

**Implementation of Ethical Management and Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies**

Evaluation Item	Operational Status	Differences and Reasons Compared to the Listed Companies' Ethical Management Guidelines
1. Establishment of Ethical Management Policies and Plans		
(1) Has the company formulated an ethical management policy approved by the board of directors, and clearly stated the policy, practices, and the commitment of the board and senior management to implement the policy in its regulations and external documents?	(1) Pihong's business philosophy is Integrity, Innovation, and Challenge, with integrity being the core value of the company and the central idea of all activities. Approved by the board of directors, we have established the "Ethical Management Guidelines". To ensure all employees implement these guidelines, we have formulated the "Corporate Ethics and Business Conduct Guidelines", which all new Pihong employees (100%) must undergo training on upon joining and sign to acknowledge after the training.	<b>No Differences</b>
(2) Has the company established a risk assessment mechanism for unethical behavior, regularly analyzed and assessed business activities with higher risks of unethical behavior within its business scope, and formulated plans to prevent unethical behavior based on the assessment, covering at least the preventive measures listed in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	(2) Pihong's "Ethical Management Guidelines" cover preventive measures against unethical behaviors listed in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". Additionally, based on these guidelines, we conduct ethical management risk assessments, identifying major risks in the procurement field, such as inappropriate acceptance of gifts or using entertainment expenses to exchange for preferential treatment in supplier bids. Therefore, the company has designed a reporting mechanism for gifts from suppliers to prevent corruption, bribery, and extortion at the first instance. Anti-corruption and integrity clauses are also included in contracts with suppliers, requiring them to sign a "Commitment to Integrity". Insider trading is strictly prohibited, and no opportunities for corruption are allowed, ensuring anti-corruption is implemented in daily management and business conduct.	<b>No Differences</b>
(3) Does the company specify operating procedures, behavior guidelines, disciplinary actions for violations, and	(3) The company has established the "Ethical Management Guidelines" and "Corporate Ethics and Business Conduct Guidelines" to build a corporate	<b>No Differences</b>

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appeal systems in its plans to prevent unethical behavior, and implement them, and regularly review and revise the aforementioned plans?	culture of ethical management and implement ethical and integrity policies. Additionally, the "Employee Code of Conduct" includes performance evaluation and reward and punishment regulations to assess employees, making them aware of behavior standards and accepting rewards and punishments accordingly. The company has also established the "Employee Complaint Management Measures" and the "Handling Measures for Reporting Illegal, Unethical, or Unethical Behavior Cases" to clearly regulate internal and external complaint process management. Since 2020, quarterly letters have been sent to all employees and suppliers to reiterate adherence to ethical standards and the complaint mailbox, actively promoting and implementing ethical management.	
2. Implementation of Ethical Management		
(1) Does the company evaluate the integrity records of counterparties and specify ethical behavior clauses in contracts with counterparties?	(1) In contracts with suppliers, the company specifies that suppliers must comply with the requirements of the "Responsible Business Alliance Code of Conduct" (RBA), including ethical standards, opposing any behavior that damages the company's ethical management and integrity corporate image, to eliminate any possible corruption. This is also a necessary item for supplier review and audit.	<b>No Differences</b>
(2) Has the company established a dedicated unit under the board of directors to promote corporate ethical management, and regularly (at least once a year) report its ethical management policies, plans to prevent unethical behavior, and supervision of implementation to the board of directors?	(2) The company established the Corporate Sustainability Development Committee in 2014, chaired by the General Manager, with the General Manager's Office Special Assistant as the Executive Secretary, and first-level supervisors of each business group as ex-officio members, responsible for corporate governance, green R&D, supply chain management, environmental sustainability, customer service, employee care, and social participation. Ethical management is included in the corporate governance promotion team, led by the Audit Office.	<b>No Differences</b>

