



2022 ESG Report

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About the Report

This Report is the first Sustainability Report published by PANJIT INTERNATIONAL INC. (hereinafter referred to as PANJIT), disclosing PANJIT's strategies, management structure, and outcomes in Governance, Environmental, and Social aspects. The Report is divided into chapters of Sustainable Management, Integrity Governance, Responsible Supply Chain, Environmental Protection, People Orientation and Social Inclusion as the main axis. In the future, PANJIT will publish the Sustainability Report every year and disclose its outcomes of ESG management to strengthen communication and contact with its stakeholders.



Boundaries and Scope of the Report

The reporting period of this Report was from January 1 to December 31, 2022, and some data covered data before or after 2022. The boundary of disclosure covers PANJIT's operating bases in Taiwan (Gangshan Factory, Yongan Factory, Taipei Operation Center, Hsinchu R&D Center), among which the environmental information disclosed mainly focused on that of PANJIT's Gangshan Factory. The financial data are consistent with the data in the Company's financial reports, which are publicly disclosed after audited by the CPA, and the currency used is New Taiwan Dollars (NTD). The scope of disclosure of this Report did not include subsidiaries and overseas bases in the consolidated statements. For relevant information of affiliated companies, please refer to P118 of PANJIT's 2022 Annual Report. If the scope of disclosure was not consistent with what is mentioned above, it will be noted in the Report.

Reporting Principles

This Report was compiled in accordance with the latest GRI Standards 2021 published by Global Reporting Initiative (GRI) and the regulations stipulated in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies while sustainability indicators and initiatives such as the SASB's Semiconductors Standards, UN's Sustainable Development Goals (SDGs), and Task Force on Climate-related Financial Disclosures (TCFD) were referred to as the principles for the report structure preparation and information disclosure. The index table of the above content is detailed in Appendix I~ Appendix IV.

Review and Assurance of the Report

PANJIT's ESG Corporate Sustainability Development Committee was established on March 1, 2022, under which are the Environmental Sustainability Promotion Team, Social Responsibility Promotion Team, and Sustainability Governance Promotion Team. The content and data of this Report were provided by the members of the promotion teams under ESG Corporate Sustainability Development Committee. After the department heads had the initial review of the content of information and the correctness of the indicators for sustainability performance, the Executive Secretary of the Corporate Sustainable Development Office coordinated the data for inspection, content planning, editing and revision.

After the compilation of the Report, it was assured by SGS Taiwan, Ltd, an impartial third-party verification agency in accordance with the AA1000 Assurance Standard (AA1000AS v3) to ensure the compliance with the principles of Inclusivity, Materiality, Responsiveness, and Impact. The verified Sustainability Report was finally submitted to the ESG Corporate Sustainability Development Committee for final review and was finalized and published upon the approval of the chairman.



Contact Information



Please contact us for any suggestions or questions through the following channels.

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Official website

Message from Top Management

As a member of the global corporate citizens, PANJIT requires itself to uphold the business principles of “innovation, growth, responsibility, and sustainability” in the global semiconductor supply chain in the face of unprecedented changes in the aspects of global environment and climate, economy and society. We actively promote and continue to make improvement in environmental protection, employee safety and health, labor conditions, moral values, and the maintenance of energy, striving to become a member of the green enterprises in the world while constantly strengthening ESG (the beauty of the Environment, the goodness in society, and the truthfulness in governance) actions to respond to changes and challenges in the future with a high level of dynamics. Therefore, PANJIT officially established the ESG Corporate Sustainable Development Committee on March 1, 2022, under which are the Environmental Sustainability Promotion Team, Social Responsibility Promotion Team, and Sustainability Governance Promotion Team. The Committee is chaired by the chairman & president, and the representative members of the three teams were selected from the business unit executives to develop the visions and relevant actions and performance of the three promotion teams under the ESG Corporate Sustainable Development Committee.

Environmental Sustainability

We have been actively working on our performance of environmental sustainability with the vision of “Strengthening green energy development for the sustainable management of PANJIT Group” . We focus on three major directors, namely energy conservation, waste reduction and reuse, and green energy and environmental sustainability to realize PANJIT’s commitment to environmental sustainability. In 2022, we successively established ISO 50001 energy management system, ISO 14064 GHG inventory, and ISO 14067 product carbon footprint in hopes to continue strengthening energy conservation, promoting resource recycling, participating in the global green product movement and green procurement and so on. Meanwhile, we also strive to reduce GHG emissions and actively optimize and add new environmental protection facilities for the improvement of the environmental quality. Moreover, we also keep our investment in wetland tree planting activities in the coastal area to contribute to environmental protection, and are committed to achieving carbon neutrality by 2040 with the implementation of green energy sustainability actions.

Social Responsibility

With the vision of “Creating a happy corporation that employees are proud of” , PANJIT is dedicated to respecting equality, employee care, educational participation, and social welfare and donations for the implementation of PANJIT’s commitment to social participation.

Female employees accounted for 61.3% in 2022 at PANJIT. We provide a workplace with gender equality, and there were no major negative incidents such as human right violation or labor disputes, maintaining a stable status in terms of human resources. As for the employee care, various talent development compensation and welfare measures and activities are implemented, such as the employee share ownership trust (ESOT), exclusive birthday leave, and the employee welfare committee activities. to donate nutritious lunch and teaching resources to primary schools in the neighboring areas to jointly help education take roots locally, and also make donations to local social welfare institutions to provide more help and opportunities to the disadvantaged in society.

In the future, PANJIT will continue to improve labor relations, maintain employee rights and interests, and provide a safe and healthy working environment for training, talent development, equal employment opportunities, and related rewards and benefits, striving to provide employees with the best and complete employee care. In addition, we also commit to comply with relevant regulations of the Responsible Business Alliance (RBA), safeguard employee’s collective bargaining and freedom of association, do not use child labor, eliminate the occurrence of any form of coercion, compulsion, discrimination, and sexual harassment to protect the rights and interests of all relevant personnel. For the social participation strategy, we will continue to adhere to the local origins and uphold the spirit of taking from the local areas and giving back to the local areas, combining the strength of all employees at PANJIT to exert the social influence to pass on love and kindness.

Sustainable Governance

With the vision of “Integrity management, joining hands with global partners for common good” , PANJIT devotes itself to stepping toward innovative growth and responsible sustainability to implement its commitment to sustainable governance. We are deeply convinced that only by adhering to integrity management and joining hands with our global partners can we jointly achieve a beautiful future of sustainability. In terms of due diligence management, we have completed 55 direct suppliers’ RBA audits, with the passing rate of 100%, fully reflecting our strict requirements for suppliers and insistence on supply chain responsibility so as to ensure that every part of the supply chain complies with the ethics, environmental protection, and social responsibility.

In addition, we keep pursuing innovation and making breakthroughs. In 2022, we filed 49 patent applications in total, and these innovative achievements are our positive contribution to technological progress and industrial development. At the same time, we insist on complying with international and domestic laws and regulations, and have always performed well in terms of integrity, governance, and compliance without any major negative incidents. All the achievements we have made are thanks to the endeavor and joint efforts of our team and all our partners.

In the future, we will continue to uphold the concept of integrity management, fair trade, no improper advantage, respect for intellectual property right, implementation of and compliance with relevant moral and ethical standards and protection of the rights and interests of all stakeholders. With the full participation, continuous monitoring and improvement of the performance of the management systems is conducted, and new consensus is established on corporate social responsibility with our global business and supplier partners to ensure the effective operation of corporate governance, striving to implement sustainable development of the enterprise.

In this ever-changing market and technological environment, PANJIT has to keep the innovation and improvement to cope with new risks and opportunities. Therefore, we will continue to focus on R&D and investment to promote more eco-friendly and sustainable technology, solutions and product so that technology can shape the future and also be combined with sustainable development goals.

On the other hand, we are aware that it requires our stakeholders and partners on the path toward sustainability. We promise to continue strengthening our communication with the stakeholders and partners and making improvement of our reports and communication and interaction.

Last but not least, we promise to turn the spirit of sustainability to various actions for the sustainable development of the enterprise and the corporate visions of PANJIT to research and develop high-quality and highly energy efficient products to jointly drive a clean and smart future of the world to realize the ideal life of cleanliness and environmental protection with wisdom, bringing the world closely connected.

Most importantly, we promise to work with our stakeholders and partners to step toward the inheritance of the beauty, goodness, and truthfulness of ESG, creating a sustainable environment and a better future for generations to come.

PANJIT INTERNATIONAL INC.

Chairman & President
Fang, Ming-Ching



Awards and Recognition

2022

EE Award Asia
2022 Best Power IC



2022

ResMed
2022 Highly
Commended Award



2021

MACQUARIE Bank
2021 Global Depository
Shares offering on Luxem-
bourg Stock Exchange



2021

Inventec
2021 In Recognition of Your
Superior Partnership
Extraordinary Contribution
and Performance



Sustainable Performance

It is our responsibility to create a future with sustainable development.

E Environmental Aspect

- In 2022, a total of 849,524 kWh/year of energy was saved, approximately a reduction of GHG by 420.51 TCO₂e after conversion.
- The total solar power generation totaled 163,584 kWh in 2022.
- The amount of waste in 2022 totaled 547.73 tons, a 32.7% reduction from the previous year.
- The recycling rate of e-waste in 2022 was 98.11%.
- In 2022, there was no improper disposal of waste or incidence of shipping waste overseas for processing.
- The water withdrawal intensity of 2022 was 0.03432 million liters/million in revenue, a 12.20% decrease compared with the previous year.
- In 2022, wastewater monitoring complied with regulatory requirements, and did not cause major impact on local water bodies.

- There were no negative incidents of human rights violations or labor disputes in 2022.
- In 2022, female employees accounted for 61.3%, and they shared the same opportunity to give full play to their talents.
- The number of employee arrivals and departures in 2022 remained within 5% to maintain a stable status of human resources.
- There were no major occupational accidents or diseases among employees and non-employee workers in 2022.
- In 2022, a total of 55 suppliers' RBA audits were completed, with the passing rate of 100%.
- In 2022, the smelting plant was 100% compliant with Commitment Not to Use Conflict Minerals.
- In 2022, all products were compliant with RoHS directive and did not violate any product health and safety-related regulations.
- There were no leakage of customer data or major cyber security incidents in 2022.
- The customer satisfaction reached 99% in 2022.
- In 2022, the public welfare expenditures of PANJIT reached NT\$ 1.8 million.

S Social Aspect

G Governance Aspect

- The ESG Corporate Sustainable Development Committee was established on March 1, 2022.
- In 2022, the consolidated operating income was NT\$ 13,227,847 thousand, and the net profit after tax amounted to NT\$ 1,757,904 thousand.
- In 2022, a total of 49 patent application were filed, and as of 2022, the number of approved and currently valid patents was 19.
- There were no incidents related to corruption or legal incidents and litigations in relation to anti-competitive behavior, antitrust, and monopoly behavior.
- There were no major violations or negative news in 2022.

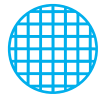
About PANJIT



US\$ 476 Million
Y2022 consolidated revenue



3 packaging plants



3 fabrication fabs



Approximately 3,000
employees in the Group



Product quantity:
10K+ Parts



Shipment in 2022 was
26B Pcs



Covering 50+
countries in the world



Serving 10,000+
customers globally



PANJIT International Inc. was founded in May, 1986, and is the world’s leading semiconductor and IDM, providing discrete products to the global community. Its services include chip design, manufacturing, packing testing and sales. With innovation, core technical capabilities and provision of solutions, PANJIT launches new generation wafers and products with high efficiency, continues to develop thin packaging technology, expands wafer production capacity, and improve and R&D technology for high-power products and design capabilities of power IC design, making PANJIT a trustworthy partner for good to its customers.

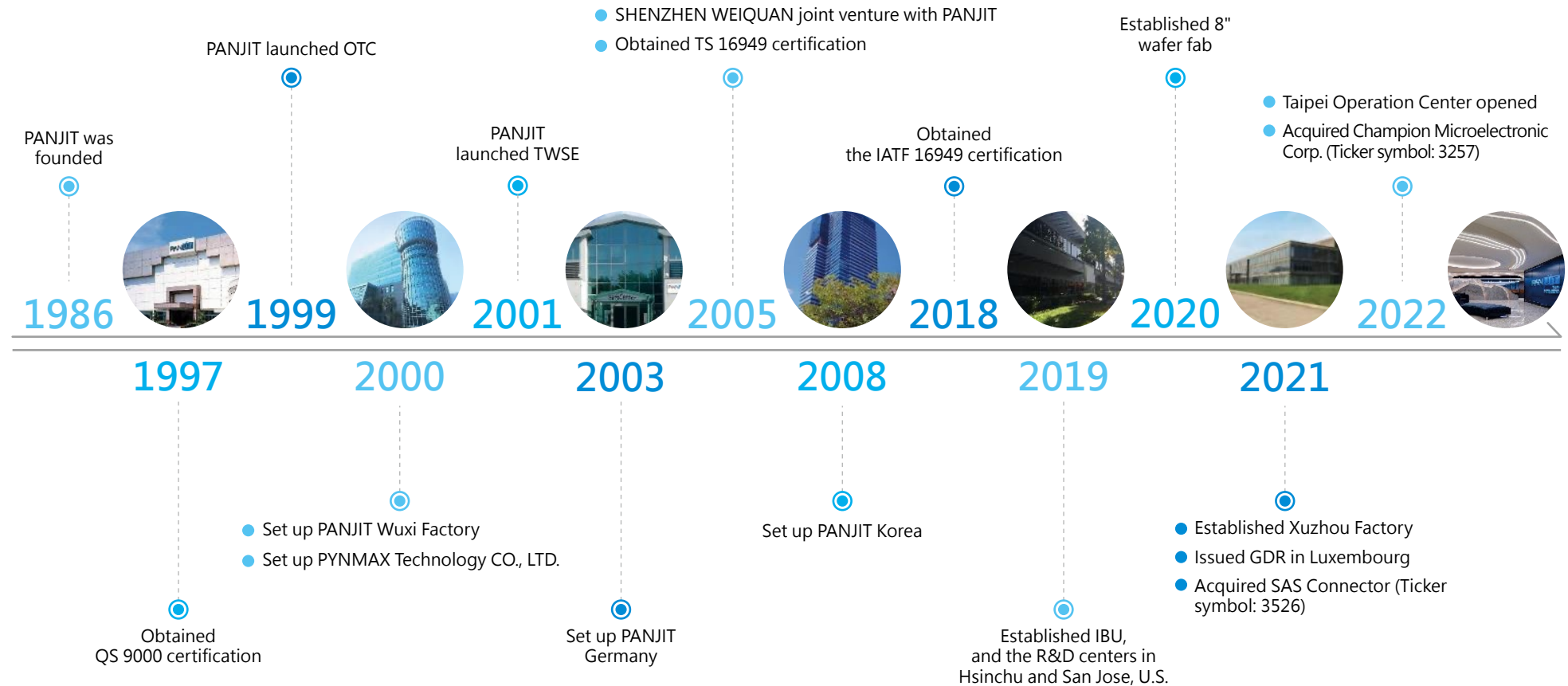
In recently years, with its self-developed semiconductor chips and packaging advantages, PANJIT continues to develop silicon-based power semiconductor components, such as Si Power MOSFETs, Insulated-Gate Bipolar Transistors (IGBTs), Fast Recovery Epitaxial Diodes (FREDS), and third generation semiconductors (or wide bandgap semiconductors) silicon carbide (SiC) devices such as SiC SBDs, SiC MOSFETs, and other advanced products.

Company Profile	
Company Name	PANJIT International Inc.
Nature of the Company	Publicly listed company (Ticker symbol 2481)
Date of Establishment	May 20, 1986
Listing Date	September 17, 2001
Industry	Semiconductor industry
Main Products	PANJIT manufactures and markets waters, power components and control modules under its own brand while OEM services are also provided. The product lines include rectifier diodes, surge suppressors, small signal components, transistors, and third-generation semiconductors.
Share Capital	NTD 3,828,149 thousand (as of 2022/12/31)
Number of Employees in Taiwan	1,541 people (as of 2022/12/31)
Chairman & President	Fang, Ming-Ching
Headquarter Address	No.24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Contact Number	07-621-3121
Website	https://www.panjit.com.tw/

• PANJIT's Global Business Layout




Company History




• Products and Services


Major Applications of Products



1 Automotive
Lighting, Infotainment, Pump, Body & Comfort, On Board Charger




2 Computing
Notebook, Motherboard, SSD, Server, Data center




3 Consumer
TV, White/Black goods, Game console, Printer, Smart watch, PC camera

Industrial & Green Energy
PV Inverter, Server fan, EV charger, Motor, DC fan, Robot, Medical



4

Power Supply
PD Charger, Power adapter, UPS DC-DC Brick module, ATX/Server Power

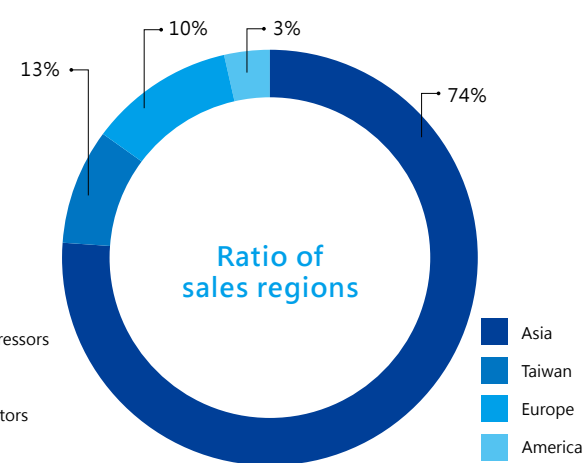
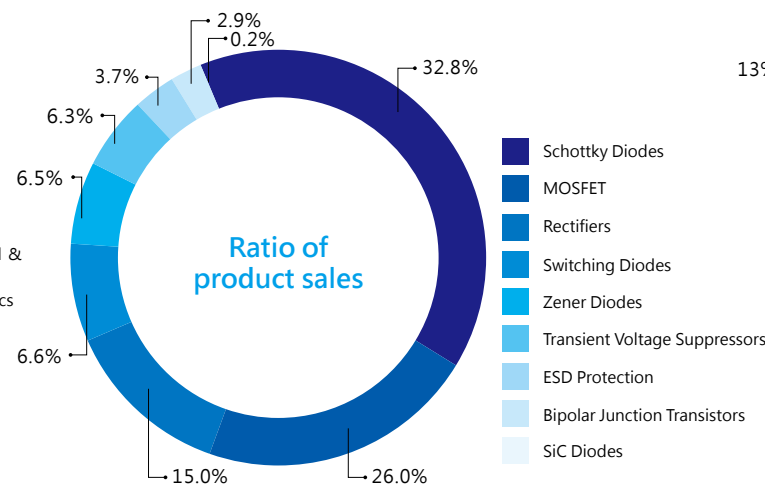
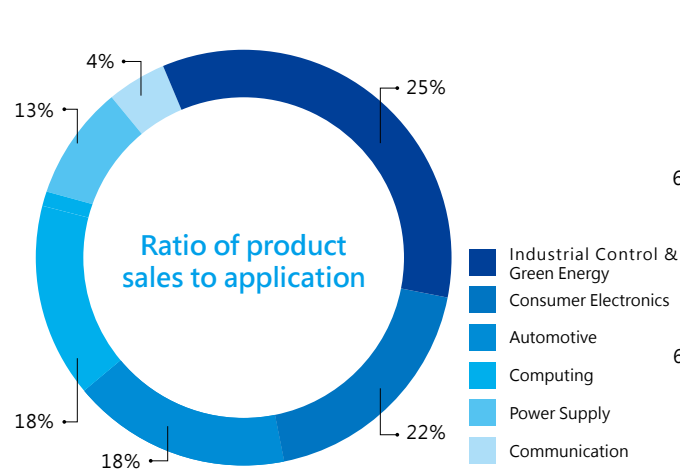


5

Communication
POE, Mobile, Base station



6



Electronica 2022, Munich, Germany



PANJIT attended the world's largest professional exhibition of electronic components, Electronica in Munich, Germany, from November 15~18, 2022, with a total of 2,144 manufacturers from 48 countries in the world, attracting over 70,000 buyers from over 100 countries.

In 2022, PANJIT expanded its scale and included Champion Microelectronic Corp. in the Group to exhibit a series of the latest products. Led by the COO, together with the CSO and the European Team, PANJIT had about 60 face-to-face meetings with customers during the 4-day exhibition, showing our strong ambition to expand the European market and popularity.



Industrial Exchanges

PANJIT participates in industrial associations and has exchanges with their members to strengthen its understanding of industry trends, market information and government laws while improving cooperation with other enterprises and organizations to facilitate the Company's development in various fields.

Category	Association	Qualification
 Promotion of industrial economy	Taiwan Electrical and Electronic Manufacturers' Association	Member
	Taiwan Industrial Holding Association	Member
	Taiwan Ciaotou Science Park Academia Industry Consortium	Member
	Taiwan Automation Intelligence and Robotics Association	Member
 Exchanges of professional fields	Kaohsiung Entrepreneur Association	Member
	Chinese Society for Quality	Member
	Kaohsiung Personnel Representative Association (KPA)	Member
 Social sustainability services	The Institute of Internal Auditors- Chinese Taiwan	Member
	Taiwan Climate Partnership	Member
	Friends of the Police Association, Kaohsiung City	Consultant (Supervisor) (Lai, Tsun-Chien)
	The Fifth Brigade of the Volunteer Fire Brigade of Kaohsiung City	Consultant (Supervisor) (Lai, Tsun-Chien)



Sustainable Management

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1.1 Promotion of ESG Development

Corporate Visions and Core Values



Power the world with our
robust quality and energy efficient
products to bring people a
greener and smarter future.



The Company established the ESG Corporate Sustainable Development Committee on March 1, 2022, under which are the Environmental Sustainability Promotion Team, Social Responsibility Promotion Team, and Sustainability Governance Promotion Team. The Committee is chaired by the chairman & president, and the representative members of the three teams are selected from the business unit executives. The ESG Corporate Sustainable Development Committee is in charge of setting and developing the sustainable strategies, goals, and relevant management approaches, leading the sustainability team to propose and implement specific plans, continue to deepen and embody the vision of corporate sustainable development, and report to the board of directors the implementation status of ESG related issues and outcomes of the sustainability information at least once a year. The board of directors will make suggestions and supervise the implementation status of the management approaches, strategies and goal setting, and implementation measures of the ESG Corporate Sustainable Development Committee. In 2022, the ESG-related proposals were submitted to the board of directors three times.

Organizational Structure of the ESG Corporate Sustainable Development Committee



VISION Leading the new era of sustainability and joining hands to create a better future

MISSION Working with stakeholders to exert the corporate sustainability influence

Note: This Organizational Structure of the ESG Corporate Sustainable Development Committee was announced upon the approval of the president and CHRO.

Visions and Tasks of the Three Promotion Teams of the ESG Corporate Sustainable Development Committee

Promotion Team	Visions	Tasks
Environmental Sustainability	<p>With the vision of “Strengthening green energy development for the sustainable management of PANJIT Group”, we are dedicated to achieving carbon neutrality by 2040 to implement the green energy sustainability actions.</p>	<ul style="list-style-type: none"> ● GHG and SOT-23 product carbon footprint inventory and verification ● Dedication to the carbon neutrality by 2040 ● Promote the use of renewable energy ● Reduce water consumption and waste
Social Responsibility	<p>With the vision of “Creating a happy corporation that employees are proud of”, PANJIT is dedicated to employee care and social participation.</p>	<ul style="list-style-type: none"> ● Exert the social influence of love and kindness. Start locally, exert the enterprise’s social influence of love and kindness ● Implement employee care. Create a friendly and equal working environment for the implementation of employee care. <ul style="list-style-type: none"> ● Listen to the employee’s voices and implement key benefits ● Continue to make actual and practical optimization and improvement of the working environment for the employees
Sustainability Governance	<p>With the vision of “Integrity management, joining hands with global partners for common good”, PANJIT devotes itself to the implementation of the sustainable development of the enterprise.</p>	<ul style="list-style-type: none"> ● Adhere to integrity management and implement the sustainable development of the enterprise ● Establish a stable risk management and control mechanism to stabilize corporate governance

Corporate Sustainable Development Policy

★ Compliance

Comply with EHS (Environmental, Health and Safety) Policy, Labor Standards Act, energy and other requirements and implement identification and enforcement of regulations.

★ Energy Conservation and Waste Reduction

Save energy, implement resource recycling, respond to the global promotion of green product movement and green procurement, strive to reduce GHG emissions, and optimize as well as add treatment equipment to improve the quality of environment.

★ Elimination of Risks

Implement risk control and eliminate hazards in the working environment, activities, and services, propose health promotion plans as required, implement safety and health management, and prevent injuries, diseases, and occupational accidents.

★ Respect for Human Rights

Maintain employees' freedom of collective bargaining and association, do no use child labor, eliminate the occurrence of any form of coercion, compulsion, discrimination, and sexual harassment to protect the rights and interests of all relevant personnel.

★ Discipline and Responsibility

Integrity management, fair trade, no illegitimate gains, respect for intellectual property rights, implementation and compliance with relevant moral and ethical standards, safeguarding the corporate reputation and protecting the rights and interests of the stakeholders.

★ Continuous Improvement

Improve employees' and stakeholders' knowledge through education and training, engage all employees, continue to monitor and improve the performance of the management systems, and establish a new consensus on corporate social responsibility.

★ Sustainable Management

Dedicated to the R&D of high-quality energy-saving products to jointly drive into a clean and smart future in the world.

Key Points of ESG Issues Reported to the Board of Directors in 2022

Time of Report	Content of Report
May 10, 2022	<ul style="list-style-type: none"> ● Report on the schedule of GHG inventory and verification ● Report on the implementation progress <ul style="list-style-type: none"> ● Establish ESG Corporate Sustainable Development Committee ● Set up five major steps to promote ESG at PANJIT ● Select a guidance provider service for GHG inventory ● Set up GHG inventory and verification schedules
August 10, 2022	<ul style="list-style-type: none"> ● Report on implementation progress <ul style="list-style-type: none"> ● Pre-inspection meeting before inventory ● Evaluate the scope of responsibilities of relevant inventory units of PANJIT ● Hold pre-inspection staffing meeting and confirm the execution unit and staffing of the inventory ● Organize the ESG Sustainability Workshop (1)
November 9, 2022	<ul style="list-style-type: none"> ● Report on implementation progress <ul style="list-style-type: none"> ● Organize the ESG Sustainability Workshop (2) ● Official kickoff meeting of GHG inventory and product carbon footprint inventory



1.2 Materiality Analysis

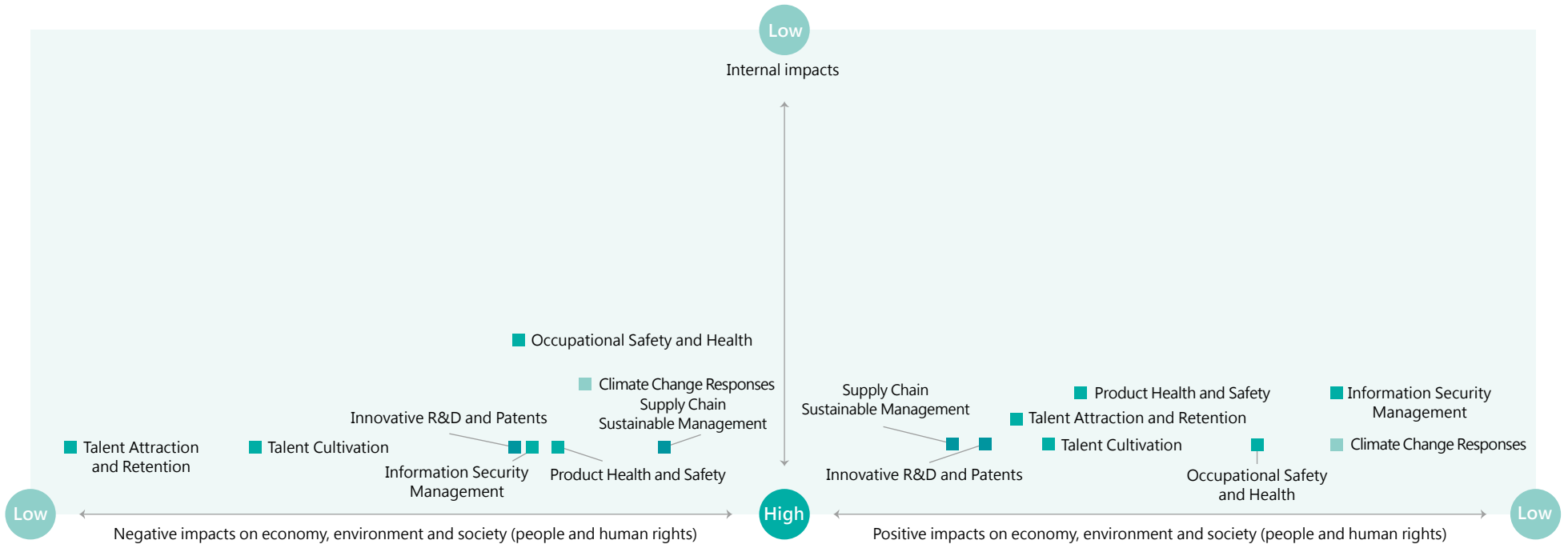
PANJIT conducted the materiality analysis in accordance with GRI 3 Material Topics 2021, and took the “actual or potential level of impact of PANJIT’s operating activities on external economy, environment, and society (people and human rights)” and “level of impact that may generate on PANJIT’s sustainable management” as the assessment principles. The promotion team members of the ESG Corporate Sustainable Development Committee and the Sustainability consultants made assessments of material topics in the meetings, and the assessment results were further disclosed in the form of management approaches for the disclosure of the Company’s management actions and target strategies. The evaluation process of PANJIT’s material topics included the following five major steps.



Sustainability Topics

E Environmental		S Social		G Governance	
Climate Change Responses	Waste Management	Talent Attraction and Retention	Product Health and Safety	Business Performance	Risk Management
Water Resources	Biodiversity	Talent Cultivation	Product Life Cycle Management	Corporate Governance	Taxes
Air Pollution		Occupational Safety and Health	Information Security Management	Integrity Management	Innovative R&D and Patents
		Human Rights Management	Local Community	Compliance	Supply Chain Sustainable Management
		Employee Diversity and Equal Opportunities	Social Participation		

Impact Matrix of Material Topics



List of Material Topics

Material topics	Description of impact	Level of involvement	Corresponding sustainability standards (topics)	Corresponding chapters
Supply Chain Sustainable Management *	PANJIT is currently an RBA member, and the diligence management of the supply chain is required every year, including the aspects of human rights, environment, etc. The suppliers are required to sign the Conflict Minerals Commitment, and the annual supplier audits are arranged regularly every year to ensure the supplier system meet the requirements. Our suppliers were involved in environmental violations, and part of the suppliers are located in high-risk regions. If not managed properly or tracked regularly, there may be risks of material shortages.	● ■	<ul style="list-style-type: none"> 【GRI】 204 Procurement Practices 【GRI】 301 Materials (301-1, 301-3) 【GRI】 308 Supplier Environmental Assessment 【GRI】 414 Supplier Social Assessment 【SASB-Semiconductor】 Raw Material Procurement 【MSCI- Semiconductors and Semiconductor Equipment Industry】 Controversial Procurement 	3.3 Supply Chain Sustainable Management
Product Health and Safety	The Company introduced ISO 9001, IATF 16949, and IECQ QC080000 management systems and conducts risk identification regularly. There have been no negative incidents in recent years, nor have there been any violations of laws or non-conformance to customers' requirement. Although the internal structure of part of our products contains lead, it will not directly cause a negative impact on the environment.	● ■	<ul style="list-style-type: none"> 【GRI】 416 Customer Health and Safety 【GRI】 417 Marketing and Labeling (417-2) 	3.1 Product Quality and Services
Information Security Management	As the cyberattacks and data breaches become so frequent, information security has become an issue all enterprises shall attach great importance to. Enterprises have to include information security management into one of its most important operating strategies, establish a complete information security management system and corresponding measures and continue to conduct relevant monitoring and assessment to ensure the security and reliability of the business.	● ■	<ul style="list-style-type: none"> 【GRI】 418 Customer Privacy 	2.5 Information Security Management
Innovative R&D and Patents	If the innovative R&D and patent layout are incomplete, the Company may lose patent protection, its innovative niche in the market, and may even be involved in patent infringement issues, leading to the losses of money and reputation. There were no incidents with actual negative impact.	●	Custom topic	3.2 Innovation and Advancement
Climate Change Responses*	Climate change may trigger climate anomalies, including extreme rainfall events, flooding (water shortage), wind disasters, and so on, which may affect the supply chain activities and the safety of factory assets and personnel. In response to the global warming issues, countries have formulated more and more stringent regulations and protocols to control the GHG emissions. If relevant management and corresponding measures are not conducted, the enterprise may have insufficient adaptability, and may be susceptible to greater losses. Business opportunities may even be lost if regulations and customer requirements are not followed.	● ■ ▲	<ul style="list-style-type: none"> 【GRI】 302 Energy (302-1, 302-3) 【GRI】 305 Emissions (305-1~305-4) 【SASB-Semiconductor】 GHG Emissions 【SASB- Semiconductor】 Energy Management in the Manufacturing Process 【MSCI- Semiconductors and Semiconductor Equipment Industry】 Clean Energy Opportunities 【TCFD】 Task Force on Climate-related Financial Disclosure 	4.1 Climate Change Adaptation and Actions

Note:

1.Level of involvement if there is occurrence of incidents with actual negative impact ● Causing ■ Contributing ▲ Directly related

2. "*" are the incidents with the actual occurrence of negative impacts in recent years. Please see the management approaches for the description of incidents and measures for remedies.

Material topics	Description of impact	Level of involvement	Corresponding sustainability standards (topics)	Corresponding chapters
Talent	We believe that employees are important assets of the Company and also the foundation of its operations. Therefore, the introduction and retention of talents are the foundation for the company's sustainable management. They can have positive effect on the overall economy of the society, and effectively promote the prosperity of industries in the regional environment. We comply with local laws and pay attention to human rights and improve working conditions and employee benefits.	●	<p>【GRI】 404 Training and Education</p> <p>【MSCI- Semiconductors and Semiconductor Equipment Industry】 Human Resources Development</p> <p>【SDG】 4.5 Eliminate Gender Disparities in Education</p>	5.3 Recruitment and Employment
Talent Attraction and Retention	If talents cannot be continuously introduced and retained, the talent assets cannot accumulate the momentum, and the businesses cannot be smoothly proceeded, which may affect the employees and relevant stakeholders, and will also slow down the regional economic growth.	●	<p>【GRI】 202 Market Presence</p> <p>【GRI】 401 Employment</p> <p>【GRI】 402 Labor-Management Relations</p> <p>【SASB-Semiconductor】 Recruit and Manage Global Professional Talent</p> <p>【MSCI- Semiconductors and Semiconductor Equipment Industry】 Human Resources Development</p>	5.3 Recruitment and Employment 5.4 Compensation and Welfare
Occupational Safety and Health*	There have been no severe occupational accidents and no occurrence of occupational disease over the past three years. There was one fire in the factory in 2021. The EHS Center controlled the fire immediately and initiated the response procedures such as notification, evacuation, and the emergency response SOP. The fire was put out in approximately 2 hours, and no one was injured or trapped.	●	<p>【GRI】 403 Occupational Health and Safety (403-1~403-7)</p> <p>【SASB- Semiconductor】 Employee Health and Safety</p> <p>【SDG】 8.8 Protect Labor Rights and Promote Safe and Secure Working Environments</p>	5.6 Employee Health and Safety

Note:

1.Level of involvement if there is occurrence of incidents with actual negative impact ● Causing ■ Contributing ▲ Directly related

2. "*" are the incidents with the actual occurrence of negative impacts in recent years. Please see the management approaches for the description of incidents and measures for remedies.









1.3 Stakeholder Communication

PANJIT attaches great importance to the interaction with its stakeholders and continues the communication with them through different channels and media to understand their needs and expectations, and further respond to them and disclose information. When making assessments of material topics, individuals or groups that may be affected by the Company's economic activities in terms of every topic were also evaluated, and the stakeholders of the year were identified based on the degree of impact on them. The stakeholders identified for 2022 include Employees, Government, Customers, Shareholders/Other Investors, Local Community, and Contractors/Suppliers/Outsourcers. PANJIT continues the communication with its stakeholders, makes timely responses to the stakeholders' expectations, and establishes good communication channels.



