

4. Sustainable Supply

4.1 Industry Supply Chain

4.1.1 Industry Overview

(GRI 2-6)

The signal cables, connectors, electronic wire harnesses, PCBs, PCBA, and other electronic components products and EMS services provided by the Group are positioned upstream in the manufacturing industry. They supply applications for medical, industrial control, automotive, consumer, AI networking, and robotics products. Manufactured at locations in Mainland China and Southeast Asia, they are sold to customers worldwide. In recent years, due to the impact of geopolitical factors and US-China competition and cooperation, the flexibility demand in the supply chain has begun to change. To meet customers' flexible regional manufacturing needs, we have strengthened investments in the Southeast Asia region, expanding production scale to align with customers' product logistics planning. Additionally, due to regional wars and trade barriers, the prices of bulk raw materials continue to rise, leading to increased production costs. The global inflation trend further exacerbates the pressure to control production expenses and costs. In the face of such challenges, we strengthened the monitoring of material prices, arranged inventory in a timely manner, coordinated the supply chain, enhanced efficiency, and reduced costs. At the same time, we collaborated with customers to develop high-profit products to enhance the competitiveness and profit margin of the product Value Chain.

Driven by the rapid advancement of AI technology, emerging products such as AI switches, servers, and robots, along with their components, are encountering unprecedented business opportunities. However, traditional ICT-related products are facing developmental bottlenecks. Therefore, we have initiated a transformation and upgrading plan, investing in AI technology and products, acquiring companies that produce key components for robots, and forming strategic alliances with new robotics startups. We anticipate that through collaboration and innovation, we will secure an important position as a key component supplier in the new industry's supply chain, actively boost revenue and profitability, and promote an upward positive cycle in the industry's supply chain.

4.1.2 Supply Chain Structure

(GRI 2-6、204-1)

The Group's value chain encompasses upstream suppliers, including raw material suppliers, original manufacturers, trading agents, and outsourcing service providers. These suppliers provide the Group with raw materials and semi-finished outsourcing services, such as copper wire, copper clad laminates, plasticized raw materials, packaging materials, PCBA, and injection molding. After undergoing various product processes such as inspection, wire cutting, cleaning, assembly, drilling, electroplating, and molding, the Group supplies signal cables, wire harnesses, PCBs, and other electronic components products, as well as EMS finished products, to downstream assembly customers or brand sellers.

▼ Pan-International Value Chain

Value Chain	Business Category	Industry Type
Upstream: Suppliers	Original manufacturers	Technology-intensive
	Agents	Service, capital-intensive
	Outsourcers (outsourced processing)	Labor-intensive
For the Group:	Electronic component manufacturers, EMS service	Technology and labor-intensive
Downstream: Customers	Product assemblers, EMS service providers	Labor-intensive
	Brand manufacturers	Sales service

• Upstream Suppliers in the Value Chain (GRI 2-6 、204-1)

The Group's suppliers provide raw materials such as copper wire, copper clad laminates, plasticized raw materials, active and passive components, and packaging materials, as well as outsourced processing services required for signal cables, electronic wire harnesses, PCBs, and electronic components. In 2025, there were 752 accumulated suppliers, with local suppliers accounting for over 80% of procurement budgets in important operating locations such as Mainland China and Southeast Asia.

For the Group: according to the formulated supplier management operation process, supplier performance evaluation methods, and risk level evaluation regulations, suppliers are categorized into four grades of A, B, C, and D. Only those meeting Grade A are qualified suppliers and can be procured from. In 2024, original manufacturers account for approximately 40%, distributors account for about 50%, and outsourced processing vendors account for approximately 3%.

• Downstream Customers in the Value Chain (GRI 2-6)

The downstream segment of the Group's value chain includes electronic product, automotive assemblers, and brand sellers. The Group supplies downstream customers with consumer products, automotive, industrial control, medical, and communication products, including signal cables, electronic wire harnesses, PCBs, PCBAs, electronic components, and EMS services. In 2024, electronic product assemblers and brand sellers in Southeast Asia maintained growth trends in revenue to the company compared to last year due to supply chain flexibility adjustments.

