order to confirm whether they originate from conflict-affected regions.

The Group's Reasonable Country of Origin Inquiry (RCOI) includes:
1. Conduct supplier investigations through the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to identify the sources of 3TG, cobalt (Co), and mica smelters.
2. Require suppliers to sign assurance letters confirming compliance with the "Phison Electronics Conflict-Free Minerals Management Policy."

Each year, the Group identifies mineral and smelter source information within the supply chain through conflict minerals investigation forms. In 2025, the Group investigated a total of 134 suppliers and completed verification of 283 material part numbers under the conflict minerals material management process. Based on the investigation results, the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), mica, copper (Cu), natural graphite, lithium (Li), and nickel (Ni) were all confirmed to originate from smelters recognized by the Responsible Minerals Initiative (RMI), in compliance with responsible minerals requirements.

6. Environmental Protection

6.1 Climate Strategy

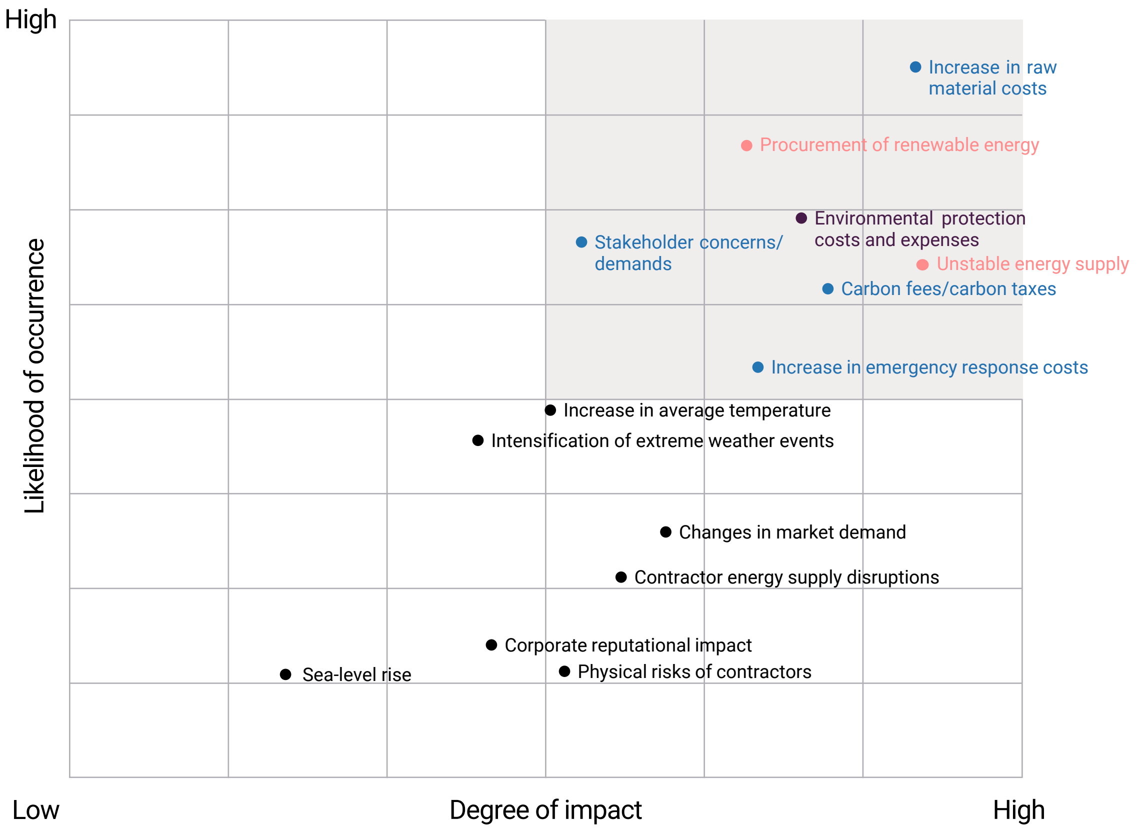
Name of Material Topic	Climate Change Response
Significance and Materiality to the Organization	▶ Physical risks arising from climate change, such as extreme weather events, droughts, and sea-level rise, as well as transition risks, including changes in policies, regulations, and market conditions, directly threaten business operations. Therefore, climate change response has become a key strategy for ensuring sustainable operations and competitiveness. It can reduce operational risks, optimize resource utilization, open new markets, attract investment, and enhance brand image
Management Approach	
Policy and Commitment	▶ In accordance with the implementation principles of the "Environmental Protection Policy," the Group prioritizes emission reduction initiatives within its operational scope and promotes awareness of energy conservation and carbon reduction. The Group pays close attention to the risks posed by climate change to the Group's operations and value chain, and respond proactively to enhance operational resilience
Long-term Targets	▶ Achieve renewable energy usage equivalent to 20% of total electricity consumption by 2030 ▶ Complete GHG inventories and third-party verification for all subsidiaries included in the consolidated financial statements by 2028
Performance	▶ Achieve renewable energy usage equivalent to 8.69% of total electricity consumption by 2025 ▶ In 2025, a total of 4 carbon reduction projects were implemented, reducing electricity consumption by 1,531,006.39 kWh, equivalent to approximately 725.6971 metric tons of carbon dioxide equivalent emissions ▶ Completed GHG emission source survey questionnaires for subsidiaries included in the consolidated financial statements in 2025 ▶ Completed the system establishment for organizational carbon inventory and product carbon footprint management in 2025 ▶ In 2025, the organizational carbon emissions of subsidiary SStek were included in the disclosure scope of the sustainability report for the first time
Responsibility	▶ Corporate Governance Unit, Environmental Safety and Health Risk Management Department, Factory Affairs Department
Grievance Mechanism	▶ Sustainability and Risk Management Committee csr@phison.com ▶ Stakeholder Contact Section on the Official Website
Action Plan	▶ The Phase V office obtained ISO 50001 Energy Management System certification in 2024, and the Group will continue introducing ISO 50001 into other office and plant sites in the future. ▶ In addition to promoting energy and resource conservation to employees in daily operations, the Group also promotes concepts of energy saving, water conservation, and waste reduction, and shares action plans through annual recurring online training courses.
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▶ Renewable energy usage ratio. ▶ Number of subsidiaries that completed GHG inventories. ▶ Number of energy-saving projects implemented and amount of electricity saved.

Climate change has become a major global issue today. Once climate disasters occur, they may cause significant financial impacts on enterprises. The Group actively monitors the risks and opportunities arising from climate change. During the current year, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group identified and disclosed risks and opportunities associated with extreme climate conditions based on the nature of its business operations, and formulated corresponding response measures. At present, the Group has not implemented internal carbon pricing.

6.1.1 TCFD Disclosure Framework and Management Approach

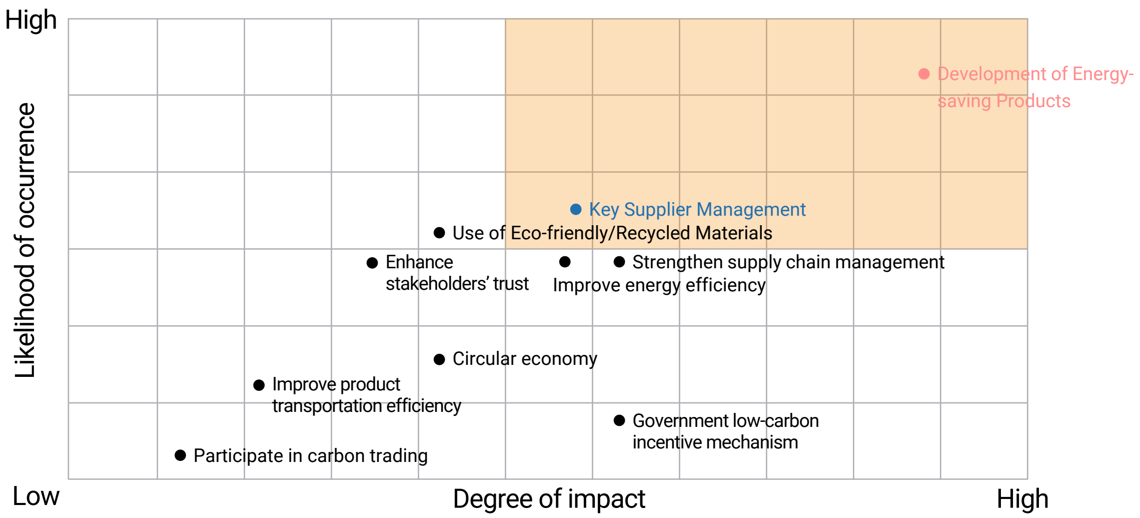
Governance	▶ The Sustainability and Risk Management Committee, a functional committee under the Board of Directors, is the unit responsible for climate change management. The Committee consists of three members, with more than half being independent directors, and regularly reports the progress of climate risk management to the Board of Directors each year. The Board of Directors serves as the supervisory body for the Sustainability and Risk Management Committee. The Committee regularly reports risk identification results and the effectiveness of control implementation to the Board of Directors, which provides relevant recommendations based on its authority and expertise, supervises project direction, and enhances project success rates ▶ The Executive Team under the Sustainability and Risk Management Committee is responsible for identifying, assessing, and monitoring climate-related risks and opportunities, and regularly reports material climate risk-related information to the Sustainability and Risk Management Committee ▶ The Factory Affairs Department continues to implement energy-saving projects and reduce carbon emissions through the procurement of renewable energy
Strategy	▶ Analyze the impacts and contributions of climate change risks and opportunities on operations in accordance with the TCFD framework ▶ Conduct climate risk analysis using different scenarios provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), including physical scenarios such as SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5
Risk Management	▶ In accordance with the "Risk Management Policies and Procedures" and the "Risk and Opportunity Assessment Procedures," the Group identifies, measures, monitors, and controls various risks, and identifies potential policy, regulatory, market, technological, reputational, and physical risks that may arise under different scenarios, conducting separate analyses of risks and opportunities ▶ Through discussions involving relevant departments, adaptation and mitigation strategies are formulated for material risks, and the overall assessment results are reported to the Sustainability and Risk Management Committee and the Board of Directors ▶ The Supplier Code of Conduct has been revised to include additional requirements for carbon inventory information disclosure ▶ The Group has obtained ISO 50001 Energy Management System certification and has implemented energy-saving projects, replaced outdated equipment, and promoted low-carbon production based on electricity consumption hotspots ▶ Each year, carbon inventories are conducted in accordance with ISO 14064-1 and verified by a third party. In the future, the Group will annually expand the inventory categories under Scope 3 and Scope 4 to obtain more comprehensive carbon emission information ▶ Climate risk analysis was conducted using different scenarios provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP). The analysis results indicated that physical risks remain within an acceptable range; therefore, the Group is focusing on transition risks
Indicators and Targets	▶ Key climate target KPIs for 2028 have been established, including per capita water consumption, GHG emission intensity, and waste generation volume ▶ Targets for the renewable energy usage ratio by 2030 and carbon reduction by 2030 have been established

Climate Change Risk Matrix



*Red text indicates short-term risks (within the next 3 years), blue text indicates mid-term risks (within the next 4-10 years), and purple text indicates long-term risks (more than 10 years in the future).

Climate Change Opportunity Matrix



*Red text indicates short-term opportunities (within the next 3 years), and blue text indicates mid-term opportunities (within the next 4-10 years).

Climate Change Risk and Opportunity Identification Results

At present, the Group only adopts qualitative analysis to describe the material changes that climate change risks and opportunities may have on operations, revenue, or expenditures. Quantitative disclosure of financial impacts is planned in accordance with IFRS S2 "Climate-related Disclosures" when the standard is adopted in 2029.

Transition Risks

Risk Factors	Scenario Description	Description of Potential Financial Impacts	Response Measures
Increase in raw material costs	Factors such as global supply and demand fluctuations, energy price volatility, logistics supply uncertainties, or extreme climate events may cause raw material price fluctuations or supply shortages, thereby increasing procurement costs and delivery schedule uncertainties	**Increase in operating costs**	Conduct multi-dimensional evaluations and rolling reviews of supply and pricing conditions in accordance with the supplier management mechanism; establish secondary supply sources for non-exclusive critical raw materials to reduce dependence on single sources; and, when necessary, initiate alternative material verification and specification confirmation procedures to maintain supply stability and quality consistency
Procurement of renewable energy	To meet stakeholders' expectations for carbon reduction, the procurement volume and proportion of renewable energy must be increased year by year	**Increase in operating costs**	The Factory Affairs Department requires suppliers to provide annual power supply plans while also reviewing mid- and long-term supply and demand forecasts, thereby estimating the parent company's short-term and mid-term renewable energy demand. At the same time, to reduce the risk of concentration in renewable energy types and suppliers, the Group not only increased purchases of wind and solar power from existing suppliers, but also signed an additional solar power wheeling agreement with a second supplier
Environmental protection costs and expenses	Stricter general environmental regulations may lead to increases in environmental protection expenses and costs	**Increase in operating costs**	Continue maintaining verification under the ISO 14001 Environmental Management System (EMS) standard and prudently assess the environmental impacts caused by business activities
Stakeholder concerns /demands	Stakeholders require the establishment of Science Based Targets initiative (SBTi) goals, and import/export activities must declare carbon footprint information and commit to emission reductions.	**Increase in operating costs**	The inventory methodology is planned to transition from ISO 14064-1 to the GHG Protocol, with continuous expansion of inventory categories to obtain comprehensive value chain carbon emission information and ensure accurate calculation of Scope 3 reduction target requirements under the SBTi for large enterprises.
Carbon fees/ carbon taxes	Although the Group is not currently classified as a major electricity user by the Bureau of Energy of the Ministry of Economic Affairs, the likelihood that the Group will be required to pay carbon fees in the future is high as regulatory emission thresholds are lowered and future operations expand.	**Increase in operating costs**	Establish GHG reduction targets, procure renewable energy, conduct afforestation and tree planting activities, and verify environmental management systems to mitigate the future impact of carbon fees.
Increase in emergency response costs	If supply chain disruptions, logistics constraints, supplier capacity fluctuations, or increased delivery pressure occur, emergency response measures such as alternative transportation arrangements, cross-departmental coordination, and overtime work may need to be initiated, resulting in increased transportation, coordination, and communication costs.	**Increase in operating costs**	Establish cross-department emergency coordination and supplier communication mechanisms, and identify feasible alternative transportation and supply solutions. Maintain backup supply arrangements for critical materials (such as second-source or alternative suppliers), and reduce the frequency and scope of emergency responses through supply chain risk monitoring and early warning mechanisms.
Unstable energy supply	Rapid increases in electricity demand driven by technological development may lead to power supply constraints during the energy transition period.	**Increase in operating costs** **Decrease in operating revenue**	UPS systems are currently used to ensure the stable operation of critical server rooms and equipment, and generators are tested on a monthly basis. In addition, the Group has established an energy storage system at the Phase I plant as a demonstration site to further enhance power dispatch flexibility and operational resilience, and it is expected to commence operation in 2026.

Major Opportunities

Opportunity Factors	Scenario Description	Description of Potential Financial Impacts	Response Measures
Development of Energy-saving Products	An increasing number of market customers regard product energy efficiency and a company's carbon reduction capabilities as key considerations for cooperation	**Increase in operating costs** **Increase in operating revenue**	Product performance improvements are implemented from the design stage, and environmentally friendly and durable materials are adopted to help end users conserve energy and extend product lifespan Packaging design follows the principle of lightweighting and gives priority to the use of recycled materials
Key Supplier Management	Amid raw material price fluctuations, increasing delivery uncertainties, and rising customer requirements for supply chain sustainability standards and audits, the ability to stabilize critical supply sources and delivery quality can transform supply volatility risks into opportunities for supply chain resilience and order acquisition competitiveness	**Decrease in operating costs**	Promote tiered management and regular evaluations of key suppliers in accordance with the Supplier Management Procedures, and conduct sustainability risk assessments and qualification reviews for suppliers and contractors. Enhance suppliers' capabilities in quality, environment, occupational health and safety, and human rights compliance through audits and training exchanges. In addition, collaboratively plan backup supply arrangements and improvement plans for critical materials to strengthen supply chain resilience and delivery stability

6.1.2 GHG Management

The Group supports the carbon reduction targets of the Paris Agreement. Each year, in accordance with the ISO 14064-1:2018 GHG inventory standard, the Group adopts the operational control approach to define organizational boundaries, and evaluates the materiality of emission sources based on factors such as the availability of activity data, the availability of emission factors, and carbon reduction opportunities. These criteria are used to determine whether Categories 3 to 6 are included in the inventory, and the inventory is verified by an external third party. Since 2021, the Company has conducted annual GHG inventories, with 2025 selected as the base year for the GHG inventory, and regularly evaluates and manages the organization's GHG emissions.

The organizational boundary for the current year includes the Zhunan Plant, Banqiao Office, Zhubei Office, Tainan Office, and Xiangshan Plant. The reporting boundary covers Category 1 (fixed emission sources, process emission sources, mobile emission sources, fugitive emission sources, etc.), Category 2 (purchased electricity), Category 3 (upstream and downstream transportation and distribution, employee commuting, business travel, etc.), Category 4 (purchased goods and services, waste disposal, etc.), and Category 5 (leased assets). Major potential GHG emission sources within the reporting boundary were identified. The types of GHG included carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), and sulfur hexafluoride (SF_6), totaling five types of GHG.

The Group adopts the emission factor method for calculation, multiplying activity data by emission factors and global warming potential (GWP) values to convert emissions into carbon dioxide equivalent (CO_2e), expressed in metric tons of carbon dioxide equivalent (tCO_2e). The emission factors were sourced from the latest "GHG Emission Factors" announced by the Ministry of Environment of the Executive Yuan. GWP values adopted those published by the IPCC (IPCC Sixth Assessment Report). The electricity emission factor adopted the 2024 electricity emission factor published by the Energy Administration of the Ministry of Economic Affairs in Taiwan. Other emission factors referenced sources including the Ministry of Environment Product Carbon Footprint Information Platform, the "GHG Emission Factors" announced by the Ministry of Environment on February 5, 2024, the China Airlines carbon footprint calculation system, the High Speed Rail transportation service carbon footprint, the Taipei Metro passenger transportation service carbon footprint, product carbon factors provided by suppliers, and the Ecoinvent 3.11 database.

In 2025, the Group's total GHG emissions amounted to 195,314.497 tCO_2e, of which Category 1 emissions were 340.6776 tCO_2e (0.2%), Category 2 (market-based) emissions were 19,575.7209 tCO_2e (10%), and Category 3-6 emissions were 175,398.0989 tCO_2e (89.8%). Using total revenue (in NT$ millions) as the intensity denominator, the emission intensity (Category 1 + Category 2) was 0.274 (tCO_2e/NT$ million).

GHG Emissions Analysis Table

(unit: tCO_2e)

Item		2022	2023	2024	2025	
					Phison	SStek
Category 1		340.8842	228.3663	344.3885	277.4621	63.2155
Category 2	Market-based	15,001.1131	15,447.9343	16,441.4106	15,110.0380	4,465.6829
	Location-based	-	-	-	16,977.1415	-
Category 3-6		4,396.9639	4,905.0443	5,366.8247	175,297.8123	100.2866
Total GHG emissions	Market-based	19,738.961	20,581.345	22,152.629	190,685.312	4,629.185
	Location-based	-	-	-	192,552.416	-
Emission intensity (Category 1+ 2) (tCO_2e/NT$ million of revenue)	Market-based	0.255	0.325	0.284	0.274	

Item	2022	2023	2024	2025	
				Phison	SStek
Category 3: Transportation indirect emissions	1,659.6377	1,721.5395	1,975.6410	2,931.0846	1.5222
Category 4: Indirect emissions from products used by the organization	2,737.3262	3,183.5048	3,386.8338	172,345.1828	98.7644
Category 5: Indirect emissions from the use of the organization's products	-	-	4.3547	21.5449	-
Category 6: Other sources	-	-	-	-	-
Total	4,396.9639	4,905.0443	5,366.8247	175,297.8123	100.2866

Note 1: As the organizational carbon inventory of SStek has not yet obtained external verification, the data is temporarily disclosed separately from that of the parent company.

Note 2: Due to structural changes in the Company's reporting boundary in 2025, including the inclusion of process emissions, purchased raw material usage, and changes in the quantification methods for upstream/downstream transportation and employee commuting, recalculations were conducted in accordance with the base year recalculation mechanism. However, because relevant data for the base year was unavailable and retrospective adjustment could not be performed, 2025 was adopted as the GHG inventory base year to ensure the reliability of the inventory data.

The Group's principal operating activity is IC design; therefore, emission risks mainly originate from Scope 2 and Scope 3. Scope 2 emissions from purchased electricity will be managed by increasing the proportion of renewable energy usage. As Scope 3 emissions involve the value chain, the Group will first focus on conducting a comprehensive inventory, followed by implementing carbon reduction measures targeting major emission sources.

