



2. Corporate Governance

2.1 Company Profile

2.1.1 Basic Information

(GRI 2-1, 2-7, 2-28)

Pan-International Group was established in 1971 with the headquarter located in New Taipei City, Taiwan. It has operating bases in China, the United States, Malaysia, and Thailand engaged in manufacturing, sales, and customer service businesses.

Since its establishment, Pan-International has adhered to the spirit of innovation, aiming to care for employees while maximizing profits for shareholders, and has worked tirelessly to achieve these goals. With the evolution of product technology and changes in the market, the Company’s primary business has expanded from producing and selling terminals and plugs to researching, developing, and manufacturing signal cables, wire harnesses, and PCBs for consumer, communication, industrial, and medical products. Additionally, the Company has entered the professional EMS services to meet customers’ needs for one-stop solutions. Due to climate change and increasing frequency of extreme natural disasters, achieving carbon neutrality to mitigate global warming has become a global trend. Governments worldwide have established goals and carbon reduction pathways. Electric vehicle products align with this trend and are expected to become mainstream consumer products in the future with significant growth potential. To contribute to the carbon neutrality trend and create new business opportunities, the Company actively invests in the automotive wire harness industry, establishes R&D teams, and collaborates with customers to develop electric vehicle wire harness products, aiming to seize industry opportunities. The hard work has yielded significant rewards. Over the past two years, a substantial increase in customer shipments has led automotive wire harness products to become one of the Company’s primary sources of revenue.

Affected by factors such as regional wars, geopolitics, US-China competition, and inflation, the global economy will undergo major changes, and business operators will face greater challenges and decision-making dilemmas. The Company will continue to uphold the principles of diligence and frugality, maintain its transformation operational strategy, and work together with all employees to create revenue, control costs, and improve profitability. Additionally, the Company is committed to addressing major stakeholder concerns, fulfilling corporate social responsibilities, and sharing operating results with all stakeholders to ensure sustainable social development and sustainable operation of enterprises.

Company Name	Pan-International Industrial Corp.
Company Type	Listed & Limited Company
Date of Establishment	May 19, 1971
Headquarter Location	No. 97, Anxing Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)
Industry Category	Electronic Components and Products Manufacturing



Primary Products or Services	Manufacturing and sales of electronic components such as signal cables, wire harness products, connectors, and PCBs, and providing EMS services.
Paid-in Capital	NTD 5,183,462,820
Net Sales	NTD 25,634,258,000
Number of Employees	3210

- Association Memberships**

Pan-International Group continues to participate in business-related associations. In 2023, the Company was a general member of the Taiwan Electrical and Electronic Manufacturers' Association, exchanging industry knowledge, information, and practical experience with peers and professionals, aiming to respond to changes in the international situation together and improve industry standards.

2.1.2 Operating Locations

▼ Operating Layout of Pan-International Group

Region	Operating Location and Business Nature	Number of Operating Locations
Taiwan	The headquarter and R&D center	1
Mainland China	Product manufacturing and sales locations	5
Malaysia	Product manufacturing and sales locations	2
Thailand	Product manufacturing and sales locations	1
United States	Sales location	1



2.2 Governance Structure

2.2.1 Governance Framework

(GRI 2-9)

The highest authority of the Company is the shareholders’ meeting, where shareholders elect directors to form the Board of Directors. The Board serves as the Company’s highest governing body, responsible for making overall business decisions. Beneath the Board are functional committees, including the Nomination Committee, Remuneration Committee, and Audit Committee, which respectively oversee the Company’s management, operational performance, financial statements, compensation of directors and managers, and key ESG goals. In addition, an Audit Office has been established to monitor the effectiveness of the Company’s internal control system. Each committee performs its duties and supervises according to its responsibilities and division of powers, reporting its implementation results and resolutions to the Board of Directors to safeguard the interests of the Company and all stakeholders.

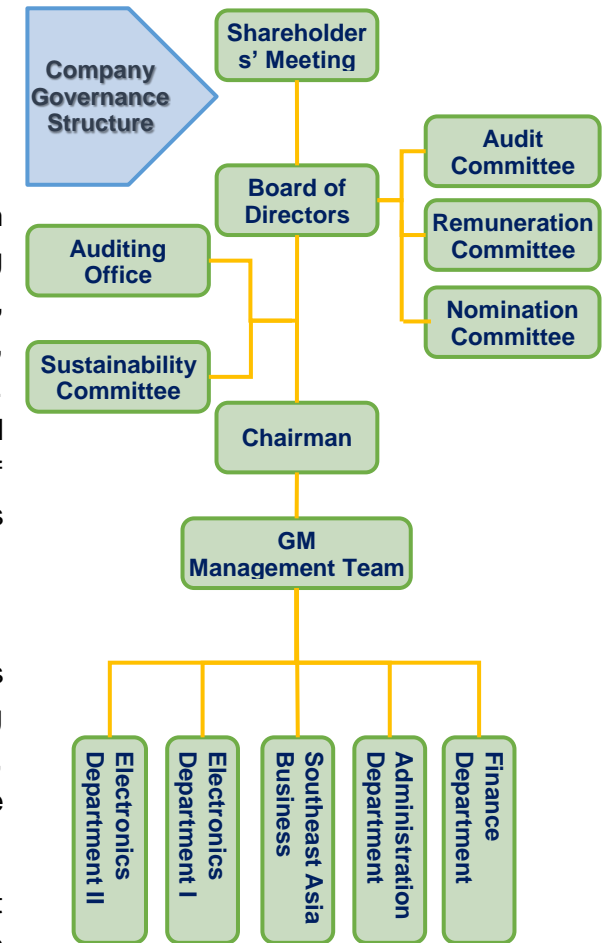
Board of Directors Operations and Composition (GRI 2-9, 2-10, 2-11, 405-1)

The Board of Directors serves as a balancing and supervisory role between the Company’s owners and its management. It exercises the rights and obligations authorized by shareholders and formulates operating guidelines based on stakeholder interests. In addition, it determines the management level of the Company, supervises operational conditions, establishes sustainability development-related strategies, and monitors the effectiveness of their implementation.

Board members are elected through a candidate nomination system, with seven directors elected from the list during the shareholders’ meeting. Directors serve a term of three years and may be re-elected. The nomination and selection criteria focus on the candidates’ independence, professional background, and relevance to the Company’s operational development, while also considering the diversity of the board composition. The current Board of Directors consists of seven directors (including four independent directors), with a male to female ratio of 5:2.

