

## 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 its headquarters 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 market changes, the main business has gradually expanded from the production and sales of terminals and plugs to the research and development and production of signal cables, wire harnesses and PCBs for consumer, communication, industrial and medical products, while also entering professional EMS services to meet customers' one-stop solution needs. 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.

<b>Company Name</b>	<b>Pan-International Industrial Corp.</b>
<b>Company Type:</b>	Listed & Limited Company
<b>Date of Establishment:</b>	May 19, 1971
<b>Headquarter Location:</b>	No. 97, Anxing Rd., Xindian Dist., New Taipei City 231006, Taiwan (R.O.C.), relocated to 6F., No. 200, Jian 8th Rd., Zhonghe Dist., New Taipei City 234013, Taiwan (R.O.C.) on 2024/11/25

<b>Company Name</b>	<b>Pan-International Industrial Corp.</b>
<b>Industry Category</b>	Electronic Components and Products Manufacturing
<b>Primary Products or Services:</b>	Manufacturing and sales of electronic components such as signal cables, wire harness products, connectors, and PCBs, and providing EMS services.
<b>Paid-in Capital:</b>	NTD 5,183,462,820
<b>Net Sales:</b>	NTD 22,167,928,086
<b>Number of Employees:</b>	4158

- **Association Memberships:**

Pan-International Group continues to participate in business-related associations. In 2024, the Group 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	Headquarters 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 Group 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 Group'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 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.

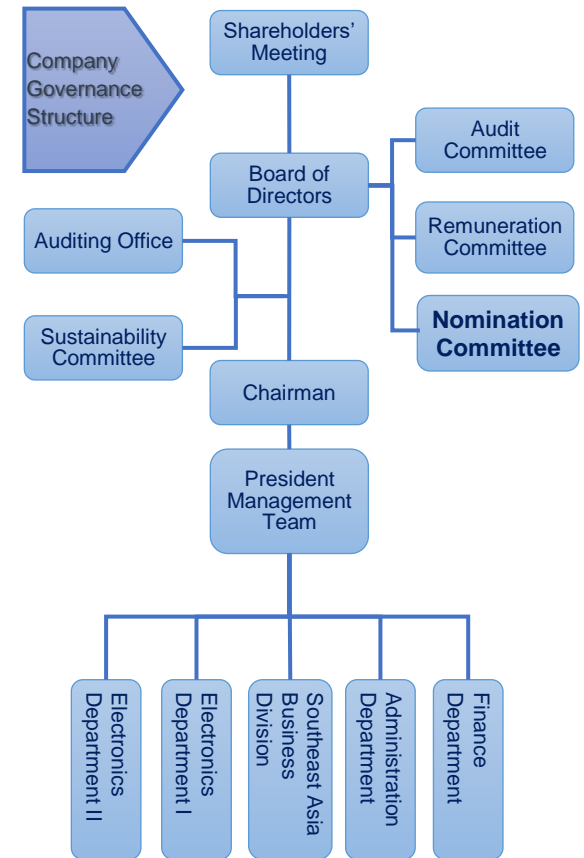
#### Board of Directors Operations and Composition (GRI 2-9, 2-10, 2-11, 405-1)

The Board of Directors serves as the balancing and supervisory body 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 appoints and oversees the Company's management team, supervises business operations, establishes sustainability development-related strategies, and monitors the effectiveness of their implementation.

The Group adopts a candidate nomination system for its Board of Directors. Seven directors are elected from the list of candidates by the shareholders' meeting. The term of office of directors is three years and they may be re-elected. The nomination and selection criteria are the independence and professional background of the candidates and their relevance to the Company's operational development, while also considering the diversity of the Board's composition. The current Board of Directors consists of seven directors (including four independent directors), with a male to female ratio of 5:2. The proportion of directors who also serve as employees is 0%, and independent directors account for more than half at 57%. Three independent directors have served for less than three years, and one independent director has served for three to six years. Currently, only two directors (29%) are between 61-70 years old, achieving the goal of Board rejuvenation. Female directors account for 29%, also meeting the original gender equality target. For the next board election nominations, the inclusion of at least one-third of directors from either gender will be a key criterion, and outstanding director candidates will be nominated based on the Company's future development needs.

Pan-International Group generally holds board meetings quarterly. In 2024, a total of four regular board meetings 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 13 of Pan-International Group's 2024 Annual Report.

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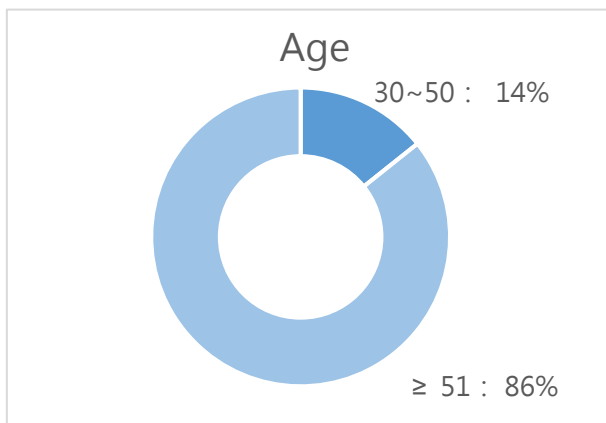
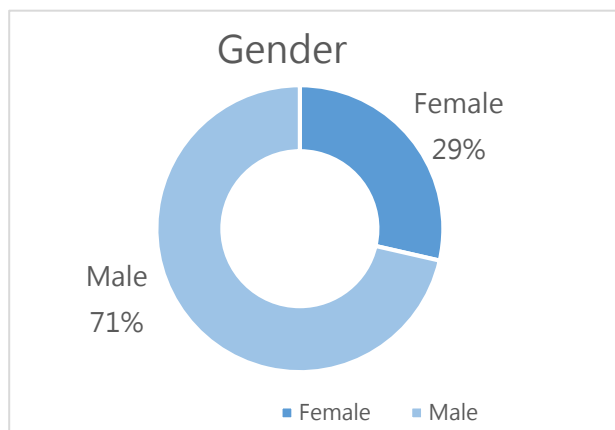


▼ **Pan-International Group’s Director Information** (Current term of Board of Directors: From June 9, 2023 to June 8, 2026)

Title	Total Years of Service	Name	Gender	Age	Concurrent Position in the Group	Concurrent Position in Other Companies	Functional Committees		
							Audit Committee	Remuneration Committee	Sustainability Committee
Chairman	2	Kuang-Ya Lee	Male	≥ 51 years old	-	Assistant Vice President of Hon Hai Precision Industry Co., Ltd.			V
Director	2	Ying-Shih Huang	Male	≥ 51 years old	-	Senior Officer of Hon Hai Precision Industry Co., Ltd.			
Director	23	Feng-An Huang	Male	≥ 51 years old	-	-			
Independent Director	5	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		
Independent Director	2	Chih-Keng Chen	Male	≥ 51 years old	-	Professor and Department Head of Vehicle Engineering, National Taipei University of Technology, Taipei Tech	V	V	
Independent Director	2	Ching-Wei Lin	Female	≥ 51 years old	-	-	V	V	
Independent Director	2	Ming-I Kuo	Female	≥ 51 years old	-	Consultant of Lexcel Law Offices	V	V	

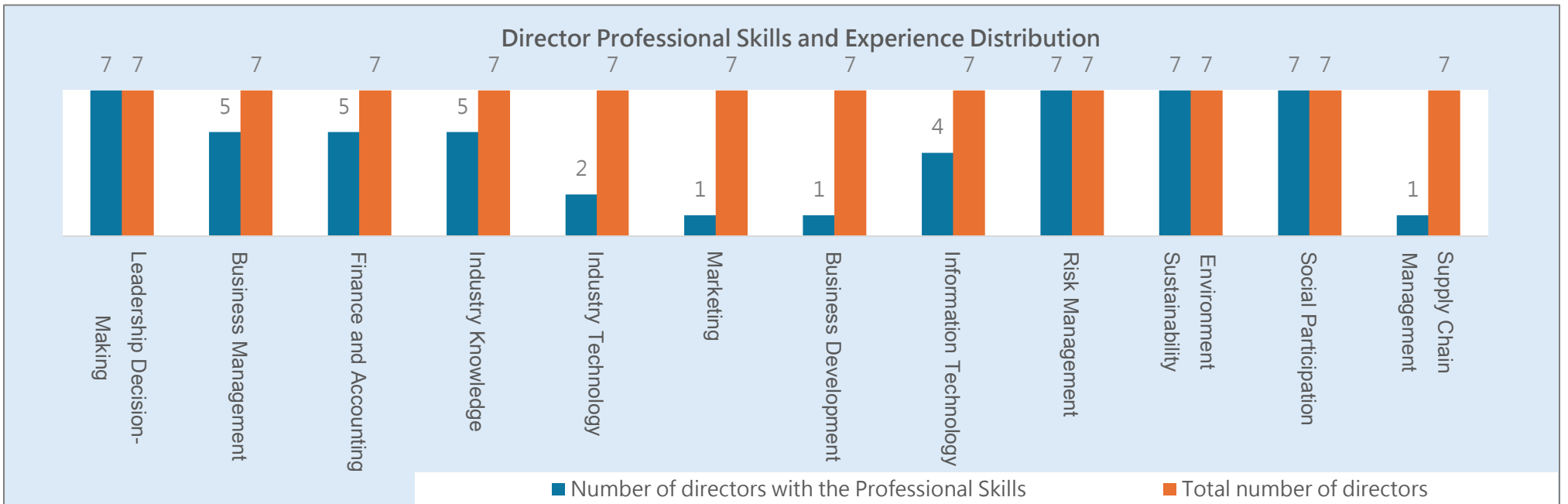
Note: Director Feng-An Huang retired in September 2024 and no longer serves as the Vice President of the Group.