4.2 Supply Chain Management

Material Topic Management Approach: Supply Chain Management



Corresponding GRI Indicators: GRI 3-3, GRI 308-1 / 308-2, GRI 414-1 / 414-2

Impact Description		<p>[Negative] Incidents where suppliers are involved in non-compliance or procurement of conflict minerals may lead to operational disruption risks for the Group, legal liabilities, abnormal supply chain quality, and serious damage to the company's reputation and brand image.</p> <p>[Positive] Promoting sustainable supply chain management can effectively reduce operational and material supply risks, driving suppliers to transition to low-carbon processes and enhance quality and safety management standards. Through fair and transparent evaluations and cooperation, a resilient and internationally ESG-aligned sustainable green ecosystem can be built.</p>
Location		For the Group (including Pan-International, Taipei Headquarters and various Operational Plants)
Policies or Commitments Established or Followed	Internal Regulations	Manufacturing Location "Supplier Code of Conduct," "Regulation on Non-use of Conflict Minerals," "Environmental Protection Agreement"
	Government Regulations	V
Responsible Units		1. Sustainable Development Committee 2. Plant Procurement Department 3. Business Department 4. Audit Office 5. Manufacturing Location Quality Control Department
Management Actions		<ul style="list-style-type: none"> Pre-assessment and commitment: 100% of new suppliers must be approved for ESG risk assessment and sign commitments related to integrity, human rights, environmental ethics, and occupational safety. Evaluations and On-site Audits: Regularly conduct assessments and on-site/written ESG audits, with a focus on identifying environmental management, occupational health and safety, labor rights and interests, and hazardous substances. Deficiency Guidance and Elimination: For general deficiencies, require the submission of improvement reports within a specified period and conduct a secondary re-audit; immediately terminate cooperation with "zero tolerance" violators such as forced labor and major pollution. Empowering and Green Transformation: Provide suppliers with environmental education, training, and technical support, promote IECQ QC080000 certification, and implement whole plant "lead-free" reduction plans.
Process for Monitoring the Effectiveness of Actions		<ul style="list-style-type: none"> Annual performance tracking. Closed-loop Audit Mechanism: The Audit and Quality Control Departments are responsible for regularly tracking improvement progress, conducting on-site or written secondary reviews to ensure a 100% deficiency improvement rate. Regularly review: Regularly track the risks of key materials (such as copper prices), supplier compliance status, and audit improvement effectiveness to make timely decision adjustments.

Management Performance Indicators				
Indicators	2025 Achievement	Short-term Goal (2025)	Mid-term Goal (2022-2027)	Long-term Goal (2022-2050)
100% new suppliers audit	Achieved 100% in 2025			
Executing Risk Management of Key Materials	Achieved 100% in 2025			
Promote 100% of core suppliers to sign procurement contracts that include ESG and Human Rights regulations.	Achieved 100% in 2025			
The percentage of revenue from products containing regulated substances exceeding legal limits as a percentage of total product revenue is 0%.	Achieved 100% in 2025			

4.2.1 Supply Chain and Chemical Management Policy

Sustainable supply chain management practice is a series of actions that incorporate environmental sustainability and social feedback while maintaining organizational economics in traditional supply chains, including both internal and external company practices, which can achieve true sustainability in supply chains from environmental, social, and economic aspects. The implementation scope of sustainable supply chain management practices ranges from green procurement to product lifecycle management, flowing through suppliers, manufacturers, and customers. This approach enhances partner relationships by improving the flow of goods and information, as well as promoting sustainable practical actions.

According to the survey, supply chain disruption is one of the top 10 threats to enterprises. Over 50% of CEOs have begun to adjust supply chain management and procurement strategies. Sustainable supply chain has become an important part of enterprise practice for continuous operations. Procurement management is a key mechanism for enterprises to fulfill social responsibility and drive the supply chain to achieve sustainable goals. The U.S. National Institute of Standards and Technology (NIST 800-161) includes sustainability as a key issue in supply chain risk management practices.