Stakeholder Communication Channels and Results

Stakeholders / Significance to PANJIT	Issues of Concern	Communication Channels and Frequency	2022 Communication Outcomes
 <h3>Employees</h3> <p>Employees are important assets and the foundation of corporate operation. Employees expect the company to continue operating in a positive manner and pay attention to their own labor rights, work safety, benefits, communication, and work-life balance.</p>	<ul style="list-style-type: none"> ● Corporate Governance ● Compliance ● Talent Attraction and Retention ● Talent Cultivation ● Occupational Safety and Health 	<ul style="list-style-type: none"> ● Internal announcements (Occasionally) ● President Talk Time (Quarterly) ● Labor-Management Committee (Quarterly) ● Employee Welfare Committee (Quarterly) ● Employee Opinion Mailbox, Publicity posters, Sexual Harassment Compliant Mailbox (Immediately) 	<ul style="list-style-type: none"> ● 4 sessions of President Talk Time ● 4 Labor-employment meetings ● 4 Employee Welfare Committee meetings
 <h3>Government</h3> <p>Comply with relevant laws and regulations of government agencies, actively cooperate with the policy implementation, and cooperate and interact with government agencies through transparent communication.</p>	<ul style="list-style-type: none"> ● Talent Attraction and Retention ● Compliance ● Corporate Governance 	<ul style="list-style-type: none"> ● Policy publicity meetings of competent authorities (Occasionally) ● Inspection by competent authorities (Occasionally) ● Telephone communication (Immediately) ● Official documents and letter orders (Occasionally) ● Market Observation Post System (MOPS) (Immediately) ● Annual Shareholders' Meeting Report, Sustainability Report (Annually) ● Corporate Governance Evaluation (Annually) 	<ul style="list-style-type: none"> ● There were no deficiencies asked to be corrected by the competent authorities. ● 4 labor inspections, and no violations of audit items were found. ● About 60 times of official documents exchanges
 <h3>Customers</h3> <p>Customers are the important partners for corporate operations. Improve the quality and service capabilities of the Company to meet customer needs.</p>	<ul style="list-style-type: none"> ● Customer Satisfaction ● Product Health and Safety 	<ul style="list-style-type: none"> ● Customer Satisfaction Survey (Annually) ● Customer visits (Weekly) 	<ul style="list-style-type: none"> ● Scored 93 points in customer satisfaction. ● Visited major customers 3 times/person every week

Stakeholders / Significance to PANJIT	Issues of Concern	Communication Channels and Frequency	2022 Communication Outcomes
 <p>Shareholders/Other Investors</p> <p>Investors provide stable source of funds for the company, and are the solid supporters for PANJIT's sustainable development. PANJIT discloses its operating information in a transparent manner and present the operating results to enhance investors' support, stabilize funds and create investment value.</p>	<ul style="list-style-type: none"> ● Corporate Governance ● Business Performance ● Information Security Management 	<ul style="list-style-type: none"> ● Shareholders' meeting (Annually) ● Investor Conference (Occasionally) ● Company website (Immediately) ● Market Observation Post System (MOPS) (Immediately) 	<ul style="list-style-type: none"> ● Convened 1 shareholders' meeting ● Convened 4 investor conferences ● Released 47 important messages
 <p>Local Community</p> <p>Residents in the areas where the company operates and manufactures have relevant concerns and expectations in terms of the corporate operation, employment opportunities, environmental protection, community feedback and so on. We seek for co-prosperity, common good, and mutual benefits with community residents and avoid any protests and disputes.</p>	<ul style="list-style-type: none"> ● Occupational Safety and Health ● Compliance ● Air Pollution ● Talent Attraction and Retention 	<ul style="list-style-type: none"> ● Neighborly activities and visits on festivals (Occasionally) ● Company website and phone contact (Immediately) ● Employment service station or employee referral information (immediately) ● Town Hall Meeting and opinion exchanges (Occasionally) 	<ul style="list-style-type: none"> ● Two times of village activities and interactions and visits on festivals ● 3 times of public recruitment information
 <p>Contractors/Suppliers/Outsourcers</p> <p>Personnel providing product research and development, manufacturing quality, and other services in the value chain are in a mutually beneficial relationship with the Company for the resources and support services in terms of manufacturing, quality, sustainability, environment safety and health and so on.</p>	<ul style="list-style-type: none"> ● Supply Chain Sustainable Management ● Occupational Safety and Health ● Compliance 	<ul style="list-style-type: none"> ● New supplier review operation (Occasionally) ● Supplier audits (annually) ● Contractor management system (occasionally) ● Telephone/Mail/In-person visit (immediately) 	<ul style="list-style-type: none"> ● 100% of suppliers signed the Commitment of Supplier Social Responsibility Commitment ● Distributed self-evaluation questionnaires to 55 suppliers, with 100% response rate ● Completed RBA audits of 55 suppliers, with 100% passing rate

Stakeholder Communication Channels

Our stakeholders can continue to follow PANJIT's status via social media and give us valuable opinions and suggestions.



LinkedIn



Facebook



YouTube

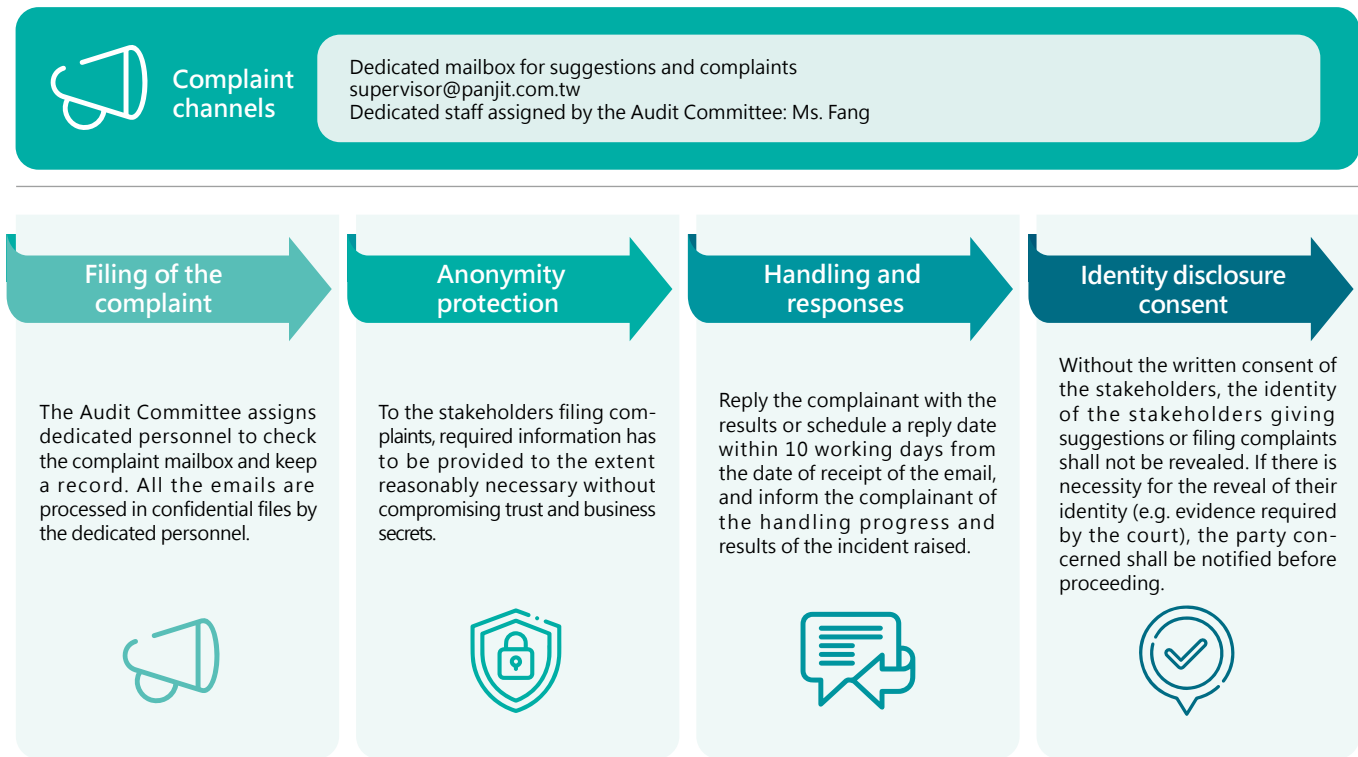


WeChat



Grievance and Reporting Channels

To protect the stakeholders' rights and interests and establish a fair and transparent system, the Measures for Handling Stakeholders' Suggestions and Complaints and Whistleblower Protection and Anti-Retaliation Management Procedures have been established. Our stakeholders can propose any suggestions or file complaints anonymously concerning human rights, products, environment, business governance through the communication channels on the company's official website. The Audit Committee will assign dedicated personnel for handling and the principle of confidentiality is adhered to protect the whistleblower from being retaliated or punished. In addition, PANJIT also established the Corporate Social Responsibility Communication Management Procedures in the RBA System, specifying the channels and procedures for employee complaints, and there has set a dedicated unit to handle the cases. In 2022, there were a total of 2 employee suggestion and complaint cases, both of which were investigated and mediated by dedicated personnel. The follow-up handling status was also reported in the labor-management and corporate social responsibility meetings.



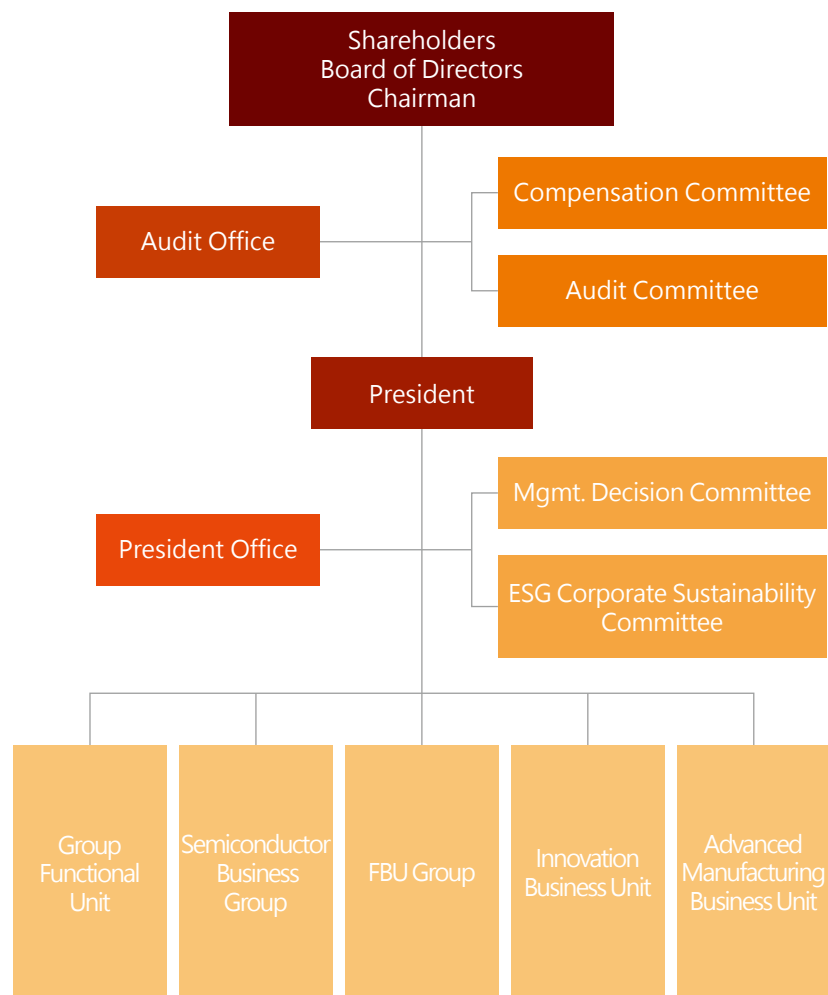


Integrity Governance

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2.1 Corporate Governance

Organizational Structure of PANJIT



• Board Composition

PANJIT complies with the Rules for Election of Directors for the nomination and selection process of board members, adopts a candidate nomination system, and puts into consideration the diversity, professionalism, and experience of the board members to ensure the suitability of board members. The current board of directors were elected in 2020, and is composed of 7 directors with different professional backgrounds to be in charge of the company's operation and supervision. There are 3 seats of independent directors, 2 seats of legal person directors, and 2 seats of natural person directors, with a term of 3 years. All of the board members are males and with Taiwanese nationality. Due to the operational and management needs, the chairman of the board, Mr. Fang, Ming-Ching concurrently serves as the president for the improvement of operating efficiency and the execution of decision-making. To improve the supervisory function of the board of directors, strengthen the management functions, and to be compliant with the corporate governance spirit, the company has implemented the following specific measures.

• Implement the Board Diversity Policy:

The board members have academic and expertise in the fields of accounting, law, semiconductors and others.

- Chairman Fang, Ming-Ching, Director Zhong, Yun-Hui, Director Fang, Ming-Zong and Independent Director Fan, Liang-Fu have years of experience in semiconductor industry and can provide abundant industrial knowledge and management experience in the semiconductor industry.
- Director Lin, Hong-Guan used to be the chairman of Ernst & Young Taiwan and currently serves as an independent director of a listed company in the banking industry, assisting the company with the financial and tax planning and providing rigorous risk management suggestions in the banking industry.
- Independent Director Chen, Yi-Cheng serves as the CFO of a listed company in the semiconductor industry and has abundant financial experience, assisting the company with investment and financing decisions as well as the planning and suggestions for relevant risk management.
- Independent Director Chen, Shi-Zhen used to be an attorney of Lee and Li, Attorneys-at-Law and is currently serving as the CLF of a listed company in the information services industry, assisting the company with the intellectual property strategies and planning as well as suggestions for relevant risk management.

• Improve the independence of the board of directors:

There are three seats of independent directors. None of the current independent directors have served for more than three consecutive terms, and two-thirds of the directors do not concurrently hold the positions of employees or managers of the company.

• Set up functional committees:

There are the Audit Committee and the Remuneration Committee composed of all independent directors to assist the board of directors make major decisions.

• Establish Clauses of Avoidance of Conflict of Interest:

Clauses of avoidance of conflict of interest have been set up in the Rules of Procedure for Board of Directors Meetings, Audit Committee Charter, and Remuneration Committee Charter. A director who has a personal interest in any agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other director member.

The board meetings were convened 8 times in 2022, and the average attendance rate of the directors was 94.23%. Please see P25 of PANJIT's 2022 Annual Report for detailed information of the board operation and the recusal status. The board of directors will be comprehensively re-elected in 2023, and it is planned to elect 10 directors, among which the seats of independent directors will increase from 3 to 4 to enhance the independence of the board of directors for the improvement of corporate governance.

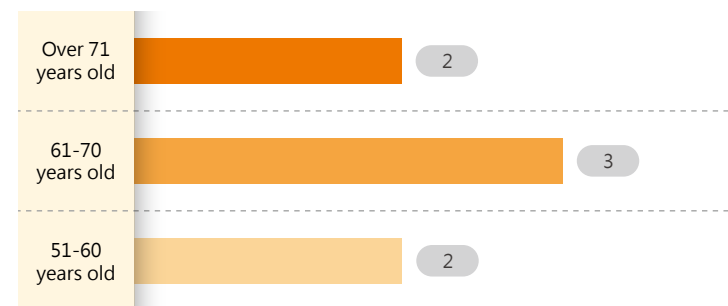
Board Members

Title	Name	Professionalism					Employee status
		Industry or technology	Business decision-making and management	Financial analysis and decision-making	Legal practices	Risk management	
Chairman	Fang, Ming-Ching	●	●			●	●
Director	Zhong, Yun-Hui	●	●			●	
Director	King Mao Investment Co., Ltd. Representative: Fang, Ming-Zong	●	●			●	●
Director	King Mao Investment Co., Ltd. Representative: Lin, Hong-Guan		●	●		●	
Independent Director	Fan, Liang-Fu	●	●			●	
Independent Director	Chen, Yi-Cheng	●		●		●	
Independent Director	Chen, Shi-Zhen				●	●	

Note:

- For more information of the professional capabilities of the board members, please refer to P40-P41 of PANJIT's 2022 Annual Report.
- The consecutive terms of the current independent directors are all below 9 years.

Age Distribution of Board Members



Operations of Functional Committees

Committee	Operational Status
Audit Committee	The Audit Committee was established on June 13, 2017, and is composed of three committee members, all independent directors. The term of the current committee members is from June 12, 2020 to June 11, 2023. The committee was convened 7 times in 2022, and the average attendance rate of committee members was 95.24%.
Remuneration Committee	The Remuneration Committee was established on November 30, 2011, and is composed of three committee members, all independent directors. The term of the current committee members is from June 12, 2020 to June 11, 2023. The committee was convened 4 times in 2022, and the average attendance rate of committee members was 100%.

• Remuneration Policy for Directors and Managers

The remuneration of the directors and managers at PANJIT is handled in accordance with the Articles of Association. The remuneration of the directors and managers have to be reviewed and approved by the Remuneration Committee before submitted to the board of directors for discussion. The Remuneration Committee regular reviews the annual and long-term performance targets of the directors and managers and the policy, system, standards, and structure of the remuneration. In addition, the goal attainment status of the directors and managers are also evaluated for the determination of the content and amount of their individual remuneration.

The current remuneration structure of senior managers at PANJIT is highly related to the performance of the company. Every year, the managers' remuneration proposal is decided based on the performance evaluation results of the company. After being reviewed by the Remuneration Committee, the proposal is submitted to the board of directors for resolution. In addition to motivating senior managers to pursue the achievement of the company's financial goals such as the company performance and profits, the company also encourages them to pay attention to the company's long-term competitiveness in sustainability. PANJIT plans to develop and implement a strategy that links rewards to the sustainable indicators, linking the variable rewards of senior managers with the company's financial indicators and ESG sustainable indicators by 2030.



Remuneration Policy

★ Directors' Remuneration

As prescribed in Article 16 of the Articles of Association, the remuneration of all directors, regardless of operating profits or losses, shall be authorized to the board meeting for determination in accordance with the normal standards in the industry. It is stipulated in Article 19 of the Articles of Association that if there are profits during the year, no more than 2% shall be allocated as the directors' remuneration. However, if there are accumulated losses, the company shall reserve the amount to make up the losses in advance. Directors and independent directors receive the travel allowances based on the actual number of board meetings attended.

★ Managers' Remuneration

- The managers' remuneration is determined based on the company's overall market positioning, the remuneration standards in related industries, and the comprehensive consideration of the managers' goal attainment status, degree of contribution, and so on.
- The managers' annual remuneration includes salary, bonus, year-end bonus, and employee remuneration as well as the pensions allocated and welfare funds, etc.
- The amount of remuneration distributed to managers will be reasonable amount after taking into account the company's business performance, personal duties and contributions of the year. The HR Administration Department proposes the proposal, which is reviewed by the Remuneration Committee before submitted to the board of directors for approval.

● Continuing Education for Directors

To strengthen the functions and knowledge of the board members, PANJIT arranges education and training courses from time to time every year. The secretarial unit of the board continuously provides information of continuing education for directors and assists directors to sign up for the courses. In 2022, the total hours of external training for directors amounted to 53 hours, with an average of 7.57 training hours. The content of the training included integrity management, compliance, risk management, climate change and so on. In addition, the company conducts internal online education and training on “prohibition of insider trading” for all directors and managers. The content of the course included the elements for insider trading, penalties for violating insider trading, and how to avoid insider trading by accident. Please see P42-P43 of PANJIT’s 2022 Annual Report for details of the external training for directors in 2022.

● Board Performance Evaluation

To improve the functions and enhance the operating efficiency of the board of directors, PANJIT has established the Rules for Performance Evaluation of Board of Directors and Functional Committees. The performance evaluation of the Board of Directors and Functional Committees (including the Audit Committee and Remuneration Committee), as well as the individual board members are carried in accordance with the rules on a yearly basis, and the evaluation results will be reported to the board of directors. The evaluation results of the board performance are as follows. Relevant outcomes have been reported to the board meeting on March 10, 2023.

Board Performance Evaluation

Scope	Method	Content of Evaluation	Results
Board performance evaluation	Internal self-evaluation of the board of directors	<ul style="list-style-type: none"> ● The degree of participation in the company's operations ● Improvement in the quality of decision making by the board of directors ● The composition and structure of the board of directors ● The election of the directors and their continuing professional education ● Internal controls 	The score was 98.78 points, showing that the overall operation of the board of directors is perfect and in line with the spirit of corporate governance.
Individual board member performance evaluation	Self-evaluation of board members	<ul style="list-style-type: none"> ● Their grasp of the company's goals and missions ● Their recognition of director's duties ● Their degree of participation in the company's operations ● Their management of internal relationships and communication ● Their professionalism and continuing professional education ● Internal controls 	The overall average score was 98.30 points. The evaluation results show that the directors have positive comments on the efficiency and effectiveness of the operation of the assessment indicators.
Functional Committee performance evaluation (Audit Committee, Remuneration Committee)	Internal self-evaluation of functional committees	<ul style="list-style-type: none"> ● Their degree of participation in the company's operations ● Their recognition of the duties of the functional committee ● Improvement in the quality of decision making by the functional committee ● The composition of the functional committee, and election and appointment of committee members ● Internal control 	The overall average score was 100 points. The evaluation results show that the Audit Committee members and Remuneration Committee members have positive comments on the efficiency and effectiveness of the operation of the evaluation indicators.

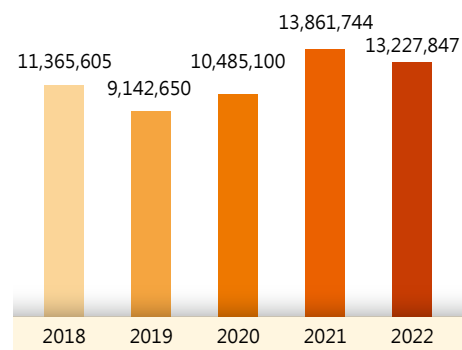
2.2 Operating Performance

The main revenue items of PANJIT are divided into small signal packaging and higher power packaging; the former is mainly used in consumer, computer and home appliance markets while the latter is mainly used in industrial, electric vehicles and power management fields. Impacted by the ripple effect of the pandemic prevention measures, the Russo-Ukrainian war, the inflation, and interest rate hikes from central banks of the countries around the world, the growth of the consumer, computer, and home appliance markets slowed down. However, the problem of short supply continued to grow, causing the rising market demands for electric vehicles, industrial control and power management and better growth momentum compared with small signal packaging.

To continue the investment and strategic layout in the field of power semiconductors through diversified product lines for more complete Power Solutions, PANJIT has established two major strategies for development. First, to continue the deep plowing of the automotive market, provide solutions for e-vehicle-related applications, and connect with end customers closely to stabilize supply to grow together. The second strategy is to respond to green energy related applications derived from climate change, expand the product layout of charge piles, energy storage systems and solar energy. The two major axes for development are planned to respond to the current market demands and future market expansion, so as to reach the long-term goal of increasing market share and achieve sustainable development.

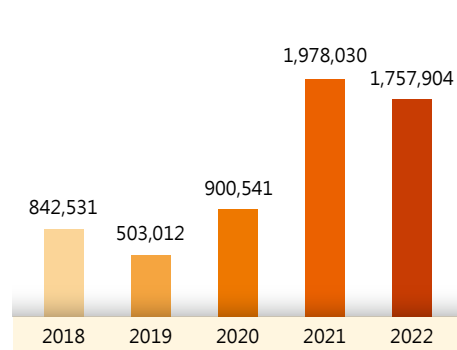
PANJIT's operating incomes over the years

Unit: NTD 1,000



PANJIT's net profit after tax over the years

Unit: NTD 1,000



Note: The company sold 15% equity of Mildex Optical Inc. in October, 2018, and the shareholding status dropped from the original 43.76% to 28.76%. Starting from 2018 Q4, Mildex Optical and its subsidiaries were not included in the consolidated statement, leading to the decline in revenues in 2019.

PANJIT's Consolidated Financial Performance over the Past Three Years

Unit: NTD 1,000

Item	2020	2021	2022
Operating income	10,485,100	13,861,744	13,227,847
Non-operating income and expenses	39,051	225,454	460,269
Cost of revenue	8,038,328	9,466,106	9,232,010
Net profit after tax	900,541	1,978,030	1,757,904
Employee salaries and benefit expenses	2,046,093	2,653,440	2,667,507
Income tax expense	130,593	536,846	333,438
Payment (fines) ^{note} to the government	63	150	136
Community investment (donation)	935	875	2,629
Payment to investors	349,456	498,169	1,146,345
Earnings per share (NTD)	2.70	5.66	4.60
Undistributed earnings	1,972,194	3,250,008	4,339,691

Note: The scope of disclosure of government payments (fines) applies only to the parent company, PANJIT.

Financial Subsidies from the Government

The financial subsidies PANJIT obtained from the government can be divided into financial subsidiaries, investment subsidies, R&D subsidies, and other related subsidies.

Subsidizing Unit	Item	Subsidy Amount (NTD)
Sun Yat-Sen Management Education Foundation	Internship Subsidy Program	105,000
Economic Development Bureau, Kaohsiung City Government	Kaohsiung City Investment Subsidy for the Promotion of Industrial Development	1,342,385
National Development Council, Executive Yuan	Project for Overseas Taiwanese Businesses to Return to Invest in Taiwan	11,051,593
Ministry of Finance	Reinvested earnings to offset undistributed earnings tax	14,997,987
Ministry of Finance	R&D Investment Deductions	19,909,143
Ministry of Finance	Crediting the funds invested in smart machines against tax payable	53,890,861
Total		101,296,969

2.3 Ethics and Integrity

Integrity Management Policy

Based on the business philosophy of integrity, transparency, and responsibility, the company has established policies based on integrity approved by the board of directors for the establishment of good mechanisms of corporate governance and risk management and control to create a business environment for sustainable development.



The core value of PANJIT is integrity management, and we have been committed to improving transparency and building a credible and responsible corporate image. We have formulated the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Codes of Ethical Conduct, established an internal control and supervision mechanism to actively prevent dishonest conduct. In addition, the Integrity Management Promotion Team was also established under the board of directors to report to the board of directors its integrity management policies, plans for dishonest conduct prevention, and the implementation of supervision at least once a year.

The company has established an assessment mechanism for the risk of dishonest conduct. When preparing the annual audit plans, the level of impact of the risk of dishonest conduct is also included in the assessment items to make regular analysis and evaluation of the business activities with higher risks of dishonest conduct within the scope of business, and the annual audit operations are planned based on the risk assessment results. It is aimed to prevent conducts with potentially higher risks of dishonesty.

To implement integrity management, PANJIT not only evaluates the integrity records of its suppliers, but also requires these suppliers to sign a "Supplier Anti-corruption and Anti-bribery Commitment". In addition, the clause on integrity and ethics has also been added to the contract terms, specifying the requirements for the adherence to integrity and compliance with ethics in business activities. Moreover, the company also requires personnel related to business activities with higher risks of dishonesty (such as sales representative and purchasing agent) to sign the Ethics (Anti-bribery) Commitment Letter, and publicity is also conducted through announcements, education and training as well as the bulletin boards to ensure the personnel abide by ethics and policies. The company also provides education and training on corporate social responsibility and integrity management to new employees in the orientation to demonstrate the company's determination in integrity management.

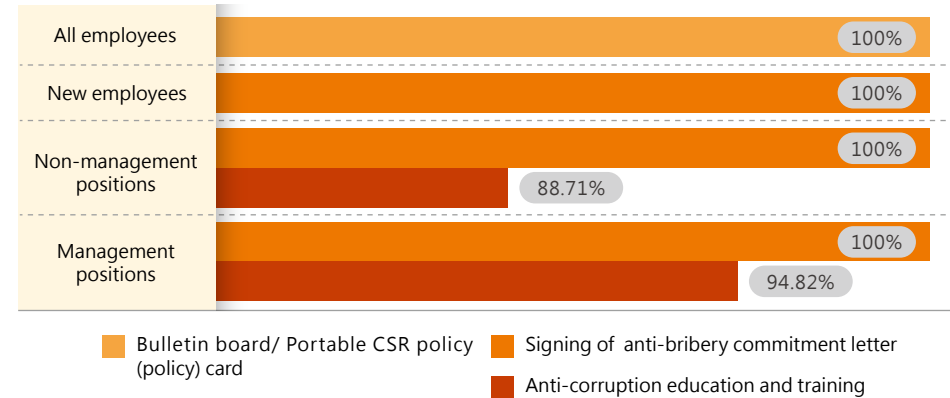
Furthermore, the company has also established the Measures for the Management of Stakeholders' Suggestions and Complaints. A service contact for stakeholders' suggestions and complaints has also been set up on the company's official website as the grievance channel for stakeholders when their rights and interests are infringed. The handling status of the stakeholders' suggestions and complaints is also reported to the Audit Committee on a quarterly basis. Meanwhile, other internal reporting channels such as the contact, physical mailbox, and email boxes have been set up in accordance with the Ethical Management Procedures to maintain the rights and interests of the stakeholders and the company. All the reported incidents are handled, investigated and recorded by a dedicated unit based on the principle of confidentiality. When the incident is found true after investigation, measures and legal actions including the termination of the business relationship or employment contracts would be implemented based on the severity of the case and in accordance with the Work Rules. The anti-bribery communication channels and the outcomes for 2022 are detailed as follows. In 2022, the company did not have any relevant corruption incidents, and was not involved in any legal incidents or litigations involving anti-competitive behavior, antitrust, and monopoly behavior.

Anti-corruption Communication Channels

Communication Method	Objects	Times of Communication	Total Number of Times	Communication / Training Ratio
Anti-corruption education and training- PANJIT Integrity, Anti-bribery and Antitrust Compliance (Direct/Indirect Personnel)	Current employees (management positions)	238	251	94.82%
	Current employees (non-management positions)	1,006	1,134	88.71%
Anti-corruption communication-bulletin board/Portable CSR policy (guidelines) card	All employees	1,541	1,541	100%
Signing of the anti-bribery commitment letter (indirect personnel)	New employees	97	97	100%
	Current employees (management positions)	176	176	100%
	Current employees (non-management positions)	632	632	100%

Note: Considering the job responsibilities, the signing of anti-bribery commitment letter mainly targets at indirect personnel.

Anti-Corruption Communication Channels and Results



Compliance

PANJIT regards compliance as the basic principle of corporate operations and ensures the legality of all operating activities through the process and mechanism of internal control. For possible illegal activities, investigation and prevention measures are taken to reduce the risk of legal violation. In addition to the compliance with relevant laws and regulations, the company also keeps abreast of policy and legal changes at home and abroad and promptly develop response measures when needed to meet the operational needs of the company. In 2022, there were no major violations. The non-major fines amounted to NT\$ 136,452. Relevant violations and improvement measures are detailed in the following table.

Sanction Date	Penalty	Content of Violation	Preventive and Improvement Measures
2022/6/21	NTD 100,000	Article 32 of Labor Standard Act The extension of working hours exceeded over 46 hours.	<ul style="list-style-type: none"> ● Explain the working hours and require relevant units to comply with relevant regulations concerning overtime and work hour limit. ● Supervisors can get the real-time data on the personnel attendance and overtime at any time through the human resources management system. ● The human resources unit shall provide statistics on overtime hours on a monthly basis, and also specify relevant overtime requirements.
2022/7/7	NTD 36,452	Article 2 of Penalty Standards for Building Act Incidents Penalty for unauthorized construction	In accordance with the regulations of the central competent authority, construction can only be commenced after obtaining the approval of relevant licenses.

Note: A major violation is defined as a fine exceeding NTD 1 million.




2.4 Risk Management

To fulfill the company's obligations for sustainable governance and to grasp the internal and external potential risks of operations, the board of directors approved the Risk Management Measures in 2021 to define various risks according to the company's overall operating policy and establish a mechanism for early identification, accurate measurement, effective supervision and strict control of risk management. PANJIT prevents possible losses within the acceptable range and continuously adjusts and improves the best risk management practices in accordance with changes in the internal and external environment to protect the interests of the employees, shareholders, partners, and customers, increase the company value, and achieve the principles of optimization of the resource allocation of the company. The scope of risk evaluation includes but is not limited to market risk, operational risk, financial risk, hazard risk, or other risks that may cause significant losses to the company.






In addition, the company also refers to sustainability standards and specifications at home and abroad (GRI, SASB, TCFD, etc.) and internal and external shareholders communication issues to summarize sustainability issues covering the environmental, social and corporate governance aspects. Through discussions in the meetings among ESG Corporate Sustainability Committee members and sustainability consultants, the significance of actual and potential impact of the sustainability issues on the stakeholders and company operations are evaluated. Corresponding risk management policies and approaches are established in accordance with the identification results. Specific preventative measures are also taken to reduce the impact of relevant risks to strengthen risk management and lay a solid foundation for the sustainable development and management of the company.

Risk Outcomes and Response Measures

Risk Type	Risk Item	Content of Risk	Response Strategy
 Market Risk	Industrial development	The production and sales condition of the company is deeply affected by the end market demands. In recent years, due to the unstable global economic environment and the tense political and economic relations among the major countries in the world, the demand side can be impacted, which is a challenge the company has to respond to in a prudent manner.	The company actively works toward transformation into application fields of industrial vehicles. The organizational structure is adjusted through the building of core technical capabilities of high-end application products, expansion of new product markets, and improvement of quality manufacturing technology of the international team, and timely response to external environmental changes and internal environmental needs is also made to cope with the impact of industrial changes on operations.
	Changes in domestic and foreign policies and laws	The production bases and sales markets of the company span different regions and countries. Therefore, the domestic and foreign legal regulations and certifications concerning environmental protection, human rights and quality, as well as compliance with financial and taxation and trade policy are also important issues the company has to face.	The company pays close attention to any changes of domestic and foreign policies and legal regulations that could have impact on the finances and business of the company, so as to make timely response measures to control the compliance risks.
	Geopolitics	In recent years, global geopolitical risks have become increasing complex and diversified. Frequent geopolitical conflicts will trigger regional confrontation, intensify protectionist sentiments in countries, and impact global economic growth. A more fragmented geopolitical environment will also make it more unpredictable and more extreme for the prospects of policies, leaving enterprises in uncertainty in supply chain management, tax burdens and regulatory environment.	In addition to keep deep plowing of the market in Taiwan, we also continue to expand our overseas markets. Through the integration of the group's business and the development of the local niche markets, we gradually increase the overseas profit contribution to enhance the regional diversity and diversify the sources of profits.

Risk Type	Risk Item	Content of Risk	Response Strategy
 Operational Risk	Information security	It is so frequent to see cases of heavy losses due to ransomware incidents for many well-known companies in Taiwan and even the world. Cyberattacks may not only expose the company to the risk of data leakage and blackmail but also cause interruption of the production system that will lead to operational losses.	The company set up a cyber security action team in 2022. Through the establishment of internal control system such as firewalls, intrusion detection, and anti-virus systems to strengthen the cyber security defense capability, we also use education and training and publicity of information security to build awareness among all employees so that the information security is everyone's responsibility becomes the consensus to maintain the information security of the company.
	Talent resources development	Human capital is the key asset of every company. It can be the key for the success or failure of the company's operating strategy. At the same time, it is also the key differentiating factor for the company's performance. However, due to intensified industrial competition and the impact of decreasing birth-rate, it is not easy to recruit talents for strategic planning, professional skills and management. In the medium and long term, concerns of talent gap or technology inheritance may occur.	Talents are recruited via diverse channels. The company provides reasonable and market-competitive salary and benefit policies, assists in establishing a staff career development system, and creates a diversified workplace environment that supports the employee development to attract and retain talents. The source of talents comes from experienced talents in the industry, government projects, and also colleges we cooperate with through the industry-university collaboration projects and campus recruitment, so that there will be unflinching supply of talents.
 Financial Risk	Interest rate and exchange rate risk	Due to the drastic change in the global financial markets, fluctuations in exchange rates and interest rates may jeopardize the profits of the company, which may further affect the shareholders' rights and interests.	The company makes use of the natural hedging method of balancing foreign currency assets and liabilities and operates different financial instruments, including forward foreign exchange swaps and options for substantial hedging, continue to manage and control the foreign currency position to reduce the exchange rate risks. In terms of interest risk, market funds conditions and bank interest rates will be evaluated regularly to reduce the impact of interest rate fluctuations on the company.
 Hazard Risk	Natural and man-made disasters	Damage to equipment, property, computer server hosts or communication interruptions may be caused by destructive earthquakes due to Taiwan's location of special geological structure, heavy rain and typhoons caused by climate change, and man-made emergencies, which may affect the company's daily operation and production.	The company has developed comprehensive response plans and procedures in terms of risk prevention, emergency response, risk management and operation continuity for all possible emergencies and natural disasters. In addition, adequate property insurance is also purchased so as to make timely response when disasters occur and lower the damage to the minimum. Furthermore, in terms of the promotion of occupational health and safety, the company continues to maintain ISO 45001 and TOSHMS system certifications, and also holds disaster prevention drills on a yearly basis.
	Climate change	The greenhouse effect leads to climate anomalies, and the disasters it brings, such as wind disasters, snowstorms, floods, and droughts happen more frequently and become more serious. These disasters may have an impact on the supply of key components, transportation, warehousing, and sales of the products, which would further cause fluctuations in operating costs.	In addition to reducing these types of impacts through the management of supply chain, the company also actively implements energy conservation and carbon reduction measures, including equipment replacement, construction of solar energy power generation equipment, promotion of energy conservation and so on to reduce the environmental impact of the company's operation. In addition, in terms of the promotion of environmental and hazardous substance management, we continue to obtain ISO 14001 and IECQ QC080000 certifications, aiming at integrating the concept of green production into the daily management of the enterprise from the perspective of pollution prevention. We also conduct systematic and effective management of hazardous substances and contribute to environmental sustainability. Please see 4.1 Climate Change Adaption and Action for detailed description of climate change risks.