▼ **Director Gender and Age Distribution Chart**



▼ **Director Professional Skills and Experience Distribution**

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



- **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 2024, a total of 57 hours and 13 sessions of training courses and major issue forum meetings were participated in.

2024 director training items: Page 21 of Pan-International Group's 2024 Annual Report.

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- **Remuneration Structure for Directors and Senior Executives (GRI 2-19, 2-20)**

The remuneration of Pan-International Group's directors includes cash remuneration for independent directors, directors' remuneration, salaries and remuneration for concurrent employees, and pensions. The Remuneration Committee refers to industry levels and individual director performance as a basis for adjusting 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, director remuneration brackets and payment standards in 2024, please refer to pages 8-10 of Pan-International Group's 2024 Annual Report.

The remuneration system for Pan-International Group's senior management is proposed and recommended to the Board of Directors by the Remuneration Committee and approved by the Board of Directors. 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 management salaries and brackets in 2024, please refer to pages 11-12 of Pan-International Group's 2024 Annual 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 is in accordance 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 66 of Pan-International Group's 2024 Annual Report.

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

The Group 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 provision 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 Group conducts annual self-performance evaluations of the Board of Directors, functional committees (including Audit Committee, Compensation Committee, and Nomination Committee), and individual board members. To further enhance board operation efficiency and strengthen corporate governance, the Group plans to engage an external professional independent institution or a team of external experts and scholars once every three years to conduct board performance evaluations, which serves as a reference for improving the board's operational performance.

Measurement items for board performance evaluation:	Performance evaluation for individual board members
<ol style="list-style-type: none"> <li>1. Participation in company operations</li> <li>2. Enhancing the quality of board decisions</li> <li>3. Board composition and structure</li> <li>4. Director selection and ongoing education</li> <li>5. Internal control</li> </ol>	<ol style="list-style-type: none"> <li>1. Understanding of company goals and tasks</li> <li>2. Awareness of director duties</li> <li>3. Participation in company operations</li> <li>4. Internal relationship management and communication</li> <li>5. Director's Expertise and Ongoing Education</li> <li>6. Internal control</li> </ol>

▼ **Board Evaluation Implementation:**

To enhance evaluation quality, on August 14, 2024, the Board of Directors approved amendments to certain provisions of the board evaluation procedures. The performance evaluation of the Group's Board of Directors and functional committees should be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years. The Group appointed the Taiwan Investor Relations Institute to conduct the 2023 external performance evaluation of the Board of Directors and functional committees (covering the period from July 1, 2023, to June 30, 2024). The institution and its evaluation experts have no business dealings with the Group, ensuring independence. Their independent experts conducted questionnaire surveys and actual evaluations focusing on five major dimensions: objectives, organization, expertise, operational participation, and internal control of the Board and functional committees. The evaluation report was completed in December 2024. The recommended items from the report are summarized as follows:

1. Early planning to achieve one-third female directors: Will plan the list of director candidates in 2026 according to the recommendation.
2. Oversight of risk management by the Audit Committee or board-level functional committees: Will establish an Audit and Risk Management Committee in 2025 to supervise risk management.
3. Establish succession planning for board members and key management: A deputy system for first-level executives has been established to nurture deputies as succession candidates, and outstanding director candidates are being sought.
4. Add provisions in the Corporate Governance Practice Principles prohibiting directors from trading company shares during the closed period before financial report releases: Will complete the amendment of provisions in 2025.
5. Prepare English version of Sustainability Report: The English version of the 2023 Sustainability Report has been completed and uploaded to the Market Observation Post System and company website for stakeholders to download.

6. Hold at least two investor conferences annually: Meeting the recommendation and gradually increasing the frequency of investor conferences to enhance corporate information transparency.
7. Actively promote environmental and social governance: The company will more actively engage in environmental issues, set emission reduction targets and work to achieve them, evaluate climate change impacts, assess opportunities and risks, and enhance volunteer and resource contributions to society, fulfill social responsibilities, and make the greatest efforts to advance governance across all ESG dimensions.

**The external institution's assessment report and implementation status were submitted to the first Board of Directors meeting of 2025 on March 11, 2025.**

Evaluation Cycle	Evaluation Period	Evaluation Method	Evaluation Scope	Evaluation Result
Once a Year	2024/01/01~ 2024/12/31	Self Evaluation	Overall Performance of the Board of Directors	Excellence Grade
Once a Year	2024/01/01~ 2024/12/31	Self Evaluation	Individual Board Members	Excellence Grade
Once a Year	2024/01/01~ 2024/12/31	Self Evaluation	Audit Committee	Excellence Grade
Once a Year	2024/01/01~ 2024/12/31	Self Evaluation	Remuneration Committee	Excellence Grade
Once a Year	2024/01/01~ 2024/12/31	Self Evaluation	Nomination Committee	Excellence Grade

2024performance evaluation results: Page 14 of Pan-International Group's 2024Annual Report.  
[http://www.panpi.com.tw/tw/investor\\_service/shareholder\\_meeting/information](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 2024 related party transactions, cross-shareholdings of directors, controlling shareholders or other stakeholders, please refer to page 38 of Pan-International Group's 2024 Annual Report.

In addition, the Group 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 2024, 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)**

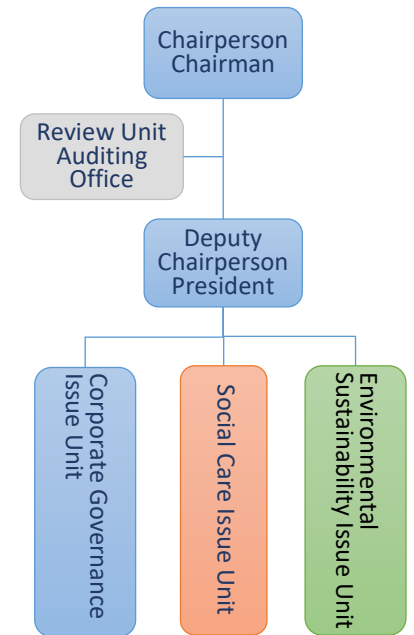
Pan-International Industrial Corp. has established a Sustainability Committee directly managed by the Chairman as the highest-level dedicated sustainability unit within the company. The Sustainability Committee is composed of the Chairman, the President and relevant department heads. The Sustainability Committee is mainly responsible for managing, resolving and supervising the governance strategies, policy implementation effectiveness and goal achievement rates of major ESG issues related to the company's operations, and reports implementation results to the Board of Directors annually.

Three functional issue units are established under the committee: Environmental Sustainability Issue Unit, Social Inclusion Issue Unit, and Corporate Governance Issue Unit. The President serves as the chief commander, integrates issue unit members, and assigns relevant department heads as leaders of each issue unit. The issue units are responsible for identifying significant ESG issues related to company operations, formulating management strategies and objectives, and preparing annual sustainability reports. The President will regularly review the performance and goal achievement of the issue units and report to the Sustainability Committee annually.

- Sustainability Committee Implementation**

In 2024, Pan-International Industrial Corp.'s Sustainability Committee communicated 3 major items to the Board of Directors, mainly including the presentation of the annual integrity management implementation report, approval of the 2023 Sustainability Report, and the 2025 operational risk assessment report. All related reports were acknowledged and approved by the Board of Directors.