Pan-International Group holds a quarterly board meeting in principle. In 2023, a total of five regular board meetings and one special board meeting were held, with an average attendance rate of 100%. For the attendance of each director and the information of the proposals, please refer to page 16 of Pan-International Group’s 2023Annual Report.

http://www.panpi.com.tw/tw/investor_service/shareholder_meeting/information

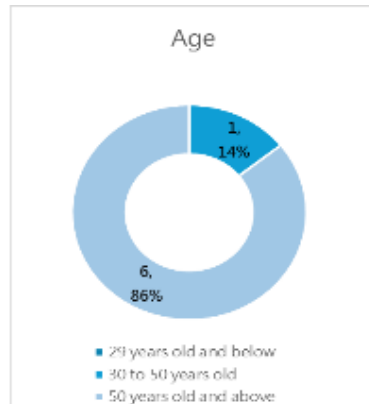
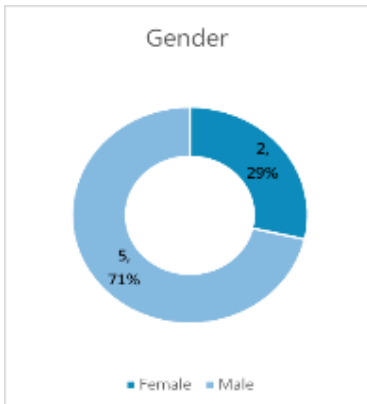




▼ **Pan-International Group’s Director Information** (Current term of Board of Directors: From June 9, 2023, to June 8, 2026)

Title	Term Years of Service	Name	Gender	Age	Concurrent Position in the Company	Concurrent Position in Other Companies	Functional Committees		
							Audit Committee	Remuneration Committee	Nomination Committee
Chairman	1	Kuang-Ya Lee	Male	51 years old and above	-	• Assistant Vice GM of Hon Hai Precision Industry Co., Ltd.			
Director	1	Ying-Shih Huang	Male	51 years old and above	-	• Senior Officer of Hon Hai Precision Industry Co., Ltd.			
Director	22	Feng-An Huang	Male	51 years old and above	Vice GM of the Company	-			V
Independent Director	1	Ming-I Kuo	Female	51 years old and above	-	• Consultant of Lexcel Law Offices	V	V	
Independent Director	4	Wen-Jung Cheng	Male	30 to 50 years old	-	• Lead CPA of Fubo United Accounting Firm • Supervisor of Top Food Industry Corporation • Independent Director of SHUN ON ELECTRONIC CO., LIMITED	V		V
Independent Director	1	Lin Ching-Wei	Female	51 years old and above	-	• Director of GREAT DREAM PICTURES, INC.	V	V	
Independent Director	1	Chih-Keng Chen	Male	51 years old and above	-	• Professor and Department Head of Vehicle Engineering, National Taipei University of Technology, Taipei Tech	V	V	V

▼ **Director Gender and Age Distribution Chart**





▼ Director Professional Skills and Experience Distribution

Title	Name	Director Professional Skills and Experience Distribution											
		Leadership and Decision-making	Operation Management	Finance, Accounting Law	Industry Knowledge	Industry Technology	Marketing	Business Development	Information Technology	Risk Management	Environmental Sustainability	Social Participation	Supply Chain Management
Chairman	Kuang-Ya Lee	V	V		V	V	V	V		V	V	V	
Director	Ying-Shih Huang	V	V	V	V				V	V	V	V	
Director	Feng-An Huang	V	V	V	V				V	V	V	V	
Independent Director	Ming-I Kuo	V	V	V						V	V	V	
Independent Director	Wen-Jung Cheng	V		V	V				V	V	V	V	
Independent Director	Lin Ching-Wei	V	V	V						V	V	V	
Independent Director	Chih-Keng Chen	V			V	V			V	V	V	V	V





- **Director Training (GRI 2-17)**

Pan-International Group arranges annual training courses and forums for directors on professional skills, knowledge, and sustainability development-related issues to strengthen their expertise to address operational impacts. In 2023, the directors participated in a total of 51 hours of training courses and major issue forums, which were conducted over twelve sessions.

2023director training items: Page 24 of Pan-International Group’s 2023 Annual Report.

http://www.panpi.com.tw/tw/investor_service/shareholder_meeting/information

- **Remuneration Structure for Directors and Senior Managers (GRI 2-19)**

The remuneration for directors of Pan-International Group includes cash remuneration for independent directors, director remuneration, salaries and remuneration for concurrent employees, and pensions. The Remuneration Committee uses industry benchmarks and individual performance to determine adjustments to individual remuneration. In addition to fixed salaries and retirement pensions, performance bonuses are calculated based on the achievement of various performance indicators. For details on director remuneration, remuneration brackets, and payment standards in 2023, please refer to pages 11 to 13 of Pan-International Group’s 2023Annual Report.

The remuneration system for Pan-International Group’s senior executives is proposed and recommended to the Board of Directors by the Remuneration Committee, and it is approved by the Board. In addition to fixed salaries and retirement pensions, performance bonuses are calculated based on the achievement of various performance indicators. The retirement system for senior executives is the same as that for other employees. For details on senior executive salaries and brackets in2023, please refer to pages 14 to 15 of Pan-International Group’s 2023Annual Report. The Remuneration Committee has formulated the “Executive Salary and Remuneration Regulations” and submitted it to the first Board meeting in 2024 for review and approval. This will serve as the basis for evaluating and determining senior executive remuneration.

- **Resignation and Retirement Policy for Directors and Senior Executives**

The notice period for resignation of Pan-International Group’s directors and senior executives complies with local government regulations. The number of notice days and calculation method of severance pay are the same as those for other employees. In addition to severance pay, no other payments or benefits in kind will be provided to departing directors and senior executives. For details, please refer to page 70 of Pan-International Group’s 2023 Annual Report.

http://www.panpi.com.tw/tw/investor_service/shareholder_meeting/information

- **Linkage between Director and Senior Executive Remuneration and ESG Performance**

The Company is currently developing short-term and medium-term ESG implementation plans and achievement goals; therefore, the remuneration of directors and senior executives has not yet been linked to ESG performance. A procedure for ESG performance evaluation will be established after commissioning an independent professional organization to assess the performance evaluation model and target items for the Company’s directors and



senior executives. ESG performance indicators will be gradually introduced each year to link individual participation in ESG issues and the achievement of ESG goals with their annual bonuses, thereby strengthening the accountability of directors and senior executives for the Company’s sustainability vision.

• **Clawback Provision**

A clawback mechanism has not yet been established. In the future, we will seek advice from external consultants and consider the Company’s operating conditions for further discussion.

• **Board Performance Evaluation (GRI 2-18)**

In principle, the Company conducts an annual performance evaluation of the Board of Directors, functional committees (including the Audit Committee, Remuneration Committee, and Nomination Committee) and individual board members. To further enhance the effectiveness of board operations and strengthen corporate governance, the Company will engage an independent professional organization or external expert scholar team to conduct a performance evaluation every three years. This evaluation will serve as a reference for improving the performance of the Company’s board operations.