2.5 Information Security Management

Management Approach of Information Security Management	Material Topic	Information Security Management
 <p>Purpose of Management</p>	<p>In the modern digital economy, information is an extremely important resource that plays a crucial role in business operations and economic development for an enterprise. Perfect and complete information security management can help enterprises protect their business assets and customer data, reduce operational risks and economic losses, improve customer trust and brand image, and also ensure the stability and development of the entire economic system.</p>	
	<p>There has never been incidents with actual negative impact. If the company encounters information security attacks and is unable to make timely protection, remediation measures will be carried out in accordance with the Information Security Incident Response Management.</p>	 <p>Remediation Mechanism</p>
 <p>Management Review</p>	<ul style="list-style-type: none"> Conduct a quarterly security incident response plan to respond to possible information security incident and carry out drills and tests. A third-party organization conducts regular information security audits on a yearly basis to evaluate the effectiveness and compliance of the security measures. The information security policy will be adjusted accordingly when there are changes in laws and regulations, the emergence of new information technology, requirements of customers, suppliers or stakeholders, discovery of vulnerabilities or weakness in information security information, or occurrence of internal or external security incident. 	
<p>Short-term Goals (2023)</p> <ul style="list-style-type: none"> Zero occurrence of information security incidents. 100% participation rate of information security training courses. 100% pass rate of social engineering drills. 100% backup rate of critical systems. Set up a dedicated information security manager and at least one information security staff member. Pass the third-party information security audit. Conduct at least one security incident response drill every quarter. 	<p>Medium- and Long-term Goals (2024~2030)</p> <ul style="list-style-type: none"> Pass ISO/IEC 27001 Information Security Management System Certification by 2025. Conduct the information security attack and defense drills with a third-party information security agency every year after 2030. Explore new technologies and investments to improve information security levels for the enhancement of business efficiency and effectiveness. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> There were no customer data leakage or major information security incidents in 2022. Organized information security education and training in 2022 (8-hour offline course and 2-hour online course), with a total of 121 participants. From October, 2022, new employees have to receive information security training when reporting to the job. The cumulative number of trainees of new employees reached 371, with a total of 549 hours of information security education and training courses, and the coverage rate of new employees reached 100%. Conducted 4 times of security incident response drills, with the completion rate of 100%. 	

Information Security Policy

- Establish management regulations in relation to information security to ensure the confidentiality, integrity, and availability of the information assets to provide an environment for the continuity of business of the company.
- Regularly assess impacts of man-made and natural disasters on the company's information assets and establish countermeasures and disaster recovery plans for important information assets and key businesses, so as to ensure the continuous operation of the company's business.
- Advocate the importance of information security and various possible security risks to improve the employees' awareness of information security.
- All the employees and the vendors who use or connect to the company's information systems are required to abide by the company's information security regulations.

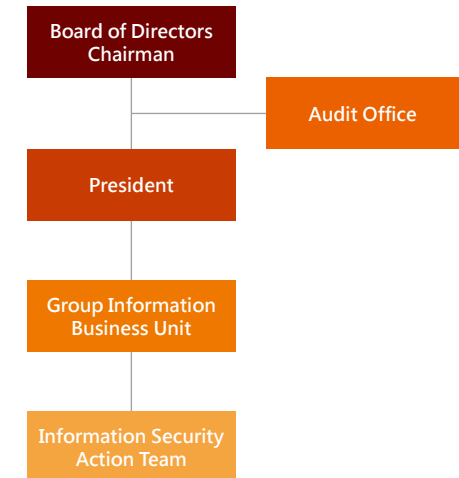


As PANJIT gradually relies on systematization in its operations and the businesses are performed through the internet, information security has become a big challenge we have to face. In response to the frequent occurrence of information security incidents in global major enterprises, information threats such as hacker intrusions, social engineering, web page Trojans, and computer viruses are increasing. We actively enhance the information security protection energy and establish effective information security management mechanism to avoid waste and losses of the company resources and prevent damage to the goodwill and image of the company. We even aim at improving the operating procedures and operating efficiency in a proactive manner. In 2022, there were no customer data leakage or major information security incidents.

To construct a strict and effective information security defense network for the information security visions, the company has invested considerable resources every year since 2020, including two times of drills for social engineering, purchasing vulnerability scanning tools for the detection of the security vulnerabilities, promoting information security policies through screen savers and promotional videos, disabling the USB flash drive access functions and introducing multi-factor authentication every year to reduce the risk of business interruption due to information security issues, aiming at becoming an enterprise with outstanding maturity in terms of information security. We attach great importance to data security and adopt the 3-2-1 backup strategy for the backup and storage of the system data, so as to reduce the risks of data losses and damage. Our goal is to reach 100% system backup rate to restore the system operation as soon as possible when damage occurs.

Information Security Management Framework

The company set up the information security action team in 2022 to be in charge of the planning, implementation, and promotion of information security management affairs, promotion of information security awareness, and regular discussion on information security policies. In addition, the Audit Office serves as the audit unit for the information security supervision. If deficiencies are found in the audit, the inspected unit will be asked to propose improvement plans and submit them to the board of directors, and the improvement results are regularly tracked, so as to reduce internal information security risks. To continue to strengthen the information security framework and comply with regulatory requirements, a dedicated information security manager and at least one information security staff member have been set up in 2023.



● Information Security Training and Drills

The education and training for new employees when they report to the job includes the publicity of information security awareness. In addition, employees are also informed of the importance of information security and best practices in the employee information security training on a regular basis to reduce risks of internal risks and man-made errors. From October, 2022, new employees are required to receive information security training when they report for duty, and the cumulative number of trainees is 371, with a total of 549 hours of education and training course of information security, and the coverage rate of new employees reached 100%. In 2022, the pass rate of the first social engineer drill was 85% and it increased to 97% in the second. Those with unqualified behavior were provided with information security training, participated by 121 trainees, with a total of 968 hours. The completion rate of the violators was 100%. The goal for 2023 is to achieve 100% pass rate and strengthen the promotion of information security awareness. It is expected to arrange at least one information security awareness promotion for all employees per year.

To respond to possible information security incidents, the company has formulated contingency plans and conducted regular drills and tests to ensure complete prevention from attacks and actual recovery of damaged systems. We carry out internal and third-party information security audits on a regular basis for the assessment of the effectiveness and compliance of the security measures. The ultimate goal is to achieve zero occurrence of information security incidents. We will try our best and strengthen internal supervision and external security collaboration to achieve the goal of zero incidents every year. In 2022, a total of 12 information security response drills were conducted, including Primary and secondary system backup and recovery drill, Testing of the backup mechanism of the primary and secondary systems, Drill and prevention of data leakage, etc. The test results all met the requirements of the company's Operational Standards for Emergency Response Measures and the Operational Standards for System Recovery and Backup Plans.

● Response Measures for Information Security Risks

The main focus of responding to information risks at PANJIT is to strengthen the software and hardware prevention mechanism. Priority is given to strengthening network security, infrastructure protection, and disaster recovery. As for the control measures in terms of information security, corresponding measures is conducted in accordance with documents such as the Network Communication and Operation Management Procedures, Security Incident Management Procedures, and Software Installation Operation Specifications. If the company encounters information security attacks and is unable to make timely protection, relevant measures will be carried out in accordance with the Operational Standards for Emergency Response Measures and the Operational Standards for System Recovery and Backup Plans.

<p>Information Security Management Measures</p>	<ul style="list-style-type: none"> ● System backup ● Firewall management ● Access management of personal computer software ● User endpoint security scanning and prevention of viruses ● Security information and incident management ● Asset management software ● Detection and response of information security incidents 	<p>Information Security Remediation Measures</p>	<ul style="list-style-type: none"> ● When the monitoring system issues a warning message or when receiving the notification of a suspected security incident, the response operation process should be initiated, and the emergency response team shall be established. ● Suspend the operation of relevant systems or the personal access. ● Confirm the level of the incident and the impact scope. ● Investigate problems and propose solutions. ● Determine and implement contingency measures and carry out recovery operations. ● When the system recovery is completed, a security scan is performed. ● Record the incident.
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Responsible Supply Chain

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3.1 Product Quality and Services

Management Approach of Product Health and Safety	Material Topic	Product Health and Safety
 <p>Purpose of Management</p>	<p>PANJIT cooperates with the seven major management principles, process orientation and the PDCA approach to establish the quality management framework and conducts management of hazardous substances and provides clear product labeling to ensure the quality of products are compliant with regulations and customer requirements. In addition, management reviews are conducted on a regular basis to ensure the effectiveness of the quality management system and the hazardous substance management system. Our corporate responsibility is to provide high-quality products and services to establish good corporate image and goodwill.</p>	
<p>When there are doubts about product safety, PANJIT will handle it in accordance with the abnormal product handling and customer compliant procedures. If abnormality occurs in the customer's property, the salesperson will be notified to report to the customer and handle the situation in accordance with the customer's requirements. If there are defective products shipped or product abnormalities with hazardous substances, we will notify our customer within 24 hours after discovery and dispatch personnel to the customer's site for inspection or recall for replacement as needed.</p>	 <p>Remediation Mechanism</p>	
 <p>Management Review</p>	<ul style="list-style-type: none"> Conduct PDCA reviews on a regular basis in accordance with ISO 9001, IATF 16949, and IECQ QC080000 management procedures. Require suppliers to submit third-party test reports every year and update the ingredient list information every three years. Review complaints and feedback from customers (including stakeholders) on a yearly basis. Conduct the customer satisfaction survey before October every year on customers whose business with the company account for 80% of the revenue in the previous year. Review of the internal and external (customer audit or verification agency) audit status and improvement results. Review the existing operational changes or new facilities or the assessment results of the feasibility of manufacturing new products. 	
<p>Short-term Goals (2023)</p> <ul style="list-style-type: none"> Implement hazardous substances-related training to employees before they officially start working. Implement regular updates in accordance with relevant laws, industry standards and regulations, and customer requirements. 	<p>Medium- and Long-term Goals (2024~2027)</p> <ul style="list-style-type: none"> Continue stable and continuous cooperation with raw material/major secondary material suppliers for mutual benefit and win-win results. Cooperate with suppliers and aim at the principle of producing lead-free products with product health and safety as the purpose. Meet the system requirements and continuously improve the system. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> There were no violations of product health and safety related regulations in 2022. In 2022, 100% of materials met RoHS2.0 and REACH requirements. In 2022, there were 0 reports of abnormal hazardous substances. In 2022, there was no occurrence of hazardous substance contamination incidents due to equipment maintenance. In 2022, there were no complaints from customers regarding hazardous substances. 	

Quality Management

Quality Policy

★ Quality Policy

Proud employees and satisfied customers

★ Quality Approach

Quality first

★ Quality Goals

Strengthened management, reduced costs, improved quality, and on-time delivery



To ensure that the product quality is compliant with regulations and customer requirements, PANJIT has established a quality management framework and has successively imported QS 9000, ISO 9001, IATF 16949, QC080000, ESD S20.202 and other quality management systems to conduct impact assessments related to health and safety of all products. Through the Total Quality Management (TQM) thinking, we implement the Customer-Oriented Process (COP), Supporting Oriented Process (SOP) and Management Oriented Process (MOP). Through the quality system, the customer needs and customer feedback are connected to the inside of the factory. The quality policy the company has been upholding is like the chip core of every component that closely links with every employee. The quality first concept is like the tripod and wires each component is covered with. The quality goals can be seen as the molding glue, working for firm combination of the systems and policies to achieve the state of Zero Defect. The internalization of quality awareness means that during the production process of each product, every employee implements the accurate operation methods to ensure that every component delivered to customers meets the specifications.

ISO 9001



Valid until
2024.01.06

IATF 16949



Valid until
2024.01.06

ESD S20.20



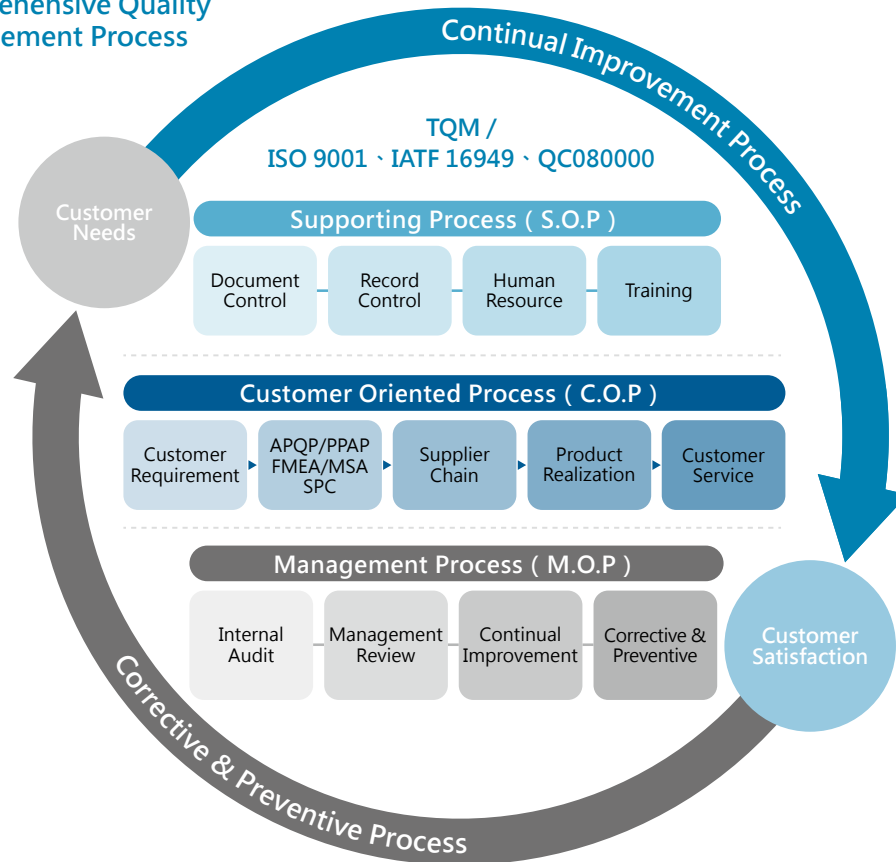
Valid until
2024.03.19

IECQ QC080000



Valid until
2025.09.04

Comprehensive Quality Management Process



Customer-Oriented Process (COP)	Relevant process is established with customer needs as the core. The process starts from the customer needs, and through correct product development, validation, and strict process control, the process is ensured to meet customer needs and expectation.
Supporting Oriented Process (SOP)	Each main process derives one or multiple supporting processes, including document/record control, human resources, education and training, etc.
Management Oriented Process (MOP)	The process of organizational and quality system management includes internal audit, management review, correction and prevention, and continuous improvement.

• Hazardous Substance Management

The company has introduced the IECQ QC080000 Hazardous Substances Management System. The raw materials of finished products and the packaging raw materials strictly comply with product safety regulations such as RoHS, REACH, PPW, SONY SS00259, etc., and the concentration is also compliant with the allowable concentration of hazardous substances proscribed in the Instructions for Management of Environmentally Related Chemical Substances.

Among them, IEC 62474 regulates substance management. Excluding some controlled substances whose uses are outside the application scope of our products, the products with halogen-free specification can 100% meet the specifications of IEC 62474. In addition, although the lead-free requirements in RoHS cannot be 100% met, it is applicable to the exemption conditions and are defined in the reduction plan while REACH makes disclosure as regulatory requirements.

For hazardous substances management, when selecting new raw material suppliers, the material specification commitment letter, safety data sheet (SDS), conflict metals, and third-party test reports shall be provided so as to be a qualified supplier. In addition, suppliers are required to submit third-party test reports on a yearly basis and update the ingredient list every three years. Instruction of products to be procured shall be managed in accordance with the stipulations in the Instructions for Management of Environmentally Related Chemical Substances. Suppliers have to post the RoHS label on the outer box for incoming materials. The HF RoHS label shall be posted on the outer box if the materials meet the halogen-free requirements and should be clearly marked and stored in separate storage areas. The customers' required format will be followed, and the warehouse management personnel are in charge of packaging and shipping in accordance with customer-specified labels and finished product packaging operation regulations. In 2022, there were no incidents of violations of health and safety regulations in relation to products and services, product labeling regulations, customer complaints, or voluntary agreements.

In addition, when we use XRF devices in IQC/IPQC/FQC for the testing of hazardous substances such as cadmium, lead, mercury, chromium, bromine, and chlorine, coupled with the reports submitted by the suppliers to confirm that the raw materials, semi-finished products, and finished products meet the requirements. The XRF devices fill in the device model, product name, product number, date of test, name of the tester, etc. to facilitate subsequent traceability and inquiry.

3.2 Innovation and Advancement

Management Approach of Innovative R&D and Patents

Material Topic

Innovative R&D and Patents



Purpose of Management

Comprehensive innovative R&D and patent management can cultivate more professionals, create new markets for the company, protect the existing innovative ideas of the company, and inject innovative momentum into the entire industry and even society.

There have never been incidents with actual negative impacts on PANJIT. When a patent infringement complaint is received, personnel from the legal office will conduct preliminary negotiation, contact relevant professionals to conduct problem analysis, and entrust a patent firm to conduct infringement case analysis, follow-up handling of the incident and related remedies.



Remediation Mechanism



Management Review

- The internal "Team Feasibility Development and Risk Evaluate List" focuses on the assessment of the intellectual property rights and legal provisions required for product development.
- Hire patent engineers to conduct patent search for the existing innovative ideas of the company.
- Convene Patent Review Meeting weekly to conduct patent proposal and evaluation.

Short-term Goals (2023)

- Propose 8-10 innovative patents.
- Obtain 3-5 Taiwan patent certificates
- Promote 1-2 innovative R&D patents into mass production.

Medium- and Long-term Goals (2024~2029)

- Apply for 10 innovative patents every year.
- Obtain 5 Taiwan patents certificates and 3 US patent certificates every year.
- Expand the patent layout in the EU.
- Promote 2-3 innovative R&D patents into mass production every year.



Goals



Performance Management Results

- As of 2022, a total of 78 patent applications have been filed, including patent application in Taiwan, China, USA, and other countries.
- As of 2022, the number of currently valid and certified patents was 19.
- A total of 49 patent applications were filed in 2022.

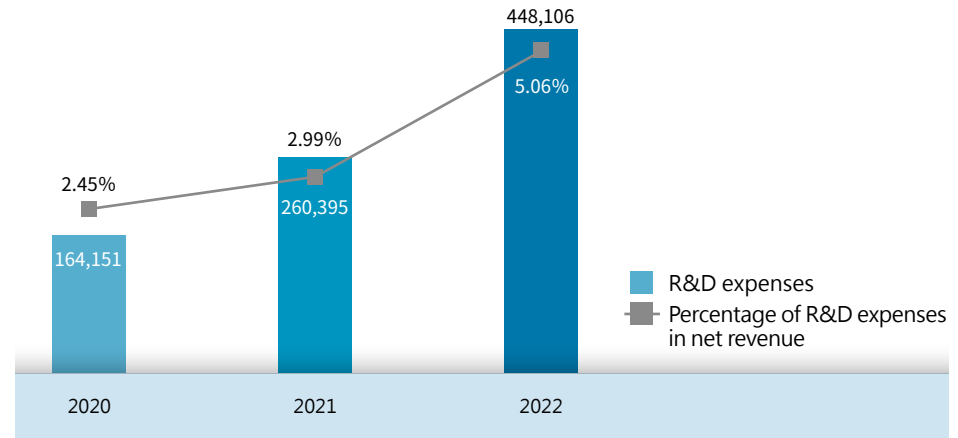
PANJIT is equipped with the capability to integrate with the upstream and downstream semiconductors and IDM design technology, and also has its own wafer manufacturing plant and advanced lines. We mainly produce rectifiers, power semiconductors, suppressors and other discrete component products, and continue to pay attention to the market trends and launch thin packaging products meeting market demands.

PANJIT's management has been upholding the corporate philosophy of sustainable management and constantly investing in the R&D and equipment. Through the R&D and process teams specializing in different professional fields, the years of experience in manufacturing technology in the semiconductor industry has been applied to focus on the improvement in production efficiency, which is useful for process simplification and even optimization. Moreover, the automation of production through advanced equipment not only lowers the production costs but also improves the product quality, which further effectively improves operational efficiency and market competitiveness.

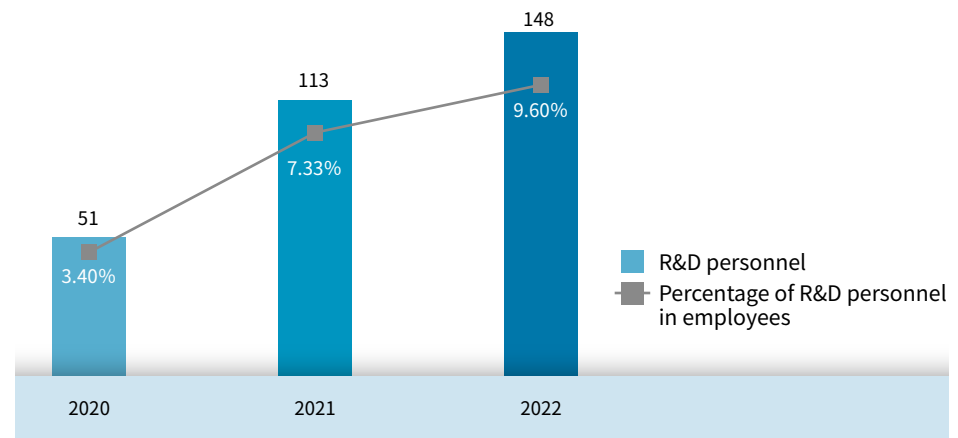
PANJIT continues its medium- to long-term strategy of high-power components (MOSFET, IGBT, SiC) and has successively launched SiC Diode, medium and low-voltage SGT MOSFET, and Super Junction MOSFET, providing a technology platform for the subsequently developed FSTIGBT and SiC MOSFET, serving as the pioneer for PANJIT to develop access to the target application market. Moreover, the 8" Super Junction MOSFET/IGBT also render steady and high-performance in the trial stage. PANJIT will continue to invest in R&D resources to provide complete high-level product solutions for the established target application markets.

PANJIT has finished development and released 89 discrete devices, including HV MOSFETs, MV MOSFETs, SiC SBDS and FREDs and other products. From the perspective of semiconductor device technology, the manufacturing technologies of 600V/650V high-voltage super junction (HV SJ) MOSFET Gen.1, 100V medium-voltage shielded gate trench (MV SGT) MOSFET 100V Gen.2, 650/1200V SiC Schottky barrier diodes (SiC SBDs) Gen.1 and 600V/1200V FREDs Gen.1 have been developed and commercialized.

PANJIT's R&D Expenses in the Past 3 Years



PANJIT's R&D Manpower in the Past 3 Year



Note: R&D expenses and manpower are from PANJIT's individual information.

• Future R&D Projects

The rectifier is an indispensable component for converting alternating current into direct current. Therefore, the rectifier is the cornerstone of the electronics industry. With the changes in technology as well as in the industry, the market demands for the rectifiers are increasing. Furthermore, the company has a complete product line and actively invests in R&D for the development of high-performance high-power rectifiers to cater to the market trends and improve the competitiveness of the company.

With the forward-looking thinking that is combined with the industrial trends and market trends, PANJIT will be devoted to R&D in the coming years to enhance product predominance and market competitiveness. The future R&D projects for our products include the followings.

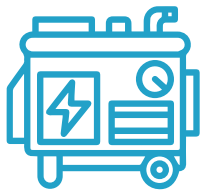
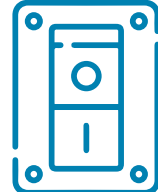

Product Line	Future R&D Projects
HV MOSFETs	RDS-ON and capacitance are lowered to improve the component efficiency by using the trench structure design and other technologies, such as Ciss, Coss, and Crss, so as to increase the switching speed. In addition, these types of high-voltage power components will be used in power systems or charging facilities. Therefore, the focus of the R&D is to enhance thermal conductivity/reducing thermal dissipation with the component structure design, packaging material and thermal path design.
MV MOSFETs	The R&D guideline of this type of medium voltage power application components is the HV MOSFETs. In addition, with the increasing application demands for automobiles/electric vehicles (Automotives/EVs), the development of auto-grade MV MOSFETs is also the target of the R&D.
IGBTs	The component is a high-speed power component combining the application advantages of MOSFET and Bipolar Junction Transistor (BJT), mainly applied in the Field-stop Trench technology, and design with high-density trench cells and optimization of field-stop layer. The purpose is to obtain higher power gain than the current BJT and to reach the switching loss minimization at extremely high switching frequencies.
FREDs	To develop the second-generation products that further optimize the switching speed and forward voltage. The IGBT co-package FRED products are also to be developed to expand the scale of the existing FRED products.
SiC SBDs	The target of the R&D is to realize switching loss minimization under high-frequency switching.
SiC MOSFETs	Silicon carbide (SiC) is a wide bandgap semiconductor material with high voltage resistance and high electron mobility. It is used and is often the best material for high-level application under high frequency, high pressure, and high temperature, such as electric vehicle, green energy and so on. The target of the R&D is the structure design of this component and the exclusive process development.
GaN HEMTs	Gallium nitride (GaN) belongs to wide bandgap compound semiconductor material. It has special polarization effects, including Piezoelectric Polarization and Spontaneous Polarization. Under the circumstances without dopants, the polarization effect can enable the AlGaIn/GaN heterostructure to form two-dimensional electron gases (2DEG) near the interface. With the advantage of 2DEG, the speed of the manufactured enhancement-mode high electron mobility transistor (HEMT), is much higher than that of MOSFET.

● Product Energy Conservation Benefits

Due to the development trend in low voltage and large current of CPUs, the demands for the Metal Oxide Semiconductor Field Effect Transistor (MOSFET) are large output current, low Rds(on), low heat generation, fast heat dissipation, and small size. In addition to the optimization of chip process design, PANJIT also constantly improves its packaging technology. The second-generation Shield Gate Trench (SGT) MOS was developed, which is mainly for medium and low voltage (within 200V). Its structure has charge coupling effect, and the device can obtain a higher breakdown voltage. Under the same specifications, the chip area can be smaller (the difference in grain size can be more than 50%, optimizing the product performance by 50% ^{note}), such that the cost performance is better, and the market competitiveness is more enhanced.

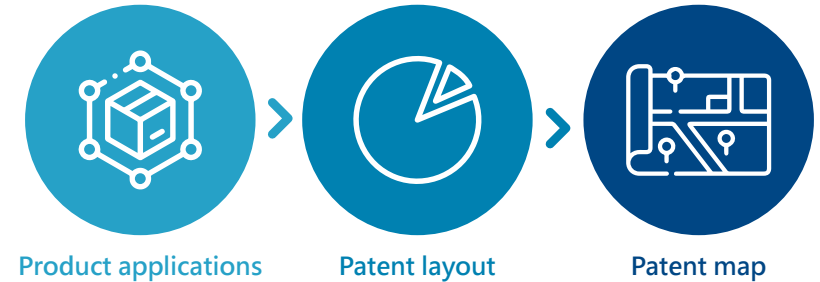
Note: PANJIT products are mainly semiconductor components, mainly configured and used based on customers' requirements for product functions. Our products are not end-application products, and the energy savings can only be calculated by using product specification values, and the power reduction ratio is shown as a percentage (the main reason not to use joule as the unit for calculation is to avoid inaccurate data caused by citing too many assumptions).

The products are typically applied in electric motor control, lithium battery protection circuit, 4G/5G communication base station power supply, server power supply, AC/DC synchronous rectification, and UPS power supply, and are used as the switching device applied in motor driver systems such as new energy electric vehicle, solar energy electricity generation and energy-saving home appliances, inverter system and power management system. Compared with the Gen1 traditional trench MOS, which is mainly low voltage (within 100V), the Gen2 SGT MOS has the following advantages.

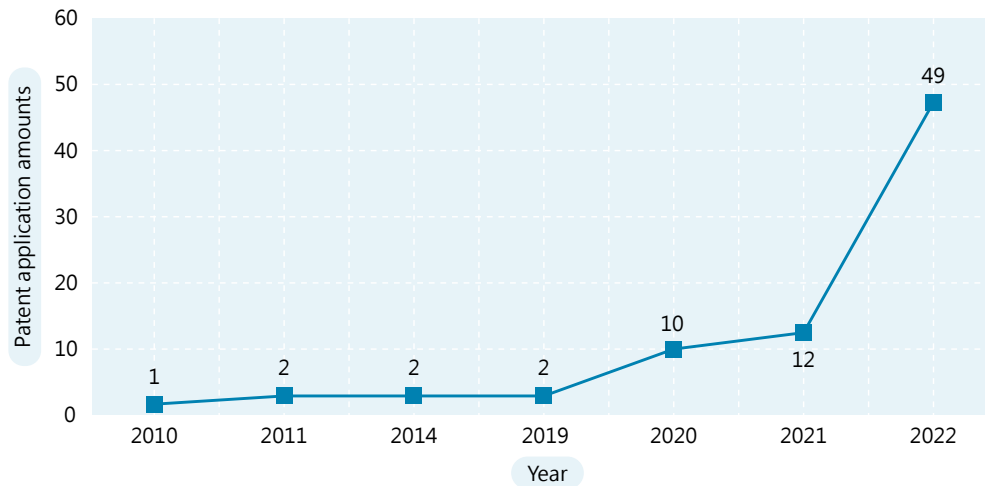
1. Increased power densit	2. Extremely low switching losse	3. Low Electromagnetic Interference
<p>The deeper trench depth can withstand avalanche breakdown and surge current, reduce Rds(on) by more than 20%, and reduce the losses of switching and conducting. These advantages can reduce the size of the component, that will bring a series of chain reactions of less physical material, better structural cost, more integrated solutions, and lower total cost to further realize energy conservation. At the same time, it will also conform to the future development guideline of ultra-thin, miniaturization, low voltage, and large current in the electronic manufacturing industry.</p> 	<p>The FOM is reduced by more than 20%, which can help reduce the switching losses in switching power supply applications and extend the life span of power supply products. The Electrostatic discharge (ESD), large-current shutdown capability, and short-circuit capability has increased by more than 20% so as to meet customers' needs for higher performance and better reliability, and the cost performance of products is further increased.</p> 	<p>The built-in resistor capacitor buffer construction in the SGT MOS structure can absorb the peaks and oscillations arising from the voltage changes when the device is turned off, which further reduces the application risks (electronic systems in industrial, automotive, and computer computing applications). This can significantly reduce the development cycle and decrease the board area and the solution costs.</p> 

Patent Layout

The Company will follow the major product applications to spread patent layout to all aspects in response to the rapid development and the market change. Among them, to align with the increased demands for consumer electronics applications, the high-power semiconductors are set as the target of the patent layout. Meanwhile, PANJIT will also approach the layout of SiC MOSFET to meet the needs of industrial applications. With the increasing demands for new energy vehicle applications recently, the patent layout of the high-voltage electronic components is also one of the major target for development. Furthermore, the company also carry out patent layout of low, medium, and high voltage electronic components to cope with the needs of 5G communication application. To ensure the freedom to operate products, as shown in the staged illustration in the following figure, the patent layout planning and promotion should be aggressive and also have defensive barrier. The patent map will be used to investigate related product patents and competitors' patents for us to set up offensive technology areas and defensive technology areas that will serve as the more specific goals for planning in patent attack and defense of the company.



Distribution of patent application amounts over the previous years








For completion of the patent layout of the company to protect the R&D capabilities and intellectual property, the internal patent ideas are reviewed through the weekly Patent Review Meeting which is composed of the employees with relevant professional knowledge. The Legal Office will assist to contact patent firms to conduct the internal submission procedure for the reviewed proposals passed through the Patent Review Meeting, and the patent firms are assigned to arrange the patent applications layout in Taiwan, China, and the USA. Currently, the patent in the EU is under planning, and the patent layout will be expanded to the EU in the future.

The company has established "Team Feasibility development and Risk Evaluate List" that focuses on the assessment of the intellectual property rights and legal provisions required for product development. In addition, the company has also established a reward system for patent proposals to encourage employees to submit patent proposals and activate the exchanges of internal innovation.

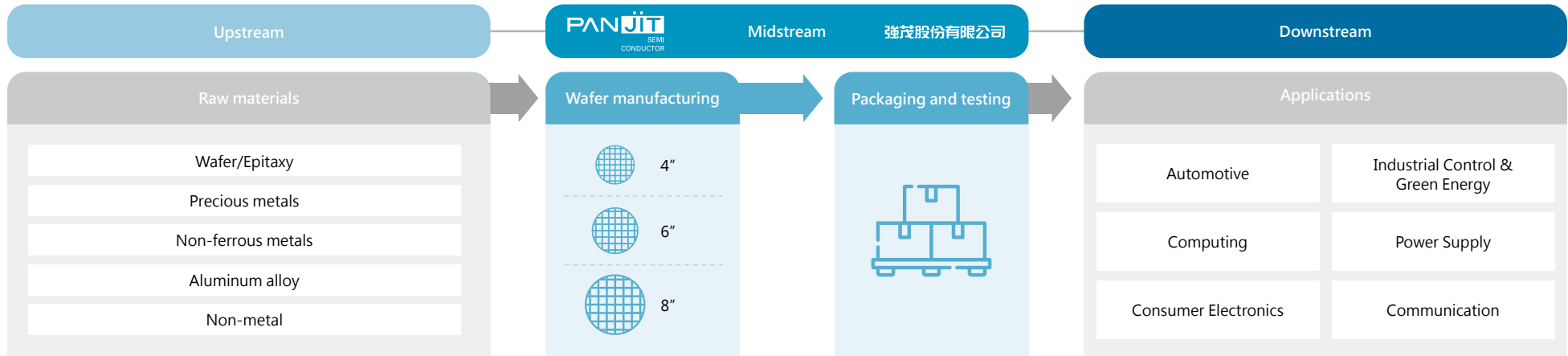
As of 2022, PANJIT has filed a total of 78 patent applications in Taiwan, China, USA, and other countries, of which 26 patents are from Innovation Business Unit (IBU) and 49 patents are from Advanced Assembly and Test Manufacturing Business Unit (MBU5). As of 2022, the number of current valid and certified patents at PANJIT is 19, and there are 59 patents still under examination. The distribution of patent application numbers over the previous years is shown in the following figure. The number of patent applications increased significantly in 2021 and 2022, and in 2022 in particular, there were 49 patent applications, reaching a staged breakthrough.

3.3 Supply Chain Sustainable Management

Management Approach of Supply Chain Sustainable Management	Material Topic	Supply Chain Sustainable Management
 <p>Purpose of Management</p>	<p>The company conducts due diligence on the suppliers in accordance with the purpose of the RBA and relevant standards to investigate whether they uphold the concept of environmental protection, occupational safety and health and corporate responsibility to fulfill their responsibility as corporate citizens.</p>	
<p>There were no actual incidents with negative impacts. PANJIT has established the Operating Procedures for Supplier Assessment, Counseling, and Development and other management measures. If incidents with actual negative impacts occurs, remedial plans will be made for individual events to lower the negative impacts.</p>	 <p>Remediation Mechanism</p>	
 <p>Management Review</p>	<p>Conduct due diligence and regular audits on suppliers in accordance with the Operating Procedures for Supplier Assessment, Counseling, and Development to ensure that the suppliers comply with laws and regulations and also the requirements of PANJIT in terms of all matters.</p>	
<p>Short-term Goals (2023)</p> <ul style="list-style-type: none"> To convene a supplier meeting for the discussions on energy conservation and carbon reduction actions. 100% of suppliers sign the Commitment of Supplier Social Responsibility Commitment. 	<p>Medium- and Long-term Goals (2024~2040)</p> <ul style="list-style-type: none"> Guide direct suppliers to 100% comply with RBA requirements and triple ISO certifications (ISO 9001, ISO 14001, ISO 45001). 100% response rate of supplier partner ESG topics questionnaire. Incorporate low carbon into the code of conduct as the selection criteria for suppliers. The suppliers to complete carbon inventory by 2025 and achieve carbon neutrality by 2040. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> In 2022, a total of 13 new qualified suppliers were added. In 2022, the RBA audit of 55 direct suppliers were completed, with the pass rate of 100%. In 2022, the self-evaluation questionnaires were distributed to 55 direct suppliers, and the response rate reached 100%. 	

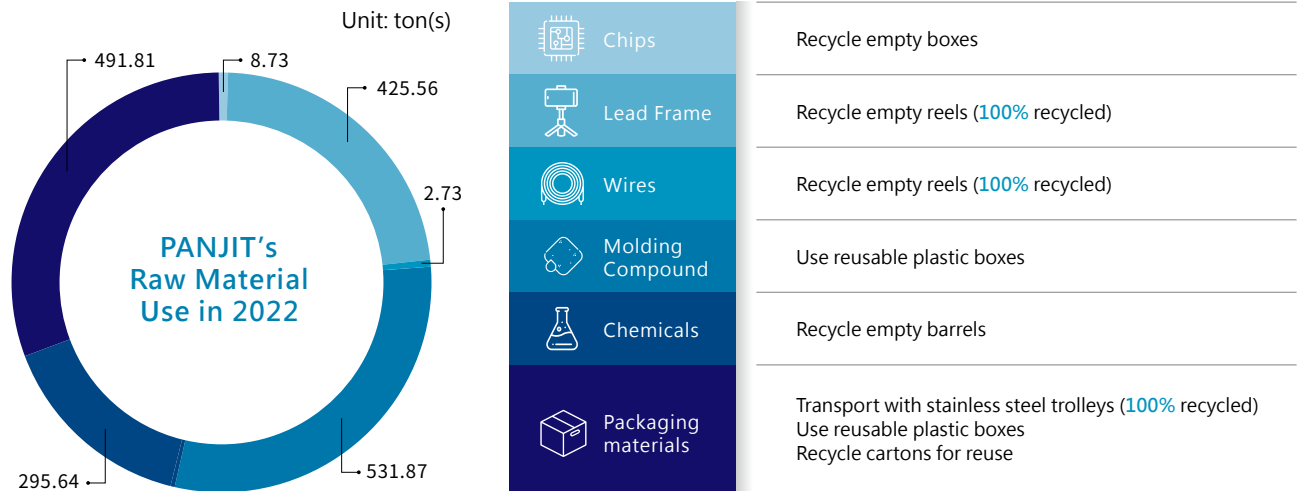
Note: Direct suppliers refer to suppliers whose raw materials will be sent to the client with the products; indirect suppliers refer to those who provide raw materials for production process but not the final products; general suppliers refer to those other than direct suppliers and indirect suppliers.