### Sustainability Committee



#### ▼ 2024 Sustainability Committee Communications with the Board of Directors

Meeting Date	Major Matters Communicated with the Board of Directors	The Board's Major Suggestion	Sustainability Committee Resolution Results	The Board's Resolution Results
May 14, 2024	Reported 2023 annual integrity management results	None	Approved by all attending committee members	Approved by all attending directors
August 14, 2024	Submitted 2023 annual sustainability report	None	Approved by all attending committee members	Approved by all attending directors
November 13, 2024	Submit 2025 Business Risk Assessment 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 term of office runs from June 9, 2023 to June 8, 2026. The Group 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 2024, a total of six 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 Group'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 by resolution at the shareholders' meeting on May 31, 2024.

- **Audit Committee**

The Group'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, and legal consultants are invited to participate in discussions. In 2024, a total of four meetings were held, with members achieving a 100% attendance rate.

Audit Committee implementation: Pages 15-16 of Pan-International's 2024 Annual Report

- **Nomination Committee**

The Group'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 Group'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 Group's Board of Directors, and reviewing the Group's corporate governance practices, as well as other matters assigned by the Board of Directors. In 2024, a total of one meeting was held, achieving a 100% attendance among its members.

Nomination Committee implementation: Pages 23 to 24 of Pan-International Group's 2024 Annual Report.

## 2.3 Economic Performance

### 2.3.1 Economic Value

#### (GRI 201-1)

In the fourth quarter of each year, each business unit and central management department prepare the internal budget for the following year. The Accounting Department consolidates budgets for sales, R&D, production, procurement, personnel expenses, and capital expenditures to prepare an internal projected income statement for the President's review. At the first Board meeting of the following year, the President reports the annual budget and business plan to the Board of Directors, with quarterly reports on implementation results.

We process daily accounting transactions and prepare financial statements according to the Business Entity Accounting Act, Generally Accepted Accounting Principles (GAAP), and International Financial Reporting Standards (IFRSs) on an accrual basis. The Accounting Department analyzes and compares the differences between budgeted and actual statements monthly, including the variance amounts and reasons. If there are significant differences or impacts from force majeure factors, they will be submitted to the Board of Directors for discussion and potential revision of business objectives. After review and completion by the financial and accounting supervisor, quarterly financial statements are audited and certified by CPAs, then reviewed by the Audit Committee before being submitted to the Board of Directors for approval. Pan-International Group's quarterly consolidated financial reports, annual consolidated financial reports, and individual financial reports are all publicly available on the Group's official website and the Market Observation Post System.

Due to consumer products being in a generational transition period, which significantly impacted annual revenue, coupled with severe internal competition among automotive product competitors in mainland China and export obstacles caused by geopolitical factors, the annual consolidated revenue declined by 15%. However, while the management team continued to implement product portfolio adjustment strategies and strictly control production costs to maintain gross margin growth, expenses increased due to meeting customer requirements, expanding R&D capabilities, adjusting mainland China plant capacity, and due diligence costs for investment projects. Combined with the impact of exchange gains and losses from USD exchange rate fluctuations, the annual net profit also showed a relatively significant decline.

In summary for 2024, the Group's consolidated revenue was NT\$21,820,835 thousand, a decrease of 14.87% compared to 2023; consolidated net profit after tax was NT\$1,201,351 thousand, with earnings per share after tax of NT\$2. For other financial performance explanations and analyses, please refer to the Group's annual report. For other financial performance explanations and analyses, please refer to the Group's annual report.

#### ▼ Pan-International Group Consolidated Financial Performance

Items	2022	2023	2024
Operating Revenue (NT\$ thousand)	26,257,340	25,634,258	21,820,835
Net Profit Before Tax (NT\$ thousand)	2,056,433	1,841,792	1,466,221
Net Profit After Tax (NT\$ thousand)	1,566,399	1,489,833	1,201,351
Earnings Per Share (NT\$)	2.55	2.42	2
Cash Dividend (NT\$/share)	1.40	1.30	1.1

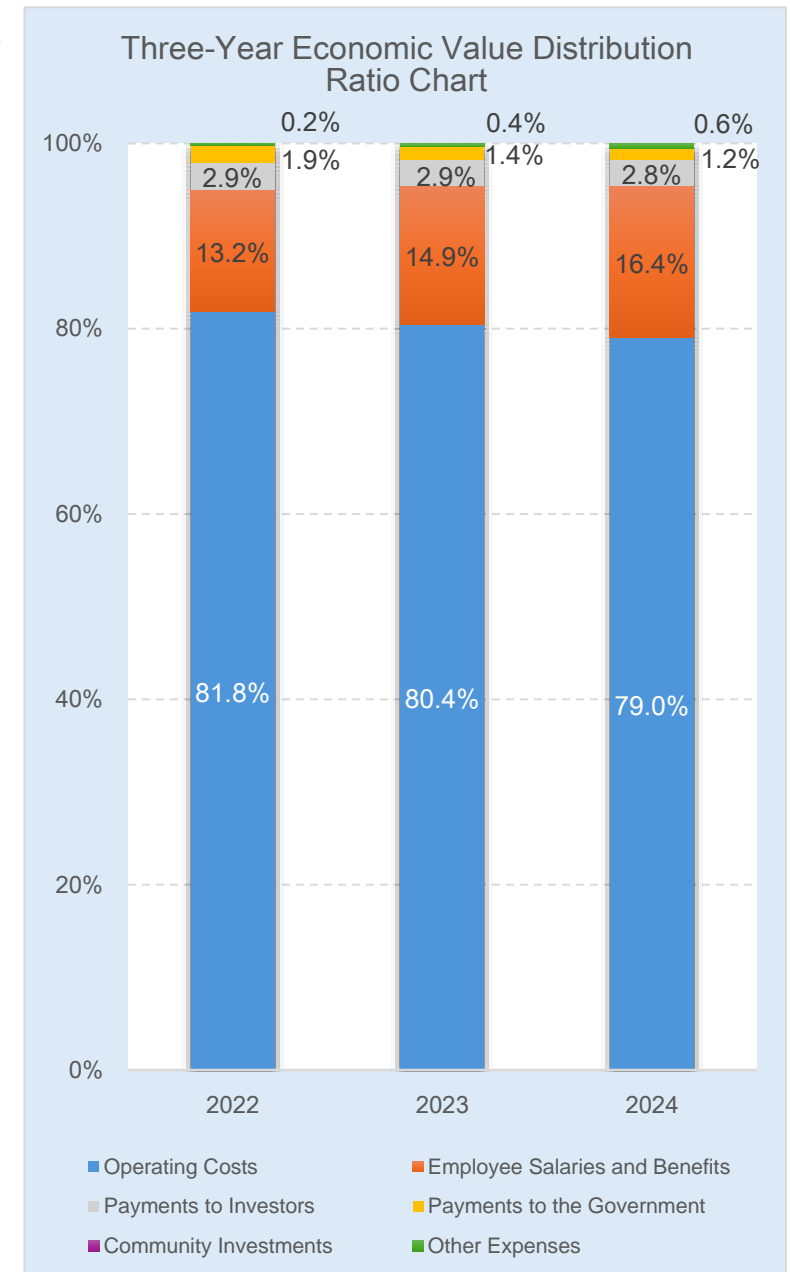
Note: Cash dividends are the amounts resolved for distribution in the earnings distribution proposals for each reporting year. (The distribution amount for 2024 was approved by the shareholders' meeting on May 31, 2024.)