The Group has established a sustainable supply chain management mechanism focusing on three major aspects: product quality, legal compliance, and social responsibility. We have formulated requirements and evaluation standards for operating conditions, manufacturing and supply capabilities, technology development capabilities, quality assurance capabilities, management system performance, environmental management capabilities, and trade security. New suppliers must pass an evaluation to be registered on the "Qualified Supplier List." Additionally, suppliers are randomly inspected each year to ensure

they continue to meet our evaluation standards. Only those confirmed to pass the evaluation are eligible for continued cooperation. We aim to improve supply chain management through pre-assessment, supplier commitments, and regular audits. At the same time, considering ESG trends and human rights protection, we reference international standards such as the "United Nations Guiding Principles on Business and Human Rights," the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work," and the "Universal Declaration of Human Rights," as well as local labor laws. We require suppliers to fulfill compliance commitments in all areas, including labor rights, health and safety, and employee benefits. For the Group, the commitment to corporate social responsibility is extended to our supplier partners by gradually incorporating ESG clauses into procurement contracts, with the long-term goal of having 100% of suppliers sign and fulfill the ESG clauses. If suppliers violate the regulations, they will be required to make improvements within a specified timeframe; cooperation with those with major violations will be terminated.

Supplier ESG Program

Pan-International has established a supplier sustainability management mechanism, with the Board of Directors serving as the highest oversight and decision-making body for supply chain ESG management. The Sustainability Committee, site procurement departments, Business Division, Audit Department, and quality control departments at manufacturing sites are responsible for promoting and implementing relevant management measures in accordance with their respective functions. The Company incorporates suppliers' ESG performance into supplier selection, evaluation, and contract award decisions, giving priority to suppliers with better ESG performance. At the same time, the Company periodically reviews its own procurement practices to ensure consistency with the Supplier Code of Conduct and to avoid conflicts between procurement requirements and ESG requirements. Suppliers that fail to meet the Company's minimum ESG requirements are required to complete corrective actions within a specified timeframe. Suppliers that fail to meet the requirements by the deadline will be excluded from new contract awards or contract renewals, while suppliers involved in material violations may have their business relationships terminated. The Company also provides regular supply chain ESG management training for procurement personnel to strengthen their understanding of the supplier sustainability management framework, implementation requirements, and their respective roles and responsibilities. We also continue to share social responsibility messages, encouraging partners to develop low environmental impact materials or to implement energy saving and carbon reduction in their processes, creating a win-win situation.

Selection of Business Partners and Pre-cooperation Review

When selecting suppliers, our plants set scoring indicators based on quality, price, environmental accreditation, pollution incidents, labor dispute incidents, non-use of child labor, corruption/bribery incidents, and ethical management. We conduct a strict review process, allowing only qualified suppliers to provide samples for testing.

Additionally, before signing contracts and formally supplying, suppliers must sign commitment letters on related topics such as integrity and ethics, environmental issues, and material composition declarations, demonstrating their commitment to honest business operations and environmental sustainability.



- Supplier Evaluation: We conduct strict evaluations of all suppliers, including assessing their environmental management systems to ensure they comply with relevant environmental regulations and standards. We establish long-term cooperative relationships with suppliers and work together towards the development of green supply chains.
- Environmental education and training: We provide environmental education and training for suppliers to enhance their understanding and awareness of environmental sustainability. We conduct environmental seminars and training courses, share best practice cases, and provide technical support to help suppliers implement environmental management measures.
- Environmental Requirements: We require suppliers to comply with strict environmental requirements, including energy saving and emission reduction, resource conservation, and waste management. We work with suppliers to promote the use of environmentally friendly materials and processes, and encourage them to develop environmentally friendly products.
- Monitoring and Auditing: We regularly monitor and audit suppliers to ensure they meet our environmental requirements and policies. We have established an internal team responsible for monitoring the green sustainable development of the supply chain.

Supply Chain Management Focus - Strategic Approaches



Risk Management of Key Materials

Currently, copper-related products are the major raw materials used in the Company's products, **while cobalt and titanium are not used in the Company's manufacturing processes.** Therefore, so fluctuations in copper prices will have a certain impact on costs and profits. In order to reduce the impact of copper price fluctuations, the procurement department has established a copper price monitoring mechanism and promptly adopts centralized purchasing or advance purchasing methods to stabilize costs. The business department maintains good relationships with customers and raises prices appropriately to reflect material costs. At the same time, front-end manufacturing process production lines are set up in factories to further control production 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.