Measurement Items for Board Performance Evaluation	Performance Evaluation for Individual Board Members
1. Participation in Company Operations 2. Enhancing the Quality of Board Decisions 3. Board Composition and Structure 4. Director Selection and Ongoing Education 5. Internal Control	1. Understanding of Company Goals and Tasks 2. Awareness of Director Duties 3. Participation in Company Operations 4. Internal Relationship Management and Communication 5. Director’s Expertise and Ongoing Education 6. Internal Control

▼ Board Evaluation Implementation

Evaluation Cycle	Evaluation Period	Evaluation Method	Evaluation Scope	Evaluation Result
Once a Year	From January 1 to December 31, 2023	Self-Evaluation	Overall Performance of the Board of Directors	Excellence Grade
Once a Year	From January 1 to December 31, 2023	Self-Evaluation	Individual Board Members	Excellence Grade
Once a Year	From January 1 to December 31, 2023	Self-Evaluation	Audit Committee	Excellence Grade
Once a Year	From January 1 to December 31, 2023	Self-Evaluation	Remuneration Committee	Excellence Grade
Once a Year	From January 1 to December 31, 2023	Self-Evaluation	Nomination Committee	Excellence Grade

2023 performance evaluation results: Page 17 of Pan-International Group’s 2023Annual Report.

http://www.panpi.com.tw/tw/investor_service/shareholder_meeting/information

• **Conflict of Interest Management (GRI 2-15)**



The rules of procedure for Pan-International Group’s board meetings, Audit Committee, and Remuneration Committee, include provisions on avoiding conflicts of interest. When a director’s proposal involves the interests of themselves, their spouse, or relatives within the second degree of kinship, or companies that have a controlling or subordinate relationship with the director, they must disclose their interests at the board meeting. If there is any concern about harming the Company’s interests, they shall not participate in the discussion and voting and must exclude themselves from both. Additionally, they may not exercise voting rights on behalf of other directors. The names of the related directors, important content explanations and recusal are all recorded in the meeting minutes. Directors and managers must complete an annual related party transaction declaration, with results reported to the Audit Committee.

- For 2023 related party transactions, directors, controlling shareholders, or other stakeholders, please refer to page 41 of Pan-International Group’s 2023 Annual Report.

http://www.panpi.com.tw/tw/investor_service/shareholder_meeting/information

In addition, the Company has established codes of ethical conduct for personnel at different levels, as well as separate codes for directors and managers, and for employees. The Audit Office and General Administration oversee the implementation of these codes and regularly report the implementation results to the Board of Directors. As of the end of 2023, Pan-International Group had not experienced any major conflicts of interest.

2.2.2 Functional Committee

(GRI 2-9, 2-14)

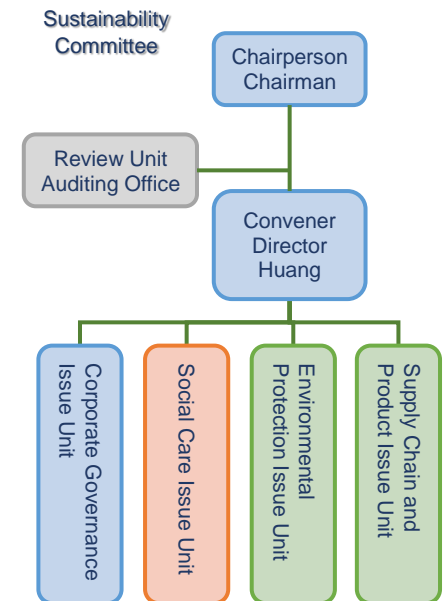
- **Sustainability Committee (GRI 2-12, 2-13, 2-14, 2-16)**

Pan-International Group has established a Sustainability Committee, managed by the Chairman, which serves as the highest-level dedicated sustainability unit within the Company. The Committee consists of the Chairman, Director Huang, the GM, and relevant department heads. The Sustainability Committee is responsible for managing, resolving, and supervising the governance strategies, the effectiveness of policy implementation, and the achievement rates of major ESG issues related to the Company’s operations. The Committee reports implementation results to the Board of Directors annually.

Under the committee, four implementation units are established based on functional responsibilities: Environmental Protection Issue Unit, Social Care Issue Unit, Corporate Governance Issue Unit, and Supply Chain and Product Issue Unit. The GM acts as the overall commander, coordinating group members and appointing the heads of responsible departments as group leaders. The implementation groups are responsible for identifying major ESG issues related to the Company’s operations, formulating management strategies and goals, and preparing annual sustainability reports. The GM will regularly review the performance and achievement of the implementation groups and report the results to the Board of Directors annually.

- **Implementation of Sustainability Committee**

In 2023, the Sustainability Committee communicated three major matters with the Board of Directors, including reporting on the annual integrity management results and the sustainability report, and proposing to formulation of the “Procedures for Preparing and Verifying Sustainability Reports.” The related reports and procedures were all approved by the Board of Directors.





▼ 2023 Sustainability Committee Communications with the Board of Directors

Meeting Date	Major Matters Communicated with the Board of Directors	The Board's Major Suggestion	ESG Committee Resolution Results	The Board's Resolution Results
May 09, 2023	Reported 2022 annual integrity management results	None	Approved by all attending committee members	Approved by all attending directors
May 09, 2023	Formulated procedures for preparing and verifying sustainability reports	None	Approved by all attending committee members	Approved by all attending directors
August 08, 2023	Submitted 2022 annual sustainability report	None	Approved by all attending committee members	Approved by all attending directors

• **Remuneration Committee (GRI 2-19, 2-20)**

The Remuneration Committee consists of three members, all of whom are independent directors, meeting the independence requirements of regulations. Their terms of office run from June 9, 2023, to June 8, 2026. The Company has formulated the “Remuneration Committee Charter” to define the powers and responsibilities of the Remuneration Committee, which is responsible for setting and regularly evaluating the remuneration systems and standards for directors and managers. In principle, the Committee meets once every six months. In 2023, a total of five meetings were held, with a 100% attendance rate from all members.

To ensure the transparency in the remuneration system and protect stakeholders’ interests, Pan-International Group will implement an external stakeholder mechanism, with third-party independent consultants regularly reviewing the performance of the Company’s Board of Directors and various committees. Moreover, the remuneration distributed to employees and directors each year must be approved at the shareholders’ meeting.

This year’s employee and director remuneration was approved at the shareholders’ meeting on June 9, 2023.

• **Audit Committee**

The Company’s Audit Committee is composed of four independent directors, with terms of office from June 9, 2023, to June 8, 2026. Its responsibilities include reviewing the Company’s financial statements, overseeing the appointment and independence of certified public accountants, formulating or revising internal control systems, and ensuring that the Company’s internal rules comply with relevant laws and regulations. Meetings are held quarterly, and when necessary, department heads, internal auditors, accountants, legal consultants are invited to participate in discussions. In 2023, a total of six meetings were held, with members achieving a 100% attendance rate.