From the stakeholder economic distribution perspective of GRI, analyzing the Group's consolidated financial position, the direct economic income (operating income and non-operating income) for this year totaled NT\$22,163,512 thousand, with a total distribution amount of NT\$21,532,342 thousand. The top three economic distribution items were operating costs (78.9%), employee wages and benefits (16.5%), and payments to investors (2.8%). Direct Economic Value Generated and Distributed in the Past Three Years (Unit: NT\$ thousand)

**(GRI 201-1)**

Value	Item/Subject	2022	2023	2024
Direct Economic Income	Net Operating Income	26,257,340	25,634,258	21,820,835
	Financial Investment Income	262,150	203,428	195,341
	Asset Sales Income	0	0	0
	Royalty Income	0	0	0
	Government Subsidies	44,221	28,254	29,125
	Other Income	4,051	149,139	118,211
<b>Direct Economic Value Generated</b>		<b>26,567,762</b>	<b>26,015,079</b>	<b>22,163,512</b>
Economic Distribution	Operating Costs	21,047,693	20,268,775	16,991,789
	Employee Salaries and Benefits	3,388,415	3,764,016	3,547,130
	Payments to Investors	756,041	724,841	607,081
	Payments to the Government	490,034	351,959	264,870
	Community Investments	0	0	0
	Other Expenses	44,865	89,505	121,472
<b>Economic Value Distributed</b>		<b>25,701,661</b>	<b>25,727,048</b>	<b>21,532,342</b>
<b>Economic Value Retained</b>		<b>840,714</b>	<b>815,983</b>	<b>631,170</b>

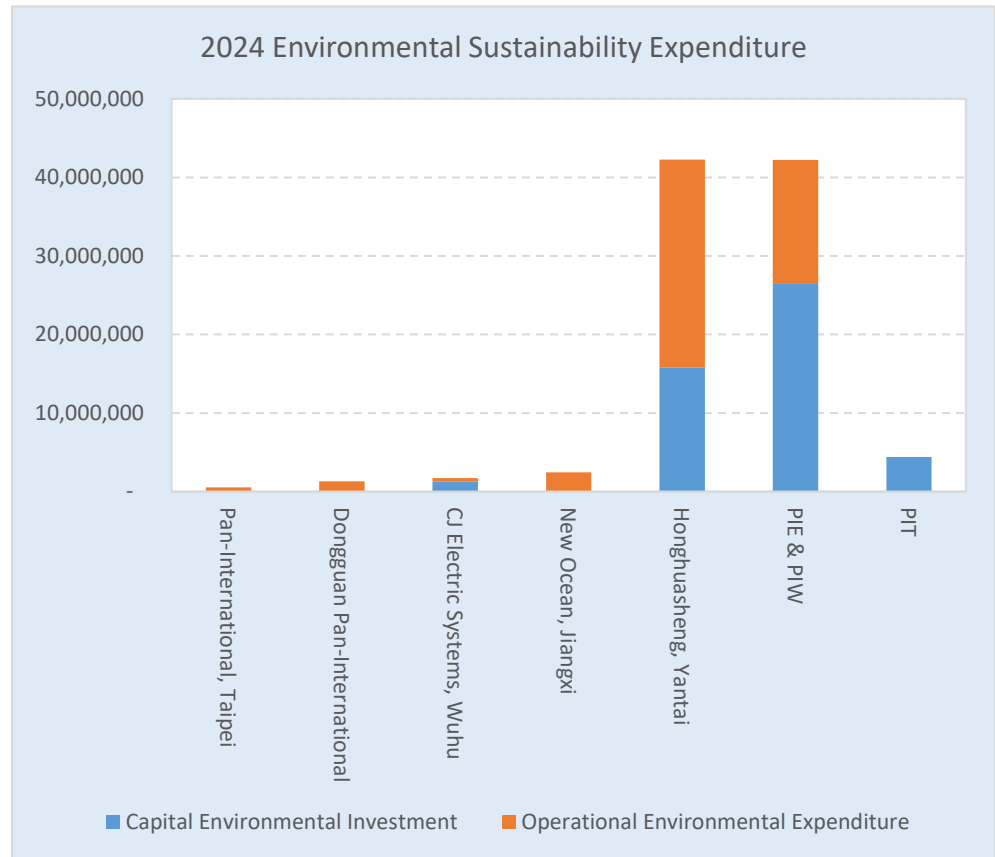
Note: Economic value retained = Direct economic value generated - Economic value distributed.



## 2.3.2 Environmental Sustainability Expenditure

### ▼ Environmental Sustainability Expenditure (Unit: NT\$)

Location	Capital Environmental Investment	Operational Environmental Expenditure
Pan-International, Taipei	-	525,333
Dongguan Pan-International	-	1,324,228
CJ Electric Systems, Wuhu	1,259,030	461,688
New Ocean, Jiangxi	-	2,456,968
Honghuasheng, Yantai	15,762,652	26,487,987
PIE & PIW	26,518,478	15,688,658
PIT	4,396,800	-
<b>Subtotal</b>	<b>47,936,960</b>	<b>46,944,862</b>
<b>Total</b>		<b>94,881,822</b>



Note 1: PIE (PIE Enterprise (M) Sdn. Bhd.), PIW (P.I.W. Enterprise (Malaysia) Sdn. Bhd.), and PIT (PIE Enterprise (M) Sdn. Bhd.) are all Malaysian subsidiaries of Pan-International Group, operating under the Southeast Asian group P.I.E. INDUSTRIAL BERHAD (PIB) system.



Note 2: Capital Environmental Investment: Refers to expenditures related to energy-saving equipment purchases, solar and other renewable energy facility construction, etc.

Note 3: Operational Environmental Expenditure: Includes expenditure items such as consulting fees, energy-saving equipment rental, environmental disposal operations, energy-saving renovations, and plant greening.

## 2.4 Responsible Business Conduct

### Material Topic Management Approach: Business Integrity

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

<b>Impact Description</b>		<ol style="list-style-type: none"> <li>1. Damage to company reputation and corporate image.</li> <li>2. Bear liable for compensation related to negligence.</li> <li>3. Loss of orders.</li> </ol>				
<b>Location</b>		<b>Pan-International, Taipei</b>	<b>Dongguan Pan-International</b>	<b>New Ocean, Jiangxi</b>	<b>Honghuasheng, Yantai</b>	<b>CJ Electric Systems, Wuhu</b>
<b>Policies or Commitments Established or Followed</b>	<b>Internal Regulations</b>	V	V	V	V	V
	<b>Government Regulations</b>	V	V	V	V	V
<b>Responsible Units</b>		<ol style="list-style-type: none"> <li>1. GM 's Office</li> <li>2. Business Division Management Department</li> <li>3. Human Resources Department</li> <li>4. Information Department</li> <li>5. Investor Relations Department</li> <li>6. Auditing Office</li> </ol>				
<b>Management Actions</b>		<ol style="list-style-type: none"> <li>1. Strengthen internal education and training on integrity and business responsibility.</li> <li>2. Enhance information security protection mechanisms.</li> <li>3. Improve document and system data control mechanisms to prevent leakage.</li> <li>4. Plan both regular and irregular audit programs.</li> <li>5. Establish whistleblower mechanisms and reporting channels.</li> <li>6. Arrange liability insurance to protect the Company's interests.</li> </ol>				
<b>Process for Monitoring the Effectiveness of Actions</b>		<ol style="list-style-type: none"> <li>1. Regularly review information systems for any data breaches.</li> <li>2. Effectively implement regular and irregular audit programs.</li> <li>3. Regularly review whether liability insurance coverage is sufficient.</li> </ol>				
<b>Management Performance Indicators</b>						
<b>Indicators</b>		<b>2024 Achievement</b>	<b>Short-term Goal (2025)</b>	<b>Mid-term Goal (2022-2027)</b>	<b>Long-term Goal (2022-2050)</b>	
Zero violations of integrity management, competitive behavior, antitrust and monopoly-related laws		 <b>Achieved 100% in 2024</b> 				



## 2.4.1 Ethical Management

(GRI2-23、2-24, 2-25, 2-26, 206-1, 205-1, 205-2, 205-3)

The Group formulates policy regulations on ethical corporate management in accordance with the FSC's Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The Sustainability Committee's Corporate Governance Issue Unit follows this ethical management policy, adopting Integrity, Honesty, Compliance and Fraud Prevention as guiding principles. With a goal of zero incidents, the Committee drives the implementation of ethical operations across the company. Simultaneously, the Group 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. Achieving the spirit of establishing effective, accountable, and inclusive institutions as outlined in the United Nations Sustainable Development Goals (SDG 16 Peace, Justice and Strong Institutions).

If violations are discovered through reporting or auditing, and investigation reveals serious violations or potential significant damage to the company, a report should be immediately prepared and the Independent Director should be notified in writing. The Board of Directors shall discuss and resolve to restore the company's reputation and minimize losses in order to protect the interests of all stakeholders.

Regarding responsible business conduct, the Group is committed to meeting customers' one-stop solution needs, ensuring the security and confidentiality of customers' product information, trade secrets, and related information, while maintaining product quality and preventing harm and losses. Current implementation results are positive with no related incidents occurring. Related information is also published in the company's annual report and website.

### ▼ Integrity Management Policy:

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

To guide and implement understanding of the Group's integrity management policy among members of all operating locations and company stakeholders, Pan-International Group has implemented a series of measures and management mechanisms, including signing relevant documents and utilizing communication meetings, educational training sessions, and briefings, totaling 10,916 hours of continuous promotion. Through internal communication meetings, educational training, and briefings, we strengthen employees' and partners' awareness of integrity and compliance knowledge. After calculation, a total of 7,533 employees and 29 senior executives received integrity management training, with a training participation rate of approximately 69%, complying with "GRI 205-2 Communication and Training about Anti-corruption Policies and Procedures".

