

2023 ESG Report





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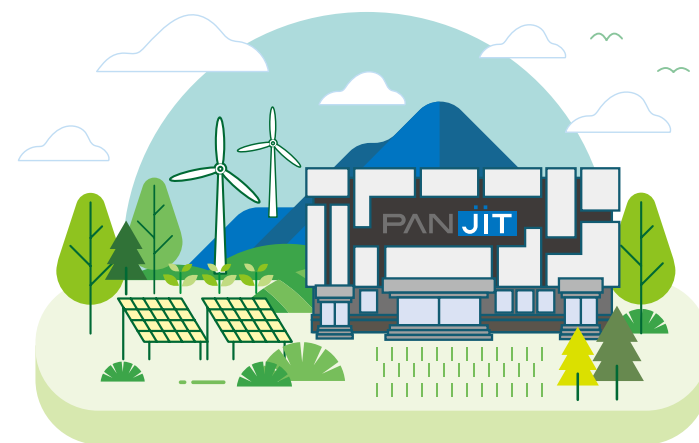
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About the Report

This Report is the second Sustainability Report published by PANJIT INTERNATIONAL INC. (hereinafter referred to as PANJIT), including 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, 2023, and some data covered data before or after 2023. 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 supply chain chapter and environmental information disclosed mainly focused on that of PANJIT’s Gangshan Factory, while occupational safety-related information disclosed mainly focused on that of Gangshan Factory and Yongan 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 P126 of PANJIT’s 2023 Annual Report. If discrepancies in disclosure scope arise from the above or if there are instances of historical data restatements, notes will be provided in the text.



PANJIT 

Issuance Date of the Report

PANJIT issues the Sustainability Report every year. The issuance of the Report coincides with the reporting period of the annual individual financial statements. The content is uploaded to FSC’s Market Observation Post System (MOPS) and publicly published on the Company’s official website.

Issuance Date: June 28, 2024

Contact Information

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

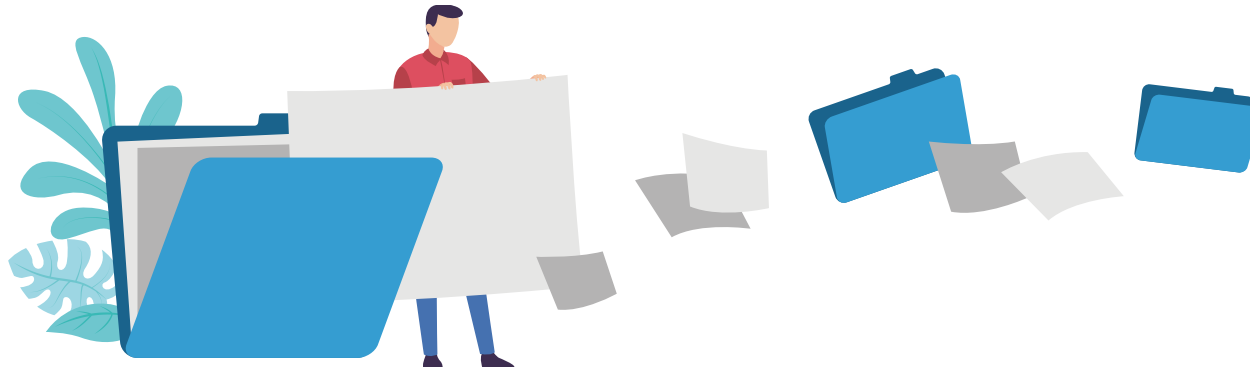
Contact person: Executive Secretary Mr. Huang, ESG Promotion Office

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Reporting Principles

This Report was compiled in accordance with the latest GRI Standards 2021 published by Global Sustainability Standards Board (GSSB) 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 Standards published by International Sustainability Standards Board (ISSB), Task Force on Climate-related Financial Disclosures (TCFD), and UN's Sustainable Development Goals (SDGs) 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 established the ESG Corporate Sustainability Development Committee on March 1, 2022, and in January, 2024, the board of directors approved the establishment of the Sustainability Development Committee as a functional committee under the board of directors. In response to the adjustment of the sustainable development governance structure, the ESG Corporate Sustainability Development Committee has been renamed ESG Promotion Office, under which are the Environment Sustainability Steering Group, Social Responsibility Steering Group and Sustainable Governance Steering Group. The content and data of this Report were provided by the members of the ESG Promotion Office. After the department heads had the initial review of the content of information and the correctness of the indicators for sustainability performance, the ESG Executive Secretary coordinated the data for inspection, content planning, editing and revision.

After compilation of the Report, it was assured by SGS Taiwan, Ltd, an impartial third-party verification agency in accordance with the AA1000 Assurance Standard (AA1000 ASv3) to ensure the compliance with the principles of Inclusivity, Materiality, Responsiveness, and Impact between March 25 and April 23, 2024. The verified Sustainability Report was submitted to the Sustainability Development Committee for review, reported to the board of directors by the Sustainability Development Committee, and finalized and published upon the approval of the board of directors. The verification of the GHG emissions in 2023 will be completed in August, 2024, and it is expected to obtain the ISO 14064-1 certification by the end of the year.



Message from Top Management

2023 was a year that brought rapid change to the entire world. With escalating tensions among countries, global emphasis on environmental protection and green energy, increased demands for carbon emission reduction, regulatory frameworks for corporate sustainability driven by national policies, and the rapid development and widespread adoption of AI technology, global businesses were faced with significant and uncertain pressure on their operations. Facing the turbulence and changes in world trends, PANJIT, as a global corporate citizen, aspires itself to continue upholding the principles of “innovation, growth, responsibility, and sustainability” during the era of the green industrial revolution and explosive information development. It is our goal to integrate global trends and values with the sustainable operations of the Company. Through the ESG Corporate Sustainable Development Committee, we continue to promote various actions and performances and make rapid adjustment with global changes, striving to become a leader in the global economic semiconductor supply chain.

Sustainable Environmental Protection

To align with global trends, we continue to uphold the vision of “Strengthening green energy development and the sustainable management of PANJIT Group”, focusing efforts on three main directions: energy conservation, waste reduction and utilization, and green energy and environmental sustainability and dedicated to achieving carbon neutrality by 2040. In 2023, we identified the climate change risks PANJIT would face during its operations via climate-related risk matrix, and established five major management response measures, including enhancing R&D of green energy market products, working with the supply chain to set GHG reduction targets, improving resource recycling and reuse rate, systematic management of process wastewater, and publicity of water for people’s livelihood and hardware improvement to respond to risk management and control while improving corporate operational resilience to the challenges brought by climate change. Moreover, we are still working hard on the ISO 14067 product carbon footprint inventory and environmental education activities, such as wetland tree planting activities in the coastal area, Love the Earth- Tree Planting Activity, and Monthly Healthy Vegetarian Day. It is hoped that by understanding the carbon footprint of our products, improving process, reducing GHG emissions, and through the power of education and knowledge sharing, our employees’ awareness of environmental protection can be enhanced, so as to create an eco-friendly environment that offers the planet a chance to breathe.

Social Responsibility for Common Prosperity

The issues of human rights and corporate social responsibility have drawn widespread attention due to their rapid growth trend. The impact of declining birth rates and the needs and opinions of recruiting talents have also become important issues that enterprises have to face. In the face of the two major challenges, PANJIT continues upholding the vision of “Creating a happy corporation that employees are proud of” and keep working on respecting equality, employee care, educational participation, and social support for the implementation of PANJIT’s commitment to social participation. In 2023, PANJIT passed the RBA VAP audit and obtained silver certification, and through a self-assessment questionnaire (SAQ), it continues to demand the Company’s complete compliance with corporate social responsibilities. In addition, through comprehensive ongoing RBA (Responsible Business Alliance) education and training programs for all staff and multiple ESG Master Lectures on the aspects of ESG, we have established and demonstrated the ESG awareness among all employees, and jointly invested in the emphasis on and attention to corporate social responsibility.

PANJIT also continues to fulfill its responsibilities for employee care and promotes diversified talent development strategies, skill education and training, and remuneration and benefit measures to ensure peace of mind for every employee and enable them to maximize their professional skills and capabilities. In the aspect of linking prosperity through social feedback and mutual benefit, PANJIT assists in local education initiatives, supports the disadvantages, and extends caring hands to provide greater help through collaboration with external industry, government, and academic partners. In the future, PANJIT will continue to listen to the voice of its employees, promote more diverse and friendly measures to safeguard the rights and interests of the employees, and will proactively give back to the local community, adhering to its social responsibility to let more talents see us and choose to work together with PANJIT.

Sustainable Development Governance

In addition to setting the goals of environmental sustainability and social prosperity, PANJIT keeps upholding the vision of “Integrity management, joining hands with global partners for common good” to strive for the fulfillment of our commitment to sustainable governance. In 2023, we continued to adhere strictly to international and domestic regulatory requirements, maintaining a strong record in integrity, governance, and regulatory compliance, with no significant negative news.

In terms of due diligence management of the supply chain, we have demonstrated our determination to achieve sustainable development for common good, and worked with our global partners to continue to advance and complete the signing of supplier corporate social responsibility statement, supplier evaluation, and other important supply chain due diligence activities. In addition to strict self-requirements, we also ensure that the cooperative supply chain can grow with PANJIT and adhere to ethics, environmental sustainability, and social responsibility.

Furthermore, in a rapidly changing world with constant advancements in new technologies, PANJIT continues to work tirelessly on product innovation and development. In 2023, we applied for a number of R&D patents and passed Taiwan patent review, and started mass production of these patented technologies. The results of these R&D patents are not only the results of the joint efforts of outstanding teams of talents, they also inject greater development capability into the Company’s future, and are our positive contribution to technical progress and industry development.

2023 was also a year of rapid growth in smart technology. Various AI tools are rapidly emerging like mushrooms after a rain, dazzling all sectors. In addition to considering the application of AI technology, how to prevent the impact of AI on enterprises is also another important issue. PANJIT constantly evaluates the effectiveness of information security through regular internal and external third-party security audits. In the future, we have also formulated systematic plans to strengthen our information security strategy, aiming to protect the Company from external malicious threats and attacks, mitigating uncertainties and threats brought about by technological advances.

All efforts and achievements in sustainable development governance are due to the joint efforts of the whole team and the hard work of all partners. In the future, we are committed to actively monitoring significant global changes, adhere to the axis of sustainable development of enterprise, accurately respond to the voices of stakeholders, and continue to operate in an open, transparent, and honest manner. Together with global stakeholders and partners, we strive for consensus and are committed to implementing sustainable development to create a more sustainable and brighter future.

PANJIT INTERNATIONAL INC.

Chairman & President,
Fang, Ming-Ching



Awards and Recognition



2022



Foxconn's Best Supplier since 2002



EE Award Asia
2022 Best Power IC



ResMed 2022 Highly Commended Award





LITE ON - Excellence in Quality Award



2023 Happy Enterprise Silver Award



2023 RBA Silver Status



2023 ECI@Wuxi
[Intelligent Reform and Digital Transformation]
Innovation Demonstration Unit



Obtained B- Level in CDP Climate Change 2023 Questionnaire

Sustainable Performance

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



- In 2023, a total of 1,396,080 kWh/year of energy was saved, approximately a reduction of GHG by 691.06 TCO₂e after conversion.
- In 2023, the solar power generation reached 142,872 kWh, and in December, 2023, it was completed to change from wholesale sale to self-use.
- In 2023, there was a total of 55.47 tons of hazardous industrial waste, a 46% reduction compared with the previous year.
- The recycling rate of e-waste in 2023 was 98.75%.
- The sludge treatment amount in 2023 was 96.67 metric tons, increased by 15.4% compared with 2022, effectively reducing the waste output.
- Waste rubber was reused to make hollow bricks, and the amount processed in 2023 was 127.85 metric tons, a 120% increase compared with 2022.
- In 2023, there was no improper disposal of waste or incidence of shipping waste overseas for processing.
- The amount of water recovered in 2023 was 43,223 metric tons, with the recovery rate of 13.36%.
- In 2023, 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 2023.
- In 2023, female employees accounted for 61%, and they shared the same opportunity to give full play to their talents.
- The number of employee arrivals and departures in 2023 remained within 5% to maintain a stable status of human resources.
- In 2023, the proportion of employees participating in employee share ownership trust plan was 72.7%.
- There were no major occupational accidents or diseases among employees and non-employee workers in 2023.
- In 2023, a total of 58 suppliers' RBA audits were completed, with the passing rate of 100%.
- Passed RBA AVP audit and obtained Silver Level Certification in 2023.
- In 2023, the smelting plant was 100% compliant with Commitment Not to Use Conflict Minerals.
- In 2023, 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 2023.
- The customer satisfaction reached 101.06% in 2023.
- In 2023, the public welfare expenditures of PANJIT reached NT\$ 1.2 million.



- In 2023, the consolidated operating income was NT\$ 12,707,319 thousand, and the net profit after tax amounted to NT\$ 1,012,951 thousand.
- In 2023, a total of 45 patent application were filed, and as of 2023, the number of approved and currently valid patents was 31.
- The performance of SGT MOS technology platform is comparable to the top three competitors in the world.
- The IGBT HS technology platform ranks among the top three competitors in the world and is the only IDM solution manufacturer in Taiwan.
- There were no incidents related to corruption or legal incidents and litigations in relation to anti-competitive behavior, antitrust, and monopoly behavior in 2023.
- There were no major violations or negative news in 2023.