Audit Committee implementation: Pages 18 to 20 of Pan-International Group’s 2023 Annual Report

• **Nomination Committee**

The Company’s Nomination Committee consists of two independent directors and a general director, with terms of office from June 9, 2023, to June 8, 2026. Its responsibilities include nominating candidates for the Company’s directors, assessing the qualifications of those candidates, structuring the functional committees under the Board, reviewing the organizational regulations of each functional committee, evaluating operational rules of the Company’s Board of Directors, and reviewing the Company’s corporate governance practices, as well as other matters assigned by the Board of Directors. In 2023, a total of three meetings were held, achieving a 100% attendance among its members.

Nomination Committee implementation: Pages 26 to 27 of Pan-International Group’s 2023 Annual Report.



2.3 Economic Performance

(GRI 201-1)

Every November, each business unit and department prepares its budget for the following year. The Accounting Department summarizes the sales, R&D, production, procurement, personnel expenses, and capital expenditure budgets to prepare the projected income statement, which is then submitted to the GM for review. At the first Board meeting of the upcoming year, the GM presents the annual budget and business plan to the Board of Directors and conducts quarterly report on the implementation results.

The Company's revenue from automotive products in 2023 was significantly driven by increased shipments from automotive customers in China. Revenue from automotive wire harness accounting for more than 17% of total consolidated revenue, highlighting the results of the Company's transformation efforts and the growth in automotive product revenue. In addition, despite the increasing flexibility of the supply chain, the Southeast Asia Business Division continued to achieve revenue growth. However, in the second half of the year, shipments of consumer products declined due to customers' tendency to stockpile and uncertainty regarding future demand. This resulted in a significant drop in revenue for related products. Overall, while the Company has actively adjusted its product mix to maintain its gross profit margin, the decline in revenue has resulted in a slight decrease in profitability, along with a drop in investment income and other non-operating contributions. This has led to a decrease in overall annual profitability compared to the previous year.

In summary, for the year 2023, the Company's consolidated revenue was NT\$25,634,258,000, a decrease of 2.4% compared to 2022. The consolidated net profit after tax was NT\$1,489,833,000, with earnings per share after tax of NT\$2.42. For explanations and analysis of other financial performance, please refer to the Company's annual report.

▼ Pan-International Group's Consolidated Financial Performance

Items	2021	2022	2023
Operating Revenue (NT\$ thousand)	24,226,194	26,257,340	25,634,258
Net Profit Before Tax (Net Loss) (NT\$ thousand)	1,549,425	2,056,433	1,841,792
Net Profit After Tax (Net Loss) (NT\$ thousand)	1,162,597	1,566,399	1,489,833
Earnings Per Share (Loss)(NT\$)	1.87	2.55	2.42
Cash Dividend (NT\$/share)	1.00	1.40	1.30

Note: Cash dividends are the amounts resolved for distribution in the earnings distribution proposals for each reporting year. The distribution amount for 2023 was approved by the shareholders' meeting on May 31, 2024.

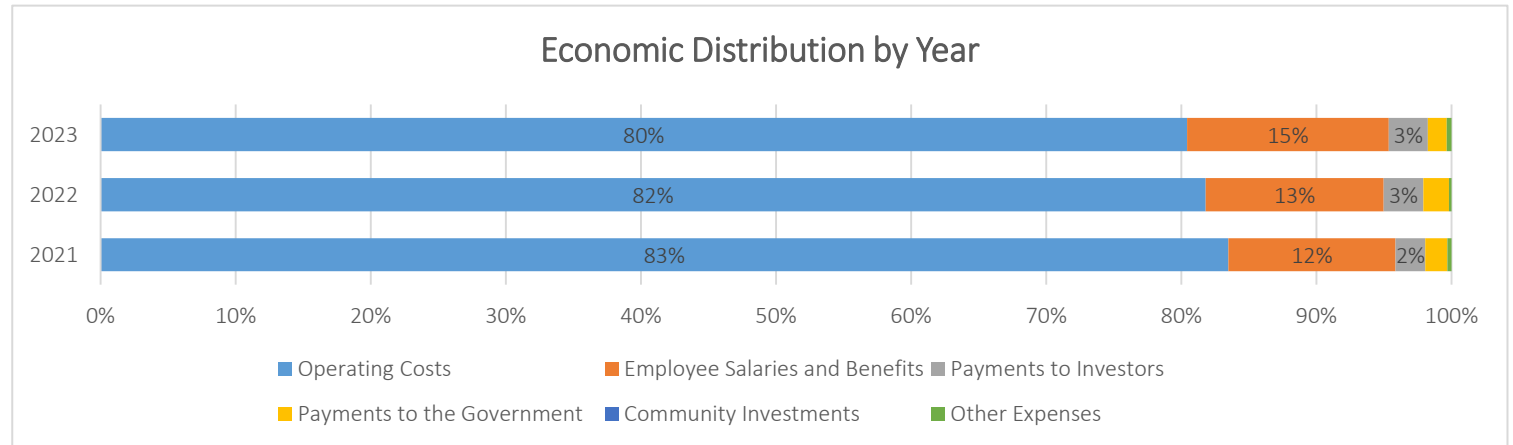
The Company analyzes its consolidated financial position from the perspective of stakeholder economic distribution according to GRI standards. This year, the total direct economic income generated (including operating income and non-operating income) amounted to NT\$26,015,079,000, and the total amount distributed was NT\$25,199,096,000. The top three items of economic distribution were operating costs (80.5%), employee salaries and benefits (14.9%), and payments to investors (2.9%).



▼ Direct Economic Value Generated and Distributed in the Past Three Years (Unit: NT\$ thousand)

Economic Value	Item/Subject	2021	2022	2023
Direct Economic Income	Net Operating Income	24,226,194	26,257,340	25,634,258
	Financial Investment Income	202,530	262,150	203,428
	Government Subsidies	38,760	44,221	28,254
	Other Income	5,997	4,051	149,139
Direct Economic Value Generated		24,473,481	26,567,762	26,015,079
Economic Distribution	Operating Costs	19,894,377	21,047,693	20,268,775
	Employee Salaries and Benefits	2,949,612	3,388,415	3,764,016
	Payments to Investors	525,473	756,041	724,841
	Payments to the Government	386,828	490,034	351,959
	Community Investments	0	0	0
	Other Expenses	72,940	44,865	89,505
Economic Value Distributed		23,829,230	25,727,048	25,199,096
Economic Value Retained		644,251	840,714	815,983

Note: Economic value retained =
Direct economic value generated
- Economic value distributed.