Industrial Value Chain



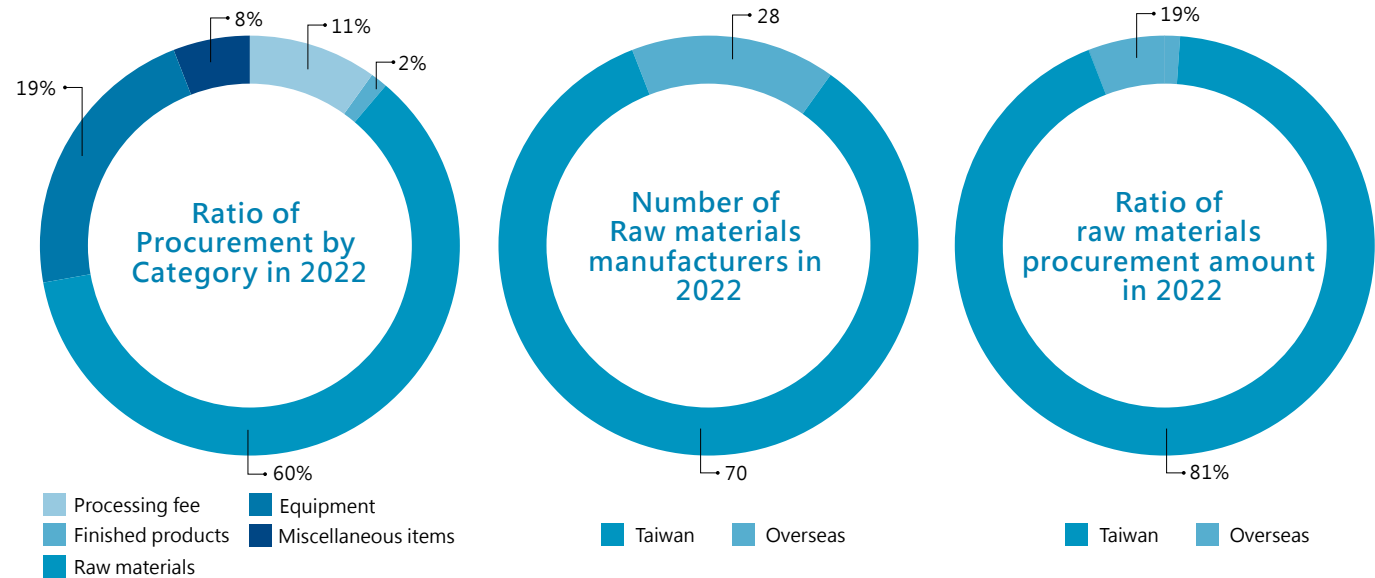
Use of Raw Materials

The main raw materials used in PANJIT include chips, Lead Frame, wires, molding compound and chemicals. To reduce the environmental impacts, the packaging materials are mainly reusable ones, and the suppliers voluntarily recycle these packaging materials for reuse. PANJIT also requires its suppliers to use stainless steel trolleys to transport the packaging materials and use plastics boxes for the arrival of goods.



Local Procurement

The types of procurement at PANJIT include processing, finished products, raw materials, equipment, and miscellaneous items. The procurement areas include Taiwan, Japan, China, and so on. Among them, raw materials account for the majority of procurement, accounting for 60% of the overall purchase amount. PANJIT has been upholding the principle of local procurement to improve the economic development locally while reducing the carbon emissions during the product life cycle. The number of suppliers totaled 614 in 2022, and the local procurement of raw materials accounted for 81% of the total amount of raw materials.

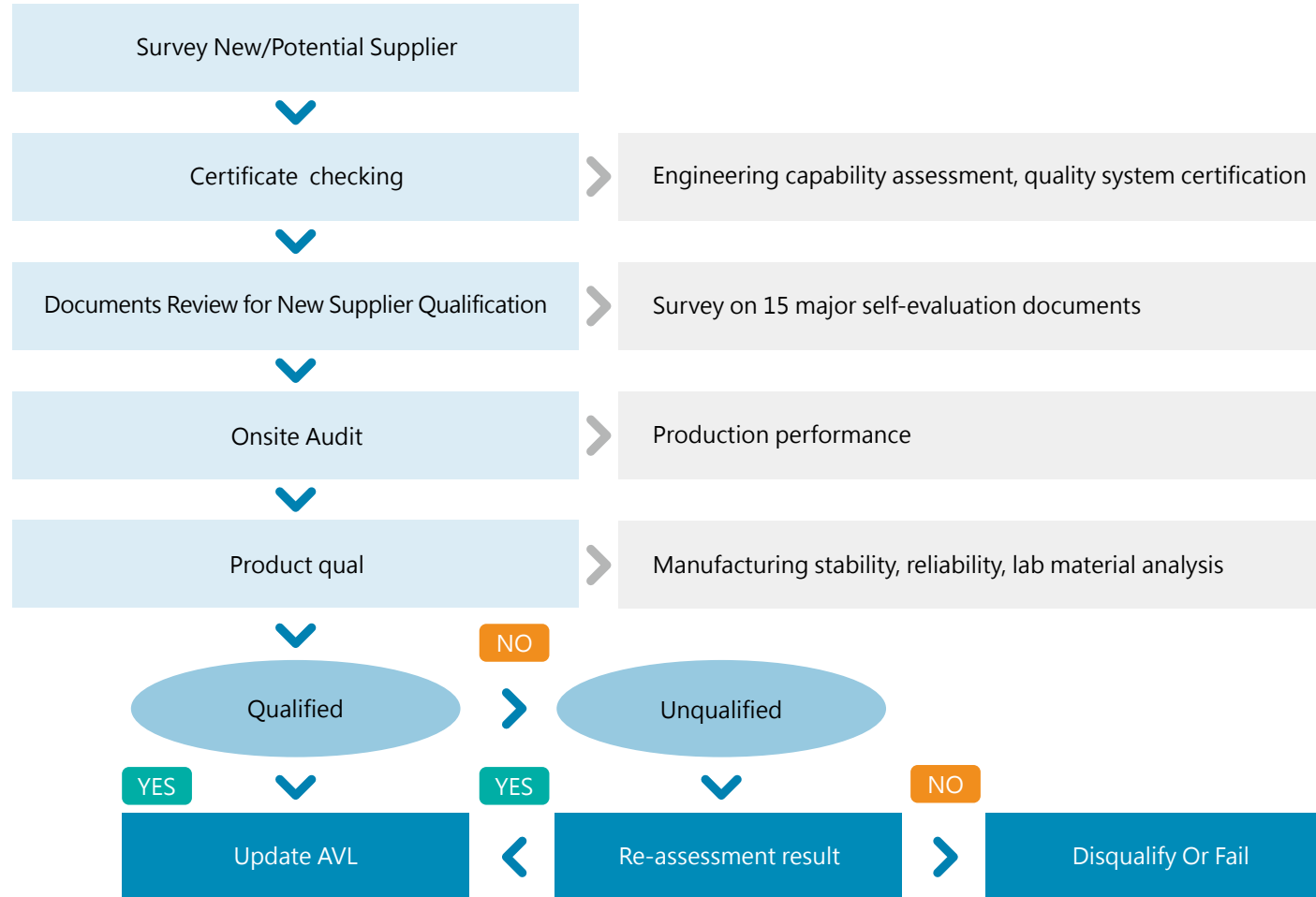


Selection of New Suppliers

PANJIT complies with the Operating Procedures for Supplier Assessment, Counseling, and Development when evaluating new suppliers and conducting due diligence on the suppliers in accordance with the purpose of RBA and relevant standards to investigate whether they uphold the concept of environmental protection, occupational safety and health and corporate responsibility to fulfill their responsibility as corporate citizens, and whether there were any records of impacts on the environment, occupational safety and health, and society. If there are relevant records, the suppliers will be required to submit reports and improvement results, and actual implementation status will also be confirmed.

The content of new supplier evaluation includes four major aspects, including engineering and technical capabilities, quality management system, price and services (including production capacity and delivery commitments), and industrial performance (including green products and safety and health), to make comprehensive evaluation of the risks of introduction of such suppliers. The review standards adopted are targeted at new suppliers of major raw materials, and the status of their relevant international quality system certifications are also confirmed, such as ISO 9001, ISO 14001, IATF 16949, ISO 45001, etc. Review is conducted targeting at the process management, green products, implementation of RBA standards and safety and health management to ensure the suppliers can meet the requirements in terms of product quality, relevant restrictions of hazardous substances, employee protection and other environmental and labor practices. In 2022, the number of newly added qualified suppliers was 13. All of the suppliers are required to sign the Commitment of Supplier Social Responsibility Commitment. As of the end of 2022, the signing rate reached 100%.

Process of New Supplier Selection



15 major self-evaluation documents





Direct suppliers	Anti-bribery Commitment Letter HSF, QSA, QPA, CSR Declaration on Conflict-Free Minerals Commitment of Supplier Social Responsibility
Indirect suppliers	Anti-bribery Commitment Letter QSA, HSF, CSR Commitment of Supplier Social Responsibility
General suppliers	Anti-bribery Commitment Letter QSA, CSR Commitment of Supplier Social Responsibility

If the results of the above evaluation items of the new suppliers are conditionally qualified, the new suppliers have to propose an improvement plan within 30 days after receiving the audit report. The company will then decide whether to recognize the new suppliers as temporarily qualified after discussing with relevant departments. Rearrangement of audit confirmation will be made for temporarily qualified new suppliers when improvements are completed. If there shows no actual improvement or invalid improvement, such new suppliers will be listed as unqualified suppliers, and relevant departments will be notified of the audit confirmation results. Unqualified suppliers can provide a comprehensive improvement plan within 3 months after receiving the audit report, and apply for supplier audit evaluation review after the improvement is completed. For the supplier who is recognized as unqualified after two reviews, such supplier's qualification will be cancelled, and shall not apply for a second review within one year from the receipt of the review results.

• Supplier Evaluation

PANJIT conducts hierarchical management of suppliers in accordance with the Operating Procedures for Supplier Assessment, Counseling, and Development, and divide suppliers into direct, indirect, and general suppliers. The supplier evaluation and management is conducted in accordance with different levels. The company has been dedicated to expanding the scope of corporate social responsibility to the supply chain. In the management aspect of the supply chain quality, environment, occupational safety and health, and labor rights, the regular evaluations, audits and supplier self-evaluations are made to continuously collect information concerning the implementation status and compliance of relevant codes of conduct in different aspects. The suppliers have to make improvements and provide supporting information within one month after receiving the audit deficiency report. If supporting information of improvements cannot be presented within one month, a plan with detailed schedule of improvements and estimated date of completion has to be provided. The management unit of suppliers will schedule the review of the deficiencies in the current year after the audit is completed.

The company follows the Operating Procedures for Supplier Assessment, Counseling, and Development for the monthly and annual audit of suppliers. The supplier evaluation documents include Quality System Assessment (QSA), Hazardous Substance-Free (HSF) Management System Assessment, Corporate Social Responsibility (CSR) Assessment and Quality Process Capability Assessment and Audit Form (QPA). Regular audit operations are made in correspondence with the characteristics of each supplier, and the monthly evaluation operation is carried out to monitor the quality status of the suppliers. In 2022, a total of 55 direct suppliers were audited, and in addition to the above-mentioned documents, the content of audits also included RBA and BCP audits, and the results were all qualified.

Evaluation Methods	Direct Suppliers	Indirect Suppliers	General Suppliers
 <p>Supplier evaluation</p>	<p>Conduct monthly evaluation on quality, delivery, services, and so on to ensure the overall performance of the suppliers meets the requirements, and the results are also summarized as the basis for the annual evaluations.</p>		
 <p>On-site (including document) audit</p>	<ul style="list-style-type: none"> Once a year New supplier evaluation When the procurement months or volume of raw material suppliers exceed a certain number, when there is abnormal yield, or when the CSR self-evaluation score is below 70 points, on-site audits will be arranged. 	<ul style="list-style-type: none"> Once every two years Document audits on quality, HSF, and CSR On-site audits for domestic suppliers that we have made procurement from for more than six months. On-site audits are arranged for domestic raw material agents based on department needs. 	<ul style="list-style-type: none"> Once every three years Document audits targeting on quality On-site audits are implemented to domestic suppliers that we have made procurement from for than six months
 <p>Document audit</p>	<ul style="list-style-type: none"> Once a year Document audits are conducted to raw materials from which the procurement months and volume are lower a certain number, and the yield rate is normal, the CSR self-evaluation score is higher than 70 points. 	<ul style="list-style-type: none"> Once every two years Document audits are arranged for raw material suppliers from which the procurement months and volume are lower than a certain number. 	<ul style="list-style-type: none"> Once every three years Document audits are arranged for raw material suppliers from which the procurement months and volume are lower than a certain number.
 <p>Audit exemption</p>	<ul style="list-style-type: none"> When the annual procurement of the current year is less than 6 months, document audits is required in the following year. Suppliers rated as A-level in the current year or those with no procurement records can be exempted from the audit in the following year. When domestic suppliers that suffer from uncontrollable disasters (earthquakes/fires/floods, etc.), they will be exempt from audits during the recovery period. 		


• Risk Management of Key Materials

To effectively grasp the status of key materials, PANJIT classified its raw material suppliers by risk levels. Direct suppliers are of high risk, indirect suppliers of medium and general suppliers of low risks. Raw materials provided by direct suppliers are defined as key raw materials, and evaluations and tracking are conducted to direct suppliers.

To reduce the risk of supply chain disruption, PANJIT has the following corresponding measures: (1) Actively build a diversified supply chain (2nd source); (2) Provide guidance to suppliers for them to invest in automation technology research so as to reduce demands for and reliance on labor; (3) Establish a safety stock level mechanism to ensure the production line can still operate after the supply chain is interrupted. Moreover, PANJIT also conducts ESG evaluation and sustainable risk assessment of suppliers with high risks and continue the follow-ups for improvement.

• Survey on Conflict Minerals

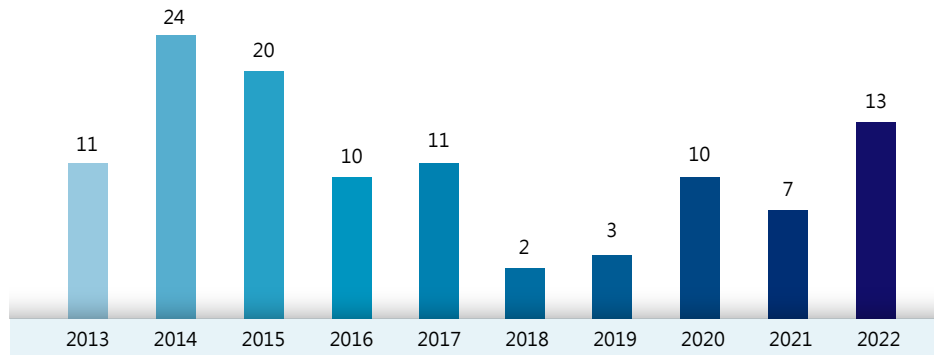
When selecting new suppliers, PANJIT not only requires the suppliers to provide relevant supporting information based on the evaluation documents but also asks newly added direct suppliers to sign the Conflict Minerals Commitment promising not to use materials from conflict areas. Starting from 2013, PANJIT has conducted survey on qualified suppliers on a yearly basis in accordance with the Responsible Business Alliance (RBA) standards and implemented the Non-use of Conflict Minerals Policy. In addition to requiring the suppliers to sign the Declaration on Conflict-Free Minerals, the company also investigates and traces the smelters of metal materials to ensure that the gold, tungsten, tin, tantalum and other metals used in the supply chain are all from legal mining areas. In 2022, a survey was conducted on 13 newly recognized qualified suppliers, and none of them use minerals from conflict areas.



Commitments to Conflict-free Minerals

- Never purchase conflict metals produced in conflict areas.
- Require suppliers to refuse the use of conflict metals from conflict areas and submit the letter of commitment.
- Require suppliers to inform its upstream suppliers of such requirement.

Number of Suppliers Surveyed for Conflict Minerals over the Years



100% Compliant with the Non-use of Conflict Minerals



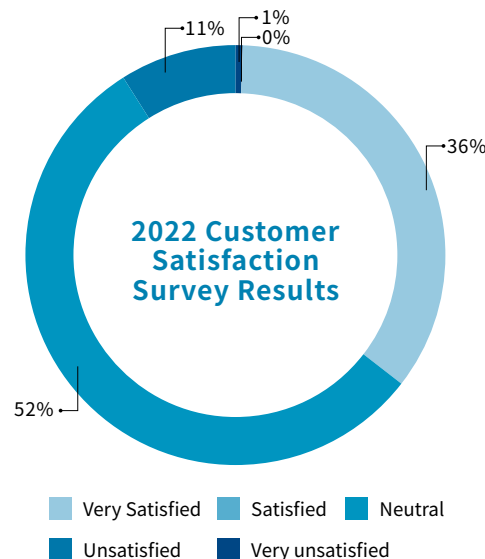
3.4 Customer Relationship Management (CRM)

• Customer Communication and Service

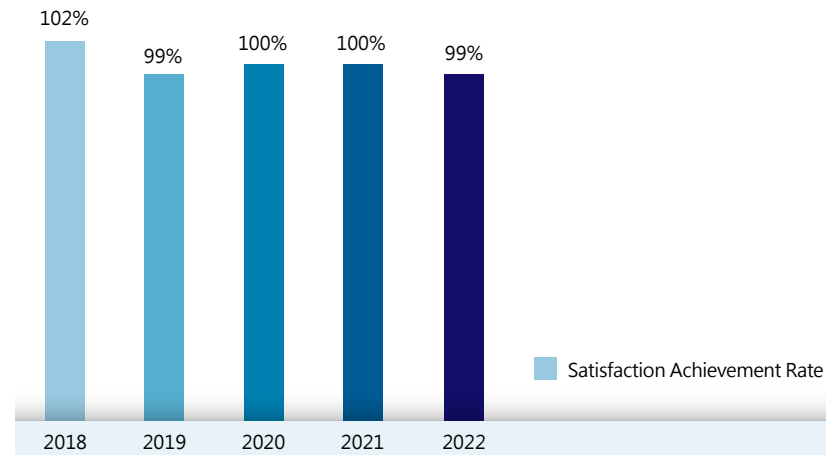
We value customer opinions and feedback very much. Every year, PANJIT conducts a satisfaction survey on its customers whose business with the company account for 80% of their revenue of the year, and the survey items include 1. Product quality and reliability; 2. Response speed and effectiveness; 3. Brand positioning and image; 4. Customization capabilities; 5. Product delivery; 6. Price; 7. Product manufacturing technology; 8. Product application technology; 9. Customer complaint handling process; 10. Professional capabilities and skills of salespeople; 11. Validity of data on the information platform; 12. The design of the website meeting the needs; 13. Customer relations; 14. Correctness of information provided on products without hazardous substances, and comprehensive suggestions. Through customer satisfaction survey, possible problems the customers may have can be found and solved in a timely manner. At the same time, we can also understand customers' demands and expectation for our products and services, which can serve as a reference for the future development strategies and improvement plans.

In 2022, a total of 107 copies of customer satisfaction questionnaires were returned. According to the results, about 88% of our customers feel "Very Satisfied" or "Satisfied" with our products and services. In addition, in the scoring of several key areas, including Customer relations, Professional capabilities and skills of salespeople, and Correctness of information provided on products without hazardous substances ranked the top three in the satisfaction ranking and were highly recognized by our customers.

2022 Customer Satisfaction Survey Results



Customer Satisfaction Achievement Rate



Note: Customer Satisfaction Achievement Rate: Actual Satisfaction/Target Satisfaction

• Customer ESG Audit






Moreover, PANJIT also receives customer audits from time to time. The audit content includes items in the aspects of quality, environment, and human rights, and the audit is carried out by means of document audit, on-site audits, and disclosure of Self-Assessment Questionnaire (SAQ) information on the RBA platform. In 2022, a total of 33 customers of ours conducted RBA-related audits on the company. Corresponding improvement measures were completed within the specified period of time as required by our customers for the items need improving. The final results were all compliant with customers' requirements.

A graphic illustration for environmental protection. It features a city skyline silhouette in the background. Three circular icons are highlighted with spotlights: a hand holding a globe with leaves, a water drop with a recycling symbol, and a globe with a leaf. A woman in a yellow top and green pants stands next to a large green number '4'.

Environmental Protection

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4.1 Climate Change Adaptation and Actions

Management Approach of Climate Action	Material Topic	Climate Change Adaptation
 <p>Purpose of Management</p>	<p>Faced with the climate change and global warming, the shareholders' awareness of green procurement is increasing. To meet the market demands and fulfill the commitment of environmental sustainability, PANJIT actively promotes different energy/resources inventories and management, striving to be compliant with the goal of low pollution, low energy consumption and energy conservation in terms of the manufacturing process, and continues to make investment in the establishment of green energy facilities and waste recycling to align with the trend of carbon reduction and ultimately achieve the long-term goal of carbon neutrality.</p>	
<p>The company has set up emergency response measures and purchased adequate property insurance so that when disasters occur, timely response can be made, and damage can be lowered.</p>	 <p>Remediation Mechanism</p>	
 <p>Management Review</p>	<ul style="list-style-type: none"> Conduct the review of the PDCA in accordance with ISO 14001 and ISO 50001 management procedures on a regular basis. Conduct ISO 14064-1 GHG inventory every year and pass third-party verification. 	
<p>Short-term Goals (2023)</p> <ul style="list-style-type: none"> The plan of annual power saving more than 1%. Take 2022 as the baseline, and the carbon reduction for 2023-2025 to be more than 1%. The wastewater recovery rate to reach 30% in 2023. The 2023 waste intensity to be 10% less than that of the previous year. 	<p>Medium- and Long-term Goals (2024~2040)</p> <ul style="list-style-type: none"> Take 2022 as the baseline and reduce 10% of carbon emissions by 2030. Achieve carbon neutrality by 2040. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> The energy saved in 2022 totaled 849,524 kWh/ year, reducing approximately 420.51 tCO₂e of GHG after conversion. The solar power generation capacity in 2022 was 163,584 kWh, and the electricity generated was sold to Taiwan Power Company. The volume of recycling and reprocessing e-waste of wafer scraps in 2022 amounted to 1.59 tons. The amount of waste liquid recovered and reprocessed in 2022 was 28.51 tons. The volume of sludge treated in 2022 was 83.78 tons. In 2022, 58.11 tons of waste rubber was processed and reused to make hollow bricks. The total amount of waste in 2022 was 547.73 tons, a decrease of about 32.7% compared with the previous year. The water recovered in 2022 was 82,366 tons, with the recovery rate of 27.3%. The water withdrawal intensity in 2022 was 0.0340 million liters/million of revenue, a decrease of 14.79% compared with 2021. The wastewater monitoring in 2022 was compliant with legal requirements, and the wastewater did not have a major impact on local water bodies. 	

● Governance

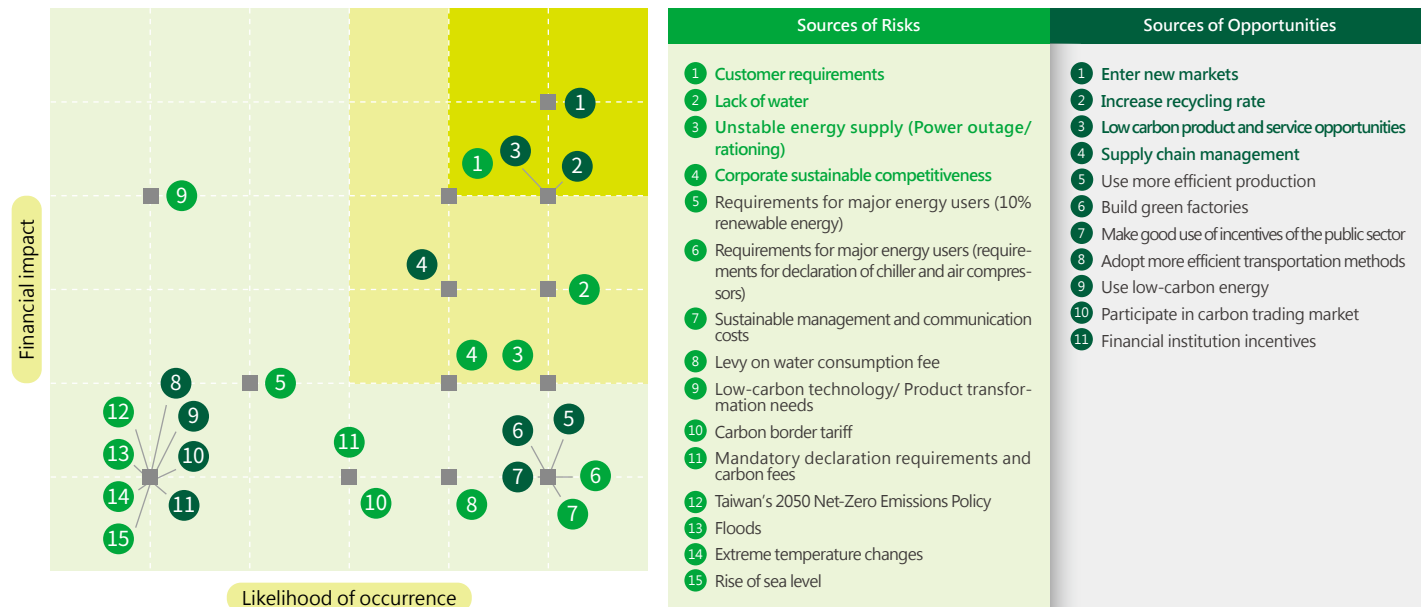
In the face of an increasingly severe business environment, companies cannot ignore the regulatory requirements and the climate actions brought about by global warming. PANJIT Group has paid long-term attention to climate change, and is dedicated to the promotion of sustainable governance. To respond to the Financial Supervisory Commission's "Sustainable Development Roadmap" and the National Development Council's "Taiwan's Pathway to Net-Zero Emissions in 2050", PANJIT Group refers to the Task Force on Climate-related Financial Disclosures (TCFD) Framework and the recommendations on the disclosure of TCFD Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies to assess and identify climate change risks and opportunities.

PANJIT has not yet officially reported and discussed climate change risk information in the board of directors. To improve the information transparency and strengthen the promotion of climate governance, PANJIT established the ESG Corporate Sustainable Development Committee in 2022 and reported to the board of directors the schedules and implementation status of the company's GHG inventory and verification on May 10, August 10, and November 9. Through the operation of the ESG Corporate Sustainable Development Committee and the reports and discussions on climate-related issues, it is conducive to the establishment of better corresponding strategies and will facilitate the sustainable management of PANJIT Group.

● Risk Management

The team members of the promotion teams of the ESG Corporate Sustainable Development Committee and the Sustainability consultants referred to the sources of climate risks and opportunities TCFD suggested and through discussions in the meetings to take inventory of possible risks and opportunities, including transition risk (policies and regulations, technology, market, reputation", physical risks (immediate, long-term), and sources of opportunities. The scope of scenarios for different topics is defined and the level of risks and opportunities are evaluated with likelihood (occurrence probability, frequency) and level of impact. Based on the identification results this year, medium and high-risk items were prioritized, with a total of 4 potential risks and 4 potential opportunities. Relevant departments of the ESG Corporate Sustainable Development Committee will discuss and set up corresponding measures for relevant risks and establish relevant management mechanism to improve response to challenges brought about by climate change and maintain the resilience of corporate operations.

Climate Change Risk/ Opportunity Matrix

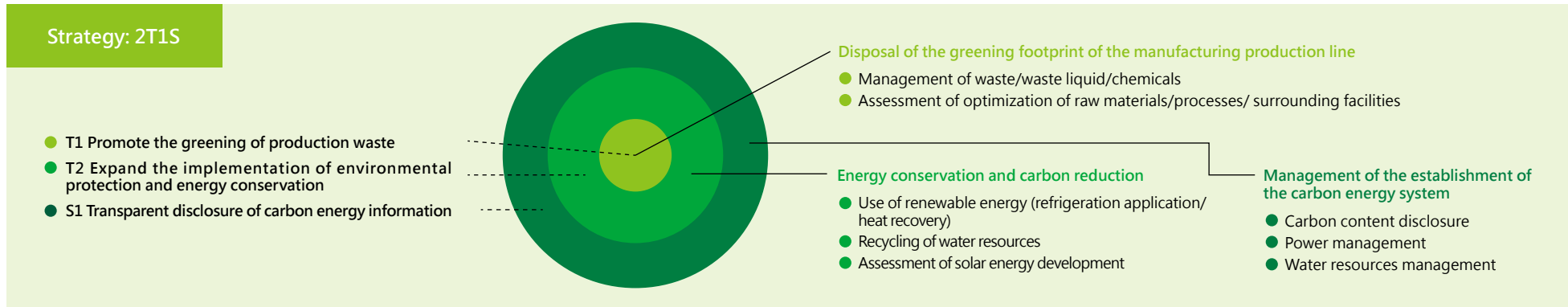


Description of Climate Change Risks, Opportunities, and Impacts

Item	Category	Topic	Impact on PANJIT	Possible timetable	Level rated	Potential financial impact
1	Market	Customer requirements	With the increasing corporate climate commitments and awareness of net-zero emissions, carbon neutrality, customers are also starting to require the use of green electricity, energy conservation, and carbon reduction of the supply chain. As a member of the semiconductor supply chain, PANJIT will need to change the way it consumes energy and shift to more eco-friendly and renewable energy use to reduce carbon emissions. In the face of the transition risk, the corresponding measures may also increase related operating expenses.	Short	High	Increased operating costs Decreased operating income
2	Physical risk	Lack of water	Although there has not yet been any incident of factory suspension due to water shortage, the global warming and global climate change still have impacts on Taiwan. Extreme weather has occurred in Taiwan in recent years, making the difference in dry and wet seasons more obvious, leading to the risk of water shortage. In addition, the water consumption has to be continuously decreased while the water recovery rate increased due to the national water use policies, which will also lead to risks of losses due to suspension and increased water costs.	Short	Medium	Increased operating costs Decreased asset value
3	Physical risk	Unstable energy supply (Power outage/rationing)	Global warming leads to increasing higher average temperature globally, especially during summer peak or in areas with concentrated economic activities. The excessive demand may be beyond the carrying capacity of the power system, which may result in power outages or power rationing. PANJIT's main production base is located in Taiwan. There have been unexpected power outages that affected operations, but no major losses have been caused. However, if the frequency or severity of the sudden power outages increases, production delays or interruption may occur. To lower this risk, it may be necessary for PANJIT to add backup generating units or other alternative energy resources to cover energy needs during power outages, which may also increase the operating costs.	Short	Medium	Increased operating costs

Item	Category	Topic	Impact on PANJIT	Possible timetable	Level rated	Potential financial impact
4	Goodwill	Corporate sustainable competitiveness	To respond to the impact of global climate change risks, a total of 137 countries have announced their commitment to net-zero carbon emissions. As a part of the supply chain of the global semiconductor industry, PANJIT has the responsibility to work with its global supply chain partners to step toward net-zero emissions and carbon reduction. If the management and performance in relation to climate change risks are not satisfactory, there may be risks for our existing customers or potential customers to choose other suppliers.	Short	Medium	Increased operating costs Decreased operating income
1	Market	Enter new markets	The global climate environment boosts the green energy industry, and the demands for new energy and high-efficient and energy saving products are increasing. PANJIT will actively enhance the development of products in the green energy supply chain (solar energy/energy storage system/e-vehicles), and more green R&D expenses should be invested to expand the market share in the green energy market and increase revenues.	Short	High	Increased operating income Increased operating costs
2	Resource Efficiency	Increase recycling rate	PANJIT strives to increase the recycling ratio and continues to recycle the e-waste (waste rubber, metal scraps, scrap products) and waste liquids in the plant. In addition to reducing the environmental impact of new resources extraction, the waste disposal costs can also be reduced, and additional revenue can be brought, enhancing the corporate image and customers' favor.	Short	High	Increased operating income Decreased operating costs
3	Product and Service	Low carbon product and service opportunities	The green procurement awareness among consumers is increasing. To meet the market demands and fulfill its commitment to environmental sustainability, PANJIT continues to study on the possibility of reduction at each stage of the product life cycle in response to the needs of the global customers, striving to lower the product carbon footprint while actively promoting the inventory and management of various energy/resources, aiming at enabling the manufacturing process and environment to be low-pollutant, low energy consuming, low water consuming, and with eco-friendly design to cope with the trend for energy conservation and carbon reduction as well as reduce energy consumption for the end consumers.	Short	High	Increased operating income Increased operating costs
4	Resilience	Supply chain management	Strengthen the sustainable management of the supply chain, promote low-carbon manufacturing, jointly set GHG emission reduction targets, and join hands with suppliers to achieve the goal of carbon reduction, stepping toward net-zero emissions, which will help enhance PANJIT's sustainable competitiveness.	Medium	Medium	Increased operating income Increased operating costs

● Actions and Strategies



Corresponding Strategies of Climate Change Risks and Opportunities

Risk/Opportunity	Corresponding Strategies
<ul style="list-style-type: none"> ① Customer requirements ③ Unstable energy supply (Power outage/ rationing) ③ Low carbon product and service opportunities 	<p>Optimization/ improvement/ replacement of major energy-consuming equipment</p> <ul style="list-style-type: none"> ● Air compressor system: Replace low-efficient air compressors with high-efficient ones. ● Chiller system: The cooling tower fans are equipped with inverted control. ● Procurement of consumables: Replace the heat conductive materials of the cooling water tower. ● Installation of renewable energy: Install the solar photovoltaic power generation system. <hr/> <p>Introduction of management systems to continue energy conservation and carbon reduction</p> <ul style="list-style-type: none"> ● Implement GHG inventory and obtain ISO 14064 verification. ● Conduct product carbon footprint inventory of key products and obtain ISO 14067 verification. ● Introduce the energy management system and obtain the ISO 50001 verification. ● Establish the carbon energy system (ESG software platform integration). ● Evaluate the introduction of heating or cooling methods to lower the power output of the equipment.

Risk/Opportunity	Corresponding Strategies
<ul style="list-style-type: none"> 2 Increase recycling rate 3 Low carbon product and service opportunities 	<p>Improvement of resource recycling and reuse rate</p> <ul style="list-style-type: none"> ● Establish a recycling mechanism and continue to increase the recycling and reuse rates of the e-waste (metal scraps, scrap products), waste rubber, and waste liquid. <ul style="list-style-type: none"> ● E-waste (metal scraps, scrap products) ● After recycling the chip scraps, high-purity precious metals of gold and silver can be refined. ● Reuse of waste rubber: Outsource and cooperate with qualified suppliers and remake the waste rubber into hollow bricks to reuse the waste and reduce the environmental impact. ● Recycle waste liquids: After reprocessing the waste acid liquid containing heavy metal produced during the process, the industrial raw material, nickel sulfate, can be produced for reuse. ● Continue to evaluate the feasibility and applicability of recycling/regeneration with downstream recycling manufacturers.
<ul style="list-style-type: none"> 2 Lack of water 3 Low carbon product and service opportunities 	<p>Systematic management of process wastewater</p> <ul style="list-style-type: none"> ● Process wastewater: It has to be treated in the plant before being discharged, and it is managed separately in accordance with the drainage characteristics, which can increase the recovery rate of water. ● Part of the waste acid liquid: Organic waste liquids still have economic value for recycling, and the separate diversion for treatment can reduce the dosage of wastewater treatment, which can also reduce the difficulty of back-end waste treatment and environmental load. ● Reduction of sludge: Introduce a sludge dryer to reduce the sludge produced in the process. Then it is entrusted to qualified waste removal and treatment service providers for final disposal. The sewage separated during the drying process enters the company's wastewater treatment system for treatment so as to meet the discharge standards. ● Water outage of the water plant: Negotiate with the third party (water source company) on the subsequent cooperation projects to purchase water if needed. <p>Water conservation promotion and hardware improvement for domestic water</p> <ul style="list-style-type: none"> ● Provide relevant promotional materials and post warnings and reminders at key water use areas (faucets) for the saving of domestic water. ● The faucets of the entire plants have been replaced with sensor faucets, and the factory facility unit conducts control of the water volume and adjusts the discharge water flow accordingly based on the water pressure on the water meter. ● Prepare water reserves in the plant.
<ul style="list-style-type: none"> 1 Customer requirements 4 Corporate sustainable competitiveness 3 Low carbon product and service opportunities 4 Supply chain management 	<p>Work with the supply chain and set GHG reduction targets</p> <ul style="list-style-type: none"> ● Confirm the support from the high-level management of the suppliers and start to conduct GHG reduction. ● Confirm that the suppliers have started the implementation, If not yet started, we will ask the suppliers to provide a schedule for future implementation. ● Confirm whether the goals set are achieved based on the goals planned by the suppliers. If counseling is needed, the responsible unit of the plant will be entrusted to provide counseling. ● Achieve the ultimate goal of carbon neutrality and net-zero emissions.
<ul style="list-style-type: none"> 1 Enter new markets 	<p>Enhance the R&D and application of products in the green energy market</p> <ul style="list-style-type: none"> ● Continue the investment and strategic layout in power semiconductor field and provide more complete Power Solutions through diversified product lines. ● Continue the deep plowing in the automotive market, provide solutions in relation to e-vehicle applications, connect with end customers closely, and provide stable supply to reach growth together. ● In response to the relevant green energy applied derived from climate change, the company will expand the product layout of charging piles, energy storage systems, and solar energy. ● In the short-term, we will increase the revenue share of the green energy supply chain (solar energy/energy storage systems/e-vehicles) through the existing product line. ● In the medium and long term, we will develop a new generation of power component products through a new generation of independent development technology, providing more effective products in the green energy industry to achieve the effect of energy conservation.