Annual qualification audits are conducted for suppliers, with audit items including quality, delivery time, price comparison, environmental impact control, and improvement efficiency, for evaluation and selection purposes. Starting from 2025, social and human rights-related audit items will be gradually introduced to improve the overall ESG rating of the supply chain. Comprehensively improve supply chain ESG performance, aligning with (SDG 12 Responsible Consumption and Production).

**▼ Integrity Management Education Training and Supplier Audits:**

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%
Identity	Other Integrity Management Education Training Topics			
All Employees / Dedicated Personnel	Integrity management, business ethics, security awareness and trade secrets protection, employee integrity self-discipline and professional ethics cultivation, anti-fraud measures, ETI (Ethical Trading Initiative) advocacy and practical knowledge, supplier selection and ESG evaluation criteria			
<b>Total Training Hours</b>	10,916 hours			

The Group organizes integrity management-related training courses, which explain prohibited behaviors in business operations, including business ethics courses (trade secrets, intellectual property, information usage, fair competition) / anti-corruption courses (including bribery, providing or receiving improper benefits, fraud, extortion, money laundering), etc., to prevent dishonest behavior.

To mitigate the impact of any violations of integrity management and business ethics, employees at all Pan-International Group operating locations can use internal whistleblower reporting procedures to report violations, while suppliers and stakeholders can report any illegal or integrity management violations through the reporting and grievance channels.

Reports can be made through dedicated hotlines/websites/mailboxes, which are handled by the Audit Office and Human Resources Department. They will investigate the reported content and related evidence. If the report involves directors or managerial officers, it should be submitted to the Independent Directors. The receiving units will conduct investigations according to company regulations and implement strict confidentiality measures for the whistleblower's personal information and investigation process. Once verified, corresponding disciplinary measures will be implemented according to the Group's integrity management policies and regulations, including compensation for losses, termination of employment contracts, and business relationship contracts.



As of 2024, Pan-International Group has had no violations of integrity management, competitive behavior, trust and monopoly-related laws, and the implementation results were reported to the second Board meeting of 2024. We will continue to implement the above management measures to reduce potential risks and avoid the occurrence of negative incidents.

● **Internal Integrity Management Guidelines**

The Group has established the "Code of Integrity Management" and "Integrity Management Operating Procedures and Behavioral Guidelines" as the main regulations for internal integrity management, which are implemented and managed by the Human Resources Department. The above regulations were established in accordance with government-issued guidelines such as the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and "Procedures for Ethical Management and Guidelines for Conduct of Public Companies" to establish employee conduct standards, strengthen integrity governance culture, and ensure the Group's operational behaviors comply with ethical and regulatory requirements.

▼ **Communication Channels for Stakeholders:**

Location	Employees or suppliers/contractors sign integrity management-related documents
Pan-International, Taipei	Employees: Integrity and Intellectual Property Confidentiality Agreement. Suppliers: Integrity Commitment Letter.
Dongguan Pan-International	Employees: Labor Contract, Confidentiality Agreement. Suppliers: Integrity Commitment Letter.
New Ocean, Jiangxi	Employees: Labor Contract, Intellectual Property Confidentiality Agreement. Suppliers: Integrity Commitment Letter.
Honghuasheng, Yantai	Employees: Labor Contract, Integrity Commitment Letter. Suppliers: Integrity Commitment Letter.
CJ Electric Systems, Wuhu	Employees: Labor Contract.
PIU ( USA )	No Suppliers/Contractors (Sales Locations)

▼ **Whistleblowing and Grievance Mechanism: Please describe the reporting or complaint channels established for anti-corruption, anti-competitive behavior (antitrust), etc.**

Location	Grievance Channels	Location	Grievance Channels
Pan-International, Taipei	Hotline/Mailbox	New Ocean, Jiangxi	Hotline
Dongguan Pan-International	Hotline/Mailbox	CJ Electric Systems, Wuhu	Hotline/Mailbox
Honghuasheng, Yantai	Hotline/Mailbox	PIU ( USA )	Mailbox

## 2.4.2 Human Rights Policy

### (GRI 2-25)

The Group 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 Group 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 Group 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 2024, the Group had no violations of environmental regulations, social regulations, governance and economic regulations, and product and service regulations.

## 2.5 Risk Management

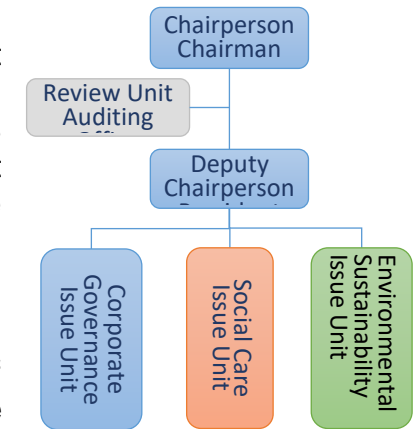
### 2.5.1 Risk Management Organization

In the face of risks and opportunities arising from internal and external variables, the Company's risk management capabilities will have a significant impact on business decisions. The risks and opportunities brought by global trends and environmental changes, and how the Company anticipates, analyzes, makes decisions, and executes accordingly, will all affect future revenue and profitability. Only by continuously improving risk management capabilities and increasing operational resilience and competitiveness can we seize every opportunity to create new operational peaks.

#### ▼ Risk Management Committee Organizational Diagram

According to Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Group's risk management organization establishes the "Sustainability Committee" under the Group's Board of Directors as the highest authority for risk management, with the Corporate Governance Issue Unit serving as the executive body for risk management. The responsibilities of each department are as follows:

#### Sustainability Committee



Board of Directors	<b>The Board of Directors is the highest governing body for risk management, responsible for reviewing annual risk management reports, risk execution reports, and audit reports to ensure effective implementation of the risk management system. The Board of Directors meeting unit periodically 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.</b>
Sustainability Committee	The Committee identifies and determines the Group's major risks and responsible risk management units. Risks are managed through identification, analysis, and the implementation of concrete measures, with regular reports submitted to the Board of Directors.
Corporate Governance Issue Unit	Identifies risk issues, formulates response strategies, and reviews risk management implementation results with risk response execution units.
All Company Execution Departments	Propose risk management objectives and implementation plans, and regularly report results to risk control 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:

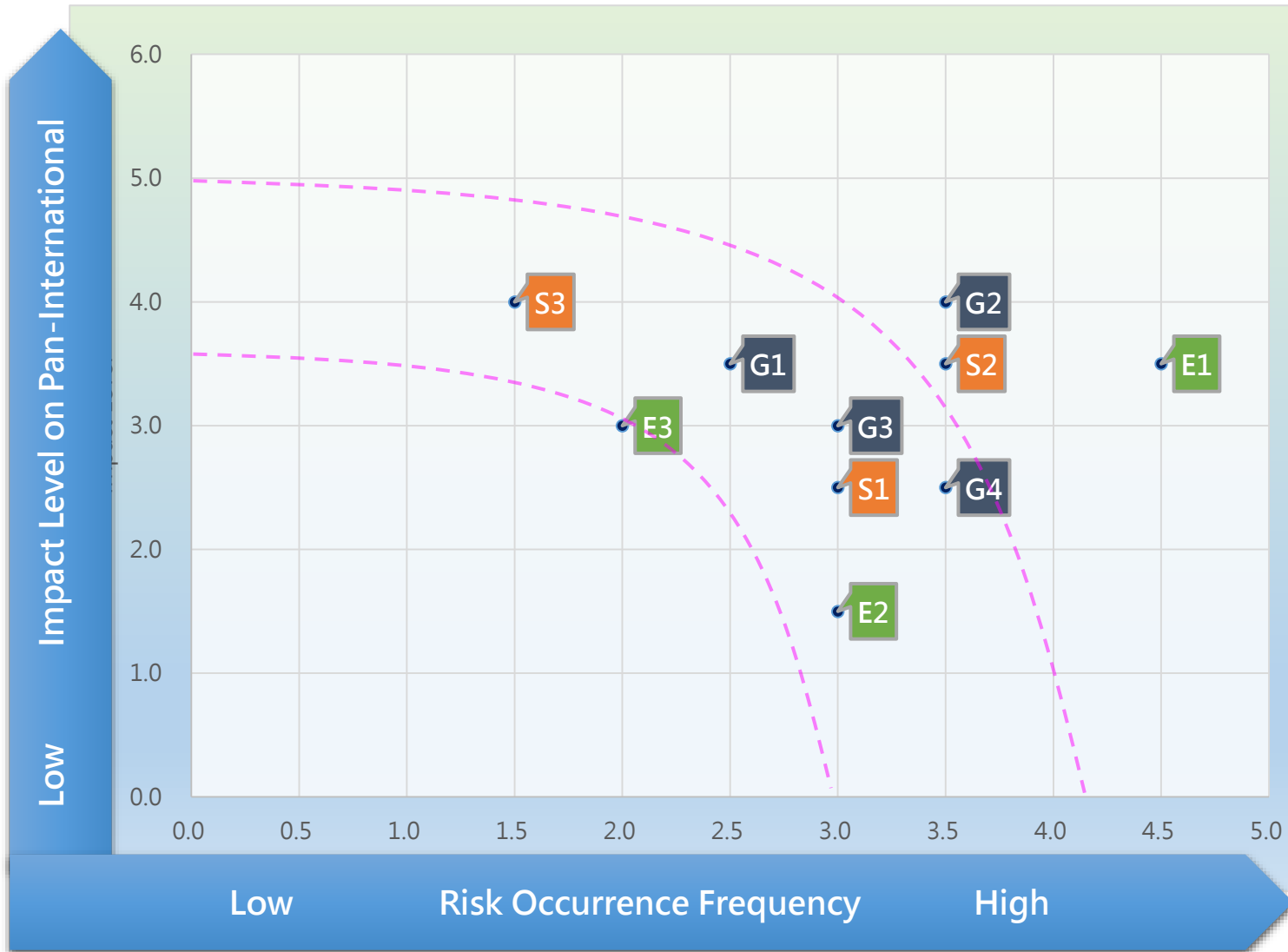
To coordinate resources and address swiftly in the event of emergencies or major incidents, the GM will act as the commander, convening units such as the Administration Department, Human Resources, Legal Affairs, Business and Finance to establish the Emergency Response Unit. This group will review the affected departments, 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 Group 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 Group's risk system management in line with related 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
Environment Sustainability Aspect	Carbon Neutrality Pathway Planning	Failure to meet trends and customer requirements may result in negative impacts and loss of orders.	Complete carbon inventory according to regulations, develop carbon reduction plans, and disclose carbon neutrality pathway planning externally.
	Climate Change - Major Natural Disasters	Cause operational disruption, asset impairment, reduced revenue, and increased operating costs.	Appoint external consultants to follow TCFD guidelines to simulate potential financial impacts of risks and opportunities, and develop response plans.
	Severe infectious diseases	Cause operational disruption, reduced revenue, and increased operating costs.	Establish response SOPs and plan backup solutions.
Social Integration Aspect	Human Rights Topic	Create negative impacts on corporate image, increase employee recruitment costs and litigation risks.	Establish employee code of conduct, enhance human rights protection and rights awareness.
	Workplace Safety	Cause substantial losses to the company and employees, and litigation risks.	Establish response SOPs, conduct regular drills and reviews, strengthen employee education, training, and workplace safety awareness.
	Earthquake/Fire	Will cause business interruption and asset impairment.	Establish response SOPs, conduct regular drills and review insurance coverage.
Corporate Governance Aspect	Information Security	Loss of trust from customers and suppliers, resulting in future operational losses and increased monitoring costs.	Establish information security policies, set up organizations, and strictly control information systems.
	New Technology Competition	Unable to meet customer and market requirements, resulting in loss of new orders.	Expand R&D team capabilities and accelerate new technology development timeline.
	Market Trend Changes	Failure to grasp new trend directions may lead to investment mistakes, losses, and loss of orders.	Carefully assess market directions, conservatively evaluate investment proposals and decisions.
	Regulatory compliance	Violations will result in government fines, increased supervision, higher operating costs, and loss of orders.	Strengthen advocacy, raise awareness of legal compliance, and strictly control document stamping procedures.

▼ Risk Issue Impact Table



- E1 Carbon Neutral Pathway Planning
- E2 Climate Change - Major Natural Disasters
- E3 Severe Infectious Diseases
- S1 Human Rights Issues
- S2 Workplace Safety
- S3 Earthquake/Fire
- G1 Information Security
- G2 New Technology Competition
- G3 Market Trend Changes
- G4 Regulatory Compliance

## 2.5.3 Risk Management Policy

### ● Risk Management Related to Key Material Usage

Currently, copper-related products are the major raw materials used in the Group's products, so fluctuations in copper prices will have a certain impact on costs and profits. To reduce the impact of copper price fluctuations, the Procurement Department has established a copper price monitoring mechanism, using the previous month's average price to order the following month's copper usage when appropriate, and implementing a mechanism to spot-purchase copper immediately during sudden price crashes to stabilize costs; The monthly business review meeting also lists copper price fluctuation analysis as an important review item for immediate decision-making to reduce the impact of this risk on the Company's operations.

Copper Price Monitoring Mechanism:

- Order next month's copper usage based on previous month's average price to balance cost fluctuations.
- During sudden copper price drops (flash crashes), activate the immediate spot copper purchase mechanism to lock in costs.
- Management review meetings include copper price fluctuation analysis as a key topic for quick decision-making to ensure operational stability.

### ● Risk Management Policy for Major Events

When major events occur, to coordinate resources and respond quickly, the Crisis Response Team mechanism is immediately activated:

- The President serves as the commander, convening executives from Management, HR, Legal, Sales, and Finance departments.
- Quickly assess the scope of impact, extent of damage, and formulate response plans.
- Focus on core objectives of controlling impact scale and minimizing personnel and asset losses.
- After decisions are made, immediate public announcements are made to ensure information transparency and stakeholder trust.



## 2.5.4 Information Security Management

### ● Governance Framework

The Group has established a comprehensive information security governance system, with the IT Department responsible for information security management, including policy planning, operations execution, continuous maintenance, and implementation of information security operations. The Audit Department is established to supervise implementation status and track improvements for audit findings. A Corporate Governance Group is established under the Sustainability Committee to integrate ESG and information security management, strengthening corporate sustainable governance.

The Group's information security governance strategy demonstrates our commitment to transparent governance and resilient systems, specifically addressing the following United Nations Sustainable Development Goals:

- SDG 9: Industry, Innovation and Infrastructure — Support smart manufacturing and innovative development by strengthening information security systems.
- SDG 16: Peace, Justice and Strong Institutions — Establish effective, accountable and inclusive governance frameworks to enhance organizational transparency and accountability.

### ● Information Security Policies and Management Programs

#### (一) Policy Framework

The Company has established comprehensive information security policies, creating a holistic management system covering data protection, access control, incident response, and other aspects to ensure information asset security and operational continuity.

#### (二) Information Security Management System

1. Establish comprehensive information security policies and management procedures
2. Implement systematic data protection and access control
3. Establish comprehensive information security protection and monitoring mechanisms

### ● Resource Investment Status

#### (一) Personnel Allocation



1. Assign dedicated information security personnel
2. Continuously strengthen the professional capabilities of the information security team

#### (二) Resource Input

1. Continue investing in information security infrastructure development
2. Invest in off-site backup system implementation project
3. Invest in official website security upgrade project
4. Allocate sufficient resources to support various information security protection measures

### ● Information Security Objectives and Implementation Status (GRI 418-1)

#### (一) 2024 Objectives and Achievements

Items	Achievements
Number of information leakage incidents: 0	Achieved 
Regulatory Compliance Objectives	Achieved
Percentage of information leakage incidents related to personal information: 0%	Achieved
Items	Achievements
System availability target: Above 99%	Achieved 
Enhancement of Information Security Protection Level	Achieved <b>SecurityScorecard Grade A</b>
Number of customers affected by information leakage incidents: None	Achieved

(二) Key Implementation Measures

1. Establishment of off-site backup mechanisms for core services across plants: Completed off-site disaster recovery setup for core systems at all plants to enhance operational continuity
2. Overall enhancement of information security protection level: SecurityScorecard (SSC) rating improved to Grade A
3. Comprehensive upgrade of official website security: Completed security enhancement measures for the official website
4. External system security encryption: Comprehensive implementation of HTTPS encryption for external systems to ensure secure data transmission

● **Risk Management**

(一) Risk Identification and Assessment

Regular information security risk assessments are conducted, with the main identified risks including:

1. External network attack threats
2. Internal personnel

operational risks

3. System vulnerabilities and technical risks

(二) Risk Control Measures

1. Establish multi-layered protection mechanisms to reduce external attack risks
2. Implement strict access control management to prevent internal risks
3. Regularly perform system updates and vulnerability patches

● **Education and Training**

Continuously strengthen employee information security awareness by providing differentiated security training for different positions, including ISO 27001 system training for professionals and basic information security training for general employees. Relevant personnel participated in educational training, reaching 96 person-times with a total of 105 training hours.