About PANJIT

NT\$ 12.7 Billion
Y2023 consolidated revenue



Approximately **3,000** employees in the Group



3 fabrication fabs



4 packaging plants



Product quantity **10K+** Parts





Shipment in 2023 was **23B Pcs**



Covering **50+** countries in the world



Serving **10,000+** customers globally

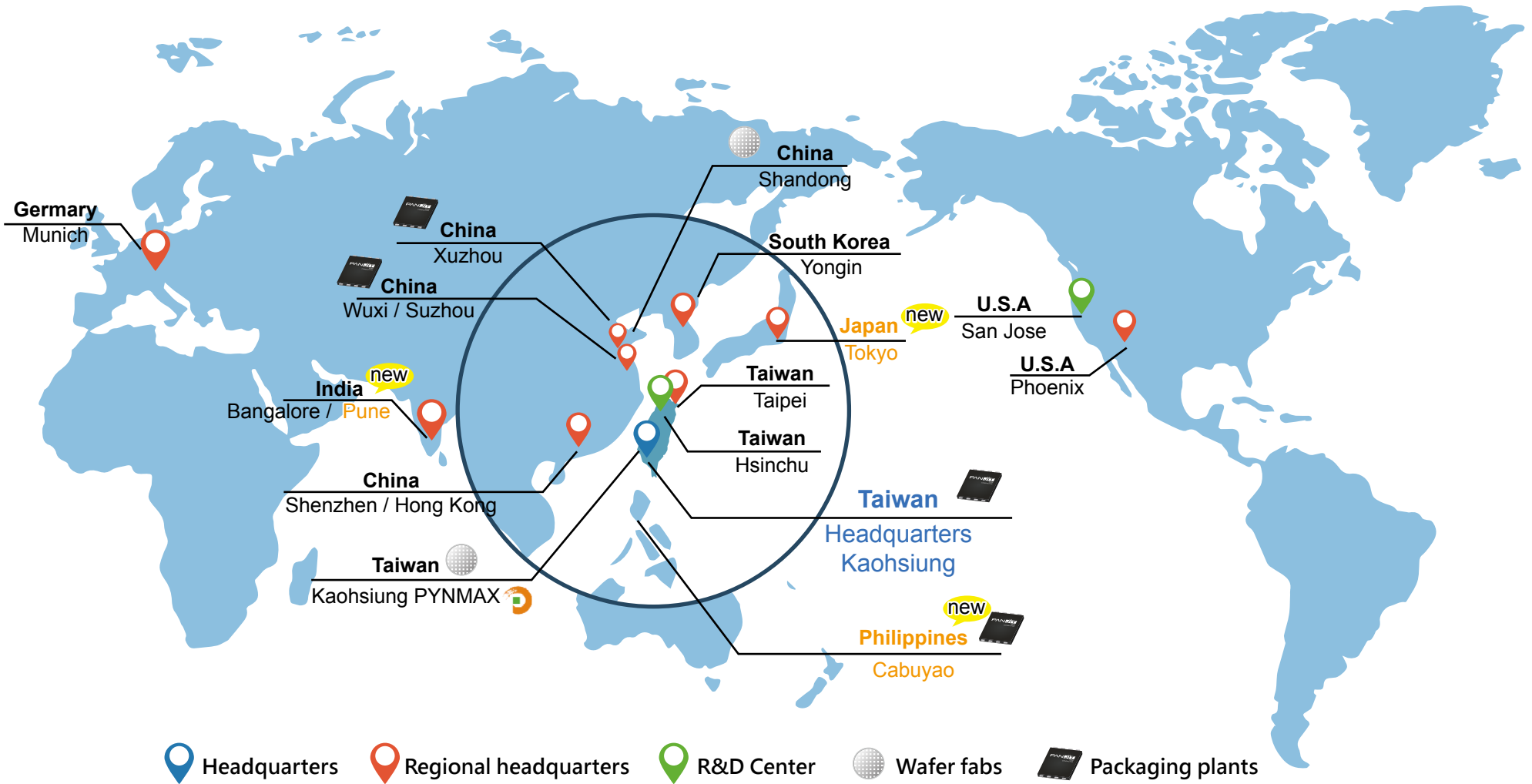


PANJIT International Inc. was founded in May, 1986, and is the world’s leading semiconductor and IDM, providing discrete products to the global community. Its services include chip design, manufacturing, packing testing and sales. With innovation, core technical capabilities and provision of solutions, 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.

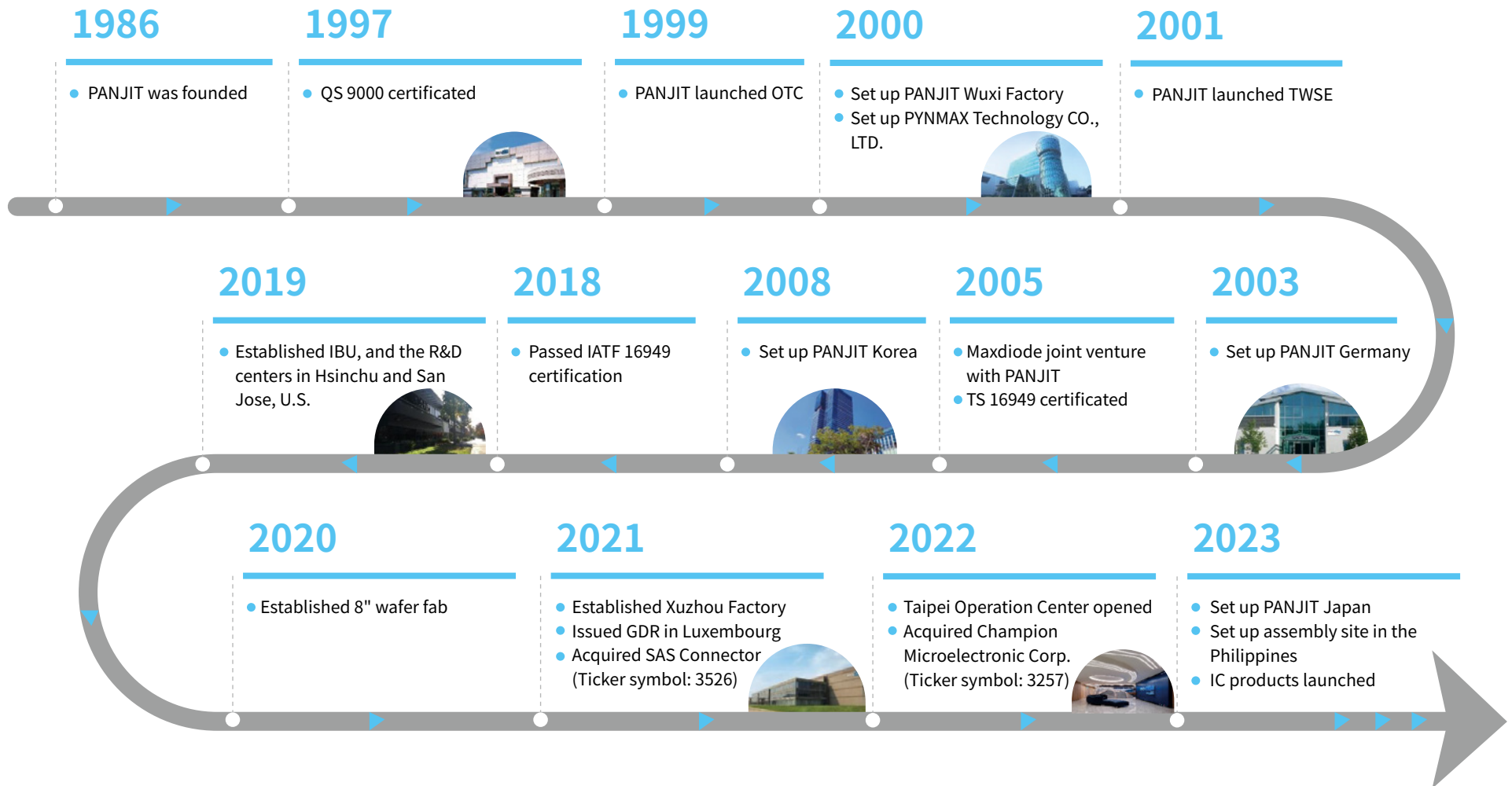
In recently years, with its self-developed semiconductor chips and packaging advantages, PANJIT continues to develop silicon-based power semiconductor components, such as Si Power MOSFETs, Insulated-Gate Bipolar Transistors (IGBTs), Fast Recovery Epitaxial Diodes (FREDs), and third generation semiconductors (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 wafers, power components and control modules under its own brand while OEM services are also provided. Product lines include MOSFET transistors, integrated circuits (ICs), IGBT, rectifier diodes, surge suppressors, small signal components, and third-generation semiconductor materials.
Share Capital	NTD 3,821,149 thousand (as of 2023/12/31)
Number of Employees in Taiwan	1,467people (as of 2023/12/31)
Chairman & President	Fang, Ming-Ching
Headquarter Address	No.24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City in Taiwan
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

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

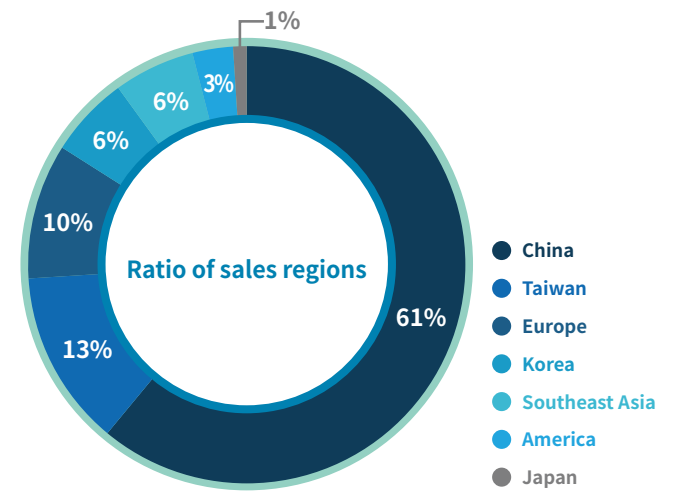
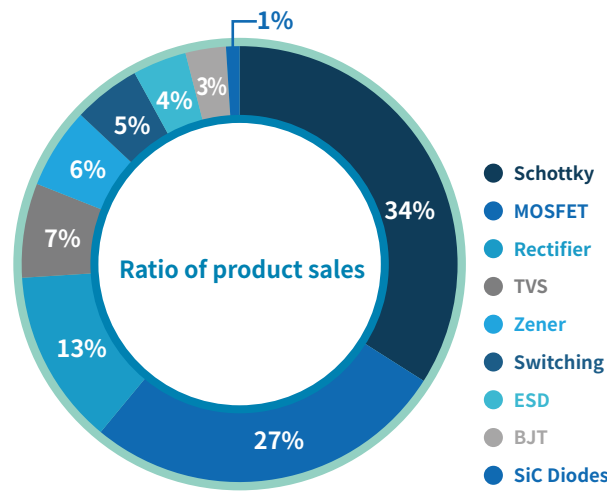
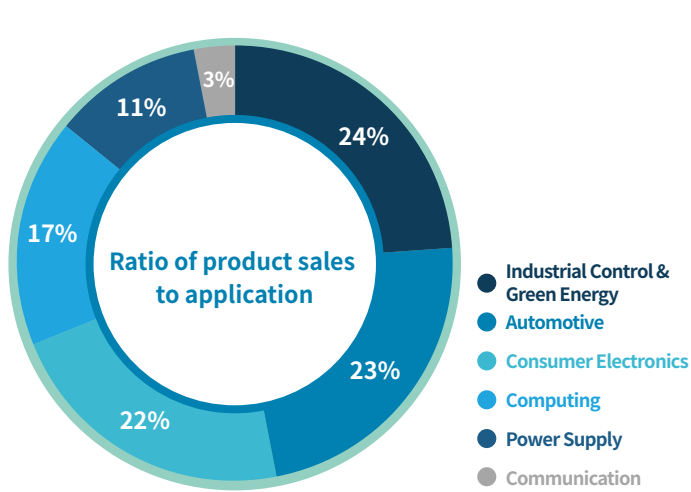
02 Computing
Notebook, Motherboard, SSD, Server, Data center

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

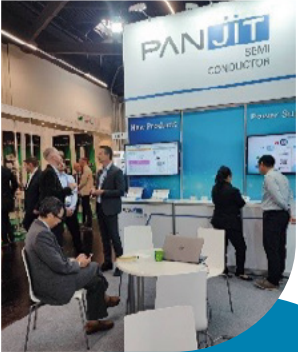
04 Industrial & Green Energy
PV Inverter, DC fan, Robot, Server fan, EV charger, Motor, Medical

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

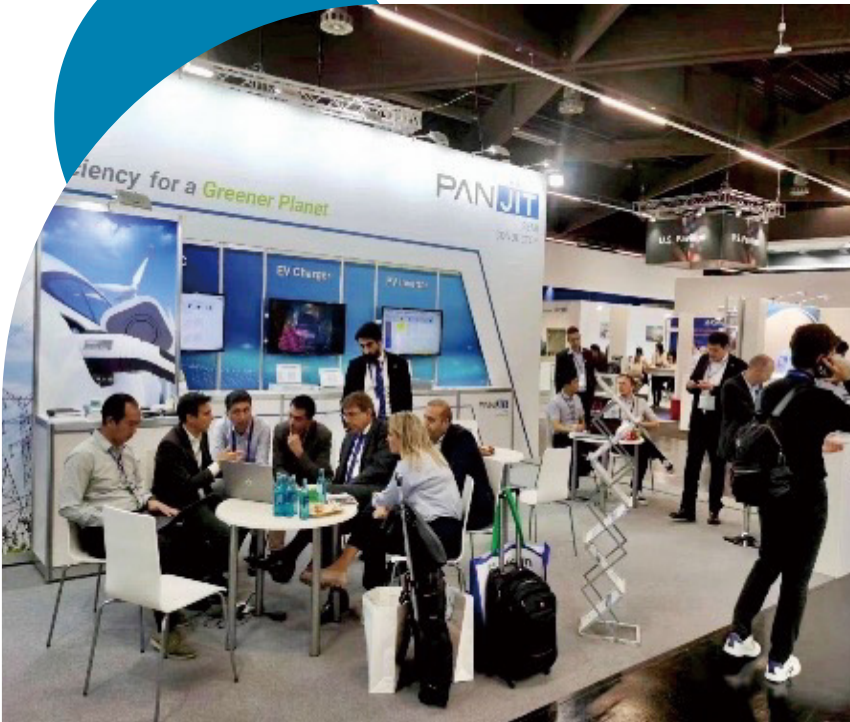
06 Communication
POE, Mobile, Base station



PCIM Europe 2023

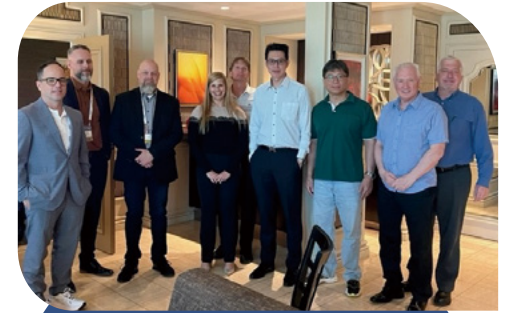


The PCIM Europe is the international leading exhibition and conference for Power Electronics, Intelligent Motion, Renewable Energy and Energy Management. PANJIT exhibited the latest silicon carbide (SiC) diodes, medium voltage MOSFETs, and IGBTs and other high-efficiency and energy-saving products suitable for applications such as power supplies, PV inverters, EV charging piles, and on-board charger to enhance brand exposure. PANJIT also actively expanded business relationships and potential cooperation opportunities to enhance the exchange of technology and experience.