Item	Relevant risks	Response plan
Scope 1	Based on the inventory results, direct emissions are extremely low and are considered low risk.	When replacing refrigerant equipment, priority is given to refrigerants with low GWP (Global Warming Potential) values.
Scope 2	Analysis indicates that electricity consumption mainly originates from air conditioning systems supporting office operations. The Group remains below the threshold for classification as a "major electricity user" and is therefore considered low risk.	Continue implementing carbon reduction projects and progressively increase the proportion of renewable energy usage ratio.
Scope 3	Based on estimates, the primary carbon emissions originate from raw material procurement and outsourced processing. The associated risk is that suppliers may lack the capability to cooperate with emission reduction efforts, and this is classified as a medium-risk factor.	Encourage suppliers to obtain ISO 14064-1 verification. Prioritize attention on suppliers with emission hotspots through carbon footprint investigations, and subsequently encourage them to implement carbon reduction projects.

6.2 Energy Resources Management

6.2.1 Energy Use Statistics

The Group's headquarters office buildings are progressively introducing ISO 50001. Through the energy management system, real-time electricity consumption is monitored using big data analytics to identify abnormal energy usage and implement optimization measures. The Group's energy consumption is primarily dominated by purchased electricity from non-renewable sources, accounting for approximately 91.13% of total energy consumption. The remaining energy sources consist of purchased electricity from renewable sources at 8.69% and fossil fuels at 0.17%. Therefore, future energy-saving plans will primarily focus on purchased electricity as the main target for energy reduction.

In 2025, due to the first-time inclusion of SStek in the disclosure scope, the Group's overall energy consumption increased by 34,497 GJ compared to the previous year, and energy intensity rose from 2.183 to 2.246. However, if only Phison Electronics' operating sites are considered, energy consumption in 2025 increased by only 573 GJ compared to 2024. Taking into account business growth, this actually demonstrates the effectiveness of energy-saving initiatives. The Group began purchasing renewable energy (bundled electricity and certificates) in 2021 and has set the target for the parent company of the Phison Group to achieve 10% renewable energy usage by 2025 and 20% by 2030. Looking solely at Phison Electronics, renewable energy usage has continued to increase through nearly doubling annual procurement volumes each year. In 2025, renewable energy consumption accounted for 11% of total electricity consumption, achieving the renewable energy usage commitment for 2025, and the Group will continue progressing toward the 20% target, evaluate various renewable energy procurement options and steadily advance its energy transition, thereby reducing GHG emissions generated during its operations. In the current year, the Group obtained a total of 3,946 RECs.

Energy Consumption Analysis Table

(Unit: GJ)

Energy consumption items		Energy consumption[Note] 2022	2023	2024	2025
Externally purchased renewable energy	Externally purchased electricity	1218.06	3605.31	7,138.99	14,183.763
Externally purchased non-renewable energy	Fossil fuels	219.52	216.38	342.36	282.135
	Externally purchased electricity	107375.03	112483.61	121,197.36	148,710.227
Total consumption of renewable energy		1218.06	3605.31	7,138.99	14,183.763
Total consumption of non-renewable energy		107594.55	112699.99	121,539.72	148,992.362
Total energy consumption		108812.61	116305.30	128,678.71	163,176.125
Energy intensity (GJ/NT$ million of revenue)		1.806	2.412	2.183	2.246

Note 1: Heating values are based on the latest energy unit heating value table published on the website of the Energy Administration, Ministry of Economic Affairs. Energy consumption is calculated by multiplying energy usage by the unit heating value and converting the result into gigajoules (GJ).
Note 2: 1 kilocalorie (Kcal) = 4,187 joules; the heat value coefficient of 1 kilowatt-hour (kWh) is 860 Kcal; the heat value coefficient of diesel per liter (L) is 8,629 Kcal; and the heat value coefficient of automotive gasoline per liter (L) is 7,520 Kcal.

6.2.2 Water Resource Use Statistics

The Group's core operations focus on R&D and design, with only simple assembly/packaging and repair testing processes, and no process water usage. Water consumption is limited to domestic use, with air-conditioning-related water usage accounting for the largest proportion. The Company's water sources are tap water and Kuang Yuan Water Plant. In 2025, the Group's total freshwater intake was 156.266 thousand cubic meters, total wastewater discharge was 130.978 thousand cubic meters, and total water consumption was 25.288 thousand cubic meters. The increase in water consumption in 2025 compared to 2024 is mainly due to the inclusion of SStek in the disclosure scope for the current year, as well as increased water usage driven by expanded cooling demands from additional testing areas and server rooms.

The Group's water sources used for operations are 100% supplied by third parties (Taiwan Water Corporation and Taipei Water Department). In the Miaoli region, water is sourced from Dapu Reservoir and Yonghe Mountain Reservoir; in the Taipei region from Feitsui Reservoir; in the Hsinchu region from Baoshan Reservoir; and in the Tainan region from Nanhua Reservoir. Based on the World Resources Institute (WRI) Aqueduct Water Risk Atlas and the water supply status reports issued by Taiwan's Water Resources Agency of the Ministry of Economic Affairs, the water scarcity levels of Phison Electronics' operating sites in Taiwan are all classified as low to medium.

Wastewater generated in the Group's operating regions is discharged through different systems depending on location. In the Miaoli region, wastewater is discharged via legally approved pipeline connections to the Kuang Yuan Hi-Tech Industrial Park wastewater treatment plant. In the Taipei region, wastewater is discharged into the public sewer system for treatment. In the Miaoli region, wastewater effluent quality is tested semi-annually by a third-party professional water quality testing organization. The parameters include water temperature, hydrogen ion concentration index (pH), suspended solids, biochemical oxygen demand (BOD), chemical oxygen demand (COD), oil and grease, and ammonia nitrogen. This ensures that the effluent complies with the discharge standards of the Kuang Yuan Hi-Tech Industrial Park sewer system and does not cause significant impact on nearby water bodies.

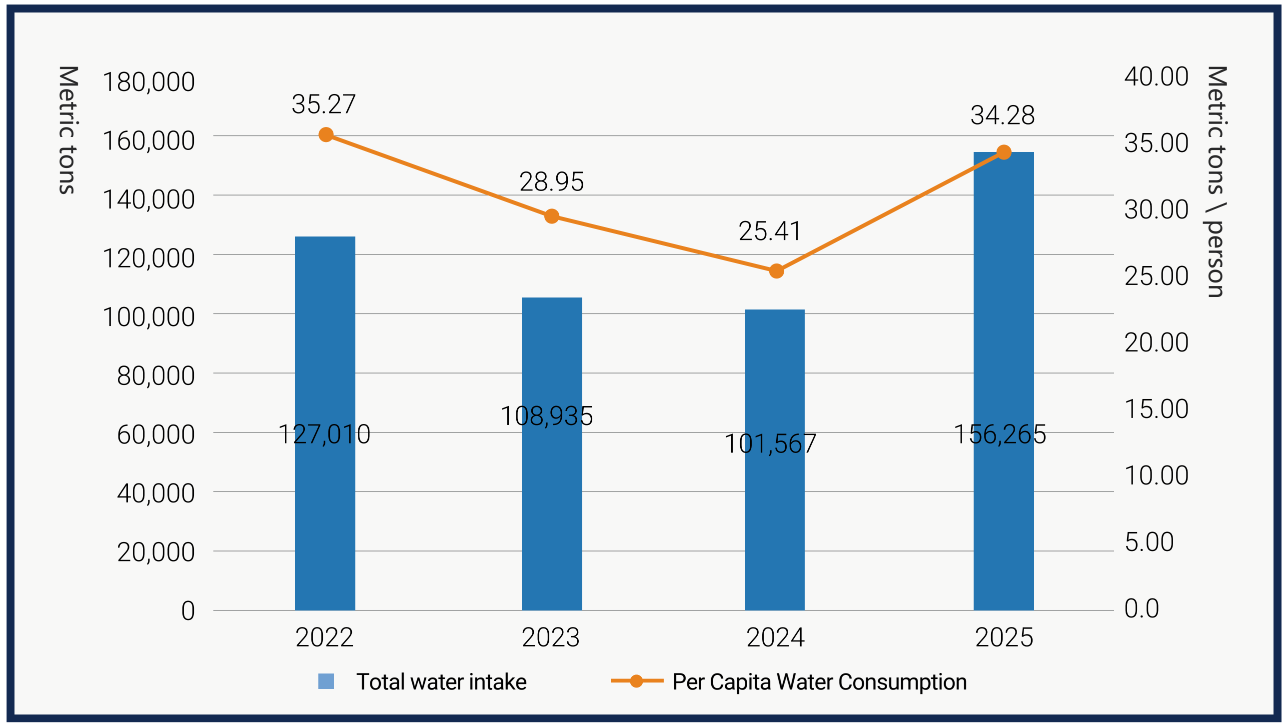
Water Consumption

(Unit: thousand cubic meters)

Item	2023		2024		2025	
	All regions	Water-stressed areas	All regions	Water-stressed areas	All regions	Water-stressed areas
Total water intake	108.94	0	101.57	0	156.266	0
Total water discharge	91.70	0	81.98	0	130.978	0
Total water consumption	17.24	0	19.59	0	25.288	0
Percentage of water consumption in water-stressed areas (%)	0		0		0	

Note 1: The Group does not use ultrapure water.
Note 2: Effluent discharge is estimated in accordance with park management regulations and is calculated as water consumption × 0.9.
Note 3: All wastewater from the Company is discharged to local wastewater treatment plants, with no direct discharge into receiving water bodies.

Total water intake and per capita water consumption

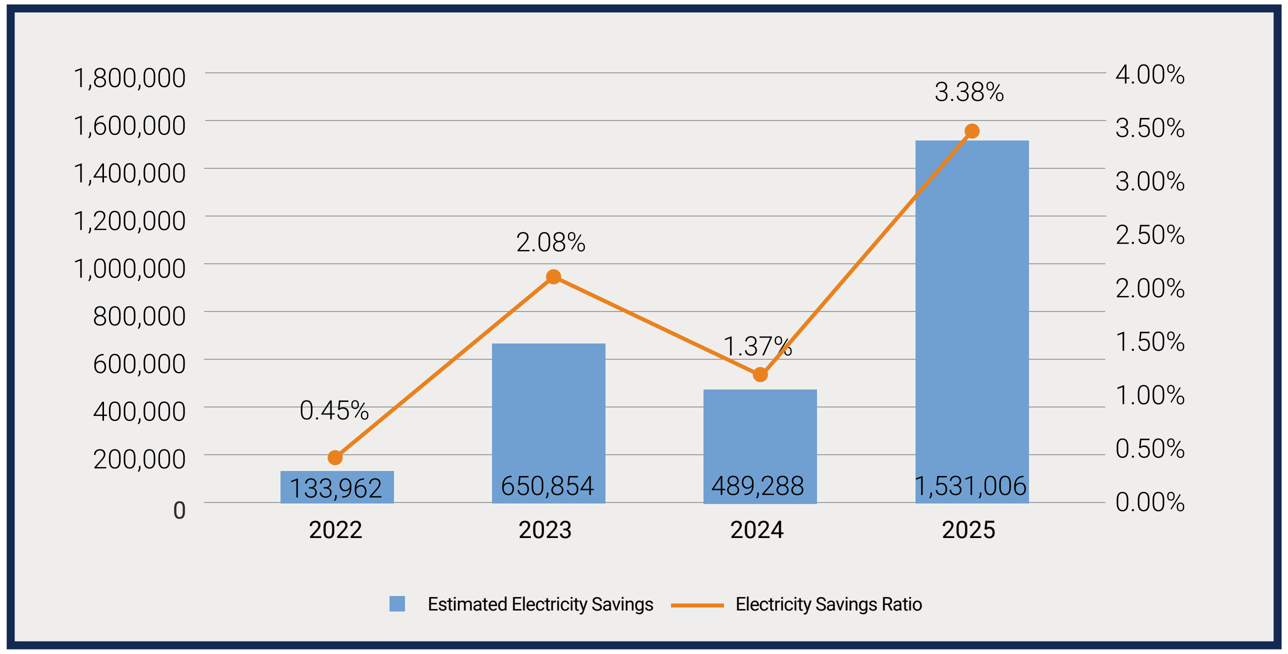


6.2.3 Energy and Resource Efficiency Promotion Projects

In addition to promoting energy and resource conservation to employees in daily operations, the Group also promotes concepts of energy saving, water conservation, and waste reduction through annual refresher online training courses and shares practical action plans. The Group aims to raise employees' awareness of climate change-related risks and impacts, encourage them to review their daily habits, and reduce energy waste and waste generation, thereby alleviating environmental burdens at the source. In 2025, the Group promoted a total of four energy-saving projects, with energy-saving measures including equipment replacement and adjustment of control modes. Estimated electricity savings amounted to 1,531,006.39 kWh (electricity cost savings of NT$6,266,010), equivalent to a reduction of 725.6971 metric tons of CO_2e.

Energy-saving Measures	Energy Category	Calculation (Identification) Methodology	Energy saving amount	Energy saving amount (GJ)	Carbon reduction amount (tCO_2e)
Replacement of air compressors with high-efficiency models	Electricity	Annual estimation based on electricity meter measurement data	264,170.0200 (kWh)	951.2287 GJ	125.2166 tCO_2e
Installation of magnetic bearing chillers	Electricity	Energy savings are measured through electricity meter records and estimated accordingly	459,571.4500 (kWh)	1,654.8341 GJ	217.8369 tCO_2e
Adjustment of air handling unit operating parameters	Electricity	Phase V is equipped with an energy management system and electricity meters; therefore, energy savings are derived by back-calculation based on electricity meter data	608,520.0000 (kWh)	2,191.1710 GJ	288.4385 tCO_2e
Installation of variable frequency drives (VFDs) for cooling tower heat dissipation fans, with fixed-frequency control adjusted seasonally for operation optimization	Electricity	Measured motor operating current before and after the installation of variable frequency drives	198,744.9170 (kWh)	715.6447 GJ	94.2051 tCO_2e
Total				5512.8785 GJ	725.6971 tCO_2e

Note: 1 kilocalorie (Kcal) = 4,187 joules; 1 kilowatt-hour (kWh) has a heat value coefficient of 860 Kcal.



Note 1: The estimated cost savings are calculated based on the average electricity tariff multiplied by the estimated electricity savings (kWh).
Note 2: The electricity emission factor is calculated using the 2024 electricity emission factor published by Taiwan's Energy Administration, Ministry of Economic Affairs (0.474 kg CO_2/kWh).
Note 3: Electricity saving ratio = electricity saved from energy-saving projects / actual annual electricity consumption.

6.3 Waste Management

The Group generates hazardous industrial waste primarily from product testing activities, mainly classified as E0217 (waste electronic components, scraps, and defective products). All hazardous industrial waste is entrusted to qualified licensed waste removal and treatment contractors for disposal. The waste is subsequently processed by professional electronic waste recycling facilities through physicochemical treatment. After shredding, part of the waste is subjected to metal recovery through refining processes, while non-recyclable portions are treated via incineration. To ensure proper handling of hazardous industrial waste by outsourced contractors, the ESH Department conducts regular inspections of their operations, including on-site audits or accompanying waste transportation processes. This ensures compliance with proper treatment procedures and minimizes environmental risks and impacts associated with hazardous industrial waste. In 2025, a total of 4 waste transportation tracking operations and 2 on-site audits were conducted, with a 100% compliance rate of contractor operations.

In 2025, the Group's total waste generation was 441.342 metric tons, of which hazardous industrial waste accounted for 33.483 metric tons (7.6%), and non-hazardous industrial waste accounted for 407.859 metric tons (92.4%). The decrease in hazardous industrial waste in the current year despite an increase in revenue is mainly due to the fact that in 2024, a larger amount of inventory was scrapped following management approval. In the current year, the inclusion of SStek resulted in total waste generation remaining roughly comparable to the previous year. Excluding SStek, Phison Electronics alone reduced waste generation by 8.37% compared to 2024, indicating initial effectiveness of internal waste reduction initiatives.

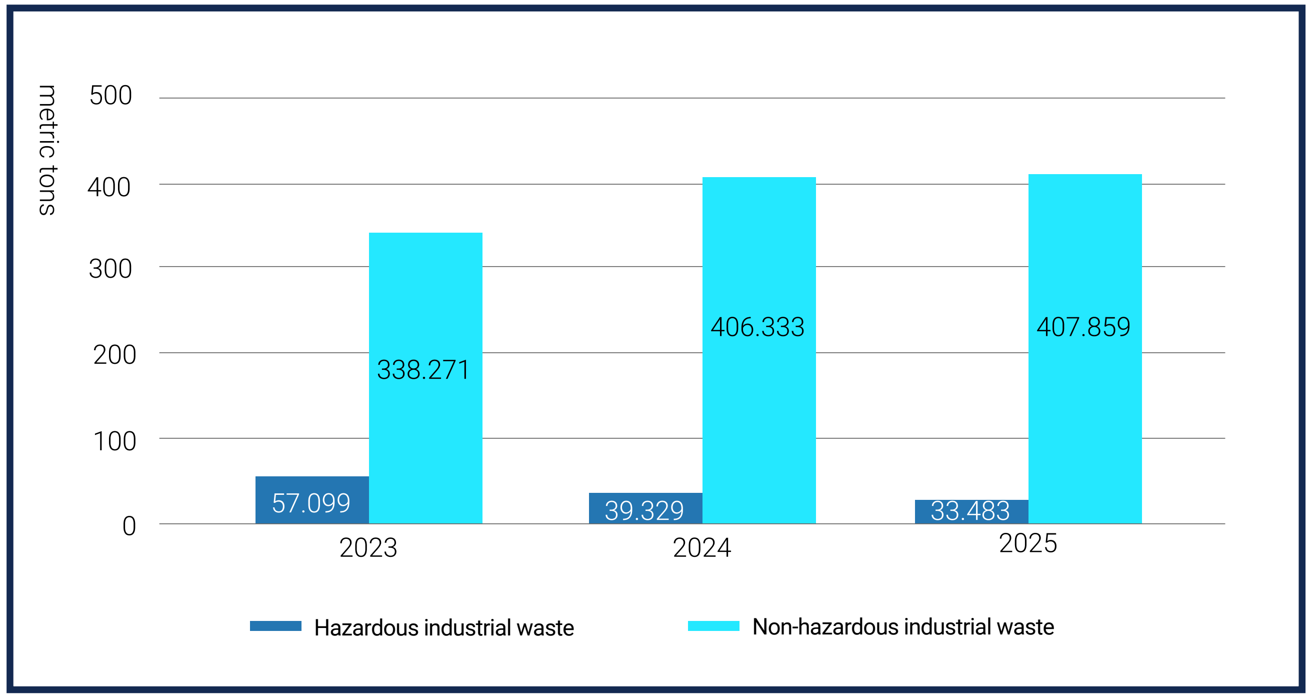
In addition to focusing on waste reduction at the source, the Group seeks to enhance the resource value of existing waste. Subject to compliance with local regulations and available technologies, the Group prioritizes recycling methods such as reuse and material recovery to ensure the most effective utilization of waste resources. In 2025, 8.8% of the Group's hazardous industrial waste and 38.8% of non-hazardous industrial waste were treated through recycling methods, accounting for 36.5% of the total annual waste generated.

Total Industrial Waste Generation, Transferred Treatment, and Direct Disposal Summary (all sites combined, unit: metric tons)

Year	Item[Note]	Generated amount	Transferred for treatment amount	Direct disposal amount	Stored amount
2025	Hazardous industrial waste	33.483	2.957	30.526	0
	Non-hazardous industrial waste	407.859	158.268	249.591	0
	Total amount	441.342	161.225	280.117	0
2024	Hazardous industrial waste	39.329	0.002	39.327	0
	Non-hazardous industrial waste	406.333	192.835	213.498	0
	Total amount	445.662	192.837	252.825	0
2023	Hazardous industrial waste	57.099	0.005	57.094	0
	Non-hazardous industrial waste	338.271	156.639	181.632	0
	Total amount	395.37	156.644	238.726	0

Note 1: The classification of hazardous and non-hazardous waste is determined in accordance with local regulations at each operating site.
Note 2: The data for 2023 and 2024 were restated due to a revision in the definition of treatment methods; total waste volume remained unchanged.

Waste generated



Methods of industrial waste treatment transfer (recycling)

The Group's waste treated through recycling primarily includes general household waste, production packaging materials, food waste, and waste wood. Recycling is mainly carried out through reuse. In 2025, a total of 161.225 metric tons of waste were transferred for treatment, all of which were handled by external third-party contractors. In the current year, the amount of waste recycled decreased by 31.61 metric tons compared to 2024, while direct disposal increased. This was mainly due to a change in the treatment method for part of the food waste, which shifted from recycling to incineration.

Waste Transferred from Treatment by Recycling Operations (all sites combined, unit: metric tons)

Item	Treatment transfer methods	2023			2024			2025		
		On-site	Off-site	Subtotal	On-site	Off-site	Subtotal	On-site	Off-site	Subtotal
Hazardous industrial waste	Recycle and reuse	0	0.005	0.005	0	0.002	0.002	0	2.957	2.957
	Subtotal	0	0.005	0.005	0	0.002	0.002	0	2.957	2.957
Non-hazardous industrial waste	Recycle and reuse	0	156.639	156.639	0	192.835	192.835	0	158.268	158.268
	Subtotal	0	156.639	156.639	0	192.835	192.835	0	158.268	158.268

Note: On-site refers to waste processed internally within the Group's plant/facility, while "off-site" refers to waste collected and treated by external third-party contractors.