2.4 Responsible Business Conduct

Material Topic Management Approach: Business Integrity

Corresponding GRI Indicators: GRI 3-3, 205-3, 206-1

Impact Description		<ol style="list-style-type: none"> 1. Damage to company reputation and corporate image. 2. Bear liable for compensation related to negligence. 3. Loss of orders. 				
Location		Pan-International, Taipei (Parent Company)	Dongguan Pan-International	New Ocean Precision Component, Jiangxi	Honghuasheng, Yantai	CJ Electric Systems, Wuhu
Policies or Commitments Established or Followed	Internal Regulations	v	v	v	v	v
	Government Regulations	v	v	v	v	v
Responsible Units		<ol style="list-style-type: none"> 1. GM's Office 2. Business Division Management Department 3. Human Resources Department 4. Information Department 5. Investor Relations Department 6. Auditing Office 				
Management Actions		<ol style="list-style-type: none"> 1. Strengthen internal education and training in integrity and business responsibility. 2. Enhance information security protection mechanisms. 3. Improve document and system data control mechanisms to prevent leakage. 4. Plan both regular and irregular audit programs. 5. Establish whistleblower mechanisms and reporting channels. 6. Arrange liability insurance to protect the Company's interests. 				
Process for Monitoring the Effectiveness of Actions		<ol style="list-style-type: none"> 1. Regularly review information systems for any data breaches. 2. Effectively implement regular and irregular audit programs. 3. Regularly review whether liability insurance coverage is sufficient. 				



Management Performance Indicators				
Indicators	2023 Achievement	Short-term Goal (2024)	Mid-term Goal (2022-2027)	Long-term Goal (2022-2050)
 Zero violations of ethical management cases	Achieved 100% in 2023 			

2.4.1 Ethical Management

(GRI2-23, 2-24, 2-25, 2-26, 205-3)

The Company formulates regulations on corporate ethical management based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” promulgated by the Financial Supervisory Commission. The Corporate Governance Issue Unit of the Sustainability Committee adheres to the ethical management policy and establishes “Integrity, Honesty, Compliance, and Fraud Prevention” as guiding principles, aiming to achieve zero incidents and promote the Company’s ethical management operations. Simultaneously, the Company identifies potential impacts on various stakeholders in its business relationships, reviews specific risks, formulates relevant preventive measures and plans. It also follows up on incidents handling through human resources and audit units to improve and optimize responsible business conducts, ensuring compliance with ethical management goals and standards.

Regarding responsible business conduct, the Company is committed to providing customers with one-stop solutions while ensuring the confidentiality of their products and preventing the leakage of trade secrets and related information. The Company insists on maintaining product quality to avoid hazards and losses. The current implementation results are positive, with no related incidents occurring. Relevant information is published in the Company’s annual report and on its website.

Approval Unit	Implementation Unit	Policy Regulations	Reference (Government official documents, guidelines, initiatives, etc.)
Board of Directors	Company directors and all employees	Pan-International Industrial Corp. Code of Ethical Management	Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
Board of Directors	Company directors and all employees	Pan-International Industrial Corp. Procedures Ethical Management and Guidelines for Conduct	Procedures for Ethical Management and Guidelines for Conduct for TWSE/TPEX Listed Companies



Pan-International Group implements a series of measures and management mechanisms to ensure that members of each the operating base and the Company’s stakeholders understand the Company’s ethical management policy. These measures include signing relevant documents, facilitating communication meetings, and holding training sessions and briefings, totaling 3,582 hours of ongoing promotion. Due diligence is also performed on suppliers to facilitate review and screening.

Identity		Timing	Documents to be Signed	Contract Signing Rate
Workers	New employees	Upon entry	Integrity Commitment / Integrity Conduct and Intellectual Property Rights Agreement	100%
Business Partners	New suppliers	Before signing contract	Supplier Evaluation Report / Supplier Risk Level and Evaluation Form / Environmental Protection Agreement	100%
	Existing suppliers	When signing contract	Integrity Commitment / Declaration of Non-use of Conflict Minerals / Environmental Protection Agreement	100%

The Company conducted ethical management-related training courses, explaining prohibited behaviors in the Company’s business execution during the courses, including professional ethics regulation courses (trade secrets, intellectual property, information use, fair competition) / anti-corruption courses (including bribery, providing or receiving improper benefits, fraud, extortion, money laundering), to prevent unethical behaviors from occurring.

To mitigate the impact caused by any violations of ethical management and professional ethics, employees of Pan-International Group’s operating bases can report through internal whistleblower reporting procedures, while suppliers and stakeholders can report any illegal or unethical conduct through reporting and grievance channels.

Reporting channels include dedicated phone lines/websites/mailboxes (judyjuang@panpi.com.tw). Reports will be handled and investigated by the Audit Office and Human Resources Department based on the reported content and related evidence. If the reported matter involves directors or managers, it should be directed to the independent directors. The handling unit will verify reports according to company regulations and implement strict confidentiality measures to protect whistleblower’s personal information and the investigation process. Once the report is verified as true, corresponding disciplinary measures will be implemented based on the Company’s ethical management policies and regulations, including seeking compensation for losses, termination of employment contracts and business contracts.

As of 2023, Pan-International Group had no violations of ethical management, competitive behavior, anti-trust, and monopoly related laws. The implementation results were reported to the second Board meeting in 2023. We will continue to implement the above management measures to reduce potential risks and avoid the occurrence of negative incidents.

2.4.2 Human Rights Policy

The Company adheres to international human rights conventions, including the Universal Declaration of Human Rights and the International Labor Organization Declaration of Fundamental Principles and Rights at Work. It implements various human rights requirements, such as non-discrimination, prohibition of child labor, and prohibition of forced labor, to protect the fundamental rights of employees and stakeholders. In addition, the Company has



begun internal reviews to examine the operating conditions of each plant and is drafting codes of conduct for employees and human rights as a policy basis for protecting employee rights. The employee and human rights code of conduct is expected to be completed and announced publicly in 2024.

- Human Rights Policy Training

To help employees, suppliers, and external stakeholders understand the content of Pan-International Group’s various human rights policies, we not only provide human rights policy education and training courses for new employees but also adopt diverse methods such as training sessions, contract requirements, promotional meetings, company websites, opinion mailboxes, and various feedback channels. This ensures that all personnel understand their rights and company regulations. Moreover, all implementation results are publicly disclosed on the Company’s official website and in the sustainability report.

- Communication and Remedies for Human Rights Policies or Cases

The Company has set up feedback channels and opinion mailboxes to enable all employees and external stakeholders to communicate various human rights incidents with dedicated departments, including suggestions for policy improvements, potential risk warnings, and reports of human rights violations. To maintain fair procedures for reviewing and investigating complaint or reports, a cross-departmental team composing of the Human Resources Department and the Audit Office is responsible for investigating human rights incidents and formulating improvement measures.

The Company has not experienced any human rights incidents such as discrimination, employment of child labor and forced labor this year.