Indicator Targets

To lower the impact on operations brought by climate change, the company has set short-, medium-, and long-term management goals for GHG emissions, renewable energy use, wastewater recycling, waste reduction, resource recycling and so on as the regular review and evaluation of the goal achievement status and for the establishment of corresponding improvement plans.

Climate-related Indicators

Indicator	Short-term (2023~2025)	Medium-term (2026~2030)	Long-term (2031~2040)
Greenhouse Gases	<ul style="list-style-type: none"> Annual carbon reduction >1% 	<ul style="list-style-type: none"> Carbon reduction by 2030 to be larger than 10% compared with that of the base year (2022) 	<ul style="list-style-type: none"> Achieve carbon neutrality
Installation of renewable energy	<ul style="list-style-type: none"> Increase the installation of solar energy facilities, with the contractual capacity of about 500 kwp. 	<ul style="list-style-type: none"> Assessment of additional installation of solar energy facilities 	<ul style="list-style-type: none"> Assessment and purchase of green energy
Waste reduction	<ul style="list-style-type: none"> Annual decrease of 3% with 2020 as the base year. 	<ul style="list-style-type: none"> Annual decrease of 4% with 2020 as the base year. 	<ul style="list-style-type: none"> Annual decrease of 5% with 2020 as the base year.
Recovery rate of process wastewater	<ul style="list-style-type: none"> >25% 	<ul style="list-style-type: none"> >28% 	<ul style="list-style-type: none"> >30%
Resource recycling	<ul style="list-style-type: none"> Recycling rate of e-waste: > 87% Recycling rate of waste rubber: > 95% Recovery rate of waste liquid: > 50% 	<ul style="list-style-type: none"> Recycling rate of e-waste: > 89% Recycling rate of waste rubber: > 98% Recovery rate of waste liquid: > 55% 	<ul style="list-style-type: none"> Recycling rate of e-waste: > 89% Recycling rate of waste rubber: > 98% Recovery rate of waste liquid: > 60%
R&D of green products	<ul style="list-style-type: none"> Products that have been mass-produced to enter the green energy supply chain. Plan and develop the green application market and transfer to mass production after certification. 	<ul style="list-style-type: none"> Add products into the green market application certification and increase the market share. 	<ul style="list-style-type: none"> Continuously update the technology platforms and increase the product performance and market share in green application market.
Carbon reduction of the supply chain	<ul style="list-style-type: none"> Require suppliers to fill in the Supplier Partner Corporate Social Responsibility Topics Survey Questionnaire. The response rate of the questionnaire to be 96%. 100% of the suppliers sign the Supplier Corporate Social Responsibility Commitment. Set up the GHG reduction targets with the direct raw material suppliers. Develop the content of the self-assessment form of carbon reduction and set the target with the suppliers in accordance with the content. 	<ul style="list-style-type: none"> Publicly announce the GHG reduction on a yearly basis. Set up the carbon reduction targets and achieve them on a yearly basis. 	<ul style="list-style-type: none"> Suggest the suppliers to set the 2040 carbon neutrality goals and jointly achieve the goal of net-zero emission by 2050.

4.2 Energy and Emissions

• Use of Energy

The energy PANJIT uses includes purchased electricity, gasoline, diesel, and liquefied petroleum gas (LPG), among which, purchased electricity is the major energy used, accounting for 99.37% of total energy use, which is used for process power, air compressors and other electrical facilities. Uses for other energy sources are for company cars, forklifts, and canteens. The company installed solar panels in the plant and sells electricity to Taiwan Power Company. In 2022, the total solar power generation was 163,584kWh (about 588.90GJ). In the future, the company will continue to increase the proportion of the use of renewable energy.

Energy use in the past three years

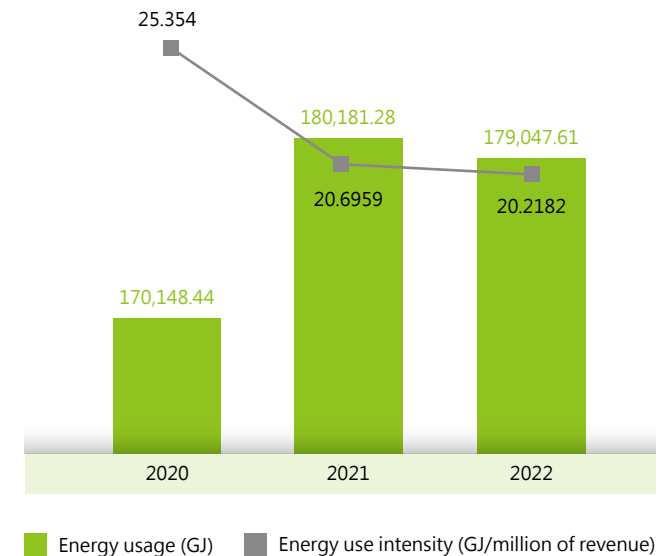
Unit:GJ

Year	2020	2021	2022
Gasoline	14.48	5.13	20.20
Diesel fuel	50.51	26.64	43.12
Liquefied petroleum gas (LPG)	441.03	412.96	453.15
Purchased electricity	169,642.41	179,736.54	178,531.14
Total	170,148.44	180,181.28	179,047.61
Operating income (NTD million)	6,710.92	8,706.12	8,855.79
Energy use intensity (GJ/million of revenue)	25.3540	20.6959	20.2182

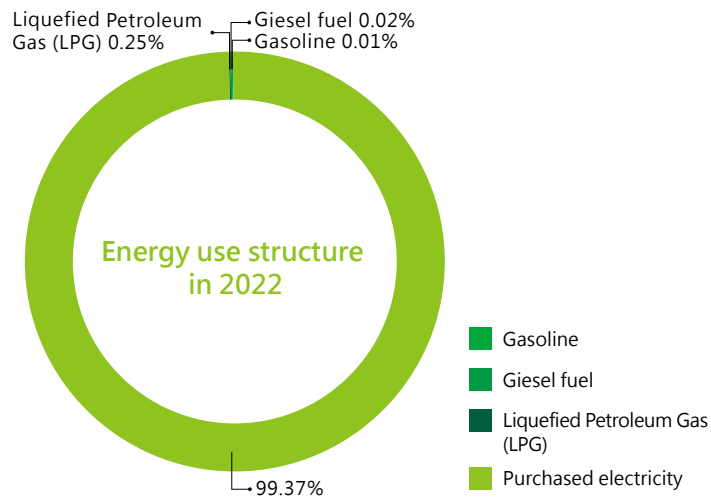
Note:

1. Source of data: Purchased electricity (kWh) was based on the data listed in the monthly electricity bills of Taiwan Power Company; data for the liquefied petroleum gas (kg), gasoline (liter), and diesel (liter) were mainly based on the invoice documents.
2. The source of conversion coefficient used was from the latest GHG Emission Factor Management Table Version 6.0.4 announced by the Environmental Protection Administration.
3. Energy conversion coefficient: Electricity=3,600 kJ/kWh; diesel=8,400 kcal/L; gasoline=7,800 kcal/L; liquefied petroleum gas=6,635kcal/L.

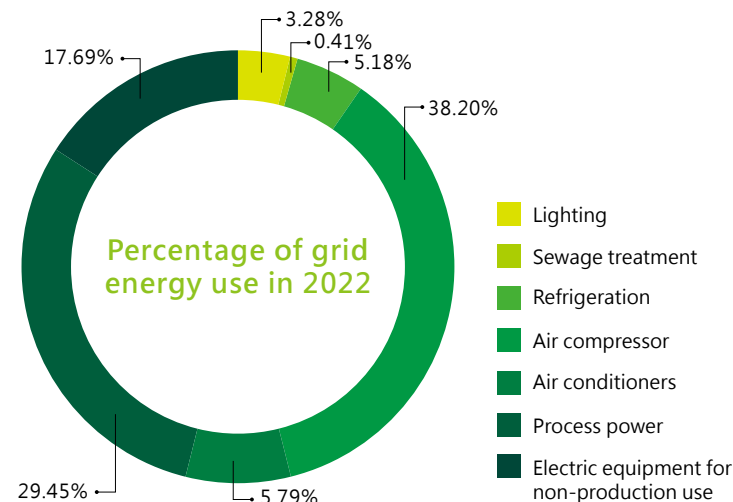
Energy consumption in the past three years



Energy use structure in 2022



Percentage of grid energy use in 2022



• Energy conservation measures and performance

PANJIT works in line with the Ministry of Economic Affairs' "Energy users set energy conservation goals and implementation plan" Project to promote the energy conservation plans, and a series of energy conservation actions with the goal of reaching more than 1% of average energy saving rate between 2015 and 2024. As for PANJIT is concerned, the main energy use is from purchased electricity. In 2022, two energy conservation projects were implemented targeting at electricity, and the total energy saved reached 849,524 kWh/year, a reduction of GHG by approximately 420.51 TCO₂e.

Energy conservation project	Specific action	Electricity saved (kWh/year)	(TCO ₂ e) GHG reduction after conversion (TCO ₂ e)	Energy saved after conversion
Improvement of air compressors	Purchase of air compressors with high efficiency	802,080	397.03	2,887.49
Optimization of cooling tower	Added variable frequency control to 900RT	47,444	23.48	170.80

Note:

1. The electricity conservation data was calculated in accordance with the equipment specifications and usage scenarios.
2. The calculation of GHG reduction was conducted by using the 2022 electricity carbon emission factor of 0.495 kg CO₂e/kWh for conversion.

The total installation capacity of the rooftop solar panels on part of the plant is about 154.63 kW, and the electricity generated is sold to Taiwan Power Company (TPC). In 2022, 163,584 kWh of electricity was sold to TPC.

Green building dormitory

In the trend of environmental protection and energy conservation, the company adopted the design conforming to green building standards for the construction of employee dormitory in 2016. A 35.1 kW solar PV power generation equipment was installed on the roof, and the entire building uses water-saving labeled toilet products, green partition materials as prescribed by the Green Building Autonomy Regulations of Kaohsiung City Government. The Public Works Bureau of Kaohsiung City Government has identified the building as green building (base greening, base water conservation, energy conservation, green building materials).



• GHG Management

To strengthen GHG management, PANJIT conducted the inventory of the in-plant GHG emissions in accordance with the ISO 14064-1:2018 standard in 2023, and the third-party verification was completed in August, 2023, while having the verified GHG emissions of 2022 as the base year, so as to precisely understand the GHG emissions status of the company. The scope of inventory includes Scope 1, Scope 2, and Category 3-6.

GHG emissions in the past three years

	Unit: tCO ₂ e		
Year	2020	2021	2022
Scope 1 (Category 1)	1,361.93	1,479.68	1,437.05
Scope 2 (Category 2)	23,655.89	25,063.26	24,548.03
Total emissions (Scope 1+Scope 2)	25,017.82	26,542.94	25,985.08
Scope 3 (Category 3~6)	496.75	394.89	249.69
Operating income (NTD million)	6,710.92	8,706.12	8,855.79
Scope 1 + Scope 2 greenhouse gas emission intensity (tons of CO₂e /millions of revenue)	3.73	3.05	2.93
Scope 3 greenhouse gas emission intensity (tons of CO₂e/millions of revenue)	0.07	0.05	0.03

Note:

- In this Report, data for 2020-2021 were data obtained through self-inventory. The third-party verification has been completed for 2022 data in August, 2023.
- Operational control was adopted, and the Global Warming Potentials (GWPs) was from IPCC's Sixth Assessment Report (AR6).
- Types of greenhouse gas emissions: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).
- The emission coefficient was based on the GHG Emission Factor Management Table Version 6.0.4 announced by the Environmental Protection Administration.
- The purchased electricity was from the electricity emission factor announced by the MOEA's Bureau of Energy. The 2022 electricity emission factor=0.495kgCO₂e; the 2021 electricity emission factor= 0.509kgCO₂e; and the 2020 electricity emission factor= 0.502kgCO₂e.
- Scope 1 mainly includes LPG, diesel, gasoline, refrigerant; Scope 2 is purchased electricity; Scope 3 mainly includes upstream transportation of raw materials, downstream transportation of finished products, employee business trips, employee commuting, and waste disposal.

4.3 Water Resources Management

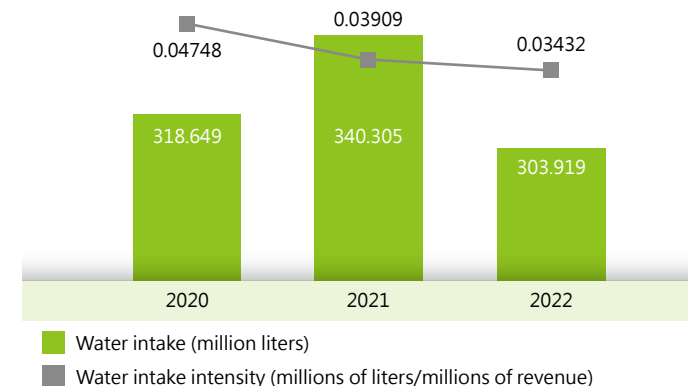
The main water use at PANJIT is tap water, and the water source is from Agongdian Reservoir. Water intake is compliant with local regulations and does not cause major environmental impact. The water resource stress risk where the plant is located is assessed in accordance with the World Resources Institute’s (WRI) Aqueduct Water Risk Atlas, and the results show that they are in “low-risk” areas. The company will also continue to pay attention to the water resource risks for timely establishment of the corresponding strategies. The water withdrawal intensity in 2022 was 0.03432 million liters/million revenue, a decrease of 12.20% compared with the previous, which was mainly because of the control of process wastewater recovery.

Water use in the past three years

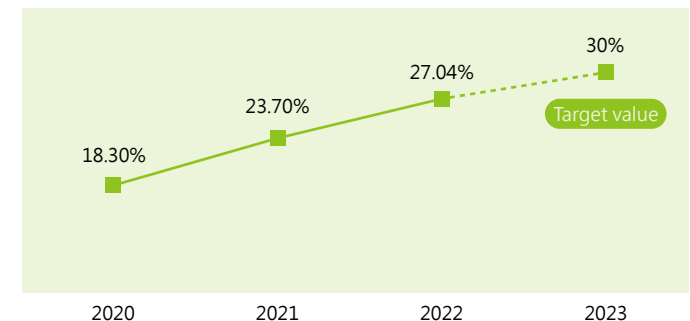
Year	2020	2021	2022
Water intake (million liters)	318.649	340.305	303.919
Water discharge (million liters)	285.224	243.629	241.046
Water consumption (million liters)	33.424	96.675	62.873
In-plant recycling water (million liters)	58.310	80.512	82.177
Water recovery rate (%)	18.3%	23.7%	27.04%
Operating income (NTD million)	6710.92	8706.12	8855.79
Water withdrawal Intensity (million liters/million revenue)	0.04748	0.03909	0.03432

Note:

1. Water consumption= Water intake – discharge volume
2. Water recovery rate: In-plant recycling water / (water intake + In-plant recycling water) x 100%



Water recovery rate over the years



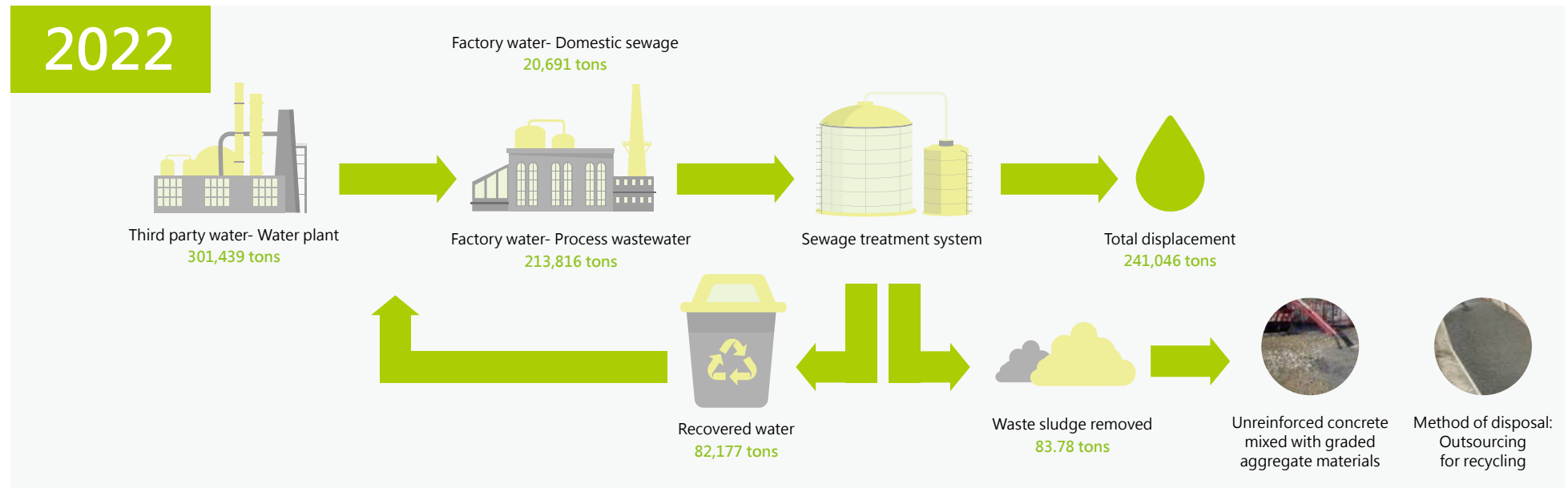
Wastewater at PANJIT mainly includes process wastewater and domestic sewage, which are treated in the wastewater treatment plant in the plant before being discharged, and is also diverted and managed separately in accordance with the drainage characteristics. This not only helps increase the recovery rate of water but also reduce the dosage used for water treatment that will lessen the difficulty of back-end wastewater treatment and environmental load due to the fact that some waste acid liquid and organic waste liquid still have its economic value after recovery. The treated sewage is discharged into the sewers in accordance with regulations and eventually flows to Agondian Creek. The company also entrusted manufacturers to conduct water quality testing on a regular basis, and the results show the treatment is compliant with legal requirements and there is no major impact on local water bodies.

To increase the water recovery rate, the company has actively invested in the water recover system. We have installed an electroplating-rinse-water recovery system and the cutting fluid wastewater recovery system in 2022 and added the recovery system for reverse osmosis (RO) concentrated water in 2023. The water recovered in 2022 was 82,366 tons, with the water recovery rate of 27.3%.

2022 Wastewater Monitoring Statistics

Unit:mg/L

Monitoring items	COD	SS	Ammonia nitrogen	Total chromium	Nickel	Copper	Arsenic	Zinc	Nitrate nitrogen
Regulatory standards	100	30	20	1.5	0.7	1.5	0.35	3.5	50
Monitoring results	71.2	11.1	1.53	<0.005	0.098	0.054	<0.0010	0.035	2.33



4.4 Waste Management

The waste generated in PANJIT is divided into general industrial waste and hazardous industrial waste. In 2022, the amount of waste totaled 547.73 tons, a decrease of about 32.7% compared with the previous year. The total amount of general industrial waste was 466.71 tons (account for 85.21%) while that of hazardous industrial waste amounted to 81.02 tons (accounting for 14.79%). Treatment of waste is compliant with legal regulations, and the waste removal and disposal are entrusted to qualified waste disposal service providers. Contracts are signed and declarations are submitted online. The waste disposal service providers are equipped with GPS to track the routes for waste removal and disposal, and the vehicles are followed for inspection of the treatment status on a regular basis every quarter. The e-waste and waste liquids are also handed over to professional recycling companies for the recovery and processing. Waste for recycling includes general resources and scraps. The packaging materials in the plant are reduced by changing cartons into iron boxes so as to recycle for use and reduce the use of cartons and disks. PANJIT does not import or export hazardous waste listed in the Basel Convention. There was no improper disposal or transport of waste to foreign countries for processing in 2022.

To increase the efficiency of resource use and lower the environmental load, the total amount of waste recycled for reuse in 2022 amounted to 529.98 tons, accounting for 96.76% of total waste. Hazardous waste recycled totaled 66 tons, accounting for about 81.46% of the total amount of hazardous waste. Measures taken and achievement status are as follows.

● Recycling of E-Waste

After recycling and processing, high-purity precious metals like gold and silver water waste can be refined. The amount reprocessed in 2022 and 2021 was 1.59 tons and 2.02 tons respectively.

● Waste-liquids Recycling

After reprocessing the waste acid containing heavy metals generated in the process, it can be made into nickel sulfate, an industrial raw material. The regeneration of raw materials can be reused. The reprocessed amount in 2022 and 2021 was 28.51 tons and 5.34 tons respectively.

Statistics of E-Waste Recycled in the past three years

Unit: ton(s)

Items in the statistics of e-waste recycled	2020	2021	2022	
A. Scrap weight of defective products at TMTT station (including metals and non-metals)	3.62	4.73	4.75	
B. Scraps from manufacturing process (scrap iron)	193.38	248.15	216.70	
C. Waste e-components, scraps, and defective products	Wafer waste (including metal and non-metal)	1.80	2.02	1.59
	Scraps and defective products (including metals and non-metals)	23.65	31.48	27.93
D. Total weight of e-waste recycled (B+C)	218.83	281.65	246.22	
E. Total scrap weight of e-waste (A+B+C)	222.45	286.38	250.97	
Percentage of recycling (D/E)	98.37%	98.35%	98.11%	

● Waste Rubber for Remaking Rubber Products

Waste rubber is entrusted to recycling service providers for recycling and remaking it into hollow bricks to enable the reuse of waste resources and reduce the environmental impacts. The reprocessing amount in 2022 was 58.11 tons.

● Reduction of Sludge

The company introduced a sludge dryer in 2019. Sludge produced during the process is first reduced before being entrusted to qualified waste disposal service providers for final disposal. The swage separated during the drying process goes to the company' s wastewater treatment system for treatment to comply with the effluent discharge standards. The processed amount of sludge in 2022 and 2021 was 83.78 tons and 102.75 tons respectively.

Statistics of Waste Consumption in 2022

Unit: ton (s)

Waste	Name of Waste	Disposal Operations	Declaration/ Statistics of Weight
General industrial waste	Recycling and Reuse		463.98
	Waste plastics mixtures	Made into hollow bricks for reuse	58.11
	Resource recycling (paper/plastics/ iron aluminum)	Resource recycling	81.34
	Scrap iron	Resource recycling- Remanufacturing of stainless steel	216.70
	Scrap wood	Reuse- Fuel	24.05
	Inorganic sludge	Remade into concrete aggregate after physical treatment	83.78
	Final disposal		2.73
	General waste generated from business activities	Incineration (heat recovery for power generation)	2.73
	Total		466.71
	Hazardous industrial waste	Recycling and Reuse	
The pH value of the waste liquids is less than (or equal to) 2.0		Reuse as industrial raw materials	28.51
Waste liquid (solvent)		Remade into industrial raw materials	7.97
Waste electronic components, scrap and defective products		Remade into other metals	29.52
Final disposal		15.02	
Copper and its compounds		Incineration (excluding energy recovery)	7.20
Other corrosive industrial waste mixtures		Incineration (excluding energy recovery)	7.82
Subtotal		81.02	
Total		547.73	

Note: The above information is statistical data reported to the Environmental Protection Agency.



People Orientation

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5.1 Human Rights Management

PANJIT is dedicated to the protection of the employees' basic human rights, and complies with the labor related laws and regulations where its global operation bases are located in. We are committed to supporting and complying with the Universal Declaration of Human Rights (UDHR), UN Global Compact, International Labor Organization (IOL) Convention, and other internationally recognized human rights and standards and treat all employees fairly, reasonably, and with dignity and respect.

The company obtained the SA 8000 certification in 2014 and has established the Corporate Social Management Manual in accordance with SA 8000, international conventions and organizations, Universal Declaration of Human Rights and the requirements of international standards for corporate social responsibility as well as local labor-related acts to set visions and policies in relation to corporate social responsibility with the contents of the following six major axes, including Compliance, Energy Conservation and Waste Reduction, Elimination of Risks, Respect for Human Rights, Discipline and Responsibility, and Continuous Improvement.

● Human Rights Management Standards

In terms of human rights management, PANJIT introduced the Responsible Business Alliance (RBA) in 2019 to ensure a safe working environment for the employees out of respect so that employees can work with dignity. There has set internal code of conduct and management measures in relation to human rights so as to implement and strengthen the promotion and management of human rights. For human rights management in the supply chain, please refer to 3.3 Supply Chain Management.

Name of Document		Approval Level
● Work Rules		Approved by the president and submitted to Labor Affairs Bureau of Kaohsiung City Government
● Corporate Social Responsibility Management Manual	● Declaration of Corporate Social Responsibility Policy (Guidelines)	President
<ul style="list-style-type: none"> ● Management Procedures for the Prohibition of Child Labor ● Management Procedures for Forced and Compulsory Labor ● Management Procedures for the Prohibition of Discrimination ● Management Procedures for Salary and Compensation ● Management Procedures for the Prohibition of Disciplinary Measures ● Management Procedures for Freedom of Association and Collective Bargaining 	<ul style="list-style-type: none"> ● Corporate Social Responsibility Communication Management Procedures ● Ethical Management Procedures ● Whistleblower Protection and Anti-Retaliation Management Procedures ● Management Procedures for Underage Workers, Students, Interns, and Work-Study Students ● Management Procedures for Anti-Slave Labor and Human Trafficking ● Management Procedures for Privacy and Confidentiality ● Sexual Harassment Prevention and Management Standards 	Chief Human Resources Officer (CHRO)
● Ethical Corporate Management Best Practice Principles	<ul style="list-style-type: none"> ● Measures for the Management of Stakeholders' Suggestions and Complaints ● Procedures for Ethical Management and Guidelines for Conduct 	Board of Directors

• Human Rights Management Measures

There were no incidents of discrimination, employment of child labor or underage workers, forced or compulsory labor, prohibition of freedom of association, infringement of the rights of indigenous people, nor were there major disciplinary cases during the reporting period. However, there was one case for which the company was imposed of a small amount of fine due to the fact that the extending working hours exceeded statutory requirements, and the improvement was completed. Specific measures concerning the promotion of human rights of the company are as follows.

Item	Specific Measures
Prohibition of forced labor	Strictly comply with local laws and regulations and requirements for corporate social responsibility the company established. Establish procedures for prohibition of forced labor and implement relevant regulations when executing the procedures, and do not force or coerce anyone to engage in involuntary labor.
Prohibition of child labor	Comply with norms of corporate social responsibility and relevant human rights declarations, establish procedures for the prohibition of child labor, and implement relevant regulations of the procedures. The company also strictly requires that only people aged 18 and above can apply for the openings of the company. Those who are hired will be subject to double check of the identity to ensure the implementation of relevant process.
Prohibition of discrimination	Follow the norms of corporate social responsibility and local regulations to establish the management procedures for the prohibition of child labor and establish relevant norms for the execution of procedures. As prescribed in the procedures, there is no discrimination against anyone due to any factors that may cause discrimination (such as race, political affiliation, star sign, blood type, etc.), and revise relevant work forms and process, striving to provide work processes and an environment free of discrimination.
Provision of a safe working environment	Concerning the working environment, the company conducts improvement of hardware and software, continues to improve relevant management process, and promotes four major labor health protection programs (maternal health protection, illegal infringement when performing duties, abnormal workload, and ergonomic hazards) to protect all workers and provide a safer working environment.
Assisting employees to reach physical and mental health/work-life balance	Provide diverse employee activities (such as the quarterly coffee time with the president, trips for all factory employees, annual health checkups for all factory employees, and on-site occupational health physicians). We begin with the employees' health needs, care for our associates, and have set up a dedicated breastfeeding space as well as signed contracts with kindergartens to suit their childcare needs that can allow our employees to work at ease. We also added the paid happy birthday leave for our employees, striving to create a working environment for work-life balance.
Education and training of corporate social responsibility- all new recruits and the entire factory employees	The content of the complete orientation for every new recruit includes labor (such as prohibition of discrimination, prohibition of forced labor, etc.), environment training for workplace safety and health, health promotion instruction, anti-bullying in the workplace, anti-sexual harassment, and others, allowing all employees to clearly understand the regulations of the company when they start working. In addition, the departmental supervisors also receive the corporate social responsibility training. Through diversified explanations, the supervisors can have better understanding of relevant regulations. The supervisors work together with their associates to achieve a win-win for the management and the labor, playing a role in the corporate social responsibility together. In 2022, a total of 435 new recruits participated in the training, with 100% of new employees being trained.
Freedom of association	The company does not set restriction on employees' freedom of association and collective bargaining. PANJIT follows relevant RBA regulations and has established internal management procedures for freedom of association and collective bargaining. We respect and support the employees' rights for independence, free association, collective bargaining, and participation in peace assembly. Our employees and all representatives can communicate and share their ideas with management through labor-management meetings and other reasonable channels to express their ideas without being worried about being discriminated, threatened, or harassed.

2022 Improvement and remedial measures for the violation: "The extension of working hours exceeded regulatory provision in the Labor Standards Act"

- Immediately implemented the management of requirements in terms of legal regulations and systems, along with relevant corrective measures.
- Explained the working hours (regulatory requirements, customer requirements, and RBA planned working hours) and require relevant units to comply with relevant regulations concerning overtime working hours and working hours.
- Supervisors can get the real-time data on the personnel attendance and overtime at any time through the human resources management system.
- The Human Resources Department provides statistics on overtime hours on a monthly basis, and also specifies relevant overtime requirements and specifications for the units to follow.
- Continued to follow the company's internal management procedures for prohibition of forced and compulsory labor, implement relevant compliance requirements for supervisors and personnel of every unit to avoid subsequent illegal incidents from happening so as to make proper protection of the employees.



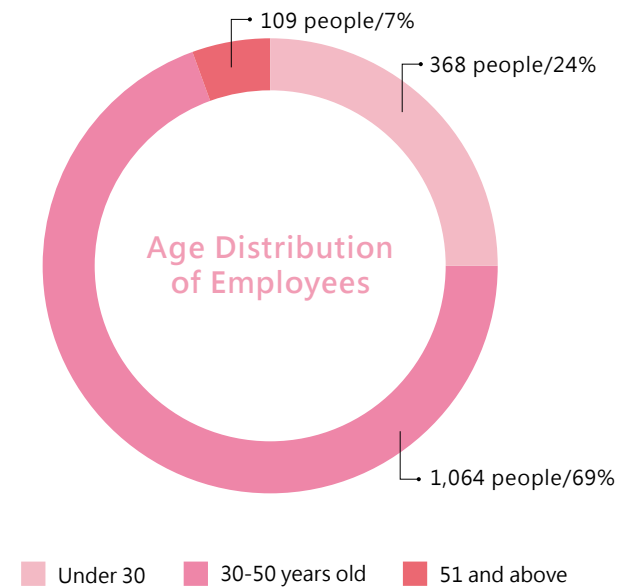
5.2 Employee Composition

The total number of employees of PANJIT in 2022 was 1,541, with 944 females (61.3%) and 597 males (38.7%), all of whom were regular full-time employees. Looking at the positions, there were 29 senior supervisors (1.9%) and 1,512 (98.1%) non-senior supervisors (including other employees). In addition to regular employees, external contractors perform part of the work in the factory area, including 13 female workers and 11 male workers, and the type of work include cleaning, group catering, and security.

Overview of PANJIT's 2022 Employee Distribution

Area \ Age\Gender	Female			Male			Total
	Under 30	30-50 years old	51 and above	Under 30	30-50 years old	51 and above	
Kaohsiung- Gangshan	217	554	54	95	324	24	1,268
Kaohsiung- Yong-an	27	55	3	20	58	11	174
Hsinchu	1	2	0	2	8	3	16
Taipei	4	24	1	1	31	8	69
China (Dispatched)	1	0	1	0	8	4	14
Total	250	635	59	118	429	50	1,541
	944			597			

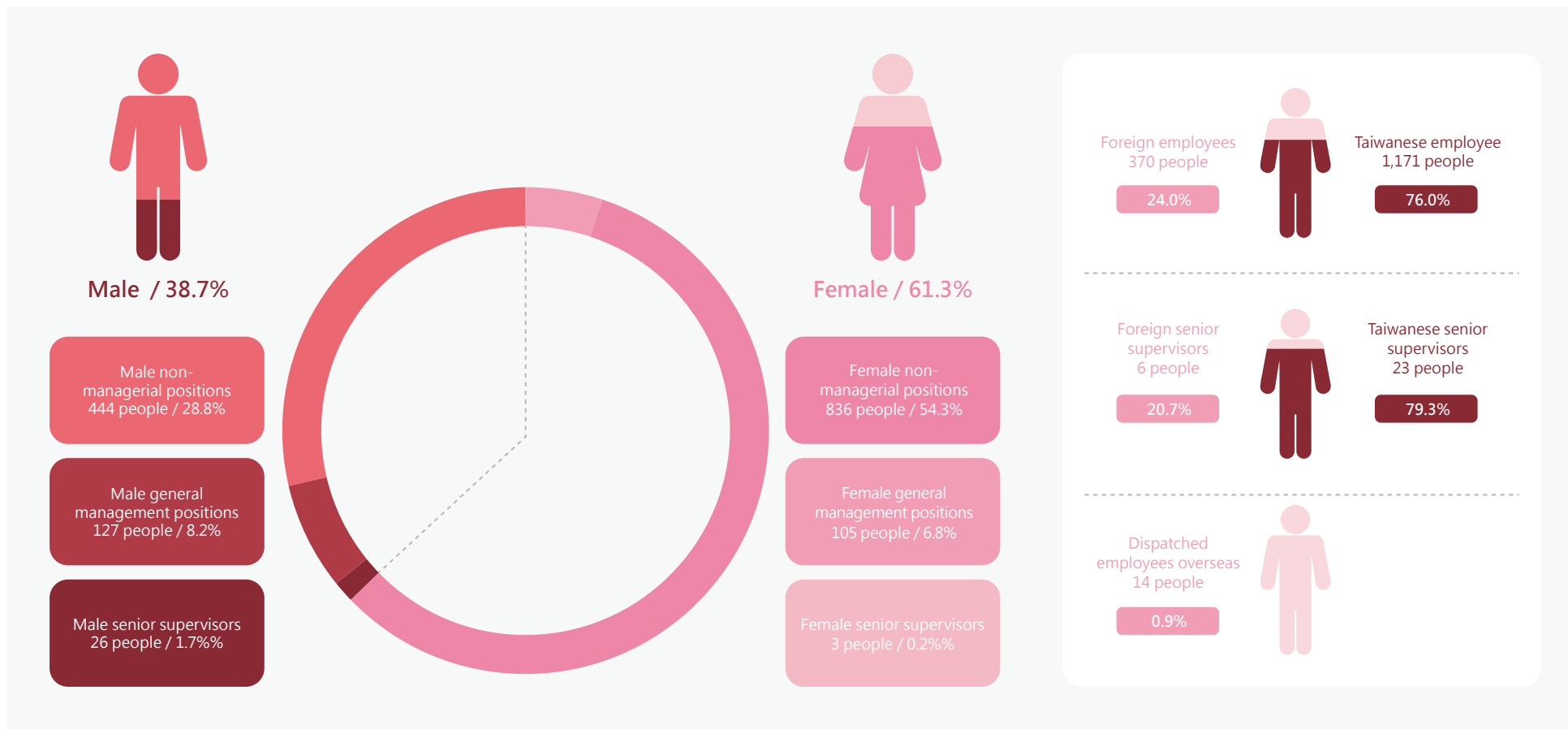
Age Distribution of Employees



Note:

1. The data shows the number of employees in the HR management system as of December 31, 2022.
2. As of the end of 2022, there were no part-time or temporary employees, nor were there employees without guaranteed working hours.
3. Definition of senior supervisors: Those holding the position of Director (inclusive) and higher.

• Equality and Diversity in the Workplace



Note:

1. Definition of senior supervisors: Those holding the position of Director (inclusive) and higher. Among them, 23 senior supervisors (79%) are of Taiwanese nationality.
2. Definition of general management positions: Management positions other than senior supervisors.

PANJIT is devoted to creating a friendly working environment with equality, diversity, and inclusiveness. All the employees enjoy equal remuneration and promotion opportunities regardless of gender. In addition to employees with Taiwan nationality, there are also employees from Thailand, the Philippines, Vietnam, Malaysia, Indonesia, Germany, and South Korean, forming a workplace with diversity. The company is dedicated to the implementation of equality in employment and a friendly working environment with diversity and inclusiveness. All employees enjoy equal pay for equal work as well as equal promotion opportunities regardless of gender. In 2022, among the non-managerial positions, female employees accounted for 65.3% and those in managerial positions accounted for 41.4%. The workplace we provide allow employees to have the same opportunities to give full play to their talents regardless of gender restrictions.

The company employs people with disabilities and indigenous people in accordance with People with Disabilities Rights Protection Act. For the insufficient number of people with disabilities hired, the company not only pays the difference subsidies to the competent authority but has established improvement measures. The number of employees with disabilities hired in 2022 was 9 (0.6%) and that of indigenous ones was 2 (0.1%).