In addition to the above waste, all remaining waste is directly disposed of through incineration. In 2025, the Group's total directly disposed waste amounted to 280.117 metric tons, all of which was handled by external third-party contractors.

Waste Directly Disposed by Treatment Operations (all sites combined, unit: metric tons)

Item	Direct disposal methods	2023			2024			2025		
		On-site	Off-site	Subtotal	On-site	Off-site	Subtotal	On-site	Off-site	Subtotal
Hazardous industrial waste	Incineration (including energy recovery)	0	57.094	57.094	0	39.328	39.328	0	25.037	25.037
	Incineration (excluding energy recovery)	0	0	0	0	0	0	0	5.489	5.489
	Total amount	0	57.094	57.094	0	39.327	39.327	0	30.526	30.526
Non-hazardous industrial waste	Incineration (including energy recovery)	0	181.632	181.632	0	213.498	213.498	0	249.591	249.591
	Total amount	0	181.632	181.632	0	213.498	213.498	0	249.591	249.591

Note: On-site refers to waste processed internally within the Group's plant/facility, while "off-site" refers to waste collected and treated by external third-party contractors.

6.4 Green Design

6.4.1 Environmental Management System

To align with sustainability trends and actively drive internal sustainability initiatives, the Group regularly revises the "Phison Environmental Protection Policy," committing to compliance with environmental protection regulations and international standards. The Group appropriately protects the natural environment and, in its operational activities and internal management, strives to conserve energy, proactively reduce carbon emissions, and protect biodiversity, with the goal of achieving environmental sustainability. The Group continues to maintain ISO 14001 Environmental Management System certification, with the certification scope covering the design of flash memory storage devices and NAND Controller ICs. The system focuses on resource recycling and reuse, as well as improving energy efficiency to reduce environmental impacts. The Group's Phase V facility has obtained ISO 50001 Energy Management System certification. Through data tracking and analysis, the Group continuously identifies opportunities for energy improvement at the facility, thereby reducing environmental impacts.

Biodiversity

The Taiwan government has proposed 12 key strategies as pathways to achieve the national goal of net-zero emissions by 2050. Among them, Key Strategy 9 is "Natural Carbon Sinks," which includes three major domains: forests, soils, and oceans (including wetlands). The Group continues to contribute in the forest sector through the "Coastal Forest Restoration Long-term Program" (2021–2025). A total of 5,000 trees of species resistant to strong winds, sand burial, waterlogging, and salinity have been planted in vulnerable coastal areas, effectively increasing coastal forest coverage and enhancing benefits such as windbreak and sand fixation, salt spray mitigation, ecological protection, and water conservation. In addition, the Group continues to promote the "State-Owned Forest Afforestation and Maintenance Program," with a cumulative total of 9,590 trees planted. The two programs combined have resulted in a total of 14,590 trees planted, significantly exceeding the original target.

In 2025, the Group utilized the "Taiwan Ecological Network" established by the Forestry and Nature Conservation Agency, MOA, as a basis for geographic assessment. Only the Tainan Office is located within the "Southern Chiayi-Tainan Plain Grassland Conservation Corridor," while all other operating sites are not situated within biodiversity hotspots or conservation corridors. Taking into comprehensive consideration factors such as industry characteristics, operational activities, location, land use, water resource utilization, and pollutant emissions, the Group determined that the Tainan Office does not come into contact with sensitive areas affecting biodiversity or natural forest ecosystems. Therefore, there is no potential risk of harming biodiversity or causing deforestation, and the overall impact on biodiversity is assessed as low. Since 2024, the Group has also incorporated a biodiversity section into the annual sustainability risk self-assessment questionnaire submitted by suppliers, requiring suppliers to use the "Taiwan Ecological Network" to identify their own biodiversity risks.

Please refer to the official website for the Environmental Protection Policy

6.4.2 Green Management Process

The Group is committed to environmental protection. By reviewing the product life cycle, it identifies the actual and potential environmental impacts at each stage of the product, and accordingly develops strategies and targets to reduce environmental impacts. As the Group is not a final brand owner, it adopts a cradle-to-gate approach. The management policies for each stage are as follows:

Stage	Implementation approach and results
Raw materials	▸ Hazardous Substance Management ▸ Sony Green Partner Environmental Quality Approval Program ▸ 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
R&D and design	▸ Obtain ISO 50001 energy management system certification ▸ 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 ▸ 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
Packaging	▸ 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 ▸ Reuse packaging materials to reduce the amount of packaging materials used and waste generated. In 2025, the Group recycled 548,141 units of packaging materials (anti-static trays)
Transportation	▸ Adopt "freight consolidation" approach according to the geographic regions of our customers and the load capacities of our carriers to enhance transportation efficiency

6.4.3 Hazardous Substance Management

The Group has established the "Hazardous Substance Management Procedures" and formed a Green Management Team to ensure compliance with international standards across R&D, design, procurement, and manufacturing stages. These standards include the EU Restriction of Hazardous Substances Directive (EU RoHS), Halogen-Free requirements, EU Registration, Evaluation, Authorisation and Restriction of Chemicals on Substance of Very High Concern (EU REACH SVHC), and the EU Waste Electrical and Electronic Equipment Directive (WEEE). This ensures compliance with domestic and international regulations as well as customer requirements on hazardous substance restrictions, while reducing environmental impacts associated with product-related activities. In 2025, a total of 32 product series were sent to external third-party organizations for hazardous substance testing, achieving a 100% compliance pass rate for hazardous substance requirements.

Hazardous Substance Management Measures

EU RoHS	EU REACH
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.	All our products conform to the requirements.
Halogen Free	**WEEE**
Conformity to customer requirements	All our products conform to the requirements for the recovery, reuse, and recycling of WEEE.

Hazardous Substance Management Stages

R&D

- **Review of New Product**
  - Control Standards of Hazardous Substances
  - Third-party hazardous substance inspection
  - Safety Data Sheet (SDS)

Manufacture

- **Incoming Quality Control**
  - Acceptance standards
  - Hazardous substance testin
- **Change Management**
  - Third-party hazardous substance inspection
  - Safety Data Sheet (SDS)
- **Annual Hazardous Substance Testing**
  - Products sent to independent third party for testing

Supplier management

- **Green Product Management System**
- **Third-party hazardous substance inspection**
- **Safety Data Sheet (SDS)**

6.5 Environmental Investments

To analyze the Group's environmental protection costs and benefits as an important basis for decision-making, the following environmental protection costs and environmental benefits are categorized in accordance with Taiwan's Ministry of Environment "Industrial Environmental Accounting Guidelines."

(unit: NT$)

Cost breakdown		Description	2022	2023	2024	2025
Operating cost	Pollution prevention cost	Wastewater processing	3,581,765	3,273,687	2,938,570	4,342,119
		Empty the septic tank	400,000	498,750	498,750	514,500
	Cost of sustainable use of resources	Waste disposal	938,952	4,509,536	4,748,965	4,601,621
	Global environmental protection costs	Purchase renewable energy	1,252,506	3,911,882	7,899,128	18,307,113
Management costs		Management system verification	299,250	446,250	345,450	387,450
		Effluent quality testing	36,750	45,528	27,468	254,020
		Greening and beautification	422,000	100,000	200,000	104,200
Social activity costs		Utilization of the farm environment	1,876,636	1,955,247	1,349,345	1,400,584
		Environmental protection activities	1,006,455	1,032,935	836,269	827,475
Total			9,814,314	15,773,815	18,843,945	30,739,082

(unit: NT$)

Benefits breakdown		Description	2022	2023	2024	2025
Cost savings	Energy conservation plan	Estimated water/ electricity charges saved	411,440	2,486,831	1,911,647	6,127,917
	Waste recycled/ reused	Revenue from recycling	137,338	3,238,184	3,774,798	6,074,394
		Resale of anti-static trays	4,315,382	4,406,662	2,632,705	1,455,864
Total			4,864,160	10,131,677	8,319,150	13,658,175

7. Employee Care

7.1 Employment Overview

7.1.1 Employee Structure

In 2025, the total number[7] of employees of Phison Electronics (Group-wide) was 4,913, an increase of 116 employees compared to the previous year, representing a growth rate of approximately 2.4%. The increase in personnel mainly came from SStek, MaiStorage, and Jiaxin Electronics. Within the disclosure scope of this report, the total number of employees at Phison Electronics Taiwan and SStek is 4,558, accounting for 92.8% of total employees. This includes 3,246 R&D personnel, 157 sales personnel, 397 production line personnel, 241 administrative support and management personnel, and 517 production support personnel.

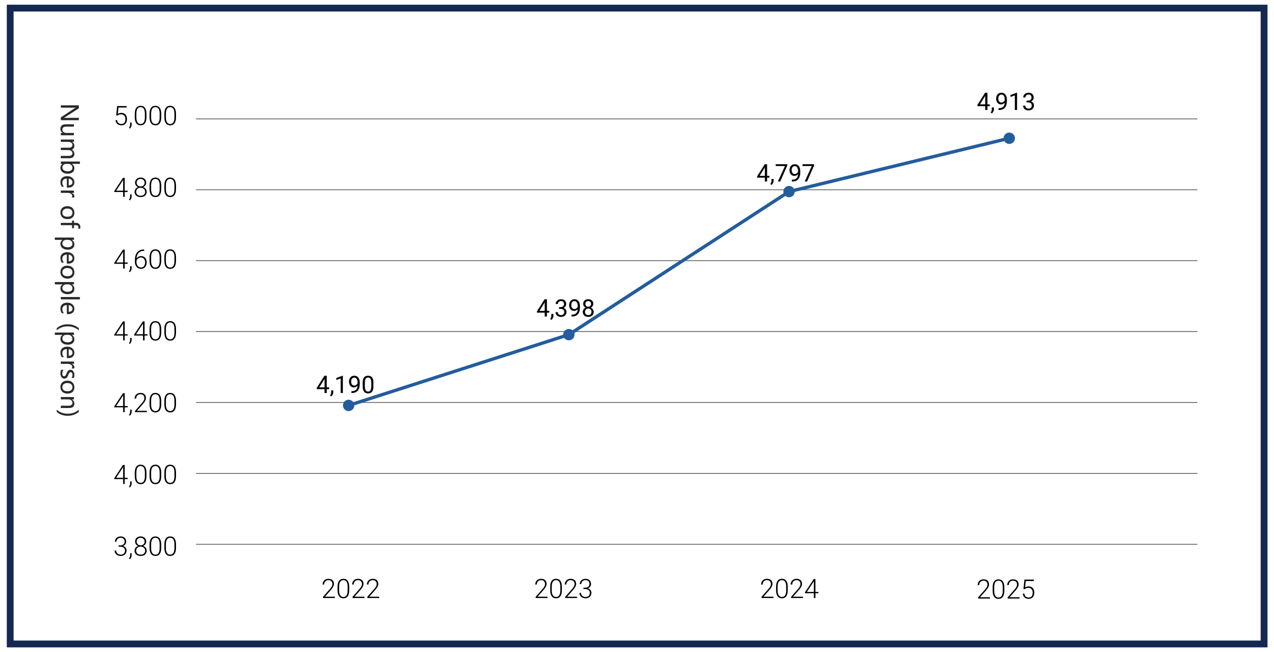
[7] All personnel data in this report is based on the number of active employees as of December 31 of the reporting year. In 2025, the Group's total headcount includes Phison, PJP, USA, SStek, OSTEK, Nextorage, MaiStorage, Xiamen Jiaxin, Power Storage Technology (Shenzhen), and Phison India.

2025 Group Headcount Analysis

(unit: NT$)

Name of Organization	Taiwan			Overseas	Total
	Phison	OSTEK	SStek		
Male	3,032	11	234	239	3,516
Female	944	29	348	76	1,397
Total	4,598			315	4,913

Group Headcount Statistics



As of the end of 2025, Phison Electronics Taiwan and SStek had a total of 4,558 employees, including 4,478 full-time employees and 80 temporary employees (fixed-term contracts). By employment type, this includes 4,543 full-time employees, 15 part-time employees, and 0 employees with no guaranteed working hours. The Group's employee gender composition is 72% male and 28% female. The number of employees requiring work visas in their country of employment is 367, representing 8.05% of total employees. In addition, certain functions of the Group are outsourced to contractors, such as office and facility security, cleaning staff, and employee cafeteria service providers. As of the end of 2025, the total number of such external workers was 732, with no significant changes in outsourced workforce over the past three years.

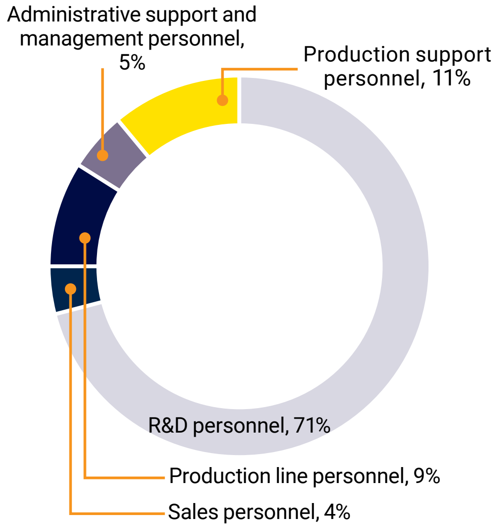
Total number of employees by function and diversity indicators as of the end of 2025

(unit: person)

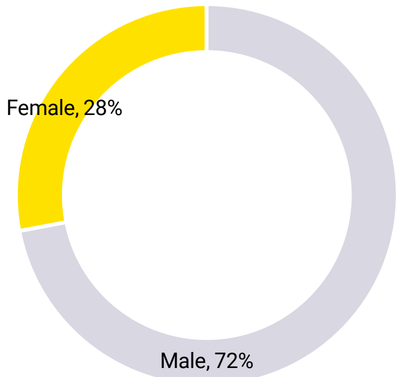
By Function		Production Line	Sales	R&D	Administrative Support and Management	Production Support	Total
Total number of employees by function		397	157	3,246	241	517	4,558
Total number of employees by function as a percentage of all employees (%)		9%	3%	71%	5%	11%	100%
Diversity indicators							
Gender	Male	146	32	2,705	102	281	3,266
	Female	251	125	541	139	236	1,292
	Others	0	0	0	0	0	0
Age	Under 30	120	27	894	25	58	1,124
	30-50	257	128	2,306	183	432	3,306
	Over 50	20	2	46	33	27	128
Indigenous Status		0	0	0	2	0	2
Disability Status		2	0	6	19	2	29
Educational background	Ph.D.	0	0	33	0	2	35
	Master's degree	3	38	2,755	87	104	2,987
	Higher education	212	118	458	139	366	1,293
	Secondary education	168	1	0	15	42	226
	Primary education	14	0	0	0	3	17
Nationality	Domestic nationality	177	149	3,156	236	473	4,191
	Foreign nationality	220	8	90	5	44	367

Note 1: Foreign employees refer to employees who are required to obtain a work visa in the country of employment.

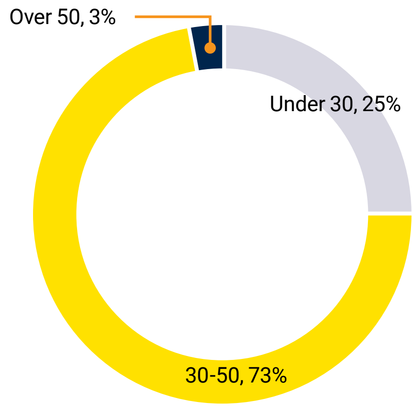
Functional Category Statistics



Gender Statistics



Age Statistics



Employee structure at the end of 2025

(unit: person)

Employment type	Gender	Number of people
All employees	Male	3,266
	Female	1,292
	Subtotal	4,558
Regular employees	Male	3,217
	Female	1,261
	Subtotal	4,478
Temporary employees	Male	49
	Female	31
	Subtotal	80
Full-time employees	Male	3,262
	Female	1,281
	Subtotal	4,543
Part-time employees	Male	4
	Female	11
	Subtotal	15
Employees without guaranteed working hours	Male	0
	Female	0
	Subtotal	0

By nationality, Taiwanese employees account for the highest proportion at 91.9%, followed by employees from the Philippines. The third and fourth highest proportions are Malaysian and Vietnamese employees, respectively.

Nationality	Taiwan	Philippines	Malaysia	Vietnam	Others
Percentage of total workforce (%)	91.95	3.69	2.06	1.12	1.18
Percentage of all management positions (%)	95.55	0.11	3.69	0.22	0.43

Among full-time employees in Taiwan, the proportion of female managers is 19.98%. Within entry-level management, female managers account for 21.67%, within mid-level management 17.89%, and within senior management 15.07%. In revenue-related departments, female managers account for 17.56%.

Compared with the original 2025 targets, only the target for women in STEM-related roles has been achieved for the parent company alone. To address changes in the data scope and reflect overall Group trends, the Group has reset its 2030 targets. The Group will continue to uphold the principles of inclusiveness and diversity and pursue ongoing improvement.

Percentage of female workers

Category	2025			2030 Target Percentage
	Phison	SStek	Total	
Percentage of female employees (%)	23.74	59.79	28.35	28
Percentage of female supervisors (%)	18.15	48.21	19.98	20
Percentage of female entry-level managers (%)	18.93	57.5	21.67	21
Percentage of female mid-level managers (%)	17.52	27.27	17.89	18
Percentage of female senior managers (%)	14.71	20	15.07	16
Percentage of female managers in revenue-related units (%)	15.74	48.94	17.56	18
Percentage of female workers in STEM-related roles (%)	16.67	0	16.67	16.5

Note 1: Senior executives include the CEO, President, Vice President, Technical Vice President, Senior Director, Director, Deputy Director, and Senior Special Assistant.
Note 2: Mid-level management includes Senior Managers, Department Managers, and Assistant Department Managers.
Note 3: Entry-level management includes Managers, Assistant Managers, Team Leaders, Assistant Team Leaders, Section Managers, and Assistant Section Managers.
Note 4: Revenue-related departments exclude administrative functions (e.g., administration, legal, finance, shareholder services, investment, headquarters management, and operations management).
Note 5: Employees engaged in STEM-related roles are defined as R&D engineers involved in innovation and system product development.

Employee Absenteeism Rate

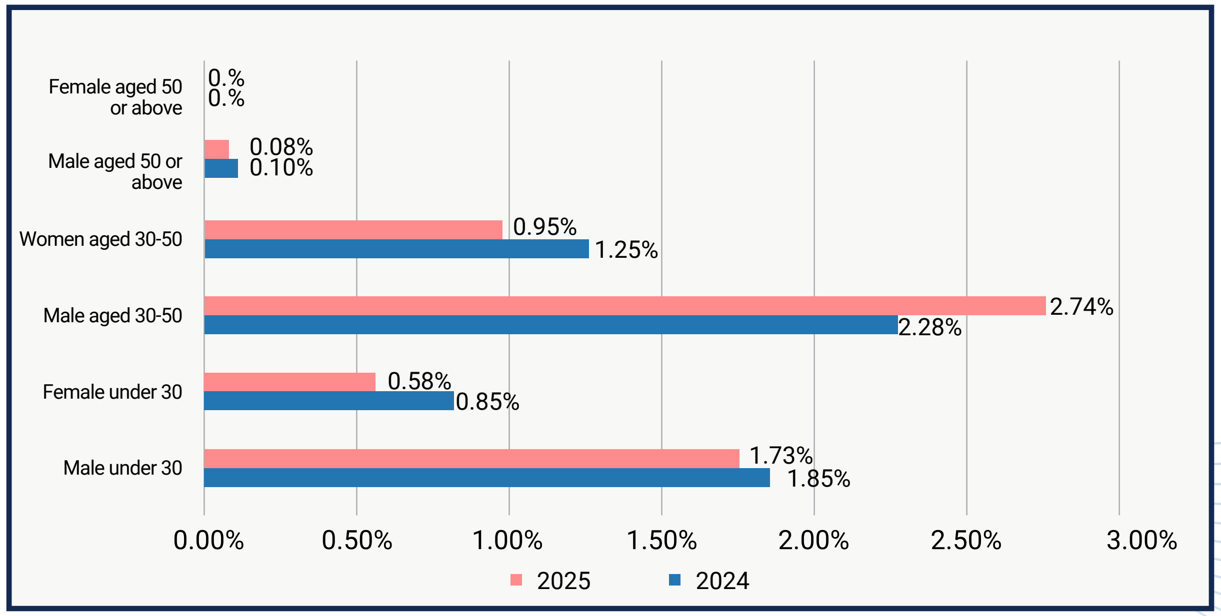
Year	2022	2023	2024	2025
Absenteeism Rate	0.95%	0.89%	0.76%	1.27%

Note 1: Absenteeism rate = (number of absent days during the accounting period / total planned working person-days during the accounting period) × 100.
Note 2: Absenteeism includes sick leave, personal leave, and work-related injury leave, and excludes adjusted annual leave, official business trips, maternity leave, and paternity leave.
Note 3: The Group's absenteeism rate target is ≤2%.