2.4.3 Regulatory Compliance

(GRI 2-27)

In 2023, the Company had no violations of environmental regulations, social regulations, governance and economic regulations, and product and service regulations.

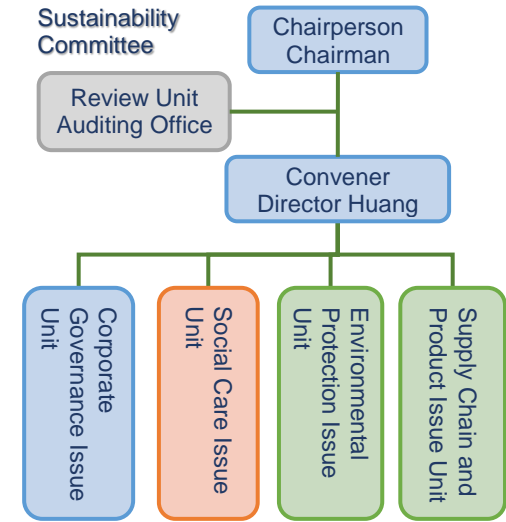
2.5 Risk Management

2.5.1 Risk Management Organization

Risk management plays a crucial role in dealing with risks and opportunities arising from internal and external factors. Risks and opportunities arising from global trends and the environment may affect an enterprise's profitability and even its survival. Instead of relying on unpredictable environments and variables, it's better to continuously improve competitiveness and influence of the enterprise, fully seizing business opportunities, and tackling the challenges of a new era.

- Risk Management Committee Organizational Chart

According to Article 27 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the "Sustainability Committee" established under the Company's Board of Directors serves as the highest authority responsible for risk management, while the "Corporate Governance Issue Unit" acts as the executive body for implementing risk management. The responsibilities of each department are as follows:



Board of Directors	The Board of Directors is the highest supervisory unit for risk management, its responsibilities include reviewing annual risk management reports, risk execution reports, and audit reports to ensure the effectiveness of the risk management system. The Board of Directors meeting unit irregularly interacts and communicates with various staff function heads on environmental and social issues related to the Company. Additionally, it conducts an annual review of the impact and strategic goals of ESG initiatives.
Sustainability Committee	Resolves major risks and risk management units of the group, executes risk management through risk identification, analysis and formulation of specific methods, and regularly reports to the Board of Directors.
Corporate Governance Issue Unit	Identifies risk issues and discusses management goal with risk execution units.
All Company Execution Departments	Propose risk management goals and implementation. Regularly report results to risk management units.
Risk Audit Unit (Audit Office)	Assesses the effectiveness of the operation of risk management systems and mechanisms. Conducts audit operations and regularly submits risk management results to the Audit Committee and the Board of Directors.

Emergency Response Unit:

To coordinate resources and address swiftly in the event of emergencies or major incidents, the GM will act as the commander, convening units such as the Administration Department, Human Resources, Legal Affairs, Business and Finance to establish the Emergency Response Unit. This group will review the affected departments, the extent of damage, and develop response plans. Quick decisions and announcements will be made to maintain the transparency of the Company.

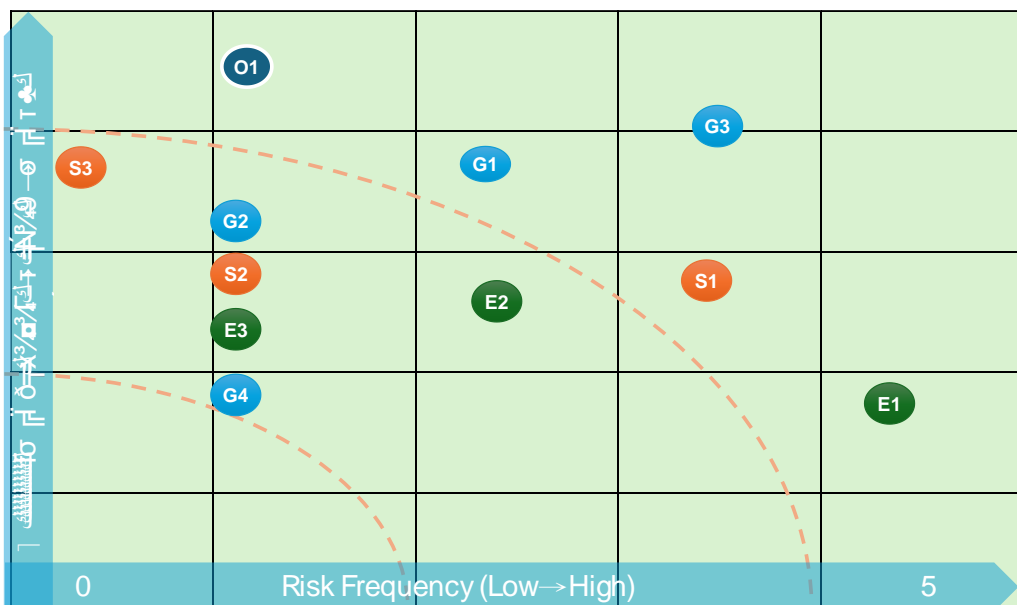


2.5.2 Risk Identification and Response Measures

As the Company has not yet established a responsible unit for environmental risk assessment, it has not yet introduced an environmental risk assessment procedure and does not use the precautionary principle as an assessment measure. However, we plan to implement the Company’s risk system management in line with risk management principles and guidelines. Based on the scope of Pan-International Group’s risk management policies and procedures, we have completed internal risk identification and assessment and implemented mitigation measures. The details are as follows:

Risk Aspect	Risk Issue Identification	Impact	Risk Mitigation Measures
Corporate Governance Aspect	Information security issues	Operational, product, and customer confidential information may be hacked or stolen	Formulate information security policies and control procedures, increase manpower and organization, protect system security through external consultants
	Business Integrity	Loss of trust from customers and suppliers, causing losses to future operations and increasing monitoring costs	Strengthen promotion, raise integrity awareness, improve reporting channels, and actively prevent fraud
	Market fluctuations	Wrong decisions will cause significant losses to the Company	Carefully evaluate market and product development directions and assess investment proposals and decisions
	Regulatory compliance	Violations of regulations will cause operational losses and increase control costs in the future	Strengthen promotion, raise awareness of legal compliance, and strictly manage internal control procedures
Social Aspect	Employee care	Negative impact on corporate image, increasing employee recruitment costs	Regularly review remuneration policies to improve employee benefits
	Workplace safety accidents	Cause substantial losses to the Company and employees	Formulate response SOPs, conduct regular drills and reviews, strengthen work safety education to enhance awareness of workplace safety
	Earthquakes/fires	Will interrupt company operations and cause asset loss	Formulate response SOPs, conduct regular drills and reviews, and increase insurance coverage
Environmental Aspect	Carbon inventory and reduction planning	Negative impact on corporate image, which may lead customers to reduce their willingness to order	Complete carbon inventory and disclose externally as required, formulate carbon reduction plans based on inventory results
	Update regional environmental protection regulation	Violations will result in government fines and heightened supervision, leading to increased operating costs and reduced customer order willingness	Compile information and regulations from various operating regions, modify operating policies and strengthen internal promotion to raise legal compliance awareness
	Floods (water shortage)	Disrupt production processes, potentially causing operational interruptions	Establish water-saving plans, improve recycling and reuse rate of production water
Others	Severe infectious diseases	Cause operational interruptions and losses	Formulate response SOPs and prepare backup options