● **Information Security Incident Management**

Establish information security monitoring and response mechanisms, and formulate comprehensive incident reporting and handling procedures. In 2024 and up to the printing date of the annual report, no major information security incidents

occurred, and there were no operational losses caused by security incidents, demonstrating effective information security protection.

● **Audit and Improvement**

Regular internal security audits were conducted, with annual audit operations completed in 2024. Improvements were made for identified deficiencies, achieving a 100% improvement rate, continuously enhancing information security management standards.

● **Future Planning and Continuous Improvement**

(一) Key Objectives for 2025

1. Conduct backup and restoration drills to verify disaster recovery capabilities
2. Replace new firewall equipment to strengthen network security protection
3. Conduct phishing email drills to enhance employee security awareness
4. Maintain antivirus software licenses continuously to ensure uninterrupted protection

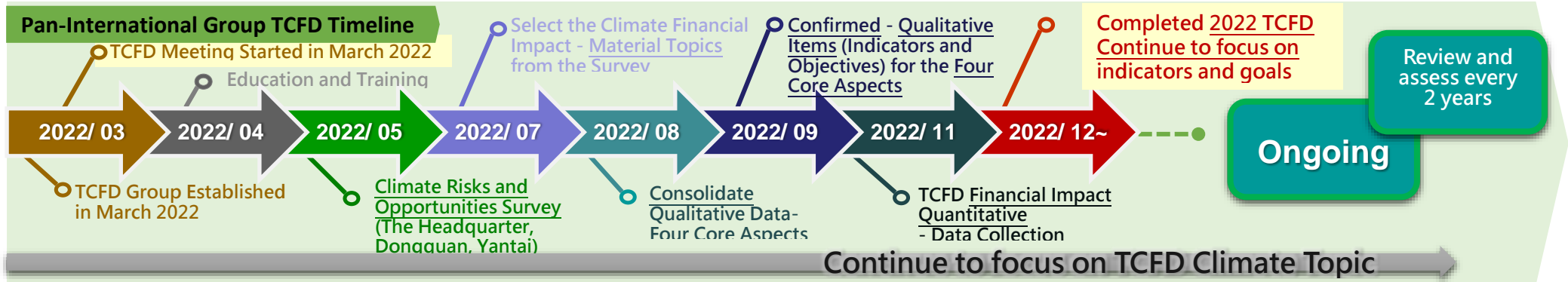
(二) Continuous Improvement Mechanism

Establish a PDCA cycle improvement process to regularly review information security policies and implementation effectiveness, ensuring that the information security management system evolves in sync with business development and external threat environments, supporting corporate sustainable development goals.



## 2.6 Climate-related Financial Disclosures

In response to international trends and the requirements from regulations, investors, supply chains, and consumers regarding climate issues, Pan-International Group implemented the Task Force on Climate-Related Financial Disclosures (TCFD) in 2022. The assessment is reviewed every 2 years, and climate governance continues to be promoted 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.

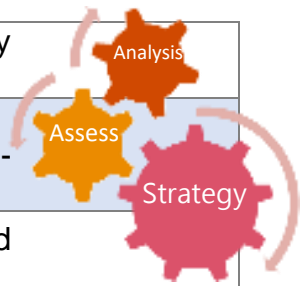
- **Climate Governance: Currently introduced in Pan-International, Taipei, Dongguan Pan-International, and Honghuasheng Yantai**

To effectively identify and properly manage the company's climate-related risks and opportunities, Pan-International Group's [Sustainability Committee] is convened by the Board of Directors, with the Sustainability Development Department serving as the executive unit. The Sustainability Development Department is responsible for identifying and managing climate change risks and opportunities, and reports the risk and opportunity identification results to the Chairperson at the annual senior executive meeting of the Sustainability Development Department, where control measures are formulated. [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 Convener: Director/ President Committee Members: Manager/ Assistant Vice President/ Specialist	Sustainability Development Department	Dongguan Pan-International Honghuasheng, Yantai
Supervise risks Formulate policies	Develop Control measures	Identify climate risks and opportunities	

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

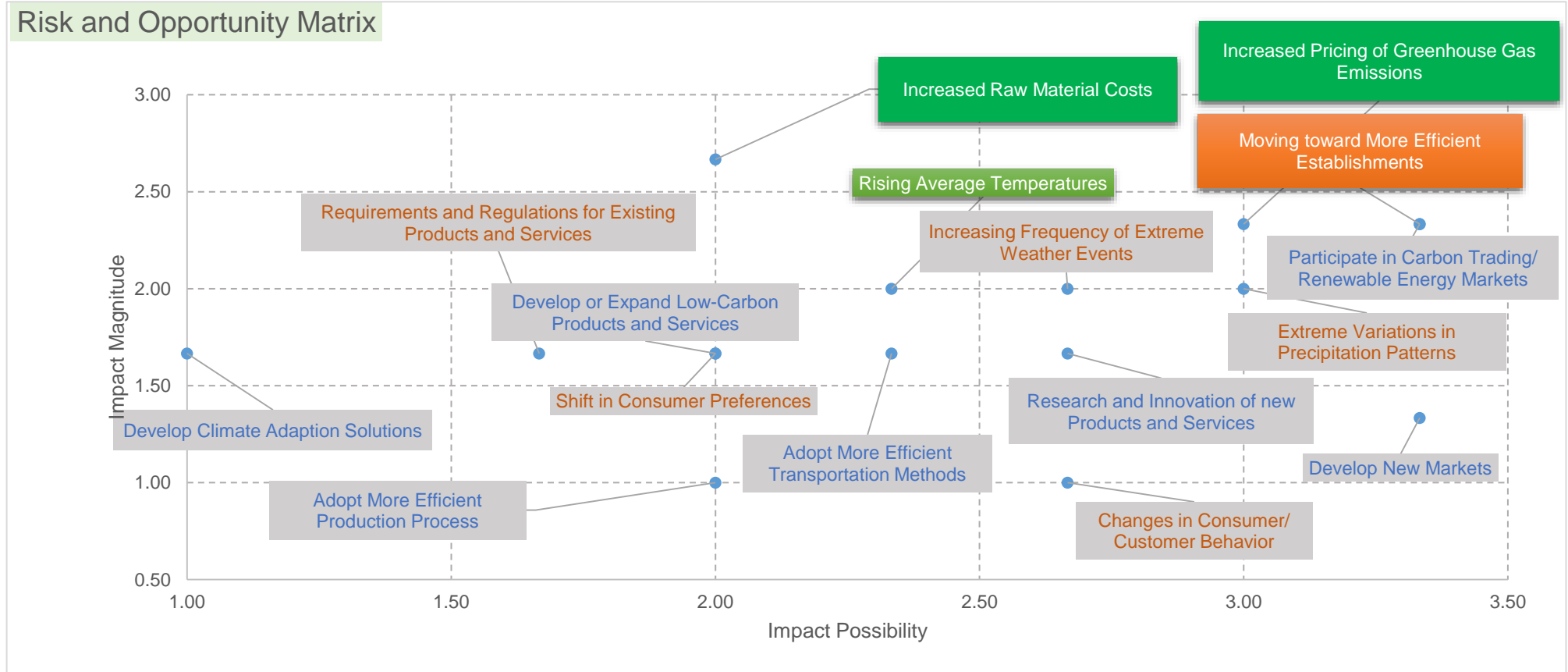
<b>Assess</b>	Comprehensively assess and evaluate the impact of various issues of climate risk and opportunity on company operations
<b>Analysis</b>	<ul style="list-style-type: none"> <li>• Introduce climate-related risk and opportunity identification mechanisms</li> <li>• Identify climate change risks and opportunities based on the current status of Pan-International's various business operations</li> </ul>
<b>Strategy</b>	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"> <li>• 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</li> <li>• Evaluate climate-related risk and opportunity information and management strategies</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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 level, and timing of occurrence</li> </ul>	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"> <li>• Use climate risk/opportunity level (impact level * possibility) for ranking</li> <li>• Select the top 25% of material climate risks and opportunities for Pan-International Group through evaluation tables and matrix charts</li> </ul>