7.1.2 New Hire and Turnover Rates

In 2025, among domestic full-time employees, a total of 609 were newly hired, representing a new hire rate of 13%. This includes 312 male and 297 female employees. During the same period, a total of 569 domestic full-time employees left the Group, representing a turnover rate of 12%, including 301 male and 268 female employees. As SStek is included in the statistics for the first year, no comparative data is available. When comparing only the parent company over the past two years, in 2025, male turnover consisted of 69 employees under 30 years old, 109 employees aged 30-50, and 3 employees aged over 50; female turnover consisted of 23 employees under 30 years old, 38 employees aged 30-50, and 0 employees aged over 50. In terms of rates, except for male employees aged 30-50, which increased slightly by 0.46 percentage points compared with the previous year, all other categories showed a slight decrease. The overall turnover rate also decreased slightly by 0.3 percentage points.

Turnover Trend Analysis

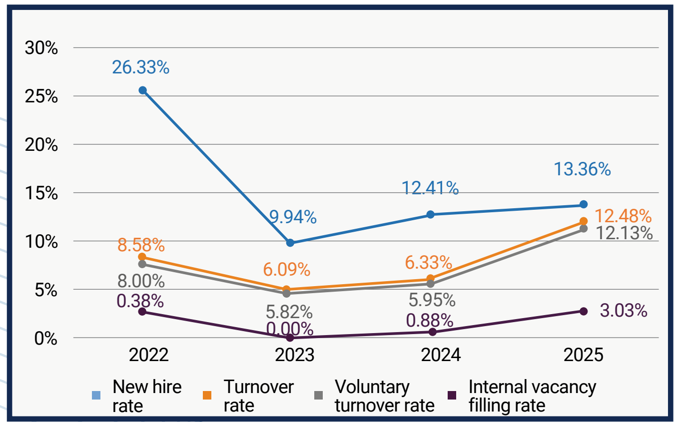


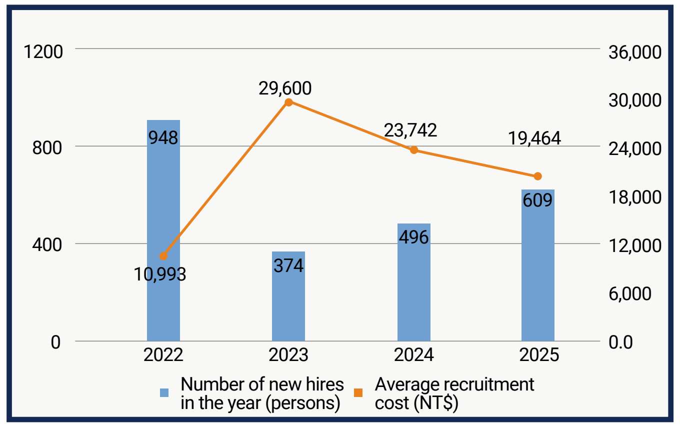
Total number and percentage of new hires in 2025

Gender	Age	Number of people	New hire rate (%)
Male	Under 30	188	10%
	30-50	119	
	Over 50	5	
	Subtotal	312	
Female	Under 30	171	23%
	30-50	122	
	Over 50	4	
	Subtotal	297	
Total		609	13%

Total number and percentage of employees who resigned in 2025

Gender	Age	Number of people	Turnover rate (%)
Male	Under 30	131	9%
	30-50	165	
	Over 50	5	
	Subtotal	301	
Female	Under 30	134	21%
	30-50	130	
	Over 50	4	
	Subtotal	268	
Total		569	12%





Note 1: New hire rate = number of new hires during the year / total number of employees at the end of the year × 100.
Note 2: Turnover rate = number of employees who resigned during the year / total number of employees at the end of the year × 100.
Note 3: Voluntary resignation: refers to employees who voluntarily choose to leave the company (e.g., resigning, retiring, or taking early retirement).
Note 4: Voluntary turnover rate = number of voluntary resignations during the year / total number of employees at the end of the year × 100.
Note 5: Internal vacancy filling rate = number of positions filled by internal employees during the year / total number of vacancies during the year × 100.

7.2 Talent Attraction and Retention

Name of Material Topic	Talent Attraction and Development
Significance and Materiality to the Organization	▸ High-quality talent is a key driver of corporate growth and the foundation for building sustainedcompetitiveadvantageandachievingsustainableoperations.Awell-developed career development framework enhances employee satisfaction, reduces recruitment and retraining costs associated with turnover, and supports the internal development of successors for key positions, thereby ensuring business continuity and stability
Management Approach	
Policy and Commitment	▸ The Group evaluates and administers employee performance in accordance with the "Salary Management Procedures" and the "Regulations Governing Employee Performance Assessment," to support personnel promotion, bonus and incentive distribution, annual salary adjustments, and related human resource development assessments. In addition, the Group has established planning, implementation, assessment, and qualification certification procedures for various training programs in accordance with the "Education and Training Management Procedures." The Group is committedtoprovidingcompetitivecompensationandbenefits,whilealsoimplementing human rights protection, training systems, and performance evaluation mechanisms, in ordertoattractstrongemployeeengagementandfostermutualgrowthwiththeCompany
Long-term Targets	▸ Employee Retention Rate ≧ 90% ▸ Talent Recruitment Rate ≧ 10 times ▸ Employee training satisfaction remains above 94 points ▸ The average number of hours of management training received by supervisors is no less than 10 hours
Performance	▸ The median salary of full-time non-management employees is NT$2,469 thousand, and the average salary is NT$2,862 thousand ▸ Total training expenditure amounted to NT$4,080,824. A total of 839 courses were conducted, with an average satisfaction score of 92.25 points ▸ The average training hours per employee reached 17 hours ▸ The average number of management training hours received by supervisors was 14.6 hours
Responsibility	▸ HR Department
Grievance Mechanism	▸ Ms. Wang/Ms. Wu, HR Department: wecan_8080@phison.com ▸ Anonymous Feedback Box
Action Plan	▸ The Group references industry salary survey data and evaluates annual salary adjustment levels based on operational performance, continuously enhancing employee benefits and salary competitiveness ▸ Employee surveys are used to track the effectiveness of various improvement initiatives, while maintaining open and effective labor-management communication channels. This helps create an inclusive, friendly, and healthy working environment and enhances employees' sense of identification with the Company ▸ The Group has joined the "TALENT, in Taiwan" initiative, jointly advocating the principle of "companies safeguarding talent and contributing future capabilities to universities." ▸ Through gap analysis, the Group identifies the differences between expected targets and actual performance, and develops annual training plans and department-specific professional training programs (including onboarding training) based on organizational and departmental functional requirements. By continuously enhancing employees' professional competencies, the Group aims to create greater workplace value and individual competitiveness ▸ Strengthen online learning programs to enhance employees' motivation for continuous learning
Processes/Evaluation Mechanisms Used to Track the Effectiveness of Actions	▸ Annual salary levels disclosed on the MOPS ▸ Employee retention rate ▸ Number of employee complaints ▸ Training course satisfaction feedback ▸ Employee survey satisfaction level

7.2.1 Promotion of Diversity and Inclusion

Establishing a workplace that embraces Diversity, Equity, and Inclusion (DEI) enables employees with diverse backgrounds and characteristics to have a voice, express their ideas, and fully leverage their capabilities, while also allowing them to participate more deeply in corporate growth and decision-making. This enhances their sense of belonging to the organization and has a significant impact on talent retention. At the same time, job seekers are increasingly prioritizing corporate DEI performance and consider it an important factor when deciding whether to join an organization.

The Group is committed to enhancing workplace inclusiveness and develops targeted action plans for different groups, aiming to ensure that employees from diverse backgrounds are accepted and supported in the workplace.

Note: DEI is an acronym for Diversity, Equity, and Inclusion.

Target Group	Actions to Improve Employee Diversity
Female Workers	▸ In promoting "Women in R&D," the Group continues to invest relevant resources to support women in breaking traditional occupational stereotypes and encourages students through activity-sharing initiatives. From 2023 to 2025, in corporate visits co-hosted with National Yang Ming Chiao Tung University, outstanding female alumnae were invited to share their experiences and journeys in both academic and professional careers. In addition, during the 2025 campus recruitment activities, female managers were actively invited to participate. Through their role as positive role models, female students were encouraged to pursue future careers in the industry and realize their potential
Persons with Disabilities	▸ The Group continues to invest resources in safeguarding employment opportunities for persons with disabilities. In 2025, it was recognized by the Miaoli County Government as an outstanding organization for employing persons with disabilities, receiving the "Inclusive and Friendly Award." Going forward, in addition to continuously recruiting employees with disabilities through existing recruitment channels, the Group will also redesign job roles to provide suitable work content for employees with disabilities. The Group will maintain cooperation with relevant social welfare organizations to match job opportunities for persons with disabilities in need of employment services, and will actively collaborate with local government labor departments and vocational training institutions to refer suitable candidates with disabilities
Foreign Nationals	▸ To attract more international talent, the Group has actively collaborated with renowned overseas universities in recent years to conduct online recruitment information sessions. It has also participated in overseas talent recruitment events organized by the Ministry of Economic Affairs and aligned with government policy directions to recruit talent from abroad ▸ In terms of industry-academia collaboration, the Group has also signed overseas "Industry-supported Talent Development Degree Programs" with National Taiwan University and National Yang Ming Chiao Tung University. Through these collaborations, global students are recruited to study in Taiwan, with the Company providing living stipends and offering employment opportunities upon graduation. Through this collaboration, outstanding international students have been recruited to study in Taiwan, with the expectation that they will remain in Taiwan after graduation and contribute their expertise ▸ The Group continues to provide comprehensive support, including work permits, banking services, accommodation, and medical assistance, to create a welcoming and supportive environment for talent retention, enabling foreign professionals to live and work comfortably in Taiwan

7.2.2 Salaries and Benefits

In the highly competitive semiconductor industry, high-quality talent is essential for the Group to deliver high-quality products and services and sustain corporate innovation. Therefore, how to recruit and retain high-quality talent is regarded as a key issue for the Group. In response to the talent shortage in the semiconductor industry, the Group actively promotes industry-academia collaboration and participates in university career fairs, while also targeting overseas Chinese students studying in Taiwan, in an effort to attract more outstanding international talent. For existing employees, the Group continuously develops individual professional competencies to enhance employees' workplace value and personal competitiveness, while also achieving the goal of strengthening the Group's overall competitiveness.

The Group determines employee compensation based on job responsibilities, task complexity, professional knowledge, experience, and skills, while also taking into account industry salary levels to ensure fair remuneration. Compensation is not influenced by differences in gender, religion, race, or political affiliation. The Group's incentive compensation is distributed in the form of cash bonuses and employee remuneration, both paid twice a year, to encourage continuous employee contributions.

Salary Statistics Table

Unit: NT$ thousand

Year	Employee benefit expenses	Total salary of full-time non-management employees	Number of full-time non-management employees	Average salary of non-management full-time employees	Median salary of non-management full-time employees
2022	8,219,184	6,893,922	3,270	2,108	1,894
2023	8,928,132	7,352,255	3,639	2,020	1,784
2024	12,152,266	9,553,085	3,783	2,525	2,137
2025	12,677,915	11,212,216	3,917	2,862	2,469
Growth rate	+4.33%	+17.37%	+3.54%	+13.35%	+15.54%

Note 1: The data scope covers Phison Electronics only, excluding subsidiaries.
Note 2: Employee benefits include salaries, employee insurance (labor insurance, national health insurance, and group insurance), retirement benefits (old and new pension schemes), meal allowances, and employee welfare benefits (welfare committee-related subsidies and allowances).
Note 3: The ratio of the CEO's total annual remuneration (including fixed and variable remuneration) to the median annual remuneration of all employees excluding the CEO is 26 times. The ratio of the percentage increase in the CEO's total annual remuneration to the median of the average percentage increase in total annual remuneration of all employees excluding the CEO is 0.5.

Gender Pay Equality

The Group is committed to merit-based employment. Recruitment and remuneration decisions prioritize capability regardless of gender. For employees with no prior work experience at the same job grade and position, female and male employees receive the same remuneration standards. Differences in total remuneration among employees are mainly driven by factors such as education, experience, tenure, job function, job grade, and performance. In addition, under current macro-environment constraints, graduates from relevant disciplines and industry practitioners are predominantly male. Differences in professional tenure and department function also affect overall remuneration. For managers at the same job grade, total remuneration in the R&D Department (which is predominantly male) may be higher than in other administrative departments (which are predominantly female), thereby resulting in a gender pay gap.

Job Function	Male	Female
R&D	1	0.82
Sales	1	0.84
Production Line	1	0.96
Administrative Support and Management	1	0.75
Production Line Technical Support	1	0.88

Job Grade	Male	Female
Salary of top executives	1	0.86
Remuneration of top executives	1	0.68
Salary of mid- and entry-level managers	1	0.74
Remuneration of mid- and entry-level managers	1	0.68
General personnel	1	0.70

Note 1: Senior executives include the CEO, President, Vice President, Technical Vice President, Senior Director, Director, Deputy Director, and Senior Special Assistant.
Note 2: Mid-level management includes Senior Managers, Department Managers, and Assistant Department Managers.
Note 3: Entry-level management includes Managers, Assistant Managers, Team Leaders, Assistant Team Leaders, Section Managers, and Assistant Section Managers.
Note 4: The above salary statistics exclude 19 employees on unpaid leave.

Employee benefits for full-time employees (excluding temporary or part-time employees)

The Group recognizes the importance of work-life balance and caregiving responsibilities. It is committed to creating a family-friendly and supportive workplace that promotes marriage and childcare support. To meet employees' needs for childcare and eldercare, the Group provides three days of fully paid family care leave per year and has fully implemented a flexible working arrangement starting in 2025. Employees with special family caregiving needs may submit an application to their supervisor. Upon approval, a case-by-case work-from-home arrangement may be implemented.

In addition, the parent company provides maternity subsidies to encourage childbirth, offering NT$20,000 for the first child, NT$30,000 for the second child, and NT$60,000 for the third child, with the aim of alleviating employees' financial burden. In 2025, a total of NT$3,680,000 in maternity subsidies was disbursed. The Health Center also periodically organizes parenting and child-rearing seminars. In addition, employees may access the EAPs to receive free family counseling services, helping clarify issues in parent-child relationships and develop effective parenting skills and communication strategies.

Item	Statutory standard	Phison policy
Holidays and leave	According to the amended enforcement rules of the Labor Standards Act, the number of national holidays has been reduced to 12 days.	Phison give an extra 7 days of leave in lieu.
Annual paid leave[8]	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 leave in advance, those having worked for 1 year or more will be granted 8 days of annual paid leave.
Family care leave	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.
Paid miscarriage leave	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.
Consultation services	No regulations	Offers EAPs, free counseling and legal or financial consultation services.
Flexible working hours	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.
Work from home	No regulations	Whenever needed, employees may apply to their supervisor for working from home on a project by project basis.
Bonuses	No regulations	Bonuses during the three holidays; birthday bonus; travel allowance; group meal subsidies; language learning subsidies; scholarships and grants; and subsidies for childbirth, marriages, injuries and illness, and funerals. In 2025, bonuses totaling NT$100,952,085 were distributed.
Medical insurance	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.
Accident insurance	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.
Accompanying prenatal check-up and paternity leave	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.
Employee stock ownership trust	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.

[8] 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 leave 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.

Diverse Activities

The Group encourages diverse employee club activities. According to internal regulations, each club must consist of at least 25 employee members (from each company). The establishment of a club requires approval by resolution of the Employee Welfare Committee members and the chairperson. Upon formation, the club must openly recruit members for at least one week. In 2025, a total of NT$1,581,093 was allocated as club subsidies.

The Group formulates its annual activity plan based on the available employee welfare fund budget, employee feedback, and the Company's operational direction. In 2025, a total of 7 themed events were held to enrich employees' experiences beyond work and enhance their overall well-being.

Name of event	Activity contents	Number of participants
Icelandic Wool Craft Workshop	▸ The Icelandic Wool Craft Workshop is designed to be beginner-friendly and focuses on relaxation and well-being. Through the knitting process, it effectively relieves stress and promotes a sense of mental calmness and inner peace. We specially invited a professional instructor with 10 years of hands-on craft teaching experience to guide employees step by step. Using only a cushion insert and two strands of Icelandic wool as simple materials, participants hand-knitted a small cushion that combines practicality with a warm and comforting texture. The course is easy to follow and highly engaging, providing a strong sense of achievement, and has been well received by employees	390
Celebrity Lecture - Lee Yang: "What Badminton Taught Me"	▸ This year, for the first time, the Group organized a celebrity lecture, inviting two-time Olympic gold medalist in men's badminton doubles, Lee Yang, to draw on his 17-year athletic career and share how he stayed true to his original aspirations through periods of adversity and challenges. Through his perseverance motto, "Never give up until the shuttlecock hits the ground," Lee Yang encouraged employees to maintain their conviction when facing life's challenges, continuously break through limitations, and achieve new peaks. The lecture received an enthusiastic response, with registration was fully booked immediately upon opening. Therefore, a simultaneous online livestream was arranged to enable more employees to participate	220
Celebrity Lecture - "the Beast" Lin Chih-Chieh: "The Marathon Journey: From Amateur to Elite"	▸ In light of the strong popularity of the Group's running activities, the Group organized a session featuring World Marathon Majors "Six Star Medal" recipient Lin Chih-Chieh, who shared his marathon journey and experiences. Even shortly before the lecture, he had just completed the Sydney Marathon, which has been recognized as the world's seventh major marathon, Lin Chih-Chieh. Lin Chih-Chieh centered his sharing on the idea that "doing repetitive things every day will gradually make you stronger." While balancing night-shift work and family responsibilities, he maintained a monthly running mileage of up to 700 kilometers, demonstrating exceptional discipline and perseverance beyond the ordinary. His unwavering spirit of perseverance has served as a highly inspiring source of positive energy for employees in planning work-life balance in both their professional and personal lives	100
2025 Phison Electronics Family Day	▸ To celebrate Phison Electronics' 25th anniversary, the "PHISON GAME" themed event featured a series of activities, including carnival-style booths, team competitions, parent-child interactive games, and live performances by invited entertainers. The Employee Welfare Committee specially organized a large-scale team competition with the highest-ever prize of NT$80,000. With diverse challenge designs, teams competed intensely, fully demonstrating teamwork and fighting spirit. In addition, a "baby crawling race" was held for the first time, adding a warm and heartwarming atmosphere to the Family Day event. The scale and content of the event surpassed previous editions, blending excitement and warmth, and successfully attracted enthusiastic participation from Phison employees. Long-tenured employees receiving awards were presented in a relay-style ceremony, wearing commemorative jackets marking the 25th anniversary. This symbolized the passing on of experience and the continuity of corporate spirit. In addition, the Group invited the Miaoli Association for the Visually Impaired to provide massage services, integrating corporate social responsibility into the event. The Group aims to strengthen employees' consensus and cohesion through the Family Day event, and encourages employees to enjoy the park activities with their families, relax both physically and mentally, and relieve daily work-related stress.	4,500

▸ Phison Electronics Family Day

▸ Icelandic Wool Craft Workshop

▸ Celebrity Lecture - Lee Yang

▸ Celebrity Lecture - Lin Chih-Chieh

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 full-time 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, expired milk, yogurt drink, and the milk beverage Yakult collected from employees, 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 2025, Phison Farm input a total of NT$1,955,247 and harvested a total of 18,823 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 5,955 packs of fruits and vegetables were distributed to employees in 2025. 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 Group has established the "Regulations Governing Employee Retirement," which covers all formally employed employees. In compliance with Taiwan's "Labor Standards Act," the Group adopts a defined benefit plan, and in accordance with the "Labor Pensions Act," adopts a defined contribution plan. The Group also makes pension reserve provisions in accordance with legal requirements (approximately NT$78,000,000) to ensure employees' future entitlement to retirement benefits.

Classification	Phison	SStek
Pension (Old Scheme) Contribution Rate (%)	3.92	2.4
Pension (New Scheme) Self-contribution Rate (%)	22.71	5

Welfare funds	Approach	Pension fund status for the current year
Defined Benefit Plan	▸ In accordance with the "Labor Standards Act," pension benefits are calculated based on employees' years of service and the average salary of the six months prior to retirement. Pension contributions are deposited under the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve into the Company's dedicated account at Bank of Taiwan	▸ The Group contributes 2% of total employee salary each month to the employee pension fund
Defined Contribution Plan	▸ In accordance with the Regulations Governing Employee Retirement established under the "Labor Pensions Act," pension contributions are allocated to individual retirement pension accounts maintained by the Bureau of Labor Insurance	▸ The Group contributes 6% of employees' monthly salary to the pension fund

Unpaid Parental Leave

The Group, in accordance with the local laws and regulations including the "Gender Equality in Employment Act" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children," has established eligibility conditions and application procedures for parental leave in its "Regulations Governing Unpaid Retention and Suspension," thereby ensuring employees' right to take parental leave. Employees who have been employed for at least six months and whose youngest child is under three years old may apply for leave. The maximum duration of the leave is up to two years. In 2025, the Group's return-to-work rate following parental leave was 77%, and the retention rate one year after return was 69%. A few employees left the Company due to personal career planning considerations.