▼ Risk Issue Impact Table



- E1** Carbon inventory and reduction planning
- S1** Employee care
- G1** Information security issues
- E2** Update regional environmental protection regulation
- S2** Workplace safety accidents
- G2** Business integrity
- E3** Floods (water shortage)
- S3** Earthquakes/fires
- G3** Market fluctuations
- O1** Severe infectious diseases
- G4** Regulatory compliance



2.6 Climate-Related Financial Disclosures

In response to international trends, as well as regulation, investor, supply chain, and consumer demands on climate issues, Pan-International Group implemented climate-related financial disclosures (TCFD) in 2022 to continue promoting climate governance to achieve low-carbon operations and environmental sustainability.



- Based on the four core elements of climate-related financial disclosure: “Governance,” “Strategy,” “Risk Management,” “Metrics and Targets.”
- Establish a risk framework, identify material risks and opportunities that may impact operations, and propose related response strategies.
- Integrate climate change with corporate governance, business strategy, and risk management. Information helps guide the enterprise’s decisions on climate risk and opportunities, while funding supports the overall transition to low-carbon economic development.
- Ultimate goal - Enhance competitiveness under low-carbon transition.

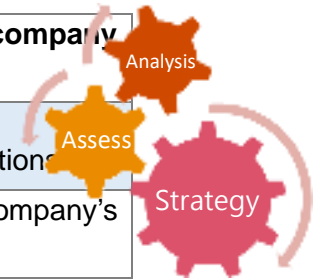
• Climate Governance: Currently introduced in Pan-International, Taipei, Dongguan Pan-International, and Honghuasheng Yantai

To effectively identify and manage the Company’s climate-related risks and opportunities, Pan-International Group’s [Sustainability Committee] is chaired by Director Huang Feng-An. The Environmental Safety Department serves as the executive unit responsible for identifying and managing climate change risks and opportunities, reporting the results, and formulating control measures, which are presented to the Chairman at the annual senior manager meeting of the Environmental Safety Department. [The Sustainability Committee] regularly reports Pan-International’s climate risk issues to the Board of Directors, which then determines related management policies and reviews their implementation status.

Climate Governance [Organizational Structure]			
Board of Directors	[Sustainability Committee] Senior Manager Meeting		Environmental Safety Department
	Convener: Director Huang Feng-An / Administration Department Vice GM Members: GM Ming-Feng Tsai / Assistant Vice GM Yu-Yuan Chen / Assistant Vice GM Shih-Hua Kuo / Specialist Jou-Chiung Hung		
Supervise risks Formulate policies	Develop Control measures		Identify climate risks and opportunities

• **Strategy: Process of Listing Climate-Related Risks and Opportunities and Developing Strategies**

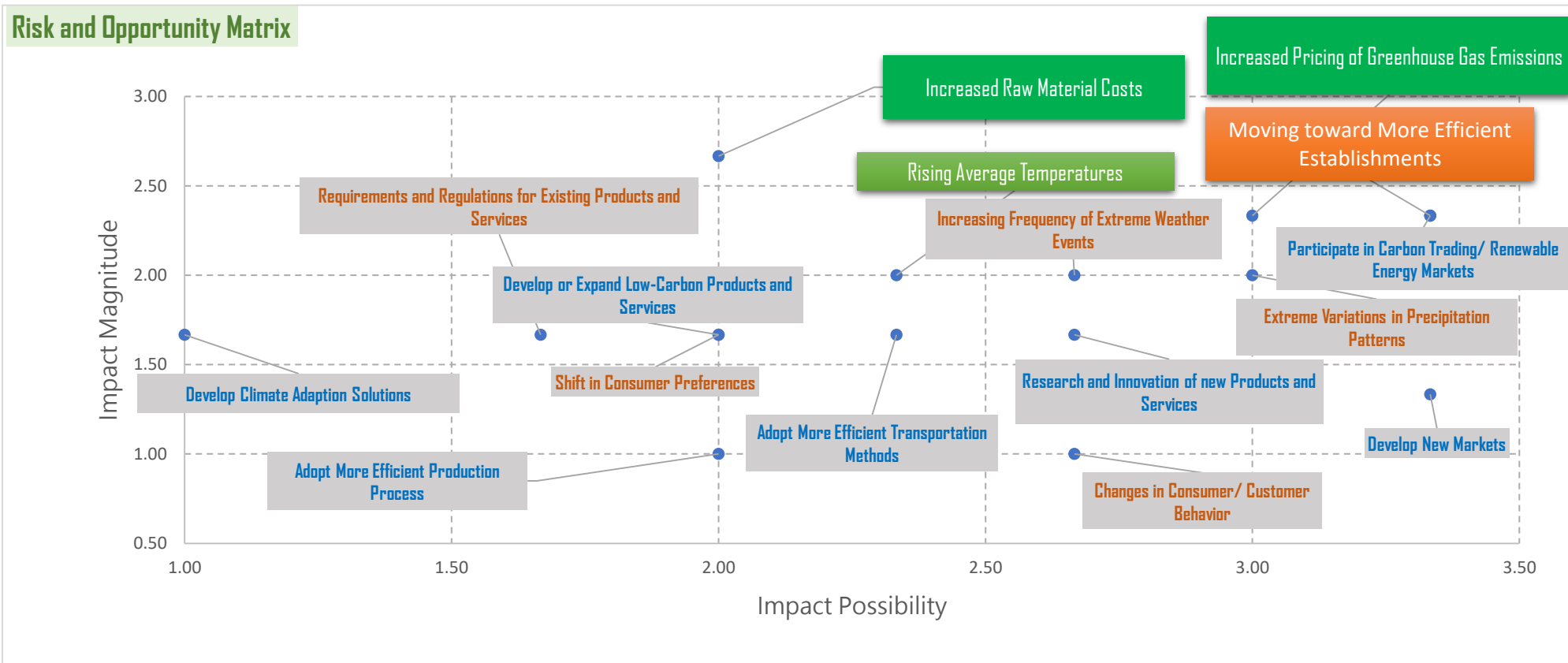
Assess	Comprehensively assess and evaluate the impact of various issues of climate risk and opportunity on company operations
Analysis	<ul style="list-style-type: none"> • Introduce climate-related risk and opportunity identification mechanisms • Identify climate change risks and opportunities based on the status of Pan-International's various business operations
Strategy	Propose corresponding response strategies based on the impact of climate change risks and opportunities on the Company's various business operations.