Supplier Evaluation Management - Manufacturing Plants Location

In addition to evaluating suppliers' levels monthly based on various indicators such as QCDS (Quality, Sourcing, Delivery, & Services), an AEO review (Authorized Economic Operator, Enterprise Certification) will be added at the end of the year. Suppliers that fail to meet the standards must propose improvement plans and receive guidance from the Company; if they still cannot improve after guidance, they will be eliminated and replaced with new suppliers.



Supplier conferences

For the Group, each manufacturing location communicates sustainable management requirements to suppliers through supplier conferences, online promotions, and daily communication mechanisms. These requirements include regulatory compliance, environmental protection, human rights protection,

occupational safety, business integrity, and carbon reduction. Through regular audits and performance assessments, we continuously enhance the sustainability management capability of the supply chain.



Responsible Mineral Purchase - Manufacturing Plants Location

Pan-International Group is committed to promoting responsible supply chain management, particularly in metal mineral procurement, by clearly following the "Responsible Smelter Program" jointly promoted by the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI). The program requires member companies and their suppliers to investigate and disclose the sources of minerals in their supply chains, avoiding the use of minerals from areas of armed conflict or mass violence, to prevent indirectly funding armed groups or regimes that violate human rights. The initiative was subsequently expanded to cover "Conflict-Affected Areas" and "High-Risk Areas," where widespread human rights violations and breaches of international and local regulations commonly exist.

For the Group, the management of conflict minerals is jointly overseen by the procurement units and relevant responsible units. In accordance with the company's procurement policy and supplier management procedures, they promote supplier investigation, data review, risk identification, and improvement tracking, while regularly reviewing the status of implementation. The Group clearly commits that all products supplied to customers do not use metal materials from conflict-affected or high-risk areas and conform to the "No use of minerals from Conflict-Affected and High-Risk Areas (CAHRAs)" standards. To ensure supply chain transparency and responsibility, **the Group incorporates conflict minerals management requirements into supplier management and procurement cooperation criteria.** The Group requires all suppliers to sign and submit a "Declaration of Minerals Conflict-Free," committing not to procure or use conflict minerals (gold, tin, tantalum, tungsten, etc.) mined from the aforementioned regions, and continues to promote this international initiative together with upstream supply chain partners. **For the Group, through supplier investigation and related document reviews, information on the country of mineral origin and smelters/refiners is identified. If potential risks are found, suppliers will be required to propose improvement or alternative sourcing solutions.**

Meanwhile, the Group also regularly conducts material source reviews and audits of suppliers to confirm that their provided materials and components comply with sustainable procurement standards, do not involve forced labor, human rights violations, or illegal mining activities, thereby implementing the core values of corporate social responsibility. **If suppliers, employees, or other stakeholders have concerns about conflict minerals management, they can raise them through the Group's reporting and grievance channels. In 2025, the percentage of Group product revenue from products containing minerals from conflict-affected and high-risk areas is 0%.**



Green Products and Chemical Management

Pan-International Group recognizes the potential impacts of hazardous substances used in products and manufacturing processes on human health and the environment. In accordance with RoHS, REACH, regulatory requirements concerning ozone-depleting substances (ODS), and customer requirements, the Group has established a hazardous substance risk assessment and management mechanism

The mechanism covers the following areas:

- All items that may come into contact with or contain regulated substances, including raw materials, packaging materials, auxiliary materials, equipment, jigs, and related consumables
- Enhanced employee education and training: Regular training on hazardous substance regulations and identification to improve internal monitoring and response capabilities
- Supplier management: Requiring all suppliers to comply with RoHS 2.0 and related international environmental regulations, cooperate in providing material composition descriptions and compliance documentation, and conduct random inspections or audits when necessary

With respect to hazard identification and hazard characterization, the Group identifies hazardous substances that may have adverse impacts on human health or the environment through its Restricted Substances List (RSL), material composition data, and applicable regulatory requirements. Potential hazards are assessed based on the substances' physicochemical properties, human health and environmental hazard information, and applicable regulatory controls. For exposure assessment, the Group evaluates all chemicals used in manufacturing processes by considering usage volumes, handling and storage methods, potential routes of human exposure, and the likelihood of environmental release. The Group also verifies substance information based on material composition data and compliance documentation provided by suppliers, supplemented by sampling inspections and audits where necessary.