1. Continue to look for and hire suitable people with disabilities through employment matching services and provide employment opportunities for people with disabilities to comply with legal requirements.
2. With the assistance of the government subsidy measures and job redesign to develop more jobs for people with disabilities.
3. Construct a comprehensive and supportive employment mechanism by combining the government and social resources to hire sufficient number of employees with disabilities.

Distribution of Foreign Employees

Gender/Nationality	Thailand	The Philippines	South Korea	Vietnam	Malaysia	Indonesia	Germany	Number
Male	0	8	7	2	1	1	1	20
Female	303	44	0	2	1	0	0	350
Total	303	52	7	4	2	1	1	370
Percentage in all employees (%)	19.7%	3.4%	0.5%	0.3%	0.1%	0.1%	0.1%	24.0%






Note: Foreign employees are those employed by PANJIT and hold work visa.

Distribution of Overseas Employees

Country	Senior supervisor		Non-senior supervisor		Number	Percentage in all employees (%)
	Male	Female	Male	Female		
China	3	0	9	2	14	0.9%

Note: Overseas employees are those employed by PANJIT but work outside Taiwan.

5.3 Recruitment and Employment

Management Approach of Talent Cultivation and Retention		Material topics	Talent Cultivation, Talent Attraction and Retention
 <p>Purpose of Management</p>	<p>The key factors to ensure the long-term development and maintain the competitive advantage of an organization is to attract and retain outstanding talents. Setting up a stable human resources system can not only attract talents with excellent abilities and potentials into the organization, but also provide the employees with care and benefits they need to ensure that their rights and interests are guaranteed.</p>		
	<p>There have not been actual incidents with actual negative impact. PANJIT has established systems to improve the organization and set up regulations in relation to personnel recruitment and employment in accordance with Labor Standards Act and relevant laws and regulations. If a negative event happens, remedial measures will be taken on a case-by-case basis to lower the damage of rights and interests.</p>		 <p>Remediation Mechanism</p>
 <p>Management Review</p>	<ul style="list-style-type: none"> ■ The monthly operational meeting of high-level decision-making group is in charge of supervising human resources activities and providing timely suggestions on the directions of human resources. ■ In addition to the HR related departments and the organization of the Employee Welfare Committee, the management at all levels are responsible for talent introduction/ cultivation/ retention. ■ Make good use of government resources, participate in recruitment and cultivation programs, and help the company introduce talents through diverse channels. ■ Continue to strengthen online learning resources, properly preserve the learning process, and break the limitation of learning territory/time/cost. ■ Introduce the performance appraisal system and keep the track of performance and the development history. 		
	<p>Short-term Goals (2023)</p> <ul style="list-style-type: none"> ■ Expand the recruitment channels and make up the channels for the talent recruitment period within 90 days. ■ Introduce interview guidelines to reduce the turnover rate of new employees within three months by 50%. ■ Make use of government resources to obtain recruitment-related subsidies of NTD 500,000/year. ■ Obtain the improvement plan for Talent Quality-management System (TTQS) 	<p>Medium- and Long-term Goals (2024~2026)</p> <ul style="list-style-type: none"> ■ Continue to provide salary levels that are competitive in the market. ■ Create a highly challenging workplace where employees can give their skills to full play. ■ Introduce the employee assistant program. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> ■ There were no negative incidents such as human rights violation or labor disputes in 2022. ■ Participated in three sessions of campus briefing and six sessions of campus job fair in 2022. ■ Held online recruitment interviews in 2022, and the satisfaction of the overall activity reached 4.82 (out of 5 points). ■ Priority was given to students participating in the internship program in the employment in 2022. ■ Continue to maintain a stable status of human resources. In 2022, the new recruit arrival and employee departure was maintained within 5%. ■ In 2022, the talent evaluation system was introduced, and 100% of the indirect personnel applicants were evaluated to find people meeting the job suitability. ■ In 2022, 20% of the personnel in each department joined critical talent cultivation program, and the talent performance maintenance rate was 77.5%. ■ In 2022, every critical talent read 289 units on average, with the cumulative number of 33,554 clicks. ■ In 2022, through the digital learning mechanism that was promoted, as high as 60% of personnel participated in the courses through their mobile devices. 		

Employees are the most important assets for the sustainable management of an enterprise. The growth and development of an enterprise rely on the contributions and efforts of its employees. PANJIT is dedicated to creating a humane atmosphere in terms of management, and strictly complies with the Labor Standards Act in the recruitment and employment of employees, and does not discriminate the applicants due to race, skin color, age, gender, star sign, blood type, place of origin, sexual orientation, gender identity and expression, race or ethnicity, disability, pregnancy, belief, political stance, group background, veteran status, protected genetic information or marital status in hiring. In the event of major operational changes, in addition to convening the labor-management meeting to discuss major issues and obtaining consent of labor representatives, if there are any personnel changes or changes in labor conditions, affected employees will be notified in accordance with the minimum notice period stipulated in the Labor Standards Act.

• Diverse Recruitment Channels

PANJIT makes use of diverse recruitment channels, including Head Hunter, 104 Job Bank, campus job fair, internship program, PANJIG Career FB FanPage, Linkedin, brand promotion, image building and so on for the applicants to become interested and recognize the company's values so as to attract more outstanding talents to join us. In 2022, PANJIT expanded the talent recruitment plan and held a trilogy for the campus recruitment, including the campus briefing, campus job fair and online recruitment interview. In addition, we also cooperated with the Department of Mechatronics Engineering of National Kaohsiung University of Science and Technology in the implementation of the internship program in hope of discovering and cultivating talents with potentials among the students and graduates so that they can become the middle and high-level management or professionals in the future.



PANJIT Career FB FanPage

Create reach and increase the brand awareness of PANJIT through interactions with fans by managing the employer brand



Statistics collected by December, 2022

2022 Internship Program with National Kaohsiung University of Science and Technology

The internship program is an important opportunity for students to learn and develop professional skills in the workplace. To increase the R&D energy in semiconductor field, PANJIT used the industry-government-academic resources in 2022 and cooperated with Department of Mechatronics Engineering of National Kaohsiung University of Science and Technology and applied for the internship program subsidy funds through the Youth Bureau of Kaohsiung City Government and recruited interns in our factory. The interns enjoyed the same level of salary/seniority/benefits as the regular full-time employees. After the internship program finished, these interns were encouraged to stay and would be employed as engineers. Meanwhile, they would be offered better salaries than those for newly graduates. The retention and employment rate in 2022 was 80%, allowing these interns to combine what they have learned with field experience, injecting new thinking and ideas to PANJIT and stimulating more energy for R&D.



2022 Campus Recruitment Trilogy

Campus recruitment is a way for enterprises to find potential and talented students and graduates. It is hoped that through this kind of event, outstanding talents can be attracted to inject fresh blood into the team and business. Campus recruitment provides opportunities for students to have face-to-face interactions with company representatives to understand their corporate culture and job opportunities, and students can also showcase their skills and talents. Meanwhile, the company will also provide internship programs and training opportunities to assist students to develop their skills and experience in the workplace. In 2022, PANJIT's Campus Recruitment Trilogy included the campus briefing that enabled face-to-face interactions and dialogues with students, the campus job fair to attract students who were interested in the positions, and at the end of May, the PANJIT Exclusive Interview co-organized with the Labor Affairs Bureau of Kaohsiung City Government was provided to those who were willing to participate in. In addition to the introduction of the company, we also provided government-related employment subsidies and job interview skills for the students applying for a job for them to have more resources and help them successfully find a job. The satisfaction of the recruitment interviews was as high as 4.82 (out of 5 points).

Campus Briefing

NSYSU/ Taiwan Tech / Taipei Tech

Campus Job Fair

6 sessions in 5 schools, including NCKU, NSYSU, Taiwan Tech, Cheng Shiu University, and NKUST

Recruitment Interviews

Satisfaction of the overall activity reached 4.82.



Employee Retention

There were a total of 435 new employees at PANJIT in 2022 (149 males and 286 females), with a total of employment rate of 28.23%. The number of departed employees totaled 435 (181 males and 255 females), with a total of turnover rate of 28.29%. The status of human resources remained stable.

Number of new employees in the past three years

Year	2020				2021				2022			
Age \ Gender	No. of males	Male employment rate (%)	No. of females	Female employment rate (%)	No. of males	Male employment rate (%)	No. of females	Female employment rate (%)	No. of males	Male employment rate (%)	No. of females	Female employment rate (%)
Under 30	74	4.94%	116	7.74%	84	5.45%	72	4.67%	52	3.37%	165	10.71%
30-50	225	15.01%	267	17.81%	144	9.34%	107	6.94%	92	5.97%	121	7.85%
51 and above	8	0.53%	3	0.20%	8	0.52%	2	0.13%	5	0.32%	0	0.00%
Total number of new employees	693				417				435			
Total number of employees	1,499				1,542				1,541			
Total employment rate (%)	46.23%				27.04%				28.23%			

Note:

1. Employment rate (%) = The number of new employees in the category in the current year/ The total number of employees in the current year.
2. The number of new employees included those who left midway.

Number of departed employees in the past three years

Year	2020				2021				2022			
Age \ Gender	No. of males	Male turnover rate (%)	No. of females	Female turnover rate (%)	No. of males	Male turnover rate (%)	No. of females	Female turnover rate (%)	No. of males	Male turnover rate (%)	No. of females	Female turnover rate (%)
Under 30	49	3.27%	56	3.74%	56	3.63%	51	3.31%	65	4.22%	104	6.75%
30-50	168	11.21%	226	15.08%	120	7.78%	135	8.75%	108	7.01%	145	9.41%
51 and above	9	0.60%	6	0.40%	10	0.65%	2	0.13%	8	0.52%	6	0.39%
Total number of employees left	514				374				436			
Total number of employees	1,499				1,542				1,541			
Total turnover rate (%)	34.29%				24.33%				28.29%			

Note:

1. Turnover rate (%) = The number of departed employees in the category in the current year/ The total number of employees in the current year.
2. Departed employees include those who left the company voluntarily or were dismissed, on a leave without pay, or retired.

5.4 Compensation and Benefits

• Compensation System

Considering the external competition, internal fairness and legality, PANJIT provides reasonable and market-competitive salaries and link them with the company's business performance, providing a diverse and competitive salary system (performance bonus, year-end bonus, employee compensation bonus) to attract, retain, develop, and motivate employees with the concept of sharing profits with employees. In addition, it is stipulated in Article 19 of the Articles of Association that when the company makes profits during the year, no less than 6% of pre-tax income of the current year shall be distributable as employees' compensation. However, the company's accumulated losses shall have been covered.

PANJIT employs new employees with the salary better than the minimum wages prescribed in the Labor Standards Act, and the compensation criteria of all employees does not differ due to gender or race. Moreover, we also conduct a survey on the salary levels regularly, prepare budgets to make salary increase on a regular basis, and provide special budget for salary increase for critical positions, critical talents, and talents with great performance, continuing to provide market-competitive salaries. The average salary of grassroots employees in 2022 complied with the legal minimum wage of NTD 25,250 of the year. The difference in salaries between male and female employees was mainly due to the different nature of the workstations the employees belong to.

Ratio of the grassroots employees' standard salary to the local minimum salary

Grassroots personnel	Shift	Male	Female
Operators	Day shift	1.14	1.12
	Night shift	1.36	1.32
New operators	Day shift	1.04	1.04
	Night shift	1.29	1.27

Note:

1. Grassroots personnel refer to operators with Taiwanese nationality; new operators are defined as the new employees entering the company in 2022.
2. The standard salary is the fixed salary distributed on a monthly basis.
3. The wages in the contracts signed between PANJIT and the contracting companies (cleaning, group catering, and security) were all compliant with the minimum standards stipulated in the Labor Standards Act.

Ratio of basic salaries and remunerations of female and male employees

Rank/ Gender	Remuneration (Annual salary)		Basic compensation (Monthly salary)	
	Female	Male	Female	Male
Senior supervisors	0.65	1	0.58	1
Non-senior supervisors	0.63	1	0.67	1

Note:

1. Senior supervisors are defined as managerial positions higher than director (inclusive) level.
2. Basic compensation is the recurring fixed salary every month; remuneration is the annual salary that include monthly salary, bonuses, and so on.
3. The data in the table is mainly based on PANJIT's operating bases in Taiwan (Gangshan Factory, Yongan Factory, Taipei Operation Center, Hsinchu R&D Center).

Annual Compensation Ratio

Ratio of the highest annual total remuneration to median annual total remuneration

23.88

Ratio of increase in the annual total remuneration of the highest paid employee to that of the median employee

1.98

Note:

1. The composition of the highest remuneration and the general employee remuneration includes the salary, various allowances, bonuses, and employee compensation.
2. The ratio of the highest annual total remuneration to median annual total remuneration: $\frac{\text{The total annual remuneration of the highest-paid employee}}{\text{the median annual total remuneration of all employees (excluding the highest-paid individual)}}$.
3. The formula for the increase ratio of the annual total salary increase of the highest remuneration to the median of the annual total remuneration increase: $\frac{\text{The percentage of increase of the annual total remuneration of the highest-paid individual}}{\text{the percentage of increase of the median annual total remuneration of all employees (excluding the highest-paid individual)}}$.

• Labor-Management Communication







The company has always treated its employees with integrity and follows relevant labor laws and regulations to guarantee the employees' legitimate rights and interests. Through a welfare system that can enrich and stabilize their lives and a good education and training system, PANJIT established a good relationship with mutual trust and dependence with its employees.

PANJIT attaches great importance to the communication with its employees. The company has internally established the Management Procedures for Freedom of Association and Collective Bargaining to support all employees' independence, freedom of association, and their right to collective bargaining. Although no trade unions or collective agreements have been set up, the regular labor-management & corporate social responsibility meetings are held to discuss the schedules, statutory and modified working hours and shifts, and CSR (labor, safety and health, environment, ethics, management systems) related issues. In addition, we also follow the internally established Corporate Social Responsibility Communication Management Procedures to establish diverse communication channels internally to communicate with our employees, listen to their opinions and suggestions in a timely manner as a channel to safeguard the employees' rights and interests. There were no incidents of labor disputes in 2022.

• Employee Benefits

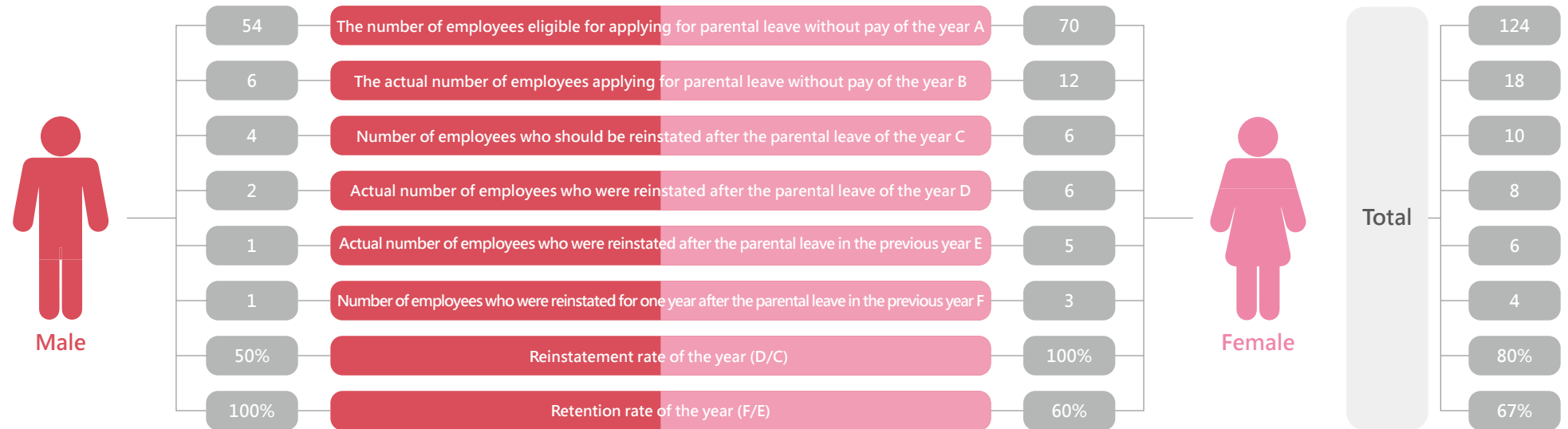
In terms of employee care and welfare, in addition to the labor insurance, health insurance, labor pension, parental leave, and other related leaves stipulated in the Labor Standards Act, PANJIT has also established an Employee Welfare Committee to provide diverse employee welfare measures that are better than regulations, including employee travel, scholarships, life insurance and critical illness insurance, injury and illness condolences, gifts on three festivals, allowances and bonuses, paid birthday leave, and established the employee share ownership trust (ESOT), striving to establish a comprehensive welfare system and care for our employees so that their work and life can be more secure. In 2022, the employee welfare expenses totaled approximately NTD 1,419,261 thousand (excluding salary), and the average employee welfare expenses was NTD 921 thousand.

Employee Benefit System

Item	Specific measures
 Insurance	<ul style="list-style-type: none"> ● Group insurance: We not only insure labor insurance, national health insurance and contribute monthly pension, but also insure additional life insurance and group insurance for major injuries and illness to provide our employees with additional insurance protection.
 Travel	<ul style="list-style-type: none"> ● Employee travel: We hold domestic and overseas employee travel every year and encourage our employees to bring their families to go together. Relevant subsidies are provided to employees and their families so that the employees can enjoy their work and their families can also join in together. The employees can feel the warmth of employee care at PANJIT and the cohesion among employees can also be enhanced.
 Leaves	<ul style="list-style-type: none"> ● Corporate volunteer leave: The employees can participate in social participation activities held by the company and are provided with 2-day paid corporate volunteer leave every year. 2022 NEW ● Exclusive paid birthday leave: Our employees are provided the exclusive paid birthday leave so that they can wish themselves a happy birthday and have time-out of their busy schedule for themselves. 2022 NEW
 Welfare	<ul style="list-style-type: none"> ● Birthday gift: Birthday gifts/gift certificates (exclusive for the birthday people of the month), and exclusive birthday shopping points. ● The Welfare Committee provides a variety of gifts on Fathers' and Mothers' Days. ● Provide employees with shopping points on the exclusive welfare website on Labor Day, Mid-Autumn Festival and Dragon Boat Festival. ● PANJIT Quarterly Blog, and the happy garden platform for information sharing exclusive for employees. ● Subsidies and allowances: Maternity allowance, funeral subsidy, wedding benefits, injury and illness condolences, and so on. ● Scholarships: Employees who receive continuing education are encouraged to apply for scholarships with qualifying transcripts. ● Specially designed work clothes: Employees are given exclusively designed POLO shirts so that they can have different shirts to go with their styles other than the uniform. ● Special contract shops: Special discounts for food, housing, education, entertainment, and others are provided to our employees so that they can experience the benefits of the company (increased to 63 participating shops in 2022). ● Employee share ownership trust (ESOT): The company provides the ESOT plan. Employees can freely allocate amounts to purchase the company stocks through the trust system based on the level of their position. The company will subsidize employees to withdraw bonus funds to invest in the company stocks. 2022 NEW
 Facilities	<ul style="list-style-type: none"> ● Breastfeeding room: The company has set up an exclusive breastfeeding room for those in need of it at any time. It is equipped with storage equipment for our employees to keep the expressed breastmilk in the refrigerator. ● Meal subsidies: There is a staff canteen in the company, and meal subsidies are provided for our employees to eat at ease and healthily. ● Comfortable working space: All employees are provided with more comfortable office environment and the office illumination and indoor air quality are inspected on a regular basis as prescribed by law. There are also 7-11 smart vending machines 2022 NEW, coffee shop, audio-visual entertainment room, reading room, and table tennis room available for employees to make use of.
 Health	<ul style="list-style-type: none"> ● Healthy vegetarian day: On the last Friday of every month, the company treats all employees with healthy vegetarian food to jointly respond to the healthy vegetarian diet and eat healthier 2022 NEW ● Free health examination: Free health examinations are provided every year so that our employees can examine their body conditions and establish plans for their own health. They can also consult about their physical conditions and arrange related medical resources or referral through the factory physicians and nurses during their regular visits.

• Parental Benefits

The company complies with the Ministry of Labor’s Regulations for Implementing Unpaid Parental Leave for Raising Children and provides qualified employees with parental leave without pay to ensure that our employees enjoy the rights and interests of parental leave as prescribed by law. In 2022, a total of 124 employees were eligible to apply for parental leave without pay, and 18 employees applied for it. The reinstatement rate was 80%, and the retention rate was 67%. The reason that the reinstatement rate and the retention rate did not reach 100% was due to the employees’ individual career plans and family factors.



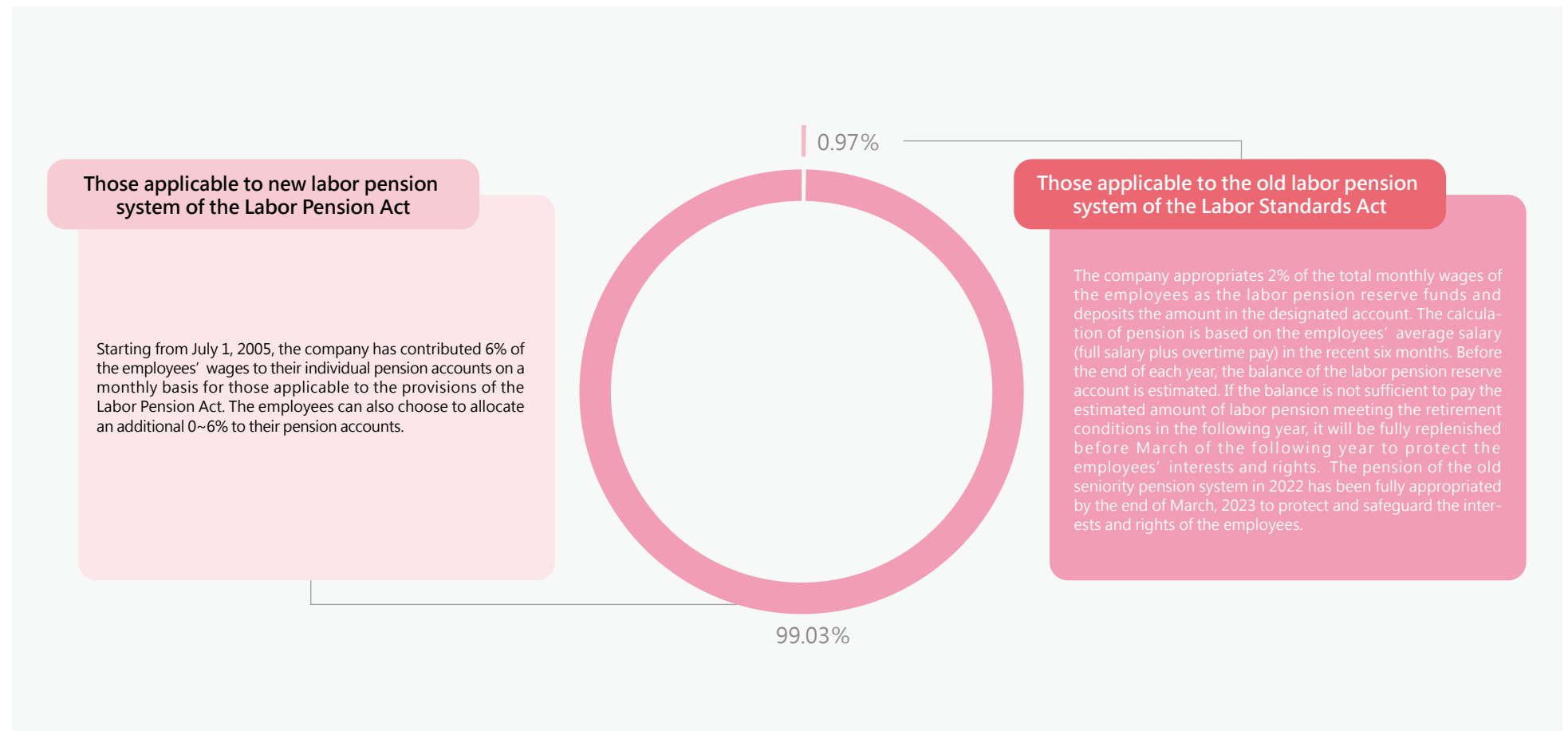
Note: Data of the number of employees eligible to apply for the parental leave without pay in 2022 was the number of employees taking maternity leave or parental leave within 3 years preceding the reporting period (i.e. 2019/1/1~2022/12/31).

Breastfeeding room ▶



• Retirement Benefits

To ensure the economic security of our employees after retirement so that they can make proper arrangements before retirement and adapt to future changes in life, PANJIT strictly complies with legal regulations and contributes to labor pension for every employee on a monthly basis. As of the end of 2022, 0.97% of employees used the old pension system while 99.03% used the new pension system.



5.5 Talent Development

PANJIT provides the following four commitments for the development of human resources:

1

Commitment to provide high work motivation

PANJIT set specific goals for talents and quantitative work indicators are defined while goals with specific timetable are set through regular work performance appraisal. Fair salary levels and appropriate salary and benefits, reasonable promotional channels as well as safe workplaces are provided based on the goals.



2

Commitment to investment in high performance

We hope to get valuable work opinions and suggestions from all the talents at PANJIT so that we can develop relevant plans for the talents to enable them to be highly involved in what they do. We value the performance of talents, and can attract them to stay with us for a long time.



3

High level of continuous commitments

PANJIT hopes to transform the company's attachment to talents into talents' attachment to the company. Through continuous internal and external activities, the bond among the talents is strengthened to build the "we-mode" emotions and willingness for cooperation. The core value of PANJIT is mutual trust and collaboration. Only by selfless cooperation can we maximize the work performance.



4

Institutional commitment

Talents at PANJIT have to follow the rules and regulations of the company. They understand that everything has to be done in accordance with its own guidelines/purpose/methods/procedures, and if these rules and regulations are not followed, there may be some punishments. This law-abiding principle enables our employees to know the company's insistence on handling things so that violations will not occur.



PANJIT is highly supportive and committed to talent development. Senior supervisors review the critical talent development on a regularly basis and are dedicated to the promotion of sharing global learning resources. In addition to the comprehensive education and training system, we also provide lectures on general topics set based on the level of positions to allow our employees to learn and grow. We hope that all employees can enjoy work, learn and grow, and work together to build empowerment at work, and further become the inheritors to pass on the professional technologies and spirit of management from generation to generation.

PANJIT has achieved the followings in terms of providing employee functional management and lifelong learning plans to help employees maintain their capabilities for employment.

1 Construct a E-learning platform for shared learning resources to allow and facilitate interaction and fragmented learning anytime, anywhere, with any device.

2 Regularly provide independent learning (happy garden platform) to inspire the employees to read. E-magazines for extended reading of the full text are also provided.

3 To encourage our employees to learn English and create a good English reading environment, the PANJIT English Supply Station and Monthly English Tests are provided. Subsidies and allowances for English proficiency are also open for application.

4 We are highly supportive and committed to talent development. Senior supervisors review the critical talent development on a regularly basis and are dedicated to the promotion of sharing global learning resources. In addition to the comprehensive education and training system, we also provide lectures on general topics set based on the level of positions to allow our employees to learn and grow.

5 Personnel development interviews are conducted for employees whose learning efficacies are not so satisfactory, and appropriate learning methods and courses are planned.

Starting from 2022, PANJIT started to attach importance to the development and improvement of education and training quality by incorporating the TTQS (Talent Training Quality System). Through the consultants' professional guidance, we passed the threshold of talent development quality, which allowed us to obtain more government resources investment to organize more high-quality courses. In 2022, we launched a number of education and training projects, and the contents covered management courses, core professional courses, vision, mission and core value courses, ESG sustainability courses, and independent learning. More comprehensive and in-depth learning experience can be provided through these courses to help our employees to develop and grow in different fields. In addition to the physical courses, we also provide 3A (Any Time/Any Where/Any Device) learning mechanism to promote mobile learning. In 2022, as high as 60% of the employees took the reading courses through mobile devices.

2022 Education and Training Courses

Title of Course	Content
Vision, mission, and core value course	Held the master lecture entitled Changing the Future with Innovation, and through the Shining Star Selection, 23 partners who can represent the five major core values of PANJIT were selected to convey PANJIT's core values through case sharing.
ESG sustainability course	To respond to the introduction of ESG, external lecturers were invited to the ESG Sustainability Workshop to have lectures on ESG sustainability decryption, GHG inventory and product carbon footprint inventory training, ESG report indicator education and training, etc.
Management course	Introduced an external learning platform to provide more than 3,000 online courses for the management to learn independently. Courses are divided and designed for three major groups based on the level, and feedback should be provided after class.
Core professional course	We organized physical courses such as the Washing Time- eight major mindsets for growth, performance interviews, OKR workshops, five major core tools, VDA 6.3 provision system, advanced training for RBA 7.1 revision and so on according to the functional categories. We also implement ESG by holding exclusive radiation protection training (in Thai) exclusive for foreign personnel.
Independent learning	Invited nutritionists to hold the lecture of "Intestinal Health—Tips for Gastro-intestinal Care" and senior media professionals to teach the general education course such as "The Power of Telling good Stories". Through the intranet, the daily English Supply Station was established to provide diverse online language learning magazines for employees to learn independently.

Average Training Hours for Employees

Year		2020			2021			2022		
Item/Gender		Total number	Total training hours	Average training hours	Total number	Total training hours	Average training hours	Total number	Total training hours	Average training hours
Senior supervisors	Male	24	154	6	23	256	11	26	682	26
	Female	1	6	6	2	23	12	3	114	38
General managerial position	Male	139	1,965	14	136	3,083	23	131	4,499	34
	Female	112	1,463	13	108	2,287	21	105	3,450	33
Non-managerial position	Male	443	5,316	12	446	8,920	20	440	13,640	31
	Female	819	9,828	12	828	16,560	20	836	25,916	31

Note:

1. Average number of training hours in the current year by gender = Total training hours in the current year by gender / The total number of employees in the current year by gender.
2. Definition of senior supervisors: Those holding the position of Director (inclusive) and higher.
3. Definition of general management positions: Other management positions other than senior supervisors.



▲ Exclusive radiation protection training (in Thai) for foreign personnel.

Average Employee Training Costs

Unit: NTD 1,000

Year	2020		2021		2022	
Item	Total training costs	Average training costs	Total training costs	Average training costs	Total training costs	Average training costs
Male	1,466	2.3	1,513	2.5	1,757	2.9
Female	2,117	2.2	2,453	2.6	3,203	3.4

Note: Average training hours by gender= Total training hours in the current year by gender/ Total number in the current year by gender.

▼ ESG Sustainability Workshop



Multiple learning channels- enhance the employees' international perspective

Peter & Joyce teaching you English, magazine news, ESG

- The professional in-house editors edit short English learning articles that include vocabulary, news, phrases, conversations and so on, supplemented by the monthly tests to enable our employees to test their English abilities and experience their progress in English learning.
- Online magazines voted by employees are subscribed for them to browse to obtain knowledge and learn foreign languages at anytime, anywhere on any platform.
- To respond to the increasing emphasis on ESG, the editors select relevant articles for our employees to obtain new knowledge and read at any time.

Subsidy for English Abilities

To encourage our employees to improve their English abilities, we have set TOEIC standards for different job levels. Those who reach the set threshold can enjoy the subsidies during the validity period of their TOEIC certificate.

Exclusive Corporate TOEIC Test Link

By signing up for the TOEIC tests, our employees can enjoy the registration fee lower than the market price to improve their English abilities by verifying their learning results through tests.

The cumulative number of the monthly English test takers reached **598**, and **16%** of them got the full score.

好文摘要分享

ENVIRONMENT SOCIAL GOVERNANCE

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《Example sentences Time》

2023.03.06

By Fun day!HR team

storm in a teacup 小題大作

storm 是暴風雨，而 teacup 是茶杯。茶杯裡的茶再怎么搖晃波動，由茶杯外頭的們來看都不過是微不足道的變化，不值得特別關注。因此我們說 sb. is making a storm in a teacup 或 sb. is a storm in a teacup，就是指某人在小題大作，將大原本不嚴重的小問題，或是指某件事只是小題大作罷了。這個諺語的變體還有 tempest in a teapot 或 tempest in a teacup，tempest 就是暴風雨的意思，現在一起來看看下面的對話吧！

Dad: 飯怎麼又沒吃完？這件事我要提醒你多少次？離開餐桌前先把東西吃完。
Son: 拜託囉，我急著去找Robert。
Dad: 別跟我講口，你知道世界上有多少萬人都要餓死嗎？像你這樣不珍惜食物的人真該受罰。
Son: 爸，這又不是什麼大事，不要再小題大作了。又不是我把食物吃完將會對環境造成什麼影響的。

Dad: 為什麼你又要沒吃完？這件事我要提醒你多少次？離開餐桌前先把東西吃完。
Dad: 別給我任何藉口。你知道世界上有數以百萬計的人正在忍受飢餓嗎？像你這樣不珍惜食物的人真該受罰。
Son: 爸，這又不是什麼大事，不要再小題大作了。又不是我把食物吃完將會對環境造成什麼影響的。

Son: Dad, it's really no big deal. Stop making a storm in a teacup. It's not like the global hunger situation will improve if I finish my food.

測驗服務專區

小心! 電話詐騙 重要提醒聲明

強茂股份有限公司

ETS TOEIC 報名專區

詳情請洽: 02-2611-1111 (內線轉分機 2000) 或 02-2611-1111 (內線轉分機 2000)

Vision, mission, and core value course- 2022 Master Lecture

Purpose of Implementation

- Provide company employees with opportunities to learn from experience and professional knowledge of masters in different fields.
- External masters can bring new perspectives, trends and practices and stimulate innovation and creativity.
- Improve the corporate image and demonstrate the openness of and emphasis on the corporate culture for employee development.

Methods of Implementation

- Set the annual themes and select suitable external celebrities to pass on the value to all employees.
- Invite external celebrities on a quarterly basis to deliver speeches. The company has bases in different places, so the lecture is conducted through live streaming.
- The lecture activities are designed to be more interactive with instant Q&A, group discussions and other methods.

Correlation with Performance

- Increase employees' professional learning and development opportunities so that they can apply what they learn to work.
- Inspire employees' creativity and innovative thinking to help them solve problems and handle challenges.
- Increase employee participation and morale.

August

Grandpa@Mars
Changing the Future
with Innovation
153 participants in total



October

Nutritionist: Chang Ssu-Lan
Intestinal Health—Tips for Gastrointestinal Care
93 participants in total



December

Hsu Rong-Zhe
The Power of Telling good Stories

12/21 (Wed.)
Open for registration



Development of Learning Habits and Demand Focus- 2022 Cultivation of Critical People

Purpose of Implementation

Select Critical People: Identify and select critical minorities within the organization and improve the organizational operational efficiency through focused cultivation and professional functional development to make PANJIT a world-class enterprise.



Methods of Implementation

- Cultivation of critical people through the selection and on-boarding mechanism, coupled with the annual performance appraisal. In 2022, 20% of the employees were selected from each department to join the critical talent cultivation. After one year of cultivation, more than 3/4 of the employees have achieved performance not lower than that before cultivation, and the talent performance efficiency rate remained at 77.5%.
- The learning platform for critical people: the learning journey is planned every month to establish the learning habits and awareness. A total of 9 learning journeys were planned in 2022, with the designated themed course every month. Through interactive interviews every 6 months, we can have in-depth understanding of the talents' needs. In 2022, each critical talent averagely read 289 units every year, with the cumulative number of 33,554 clicks.
- Provide 3A (Any Time/Any Where/Any Device) learning mechanism to promote mobile learning. In 2022, as high as 60% of personnel participated in the courses through their mobile devices.
- Through interactive interviews to understand the talents' needs. By reviewing every critical person's IDP (individual development plan), suggestions for customized learning plans are given in addition to the common learning journey to understand the application of what they learned at work and strengthen the connection between learning and their career development.
- Plan a mechanism for employees to join or withdraw from the learning plan, which is combined with the annual performance appraisal. We select qualified employees who are willing to participate in the learning plan and those without meeting the expected learning effects or without the willingness to learn can withdraw from this project.



● Performance Appraisal

To motivate the employees to reach the annual operational goals, we facilitate the division of labor and vertical integration through the organizational resources and management mechanisms. PANJIT upholds the principles of being fair and impartial and uses the performance appraisal as a reference for employee performance management enhancement, remuneration management, employee training development, and promotion arrangement. PANJIT attaches great importance to every employee's career growth and development, and conducts the performance appraisal every July and December. Through the evaluation system, support and guidance can be provided for employees' individual growth and career development while at the same time, the overall organizational performance and competitiveness can also be improved.

Pre-Evaluation Stage

The "Performance interview skills and practices" course is specially arranged to assist the employees to grasp effective feedback skills and establish an open, interactive, and respectful communication atmosphere so as to effectively listen to employees' opinions so that they can provide constructive feedback and guidance.



Evaluation Process

Conduct individual interviews with employees to jointly review their work performance, goal attainment status, and their career development plans. The interview is an opportunity for two-way communication, and employees can share their opinions, goals and needs and express their expectations for career development



Evaluation Results

The evaluation results are given after reviewing the degree of the employees' compliance with the core value of the company and the achievement status of their individual KPI. Corrections or improvement should be made if needed.



▲ Instruction of performance interview skills








▲ Practices of performance interview skills

Implementation status of 2022 performance appraisal

Gender / Category of position	Senior supervisors	General managerial position	Non-managerial position
Male employees receiving appraisal	100%	100%	100%
Female employees receiving appraisal	100%	100%	100%

Note: New employees arriving at their post within three months or those reinstated after their leave without pay for less than three months during the evaluation period were excluded from the performance appraisal.