EDS Leadership Summit 2023

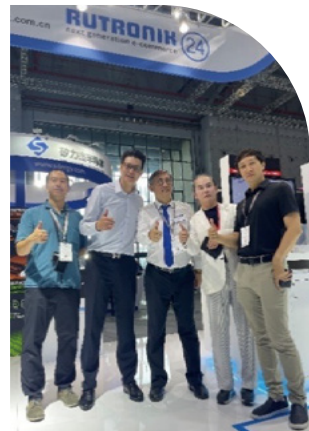
EDS Leadership Summit is aimed at promoting cooperation and innovation within the electronics industry, helping participants expand their business networks. It also provides updated and deeper industry knowledge and insights, strengthens connections with industry leaders, explores new business opportunities, and deepens understanding of electronics industry trends. PANJIT participated in 2023 EDS Leadership Summit at The Mirage, Las Vegas from May 16 to 19 in 2023, and obtained the latest market insights and technology progress information by participating in a series of carefully planned seminars and keynote speeches. Secondly, through the business meeting opportunities provided by the summit, we discussed cooperation projects with our channel partners in North America and explored the possibility of common development. Through participating in this summit, we enhanced the visibility and influence of our brand in the industry, showcased our product innovation results and shared our industry insights, and attracted the attention of more customers and partners, which will contribute to our sustainable development and success in the coming years.



Electronica China 2023

PANJIT X Rutronik Joint Exhibition

At this exhibition, PANJIT and Rutronik jointly exhibited our latest silicon carbide (SiC) diode and MOSFET series. These products are specially designed for a wide range of applications, providing customers with diverse solutions including power supply units and EV chargers. PANJIT displayed the unique features and advantages of each product and introduced how they could optimize customers' various applications and provide superior solutions.



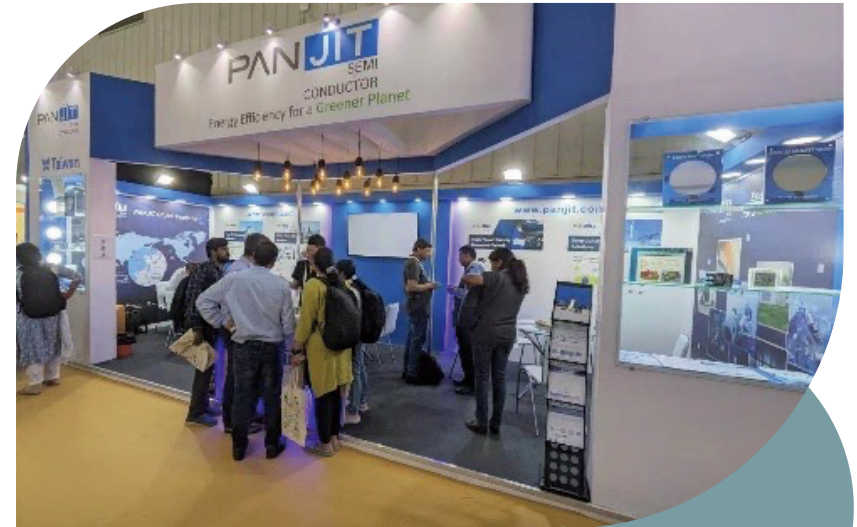
PANJIT x Supplyframe 2023 Live Streaming with eefocus – On the Market Prospects of EV, Industrial Control, and Alternative Applications

Edgar Chen, the COO of PANJIT was interviewed by the chief editor of eefocus and the interview was live-streamed online. The main focus of the interview is on the market prospects of the semiconductor industry and the potential of PANJIT's high-performance products in the electric vehicle, industrial control, and alternative energy sectors. We would take you to understand how PANJIT seizes opportunities and establishes a prominent presence in the automotive and industrial control markets despite the decline in consumer electronics

demands. Explorations are also made on PANJIT's impressive range of high-power components like MOSFETs, IGBTs, SiC diodes, and power management ICs, along with the exciting opportunities they bring to alternative energy-related markets such as electric vehicles, charging stations, energy storage systems, and solar energy. PANJIT's key strengths and its product development strategy for the next few years are also covered in this interview.



Electronica India 2023






PANJIT is devoted to the promotion of innovation of renewable energy and highlighted the presentation of it in Electronica India 2023. PANJIT focused on providing the best solutions for two- and three-wheeled electric vehicles, EV chargers, and solar junction boxes using SiC diodes and MV MOSFETs. PANJIT provides high-performance solutions for high-power and high-efficiency applications, and efficiency, reliability, and thermal performance are the priority options in our product design. Our innovative products drive the industry forward for in-depth exploration of innovative products and solutions, and discussion of the future electric vehicles and renewable energy.



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
	Kaohsiung Entrepreneur Association	Member
	Chinese Society for Quality	Member
	Kaohsiung Personnel Representative Association (KPA)	Member
 Exchanges of professional fields	The Institute of Internal Auditors- Chinese Taiwan	Member
	Taiwan Climate Partnership	Member
 Social sustainability services	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)

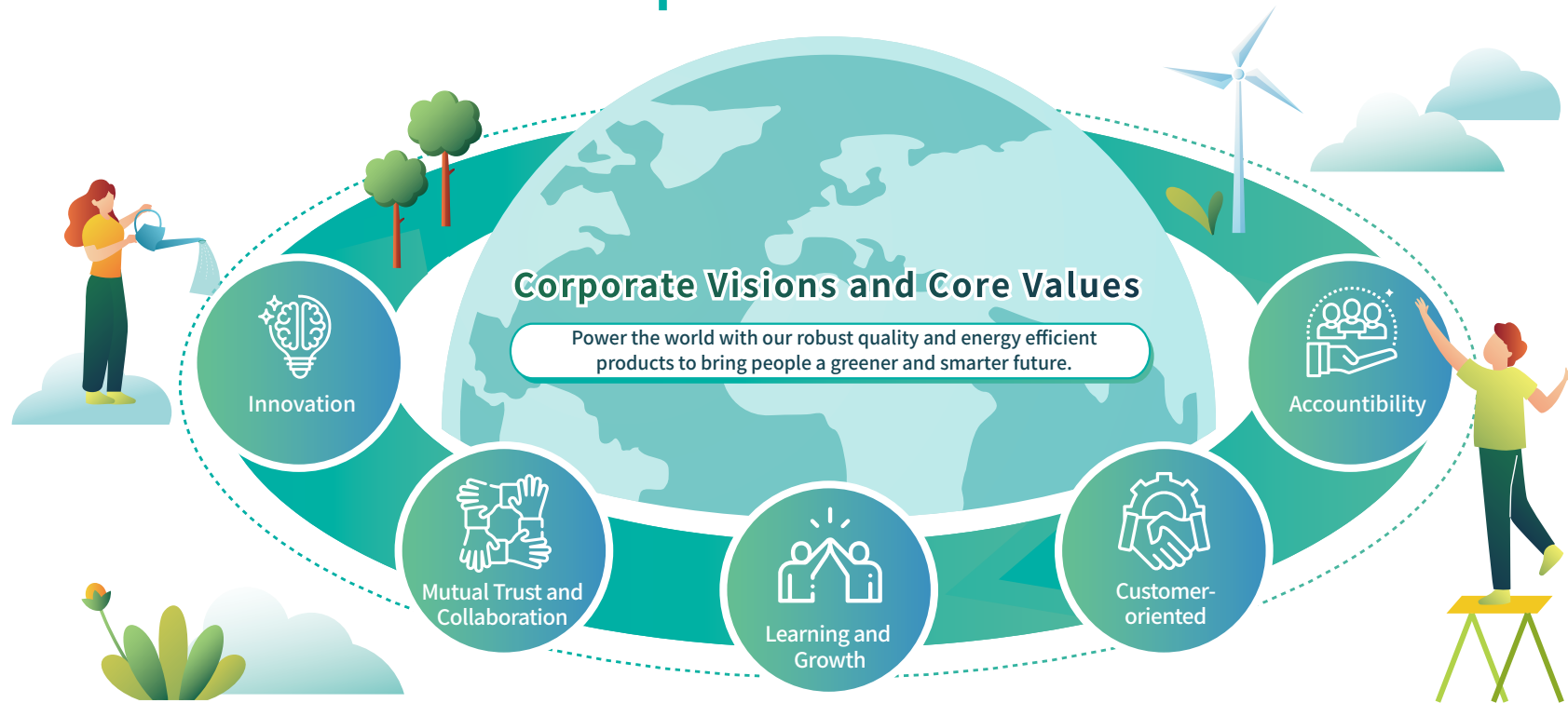
Sustainable Management

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1.1 Promotion of ESG Development



PANJIT’s ESG Corporate Sustainability Development Committee was established on March 1, 2022. To demonstrate our determination of sustainable development and continue to improve the supervision and management of sustainability issues, it was approved by the board of directors on January 26, 2024 to establish the Sustainable Development Committee, a functional committee under the board of directors. The original ESG Corporate Sustainability Development Committee was adjusted and renamed ESG Promotion Office and maintains the original establishment. The Sustainability Development Committee is convened by the chairman of the board of directors and all independent directors serve as the committee members. By more closely linking the corporate sustainable operations with board governance, we improve our sustainable development strategies and continue to promote sustainable governance culture for the creation of long-term corporate value.

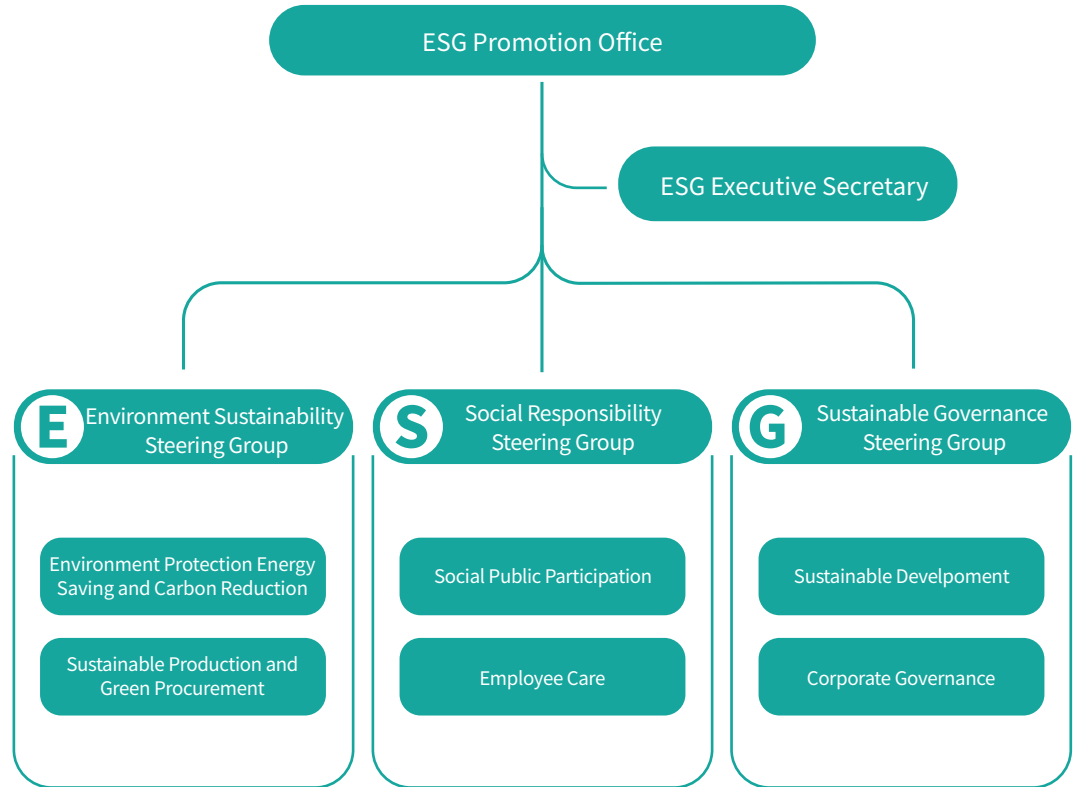
The Sustainability Development Committee is responsible for setting and developing the Company’s sustainability strategies, goals, and related management approaches, leading the sustainability team to propose and implement specific promotion plans, and continuing to deepen and implement the Company’s sustainable development vision. The committee meets at least once a year, and reports to the board of directors on the implementation of ESG-related issues and sustainable information results. The board of directors makes suggestions for the implementation of the management approaches, strategies, and formulation of goals and supervises the implementation of measures. PANJIT communicates with the board of directors on key major events, including material transaction proposals, ESG-related implementation status, and matters stipulated by the competent authorities. In 2023, a total of 47 proposals were resolved by the board of directors, and a total of 4 reporting matters concerning ESG-related issues were reported.