Following an integrated assessment of hazard severity and exposure, the Group applies measures to higher-risk substances, including substitution, use reduction, process improvements, and appropriate operational protection. The Company also implements designated storage areas, labeling controls, and employee training. The Group reviews its Restricted Substances List at least annually and updates it as appropriate in response to changes in relevant regulations and customer requirements.

The Group aims to progressively phase out high-risk substances and gives priority to the substitution assessment and reduction management of lead-containing materials. Through process optimization and the introduction of alternative materials, the Group seeks to reduce the proportion of lead-containing materials used year by year and move toward the goal of becoming fully lead-free.

The Group also commits to collaborating and exchanging information with industry associations to keep abreast of hazardous substance substitution technologies and industry development trends, and to jointly identify safer alternative materials that meet environmental and regulatory requirements. At the same time, the Group continues to invest R&D resources and related budgets to support alternative material assessment, process validation, and product implementation, thereby reducing the potential impacts of its products and manufacturing processes on the environment and human health.

Pan-International Group recognizes that chemicals may pose potential risks to employee health and the environment during production and operation processes. Although the Group's current manufacturing processes involve very minimal chemical use, we still adhere to the precautionary principle and implement basic management measures for necessary chemical use, including substance registration, proper storage, labeling management, and personnel operation training, while complying with local environmental protection and occupational safety regulations.

Among them, the subsidiary Dongguan Pan-International has obtained IECQ QC080000 Hazardous Substance Management System certification to strengthen systematic control of hazardous substances and ensure products comply with global electronics industry regulations on hazardous substances and customer requirements. After reviewing the 2025 Year product data and related conformity documents, all products of the Group conform to the

requirements of RoHS, REACH, and ODS regulations. Therefore, the percentage of revenue from products containing regulated substances exceeding legal limits as a percentage of total product revenue is 0%.

The Group will continue to evaluate the need to strengthen chemical management mechanisms based on operational and regulatory changes, gradually improve relevant internal standards, and ensure both operational safety and environmental protection are maintained. Through internal and external collaborative management mechanisms, the Group not only complies with regulatory requirements but also strives to exceed standards, implementing green procurement and source reduction management to reduce potential risks of products to the environment and human health, while continuously strengthening customer trust and brand responsibility.



Reduction and Source Management of Chemicals

The Group's operations involve a relatively low proportion of hazardous chemicals, but still adhere to the precautionary principle by implementing measures such as registration, dedicated area storage, labeling, and protective training. A chemical management system is established according to the characteristics of the processes at each location. For higher-risk substances, the Group adopts measures such as substitution, use reduction, process improvement, and appropriate operational controls, while implementing designated storage areas, labeling management, and employee training. The Group reviews its Restricted Substances List (RSL) at least annually and updates it as appropriate in response to changes in relevant regulations and customer requirements. To further reduce the potential impacts of hazardous substances on the environment and human health within the supply chain, the Group is actively promoting reduction and source management of chemicals and gradually extending management requirements to the supply chain end.

In terms of strategies for reducing hazardous substances, the Group has set a goal to gradually phase out high-risk substances, prioritizing the assessment and reduction management of lead-containing raw materials. Through process optimization and the introduction of alternative materials, the usage rate is reduced year by year, moving toward the goal of complete lead-free operations. At the same time, the Group has established a chemical control mechanism, regularly reviewing and updating the Restricted Substances List (RSL) at least once a year, and gradually reducing them in accordance with international regulations (such as RoHS, REACH) and customer requirements to ensure that management measures conform to the latest regulatory trends and industry standards. The Group will also maintain cooperation and exchange with industry associations to grasp substitute technologies for hazardous substances and industry development trends, jointly seeking safer alternative materials that conform to environmental and regulatory requirements. For the substitution and gradual elimination of hazardous substances, the Group will continue to invest research and development resources and related budgets to support the evaluation of alternative materials, process validation, and product integration, in order to reduce the potential impact of products and processes on the environment and human health.