5.6 Employee Health and Safety

Management Approach of Occupational Health and Safety		Material topics	Occupational Safety and Health
 <p>Purpose of Management</p>	<p>Establish an organization in charge of the occupational safety and health of the employees and other people that are influenced by relevant activities. The responsibility includes promotion and protection of their physical and mental health. Through the basis of the occupational safety and health management operations, ISO 45001 environmental safety and health management system is adopted to enable the company to provide a workplace with occupational safety and health so that the related operations can have clear principles and standards to abide by for efficiency. Work-related injuries and health hazards are prevented while occupational safety and health performance is continuously improved.</p>		
	<ul style="list-style-type: none"> Unsafe environment and behavior are improved through patrol inspections, improvement proposals, strengthened publicity and personnel education and training. In addition, the concept of defensive driving is promoted to enhance the employees' awareness of traffic safety to lower the hazard risks when they commute to and from work or perform official duties. Try our best to help injured employees to apply for insurance claims in the event of occupational accidents. Work duties will be adjusted in accordance with the recovery status under the evaluation of the occupational health physician. The company has established emergency response measures and purchased sufficient property insurance so as to reduce the damage promptly in the event of a disaster. 		 <p>Remediation Mechanism</p>
 <p>Management Review</p>	<p>The effectiveness of the occupational safety and health management is evaluated every year in accordance with the ISO 45001 and CNS 45001 internal management review procedures.</p>		
	<p>Short-term Goals (2022~2024)</p> <ul style="list-style-type: none"> No major occupational accidents. Recordable occupational injury rate ≤ 2. Disabling frequency rate ≤ 0.3. 	<p>Medium- and Long-term Goals (2025~2035)</p> <ul style="list-style-type: none"> No major occupational accidents. Recordable occupational injury rate ≤ 1.5 by 2030; ≤ 1 by 2035. Disabling frequency rate ≤ 0.22 by 2030; ≤ 0.18 by 2035. 	 <p>Goals</p>
 <p>Performance Management Results</p>	<ul style="list-style-type: none"> There were no major occupational accidents and illnesses among employees in 2022. There were no work-related injuries among non-employee workers in 2022. The number of days lost due to occupational accidents in 2022 was 16 days, a decrease of 63 days compared with the 79 days in 2021. Completed hazard risk assessment in 2022. 		

Occupational Safety and Health Management System

To prevent the occurrence of workplace accidents and occupational diseases and protect employees' physical and mental health, PANJIT has set up an occupational safety and health management system in accordance with the regulations stipulated in Occupational Safety and Health Management Measures to ensure that the working environment is compliant with legal requirements. PANJIT introduced OHSAS 18001 Occupational Safety and Health Management System in December, 2006, completed the conversion in 2020 and obtained the ISO 45001:2018/ CNS 45001:2018 occupational safety and health management system certificate. Regular external verification is conducted by an entrusted third-party impartial organization to ensure the effective operation of the occupational safety and health management system. The scope of the management system covers the workers, activities (semiconductor discrete component manufacturing and design) and workplaces (Gangshan Factory and Yongan Factory). The external audit also includes the employees and non-employee workers (contractors) in the above-mentioned sites without any exclusion.

Through the standardized management system, PANJIT's occupational safety and health management procedure documents are established to strictly control occupational safety and health details, striving to create a safe and healthy working environment to protect the safety and health of the employees and achieve the goals of occupational safety and health. Although dispatched employees overseas (PANJIT Wuxi Factory, Xuzhou Factory, Shandong Factory, and Shenzhen Office) are not included in Taiwan's safety and health management system, they are all managed in accordance with the local occupational safety and health management regulations to ensure their health and safety rights.

CNS 45001 Certificate



Valid until 2025.01.02

ISO 45001 Certificate



Valid until 2025.02.02

Hazard Identification, Risk Assessment and Accident Investigation

PANJIT carries out hazard identification, risk assessment and accident investigation in accordance with the Occupational Safety and Health Management System and complies with the regulations in the EHS (environmental, health and safety) Procedures. To avoid hazards to personnel's safety and health due to operations or activities, services, and equipment, appropriate preventive measures are taken and opportunities for further improvement of occupational safety and health performance are found to control all risks to an acceptable level and establish procedures for hazard identification and risk assessment.

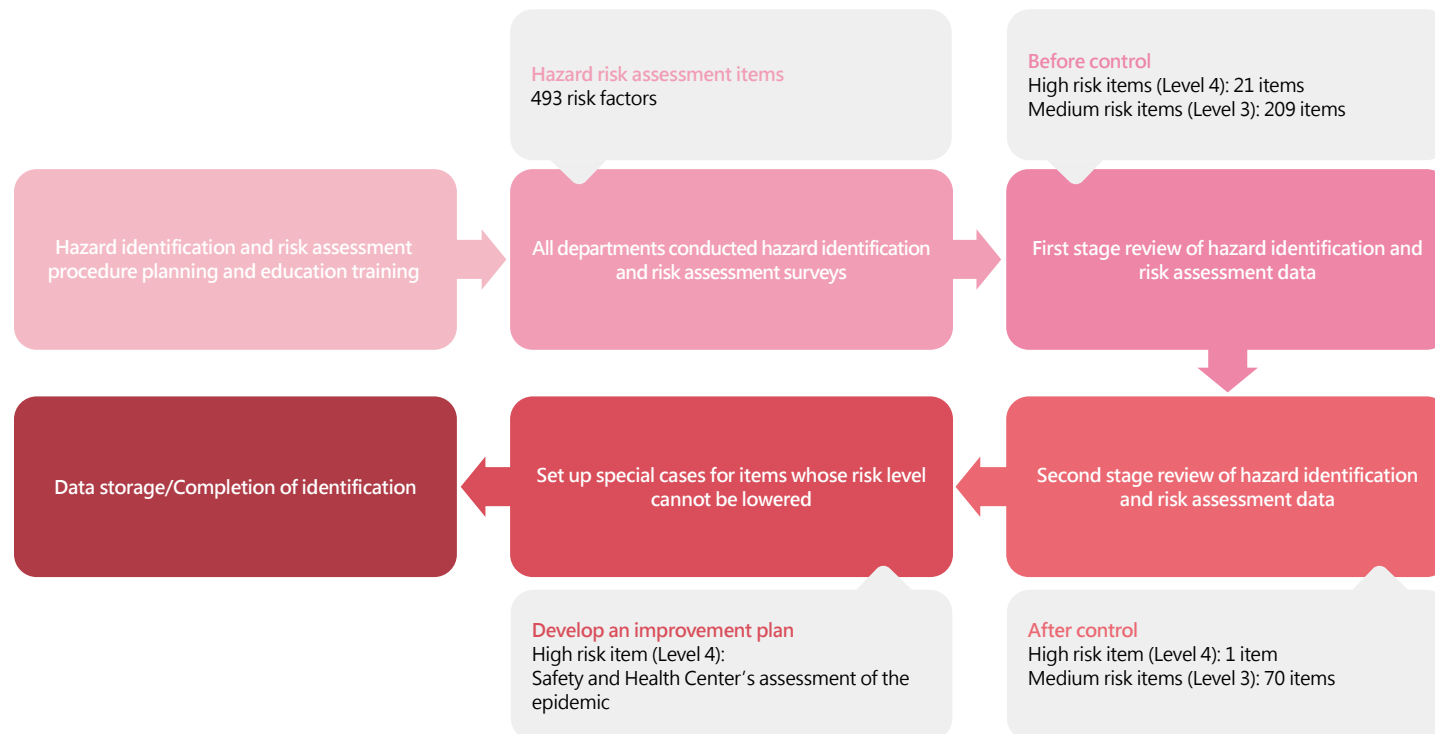


● Hazard Identification and Risk Assessment

The company follows the Hazard Identification and Risk Assessment Procedures to conduct regular/occasional inspections and evaluation of the risk level of the operating activities to prevent the occurrence of hazards and arrange relevant training courses. In 2022, a total of 492 hours of training courses were arranged for 82 trainees to equip them with occupational safety and health related capabilities to conduct hazard identification, risk assessment and so on.

After the units conducted the assessment in 2022, a total of 493 items for hazard risk assessment were listed. After engineering control and management measures, there only remained one high-risk item (Level 4), namely the "Safety and Health Center's Assessment of the Epidemic". The reason is that when the COVID-19 epidemic broke out at the end of 2019, the company initiated a biological hazard prevention mechanism and continued to distribute medical masks to all employees, yet the development of the virus was still hard to be prevented. The first case of infection among personnel happened in April, 2022, leading to the universal screening of all employees conducted by the Gangshan District Public Health Center. The Safety and Health Center also strengthened targets for relevant COVID-19 prevention (introduction of sensor faucets and trash bins to reduce direct contact of the users). However, as the vaccine penetration increased, the level of the risk of this item should be able to be lowered in 2023.

2022 Hazard Identification and Risk Assessment Procedures



● Risk Reduction and Elimination

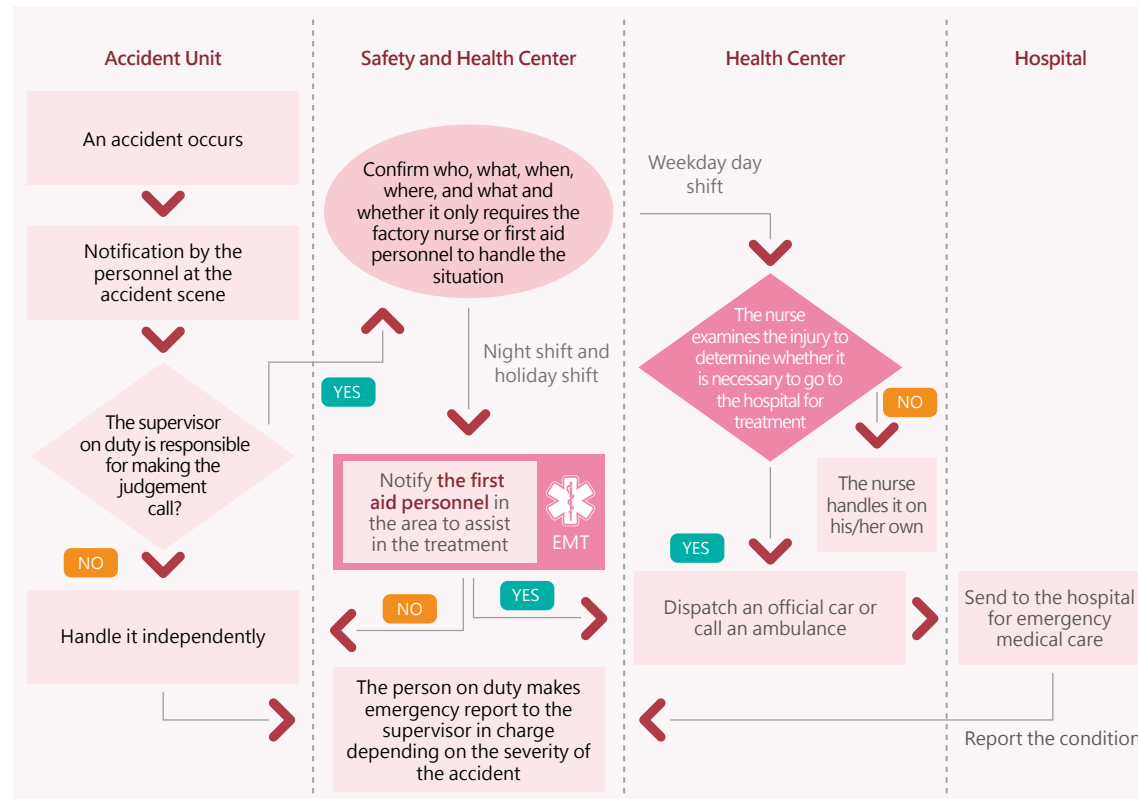
To reduce employees' exposure to harmful environment, PANJIT classifies the risks in the working environment in the factory. For high-risk operating environment, PANJIT implements operating environment monitoring in 162 locations in the entire factory, and the measurement items include illumination, carbon dioxide, noise, physical and chemical measurements, flammable gases, and the PAH (polycyclic aromatic hydrocarbon) measurement in one region. Among them, nighttime monitoring of noise, formaldehyde, benzene, and phenol was especially conducted to continuously track the working environment. The measurement data are also disclosed for the on-site workers to understand the status of the working environment they work in.

To avoid injuries caused by the use of chemicals due to unclear information labels, we have prepared the hazard lists and illustrations for hazardous chemicals. The safety data sheet and the on-site hazard signs are all in Chinese, English, and Thai to make it easier to read for foreign employees.

● Accident Notification, Investigation, and Handling

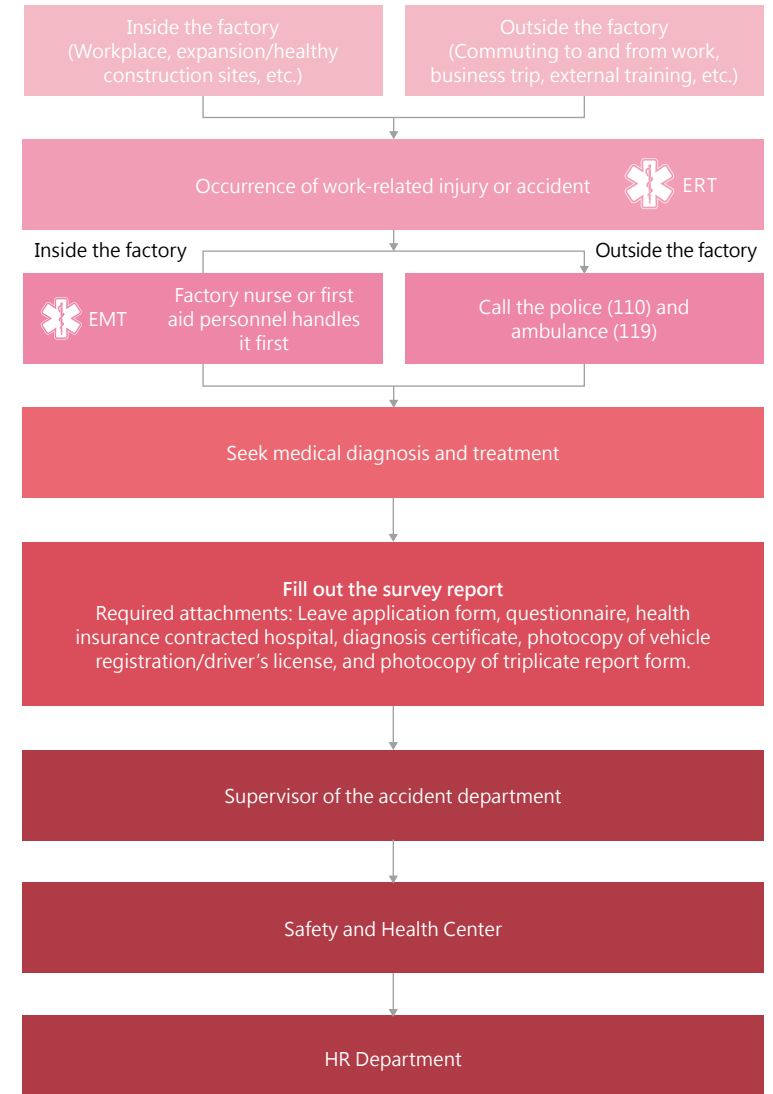
Every factory has established the In-plant First Aid and Incident Notification and Handling Procedures and Accident Investigation and Handling Instructions so that when work-related injuries or false alarm occurs, the workers can immediately report the incident to the supervisor on duty. In addition, relevant information concerning the right of withdrawal is clearly stipulated in the Safety and Health Work Rules in accordance with Article 18 of the Occupational Safety and Health Act. When there is a concern of a threat of imminent danger while the laborers are executing their duties, under conditions in which the safety of other workers is not jeopardized, they may terminate work of their own accord and withdraw to safe locations, and immediately report to their direct supervisors. The company shall not dismiss, reassign, not pay wages for the period of work on halt, or otherwise impose unfavorably treatment on laborers taking the above-mentioned actions.

In-plant First Aid and Incident Notification and Handling Procedures



Note: If the official vehicles are out, an ambulance can be called, and all the first aid personnel at the nearest location in the factory have to fully cooperate with the first aid and care.


Accident Investigation and Handling Process




In addition, PANJIT also has qualified Emergency Medical Technician (EMT) and Emergency Response Team (ERT) in the factory. Their daily training and professional knowledge enable them to shorten the response time to various emergency situations, play key roles at critical moments and make prompt responses to provide necessary assistance and medical care so as to protect the lives and health of the workers.

Identification of ERT and EMT personnel


There are two types of trained and qualified personnel in the factory with two types of identification armbands (EMT: Emergency Medical Technician; ERT: Emergency Response Team), that are marked on the clothing for our employees to identify and provide timely assistance when needed.




CPR




AED




Moving the injured




Vital signs




Evacuation guidance




Leak response



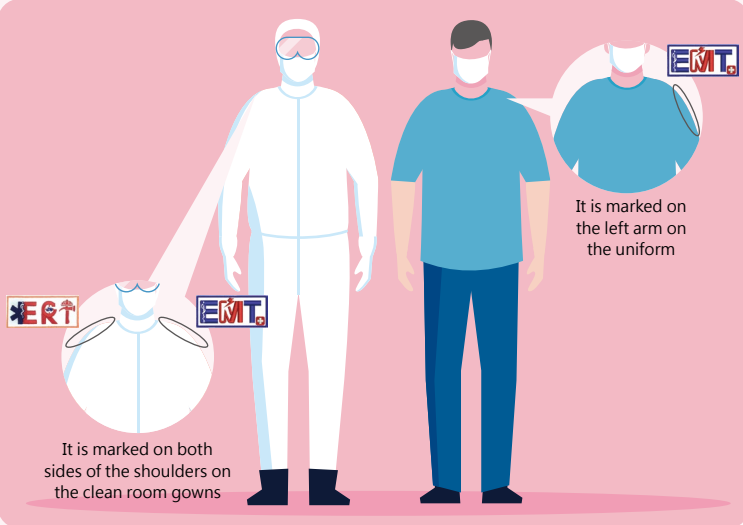
Natural disaster relief



Help alarm



Initial fire-fighting



It is marked on both sides of the shoulders on the clean room gowns

It is marked on the left arm on the uniform

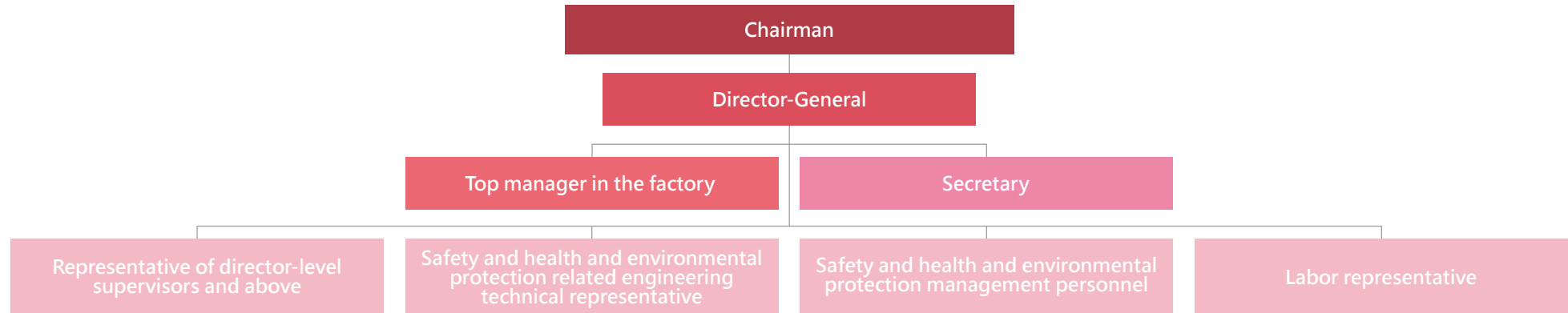
• Worker Participation, Consultation, and Communication

PANJIT has established the Occupational Safety and Health Committee to promote the occupational safety and health tasks in the factory and communicate, provide consultation, and respond to complaints. For the safety of non-employee workers, it provides relevant occupational safety and health information and communication (hazard notification, toolbox meeting briefing, guidance by dedicated personnel for the on-site visit) to non-employee workers to lower the safety hazards.

The Committee in Gangshan Factory is composed of 36 members, with 14 labor representatives (including 2 foreign members), whose latest election was conducted in January, 2022, and the nominees were selected through one-week online voting casted by all the personnel in the factory. The Committee in Yongan Factory is made up of 14 members, with 5 labor representatives, whose latest election was conducted in August, 2022, and they were elected by circling ballots by all the personnel in the factory. Labor representatives regularly participate in the quarterly occupational safety and health committee meetings. They can make proposals and participate in voting on proposals at any time during the meeting and help the operators communicate with the Safety and Health Center.

In addition to the supervisors and employees as the members, there are also the Work Group and Technical Group in the Occupational Safety and Health Committee that will also participate in the committee meeting for the discussion on the preventive measures of internal accidents for the health and safety of the employees, analyze problems, and promote work practices. The responsibilities of the Committee include giving suggestions on the development of safety and health policy, review, coordinate, and suggest safety and health related matters, actively participate in relevant meetings in the company, setting goals and objectives, etc. The committee chair (president) is in charge of the decision making and problem solving at the strategic level (Safety and Health Committee), operational level (executive group), and specific level (technical group). The Committee is convened on a quarterly basis. Gangshan Factory held physical committee meetings in January, April, July, and October. In April, as the number of COVID-19 confirmed cases domestically was on the rise again, the internal contact sheet was used as the communication method in the meeting and information feedback and conveyance. In the second half of 2022, Yongan Factory started its official operation, the physical committee meetings were also convened in September and December. In 2022, the two factories each completed five proposals in relation to safety and health.

Occupational Safety and Health Management Committee



Diverse communication channels for occupational safety and health

- Internal contact form
- Physical bulletin board, e-bulletin board (scree saver)

PANJIT's Happy Garden Platform

- Good Article Sharing Section- Articles in Common Health Magazine are shared weekly (psychological or physiology information to strengthen employees' health education)
- Health Care Section- Real-time information on care in the environment (hot or cold weather, difference in temperature) in the month, health education of Dengue fever, blood donation, registration for flu vaccination and so on.
- Put up hazard signs and relevant signage for wearing protective equipment in the work area and on machines (in Chinese, English and Thai).
- The factory physicians conduct on-site visits to understand the actual operation in the work area and things for improvement, have interviews with the operators to understand their needs and expectations.
- If the workers need any consultation or assistance, they can directly contact the Safety and Health Center or dial the extension #1999 for assistance.
- Occupational Safety and Health Committee.



PANJIT's Happy Garden- Publicity of health care information

• Occupational Safety and Health Education and Training

To implement a healthy and safe workplace, the Safety and Health Center established the accident notification and investigation procedures through continuous education and training and activity promotion, and conducts the analysis of the causes of the overall accident and takes proper preventive measures. The company has achieved a number of results in terms of health and safety, including introducing the Environmental Safety Cloud Management System. The cloud management results are integrated with those in all departments so that the employees are clearly aware of the priority safety rules all have to strictly comply with, serving as a guide for correct behavior in terms of occupational safety and health. thereby providing a safer and healthier environment to protect the safety of all employees. Also, audits on the occupational safety and health management of contractors are also carried out. Through a systematic inspection mechanism, the deficiencies identified in inspections and subsequent improvement items can be shown to assist suppliers and contractors to make improvements of occupational health and safety.

Currently, Gangshan Factory and Yongan Factory are equipped with a Class A safety and health business manager in accordance with the law. The first-level manufacturing units are equipped with three Class A occupational health managers, one Class A occupational safety manager (Yongan), and two Class B safety and health managers, better than the legal requirements. It is required by law that there should be at least two certified supervisors per shift for other related operations (organic solvents, special chemicals, lead, dust, anoxia, high-pressure gas, etc.) and relevant education and training personnel have to regularly review the required licenses and the validity periods so as to set the re-training schedule to maintain the validity.

The Company provides relevant safety and health related training to all workers in the languages they can understand better (Chinese, English, Thai) both internally and externally. The training costs are all covered by the company and the effectiveness of the training is evaluated through tests or practical implementation. To improve the employees' knowledge of safety and health and disaster response capabilities, PANJIT regularly organizes occupational safety and health education and training courses, including general education of occupational safety and health, internal auditor training, hazardous substances and chemical spill handling drill, first aid personnel training, etc. In addition, fire drills and emergency evaluation training are also held on a regular basis for fire prevention and disaster response to strengthen the concept of evacuation.

Implementation status of employee safety and health education and training in 2022

Item	Number of people	Man-hour	Purpose
General education of occupational safety and health	978	3,044.5	Strengthen personnel's occupational safety and health awareness
ISO14001 and ISO45001 internal auditor training	82	492	Internal auditor training course
Factory emergency evacuation training course	All factory	0.5 hour/person	Strengthen personnel training on evacuation
General education of hazardous substances and chemical spill handling drills	86	199	Strengthen personnel's response capabilities for handling hazardous substances and chemical spills
On-the-job education and training of practical operation of fire extinguishers	197	197	Personnel's actual operation of fire extinguishers Trainees include employees, contractors, and foreign staff in the dormitory
ERT regional firefighting team drill	20	160	Conduct drills for in-plant ERT teams twice a year

Occupational safety and health education and training courses

ISO 45001 Internal Auditor Training

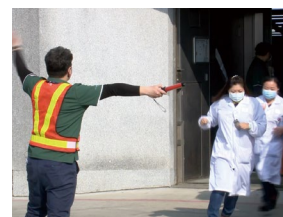


First aid training course



In-plant emergency response group- ERT self-defense firefighting group

The ERT self-defense firefighting team made up of the fire prevention management personnel will conduct the firefighting drill with Gangshan Fire Brigade every six months. In March and October, 2022, the drills for the ERT self-defense firefighting team were carried out to strengthen the company's independent response capabilities.



Basic fire prevention knowledge & practical fire extinguisher training- All employees, contractors, and dormitory staff

Fire prevention concepts and familiarity with the notification procedures and escape routes as well as the capability to operate fire extinguishers are the key elements for initial firefighting. In July, 2022, we carried out the basic fire prevention knowledge and practical fire extinguisher training to all employees, contractors and dormitory staff to enhance their disaster response capabilities.



Emergency evacuation and assembly- all employees

In September, 2022, an emergency evacuation and assembly drill was conducted for all employees. The purpose for emergency evacuation was to evacuate employees not directly involved in disaster relief to a safe location in the shortest time possible to avoid being affected when the disaster worsens or even affecting the overall disaster relief operation. The timing for emergency evacuation is determined by the response commander based on the actual conditions on site, and non-disaster relief personnel do not need to evacuate when every disaster occurs. To enable all the personnel in the plant that are not directly involved in disaster relief to be familiar with the evacuation routes, assembly locations, methods for roll calls, and the response commander's control of personnel, the emergency evacuation and assembly drill is carried out on a yearly basis to enhance our employees' disaster response capabilities.

Evacuation drills for the day shift and the night shift



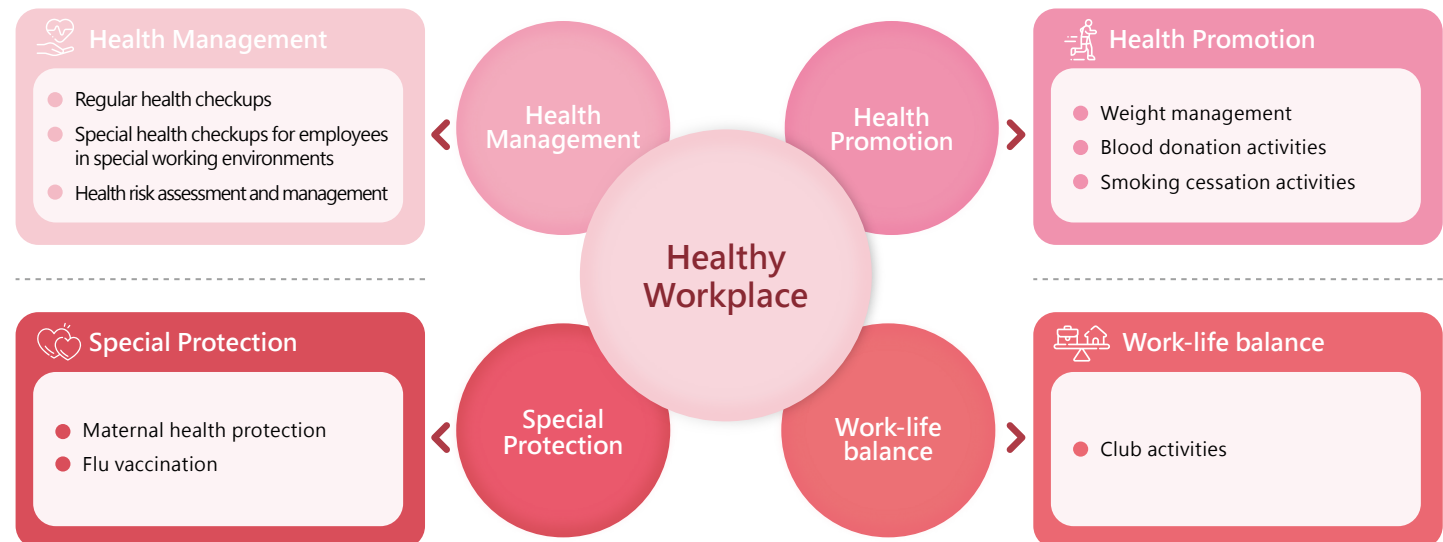
• Contractor Safety Management

To enable other non-employee workers to pay more attention to the culture of safety and health, PANJIT conducts management of the contractors' personnel through the Contractor Management System so as to ensure the safety of workers.

1. Qualification review is conducted when working with a conductor for the first time to confirm the business registration and the contractor is asked to sign the information security control statement and safety and health commitment letter for contracted projects to ensure safety.
2. The qualifications of contractor's employees are confirmed by checking the attached labor insurance and group insurance information and proof showing that their employees have received general safety and health education and training (6 hours) within the validity periods. Through the validity period control can we ensure the personnel's qualification at all times before they take PANJIT's online courses and assessment to obtain the contractor ID cards.
3. For contractor's employees operating dangerous machinery and equipment, conducting hazardous operations, and special operations, valid licenses have to be uploaded. These personnel can only conduct relevant operations after the review and confirmation of the license.
4. After getting the qualification to enter PANJIT, contractors' employees still have to submit application before work. After being informed of hazards and confirmed after the review, it is required for them to swipe the contractor ID cards to enter the factory due to the access control, and they can only enter for operation after the toolbox meeting is confirmed.
5. Occupational safety personnel can control whether there are any abnormal situations when the personnel leave the factory through the system. On-site inspections are also carried out on a regular/occasional basis. In 2022, we issued one improvement item for contractors, three in 2021, and two in 2020, and the improvement rate reached 100%.

• Occupational Health Services

Employees are the most valuable assets of PANJIT, and healthy employees are the important foundation for the company to succeed. We are dedicated to creating a safe and comfortable working environment and regard the health of employees the critical element for the enterprise to step toward success and sustainable development. Therefore, health managers and specially contracted factory physicians are deployed in accordance with legal regulations to assist our employees to obtain work-life balance and maintain physical and mental health, working toward the four directions of Health Management, Health Promotion, Special Protection, and Employee Assistance Program (EAP).





Health Management

On-site Physician Services

PANJIT attaches great importance to the employees' health and provides comprehensive health care services. Professional nurses and outsourced occupational health physicians conduct on-site visits once a month to evaluate the results of visits, discuss improvement plans, and provide psychological consultation and other services to ensure the physical and mental health of our employees. In 2022, the on-site visit plans were completed in a total of 9 production line stations, and about 120 employees received health consultation and health management services from the on-site physicians.



▲ Employee health checkup

Health Checkup

The employees' health management data obtained in the health checkups is created and kept in accordance with the Management Procedures for Personal Data Protection and Management Procedures for Privacy and Confidentiality. In addition, we also referred to the recommendations of occupational health specialists in Schedule 11, "Work Unsuitable to Engage in for Diseases", of Regulations of the Labor Health Protection and inform the employees in person during the health consultation and make appropriate arrangements for employees. For those who have abnormal test results, the medical specialist will provide health guidance. If they are not unsuitable for their original work after the evaluation by the occupational health specialists, changes in their workplace and job or shortened working hours will be adopted as suggested by the physician. All the health-related information is also handled in accordance with the regulations stipulated in the Prohibition of Discrimination and Harassment Management Operating Procedures and there shall be no favorable or unfavorable treatment to the workers in any way.

PANJIT cooperates with physicians in E-Da Hospital, Tainan Sin-Lau Hospital, and Well Being Clinic to jointly carry out the health promotion and management work, and provides health checkups better than legal requirements. Employees meeting the qualification for physical examinations (being employed for 2 years without taking a leave without pay for more than 3 months, foreign workers included) can receive the health checkups every year at the company's cost. The employees' dependents can also enjoy physical examinations in the hospitals at preferential prices. In 2022,

a total of 1,048 people joined the employee health examinations, 43 took part in the cancer screening, and 268 received special health examinations. Among them, 1 employee was classified as Level 4 noise management target in the special health examination. This employee had abnormal hearing in the pre-employment physical examination back in 2017. It was determined by the occupational health physician that if such employee puts on hearing protection gear and continues follow-up checkups, there should be no further concern about health impact or aggravating the hearing problem, and therefore, such employee could continue to perform the original job and was classified as Level 4 noise management target. In 2023, due to personal career planning, the employee resigned. The annual hearing examination reports showed that this employee's hearing remained stable without deterioration before resignation.

In 2022, no employees were diagnosed of occupational diseases by the physician. The occupational disease prevention measures of the company include the followings.

- Ergonomic: On-site visits by occupational health specialists
- Chemical: Exposure assessment, control and management of chemicals
- Psychological: Continue to improve the cerebral and cardiovascular disease prevention and management plans.
- Biological: Real-time announcement released by the Taiwan Centers for Disease Control to provide timely health education.
- Physical: Increase identification of environmental physical exposure.

Provision of Health Services in 2022

	General health examination		Special health examination	
Exam items	General medical exam, physical exam, physician consultation, routine urine exam, routine blood exam, abdominal function (liver, gallbladder, spleen, pancreas, kidney) exam, cardiovascular exam, diabetes, cardiovascular disease risk assessment, inflammatory response screening, chest X-ray exam, intraocular pressure measurement, breast cancer exam (female), prostate exam (male), liver/colon cancer exam, etc.		Noise, ionizing radiation, lead operations, dust operations, propane bromide operations	
Health management	The health center will provide personal health education to assist those with abnormal results to conduct health management.		If there are employees categorized as Level 3 or Level 4 management targets, the occupational health specialist will keep the follow-up management.	
Number of people	Employee	Non-employee worker	Employee	Non-employee worker
	1,048	0	268	0
Amount	NTD 1,676,800		NTD 132,000	



Health Promotion

The company organizes different health promotion activities to help the employees take care of their physical and mental health while working. The health concepts and knowledge is publicized through emails and posts on the bulletin boards. We provide activities like smoking cessation promotion and referral services, weight loss class, weight loss competition, etc. We also continue to hold blood donation activities every quarter. In 2022, a total of 148 people participated in the blood donation activities.



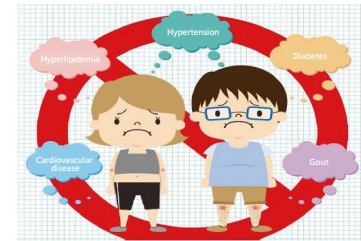
▲ Blood donation activity

Happy and healthy weight loss competition for employees

Purpose

Obesity has become a major health concern for people in Taiwan, and the prevalence of diseases related to obesity include hyperuricemia, hyperlipidemia, hypertension, and diabetes is increasing every year. However, good eating habits and moderate exercise can help avoid the threats of obesity, metabolic syndrome, and chronic diseases.

The abnormal items in the employees' health examination include weight, waist circumference, body mass index (BMI), and total cholesterol. Obesity is indeed a serious threat to health, and obviously it has become a health concern for our employees. Because of this, we have specially planned the "Happy and healthy weight loss competition" to let the employees obtain health knowledge about weight loss and the concept of health management. Through the activity, they can know how to prevent the damage caused by obesity and lower the harm. We hope that our employees can manage their own health well to avoid the health hazards and diseases because our goal is to maintain physical health and work safety. We want all employees to jointly participate in this activity and work on weight loss



Description

Employees with the BMI > 24 can sign up for participation. The competition is divided into three categories, "individual award", "special award", and "group award", and the award can be accumulated across different categories. The top three in each category will be awarded cash vouchers (up to NTD 5,000) of different denominations and special bonuses will also be provided to encourage employees to participate.

Health measurement

Each participant has to go to the health center regularly on a weekly basis to measure body composition and keep the weekly health records.

Weekly health records

Go to the health center regularly on a weekly basis to measure the body composition analysis and the blood pressure, and the measurement data are recorded on the spot.

Incentives

The top three in each category will be awarded cash vouchers (up to NTD 5,000) of different denominations and special bonuses will also be provided.

Hold the annual weight loss competition. A total of **25 people** participated in 2022, with a total weight loss of **72 kilograms**.

Experience sharing

Employee A

The company held the weight loss competition for the sake of the employees' health, and I was inspired to make a change. I was getting heavier. So, I signed up for the competition for my health. I want to thank the company for holding this activity, and I hope the positive energy can be passed on.