Key Points of ESG Issues Reported to the Board of Directors in 2023

Time of Report	Content of Report
March 10, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
May 9, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
August 8, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
November 9, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries Results of stakeholder communication The operation of risk management Intellectual property management plan and implementation status




The president serves as the convener of the ESG Promotion Office, and under which are the Environment Sustainability Steering Group, Social Responsibility Steering Group and Sustainable Governance Steering Group that are in charge of the implementation of corporate sustainable development plans and the resolutions of the Sustainability Development Committee. The Executive Secretary and the heads of each promotion team report the sustainable development results to the president at least once a year, and the president will then summarize and report to the Sustainability Development Committee, which will then be reported to the board of directors on a yearly basis. We will continue to work for the achievement of ESG goals and implement ESG strategies and organize ESG development sustainably. The ESG Promotion Office framework and the sustainable operation responsibilities are as follows.

ESG Promotion Office




Note: This Organizational Structure of the ESG Promotion Office was announced upon the approval of the president and CHRO.

Visions and Tasks of the Three Promotion Teams of the ESG Promotion Office

Steering Groups	Visions	Tasks
<p>Environmental Sustainability</p> 	<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.
<p>Social Responsibility</p> 	<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.
<p>Sustainability Governance</p> 	<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.

Declaration of Corporate Sustainable Development Policy

PANJIT has been upholding the business principles of “innovation, growth, responsibility, and sustainability”, sparing no efforts in environmental protection, personal safety and health, labor conditions, moral values and energy. In 2023, we formulated the Declaration of Corporate Sustainable Development Policy and published it on the website after approved by the president.


 强茂股份有限公司
CONDUCTOR PANJIT International Inc.

PANJIT INTERNATIONAL INC
ESG Policy

PANJIT International Inc. was established in 1986, and investment in the construction of the factory was made in 1993 to mainly produce rectifier diodes, power semiconductors, and other products.

PANJIT has been upholding the business principles of “innovation, growth, responsibility, and sustainability”, sparing no efforts in environmental protection, personal safety and health, labor conditions, moral values and energy. With active promotion and continuous improvement, PANJIT is committed to becoming one of the members of global green enterprises. Meanwhile, we also pledge to adhere to the following declaration, fulfilling our role as a responsible global citizen.

- Regulatory Compliance**
Adherence to environmental, health, and safety regulations, labor laws, energy and other requirements, and implement legal identification and enforcement.
- Energy Conservation and Waste Reduction**
Conserve energy and implement resource recycling, align with global movements for green product promotion and green procurement, and strive to lower GHG emissions. Optimize and add equipment to improve environmental quality.
- Reduction of Risks**
Implement risk control and mitigate hazards in the work environments, activities, or services. Propose health promotion plans as needed, implement safety and health management, and prevent injuries, diseases, and occupational accidents.
- Respect for Human Rights**
Safeguard employees’ freedom of collective bargaining and association. Do not employ child labor and strictly prohibit any form of forced labor, coercion, discrimination, or sexual harassment to ensure the rights and interests of all individuals involved.
- Disciplinary Responsibility**
Engage in integrity management, ensure fair trade, avoid improper gains, and respect intellectual property rights. Implement and comply with ethical standards and norms, maintain the company’s reputation and protect the rights and interests of stakeholders.
- Continuous Improvement**
Enhance the knowledge and capabilities of employees and stakeholders through education and training. Foster full participation and continue monitoring and improvement of the management system performance. Establish a new consensus on corporate social responsibility.
- Sustainable Management**
Commitment to researching and developing high-efficient and energy saving quality products to collectively drive a cleaner and smarter future for the world.

President : 



See for details ▶



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 steering group members of the ESG Promotion Office 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.

The Evaluation Process of Material Topics

01 Understand the organizational context and collect sustainability topics

We referred to sustainability standards and norms (GRI · SASB · RBA · TCFD), MSCI Sustainability Institute, UN’s Sustainable Development Goals (SDGs) and so on while at the same time collected the opinions from the stakeholders, important industry issues, domestic and foreign trends and sustainability consultants’ suggestions and summarized a total of 20 sustainability topics covering the aspects of corporate governance, environment, and society.



Sustainability Topics



02 Identify actual and potential impact

Adopted the double materiality proposed by the European Union and conducted the impact assessment of external impact and internal impact. Each assessment item is scored on a scale of 1-5 points, and then the materiality score is calculated.

External impact

Take PANJIT's operating activities as the starting point to make assessments of the actual and potential positive and negative impacts of the sustainability topics on economy, environment, and society (people and human rights) are assigned more weight.

- Assess the level of significance of negative impacts: Severity (scale, scope, and ease of remediation), possibility
- Assess the level of significance of positive impacts: Importance (scale and scope), possibility
- Actual impact: The level of significance of actual impact is evaluated based on whether there were events of actual impacts in the reporting year.
- Potential impact: The level of significance of potential impact is evaluated based on whether there would be events of potential impacts in the future

Internal impact

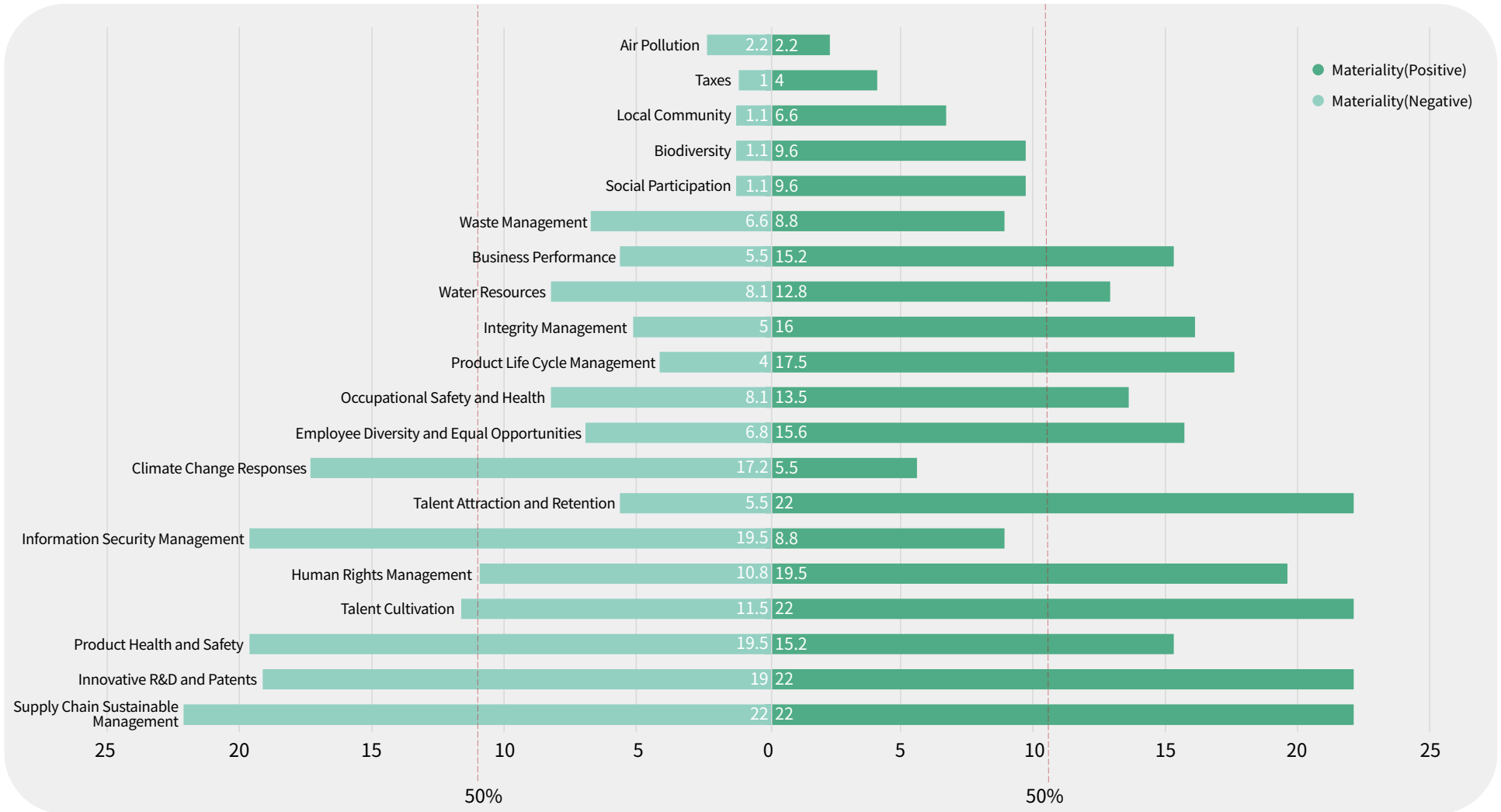
Make assessments of the positive and negative impact the sustainability topics may generate on PANJIT.

03 Assess the significance of impact



04 Prioritize the orders of report

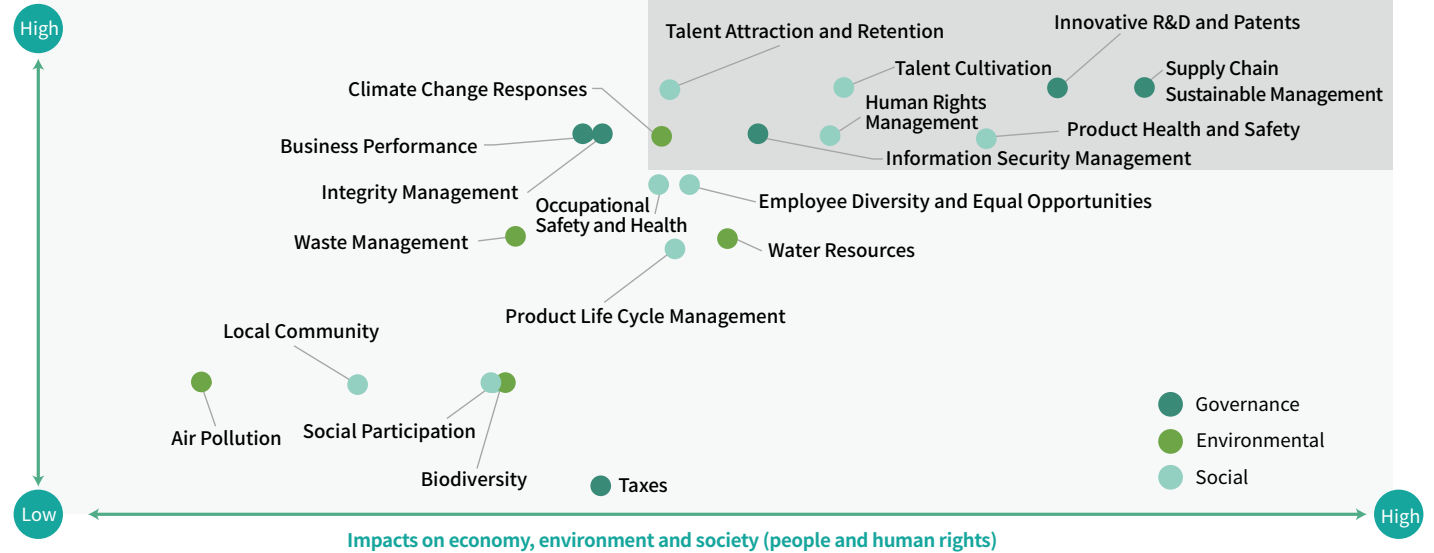
Based on the evaluation results of the 20 sustainability topics, the materiality scores of “positive” and “negative” were sorted separately for prioritization, and half of the highest score was set as the threshold, and topics above the threshold were prioritized for discussion.



05 Identification of material topics

Impacts on Company operations

After completing the ranking of the sustainability topics, the ESG Promotion Office conducted discussions in the meetings and considered the current operating status and integrity of the Company. Among them, Occupational Safety and Health scored lower during the identification process. However, due to the actual negative impact incidents in the factory areas in recent years, it was determined to be set as a material topic this year in the meeting resolution. Eventually, 9 material topics were selected to be prioritized for reporting, and they were merged into 8 management approaches for information disclosure. Compared with the previous year, the number of material topics was adjusted from 8 to 9, and this year, the new material topic, "Human Rights Management" was included. PANJIT is committed to the human rights management of itself and its supply chain, and applied for and received RBA Silver Certification for the first time in 2023.



06 Responses and management

PANJIT's management actions and performance results were disclosed in accordance with the identification results of material topics, and metrics and targets are set up for regular review and adjustment.