4.2.2 Supply Chain Management Process

(GRI 308-1、414-1)

1. Document Signing	2. New Supplier Risk Assessment	3. Audit and Guidance	4. Result Determination	5. Time-limited Improvement and Re-audit
<p>All suppliers must sign a procurement contract and new supplier registration commitment letter. The documents include various sustainability requirements outlined in the "Supplier Code of Conduct," including: integrity management commitment, environmental protection responsibility, conflict minerals management, anti-trust and fair trade clauses, to ensure that business partners implement corporate social responsibility in their business practices and jointly maintain a fair and transparent supply chain system.</p>	<p>The Group conducts comprehensive ESG (Environmental, Social, Governance) risk assessments for new suppliers. The assessment aspects cover indicators such as product quality, green product development capability, social and environmental responsibility performance, and financial soundness. This helps identify potential operational or sustainability risks and serves as an important basis for supplier screening and cooperation decisions.</p>	<p>The Group also initiates enhanced audit and guidance mechanisms for "high-risk suppliers" and partners with poor ESG ratings. Through on-site inspections and technical assistance, we conduct in-depth evaluations and provide guidance on aspects such as product quality, process management, social and environmental responsibility fulfillment, green product certification acquisition, and Greenhouse Gas inventory, helping suppliers enhance their sustainability management capabilities.</p>	<p>The Group regularly conducts online questionnaire surveys and on-site audits of suppliers. If major deficiencies belonging to "zero tolerance" items (such as forced labor, use of illegal child labor, severe environmental pollution, major integrity violations, etc.) are discovered during the audit process, their qualified supplier status will be immediately revoked and the business relationship will be terminated.</p>	<p>For suppliers with general deficiencies, they are required to submit written improvement reports and relevant supporting documents within the specified timeframe, and implement corrective measures according to the improvement plan. The Group will conduct a re-audit after the improvement deadline expires. If the review shows that standards are still not met, measures such as downgrading, order suspension, or partnership termination will be taken depending on the circumstances to maintain supply chain quality and sustainability standards.</p>



▼ Three Stages of Supplier Management

Supplier Registration Management	For new suppliers, on-site audits or document reviews must be conducted to verify their qualifications. Development channels include internet, exhibitions, peer recommendations, etc., and the decision to include suppliers in the qualified supplier list is based on document review and on-site audit results. (Slightly different in different plants)
Supplier Evaluation Items	Based on monthly performance evaluations or annual audit results, daily management of suppliers is conducted, covering multiple assessment aspects including price, delivery time, production environment, production process, environment, human rights, and credit. (Slightly different in different plants)
Supplier Improvement Measures	Submit improvement reports and re-audit operations. Suppliers with monthly performance ratings of C, D, or non-conforming grades are required to provide improvement reports; when issues are identified during annual audits, suppliers must provide improvement measures and related supporting evidence within the specified timeframe.

▼ Supplier Improvement Measures

For	Company policy adoption	Tracking unit: The company regularly monitors their improvement progress	Tracking method
Suppliers with issues in delivery time, quality, environment, human rights, information security, social responsibility, or other aspects.	Required to respond with improvements within deadline	The audit departments (Quality Control, Procurement Unit, or other audit units) are responsible for regularly tracking improvement progress.	Conduct secondary audits to verify supplier improvement effectiveness and require relevant supporting evidence to ensure deficiencies have been fully corrected.

4.2.3 Supply Chain Audit Effectiveness

(GRI 308-2、414-1、414-2)

• Audit Status and Results

In 2025, the Group had a total of 752 Tier 1 suppliers, of which 29 were identified as significant suppliers through the screening process, while 24 were newly added suppliers during the year.

As part of the 2025 annual supplier audit program, a total of 55 suppliers were assessed for environmental impacts, and 29 suppliers were assessed for social impacts. Following the assessments, three suppliers were identified as having actual or potential negative impacts. The Company agreed on corrective and improvement action plans with these three suppliers.

All corrective actions were completed in 2025, and the suppliers were subsequently re-audited and qualified. Ultimately, no supplier relationships or business engagements were terminated due to significant negative impacts. Following the corrective actions, no suppliers remained with actual or potential negative impacts.