▼ 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

• **Strategy**

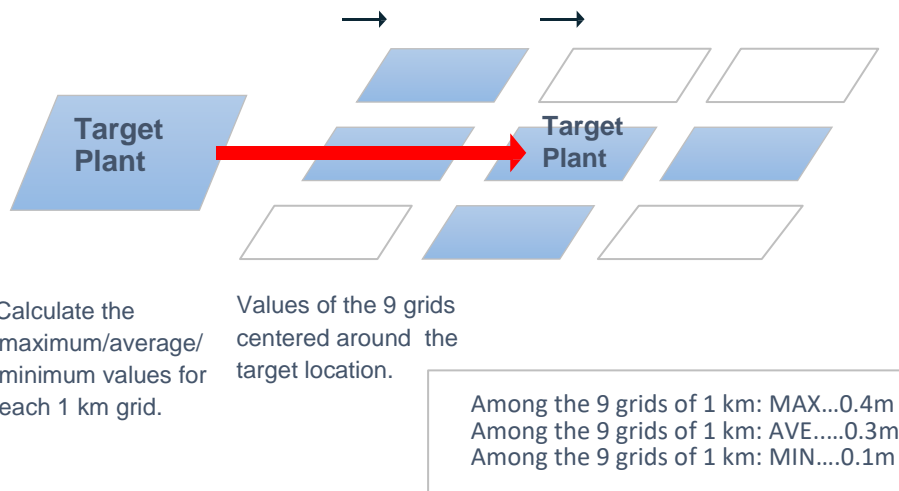
Risk Categories	Issue Definition	Company Impact Description	Impact Timeline	Strategy
<b>Policy and Regulatory Risk</b>	<b>Increased pricing of greenhouse gas emissions</b>	<ul style="list-style-type: none"> <li>In accordance with Taiwan FSC's promotion of carbon emissions disclosure for listed companies, the headquarters plans to complete carbon inventory in 2023, parent company and subsidiaries to complete inventory and parent company to complete verification by 2026, and consolidated subsidiaries to complete verification by 2028</li> <li>Due to increased international attention and national emphasis on environmental issues, mainland China may implement certain mandatory control policies in the future, resulting in higher carbon trading costs for the company</li> </ul>	<b>Mid-term</b>	<ul style="list-style-type: none"> <li>Regarding Carbon Inventory and Certification Plan: The headquarters and all plants have submitted carbon inventory planning, implementation and certification schedules to the Board of Directors, and will report results to the Board quarterly</li> <li>Both Dongguan Plant and Yantai Plant have established dedicated departments and personnel to conduct annual greenhouse gas inventories, formulate reduction plans, and promote the implementation of annual energy-saving targets</li> <li>Dongguan Plant is evaluating the implementation of ISO50001 Energy Management System, while Yantai Plant completed ISO50001 Energy Management System certification at the end of 2022</li> <li>Dongguan Plant and Yantai Plant successively completed the construction of solar power stations from late 2022 to early 2023, serving as alternative energy sources for self-use electricity, with 10% of future power to be supplied by renewable energy from solar power stations</li> </ul>
<b>Acute Physical Risk</b>	<b>Rising average temperatures</b>	<ul style="list-style-type: none"> <li>Increased air conditioning costs at plants due to rising temperatures;</li> <li>Due to rising temperatures causing power supply strain at plants, local governments implement peak-shift power usage measures to address power shortages. However, these peak-shift measures result in extended production lead times at the plants.</li> </ul>	<b>Short-term</b>	<ul style="list-style-type: none"> <li>Under staggered electricity usage, plants schedule their production in shifts</li> <li>Replace energy-saving refrigeration equipment to prevent rising energy consumption due to increasing temperature</li> <li>The company will evaluate purchasing business interruption insurance</li> <li>The newly purchased office building in Taipei adopts green building design, which can effectively reduce temperature and save electricity costs</li> </ul>
<b>Chronic Physical Risk</b>	<b>Increased raw material costs</b>	<ul style="list-style-type: none"> <li>During winter in Yantai, Shandong Province, highways are frequently closed due to snowfall, which may lead to logistics disruptions and increased raw material costs at the Yantai plant</li> <li>The Dongguan Plant has been affected by extreme weather events such as floods and droughts, impacting raw material supply and demand, increasing raw material and inventory costs, leading to decreased orders, which in turn affects the company's turnover and reduces revenue</li> </ul>	<b>Short-term</b>	<ul style="list-style-type: none"> <li>The Yantai plant adopts a flexible inventory strategy, maintaining 1-2 weeks of inventory normally, but increases inventory levels to 3-4 weeks during winter to mitigate impacts from snow-related logistics disruptions</li> <li>Both Dongguan and Yantai plants have developed multi-location supplier networks to avoid supply disruptions due to extreme weather events in a single region</li> <li>The headquarters and plants have established dedicated departments or response teams, and developed guidelines for post-disaster recovery, production resumption, and production site relocation to meet customer satisfaction in terms of delivery time and quality</li> <li>Plants conduct annual simulation training and drills according to emergency response plans to enhance emergency team members' familiarity with plan contents and responsibilities, while identifying potential improvements to the plans</li> </ul>

Opportunity Category	Topic Definition	Company Impact Description	Impact Timeline	Strategy
Resource Usage Efficiency	Moving toward more efficient establishments	<ul style="list-style-type: none"> <li>When constructing new facilities and renovating existing plants, adopt more energy-efficient planning models, consider space utilization rates, make greater use of natural energy sources (such as sunlight, wind power, etc.) to reduce operational costs associated with energy consumption and pollution emissions</li> </ul>	Mid-term	<ul style="list-style-type: none"> <li>Dongguan Plant and Yantai Plant utilize air compressor waste heat recovery to improve plant energy usage efficiency</li> <li>Plan joint office areas and reasonably adjust internal partitions in plants, optimize the effectiveness of air conditioning and ventilation systems; install thermal insulation door curtains to prevent air conditioning loss and improve energy efficiency</li> <li>Yantai Plant plans to obtain Green Factory certification in 2022; Zhonghe Headquarters will adopt a resource efficiency maximization approach for interior design planning; Xindian Headquarters will apply for reconstruction using green building standards during urban renewal</li> </ul>

• Metrics and Goals

Indicators	Location	Goal
	Headquarters	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 >>>For detailed achievement status, please refer to 5.1.3 Greenhouse Gas Emissions
	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
	Headquarters	New plants are green buildings, which can effectively reduce temperatures and save electricity costs
	Dongguan, Yantai	◆ Dongguan: Plan to introduce ISO 50001 energy management system ◆ Yantai: Passed ISO 50001 energy management system certification at the end of 2023 >>Passed in 2023 and continues to maintain annually.
	Dongguan, Yantai	Under staggered electricity usage, plants schedule their production in shifts
	Dongguan, Yantai	Planning to build solar power stations as alternative energy sources for self-use electricity, with 10% of future power to be supplied by renewable energy from solar power stations. Dongguan has successively installed and activated rooftop solar panels during 2022-2023. In 2024, the total plant area achieved a 16.04% renewable energy utilization rate. Yantai has successively installed and activated rooftop solar panels from 2023 to present. In 2024, the total plant area achieved a 3.41% renewable energy utilization rate.
	Dongguan, Yantai	Replace energy-saving refrigeration equipment to prevent rising energy consumption due to increasing temperature

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



Calculate the maximum/average/minimum values for each 1 km grid.

Values of the 9 grids centered around the target location.

Among the 9 grids of 1 km: MAX...0.4m  
Among the 9 grids of 1 km: AVE.....0.3m  
Among the 9 grids of 1 km: MIN....0.1m

Source Analysis: WEATHERNEWS TAIWAN LTD.  
Source: Ministry of Land, Infrastructure, Transport and Tourism

• **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

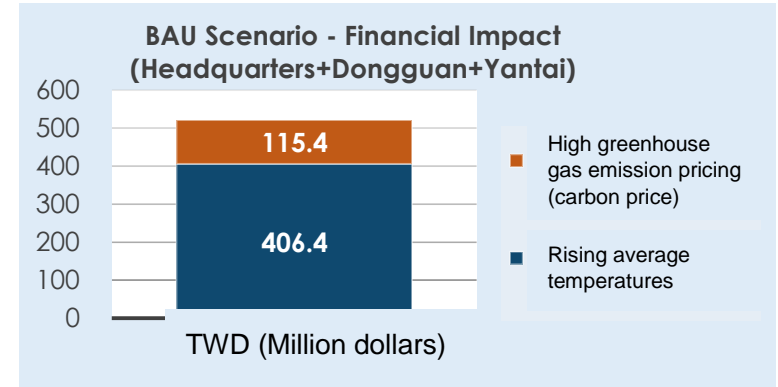
In response to flood risks, the flood threshold can be raised through appropriate strategies to further calculate the difference in financial

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

• **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