List of Material Topics

Material topics	Description of impact	Level of involvement	Corresponding sustainability standards (topics)	Corresponding chapters
Supply Chain Sustainable Management*	<p>Netative Impact</p> <p>Our Company’s supplier experienced environmental violations. Although improvements have been made, it may still have negative impact on PANJIT. In addition, some suppliers are located in high-risk areas, and if no proper management and regular tracking are made, there may be a risk of material shortage.</p>	● ■	<p>【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</p>	3.3 Sustainable Supply Chain Management
	<p>Positive Effect</p> <p>As an RBA member, PANJIT requires the supply chain to conduct ESG due diligence and sign a Commitment of Supplier Social Responsibility Commitment and arranges regular supplier audits. To achieve the goal of carbon neutrality, PANJIT assists suppliers in GHG inventory through large-scale companies leading small-scale companies project to gradually achieve the carbon reduction target of the overall supply chain.</p>			
Product Health and Safety	<p>Netative Impact</p> <p>PANJIT is in the semiconductor industry. If product health and safety management is inadequate, harmful substances may have a significant impact on the environment or human health. Although some of our products contain lead in their internal structures, they comply with relevant safety regulations through proper management processes and do not directly cause negative impact on the environment.</p>	● ■	<p>【GRI】416 Customer Health and Safety 【GRI】417 Marketing and Labeling (417-2)</p>	3.1 Product Quality and Services
	<p>Positive Effect</p> <p>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.</p>			
Information Security Management	<p>Netative Impact</p> <p>With the frequent occurrence of cyberattacks and data leaks, information security has become an issue all enterprises have to attach great importance to. If information security management is not strengthened, data breaches or destruction of business information may cause serious impact on the Company.</p>	● ■	<p>【GRI】18 Customer Privacy</p>	2.5 Information Security Management
	<p>Positive Effect</p> <p>A complete information security management system can help PANJIT protect business assets and customer data, reduce operational risks and economic losses, and enhance customer trust and brand image while ensuring the stability and development of the entire economic system.</p>			

Material topics	Description of impact	Level of involvement	Corresponding sustainability standards (topics)	Corresponding chapters
Innovative R&D and Patents	<p>Netative Impact</p> <p>If the Company has insufficient innovation and R&D capabilities, it may lead to economic losses and technological backwardness, which will directly impact our market position. However, if the patent layout is incomplete, it may lose patent protection, lose its innovative niche in the market, and even cause patent infringement issues, causing the Company to lose additional money and goodwill. PANJIT has not experienced any actual negative impact.</p>	●	Custom topic	3.2 Innovative R&D and Patents
	<p>Positive Effect</p> <p>The advanced technology brought by innovative R&D can significantly improve product performance, and through complete patent layout, PANJIT’s technology and products are protected, which helps strengthen the Company’s competitiveness and innovative position in the market.</p>			
Climate Change Responses*	<p>Netative Impact</p> <p>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.</p>	● ■ ▲	<p>【GRI】302 Energy (302-1, 302-3)</p> <p>【GRI】305 Emissions (305-1~305-4)</p> <p>【SASB-Semiconductor】GHG Emissions</p> <p>【SASB- Semiconductor】</p> <p>Energy Management in the Manufacturing Process</p> <p>【MSCI-Semiconductors and Semiconductor Equipment Industry】Clean Energy Opportunities</p> <p>【TCFD】</p> <p>Task Force on Climate-related Financial Disclosure</p>	4.1 Climate Change Adaptation and Actions
	<p>Positive Effect</p> <p>Enterprises respond to climate change risks, which may also create transition opportunities. PANJIT actively develops low-carbon products, and continues to deepen its presence in the automotive market, providing solutions for electric vehicles applications and closely connecting with end customers to create corporate value and gain a firm foothold in the semiconductor market.</p>			
Human Rights Management*	<p>Netative Impact</p> <p>Protecting and promoting human rights is an important responsibility for an enterprise. If not properly managed, it may damage personal rights, health, and well-being, which will further affect the Company’s image. PANJIT did not have any human rights complaints in 2023. If a complaint occurs, the Company will promptly investigate and provide assistance through internal process, and strengthen education and training to prevent any occurrence of human rights violations.</p>	● ■	【GRI】406 Non-discrimination	5.1 Human Rights Management
	<p>Positive Effect</p> <p>PANJIT is an RBA member, and through the formulation, advocacy, and education and training of human rights policies, we ensure that our employees and suppliers adhere to human rights standards, and that there is no occurrence of human rights violation, thereby improving corporate reputation and reducing the risk of legal violations.</p>			

Material topics	Description of impact	Level of involvement	Corresponding sustainability standards (topics)	Corresponding chapters
Talent Cultivation	<p>Netative Impact</p> <p>Employees are important assets and the foundation of a company’s operation. If talents cannot be continuously introduced and retained, PANJIT’s human resources cannot accumulate energy, and various businesses of the company cannot be smoothly developed. This may also affect employees and related stakeholders and potentially slow regional economic growth.</p>	●	<p>[GRI] 404 Training and Education [MSCI- Semiconductors and Semiconductor Equipment Industry] Human Resources Development [SDG] 4.5 Eliminate Gender Disparities in Education</p>	<p>5.3 Recruitment and Employment 5.5 Talent Development</p>
Talent Attraction and Retention	<p>Positive Effect</p> <p>The introduction and retention of talents is the foundation for the sustainable management of an enterprise. It can have a positive effect on the overall social economy, effectively promote the prosperity of various industries in the regional environment and compliance with local laws, emphasizing human rights, improving working conditions, and enhancing employee welfare.</p>	●	<p>[GRI] 202 Market Presence [GRI] 401 Employment [GRI] 402 Labor-Management Relations [SASB-Semiconductor] Recruit and Manage Global Professional Talent [MSCI- Semiconductors and Semiconductor Equipment Industry] Human Resources Development</p>	<p>5.3 Recruitment and Employment 5.4 Compensation and Welfare</p>
Occupational Safety and Health*	<p>Netative Impact</p> <p>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> <p>Positive Effect</p> <p>Through preventive measures, safety drills and education and training, a stable and safe working environment can be created to help improve employees’ trust in the company, reduce the occurrence of occupational accidents, and thereby improve the overall work efficiency.</p>	●	<p>[GRI] 403 Occupational Health and Safety (403-1~403-7) [SASB- Semiconductor] Employee Health and Safety [SDG] 8.8 Protect Labor Rights and Promote Safe and Secure Working Environments</p>	<p>5.6 Employee Health and Safety</p>

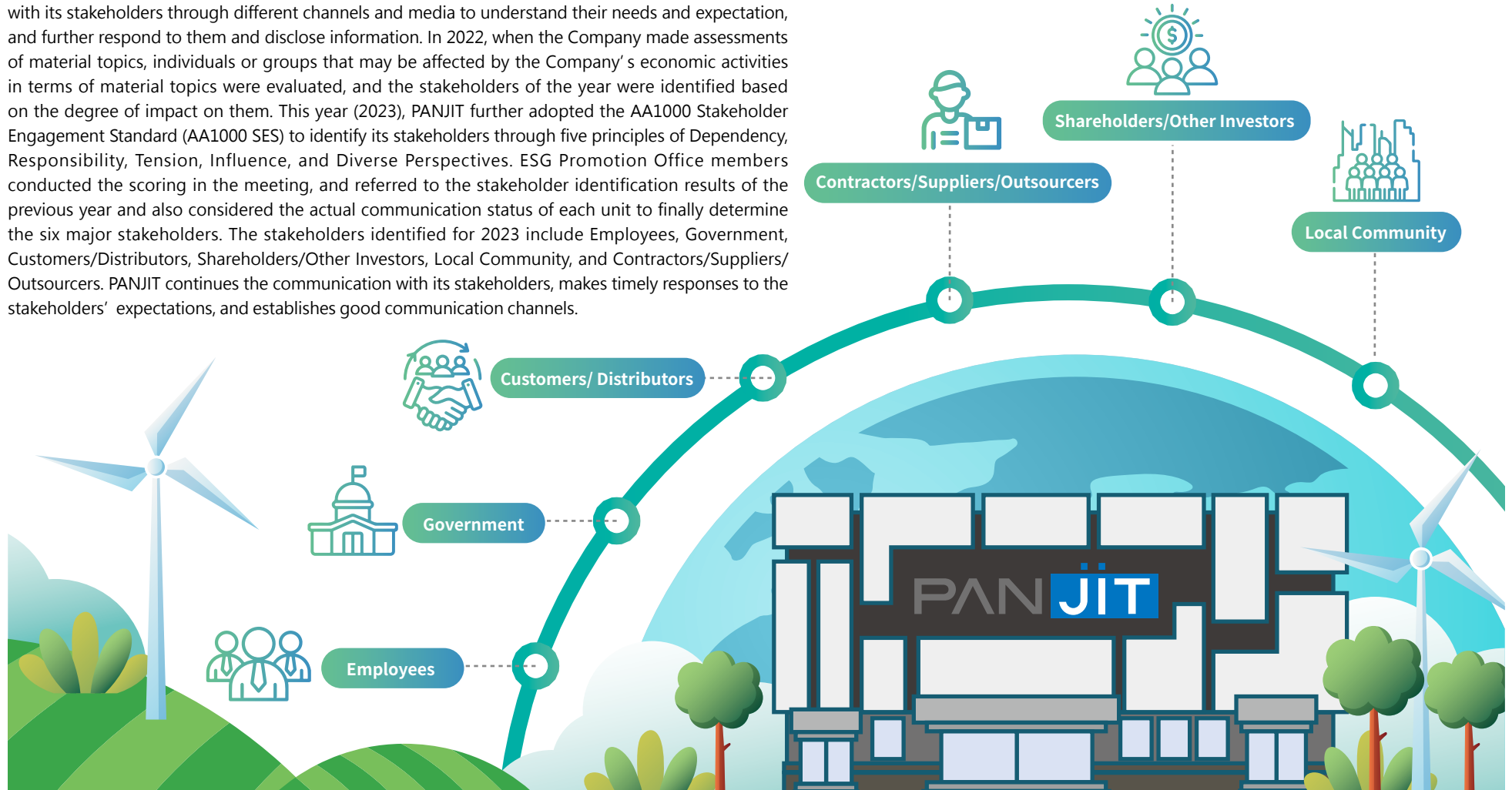
Note

- Level of involvement if there is occurrence of incidents with actual negative impact
 ● Causing ■ Contributing ▲ Directly related
- “*” 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 stakeholders and continue to communicate with its stakeholders through different channels and media to understand their needs and expectation, and further respond to them and disclose information. In 2022, when the Company made assessments of material topics, individuals or groups that may be affected by the Company's economic activities in terms of material topics were evaluated, and the stakeholders of the year were identified based on the degree of impact on them. This year (2023), PANJIT further adopted the AA1000 Stakeholder Engagement Standard (AA1000 SES) to identify its stakeholders through five principles of Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. ESG Promotion Office members conducted the scoring in the meeting, and referred to the stakeholder identification results of the previous year and also considered the actual communication status of each unit to finally determine the six major stakeholders. The stakeholders identified for 2023 include Employees, Government, Customers/Distributors, 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	2023 Communication Outcomes
 <p>Employees</p>	<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>	<p>Compliance Talent Attraction and Retention Talent Cultivation Occupational Safety and Health</p>	<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"> ● 3 sessions of President Talk Time ● 4 Labor-employment meetings ● 4 Employee Welfare Committee meetings
 <p>Government</p>	<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>	<p>Talent Attraction and Retention Compliance Integrity Management Occupational Safety and Health</p>	<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 39 times of official documents exchanges
 <p>Customers/ Distributors</p>	<p>Customers are the important partners for corporate operations. Improve the quality and service capabilities of the Company to meet customer needs.</p>	<p>Integrity Management Business Performance Innovative R&D and Patents Risk Management Supply Chain Sustainable Management Climate Change Responses</p>	<ul style="list-style-type: none"> ● Official website, telephone and email (Immediately) ● Business meetings (Quarterly) ● ESG questionnaire (Occasionally) ● Technical seminars (Quarterly) ● Customer audit (Occasionally) ● Customer satisfaction survey (Annually) 	<ul style="list-style-type: none"> ● Introduce Sales Force System to record and track visit data ● Scored 93.99 points in customer satisfaction. ● Participated in 4 international electronics exhibitions and actively gained exposure

Stakeholders	Significance to PANJIT	Issues of Concern	Communication Channels and Frequency	2023 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>	<p>Integrity Management Business Performance</p>	<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 3 investor conferences ● Released 35 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>	<p>Occupational Safety and Health Compliance Air Pollution Talent Attraction and Retention</p>	<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>	<p>Supply Chain Sustainable Management Occupational Safety and Health Compliance</p>	<ul style="list-style-type: none"> ● New supplier review operation (Occasionally) ● Supplier audits (annually) ● Contractor management system (occasionally) ● Telephone/Mail/In-person visit (immediately) ● conference (Occasionally) 	<ul style="list-style-type: none"> ● 100% of suppliers signed the Commitment of Supplier Social Responsibility Commitment ● Distributed self-evaluation questionnaires to 58 suppliers, with 100% response rate ● Completed RBA audits of 58 suppliers, with 100% passing rate ● The response rate of contractor system feedback reached 100%.