▼ New Supplier Audits (2025)

Location	Whether New Supplier Audits Were Conducted	Number of New Suppliers Audited
Pan-International, Taipei, Taiwan-Czech Electronics	No	0
Dongguan Pan-International	Yes	20
New Ocean, Jiangxi	Yes	4
Honghuasheng, Yantai	No	0
CJ Electric Systems, Wuhu, Chaohu Ruichang, Anqing Ruiyu, Wuhu Hezhong	No	0
PIU (USA), Huizhou Taiwan-Czech Electronics, Dongguan Guangshan, CJ Electric Systems, Ordos, Yibin Pan-International (Office/Warehouse)	No	0

▼ 2025 Supplier Audit Results

Audit Results	2025
Total Number of Suppliers	752
Percentage of procurement that complies with internationally recognized product responsibility standards as a proportion of total procurement (%)	100
Number of suppliers audited	55
Percentage of suppliers audited (%)	7.31%
Audit items for supplier audits	Occupational Health and Safety, Quality system & environmental system audit, Social system audit
Number of Suppliers Evaluated for Environmental Impact	55
Number of Suppliers Identified as Having Significant Actual or Potential Negative Environmental Impacts	2
Number of Suppliers Evaluated for Social Impact	29

Audit Results	2025
Number of Suppliers Identified as Having Significant Actual or Potential Negative Social Impacts	1
Percentage of Suppliers Agreeing to Improve After Evaluation	100.00%
Percentage of Relationships Terminated After Evaluation	0.00%
Audit results from supplier audits	Conducted annual audits of 55 suppliers, all of which passed improvement review and were rated as Grade A suppliers.

▼ 2025 Supplier Improvement List

Location	Supplier	Negative impact aspects	Deficiency category	Item	Deficiency and risk content	Improvement measures and response strategies
Dongguan Pan-International	Yang X	Social	Occupational Safety	Fire Equipment Management	There is clutter in the red alert zone around the fire hydrant in the laboratory, affecting access to fire equipment. In the event of a fire, this may delay initial firefighting and emergency response, increasing the risk to personnel safety and property loss.	Suppliers are required to make improvements within the deadline by clearing the clutter around the fire hydrant and restoring the red alert zone to its clear state; strengthen personnel advocacy and prohibit the placement of items around fire equipment.
Dongguan Pan-International	Hu X	Environmental	Chemical Management	Chemical storage	If chemicals are not stored in designated storage areas as required, this may lead to risks such as misuse, leaks, cross-contamination, or fires.	Suppliers are required to make improvements within the deadline by moving chemicals to a designated chemical storage area, categorizing and managing them according to the nature of the chemicals, and ensuring the containers are labeled completely.



Location	Supplier	Negative impact aspects	Deficiency category	Item	Deficiency and risk content	Improvement measures and response strategies
Dongguan Pan-International	He X	Environmental	Quality Management	Inspection report determination management	When spot-checking XRF test reports of PCB boards, it was found that the bromine (Br) inspection value exceeded 1000 ppm, yet the report still concluded as "OK." This indicates an error in the judgment of inspection results, which may lead to products that do not comply with customer or regulatory requirements being mistakenly deemed compliant, posing quality and regulatory compliance risks.	Require suppliers to make improvements within the specified timeframe, re-verify the batch inspection reports and determination results, and retest and correct the reports if necessary; review the RoHS determination standards and report review processes, and establish a re-evaluation mechanism; ensure that inspection results are correctly determined according to regulations to prevent similar situations from occurring again.
Honghuasheng, Yantai	XX	Environmental	Environmental Management	Hazardous Waste Storage	Labels were not posted in the Hazardous Waste Storage area (or containers).	Suppliers are required to make improvements within the deadline by posting labels that conform to regulations in the Hazardous Waste Storage area and on containers; ensure that the label content is complete and clearly distinguishable.
Honghuasheng, Yantai	XX	Social	Occupational Safety	Electrical Safety Management	In the developing workshop, an electrical switch lacks a protective cover, which may lead to accidental contact with live parts, increasing the risks of electric shock, short circuit, or equipment failure, thereby affecting operational safety.	Suppliers are required to install electrical switch protective covers that conform to specifications within the deadline and ensure they are securely fixed and function properly; conduct a comprehensive inspection of protective devices for electrical switches throughout the plant to ensure completeness, and make immediate improvements if there are deficiencies.
New Ocean, Jiangxi	XX	Social	Human Rights Protection	Employee Handbook Management	The attendance management content in the "Employee Handbook QF-0307-SA-3-006" has not been updated to include statutory holiday regulations and does not cover parental leave-related regulations, which are inconsistent with current laws and the Company's policies. This may lead to impacts on employee rights and risks related to regulatory conformity.	Suppliers are required to revise the content of the "Employee Handbook" within the deadline to update statutory holiday and parental leave-related regulations, ensuring conformity with the latest legal requirements.