Analysis of Employees on Parental Leave

Year	2024			2025		
Category	Male	Female	Total	Male	Female	Total
Employees eligible for unpaid parental leave in the current year (A)	166	52	218	132	258	390
Number of employees who actually applied for unpaid parental leave in the current year (B)	2	18	20	3	23	26
Number of employees expected to return from unpaid parental leave in the current year (C)	2	15	17	2	24	26
Number of employees who actually returned from unpaid parental leave in the current year (D)	2	11	13	1	19	20
Number of employees who actually returned from unpaid parental leave in the previous year (E)	2	10	12	2	14	16
Number of employees who remained employed 12 months after returning from unpaid parental leave in the previous year (F)	2	6	8	2	9	11
Unpaid parental leave application rate (%) (=B/A)	1%	35%	9%	2%	9%	7%
Reinstatement rate (%) (=D/C)	100%	73%	76%	50%	79%	77%
Retention rate (%) (=F/E)	100%	60%	67%	100%	64%	69%

Note: The 2024 data scope covers Phison Electronics only, while SStek is included in the 2025 scope. Therefore, the number of employees who actually returned from unpaid parental leave in the current year (D) for 2024 is not comparable with the number of employees who actually returned from unpaid parental leave in the previous year (E) for 2025.

7.2.3 Human Rights Management

The Group adheres to and recognizes internationally accepted human rights standards, including the "International Bill of Human Rights," the "International Labor Organization Declaration of Fundamental Principles and Rights at Work," and the "Ten Principles of the United Nations Global Compact." The Group has established a "Human Rights Policy" approved by the Chairman and takes actions consistent with the "RBA Code of Conduct," treating all workers in its operations with dignity and respect.

The Sustainability and Risk Management Committee serves as the Group's highest internal body for human rights management, while the HR Department regularly conducts human rights due diligence and ongoing human rights monitoring. The Group's Human Rights Policy explicitly prohibits child labor and forced labor, eliminates unlawful discrimination, and ensures equal employment opportunities. It is also committed to creating a workplace that encourages open communication among employees and provides a safe and healthy working environment. We are committed to eliminating all forms of unlawful discrimination based on personal attributes, including gender, sexual orientation, race, nationality, religion, political affiliation, age, marital status, socioeconomic status, family status, disability, and appearance. The Group ensures equal rights for employees and guarantees decent work for all. All employees are required to complete human rights-related training annually. In 2025, the total human rights training hours reached 7,944 hours, with a 100% completion rate.

Company	Phison Electronics	SStek
Human rights training hours (hours)	7,376	568
Completion rate	100%	100%
Average training hours per person (hours)	1.86	0.98

Human rights incidents and improvement measures in 2025

Human rights items	Number of cases accepted	Number of cases accepted for investigation	Number of cases established	Number of cases closed	Cause of the incident	Improvement measures or actions
Workplace Bullying	2	2	0	2	Case 1: Psychological stress caused by uncomfortable language	Strengthen relevant training programs (communication skills, people management and supervisory practices, and unlawful workplace harassment prevention, etc.). Issue a verbal warning and require submission of a corrective action plan. In the event of recurrence (if a complaint is filed again), the individual will be required to undergo management counseling and be subject to disciplinary actions in accordance with Company regulations
					Case 2: Psychological stress caused by uncomfortable interpersonal interactions	Strengthen relevant training programs (communication skills and prevention of unlawful workplace harassment, etc.). If issues such as poor communication, differences of opinion, or inappropriate behavior occur among employees in the workplace or during work interactions, employees are encouraged to report them to supervisors, medical staff, or human resources units so that problems can be identified early and assistance can be provided promptly
Sexual Harassment	1	1	1	1	Psychological distress caused by inappropriate verbal behavior and physical contact.	Strengthen relevant training programs. Job adjustment. Disciplinary actions shall be taken in accordance with Company regulations.

Internal Human Rights Risk Assessment

To implement the "Human Rights Policy," the Group has established a human rights due diligence process. On an annual basis, it identifies potential human rights risk issues by reviewing domestic and international human rights-related information, relevant labor regulations in Taiwan, and the RBA Code of Conduct. The Group further identifies affected stakeholders and sources of risk, and, based on risk assessment results, reviews corresponding management practices and formulates or adjusts risk mitigation measures. Follow-up improvement actions and subsequent tracking are also conducted to effectively control and reduce the impacts of human rights risks and ensure the achievement of management objectives.

Please refer to the official website for the Human Rights Policy

Due Diligence Process

Human rights risk identification	Risk Assessment	Risk mitigation and compensation	Improvement tracking	Regular review
Compile a list of potential risk issues that impact human rights through international human rights regulations, labor-related laws and regulations in Taiwan, and the Responsible Business Alliance Code of Conduct, etc., and identify issues of major concern Identify those potentially at risk of human rights impacts	Evaluate the human rights risk ratio of each issue of major concern	Develop and implement risk mitigation measures for issues with human rights risks Plan and implement compensation measures for issues with actual impact Confirm implementation results	Reveal the human rights due diligence results. Track the risk improvement status of each potential issue	Review risk assessment tools and processes to improve the human rights due diligence mechanism Review relevant procedures and management operations to continuously optimize the management of human rights risks

Internal Human Rights Management Practices and Performance

The Group has established the "Regulations Governing Internal and External Communication and Complaint and Report Management," which apply to all employees of the Group as well as external personnel who have business dealings with or maintain any stakeholder relationship with the Group. If any of the above personnel experience or become aware of any unlawful infringement, discrimination, improper disciplinary action, violations of integrity and ethical conduct, privacy breaches, or intellectual property violations, they may submit complaints through existing identified channels or the "Anonymous Feedback Box." All complaints are immediately reported to the designated management representative of the Sustainability and Risk Management Committee, followed by an investigation. All cases may only be closed upon approval by the management representative. In 2025, the Group received a total of 25 submissions through the Anonymous Feedback Box, all of which were fully addressed and forwarded to the responsible departments for follow-up improvements and management adjustments.

Item	Quantity
Etiquette and Courtesy	1
Company Event Feedback	1
Transportation Issues	3
Production Line Environment	6
Leadership and Management	1
Company Environment	10
Attendance/ Overtime Regulations	3
Total	25

In 2025, the Group achieved a 100% compliance rate in internal RBA human rights audits. The audit results have been submitted by auditors to the Sustainability and Risk Management Committee, enabling management to understand the implementation status of the human rights policy and related performance. In the future, the Group will continue to target a 100% compliance rate in the new annual cycle.

In addition to establishing a zero-tolerance policy against unlawful infringement, the Group also conducts annual internal and external training on the prevention of stalking and unlawful workplace harassment. All new hires and existing employees are required to complete the training, achieving a 100% training coverage rate. Given the prevalence of unlawful workplace harassment in contexts of power imbalance, Phison has additionally established a "Program on Illegal Infringement for Supervisors." The Group continuously invites supervisors to participate in training on "Workplace Unlawful Infringement Prevention," covering definitions, awareness, common cases, and preventive principles. It also integrates the "Employee Issue Identification" course to explain supervisors' roles, responsibilities, and obligations, indicators for identifying employee anomalies, internal referral and support systems, and the EAPs. Over the past three years, the participation rate of supervisors in the "Program on Illegal Infringement for Supervisors" has reached 92%.

In addition, the Group distributes unlawful workplace harassment survey questionnaires to employees after annual health examinations, aiming to identify risks early and support employees in coping with potential issues. In 2025, a total of 3,718 questionnaires were distributed and valid responses collected. Based on follow-up analysis, 0.1% of employees reported perceiving potential external harassment risks, while 0.86% reported perceived internal harassment risks. The types of harassment identified were mainly verbal and psychological abuse. Medical staff first inform employees of both internal and external available resources, and explain that the Company has established management procedures and complaint mechanisms for unlawful workplace harassment. If a formal complaint is submitted, it will be officially accepted and handled in accordance with the procedures.

Flowchart for Handling Unlawful Workplace Infringement Complaints

Incident occurs	Handle immediately	Record in writing	Report to the highest-level supervisor	Follow-up handling	Review and improve preventive measures	Retain the record
▶ A worker suffers unlawful infringement of rights	▶ Notify the health center (internal violence) ▶ Report to securities or police units (external violence)	▶ Fill out the Report Form for Unlawful Infringement of Rights in Workplace within 24 hours	▶ Convene relevant personnel to form a taskforce according to the pattern of the incident	▶ Conduct job adjustments or internal disciplinary actions Offer counselling ▶ Offer medical or legal assistances	▶ Analyze risk patterns and implement risk mitigation measures ahead of time	▶ Handling results and relevant records shall be retained on file for at least three years

Flowchart for Handling Sexual Harassment Complaints

Receive a sexual harassment complaint	Form a taskforce for investigation	Committee meet to make decisions	Follow-up handling	Appeal in disagreement of decision
▶ The complainant must file their complaint in writing and provide their name. The ex officio member shall confirm whether the case is accepte	▶ During the investigation, the privacy and other personality of both parties shall be protected, and the results shall be recorded in writing to be submitted to the Complaint Handling Committee	▶ The committee shall decide whether the case is established or not established. ▶ The results of the meeting shall be made into a written decision with reasons specified	▶ Established: Disciplinary actions and other proper handling shall be recommended, and the case shall be referred to relevant units for disciplinary actions or implementations as required by applicable regulations ▶ Not established: The committee shall complete investigation and review within two months and provide details of the decision, which shall be notified in writing to the complainant, counterparty, and their affiliation or temping agency	▶ If the complainant or the counterparty of the complaint disagrees with the decision, he/she may submit an appeal in writing with reasons specified within twenty days after receiving the written decision. The Complaint Handling Committee shall convene another meeting to handle the appeal.

Living Wage

Decent work is closely linked to wage levels. To ensure that employees' remuneration is sufficient to meet basic living needs with dignity, the Group adopts the concept of a "living wage" rather than a "minimum wage[9]" to regularly review whether labor compensation meets local basic living requirements. Through the implementation of living wage principles, the Group aims to foster better labor-management relations and enhance the stability of business operations.

By referring to the Taiwan's cost of living benchmark data published by Numbeo, the world's largest cost of living database, in December 2025, Phison estimated that the expected monthly expenses for a single individual in Taiwan amounted to NT$24,997 (excluding rent). In addition, according to the nationwide rental survey results announced by the Ministry of the Interior for September 2025, the median monthly rent nationwide was NT$9,008. Based on these figures, it can be roughly estimated that employees renting housing would require a monthly salary of at least NT$34,005 to meet the requirements for a decent standard of living. According to the review results, the wages of all full-time employees of Phison currently exceed the aforementioned amount. The Company will continue to monitor salary levels in the future to ensure the implementation of living wage standards.

9 Living wage refers to the wage level required to provide workers and their families with a decent standard of living, and only includes income earned within legally recognized working hours.

Supply Chain Human Rights Management

The Group manages human rights risks within the supply chain through supplier sustainability risk assessment questionnaires, RBA audits of key suppliers, and employee grievance channels within the supply chain management platform. The Group also applies human rights due diligence procedures and continuously strengthens human rights management in the supply chain by following a process of human rights risk identification, risk assessment, risk mitigation and remediation, improvement tracking, and regular review.

7.3 Talent Development and Training

7.3.1 Seven Major Training Frameworks

The Group continues to invest in talent education and training. The Human Resources Department formulates annual training plans and identifies the primary training recipients based on the Company's development strategies and the professional competency requirements of each department. In addition, the HR Department distributes employee needs assessment forms between August and September each year, allowing employees to evaluate the skills they need to enhance. The HR Department subsequently compiles the survey results and provides them to the supervisors of each department for reference. After collecting supervisors' feedback, the education and training plan for the following year is formulated and submitted to the CEO for approval.

The Group formulates its annual training plans based on seven major training categories, including new employee training, on-the-job/professional training, quality training, secondary skills training, occupational health and safety training, hierarchical training, and automotive system training. In addition, based on individual career development needs, the Group also provides self-development training and certification subsidies. All full-time employees of the Group may apply for annual external training subsidies based on their years of service to obtain certifications and degrees related to their job skills. Employees with three years of service or less are eligible for an annual subsidy of NT$20,000, those with more than three years up to five years are eligible for NT$30,000, and those with more than five years are eligible for NT$40,000. The total certification subsidy expenses in 2025 amounted to NT$229,430.

Course category	New employee training	On-job training	Quality training	Secondary skills training	Health & safety training	Hierarchy-based training	Vehicle system training
Training recipients	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 products
Course content	▶ Introduction of the Company's culture and personnel regulations ▶ Courses on the ISO series ▶ Courses on Responsible Business Alliance Code of Conduct ▶ Courses on Authorized Economic Operator ▶ Code of Conduct for employees (including topics on human rights and unlawful infringement)	▶ FW development and verification tool course ▶ Relevant algorithm computing teaching ▶ Flash application teaching ▶ Power management chip design series courses ▶ Introduction to the use of measuring instruments ▶ VMware vSAN series teaching	▶ Quality basic training ▶ ISO 9001 Quality Management System ▶ Quality continuous improvement training ▶ IATF 16949 Automotive industry quality management system ▶ ANSI/ESD S20.20: Protection of electrical and electronic parts ▶ Work environment management using the 6S strategy	▶ Problem analysis and resolution ▶ Work plan and accountability executive power (Employee Class) ▶ Leveraging communication skills to build a team ▶ Language training courses	▶ In-service employee OHS training ▶ OHS training for supervisors ▶ Self-defense fire organization training	▶ Finding employees' problems ▶ Work plan and accountability executive power (Supervisor class) ▶ Manpower efficiency (management) improvement project	▶ Training on the five core tools ▶ Phison in-vehicle products manual ▶ VDA 6.3 training ▶ ISO 26262 training ▶ ASPICE training ▶ Automotive awareness training

To evaluate training effectiveness, the Group conducts assessments based on the four levels of the Kirkpatrick Model: reaction, learning, behavior, and results. For non-online training courses, satisfaction questionnaires completed by trainees are used as the basis for subsequent improvements.

Plan - Annual training course	Do – Annual highlight training program	Check – Efficiency of training	Action – continuous improvement
▶ Formulate the training program for the following year by referencing the Company's business development strategy, the occupational competencies required by each department, and employees needs and supervisors opinions as specified on the employees needs survey questionnaire	▶ The highlight training program for 2020 onwards is on in-vehicle applications	▶ Evaluate the effective of training via written, oral, or practical examinations	▶ If an employee fails to meet the employee ability standards after training, he/she will be required to receive assistances for improvement within a specific period of time

7.3.2 Employee Development Plan

The Group encourages employees to participate in workplace operations and various projects, with the expectation that employees can develop new skills and accumulate more practical experience. Through diverse learning approaches, employees are encouraged to apply and enhance their professional skills, thereby driving the overall growth of individuals, teams, and the Company.

In addition to career development training for general employees, the Group also designs tailored career training programs for management personnel. From training for newly appointed supervisors and development programs for mid-level managers to strategic leadership training for senior executives, each stage is supported by clearly defined competency blueprints and training directions. Through approaches such as 360-degree feedback questionnaires and study group experience sharing, the Group provides the capabilities required by managers at different levels.

In recent years, with the rapid development of AI and big data, the Group has actively introduced related applications. Led and designed by the Company's R&D team, an AI tool has been developed to support various departments in improving work efficiency and to free employees from handling tedious tasks, thereby unleashing their creativity. At the same time, the Group continues to cultivate AI technical talent by reviewing technical papers published on the arXiv platform and engaging in industry-academia collaborations with universities and colleges to exchange expertise and experience, thereby enhancing AI technical capabilities. The Group also stays abreast of the latest AI application technologies through participation in related seminars and exhibitions.

In 2025, the Group's total education and training expenses amounted to NT$4,080,824, with average education and training expenses of NT$895 per employee and an average of 17 training hours per employee. A total of 839 courses were offered in 2025, including 413 physical courses and 426 online courses. Among them, 194 courses included learning assessments (written examinations), and the overall course satisfaction score reached 92.25[10] points.

[10] Phison's course satisfaction score was 95.5 points, while SStek's course satisfaction score was 89 points.

Average training hours by gender (full-time employees)

unit: hours

Gender	2023	2024	2025
Male	14.49	18.47	16.88
Female	16.00	20.16	16.37

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

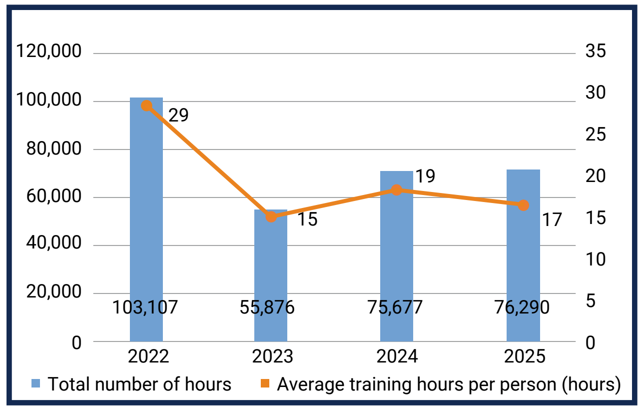
Average training hours by job level (full-time employees)

unit: hours

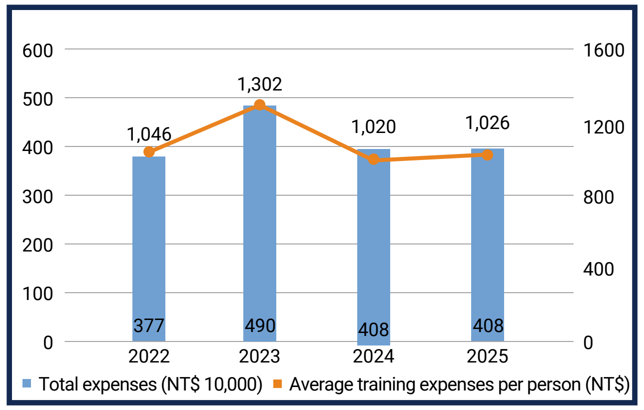
Job Grade	2023	2024	2025
Senior executives	21.45	24.84	23.74
Mid-level supervisors	30.60	30.16	27.92
Entry-level supervisors	22.82	25.26	31.34
Entry-level employees	12.61	16.90	13.46

Note 1: Average training hours = Total training hours by job level ÷ Number of employees by job level at the end of the year
Note 2: Senior executives include the CEO, President, Vice President, Technical Vice President, Senior Director, Director, Deputy Director, and Senior Special Assistant.
Note 3: Mid-level supervisors includes Senior Managers, Department Managers, and Assistant Department Managers.
Note 4: Entry-level supervisors includes Managers, Assistant Managers, Team Leaders, Assistant Team Leaders, Section Managers, and Assistant Section Managers.