Stakeholder Communication Channels

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



LinkedIn



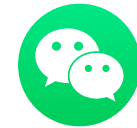
Facebook



YouTube



bilibili



WeChat

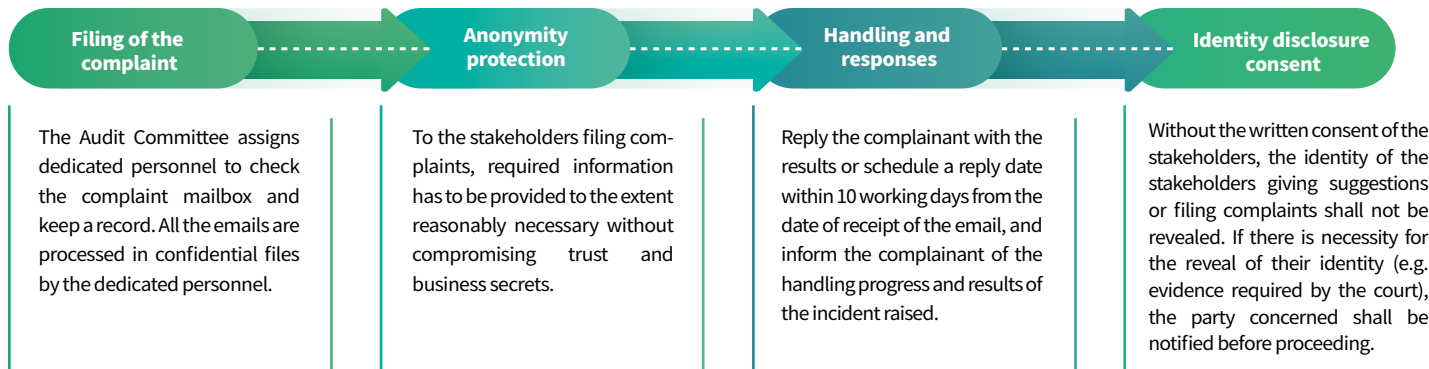


Grievance and Reporting Channels

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 2023, there were a total of 3 employee suggestion cases, and no complaint cases. Relevant cases were investigated and mediated by dedicated personnel. The follow-up handling status was also reported in the labor-management and corporate social responsibility meetings.

Complaint channels

Dedicated mailbox for suggestions and complaints
supervisor@panjit.com.tw
 Dedicated staff assigned by the Audit Committee:
 Ms. Fang



Integrity Governance

2

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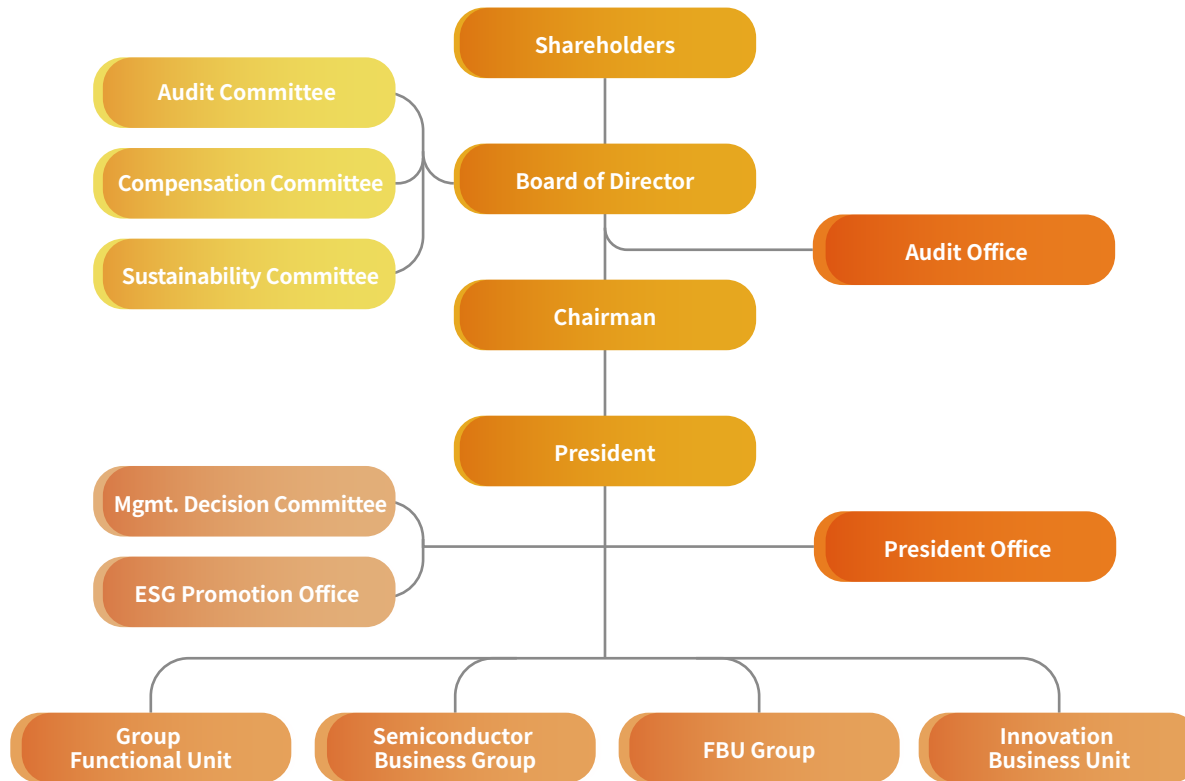


2.1 Corporate Governance

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. To improve corporate governance, during the comprehensive re-election of the board of directors in June, 2023, the number of director seats was increased from seven to ten, among them the seats for independent directors were increased from three to four. The current board of directors is composed of ten directors with different professional backgrounds to be in charge of the Company's operation and supervision. There are four seats of independent directors, three seats of juristic-person directors, and three seats of natural person directors, with a term of three years. All 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:**

1. Implement the Board Diversity Policy:

- Chairman Fang, Ming-Ching, Director Zhong, Yun-Hui, Director Fang, Ming-Tsung 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 Chen, Tso-Ming previously served as the president of the Greater China Operations at a publicly listed semiconductor company and currently serves as the Chief Operating Officer (COO) of the Company, and possesses professional capabilities in market layout and business promotion.
- Director Lin, Hung-Kang 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-Chen 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 Tai, Yih-Chi used to serve as the Chief Investment Officer (CIO) of a listed company in the semiconductor industry, the president of the Industrial Technology Investment Corporation, and the head of several investment companies and management consulting companies, providing strategies for investment planning and management decision-making.
- Independent Director Chu, Chun-Hsiung serves as the managing partner of Quanying International Law Firm, and provides our Company with legal strategies, compliance and management decision-making opinions and related risk management planning and suggestions.

2. To increase women’s participation in decision-making and improve the structure of the board of directors, the Company will elect at least one female director in the next director election.

● **Improve the independence of the board of directors:**

There are four 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. Two directors exist a spousal relationship and a familial relationship within the second degree of kinship, which does not exceed half of the company’s directors.

● **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. To implement the sustainable development plan, the Company’s board of directors approved the establishment of the Sustainable Development Committee on January 26, 2024.

● **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, Remuneration Committee Charter, and Sustainable Development Committee Charter. When a director 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 independent director member.

● **Revise Procedures for Prevention of Insider Trading:**

To prevent insider trading, protect investors, and safeguard the rights and interests of the Company, the board of directors approved the revision of the Procedures for Prevention of Insider Trading on November 9, 2023, stipulating that directors shall not trade the Company’s stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. When the board meeting agenda working group released in November 2023 the dates and schedules of the board meetings in 2024, it also reminded the closed period of each quarterly financial report to prevent the directors from accidentally violating the stipulations.

The board meetings were convened 7 times in 2023, and all independent directors attended the board meeting in person each time to perform their supervisory function. The average attendance rate of the directors was 100%. Please see P26-P28 of PANJIT’s 2023 Annual Report for detailed information of the board operation and the recusal status.

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	Fang, Ming-Tsung	●	●			●	●
Director	King Mao Investment Co., Ltd. Representative: Lin, Hung-Kang		●	●		●	
Director	King Mao Investment Co., Ltd. Representative: Lin, Chun-Hsiang	●	●			●	
Director	King Mao Investment Co., Ltd. Representative: Chen, Tso-Ming	●	●			●	●
Independent Director	Fan, Liang-Fu	●	●			●	
Independent Director	Chen, Yi-Chen	●		●		●	
Independent Director	Chu, Chun-Hsiung				●	●	
Independent Director	Tai, Yih-Chi			●		●	

Note:

- For more information of the professional capabilities of the board members, please refer to P38-P39 of PANJIT’s 2023 Annual Report.
- None of the current four seats of independent directors have served for more than three consecutive terms.

Age Distribution of Board Members



Operations of Functional Committees

Functional Committee	Operational Status
Audit Committee	The Audit Committee was established on June 13, 2017, and is composed of four committee members, all independent directors. The term of the current committee members is from June 14, 2023 to June 13, 2026. The committee was convened 5 times in 2023, and the average attendance rate of committee members was 100%.
Remuneration Committee	The Remuneration Committee was established on November 30, 2011, and is composed of four committee members, all independent directors. The term of the current committee members is from June 14, 2023 to June 13, 2026. The committee was convened 5 times in 2023, and the average attendance rate of committee members was 100%.
Sustainable Development Committee	Established on January 26, 2024. There are 5 committee members, and the committee is composed of the chairman and 4 independent directors. The term of the current committee is from January 26, 2024 to June 13, 2026.

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 makes regular discussions on 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

01

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.

02

The managers' annual remuneration includes salary, bonus, year-end bonus, and employee remuneration as well as the pensions allocated and welfare funds, etc.

03

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 Human Resource Business Unit proposes the proposal, which is reviewed by the Remuneration Committee before submitted to the board of directors for approval.

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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 2023, the total hours of external training for directors amounted to 101 hours, with an average of 10 training hours. The content of the training included integrity management, compliance, risk management, climate change, labor rights, information security management 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. To enhance the sustainability skills of the board of directors and strengthen the supervision of the Company’s sustainability policy promotion, PANJIT has planned to hire external lecturers to give relevant lectures on new trends in sustainability. Please see P40-P41 of PANJIT’s 2023 Annual Report for details of the external training for directors in 2023.

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 8, 2024.

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 overall evaluation results were above the standards, 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 evaluation results were above the standards. 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 evaluation results were above the standards. 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.

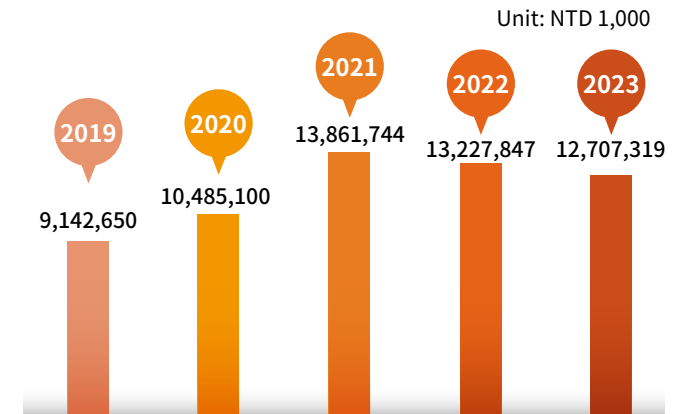
Note: The evaluation results are divided into three levels: above the standards (91-100 points), meeting the standards (81-90 points), and still room for improvement (under 80 points).

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 AI applications in the consumer, computer and home appliance markets. As the demand for AI applications gradually increases and the end market continues to consume inventory levels, we are optimistic about the growth rate of the sales of small signal packaging products. In terms of higher power packaging products, since they correspond to industrial control, electric vehicles, renewable energy and power management, the market benefits from the net-zero emission policies promoted by various countries, and the growth momentum is expected to be stronger than that of small signal packaging products.

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 net sales over the years

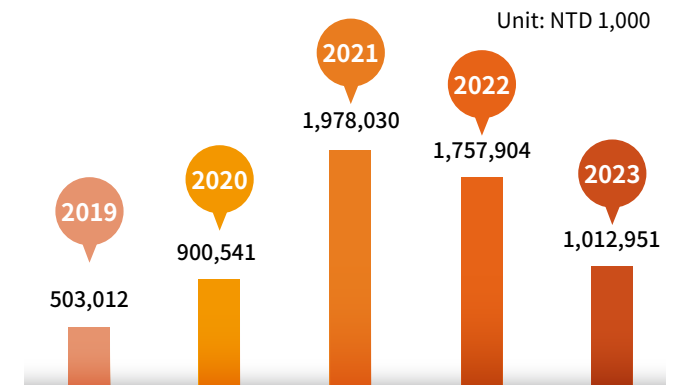


PANJIT's Consolidated Financial Performance over the Past Three Years

Unit: NTD 1,000

Item	2021年	2022年	2023年
Net sales	13,861,744	13,227,847	12,707,319
Non-operating income and expenses	225,454	460,269	331,362
Cost of revenue	9,466,106	9,232,010	9,499,258
Net profit after tax	1,978,030	1,757,904	1,012,951
Employee salaries and benefit expenses	2,604,484	2,632,017	2,456,408
Income tax expense	536,846	333,438	152,145
Community investment (donation)	875	2,629	1,081
Payment to investors	498,169	1,146,345	1,146,345
Earnings per share (NTD)	5.66	4.60	2.15
Undistributed earnings	3,250,008	4,339,691	4,026,560

PANJIT's net profit after tax over the years



Note:

1. Please refer to the annual report for details of individual financial performance.
2. Due to the adjustments in calculation items (excluding directors' remuneration), employee salary and welfare expenses were revised, and data for 2021 and 2022 were simultaneously revised this year.

Financial Subsidies from the Government

The financial subsidies PANJIT obtained from the government can be divided into financial subsidies, investment subsidies, R&D subsidies, and other related subsidies. The total amount reached NT\$135,975,209 in 2023.