Location	Supplier	Negative impact aspects	Deficiency category	Item	Deficiency and risk content	Improvement measures and response strategies
New Ocean, Jiangxi	XX	Social	Occupational Safety	Emergency Response and Fire Safety	The laboratory and compounding room exits lack emergency lighting and exit signs, which may affect the efficiency of personnel evacuation in emergency situations, increasing the risk to personal safety.	Suppliers are required to install additional emergency lighting equipment and exit signs in the relevant areas within the deadline, and comprehensively ensure that all passages and exits conform to standards.
New Ocean, Jiangxi	XX	Social	Human Rights Protection	Grievance Mechanism Management	The grievance system regulations in the "Company Confidentiality Management Procedures QF-0307-SA-2-038" are unclear, which may lead to employees being unable to clearly understand the grievance process and channels, reducing the accessibility and effectiveness of the grievance mechanism.	Suppliers are required to revise relevant procedural documents within the deadline to clearly define the grievance process, acceptance channels, processing timelines, and response mechanisms.
New Ocean, Jiangxi	XX	Social	Document management	Conflict Mineral Regulation	The "Regulation on Non-use of Conflict Minerals QF-0307-QM-3-035" has been established, but the document's content has not been reviewed and updated according to the latest RBA (Responsible Business Alliance) guidelines.	Suppliers are required to revise the "Regulation on Non-use of Conflict Minerals QF-0307-QM-3-035" within the deadline and update the operation content of section 5.0 and the Company's conflict minerals policy in section 6.0 to ensure conformity with current international standards. Conduct a comprehensive inventory, updating the questionnaires for all suppliers according to the latest RBA guidelines, and complete the data collection and verification.

For supplier deficiencies identified in 2025, the Group has initiated improvement mechanisms according to the existing supplier management system and required relevant suppliers to submit improvement reports and supporting documentation within the specified deadline. The improvement content covers the establishment and implementation of environmental management systems, calibration and maintenance of testing instruments, and document revision and process integration of chemical management systems and emergency response mechanisms.

By the end of the reporting period, the improvement completion rate for monitored deficiency cases reached 100%, with all cases having received responses and completed initial improvements. Relevant units will also continue to track through secondary audits and annual audits to ensure the effective implementation of improvement measures and continuously reduce potential impacts on environmental, quality, and operational safety.

This improvement action aligns with the core spirit of the United Nations Sustainable Development Goals (SDGs), particularly responding to:

SDG 8: Decent Work and Economic Growth - Enhancing labor safety and operational quality through supply chain management.

SDG 12: Responsible Consumption and Production - Promoting efficient resource utilization and hazardous substance management.

SDG 13: Climate Action - Strengthening environmental management to reduce potential impacts on climate and ecology.



★ **Supplier Highlight: Honghuasheng, Yantai and legal entities jointly obtained SEDEX-SMETA Suppliers Ethical Data Exchange accreditation**

★ **Chemical Management: The percentage of revenue from products containing regulated substances exceeding legal limits as a percentage of total product revenue is 0%.**

Management commitment: For the Group, we will continue to follow risk-oriented management principles, combining supplier assessment, audit guidance, performance tracking, and continuous improvement mechanisms to deepen supply chain ESG management, enhancing supply chain transparency and resilience. Together with suppliers, we aim to achieve low-carbon transformation and sustainable development goals.