Training hours



Training expenses

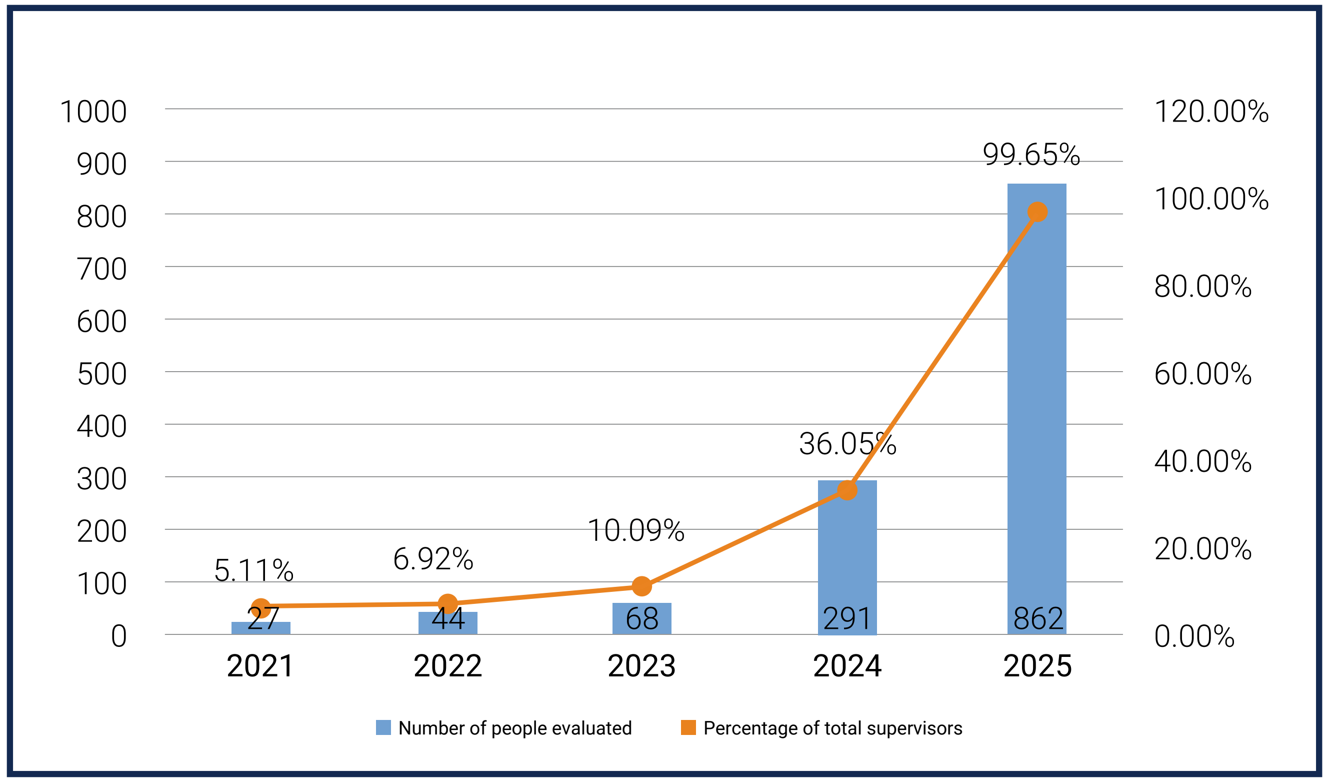


7.3.3 Employee Performance Evaluation System

The Group has established the "Regulations Governing Employee Performance Assessment" and conducts performance evaluations through management by objectives and performance ranking. Performance evaluations are conducted twice a year. The implementation process requires employees to propose work plan objectives and quantifiable performance indicators for the following year each November. After discussion and confirmation with their direct supervisors, these objectives are formally established as targets. Every six months, employees submit self-evaluation forms, and supervisors assess the degree of achievement of performance targets and compare the results with those of employees in the same job category to conduct individual performance evaluations. Regardless of gender, job category, or job level, 100% of the Group's employees receive regular performance evaluations.

In addition, to supplement the previous one-way performance evaluation process, Phison began implementing a multidimensional (360-degree) performance feedback mechanism for managers at the division level and above in 2021, allowing peer colleagues, direct supervisors, and direct subordinates to provide feedback, with the aim of gaining a more comprehensive understanding of individual strengths through broader evaluations. In 2022, the multidimensional performance feedback mechanism was extended to managers at the associate division director level and above. In 2024, the scope was further expanded to managers at the department level and above. In 2025, the mechanism was implemented for all managerial personnel at Phison, achieving a coverage rate of 99.65% among managerial personnel still employed as of the end of December. In the future, the mechanism will be extended to subsidiaries based on implementation effectiveness, with the aim of continuously establishing a more comprehensive performance evaluation system.

Statistics on Managers Subject to the Multidimensional Evaluation Process



Evaluation type	Evaluation system	Target audience	Frequency	Implementation method
Goal-oriented management	Performance evaluation	All employees	Once every six months	Supervisors and employees discuss and establish work objectives and quantifiable performance indicators. During performance evaluations, the achievement status of objectives and self-evaluation results are reviewed, after which supervisors assess the degree of target achievement and provide feedback
Appointment evaluation	New employee evaluation	New hires	Implemented as needed	During the probation period for new employees, systematic evaluations are conducted on their work performance, attitude, and organizational adaptability to determine whether they are competent for their positions and to serve as an important basis for confirming their formal employment
Multidimensional (360-degree)	360-degree evaluation process	All supervisors	Once a year	Supervisors, direct subordinates, and colleagues from cross-departmental collaborations of the evaluated individual conduct evaluations from different perspectives on aspects such as teamwork, accountability, problem-solving, and decision-making abilities demonstrated in daily work. The evaluation results may serve as reference material for the evaluated individual's self-improvement
	Job promotion evaluation process	Managers to be promoted to mid-level or senior management positions	Twice a year	The evaluated individual explains past contributions and future plans following the promotion, while relevant senior executives serve as reviewers to assess whether the individual is capable of assuming the new position
Agility	Monthly audit	All employees	Once a month	After supervisors and employees discuss and establish individual annual work objectives and quantifiable performance indicators, supervisors regularly review work progress with employees on a monthly basis to ensure the achievement of performance targets, while providing timely guidance and feedback. When necessary, appropriate corrective measures are implemented to prevent the recurrence of errors. Through monthly reviews, the performance indicators of departments and employees are monitored to ensure the effective achievement of overall departmental work objectives

Note 1: Performance evaluations are not applicable to short-term contract workers employed for less than three months, interns, or employees on unpaid leave who have not yet resumed work.

Note 2: Performance evaluation items include work performance, work attitude (including compliance with the code of conduct and business risk identification and control), teamwork, innovative learning, and management capability (applicable only to managerial personnel).

7.4 Occupational Health and Safety

7.4.1 Occupational Health and Safety Management System

The Group is committed to providing employees with a safe, healthy, and friendly working environment. Safety and health management documents have been established and implemented to safeguard the safety of on-site personnel, including contractors and visitors, as well as plant facilities. The Group has also continuously maintained certification under the ISO 45001 Occupational Health and Safety Management System and obtained the "Qualified Certification for Autonomous Assessment of Healthy Workplace Promotion" issued by the Ministry of Health and Welfare. In addition to regularly identifying occupational health and safety regulations applicable to all operating sites, the Group implements standardized management procedures and conducts education and training. By following the principles of establishing safety standards, conducting regular risk assessments, verifying implementation effectiveness through audits, and pursuing continuous improvement, the Group strengthens its existing occupational health and safety management system.

Safety Rules
- 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

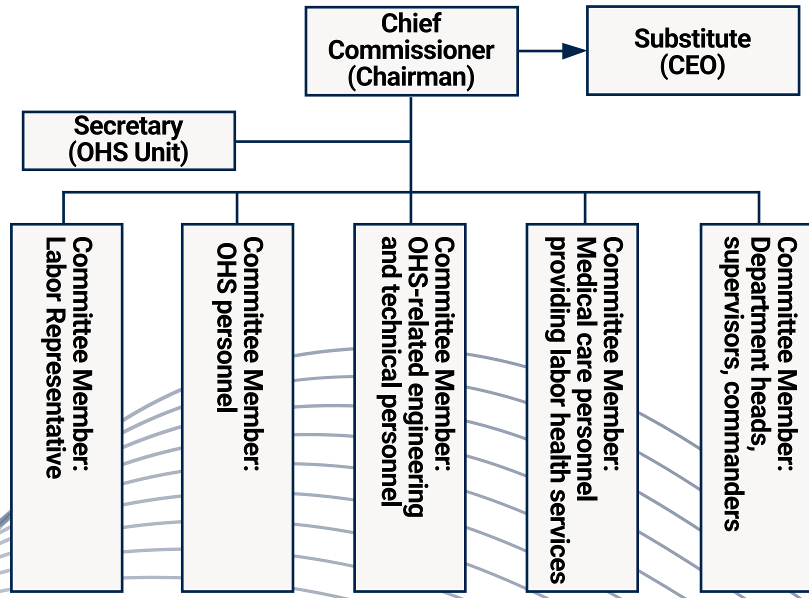
Risk Assessment
- According to hazard identification and risk assessment procedures, conduct risk assessment annually to ensure risk management and control

On-site Check
- Implement occupational health and safety management audits, inspect the working conditions and environment of workers in the plant, and supervise the implementatio

Participate in Improvement
- All employees shall receive regular OHS training, and warning and prevention information shall be posted in conspicuous places in hazardous workplace

7.4.2 Health and Safety Implementation Organization

The Group has established occupational health and safety organizations (management units/committees) and appointed personnel in accordance with applicable laws and regulations to handle safety and health management affairs. The Occupational Health and Safety Management Unit (hereinafter referred to as the OSH Office) serves as the organization responsible for formulating, planning, promoting, and supervising occupational health and safety operations within the Group. Its dedicated responsibilities include the identification and control of workplace or operational hazards, contractor operation safety management, occupational health and safety education and training, and safety and health performance evaluations, with the objective of achieving the prevention of occupational injuries and the protection of health. The Group has also established a Safety and Health Committee as the organization responsible for reviewing, coordinating, and providing recommendations on occupational health and safety matters. The Committee consists of 14 members with a two-year term of office. In accordance with applicable laws and regulations, the Chairman serves as the convener of the Committee. Among the members, seven labor representatives are elected by labor representatives during labor-management meetings, while the remaining members are designated by the Chairman based on actual operational needs and relevant safety and health responsibilities in accordance with applicable laws and regulations. Meetings are convened regularly once every three months.



Safety and Health Implementation Items

Item	2025 Implementation Results
Regulatory Identification	▶ Regularly identify regulations applicable to the Company and confirm the compliance status of all operating sites ▶ During the reporting year, amendments were made to 17 occupational health and safety regulations, 22 environmental protection-related regulations, and 6 public safety-related regulations. The identification results confirmed compliance with applicable legal requirements
Standardized Management Procedures	▶ A total of 72 occupational health and safety management procedure documents were newly established or revised ▶ The ISO 45001 Occupational Health and Safety Management System is maintained through the regular implementation of annual internal audits and management reviews, as well as external audits conducted by third-party certification bodies
Education and Training	▶ New employees complete 3 hours of work-related safety and health education and training within three months of onboarding ▶ Current employees receive 1 hour of general safety and health education and training annually ▶ The qualifications of special operation personnel and supervisors comply with the Occupational Health and Safety Education and Training Rules
Hazard Identification	▶ Hazard identification and risk assessments were conducted for the operating environments and work patterns at the plant sites, covering a total of 1,266 work items. The final assessment results indicated that no work items involved unacceptable risks
Chemical Management	▶ A total of 13 new chemicals were introduced, and operational change management procedures were completed prior to use to ensure personnel and plant safety
Contractor Management	▶ A total of 506 contractor operation applications were submitted, of which 180 involved high-risk operations, accounting for 35.57% ▶ Three contractor incidents occurred, involving occupational injuries related to falls and contact with hazardous substances. All cases resulted in temporary total disability and minor injuries, with a total of 14 lost workdays due to injuries
Implementation Effectiveness Audit	▶ The internal audit results for the reporting year identified 10 deficiencies, all of which were corrected and improved within the same year, with records retained accordingly ▶ The external audit conducted during the reporting year identified no deficiencies; however, 16 recommendations were provided. Among them, 9 recommendations were corrected and improved within the same year, while the remaining 7 recommendations are scheduled to be fully improved before Q3 2026
Emergency Response	▶ A total of 19 emergency drills were conducted, covering emergency response procedures for scenarios including earthquake and fire evacuation, rainwater drainage contamination, suspicious intrusions, natural disasters, water supply restrictions, power outages, information system disruptions, chemical leaks, raw material supply interruptions, large-scale infectious diseases, and strikes ▶ Phison conducted 7 fire extinguishing training sessions for new employees, with a total of 202 participants. A total of 985 participant attendances across all shifts took part in SStek's earthquake evacuation drills, including fire extinguisher operation exercises, throughout the year ▶ A total of 8 near-miss incidents occurred, including 6 cases of personnel trapped in elevators, 1 case involving a thermal reaction from a personal power bank, and 1 accidental activation of a smoke exhaust pressure switch. Preventive hazard control measures have been implemented for all incidents to prevent harmful consequences

7.4.3 Identification and Management of Health Risks

Employees' physical and mental health form the foundation of the Company's productivity. The Group conducts annual health examinations that exceed regulatory requirements and provides a health examination subsidy package of NT$5,000 to all employees regardless of age. Since 2023, long-serving employees with more than 15 years of service have been eligible for an increased health examination subsidy of up to NT$8,000 every five years, with the expenses fully covered by the Company. Senior executives at the division level and above are arranged to receive hospital-based health examination packages. Health risk identification and follow-up management are conducted based on the examination results, and subsequent health promotion activities are planned accordingly. The Company has established a Health Center and employs contracted on-site physicians (providing on-site services 13 times per month, 3 hours per visit) as well as five full-time nursing personnel to provide health-related services and operations.

After reviewing health examination reports and the contents of questionnaires related to the four major programs, we identified three health risks posing the greatest threats to employees: metabolic syndrome, abnormal workload, and ergonomic hazards. We take these health risks seriously and have implemented preventive measures while conducting ongoing evaluations and improvements.

Ranking	Risk/ Hazard	Degree of impact	Preventive measures/Improvement measures
1	Metabolic Syndrome	High	▶ Medical and nursing personnel provide health guidance ▶ Health seminars and weight management activities are conducted ▶ Group meal ingredients and meal preparation are strictly managed to avoid the use of processed foods and fried foods ▶ Participation in sports clubs and the use of exercise facilities are encouraged
2	Abnormal Workload	High	▶ An abnormal workload prevention management plan has been established ▶ Employee overtime working hours are monitored and controlled ▶ Follow-up and management of the three high-risk conditions (high blood pressure, hyperlipidemia, and hyperglycemia) ▶ Health seminars are conducted
3	Ergonomic Hazards (Office Posture)	Medium	▶ An ergonomic hazard prevention management plan has been established ▶ Blind massage therapists have been employed so that employees may relax their muscles and relieve physical tension through massage services ▶ Sports club activities are promoted, with instructors leading full-body stretching and relaxation exercises ▶ During annual health examinations, employees are requested to complete musculoskeletal assessment questionnaires, and statistical analyses are conducted based on the responses. Employees identified as high-risk groups, including those with pain scores exceeding 3 points in a single body part, total pain scores exceeding 15 points across all body parts, those requesting pain relief patches three or more times within a single month, or those taking more than 7 days of leave due to musculoskeletal injuries or illnesses, are arranged to receive individual evaluations and recommendations from occupational medicine physicians. In 2025, a total of 83 employees received individual physician evaluations

For higher-risk operating environments within the plant sites, including lead-related operations and ionizing radiation operations, the Group provides employees with annual special operation health examinations to monitor and ensure the health conditions of operational personnel. Management classifications are implemented in accordance with the Regulations for Labor Health Protection and are divided into four levels: Level 1 Management (no abnormalities), Level 2 Management (abnormalities unrelated to work), Level 3 Management (abnormalities with uncertain work-relatedness), and Level 4 Management (abnormalities related to work). Employees classified at Level 3 or above are arranged to receive health consultations during physicians' on-site service visits. According to the 2025 statistics of employee special operation health examinations, no employees engaged in the above two high-risk operations were classified under Level 3 or Level 4 Management.

Special Operation Level 3 Management Procedures

OHS personnel assess and identify the risks entailed in operating environment → Arrange for in-house occupational health physicians to provide consultation → Assist in registering for consultation with an occupational health physician → Report to superiors and negotiate and re-assign work content → Follow-up health management

Maternity Protection

The Group has established multiple lactation rooms and provides dedicated breast milk refrigerators, sterilizers, cleaning supplies, and sinks to enable new mothers to meet their breastfeeding needs in a comfortable, private, and hygienic environment.

At the same time, the Group provides health risk assessments and health education services for female employees during pregnancy and after childbirth. Assessments are conducted to determine whether the current working environment or job duties of pregnant or postpartum female employees may pose health risks. If concerns are identified through the assessment, the Health Center arranges interviews with occupational medicine physicians, conducts workplace environment visits, and notifies department supervisors to carry out subsequent health management. In 2025, health risk assessment services were provided to a total of 68 female employees.
For the graded management of maternity-related hazards in the workplace, the Group first conducts questionnaire surveys completed by the ISO 45001 committee members of each department. The ESH Department subsequently compiles the hazard classification results and provides them to the Health Center as reference during interviews. Based on the hazard risk assessment results, there are currently no operating areas within the plant sites that may pose maternity health hazards.

Workplace Stress Management

Each year, Phison employees complete a workload assessment scale (5-point scale). Based on workload risks and cardiovascular and cerebrovascular disease risks, it is determined whether interviews are required. For employees requiring interviews, the medical office arranges individual consultations and completes abnormal workload hazard assessment and recommendation forms. Overtime management is also conducted monthly, along with health reminders. In addition to personal stress adjustment, employees facing stress may also utilize the EAPs. Through professional counseling, employees can engage in self-exploration, clarify issues, and identify solutions, thereby helping to improve their mental health and quality of life. In 2025, a total of 3,718 employees responded to the workload assessment scale, of whom 5 employees required further interviews, representing 0.13%.

Health Promotion Activities

The Group continues to promote diverse health education seminars and EAPs. When major illnesses or infectious disease outbreaks occur, the Group also disseminates precautionary measures and response guidelines to employees through internal company emails to enhance employees' awareness of prevention and response capabilities. In 2025, a total of 3 health screening events and 26 health promotion and seminar activities were conducted, covering topics such as smoking cessation, drug prevention, selection of health examination items, improvement of psychological fatigue conditions, stress-relief pastel painting, head therapy and meridian massage, healthy choices for eating out, muscle gain and fat reduction, InBody assessments, and EAPs promotional sessions. Total participation reached 2,040 attendances.

Employee Assistance Programs (EAPs)

Since 2011, the Group has maintained long-term cooperation with consulting firms providing EAPs to jointly plan and offer psychological counseling services. Over the years, the scope of counseling services has expanded to include work-related issues, family matters, interpersonal relationships, physical and mental health, mental illness, financial matters, legal issues, and management consultation. Service recipients include all Group employees (with no limit on the number of uses) and relatives within the second degree of kinship (3 sessions per person per year, with additional sessions available upon request based on needs). Employees may also attend counseling sessions accompanied by their partners. The Group further explains and encourages the use of these services through periodic dynamic courses and static promotional activities.
In 2025, the first-stage EAPs telephone consultation service (case managers) recorded a total of 6,662 consultations, while the second-stage consultation service (professional consultants) recorded 545 consultations, bringing the cumulative number of consultations to 7,207, representing an increase of 21.43% compared to the previous year. The average annual user satisfaction score was 5.8 out of 6 points. In the future, the Group will continue promoting this program and take concrete actions to assist employees and their family members in resolving work-related, personal, and emotional difficulties, thereby maintaining employees' physical, mental, and emotional well-being

7.4.4 Occupational Injury Analysis and Statistical Information

In 2025, there were a total of 4 employee injury incidents, while the remaining 25 cases were traffic accidents occurring during commuting. In addition, contractors recorded a total of 324,000 working hours in 2025, during which 3 occupational injury incidents occurred among contractors (with a recordable incident rate of 9.26). The causes included 2 slip-and-fall injuries in women's restrooms and 1 chemical splash injury to the eye. The total number of lost workdays was 14 days. Investigations for all 3 incidents have been completed, and corrective and preventive measures have been implemented to prevent the recurrence of similar occupational injury incidents. No contractor fatalities occurred during the reporting year.

The Group's occupational health and safety performance target is to maintain zero major occupational injury incidents within the plant sites. The statistical information from the analysis of occupational injuries in recent years is as follows:

Statistics items	2023	2024	2025
Total working hours	6,640,450	6,968,464	8,198,824
Number of occupational fatalities	0	0	0
Occupational fatality rate[Note 1]	0	0	0
Number of severe occupational injuries[Note 2]	0	0	0
Severe occupational injury rate[Note 3]	0	0	0
Number of recordable incidents[Note 4]	17	15	29
Recordable incident rate[Note 5]	2.56	2.15	3.5
Number of occupational diseases	0	0	0
Occupational disease rate[Note 6]	0	0	0

Note 1: Occupational fatality rate = Number of occupational fatalities ÷ Total working hours × 1,000,000.
Note 2: Severe occupational injuries refer to occupational injuries that result in employees being unable or unlikely to recover to their pre-injury health condition within six months, excluding fatalities.
Note 3: Severe occupational injury rate = Number of severe occupational injuries ÷ Total working hours × 1,000,000.
Note 4: The number of recordable incidents refers to all occupational injury incidents occurring during the reporting year, including commuting accidents, but excluding minor injuries and contractor incidents.
Note 5: Recordable incident rate = Number of recordable occupational injury incidents ÷ Total working hours × 1,000,000.
Note 6: The number of recordable incidents and the recordable incident rates for 2023 and 2024 were adjusted due to revisions to the definition of recordable incidents (the original calculation method included contractor incidents and certain minor injuries).
Note 7: Occupational disease rate = Number of occupational disease cases ÷ Total working hours × 1,000,000.
Note 8: Major occupational disasters are defined as: (1) incidents resulting in fatalities; (2) incidents involving three or more affected persons; (3) incidents involving one or more affected persons requiring hospitalization; or (4) other incidents designated and publicly announced by the central competent authority.

Occupational Injury Incident Handling and Reporting System

The Group has established Regulations Governing the Reporting and Investigation of Occupational Injuries. In the event of a major occupational disaster, handling procedures are implemented in accordance with the management procedures and labor regulations, and the incident is reported to the local labor inspection authority (Central Occupational Safety and Health Center) within 8 hours. In addition, occupational disaster details and statistics are recorded monthly, while annual statistical analyses of incident investigation reports are conducted to develop corrective and preventive measures.