Subsidizing Unit	Item	Subsidy Amount (NTD)
Sun Yat-Sen Management Education Foundation	Subsidy for 2023 Annual Dagang Youth Internship Matching Program	15,000
Workforce development agency, Kaohsiung-Pingtung-Penghu-Taitung Regional Branch	Subsidy for 2022 Assisting Enterprises Program to Upgrade Human Resources	289,450
National Taxation Bureau of Kaohsiung	Air conditioner tax refund	4,000
Economic Development Bureau, Kaohsiung City Government	Kaohsiung City Investment Subsidy for the Promotion of Industrial Development	1,199,541
National Development Council, Executive Yuan	Project for Overseas Taiwanese Businesses to Return to Invest in Taiwan	10,656,264
Ministry of Finance	Reinvested earnings to offset undistributed earnings tax	32,847,141
Ministry of Finance	R&D Investment Deductions	22,964,380
Ministry of Finance	Crediting the funds invested in smart machines against tax payable	41,599,433
Industrial Development Administration, Ministry of Economic Affairs	MOEA subsidy for large-scale manufacturing	26,400,000
Total		135,975,209

2.3 Ethics and Integrity

Integrity Management Policy
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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. All the directors of the Company are required to sign a Statement of Code of Ethics on the day they take office, which stipulates that the directors shall not engage in any dishonest, unlawful, or breach of fiduciary duty behavior during their official term.

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 2023 are detailed as follows. In 2023, 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
Sign a Statement of Code of Ethics	Board members	10	10	100%
Anti-corruption education and training	All employees	1,129	1,467	76.96%
Anti-corruption communication-bulletin board/Portable CSR policy (guidelines) card	All employees	1,467	1,467	100%
Signing of the anti-bribery commitment letter (indirect personnel) ^{note}	New employees	138	138	100%
	Current employees (management positions)	186	186	100%
	Current employees (non-management positions)	453	453	100%

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

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 2023, there was a NT\$ 6,000 penalty for Building Act violation. Relevant violations and improvement measures are detailed in the following table.

Sanction Date	Penalty	Content of Violation	Preventive and Improvement Measures
2023/2/15	NTD 6,000	(Paragraph 7, Article 87 of Building Act) Imposed a fine for failure to declare inspection on time.	If there are any new projects in the future, declaration and inspection will be carried out in accordance with the time schedule required by law.




Note: In accordance with Paragraph 26 of Article 4 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, material violation is defined as the occurrence of any of the following situations (1). Where the company incurs a material loss or impact; (2) where a relevant authority orders suspension of work, suspension of business, termination of business, or revokes or voids a permit pertaining to pollution; and (3). Where the administrative fines for one single event have accumulated of NT\$ 1 million or more.



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, after the Company referred to domestic and international standards and specifications (GRI, SASB, TCFD), internal and external stakeholder communication issues, and integration of the Company's internal organizational information, the Company's overall operating policy is used to identify various risks. The Company continues to make adjustments and improvements for the best risk management strategies based on the internal and external environmental changes to protect the interests of our employees, shareholders, partners, and customers so as to increase the value of the Company.

Risk Outcomes and Response Measures

Risk Type	Risk Item	Content of Risk	Response Strategy
 Market Risk	Market Product Competition	The production and sales of the Company are highly interconnected with consumer electronics products. If the overall economic environment is unstable, it will affect the end market demand and the revenue performance. The continuous leadership of technological innovation in emerging applications within the semiconductor industry presents challenges that the Company has to carefully address to enhance our future competitiveness.	To build core technical capabilities of high-end application products, increase the proportion of high value-added products such as automotive and industrial control applications, enhance the product structure, actively develop green energy products (e-vehicles, energy storage, solar energy) and expand the new energy market.
	Geopolitics	Frequent geopolitical conflicts (such as wars, border blockades, trade barriers, etc.) and the increasingly complex and diversified geopolitical risks not only impact global economic growth but also increase the uncertainty of the future operation and investment of the Company.	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.
 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.	We use the natural hedging method of balancing foreign currency assets and liabilities, combined with the operation of forward foreign exchange, options, and other derivatives for substantial risk hedging to reduce exchange rate risks. In terms of interest rate risks, market capital conditions and bank interest rates are regularly assessed to reduce the impact of interest rate fluctuations on the Company.
 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.	<p>The company set up a cyber security action team. 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.</p> <p>Please see 2.5 Information Security Management for detailed description of Information Security.</p>

Risk Type	Risk Item	Content of Risk	Response Strategy
 Hazard Risk	Natural and man-made disasters	Due to Taiwan’s special geological structure, destructive earthquakes, natural disasters caused by climate change, man-made emergencies, etc. may result in personal safety and property damage, which may affect the daily operations and production of the Company.	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. Please see 5.6 Employee Health and Safety for detailed description of hazard risks.
	Occupational Health and Safety	Potential risks of increased workplace accidents due to unsafe working conditions and insufficient employee awareness of operational safety could endanger both employee health and safety and also corporate assets.	Continue to maintain ISO 45001 and CNS 45001 system verification to ensure the effective operation of the occupational safety and health management system. Every year, we carry out hazard identification and risk assessment, and take appropriate preventive measures to control various risks to an acceptable level, and provide employees with safety and health education and training on a regular/irregular basis to improve employees’ knowledge of safety and health and disaster response capabilities. Please see 5.6 Employee Health and Safety for detailed description of hazard risks.
 Climate Change	Energy Supply	Climate change leads to long-term irregular and unpredictable fluctuations in precipitation patterns that can influence the normal production on the production line.	Improve process wastewater management, build a water recovery system, introduce a digital monitoring system, and plan water conservation and water supply based on climate change and water supply conditions. Please refer to 4.1 Climate Change Adaptation and Actions for detailed description of climate change risks.
	Carbon Neutral Issue	In response to the global wave net zero emissions, countries in the world continue to set net-zero emission targets and revise relevant environmental laws and regulations, which will increase corporate operating costs.	Actively carry out energy conservation and carbon reduction measures, reduce energy consumption in production and daily operations, and integrate the concept of green production into the daily management of the enterprise. Please refer to 4.1 Climate Change Adaptation and Actions 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 both business operations and economic development. However, with the frequent occurrence of cyberattacks and data leakage incidents, information security has become an issue that enterprises have to attach great importance to. Excellent information security management can assist enterprises with the protection of their business assets and customer data, reduction of operational risks and economic losses, prevention of customer data leakage and image damage, and enhancement of customer trust and brand image so as to ensure the safety and reliability of the business through ongoing relevant monitoring and evaluation.</p>	<p>Remediation Mechanism</p> <p>If the Company suffers a cybersecurity attack and cannot defend against it promptly, remedial measures will be undertaken according to the Operational Standards for Emergency Response Measures.</p>
 <p>Remediation Mechanism</p>	<p>If the Company suffers a cybersecurity attack and cannot defend against it promptly, remedial measures will be undertaken according to the Operational Standards for Emergency Response Measures.</p>	
 <p>Management Review</p>	<ul style="list-style-type: none"> Conduct regular internal and external security audits of software systems and procedures to continuously assess the effectiveness and compliance of information security measures. The Audit Office is the audit unit for information security supervision. If any deficiencies are found during audits, the audited unit will be required to submit relevant improvement plans and report to the board of directors. Regular monitoring of the effectiveness of the improvements is also conducted on a regular basis to mitigate internal cybersecurity risks. 	
 <p>Goals</p>	<p>Goals for 2023</p> <ul style="list-style-type: none"> System backup rate to reach 100%. 100% participate rate for information security training courses. No occurrence of information security incidents. 100% pass rate of social engineering drills. 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>Goal Attainment Status for 2023</p> <ul style="list-style-type: none"> ✓ System backup rate to reach 100%. ✓ 100% participate rate for information security training courses. ✓ No occurrence of information security incidents. ✗ The pass rate of social engineering drills was 94%. ✓ Set up a dedicated information security manager and at least one information security staff member. ✓ Pass the information security audit. ✓ A total of four security incident response drills were carried out.
	<p>Short-term Goals (2024~2025)</p> <ul style="list-style-type: none"> Improve the security infrastructure: Upgrade and strengthen the security infrastructure within 2 years, including firewalls, intrusion detection systems, encryption technology and security monitoring tools. Implement comprehensive safety training: Carry out a comprehensive security awareness enhancement plan to ensure that all employees understand the fundamental information security knowledge and best practices. Pass ISO 27001 third-party external certification. Conduct regular safety audits: Establish a regular security audit process to continue the identification and handling of security vulnerabilities. 	
 <p>Action and Results</p>	<ul style="list-style-type: none"> Regularly conduct vulnerability scanning and patching, and ensure that all systems, applications, and equipment are maintained with the latest safety patches and updates. A total of 12 monthly information security meetings were held in 2023 to be in charge of the planning, implementing, and promoting of information security management matters, promoting information security awareness, and regularly reviewing the information security policies. A total of 4 information security incident response drills were held in 2023 to enhance employees' alertness and responsiveness to sudden incidents. There were no customer data leaks or cybersecurity incidents in 2023. Passed the third-party external information security audit in 2023. The total information security education training reached 1,543 hours in 2023. 	<p>Medium- and Long-term Goals (2026~2030)</p> <ul style="list-style-type: none"> Establish a mature risk management framework: Develop a comprehensive information security risk management framework within five years that include continuous risk assessment, management and mitigation measures. Implement advanced threat detection and prevention systems: Invest in AI and machine learning technologies to improve detection and defense against advanced persistent threats (APTs). Establish strong third-party partner security management: Ensure all partners and suppliers meet the strict security standards to reduce supply chain risks. Establish a comprehensive business recovery plan: Develop a comprehensive business continuity and disaster recovery plan to ensure that the business can recover immediately after any major security incidents.

Information Security Policy
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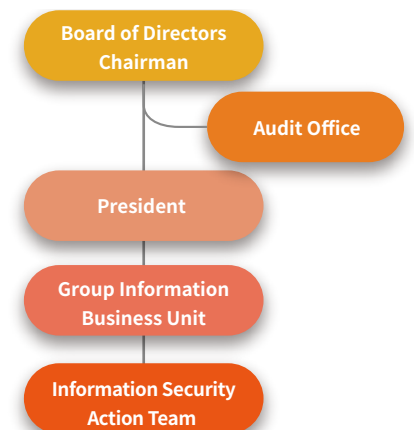
- 1 Each department of our company must comply with relevant government regulations (such as the Patent Law, Copyright Law, Personal Data Protection Act, Enforcement Rules of the Personal Data Protection Act, etc.) when conducting business operations.
- 2 Establish an Information Security Management Committee responsible for the establishment and promotion of the company's information security management system.
- 3 Establish an organizational panorama evaluation mechanism to define the policy of information security and the scope of implementation of the information security management system, and understand the needs and expectations of the organizational panorama and stakeholders.
- 4 Establish document control procedures to legally regulate the formulation, modification, encoding, issuance, etc., of documents related to the information security system.
- 5 Establish a management mechanism for information assets to coordinate the allocation and effective utilization of limited resources to address critical security issues.
- 6 Establish risk assessment management methods and identify risks associated with various assets to take appropriate risk treatment measures, control, and reduce risks to an acceptable level.
- 7 Regularly conduct business-related information security education and training to promote information security policies and related implementation regulations.
- 8 Establish physical and environmental security protection measures for data centers and regularly perform relevant maintenance and upkeep.
- 9 Clearly define the permissions for the use of information systems, network services, and sensitive information to prevent unauthorized access.
- 10 Develop and implement internal audits of information security to enforce the information security management system and implement corrective measures for any deficiencies.
- 11 Develop information security business continuity plans and conduct practical drills to ensure the continuity of business operations in the event of unforeseen incidents.
- 12 All personnel of our company are responsible for maintaining information security and should understand and comply with relevant information security management regulations, implementing them in their job responsibilities.

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 2023, 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, which was officially implemented in 2023 upon approval of the president. The information security action team is 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 and the social engineering drills on a regular basis to reduce risks of internal risks and man-made errors. In 2023, a total of 1,050 hours of education training was conducted. A total of 280 new employees received 1,406 hours of information security education and training, and the coverage rate of new employees reached 100%. In 2023, the number of participants in the first social engineering drill reached 700, with the pass rate of 80.57% while in the second, there were 703 participants, and the pass rate reached 94.17%. For those who failed the drills, repeated publicity and education were carried out. The goal for 2024 is to achieve 100% pass rate in the social engineering drills.

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 information security incidents every year.

In addition, a total of 4 information security incident response drills were conducted in 2023, including "Primary and secondary system backup and recovery drill", "Testing of the backup mechanism of the primary and secondary systems", "Computer room power outage drill" and so on. 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.



▲ Information security education and training

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.

Information Security Management Measures

- 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

Information Security Remediation Measures

- 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.