• **Risk Management: Risk and Opportunity Identification Process**

Screen Climate Risks and Opportunities	Company Training and Inventory	Identify Material Risks and Opportunities	Senior Executive Confirmation	Material Risks and Opportunities
Select climate risk and opportunity issues related to the electronics manufacturing industry based on its characteristics, including a list of eight risks and eight opportunities	<ul style="list-style-type: none"> • Evaluate the risk value based on the analysis, impact possibility (L), and impact degree (M), and summarize the Company's overall material climate risks and opportunities, including three risks and one opportunity • Evaluate climate-related risk and opportunity information and management strategies 	<ul style="list-style-type: none"> • Convene relevant company management and business execution units to discuss climate-related issues, clarify the definitions of various climate risks and opportunities, analyze domestic and foreign regulations, as well as market and technology trends • Further conduct a composite analysis of various issues and understand the impact on Pan-International's operations, reputation, management through factors such as impact possibility, impact magnitude, and timing of occurrence 	Finally, the identified results are reviewed by senior executive to confirm relevant climate risks and opportunities and integrate them into the Company's overall risk management for control	<ul style="list-style-type: none"> • Use climate risk/opportunity level (impact magnitude * possibility) for ranking • Select the top 25% of material climate risks and opportunities for Pan-International Group through evaluation tables and matrix charts



▼ Draw [Risk and Opportunity Matrix] to select [Material Issues]



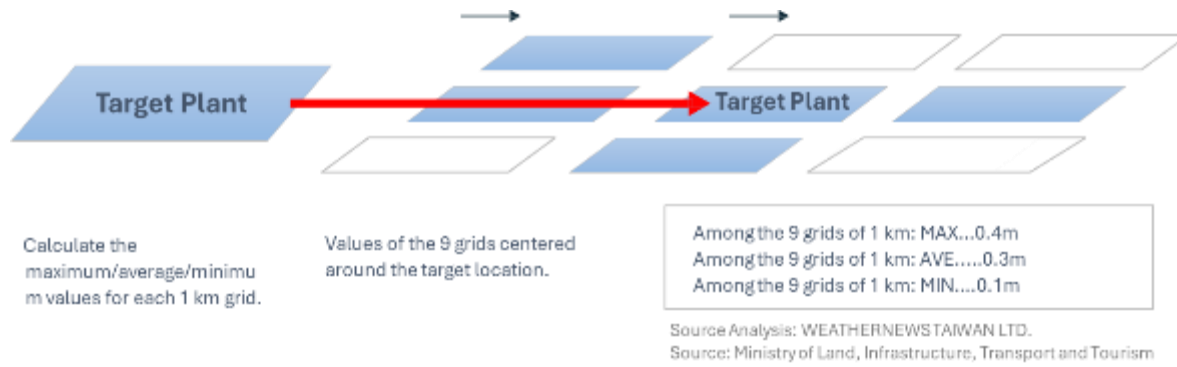
The Group's Climate Finance Material Issues	
Risk	Increased pricing of greenhouse gas emissions Increased raw material costs Rising average temperatures
Opportunity	Moving toward more efficient establishments



• Metrics and Goals

Indicators	Location	Goal
 <p>Greenhouse Gas</p>	Headquarter	Complete carbon inventory of the parent company in 2023 Complete the inventory of the parent company and its subsidiaries by 2026 Complete verification of the parent company by 2027 Complete the verification of subsidiaries' consolidated statements by 2028
	Dongguan, Yantai	Set up dedicated departments and personnel to conduct annual greenhouse gas inventories, formulate reduction plans, and promote implementation of annual energy-saving goals
 <p>Energy Management</p>	Headquarter	New plants are green buildings, which can effectively reduce temperatures and save electricity costs
	Dongguan, Yantai	◆ Dongguan: Plan to implement ISO 50001 Energy Management System ◆ Yantai: Passed ISO 50001 Energy Management System accreditation at the end of 2023
	Dongguan, Yantai	Under staggered electricity usage, plants schedule their production in shifts
	Dongguan, Yantai	From the end of 2022 to early 2023, the construction of photovoltaic power stations, which serve as an alternative energy for self-use, was successively completed. In the future, 10% of our power will come from renewable energy generated by these photovoltaic power stations
	Dongguan, Yantai	Replace energy-saving refrigeration equipment to prevent rising energy consumption due to increasing temperature

• **2023 - Climate Flood Risk Analysis: Targeting Wuhu, Dongguan**



- RCP 8.5: “High emissions business-as-usual scenario.”

[Preset Conditions]

- Scario: RCP8.5
- Model: Average (the overall average of climate model simulations)
- Depth type: Mean (the overall average of the target and the nine adjacent 1km grids)
- Threshold: 0.3m
- Annual Probability of Occurrence
= $\frac{1}{\text{Recurrence Interval}}$

• **Flood Analysis Results / Summary**

[Wuhu Plant]

By 2080 / with a 4% annual probability of flood rising from 0.3 to 0.5m, the following losses are expected:

- \$4.11 million USD in work stoppage losses
- \$380,000 USD in building asset losses
- \$5.49 million USD in depreciable asset losses
- \$12.6 million USD in inventory asset losses

[Dongguan Plant]

No significant risk of flooding

Recommendations

In response to flood risks, the flood threshold can be raised through appropriate strategies to further calculate the difference in financial impact and demonstrate benefits.

Recommendation for Wuhu: Raising the water gate threshold to 0.5m through disaster prevention strategies can help reduce the risk of flooding



• **Financial Impact Quantification Table**

▼ BAU Scenario: The following financial expenditures are expected in 2030 if no carbon reduction strategy is implemented

Financial Impact - BAU Scenario		Unit: TWD (million)	
		Unilateral	Total
Risk	Rising in average temperatures (warming loss)	406.4	521.722
Risk	High greenhouse gas emission pricing (carbon price)	115.4	

▼ **Cost Estimate**

Various Strategies-Management Cost Estimates		TWD (million)	Item Proportion: %	Notes
Risk	Increased pricing of greenhouse gas emissions	-5.2	-2.2%	Yantai Plant, Dongguan Plant: By leasing rooftops to solar energy companies, preferential green electricity fees can be obtained, resulting in a negative expenditure.
Risk	Increased raw material costs	13.6	5.8%	
Risk	Rising average temperatures	114.5	48.5%	
Opportunity	Moving toward more efficient establishments	113.2	48.0%	

• **Future TCFD Planning**

- Discuss climate issues at least once a year
- Continue to focus on climate risk and opportunity indicators and goals
- Adjust TCFD planning on a rolling basis according to international and government regulations