Incident Occurs	Emergency Drills	Accident Investigation	Correction and Prevention
Report the work-related accidents inside or outside the plant to the Safety and Health Office	Treat personnel injuries, control the site, and prevent secondary injurie	The Safety and Health Office gathers relevant personnel to complete the accident investigation report within the specified time limit	Based on the accident investigation results, propose effective improvement measures and keep relevant records

Contractor Occupational Health and Safety Management

To achieve the goal of zero occupational injuries among contractors and prevent damage to plant facilities, the Group has established the "OHS Procurement Management Regulations" and the "Contractor Management Regulations" to select appropriate contractors for entrusted operations. Contractors are also required to sign the "Subcontractor Safety and Health Commitment Letter" prior to commencing operations, declaring compliance with government labor and environmental protection regulations, as well as standards such as the RBA Code of Conduct.
To strengthen contractors' safety and health management capabilities, the Group convenes monthly coordination meetings with on-site contractors engaged in contracted operations, requiring contractors to provide mutual safety and health education, guidance, assistance, coordination, inspections, and other necessary measures for the prevention of occupational disasters. In addition, for high-risk on-site operations such as elevated work, hot work, live electrical work, hoisting operations, and confined space operations, approval from the OHS Office is required before work may commence. During contractor operations, the OHS Office also conducts irregular inspections to review the implementation effectiveness of contractors' operational safety management.

In 2025, a total of 413 contractor operation applications were submitted for on-site operations. In accordance with relevant regulations, the OHS Office conducted annual safety and health performance evaluations before year-end for contractors that had signed contracts and performed on-site operations during each quarter (a total of 24 contractors). The evaluation results were provided to the management units responsible for contractor procurement as references for subsequent contractor selection suitability. Based on the contractor evaluation results for the reporting year, 23 contractors were rated as "Excellent," while only 1 contractor was rated as "Standard." The primary reason for the "Standard" rating was a contractor personnel fall injury incident. The incident has since undergone incident investigation procedures and related education and training in accordance with established processes.

7.5 Labor-Management Communication

The Group respects employees' freedom of association and explicitly stipulates in the "Employee Code of Conduct" that employees may freely participate in labor unions, and that such participation will not affect their remuneration, promotion, or employment. Upholding the principles of respect and two-way communication, the Group actively establishes diverse labor-management communication channels in addition to the labor-management meetings required by regulations, including in-person and online forums, anonymous suggestion boxes, complaint hotline numbers, and complaint email mailboxes. In addition, if the Group has a need for mass layoffs due to operational adjustments, it will comply with the notification and advance notice period requirements stipulated under Taiwan's "Act for Worker Protection of Mass Redundancy" and the "Labor Standards Act."

Communication Channels and Frequency

Category	Timing of implementation	Phison	SStek
Employee opinion survey	Conducted as needed	1	None
New employee opinion survey	Before the new employee orientation	4	None
New employee orientation	Communication with new employees	4	12
Employee briefing	Conducted after investor conferences to inform employees of the Company's operating conditions and future objectives.	4	None
Labor-management meetings	Convened quarterly by the HR Department to facilitate communication between labor and management regarding labor rights-related matters.	4	4
Migrant worker communication meeting	Once a week (if no issues are raised during the week, the session will not be held)	Not applicable	40

7.5.1 Labor-management Meeting Communication Items

The Group currently does not have a labor union or collective bargaining agreement. However, through labor-management meetings, a total of 15 employee rights-related proposals were discussed in 2025, covering topics such as working hours, leave, and employee benefits.

Company	Proposal contents	Number of approved cases	Percentage of applicable employees
Phison Electronics	Election of labor representatives for the Phison Electronics Occupational Health and Safety Committee	8	100% applicable
	Re-election of labor and management representatives for the 9th Labor-management Committee of Phison Electronics		
	In response to regulatory amendments, updates to the calendar for the second half of 2025, adjustments to compensatory leave days after 2026, and the authority for scheduling compensatory leave		
	Discussion and approval of the adoption of two-week and eight-week flexible working hour arrangements under Article 30 of the Labor Standards Act in response to overall operational needs and workforce allocation requirements		
	Approval of adjustments to regular leave days and rest days in response to overall operational needs and workforce allocation requirements		
	Approval of the application of Article 32 of the Labor Standards Act, permitting employers to require employees to work beyond regular working hours (i.e., overtime), in response to overall operational needs and workforce allocation requirements		
	Arrangement of the 2026 calendar schedule		
	Adjustment of the marriage leave usage period to require completion within one year		
SStek	Implementation of the Employee Referral Bonus and New Employee Retention Bonus Program	7	100% applicable
	Communication regarding the dates and itineraries of the annual employee trip		
	Adjustments to the meal ordering system		
	Replacement of anti-static shoes in production areas		
	Revision of flexible work shift arrangements for indirect personnel		25% (applicable only to indirect staff)
	Basic wage adjustment proposal		100% applicable
	Annual labor regulation amendments		

7.5.2 Employee Opinion Survey

To understand employees' perspectives regarding organizational work culture, the Company's core values, supervisors' leadership styles, and various suggestions, the Group conducted an employee opinion survey targeting full-time employees of Phison Electronics Taiwan who had completed at least three months of service. A total of 2,724 employees responded, representing a response rate of 70.15%. The survey covered four major dimensions, including "Immediate Manager Effectiveness," "Organizational Identification," "Employee Development," and "Remuneration and Benefits." The survey results showed that 79.41% of employees held a positive overall satisfaction evaluation of the Group.

The Group also conducted comparative analyses between the Company's overall satisfaction rate and survey results across five dimensions, including business groups, gender, years of service, age, and management/non-management positions. The analysis results indicated that the System Solution Development Group showed a significant difference compared with the Company's overall satisfaction rate of 79.41%. Other specific groups, including the Validation & Precision R&D Business Groups, employees with 1-5 years and 8-12 years of service, employees aged 20-39, and non-management personnel (below Grade 9), also recorded satisfaction levels slightly lower than the Company's overall satisfaction rate of 79.41%; however, all differences were within 5 percentage points and remained within a reasonable range.

In 2025, the proportion of positive evaluations for overall employee satisfaction reached the preset target of 70%. Compared with the previous year, employee satisfaction regarding organizational identification and supervisory leadership improved, demonstrating that recent management measures have been effectively implemented and recognized by employees. The Group will continue to maintain favorable indicators and conduct communication and improvement measures for lower-scoring dimensions.

Year	Implementation unit	Total number of participants	Number of respondents	Response rate (%)	Positive evaluation (%)	Positive evaluation target (%)	Survey coverage[11] (%)
2021	Mercer	2,194	1,695	77.26%	78.00%	70%	64.26%
2024	HR Department	3,827	2,059	53.80%	76.20%	70%	79.78%
2025	HR Department	3,883	2,724	70.15%	79.41%	70%	79.04%

[11] Survey coverage rate = Total number of participants ÷ Total number of employees of the Phison Electronics Group at the end of 2025.

Survey aspect	Topics included	Average score[12]	Satisfaction rate
Supervisor leadership	▸ Supervisor performance ▸ Supervisor guidance ▸ Supervisor leadership	4.23	84%
Organizational identification	▸ Organizational loyalty ▸ Organizational commitment ▸ Common goals and sense of values	4.20	82%
Job development	▸ Clarity of work ▸ Education and training ▸ Sense of personal achievement	3.79	66%
Remuneration and benefits	▸ Basic salary ▸ Welfare bonus ▸ Remuneration fairness	3.79	65%

[12] The questionnaire was completed using a five-point scale (5 points for "strongly agree," 4 points for "agree," 3 points for "neutral," 2 points for "disagree," and 1 point for "strongly disagree").

Improvement Plan

- To ensure follow-up on anonymous questionnaire feedback, HR launches the "Employee Care Interview" mechanism every month and regularly invites employees to participate in random interviews. The feedback obtained through the interviews serves as a basis for policy formulation and optimization.
- Strengthen employees' understanding of remuneration and promotion mechanisms to ensure they fully understand the remuneration structure and future career development planning. In terms of talent development, the Group has launched mid-term and long-term competency development plans to further strengthen training needs analysis. In 2026, priority will be given to strengthening management competencies and establishing leadership benchmarks. In 2027, the focus will shift toward deepening professional competencies by developing customized technical training blueprints based on the needs of each job function, thereby comprehensively enhancing talent competitiveness.
- Optimize the promotion evaluation process. HR will provide performance information every six months to assist division-level and department-level supervisors in proactively reviewing the development paths of high-potential talent, thereby ensuring the fairness and effectiveness of promotion channels.
- Continue to establish AI-driven automated operations to reduce employees' repetitive and complicated tasks, enabling employees to focus on core tasks with decision-making value, fully leverage their professional skills, and achieve greater work accomplishment and development.

8. Social Participation

8.1 Public Welfare Activities and Group Strategies

The Group is committed to responding to stakeholders and investing corporate resources in social participation, while adopting the United Nations Sustainable Development Goals (SDGs) as the guiding framework for the Group's social participation initiatives. Based on the Group's operational capabilities, we connect with and respond to key goals including SDG 1 No Poverty, SDG 3 Good Health and Well-being, SDG 4 Quality Education, SDG 9 Industry, Innovation and Infrastructure, and SDG 14 Life Below Water through specific actions.

The Group deeply recognizes that corporate sustainable development depends on social prosperity and stability. Therefore, with the goal of creating shared social value, we have developed our social investment strategy by integrating our core business expertise and internal and external resources. We focus on five major areas: educational support and talent cultivation, assistance for disadvantaged groups, environmental protection, community care, and social innovation. Through these efforts, we aim to leverage our expertise to help address social issues and create a distinctive social impact.

The Group designates the Administration Division at its headquarters as the primary unit responsible for planning and implementing social participation initiatives. The Group also actively promotes a volunteer culture with the aim of enhancing employee cohesion and strengthening the corporate brand image while fostering social and environmental inclusion.

Overall, the Group's public welfare performance in 2025 included total social investment expenditures of NT$25,802,525 (including cash and in-kind donations), while cumulative volunteer service hours reached 742 hours in 2025.

Note: Of the 742 volunteer service hours, 402 hours were spent participating in public welfare activities during working hours, while the remaining 340 hours were contributed during off-duty hours and holidays.

Education Support and Cultivation

- NYCU International Talent Scholarship
- Sponsorship of the NYCU Electrical Engineering Alumni Association at National Yang Ming Chiao Tung University (NYCU EE Alumni Association Scholarship)
- Subsidies for enhancing teaching resources, improving environmental equipment, and supporting team competition activities at Pantau Elementary School.
- Subsidies for improving teaching environment equipment and supporting campus team competition activities at Pantau Elementary School.
- Sponsorship of the "Danas Typhoon Disaster Corporate Student Assistance Program" organized by the Tainan City Government Education Bureau.
- Annual charitable donation to National Tsing Hua University.

4 QUALITY EDUCATION

A total cash donation of NT$3,050,000 was made.

Community Care

- 2025 charitable donation to the Taiwan Health Foundation
- Donation of sponsorship funds by the Zhunan Friends of the Police Association for the establishment of the National Friends of the Police Association.
- Donation of sponsorship funds by the Miaoli Friends of the Police Association for the establishment of the National Friends of the Police Association.
- Donation by the Miaoli County Friends of the Police Association for the district networking luncheon hosted by the chairman of the Police Bureau.
- Donation of 500 FamilyMart gift cards to Wei Gong Memorial Hospital for use in promoting health screening activities.
- "Fun to Go to Schools" donation program for Nanhe Elementary School and Liyu Elementary School.

3 GOOD HEALTH AND WELL-BEING

A total cash donation of NT$1,515,000 and in-kind donations valued at NT$47,000 were made.

Assistance to the Disadvantaged

- Syin-Lu 2025 Multiple Support Services for People with Mental Developmental Disabilities
- Sponsorship of the Chinese Christian Relief Association
- Sponsorship of the Syin-Lu Social Welfare Foundation
- Sponsorship of the Huashan Social Welfare Foundation
- Sponsorship of the Boyo Social Welfare Foundation
- Sponsorship of the Orphan Welfare Foundation Taipei
- Sponsorship of Yu-An Care Center
- Sponsorship of the Miaoli and Hsinchu branches of the Taiwan Fund for Children and Families
- Sponsorship of the Holy Family Center for the Developmentally Disabled
- Sponsorship of the Genesis Social Welfare Foundation
- Sponsorship of the Eden Social Welfare Foundation
- Sponsorship of Hsin-Miao Care Center

1 NO POVERTY

2 ZERO HUNGER

A total cash donation of NT$2,582,900 was made.

Environmental Protection

- Third-year donation to the Shennong Farming Project of the Lovely Taiwan Foundation
- Donation for tree maintenance under the "Coastal Forest Restoration Long-term Program" of the Tse-Xin Organic Agriculture Foundation (TOAF).
- Sponsorship of landscaping and planting for public facility greening projects of the Miaoli County Government.
- Sponsorship of the 0.8-hectare reforestation project in Forest Compartment 4 of the Heping Working Circle under the Forestry and Nature Conservation Agency in 2025.

A total cash donation of NT$1,900,000 was made

Social Innovation

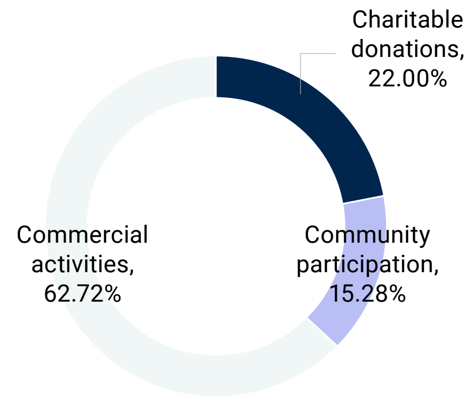
- IPPR sponsorship for the CVGIP 2025 Conference.
- Donation of 3 AITPC units to China Medical University.
- Donation to the Taiwanese Public Opinion Foundation in 2025
- NYCU Alumni Association Sponsorship for the 2025 MeiChu Hackathon Event
- Sponsorship of Registration Fees for National Cheng Kung University 2025
- Spring Recruitment Event through the NCKU Cultural and Educational Foundation
- Donation to Asia University Generative AI Creativity Competition at Asia University
- Sponsorship of the 2025 Malaysia Cultural Day through the Malaysian Chamber of Commerce and Industry
- Sponsorship Donation to the Malaysia Fellowship Association through the Malaysian Chamber of Commerce and Industry
- Donation of 20 sets each of AI100E320GB to the College of Electrical and Computer Engineering at National Yang Ming Chiao Tung University
- Donation of 1 AITPC to Feng Chia University
- Sponsorship of Event Expenses for NYCU Computer Science Night / Intergenerational Pop Music Concert / NYCU Department of Electrical Engineering Baseball Team Activities / Department of Electrical Engineering Week Event / Kaohsiung Campus Development Fund / NYCU Department of Electrical Engineering 2025 Freshman Orientation Camp / Department of Electrical Engineering Badminton Team Event Expenses / Department of Electrical Engineering Camping Event
- Donation of 5 units of AI100E320GB to the AI College at National Yang Ming Chiao Tung University
- Donation of the CYS78A-AX42 AI Server to the Institute of Electrical Control Engineering at National Yang Ming Chiao Tung University
- Donation of 1 set of CYS78A-AX42 AI Server to the College of Electrical and Computer Engineering at National Yang Ming Chiao Tung University
- Sponsorship of the 36th VLSI Design/CAD Symposium organized by the Taiwan IC Design Society

A total cash donation of NT$1,249,000 and in-kind donations valued at NT$15,458,625 were made.

8.2 Annual Public Welfare Performance

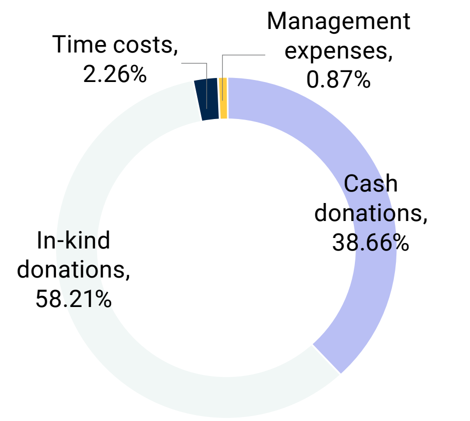
Analysis of Public Welfare Investment Categories

Type of Social Participation	Amount (Unit: NT$)	Ratio (Unit: %)
Charitable donations	5,861,287	22.00%
Community participation	4,068,804	15.28%
Commercial activities	16,707,625	62.72%
Total	26,637,716	100%



Analysis of Public Welfare Investment Costs

Resource investment method	Amount (Unit: NT$)	Ratio (Unit: %)
Cash donations	10,296,900	38.66%
In-kind donations	15,505,625	58.21%
Time costs	603,340	2.26%
Management expenses	231,851	0.87%
Total	26,637,716	100%



Note: The calculation method for time investment is as follows:
Volunteer hourly wage = (median non-management salary / number of working days in 2025) / daily working hours
Total value of volunteer time = volunteer hours contributed during working hours × volunteer hourly wage

2025 Social Participation Projects and Resource Investment Status

Social Participation and Development Aspect	Resource invested (unit: NT$)				Corresponding SDGs
	Cash donations	In-kind donations	Time costs	Management expenses	
Environmental Protection	1,900,000	0	106,984	27,475	SDG 14 Life Below Water
Community development	1,515,000	47,000	288,608	183,737	SDG3 Good Health and Well-being
Education empowerment	3,050,000	0	0	0	SDG4 Quality Education
Industry-academia collaboration	1,249,000	15,458,625	0	0	SDG9 Industry, Innovation and Infrastructure
Assistance to the Disadvantaged	2,582,900	0	207,748	20,639	SDG1 No Poverty

Donations and expenditures for political activities, industry associations, and tax-exempt organizations over the past four years are as follows. Such donations and expenditures amounted to NT$100 thousand in 2025.

Unit: NT$ thousand

Category	2022	2023	2024	2025
Lobbying, interest groups	0	0	0	0
Political activities, candidates	0	0	0	0
Chamber of Commerce, Associations, or Tax-Exempt Organizations	0	0	240	100
Total	0	0	240	100

Featured Project I: The Five-Year "Fun to Go to Schools" Rural Service Long-Term Program Successfully Concludes, Guiding Children to Explore Climate Change Issues Together

As the Company is located in Miaoli County, the consolidated company has chosen to cultivate deep local engagement by promoting the long-term "Fun to Go to Schools" rural service program. Over the past five consecutive years, Phison employees have been invited to form volunteer teams to visit Liyu Elementary School in Sanyi Township and Nanhe Elementary School in Gongguan Township, Miaoli County, providing support to rural schools and contributing to local communities. In addition, donations have been made to both schools to enrich the educational resources available to students throughout their learning journey. Over the past five years, a total of 94 volunteer participation have been recorded, with cumulative volunteer service hours reaching 1,205 hours. A total of 622 participants joined the activities, and combined donations to the two schools amounted to NT$600 thousand.

This year, volunteers guided children in exploring climate change issues, helping them understand in an accessible way the causes behind the increasing frequency of typhoons and abnormal temperatures in recent years. The volunteers also encouraged children to contribute to mitigating global warming by starting with small actions in daily life. In addition, through a DIY activity in which children decorated handheld electric fans with cream glue, the concept of maintaining air conditioners at a comfortable temperature while using electric fans together for energy efficiency was promoted.

When the volunteer instructors introduced the topic of extreme climate-induced forest wildfires in the United States, explaining that the affected area each year could even exceed 2.5 times the size of Sanyi Township (or Gongguan Township), the children responded with expressions of amazement.

Through this educational activity, the children not only gained an understanding of the causes and severity of climate change, but also acquired extensive knowledge related to GHG and extreme weather. In the end, they were also able to express their creativity and aesthetic sense by completing their own adorable electric fans. The volunteer team also learned and grew together with the children, striving to deliver more meaningful courses to everyone and nurture students' potential.

Featured Project II: The "Shennong Farming Project" Enters Its Third Year with Remarkable Achievements

Since May 2023, the consolidated company has contributed NT$1 million annually to support the implementation of the "Shennong Farming Project" promoted by the Lovely Taiwan Foundation at Xinpu Elementary School. Now entering its third year, the project has not only completed the comprehensive establishment and upgrade of the school farmland, but has also achieved remarkable results in both student learning outcomes and on-site cultivation performance.

On the occasion of the project's second anniversary, Phison management led six volunteers to participate in the program activities and enjoy learning together with the children. The program director specifically explained that, in order to enable plants to thrive in the relatively barren coastal school farmland, all vegetable plots were specially designed as raised beds. In collaboration with teacher Shuhui from the Miaoli Elementary School Group, the soil was tilled and organic fertilizers were applied according to her guidance, ultimately leading to a bountiful harvest in the school farmland.