Employee B

I really want to thank the company for holding the weight loss competition to promote health, allowing us to remind ourselves that we need to lose weight despite the busy work schedule. I really appreciate the assistance from the health center so that I could be able to lose my weight.

Employee C

It was the right decision to sign up for the weight loss competition and continued to work hard for it. I want to thank the company for organizing the activity, and I also want to thank myself for working so hard. I also want to say "thank you" to the medical staff who helped me record my weight every week. We all did a good job.



Special Protection

Maternal Health Protection

Maternal health protection is provided to employees during pregnancy and one year postpartum. The content of the protection plan includes work and individual hazard assessment, risk control, health guidance, work content adjustment and replacement, work hours adjustment, education and training as well as health protection measures. In 2022, the maternal health protection plan was implemented to 18 pregnant employees in total.

The maternal health protection in the workplace follows regular laws and regulations, and special risk assessments are carried out to eliminate hazards, the adjustment of working conditions or change of work was implemented. After the physician confirms that they are healthy, the employees in this protection plan will be informed of relevant information, and their willingness to work is respected, so as to realize the employment equality and maternal protection at the same time.

Flu vaccination

Every year, the annual flu vaccination is carried out to prevent the spread of the flu in the workplace. In 2022, the number of employees signing up for publicly funded vaccination was under the legal requirement for the Department of Health to provide on-site vaccination service. Therefore, the promotion of flu vaccination was carried out to all employees in the factory.



Work-Life Balance

To maintain the physical and mental health of employees and encourage them to develop the habit of exercising, PANJIT spares no efforts to create a good and healthy work environment. Therefore, various club activities, such as the walking activity, team competitions, cycling and others, are held to incorporate physical exercises into employee activities, hoping that the employees can have a balanced and healthy life after work and maintain the physical and mental well-being.

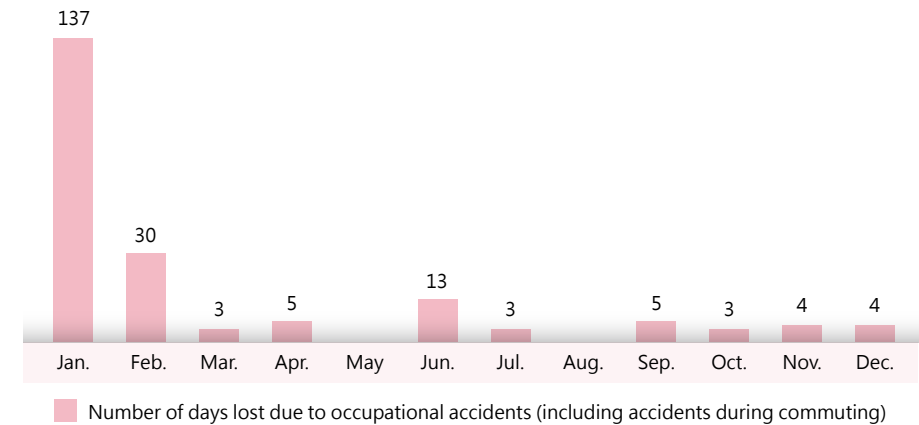


Statistics of Occupational Injuries

There were 4 in-plant occupational accidents in 2022, including 4 temporary disability injuries (accounting for 2.6 % of the total number of employees) and 16 work days lost (SR 4.42), and the injuries were falls (2 cases were caused by unsafe movements and 1 unsafe actions) and cuts (caused by unsafe actions). The Safety and Health Center analyzed the cause of the unsafe environment was mainly due to the unfixed grounding wire on the factory floor, causing the employee to trip. To improve the environment, the equipment unit has reinforced the wires in the whole factory. All personnel were also asked to make improvement regarding the unsafe actions and publicity was also strengthened. Furthermore, during the education and training of new employees, they will also be specially informed of the in-plant hazards and possible injuries to lower the risks of hazards.

In addition, the company also actively prevents off-site occupational accidents caused by commuting to and from work. We continue to conduct monthly themed publicity and annual education and training of traffic safety to strengthen our employees' awareness of traffic safety.

2022 Statistics on Occupational Injuries



PANJIT's statistics of occupational injuries in the past three years

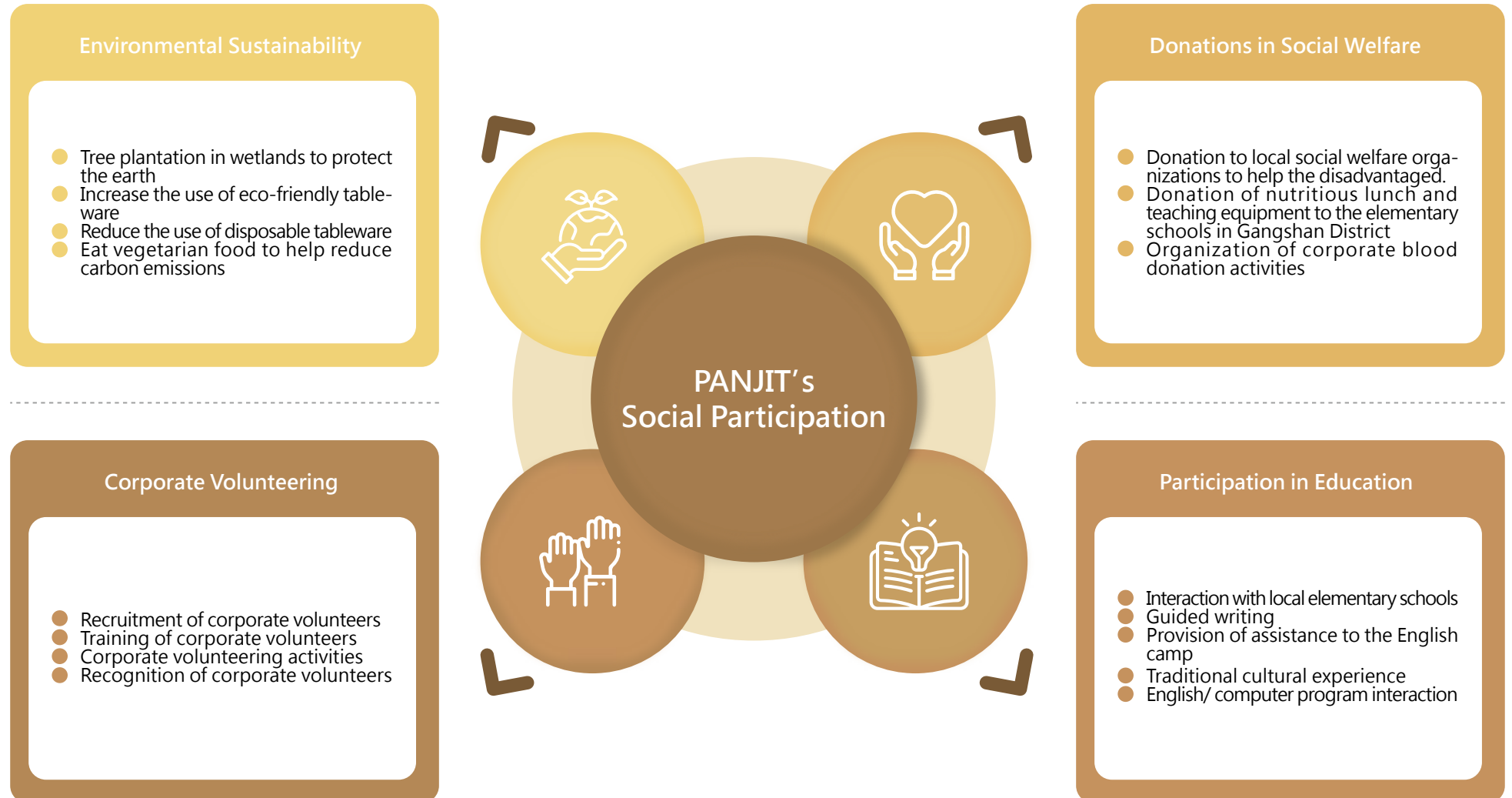
Category	Item	2020	2021	2022
Total working hours	Female	1,845,684	2,281,070	2,288,128
	Male	1,190,392	1,226,564	1,328,808
	Total	3,036,076	3,507,634	3,616,936
Number of recordable occupational injuries	Female	2	4	4
	Male	0	0	0
	Total	0	0	0
Number of recordable occupational injury rate	Female	1.08	1.75	1.74
	Male	0	0	0
	Total	0.65	1.14	1.10

Note:

1. Including Gangshan Factory and Yongan Factory.
2. The total working hours were the actual working hours in the monthly occupational accident reports.
3. The number of work-related injuries was mainly based on the monthly occupational accident reports.
4. Death rate caused by occupational injuries = Number of death caused by occupational injuries/ working hours*1,000,000; and none occurred in 2022.
5. Severe occupational injuries ratio (SOI) = Number of SOI (excluding fatalities)/ working hours*1,000,000; and none occurred in 2022.
6. Severe occupational injuries refer to injuries that result in disability or inability to return to the state of health before the injury within six months due to occupational injuries.
7. Recordable occupational injury ratio = recordable occupational injury ratio (including the number of fatalities and number of severe occupational injuries) /working hours*1,000,000.
8. In 2022, the non-employee workers of PANJIT were regular workers in the factories (including guards, cleaning staff, and canteen staff), and there were no incidents of deaths, severe work injuries and recordable work injuries; the total working hours was 41,640 hours (24,696 hours for females and 16,944 hours for males).



PANJIT has been upholding the concept of “taking from society and giving back to society” and making long-term investment in public welfare activities. On the path toward ESG Sustainability, PANJIT continues the deep plowing in the four major aspects, including environmental sustainability, participation in education, social welfare donations, and corporate volunteering. We started taking roots in Kaohsiung and have been supporting and participating in community care and educational, cultural and social activities to give back to the local communities for their support for PANJIT for over three decades. We hope that we can exert positive social influence to drive progress in society to share common prosperity for common good. In 2022, the public welfare expenditures of PANJIT totaled NTD 1.8 million.



ESG Environmental Sustainability

Love the Earth- Tree Planting Activity

"Plant a tree and give the earth a big hug". There were two tree planting activities this year, and about 300 of PANJIS's employees participated in the tree planting activities, with the cumulative of environmental volunteering hours of 1,500 and about 700 trees being planted. It is estimated to save approximately 10,000 kg of CO2 for the earth this year. The subsequent and regular annual tree care and tending will continue the greening of the environment, improving the environmental and ecological green belt space. In addition, the tree planting can also be combined with the ecology of coastal migratory birds, taking care of the greening in the environment while giving back to the ecology of the environment, creating a new paradise in the coastal area.

Environmental public welfare expenditures amounted to approximately
ND 1.2 million

Monthly Healthy Vegetarian Day

Promote the "Monthly Healthy Vegetarian Day". Through vegetarian meals and reduced consumption of meat, relevant carbon emissions can be reduced. A total of about 4,931 people ate the vegetarian meals, and the costs were all covered by the company.

Eco-friendly Tableware Point Collection Event

The Welfare Committee gave out the eco-friendly meal bags and bowl sets to all employees as gifts. Every time when the employees make use of the tableware to dine in the canteen, they can get a point. When they collect 10 points, they can exchange the points for a free meal. This is to encourage our employees to use the eco-friendly tableware more often and reduce the use of disposable lunch boxes and tableware to reduce the use of plastics for the earth.





Special Column 1

Planting Trees in Wetlands to Protect the Earth- Love the Earth- Tree Planting Activity

In 2022, we worked with our supply chain for the first time and held two sessions of “Love the Earth- Tree Planting Activity” in Qieding Wetland, planting a total of 700 saplings of 11 Taiwanese native plants that can adapt to the coastal environment. Through the carbon sequestration effect of trees, global warming can be mitigated. What is more, through the afforestation, more ecological diversity can be added to the important habitat for migratory birds in Taiwan. We plan to continue this event in 2023 and plant 700 more saplings to “continue, keep on, persist, and sustain” our corporate social responsibility to give back to the ecology of the local special coastal environment.

Record of Activity

Before planting the trees, the association led our employees to dance the tree planting moves to warm up. After the dance, the tree planting steps were explained in detail, and through the fun games played, all the participants could understand how long it would take for these saplings to grow into precious big trees.

After tree planting, the participants wrote down their hopes in the Hope Cards, bring profound and touching moments to the participating partners.

We plant saplings with love and hope, hoping that one day they will grow into big trees. These big trees will become a coastal forest one day, bringing more living space to the animals and plants on this piece of wetland creating a new paradise in the coastal area, realizing the vision of a beautiful green coast. Let us continue to embrace the earth and do our part for environmental sustainability.

In 2022, PANJIT planted a total of 700 saplings of 11 Taiwanese native species that can adapt to the coastal environment, which is expected to increase CO₂ carbon sequestration by 8,400 kilograms.



Activity sharing- Feedback from participating employees

Employee A

This was the first time for me to participate in the tree planting activity held by the company. The series of wonderful activity planning from the selection of the saplings, planting techniques, to the plantation was both educational and entertaining. In addition, we can also make contributions to the earth. It is hoped that these native saplings planted on that day can thrive and grow one day to provide a good habitat for the migratory birds passing through.

Employee B

I am really touched to see a group of people working tirelessly for the earth. I also gave my word to my kids that we will come to care for the saplings we planted on holidays. I am grateful to the company for holding such a meaningful event that not only allowed us to interact with our co-workers on holidays but also do our part for the earth. I hope the company can hold more activities like this to help us enhance the bond with our associates and to work together to save the earth.

Employee C

It was really hot on the day of the event. But when I saw that everyone focused on planting the saplings despite the heat, I was deeply moved. We all hope that these saplings can grow into big trees one day. I want to thank my company and the I Plant For Life Corporation Aggregate for organizing this meaningful event together. It feels really good to be able to make some contribution to the earth.

We plant a tree for the earth and make our wishes. We do our part to protect the local ecology to embrace the earth.



Note: Every tree can absorb approximate 12 kg of CO₂ every year.

(Source: Environmental Quality Protection Foundation)

Special Column 2

Healthy Vegetarian Day- Lose Weight for the Earth Together



Purpose

On the last Friday of every month, the company will treat the employees with healthy vegetarian meals. We want to encourage our employees to add vegetarian diets into their daily life, which can not only reduce the burden the meat brings to the body but also help with the reduction of meat consumption to reduce the emission of CO2. This approach has double positive effects: we can take care of the employees' health and also the environment at the same time.



Engagement and Participation

- On April 22, 2022 (Earth Day), we provided special vegetarian meals to our employees for free.
- Since the launch of the Healthy Vegetarian Day from the Earth Day in 2022, we have achieved a total of 4,931 people/meals.

In 2022, the Vegetarian Day was responded by a cumulative number of **4,931** people/meals, reducing approximately **3,748** kg of CO₂ emission.

Note: One vegetarian meal can reduce the emission of 760g of CO₂.

(Source: Adopted from the website, Joyous Vego Lifestyle)



Special Column 3

Plastic Reduction for the Love of the Earth- Take Actions for Environmental Protection



Purpose

We gave eco-friendly tableware and meal bags to all employees and encourage them to make use of them in their daily life. In addition, our canteen also encourages them to make use of these eco-friendly tableware to collect points for complimentary meals so that they can take part in environmental protection at work and in their daily life and reduce the amount of waste disposable tableware for the protection of the earth.



Engagement and Participation

- A total of **1,541** eco-friendly bowls/meal bags were given out to all employees.
- Launched the "Collecting points by using eco-friendly tableware" to reduce plastic use for the earth. A total of 100 employees participated in the point collecting activity.
- If the **100** employees continue to use eco-friendly tableware (accounting for 1/4 of the people dining in the canteen), the use of disposable tableware can be reduced, and the concept of environmental protection can be implemented.



Gave all employees eco-friendly tableware as gifts on May 13.



Started the use of eco-friendly tableware to reduce the use of disposable tableware from October 3.

ESG Social Participation

Corporate Volunteering

Participation in Education

Activities of the Little Superkid Club of Chien-Feng Elementary School

The Industry, government, and academia jointly invested in abundant and diverse teaching courses in the local Chien-Feng Elementary School, and the current cumulative number and volunteering hours of the corporate volunteers of PANJIT reached 30 and 100 hours respectively; the number is expected to reach 60 and 200 hours in 2022. Through actual social participation, we can realize the concept of taking from the local communities and giving back to the local communities to reach social participation.

Long-term donation to five elementary schools in Gangshan District

Started from 2011, we have made long-term donations of teaching resources and meal subsidies to five regional elementary schools in Gangshan District and donated teaching equipment and nutritious lunch to nurture the young students.



Donation to the local social welfare organization- House of the Little Angels Kaohsiung

By focusing on taking care of the disadvantaged, we provide local social welfare resources to help the House of the Little Angels with the adoption-related work to extend love to the disadvantaged children in the corners of the society, striving to do a better job in corporate social responsibility and play more roles to exert our corporate strength and value.

Donate residential fire alarms to local fire brigade

Actively donated the residential fire detection alarms to the local fire protection authorities to give back to and safeguard local residents and implement the industry-government joint defense of fire, daily protection, and new concept of home safety.

Participate in humanitarian rescue and emergency relief

Participate in humanitarian relief and emergency relief through donations to social groups when needed.

Donations in Social Welfare

Recruitment of corporate volunteers

Establish a corporate volunteer team and provide corporate volunteer education and training to the members. In addition, corporate volunteer leave is provided when the volunteers participated in the volunteering work to encourage our employees to participate in the volunteering activities more often.



Purchased the popsicles from Exist for Love

With the concept of "Take from the local community and give back to the local community", we took actions to support the local social welfare organization, Exist for Love, by buying the popsicles (about 2,000 of them) to help the disadvantaged people to make their own living by themselves. We continue to purchase products from Exist for Love every month (such as egg rolls, XO sauce, dumplings, etc.) to support this social welfare organization from the corporate perspective and with the participation of our employees. By doing so, these underprivileged people can support themselves with their own strength instead of obtaining one-way donation. PANJIT makes actual actions to respond to social welfare.

Employee blood donation

Organize employee blood donation activity every three months.



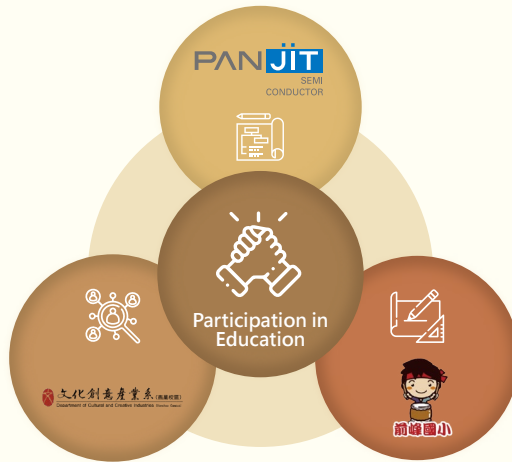
Social welfare expenditures amounted to about **NTD 600,000**

Special Column 1

Participation in Education – Giving back to local elementary schools



“Take from the local community and give back to the local community”



- In charge of and coordinated the courses
 - Recruitment and training of corporate volunteers
 - Course records, adjustments and feedback
-
- Course planning and design
 - Recommendations of external teachers
 - Preparation of teaching aids
-
- Recruitment of members
 - Provision of venue and equipment
 - Handling problems of the members

Activity sharing- Volunteer participation and feedback

Volunteer partner A

It was my first time to enter the campus as a volunteer in many years, and I found that it was not easy to be a volunteer. The instructor, Mr. Curly Hair played a game for strangers meeting for the first time to enable participants to be familiar with each other’s names. Learning from games is really a profound skill. I am looking forward to my next volunteer trip.

Volunteer partner B

I am grateful to the company for providing the opportunity for me to be an education volunteer. It’s an honor to be a volunteer in the school and accompany the schoolchildren to learn. Getting into the campus again and seeing these little kids show their excitement and expectation to the course (computer programs and assistive devices), be positive and show high degree of participation in class, I also enjoyed the results of learning by accompanying them, and this is the most rewarding part for me.

Volunteer partner C

I was very nervous because it was my first time to be a volunteer, and I was not sure whether this is a good idea to join the volunteer team. But it was worth it when I saw the innocent schoolchildren involve in the scientific experiments. I even joined these kids and assisted them complete the scientific project. Being a volunteer is a special experience. My anxiety before joining the project and the joy obtained after gave me some unique experience and rewards that are beyond words.

Purpose

Start from the educational interaction with the local elementary schools, supplemented by the joint integration of the industry, government, and academia to make arrangement of teachers from the Department of Cultural and Creative Industries of National Kaohsiung University of Science and Technology and the participation of the corporate volunteers to jointly give back to the local elementary schools.

Description

After paying a visit to the local schools we have been giving long-term donations and subsidies to and considering the scale of the school, the resources, and the level of support for the enterprises’ investment in education, this year, we chose Chien-Feng Elementary School as the first target to implement the project.

Goal

Chien-Feng Elementary School serves as the touchstone. It is hoped that we can continue to deepen our cooperation with the academia in the future and continue to deplicate the successful experience of corporate volunteers’ participation in education to other local elementaries, realizing the concept of taking from the local community and giving back to the local community. In the future, we can continue to give back more through local educational participation.

Organized a total of **12** courses in 2022, participated by more than **30** volunteers and **96** students.

Special Column 2

Charity Care Project of the House of the Little Angels Kaohsiung



Purpose

The House of the Little Angels Kaohsiung was established in 2004, mainly helping take care of infants and young children that are orphaned, born to unmarried mothers, or from families having encountered changes. This project is to seek the best interest of the disadvantaged children with the purpose to help them return to families and provide them good living environments, love, and safety to promote the children's physical and mental health as well as personality development. PANJIT's social participation focuses on taking care of the disadvantaged, providing social resources to local charity organizations, and assisting with the adoption-related affairs to allow love to be extended to the disadvantaged children in the corner of the society, striving to do a better job in corporate social responsibility and play more roles to exert our corporate strength and value.

Engagement and Participation

- Donate NTD 50,000 to the House of the Little Angels Kaohsiung every quarter to help take care of the infants who are orphaned or from families having encountered changes as well as the disadvantaged.
- We have made regular donations since 2014 to assist with the resources needed in the House of the Little Angels Kaohsiung. The amount of donation in 2022 was NTD 200,000, and as of the end of 2022, a total of 2.1 million has been donated.

As of the end of 2022, the total donation reached NTD **2.1** million to assist with the resources the House of the Little Angels needed.



Special Column 3

Donation of Residential Fire Alarms to the Local Fire Brigade



Purpose

Installing residential fire detection alarms is an important step to protect life and property. It can provide early warning in the event of fire, allowing people to have more time to escape from the dangerous area and seek help. PANJIT cooperated with the Fire Department of Kaohsiung City Government in the promotion of the Home Safe Home Project for the safety of households and actively donated residential fire detection alarms to the local fire protection authorities and also encouraged its employees to install the fire detection alarms to give back to the local residents as well as enhance the new concept of home safety.



Engagement and Participation

- Designed relevant forms to assist our employees to apply for the home smoke detection residential fire alarms.
- Residential fire alarms were donated to provide residents within the jurisdiction of the Fifth Brigade of Kaohsiung City Fire Department (Gangshan, Tianliao, Mituo, Yongan, Luchu, Alian, Qieding, Hunei Districts) to obtain the residential fire alarms to use.

In 2022, PANJIT donated a total of **300** residential fire alarms to Gangshan Fire Station and assisted its employees to apply for **221** residential fire alarms in the Home Safe Home Project.





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Appendix III -Comparison Table of the Sustainability Accounting Standards Board (SASB) Standards	125
Appendix IV -TWSE Comparison Table of Climate-Related Information	127
Appendix V -Independent Third-Party Verification Statement	128

Appendix I- GRI Content Index

Statement of Use	PANJIT has reported the contents in accordance with the GRI Standards during the reporting period from 2022/1/1-2022/12/31.
GRI 1 Used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
GRI 2 : General Disclosures 2021				
The organization and its reporting practices				
2-1	Organizational details	About PANJIT	08	
2-2	Entities included in the organization' s sustainability reporting	About the Report	02	
2-3	Reporting period, frequency and contact point	About the Report	02	
2-4	Restatements of information	About the Report	-	This is the first Sustainability Report, so there was no information restatement.
2-5	External assurance	About the Report	02	
Activities and workers				
2-6	Activities, value chain and other business relationships	About PANJIT 3.3 Supply Chain Sustainable Management	08 48	
2-7	Employees	5.2 Employee Composition	73	
2-8	Workers who are not employees	5.2 Employee Composition	73	
Governance				
2-9	Governance structure and composition	2.1 Corporate Governance	27	
2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	27	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
Governance				
2-11	Chair of the highest governance body	2.1 Corporate Governance	27	
2-12	Role of the highest governance body in overseeing the management of impact	1.1 Promotion of ESG Development	15	
2-13	Delegation of responsibility for managing impacts	1.1 Promotion of ESG Development	15	
2-14	Role of the highest governance body in sustainability reporting	1.1 Promotion of ESG Development	15	
2-15	Conflicts of interest	2.1 Corporate Governance	27	
2-16	Communication of critical concerns	1.1 Promotion of ESG Development	15	
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	27	
2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	27	
2-19	Remuneration policies	2.1 Corporate Governance 5.4 Compensation and Benefits	27 80	
2-20	Process to determine remuneration	2.1 Corporate Governance	27	
2-21	Annual total compensation ratio	5.4 Compensation and Benefits	80	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from Top Management	04	
2-23	Policy commitments	1.1 Promotion of ESG Development	15	
2-24	Embedding policy commitments	1.1 Promotion of ESG Development	15	
2-25	Processes to remediate negative impacts	1.3 Stakeholder Communication 5.1 Human Rights Management	22 71	
2-26	Mechanisms for seeking advice and raising concerns	1.3 Stakeholder Communication 5.1 Human Rights Management	22 71	
2-27	Compliance with laws and regulations	2.3 Ethics and Integrity	32	
2-28	Membership associations	About PANJIT	08	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.3 Stakeholder Communication	22	
2-30	Collective bargaining agreements	5.4 Compensation and Benefits	80	
Material Topics				
GRI 3 : Material Topics 2021				
3-1	Process to determine material topics	1.2 Materiality Analysis	18	
3-2	List of material topics	1.2 Materiality Analysis	-	This is the first Sustainability Report, so there was no change of topics.
Material Topics: Supply Chain Sustainable Management				
3-3	Management of material topics	3.3 Supply Chain Sustainable Management	48	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	3.3 Supply Chain Sustainable Management	48	
GRI 301 : Materials 2016	301-1 Materials used by weight or volume	3.3 Supply Chain Sustainable Management	48	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	3.3 Supply Chain Sustainable Management	48	
	308-2 Negative environmental impacts in the supply chain and actions taken	3.3 Supply Chain Sustainable Management	48	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	3.3 Supply Chain Sustainable Management	48	
	414-2 Negative social impacts in the supply chain and actions taken	3.3 Supply Chain Sustainable Management	48	
Material Topics: Product Health and Safety				
3-3	Management of material topics	3.1 Product Quality and Services	40	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of impact on health and safety from product and service categories	3.1 Product Quality and Services	40	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Product Quality and Services	40	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
Material Topics: Product Health and Safety				
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	3.1 Product Quality and Services	40	
Material Topics: Information Security Management				
3-3	Management of material topics	2.5 Information Security Management	36	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.5 Information Security Management	36	
Material Topics: Innovative R&D and Patents				
3-3	Management of material topics	3.2 Innovation and Advancement	43	
Material Topics: Climate Change Responses				
3-3	Management of material topics	4.1 Climate Change	56	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2 Energy and Emissions	63	
	302-3 Energy intensity	4.2 Energy and Emissions	63	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emission	4.2 Energy and Emissions	63	
	305-2 Energy indirect (Scope 2) GHG emission	4.2 Energy and Emissions	63	
	305-3 Other indirect (Scope 3) GHG emissions	4.2 Energy and Emissions	63	
	305-4 GHG emissions intensity	4.2 Energy and Emissions	63	
Material Topics: Talent Cultivation				
3-3	Management of material topics	5.3 Recruitment and Employment	76	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.3 Recruitment and Employment 5.5 Talent Development	76 86	
	404-3 Percentage of employees receiving regular performance and career development reviews	5.5 Talent Development	86	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
Material Topics: Talent Attraction and Retention				
3-3	Management of material topics	5.3 Recruitment and Employment	76	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	5.4 Compensation and Benefits	80	
	202-2 Proportion of senior management hired from the local community	5.2 Employee Composition	73	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.3 Recruitment and Employment	76	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.4 Compensation and Benefits	80	
	401-3 Parental leave	5.4 Compensation and Benefits	80	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	5.3 Recruitment and Employment	76	
Material Topics: Occupational Safety and Health				
3-3	Management of material topics	5.6 Employee Health and Safety	94	
GRI 403: Occupational Health and Safety 2018)	403-1 Occupational health and safety management system	5.6 Employee Health and Safety	94	
	403-2 Hazard identification, risk assessment, and incident investigation	5.6 Employee Health and Safety	94	For the requirements in 403-2 d., it is expected to be added to the Accident Investigation and Handling Instructions in 2023.
	403-3 Occupational health services	5.6 Employee Health and Safety	94	
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.6 Employee Health and Safety	94	
	403-5 Worker training on occupational health and safety	5.6 Employee Health and Safety	94	
	403-6 Promotion of worker health	5.6 Employee Health and Safety	94	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.3 Supply Chain Sustainable Management 5.6 Employee Health and Safety	48 94	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
Voluntary Disclosure Index				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Operating Performance	31	
	201-3 Defined benefit plan obligations and other retirement plans	5.4 Compensation and Benefits	80	
	201-4 Financial assistance received from government	2.2 Operating Performance	31	
GRI 203: Indirect Economic Impact 2016	203-1 Infrastructure investments and supporting services	6 Social Inclusion	109	
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	2.3 Ethics and Integrity	32	
	205-3 Confirmed incidents of corruption and actions taken	2.3 Ethics and Integrity	32	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethics and Integrity	32	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge related impacts	4.3 Water Resources Management	66	
	303-3 Water withdrawal	4.3 Water Resources Management	66	
	303-4 Water discharge	4.3 Water Resources Management	66	
	303-5 Water consumption	4.3 Water Resources Management	66	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	68	
	306-2 Management of significant waste-related impacts	4.4 Waste Management	68	
	306-3 Waste generated	4.4 Waste Management	68	
	306-4 Waste diverted from disposal	4.4 Waste Management	68	
	306-5 Waste directed to disposal	4.4 Waste Management	68	

GRI Topics	Items for Disclosure	Corresponding Chapters	Page Number	Note
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Corporate Governance 5.2 Employee Composition	27 73	
	405-2 Ratio of basic salary and remuneration of women to men	5.4 Compensation and Benefits	80	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.1 Human Rights Management	71	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.1 Human Rights Management	71	
GRI 408: Child Labor 2016	408-1 Significant risk for operation bases and suppliers for using child labor	5.1 Human Rights Management	71	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operation bases and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Human Rights Management	71	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	5.1 Human Rights Management	71	
GRI 411: Rights of Indigenous People 2016	411-1 Incidents of violation of rights of indigenous people	5.1 Human Rights Management	71	
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	5.6 Employee Health and Safety 6 Social Inclusion	94 109	
GRI 415: Public Policy 2016	415-1 Political contributions	2.1 Corporate Governance	27	

Appendix II -Sustainability Disclosure Indicators- Comparison Table for Semiconductor Industry

No.	Indicator	Type of Indicator	Unit	Report Content or Description
1	Total energy consumption, percentage of purchased electricity, and usage rate of renewable energy	Quantitative	billion Joules (GJ), percentage (%)	(1) Total energy: 179,047.61 GJ (2) Purchased electricity: 99.71% (3) Renewable energy: 0.33%
2	Total water withdrawal and total water consumption	Quantitative	thousand cubic meters (M ³)	(1) Water withdrawal: 301,439 M ³ (2) Water consumption: 60,393 M ³
3	Weight of hazardous waste generated and percentage recycled	Quantitative	metric tons (t), percentage (%)	(1) Hazardous waste: 81.02t (2) Recycling ratio: 81.46%
4	Explain the types, number, and proportion of occupational accidents	Quantitative	ratio (%), quantity	0.26%, 4 people
5	Disclosure of product life cycle management: including the weight of end-of-life products and e-waste, and the percentage of recycling	Quantitative	metric tons (t), percentage (%)	250.97t, 98.11%
6	Description of the risk management in relation to the use of critical materials	Qualitative description	N/A	Please refer to 3.3 Supply Chain Sustainable Management.
7	Total pecuniary losses resulting from legal proceedings related to the regulations of anti-competitive conduct	Quantitative	Yield	NTD 0
8	Output of main product by category	Quantitative	KK	Diode rectifier: 19,533KK

Appendix III- Comparison Table of the Sustainability Accounting Standards Board (SASB) Standards.

TECHNOLOGY & COMMUNICATIONS/SEMICONDUCTORS


Indicator No.	Disclosure indicator	Nature	Unit	Report content or description
Greenhouse Gas Emissions				
TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	Quantitative	tCO ₂ e	(1) 1,437.44 tCO ₂ e (2) 264.693 tCO ₂ e
TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	–	Please refer to 4.2 Energy and Emissions
Energy Management in Manufacturing				
TC-SC-130a.1	(1) Total energy consumed, (2)percentage grid electricity, (3)percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	(1) 179,047.61 GJ (2) 99.37% (3) 0%
Water Management				
TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³)	(1) 301,439 M ³ (2) 60,393 M ³ PANJIT is not located in an area with high or extremely-high baseline water stress.
Waste Management				
TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	(1) Hazardous waste: 81.02t (2) Recycling ratio: 81.46%
Employee Health & Safety				
TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Discussion and Analysis	–	Please refer to 5.6 Employee Health and Safety
TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	NT	NTD 0

Indicator No.	Disclosure indicator	Nature	Unit	Report content or description
Recruiting & Managing a Global & Skilled Workforce				
TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	Percentage (%)	(1) Ratio of foreign employees: 24% (2) Ratio of overseas employees: 0.9%
Product Lifecycle Management				
TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%)	The revenue ratio of products that should declare IEC62474 was 0%. For the reduction and management of hazardous materials, please refer to 3.1 Product Quality and Services.
TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops and (3) laptops	Quantitative	Various, by product category	Not applicable. PANJIT products are mainly semiconductor components, mainly configured and used based on customers' requirements for product functions, not end-application products
Materials Sourcing				
TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	-	Please refer to 3.3 Supply Chain Sustainable Management.
Intellectual Property Protection & Competitive Behaviour				
TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Quantitative	NT	NTD 0
Activity Metrics				
TC-SC-000.A	Total production from owned manufacturing facilities and production service contracts	Quantitative	Yield	Diode rectifier: 19,533KK
TC-SC-000.B	Percentage of production from owned facilities	Quantitative	Percentage (%)	77%

Appendix IV- TWSE Comparison Table of Climate-Related Information

Item	Disclosure content of 2022
1. Describe supervision and governance of climate-related risks and opportunities by the board of directors and management.	4.1 Climate Change Adaptation and Actions
2. Describe how the climate risks and opportunities identified affect the Company's business, strategies, and financial position (short-term, mid-term, long term).	4.1 Climate Change Adaptation and Actions
3. Describe the impact of extreme weather events and transition actions on the Company's financial position.	4.1 Climate Change Adaptation and Actions
4. Describe how the identification, assessment, and management process of climate risks is integrated in the overall risk management system.	4.1 Climate Change Adaptation and Actions
5. If scenario analysis is carried out to evaluate resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and main financial impact.	N/A
6. If there is a transition plan in place in response to climate-related risks, describe the contents of the plan and the indicators and goals used to identify and manage physical risks and transition risks.	N/A
7. If internal carbon pricing is used as a planning tool, describe the basis for pricing	N/A
8. If climate-related goals were set, describe the activities covered, scope of GHG emissions, schedule, and progress each year. If carbon offset or RECs are used to achieve goals, describe the source and amount of offset quota or the number of RECs.	N/A
9. GHG inventory and assurance	The paid-in capital of PANJIT does not reach NTD5 billion. The individual business assurance will be completed from 2028, and the assurance of the consolidated subsidiary companies will be completed from 2029. The company has planned and conducted inventory and verification matters, and will disclose such information in accordance with laws and regulations in the future.

Appendix V- Independent Third-Party Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PANJIT INTERNATIONAL INC.'S ESG REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by PANJIT INTERNATIONAL INC. (hereinafter referred to as PANJIT) to conduct an independent assurance of the ESG Report for 2022 (hereinafter referred to as the ESG Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/06/26-2023/07/28) in PANJIT headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all PANJIT's Stakeholders.

RESPONSIBILITIES
The information in the PANJIT's ESG Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of PANJIT. SGS has not been involved in the preparation of any of the material included in the ESG Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all PANJIT's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how it manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate (AA1000AP Evaluation only)

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from PANJIT, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
PANJIT has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, PANJIT may proactively consider having more direct two-ways involvement of stakeholders during future engagement.



MATERIALITY
PANJIT has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT
PANJIT has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
The report, PANJIT's ESG Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to PANJIT's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, including impacts on their human rights as well as the role of the highest governance body in overseeing these processes. In addition, a more systematic process in data collection and performance disclosure is also encouraged.

Signed:
For and on behalf of SGS Taiwan Ltd.

**AA1000
Licensed Report
000-8/V3-HY2G**

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
14 August, 2023
WWW.SGS.COM

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