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(3) Has the company formulated a conflict of interest prevention policy, provided appropriate reporting channels, and implemented it?	(3) The company has formulated the "Board of Directors Meeting Rules" to regulate the avoidance of conflicts of interest in board operations, and the "Corporate Ethics and Business Conduct Guidelines" to regulate employees' prevention of conflicts of interest. A stakeholder complaint channel is also established, with the Audit Office Manager Wang Xianyi as the dedicated contact person to handle and respond to complaints from stakeholders.	<b>No Differences</b>
(4) Has the company established effective accounting and internal control systems to implement ethical management, and does the internal audit unit formulate relevant audit plans based on the risk assessment results of unethical behavior, and audit the compliance with plans to prevent unethical behavior, or entrust accountants to perform audits?	(4) The Audit Office under the board of directors conducts regular or special audits to timely identify possible deficiencies in the internal control system, propose improvement suggestions, and issue audit reports to the Audit Committee and the Chairman, and report the implementation status and results to the board of directors, to implement the spirit of corporate governance.	<b>No Differences</b>
(5) Does the company regularly conduct internal and external training on ethical management?	(5) The company conducts irregular ethical management training. All new Phihong employees (100%) must undergo training on the "Corporate Ethics and Business Conduct Guidelines" upon joining and sign to acknowledge after the training. Additionally, the importance and practice of ethical management are taught in subsequent "new employee training" sessions.	<b>No Differences</b>
<b>3. Operation of the Company's Whistleblowing System</b>		
(1) Has the company formulated specific whistleblowing and reward systems, established convenient whistleblowing channels, and designated appropriate personnel to handle reported cases?	(1) The company has formulated the "Employee Complaint Management Measures" internally and has an "Employee Complaint Mailbox" to provide a rigorous and safe reporting mechanism, allowing employees to convey opinions in a safe and confidential manner. The company website also has a "Stakeholder Complaint Mailbox" and a "Whistleblowing Mailbox for Illegal, Unethical, or Unethical Employee Complaints", providing complaint channels for all stakeholders. The Audit Office is responsible for verifying the content of	<b>No Differences</b>

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	reports, and if confirmed to be illegal, unethical, or dishonest, rewards and punishments are determined based on the severity of the case.	
(2) Has the company formulated standard operating procedures for handling reported cases, follow-up measures after investigation, and related confidentiality mechanisms?	(2) The company's "Employee Complaint Management Measures" and "Handling Measures for Reporting Illegal, Unethical, or Unethical Behavior Cases" define standard operating procedures, confidentiality mechanisms, and whistleblower protection mechanisms.	<b>No Differences</b>
(3) Does the company take measures to protect whistleblowers from improper treatment due to whistleblowing?	(3) Same as above.	<b>No Differences</b>
4. Enhanced Information Disclosure		
Does the company disclose the content and implementation results of its ethical management guidelines on its website and the Market Observation Post System?	Phihong's official website ( <a href="http://www.phihong.com.tw">www.phihong.com.tw</a> ): Investor Area: Discloses the latest financial information, major news, and includes the operation of ethical management. Corporate Social Responsibility Section: Publishes complete corporate social responsibility reports from 2009 to the present, including comprehensive disclosure of ethical management and related practices and implementation. ( <a href="https://www.phihong.com.tw/index.php?route=investors/investorsqiye">https://www.phihong.com.tw/index.php?route=investors/investorsqiye</a> ).	<b>No Differences</b>
<p><b>5. Differences in Operation and Guidelines</b></p> <p><b>If the company has established its own ethical management guidelines based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences in operation and guidelines:</b></p> <p>Our company has formulated Phihong's "Ethical Management Guidelines" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". These guidelines are fully implemented in the board's operations and corporate governance, adhering strictly to the requirements of ethical management. Despite the significant interest relationships between enterprises and governments, and between enterprises, to avoid affecting business integrity and to eliminate corruption risks, we firmly oppose any behavior that damages integrity, ethics, company image, and interests in the "Employee Code of Conduct" and "Corporate Ethics and Business Conduct Guidelines". We have also established a reward and punishment system to eliminate any potential corruption.</p>		

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<p>The company has designed a reporting mechanism for gifts from suppliers to prevent corruption, bribery, and extortion at the first instance. Anti-corruption and integrity clauses are also included in contracts with suppliers, requiring them to sign a "Commitment to Integrity". No opportunities for corruption are allowed, ensuring anti-corruption is implemented in daily management and business conduct. Since implementation, there have been no instances of corruption.</p>		
<p><b>6. Other Important Information for Understanding the Company's Ethical Management Operations</b>            In addition to the latest financial information, major announcements, and related ethical management operations available in the Investor Area on Phihong's official website (<a href="http://www.phihong.com.tw">www.phihong.com.tw</a>), detailed disclosures on ethical management can also be found in the "Corporate Social Responsibility" section. This section includes comprehensive corporate social responsibility reports from previous years, providing important insights into the company's ethical management practices and implementation.</p>		