On that day, the volunteers also participated in the "Shennong Farming Project" courses featuring a seasonal herb and yellow plum jam DIY activity, as well as a soil pigment making workshop. In the first class, teacher Shu-Hui guided everyone through peeling and removing the seeds from yellow plums before simmering them into jam, which was then combined with herbs grown in the school farmland to create a seasonal specialty jam.

The second class was led by two instructors from Ruru Studio, who introduced participants to soil and used commonly found yellow soil from western Taiwan and red soil from the Miaoli area as raw materials. After sieving and grinding the soil into powder, gum arabic and oils were added to create pigments made from local soil. Finally, incorporating the currently popular concept of a "walking vase," participants used the pigments they created to paint artwork and inserted plants collected from the campus according to their personal preferences, completing vase postcards that could be updated with seasonal flowers. After the class, refreshing herbal sparkling water was also served for everyone to enjoy. The children gained a great deal from the experience and had a wonderful time.

Through personally interacting with the children and participating in the courses, the volunteers not only gained a deeper understanding of the characteristics and spirit of the "Shennong Farming Project," but also experienced emotional fulfillment, rediscovering a sense of simplicity and childlike innocence.

Featured Project III: Contributing to Net Zero Carbon Emissions by Leading Volunteers to Plant Seeds of Sustainability Along the Coastline for Five Consecutive Years

According to research data from the Forestry and Nature Conservation Agency, on average, each additional tree on Earth can absorb and reduce 12 kilograms of carbon dioxide emissions annually. Since 2021, the consolidated company has promoted the "Coastal Forest Restoration Long-term Program," leading volunteers for five consecutive years to plant seeds of sustainability along the coastline.

This year, a total of 1,000 new trees were planted in the Nangang Section of Xiangshan District, Hsinchu City, and the Beizhuang Section of Guanshan Township, Taitung County. A tree-planting event was also held on April 12 at the coastal afforestation site in the Nangang Section of Xiangshan District, Hsinchu City, joining hands with the Tse-Xin Organic Agriculture Foundation (TOAF) to spread the seeds of environmental sustainability throughout Taiwan.

Many volunteers at the event had already accumulated extensive experience from participating in coastal forest water-retaining basin planting activities in previous years. In addition, because the land adopted this year was suitable for direct planting, the volunteers' planting efficiency impressed everyone on site. In accordance with the conditions of the coastal afforestation site, everyone worked together to carefully plant pongamia, paperbark trees, and screwpines, with the hope that the saplings will eventually grow into forests in the years to come. This effort is expected not only to enhance the beauty of the coastal landscape, but also to mitigate climate change and promote biodiversity.

Appendix

Appendix 1: GRI Content Index

- Statement of Use: Phison Electronics Corp. has reported in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
- GRI 1 Used: GRI 1: Foundation 2021
- Applicable GRI Sector Standard(s): NA

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
1. The organization and its reporting practices			
Disclosure 2-1 Organizational details	1.1 Company Profile	8	
Disclosure 2-2 Entities included in the organization's sustainability reporting	About this Report	3	
Disclosure 2-3 Reporting period, frequency and contact point	About this Report	3	
Disclosure 2-4 Restatements of information	6.3 Waste Management	33 48	
Disclosure 2-5 External assurance	Appendix 4	60	
2. Activities and workers			
Disclosure 2-6 Activities, value chain and other business relationships	1.2 Primary Products and Sales Regions	9	
Disclosure 2-7 Employees	7.1 Employment Overview	37	
Disclosure 2-8 Workers who are not employees	7.1 Employment Overview	37	
3. Governance			
Disclosure 2-9 Governance structure and composition	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-10 Nomination and selection of the highest governance body	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-11 Chair of the highest governance body	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-13 Delegation of responsibility for managing impacts	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-14 Role of the highest governance body in sustainability reporting	About this Report	14	
Disclosure 2-15 Conflicts of interest	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-16 Communication of critical concerns	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-17 Collective knowledge of the highest governance body	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-18 Evaluation of the performance of the highest governance body	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-19 Remuneration policies	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-20 Process to determine remuneration	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-21 Annual total compensation ratio	7.2 Talent Attraction and Retention	40	

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
4. Strategy, policies and practices			
Disclosure 2-22 Statement on sustainable development strategy	Message from the CEO	4	
Disclosure 2-23 Policy commitments	7.2 Talent Attraction and Retention	40	
Disclosure 2-24 Embedding policy commitments	5.1 Supply Chain Management	26	
Disclosure 2-25 Processes to remediate negative impacts	7.2 Talent Attraction and Retention	40	
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-27 Compliance with laws and regulations	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 2-28 Membership associations	1.3 External Organization Participation	9	
5. Stakeholder engagement			
Disclosure 2-29 Approach to stakeholder engagement	2.1 Material Topics Identification Process	10	
Disclosure 2-30 Collective bargaining agreements	Omission		As the Company does not have a labor union, there is currently no collective bargaining agreement.

Material Topics

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
Disclosure 3-1 Process to determine material topics	2.1 Material Topics Identification Process	10	
Disclosure 3-2 List of material topics	2.1 Material Topics Identification Process	10	

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
1. Economic Performance			
Disclosure 3-3 Management of material topics	3.4 Economic Performance	21	
GRI 201: Economic Performance 2016			
Disclosure 201-1 Direct economic value generated and distributed	3.4 Economic Performance	21	
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	6.1 Climate Strategy	29	
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	7.2 Talent Attraction and Retention	40	
Disclosure 201-4 Financial assistance received from government	3.4 Economic Performance	21	
2. Corporate Governance and Ethical Corporate Management			
Disclosure 3-3 Management of material topics	3.2 Corporate Governance and Ethical Corporate Management	14	
GRI 205: Anti-corruption 2016			
Disclosure 205-1 Operations assessed for risks related to corruption	3.2 Corporate Governance and Ethical Corporate Management	14	

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	3.2 Corporate Governance and Ethical Corporate Management	14	
Disclosure 205-3 Confirmed incidents of corruption and actions taken	3.2 Corporate Governance and Ethical Corporate Management	14	
GRI 206: Anti-corruption Behavior 2016			
Disclosure 206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	3.2 Corporate Governance and Ethical Corporate Management	14	
3.Risk Management			
Disclosure 3-3 Management of material topics	3.3 Risk Management	18	
GRI 205: Anti-corruption 2016			
Disclosure 418-1	3.3 Risk Management	18	
4.Innovation Management			
Disclosure 3-3 Management of material topics	4.1 Innovative R&D	22	
GRI 302: Energy 2016			
Disclosure 302-1 Energy consumption within the organization	6.2 Energy Resources Management	32	
Disclosure 302-2 Energy consumption outside of the organization	Omission		Information not available/incomplete
Disclosure 302-3 Energy intensity	6.2 Energy Resources Management	32	
Disclosure 302-4 Reduction of energy consumption	6.2 Energy Resources Management	32	
Disclosure 302-5 Reductions in energy requirements of products and services	4.1 Innovative R&D	23	
5.Supply Chain Management			
Disclosure 3-3 Management of material topics	5.1 Supply Chain Management	25	
GRI 308: Supplier Environmental Assessment 2016			
Disclosure 308-1 New suppliers that were screened using environmental criteria	5.1 Supply Chain Management	26	
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	5.1 Supply Chain Management	26	
GRI 414: Supplier Social Assessment 2016			
Disclosure 414-1 New suppliers that were screened using social criteria	5.1 Supply Chain Management	26	
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	5.1 Supply Chain Management	26	
6. Climate Change Response			
Disclosure 3-3 Management of material topics	3.3 Risk Management	18	
GRI 305: Emissions 2016			
Disclosure 305-1 Direct (Scope 1) GHG emissions	6.1 Climate Strategy	29	
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	6.1 Climate Strategy	29	
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	6.1 Climate Strategy	29	
Disclosure 305-4 GHG emissions intensity	6.1 Climate Strategy	29	

Disclosures	Related Report Section(s)	Page No.	Reasons for Omission
Disclosure 305-5 Reduction of GHG emissions	6.1 Climate Strategy 6.2 Energy Resources Management	29	
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
7.Talent Attraction & Development			
Disclosure 3-3 Management of material topics	7.1 Employment Overview	37	
GRI 401: Employment 2016			
Disclosure 401-1 New employee hires and employee turnover	7.1 Employment Overview	37	
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.2 Talent Attraction and Retention	40	
Disclosure 401-3 Parental leave	7.2 Talent Attraction and Retention	40	
GRI 404: Training and Education 2016			
Disclosure 404-1 Average hours of training per year per employee	7.3 Talent Development and Training	46	
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	46	
GRI 405: Diversity and Equal Opportunity 2016			
Disclosure 405-1 Diversity of governance bodies and employees	7.1 Employment Overview	14	
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	7.2 Talent Attraction and Retention	26	
GRI 406: Non-discrimination 2016			
Disclosure 406-1 Incidents of discrimination and corrective actions taken	7.2 Talent Attraction and Retention	40	

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

Topic	Code	Accounting Metric	Category	Report Contents / Data	Page No.
Greenhouse Gas Emissions	TC-SC-110a.1	Gross global Scope 1 emissions Amount of total emissions from perfluorinated compounds	Quantitative	340.6776 metric ton CO_2e 0 metric ton CO_2e	31
	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	31
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed Percentage grid electricity Percentage renewable	Quantitative	163,176.125 GJ 91.13% 8.69%	32
Water Management	TC-SC-140a.1	(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	(1) 156.266 m³; 0% (2) 25.288 m³; 0%	33
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing Percentage of hazardous waste recycled	Quantitative	33.483 metric tons 8.8 %	34
Employee Health & Safety	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 Health and Safety	47-49
	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	47-49
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that require a work visa	Quantitative	8.05%	37
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	0% (Products do not reach the IEC 62474 reporting threshold.)	-
	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 product manufacturer of processors, so there is no corresponding applicable content.	-
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	5.1 Supply Chain Management 5.2 Conflict Minerals Management	24-27
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	In 2025, 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.	-
Activity Metrics	TC-SC-000.A	Total production	Quantitative	139,032 thousand units of NAND Flash Memory Module Product 64,315thousand units of ICs 456,273thousand units of controller ICs	7
	TC-SC-000.B	Percentage of production from owned facilities	Quantitative	0%	-

Appendix 3: Taipei Exchange Rules Governing the Preparation and Filing of 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	163,176.125 GJ 91.13% 8.69%	Gigajoules (GJ), percentage (%)
2	Total water intake and total water consumption	Quantitative	156.266 m³ 25.288 m³	Thousand cubic meters (m³)
3	The weight and recycling percentage of hazardous waste generated	Quantitative	33.483 t 8.8%	Metric tons (t), percentage (%)
4	Description of work-related accident category, number of victims, and percentage	Quantitative	A total of 29 cases, including 4 minor physical injuries and 25 commuter traffic accidents, representing a rate of 0.64%	Quantity, percentage (%)
5	Disclosure of product life cycle management: Including the weight, and percentage of recycling, of electronics waste and scrapped products	Quantitative	33.483 t 8.8%	Metric tons (t), percentage (%)
6	A description of the risk management associated with the use of critical materials	Qualitative description	5.1 Supply Chain Management 5.2 Conflict Minerals Management	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	139,032 thousand units of NAND Flash Memory Module Product 64,315 thousand units of ICs 456,273 thousand units of controller ICs	Varies by product category

Appendix 4: Climate-Related Information of TWSE/TPEx-Listed Companies

Item	Implementation
1.Supervision and governance of climate - related risks and opportunities by the Board of Directors and management	The Sustainability and Risk Management Committee, a functional committee under the Board of Directors, is the unit responsible for climate change management. The Committee consists of three members, more than half of whom are independent directors, and regularly reports the progress of climate risk management to the Board of Directors on an annual basis. The Board of Directors supervises the Sustainability and Risk Management Committee, which regularly reports risk identification results and the effectiveness of control implementation to the Board. Based on its responsibilities and expertise, the Board provides relevant recommendations, oversees project direction, and enhances project success rates. The task force under the Sustainability and Risk Management Committee is responsible for identifying, assessing, and monitoring climate-related risks and opportunities, and regularly reports material climate risk-related information to the Sustainability and Risk Management Committee.
2. How the identified climate-related risks and opportunities affect the Company's business, strategy, and finance (in the short, medium, and long-term)	Identified short-term climate risks include procurement of renewable energy and unstable energy supply. Medium-term climate risks include stakeholder concerns/demands, as well as rising emergency response costs. Long-term climate risks include environmental protection costs and expenses. These risks may result in increased operating costs or reduced operating revenue. Short-term climate opportunities include the development of Energy-saving Products, which may lead to increased operating costs and operating revenue. Medium-term climate opportunities include key supplier management, which may help reduce operating costs.
3. Financial impacts of extreme climate events and transitional actions	The Group only uses qualitative analysis to describe the potential material impacts of climate-related risks and opportunities on operations, revenue, or expenditures. Quantitative disclosure of financial impacts is planned in accordance with IFRS S2 climate-related disclosures, which is scheduled to be adopted in 2029.
4. How climate-related risk identification, assessment, and management processes are integrated into the overall risk management system	The Sustainability and Risk Management Committee annually evaluates internal and external operational risks that may affect the Group's operations and reports the results and corresponding response plans to the Board of Directors. In 2025, the identified operational risk factors included information security, climate change, supply chain management, and labor shortages.
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used	Climate risk analysis was conducted based on different scenarios provided by the Taiwan Climate Change Projection Information and Platform (TCCIP), including physical scenarios under SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5.
6. If there is a transition plan for managing climate-related risks, describe the plan, and the metrics and targets used to identify and manage physical and transition risks	Key climate-related KPI targets have been established for 2028, including per capita water consumption, GHG emission intensity, and waste generation intensity. Targets for renewable energy usage and carbon reduction by 2030 have also been established.
7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price	The Group has not implemented an internal carbon pricing mechanism.

Item	Implementation
8. If climate-related targets are set, explain the activities covered, the scope of GHG emissions, the planned schedule, and the progress each year. If carbon offset credits or renewable energy certificates (RECs) are used to achieve relevant targets, explain the source and number of the carbon credits offset or the quantity of RECs.	A total of 3,946 renewable energy certificates were obtained in 2025.
9. GHG inventory and assurance, reduction targets, strategies, and specific action plans.	The Group has obtained ISO 50001 Energy Management System certification and implements energy-saving initiatives based on electricity consumption hotspots, including the replacement of aging equipment, to support low-carbon manufacturing. An annual greenhouse gas inventory is conducted in accordance with ISO 14064-1, with third-party verification of data. In the future, the Group will expand the coverage of category 3 and 4 annually to ensure comprehensive coverage of carbon emissions data.

1-1 The Company's GHG inventory and assurance in the most recent two years

1-1-1 GHG assurance information

In 2024, total Scope 1 and Scope 2 GHG emissions are 16,785.799 tonCO_2e, with a greenhouse gas emission intensity of 0.285 tCO_2e per million revenue. The data coverage includes all factories and leased offices of Phison Electronics, excluding facilities and sites that had not been in formal operation for a full year, unused facilities and locations, and outsourced management operations.

In 2025, total Scope 1 and Scope 2 GHG emissions are 195,314.497 tonCO_2e, with a greenhouse gas emission intensity of 0.274 tCO_2e per million revenue. The data coverage includes all operating sites of Phison Electronics in Taiwan and Super Storage Technology Corporation.

Year	Assurance Scope	Assurance Provider	Assurance Standard	Assurance Opinion
2024	Covers all factories and leased offices of Phison, excluding facilities and sites that had not been in formal operation for a full year, unused facilities and locations, and outsourced management operations.	UCS	ISO 14064-1	Reasonable assurance level
2025	Phison's inventory boundary was established based on the operational control approach under the control approach method, covering the Zhunan Plant, Banqiao Office, Zhubei Office, Tainan Office, and Xiangshan Plant.	TÜV NORD Taiwan	ISO 14064-1	Reasonable assurance level
	Super Storage Technology Corporation.	-	-	-

Appendix 5: Assurance Statement

TÜVNORD

Assurance Statement

Phison Electronics Corp. Sustainability Report

TUV NORD Taiwan Co., Ltd. (hereinafter referred to as TUV NORD) was commissioned by Phison Electronics Corp. (hereinafter referred to as PHISON) to perform the 2025 Sustainability Report Verification (hereinafter referred to as Sustainability Report) in accordance with the AA1000 Assurance Standard Version 3 and the GRI Sustainability Reporting Standards (GRI Standards) and related assurance standards.

The Scope of Statement and Assurance Standards

1) The scope of assurance is consistent with the scope of disclosure in PHISON 2025 Sustainability Report, which covers the period from 1 January 2025 to 31 December 2025.
2) The verification of compliance with the AA1000 Principles of Accountability for PHISON bases on the AA1000 Assurance Standard, Third Edition, Application Type II that includes verification of the reliability of the information/data disclosed in the report.
3) Sustainability Accounting Standards Board (SASB) Semiconductor industry sustainability accounting metrics.
4) Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Sustainability Disclosure Indicators – Semiconductor Industry.
5) TCFD Climate Related Financial Disclosure Recommendation.

Intended Users

The intended users of this statement are the stakeholders of PHISON.

Assurance Type and Level

In accordance with the requirements of the AA1000 Assurance Standard Version 3, Type 2, Moderate of Assurance Level.

Opinion Statement

PHISON complies with the GRI Standards and AA1000 accountability principles of inclusivity, materiality, responsiveness and impact. The sustainability report presents the commitment of top management, the needs and expectations of stakeholders. To achieve sustainability performance indicators by stakeholders' engagement.

We assure that PHISON complies with the SASB Semiconductor industry sustainability accounting standards to disclose relevant metrics

We assure that PHISON complies with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Sustainability Disclosure Indicators – Semiconductor Industry.

We assure that PHISON complies with TCFD's climate-related financial disclosure recommendations and discloses relevant metrics.

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TÜVNORD

Methodology

The verification is in accordance with the above stated assurance standards and the TUV NORD Sustainability Report Verification Agreement.

Our verification includes the following activities:

* Collect objective evidence of relevant performance metrics, as mentioned in the report.
* Assurance of expectations of local or national regulations; international standards as set forth in public opinion and/or expert opinion are relevant to such general considerations.
* Document review records and report content assessment in the context of GRI criteria application requirements.
* Interviews with managers and related staff on issues of concern to the company's stakeholders.
* Interviews with personnel involved in sustainability management, information gathering and report preparation.
* Review significant organizational developments and review internal and external audit findings.
* Review AA1000 (2018) Principles of Accountability and other compliance requirements.

Conclusion

The results of the AA1000 accountability standard for inclusivity, materiality, responsiveness and impact in the report are set out below.

Inclusivity

PHISON identifies 6 stakeholders and their concerns via the questionnaire and decides materiality through stakeholder engagement, sustainability committees and experts. There are 7 material topics determined among the 21 sustainability topics including economic, governance, social, human rights and climate impact.

Materiality

PHISON complies with the GRI Standards, SASB Semiconductor industry sustainability Indicators disclosure related metrics, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Sustainability Disclosure Indicators – Semiconductor Industry., and TCFD Climate Related Financial Disclosure Proposed Indicators to fully disclose the company's material risks and opportunities, taking into account the extent of impact on the company and prioritize the materiality of the report.

Responsiveness

PHISON Sustainability Report clearly describes the relationship between sustainability and organizational strategy and the performance metrics corresponding to the materiality and their achievement status and adequately addresses the main issues of concern to stakeholders.

Impact

PHISON Sustainability Report fully identifies materiality that reflect the significant economic, environmental, and social impacts on the

TÜVNORD

organization. The company has established a robust process to monitor and measure the impact and establish short-, medium-, and long-term strategic planning through corporate governance.

Reliability and quality.

The data and information in the report are sampling verified, and the accuracy of the sampling data is reliable.

GRI Sustainability Reporting Standards

PHISON Sustainability Report complies with the GRI 1 to GRI 3 universal Standards and the GRI 200 Series, GRI 300 Series and GRI 400 Series topic standards, and meet the requirements for disclosure.

Limitations

The financial report of Phison was verified by KPMG.

The data of carbon emission of the SUPER STORAGE was inventoried by itself.

Independent Statements and Competence

TUV NORD Group is a leader in the supervision, testing and certification. It operates businesses and provides services in more than 150 countries around the world. The services include management systems and product certification; quality, environmental safety, social and moral audits and training; corporate sustainability report assurance.

TUV NORD and PHISON are mutually independent organizations, and there is no conflict of interest with PHISON or any of its affiliates or interested parties when performing the verification of the sustainability report. Regarding the sustainability report of PHISON, TUV NORD bases on the PHISON verification agreement, and does not assume any legal or other responsibilities. PHISON is responsible for responding to any questions that intended users concerned.

The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 14064-1,ISO 14067, ISO 45001, SA 8000, ISO 50001, ISO 27001 etc., and has received the CSAP verification practice qualification certification of AA1000 AS v3 accountability training. The verification team is bases on his qualifications, extensive knowledge and experience in the industry to provide professional advice in this assignment.

Jack Yeh
Chairman

AA1000
Licensed Report
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PHISON