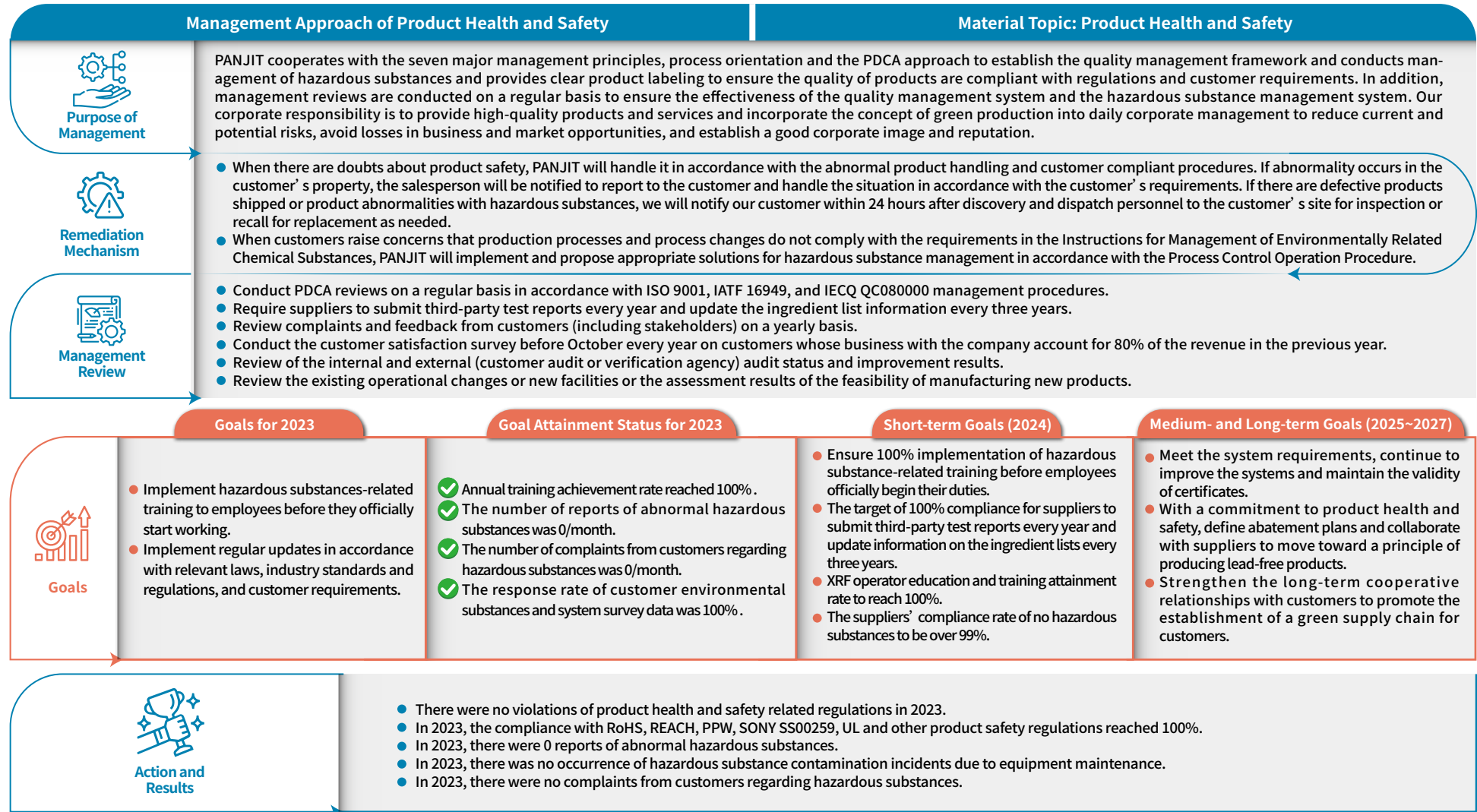
Responsible Supply Chain

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3.1 Product Quality and Services



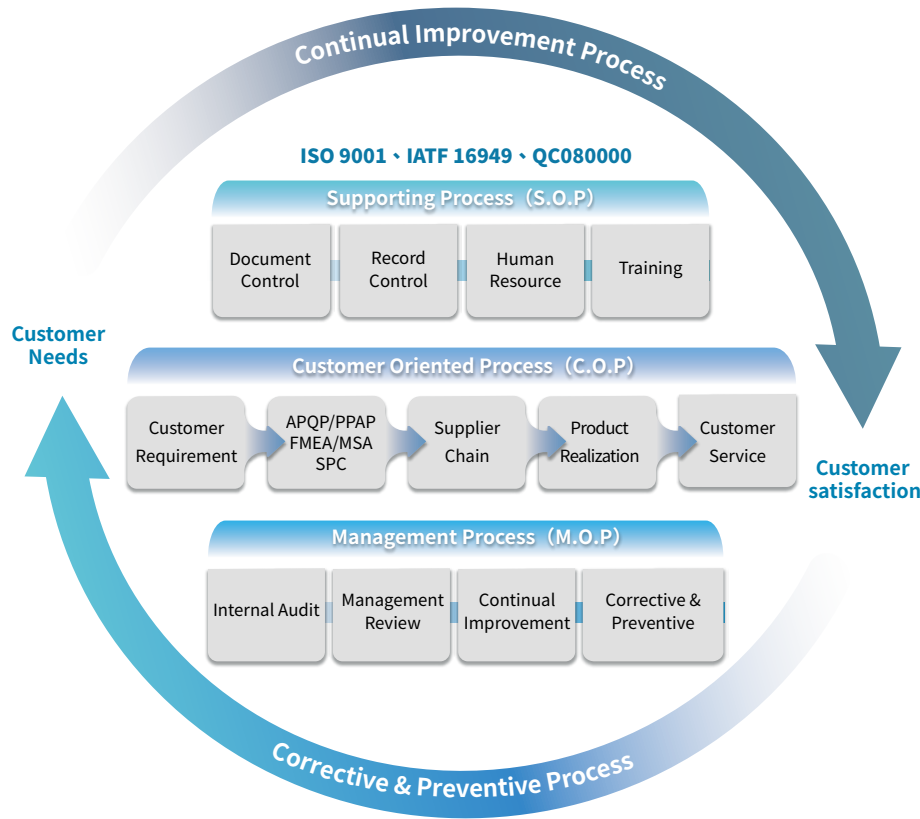
Quality Management



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 comprehensive impact assessments related to product quality/ health and safety of all products of Gangshan Factory to reduce the impact of products on human body and the global environment. 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 product that closely links with every employee. The quality first concept is like the tripod and wires each product 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	IATF 16949	ESD S20.20	IECQ QC080000
Valid until 2026.12.26	Valid until 2026.12.26	Valid until 2025.03.19	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. When customers raise concerns that production processes and process changes do not comply with the requirements, PANJIT will implement and propose appropriate solutions for hazardous substance management.

At the incoming material stage, manufacturing stage, and prior to shipping, PANJIT uses XRF measuring devices to inspect hazardous substances such as cadmium, lead, mercury, chromium, bromine, and chlorine. The measurements are complemented by reports submitted by the suppliers to ensure 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.

Among them, in terms of the IEC 62474 standards for 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 abatement plan while REACH makes disclosure as regulatory requirements.

Abatement Plan

PANJIT has set hazardous substance abatement plans, and currently, the packaging material PVC pipes have been replaced with PS material. The high-temperature solder paste and leaded glass used by the Company are classified as exclusion clauses in the RoHS2 regulations. Since the current state of technology is not mature enough, there is no development and technology introduction of alternative raw materials. We will continue to actively discuss the possibility of future substitution with our suppliers. On the other hand, there is currently no substitute for the lead raw materials regulated by REACH. PANJIT strictly controls the use of raw materials and declares the lead content of its products to customers to comply with the regulatory requirements of REACH.

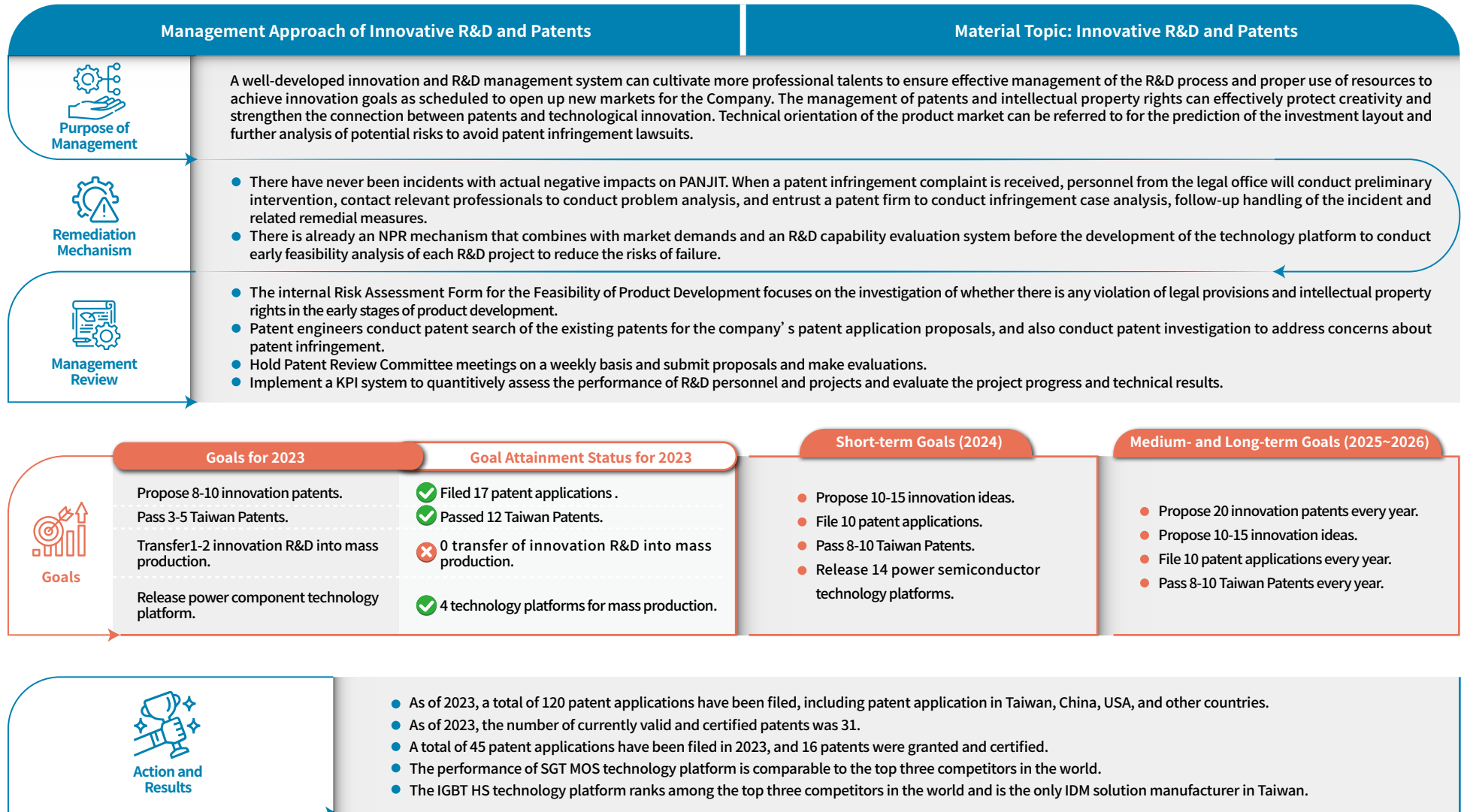


Product Safety Regulations	PANJIT's Management Results
HF	100% compliant with halogen-free requirements.
RoHS	Applicable to exemptions from lead-free requirements and are defined in the abatement plan.
REACH	<ul style="list-style-type: none"> ● If the concentration of substances of high concern in the finished products reaches 0.1%(w/w), the manufacturer/importer have to transmit supply chain information and provide customers and suppliers with sufficient information regarding the safe use of highly concerned substances in finished products. ● PANJIT only produces products compliant with REACH standards. These products do not release any hazardous substances under normal and reasonably foreseeable conditions of use. In accordance with Regulation (EC) 1907/2006 Article 33 ("REACH"), we will continue to pay attention to the progress of REACH legislation and are dedicated to fulfilling our responsibilities of environmental protection.
PPW	100% compliant with packaging material requirements.
SONY SS00259	Possess Sony Green Partner certification and is 100% compliant with SONY's material requirements.
UL	Both finished products and molding adhesives comply with UL safety certification.

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 of Standards for Hazardous Substance Management in the Instructions for Management of Environmentally Related Chemical Substances. When a qualified supplier makes changes affecting product material characteristics, it is necessary to fill out and provide relevant information to the technical unit for sample approval. After the supplier signs the material specification commitment letter, if the company or a customer detects hazardous substances exceeding the controlled limits specified in the standards, the company will request the supplier to submit a time-limited improvement and abatement plan. Only after improvements are made can we re-investigate whether to accept the supplier's materials. If improvements cannot be made, delivery must be stopped immediately.

Regarding the product labeling, 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. As for the labeling on the shipping cartons, 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 2023, 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.

3.2 Innovative R&D and Patents



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.

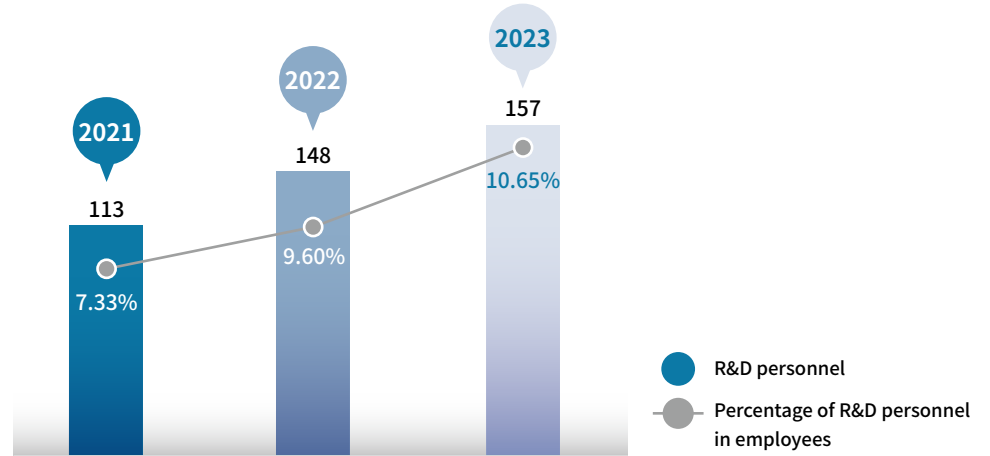
PANJIT’s management has been upholding the corporate philosophy of sustainable management and constantly investing in the R&D and equipment. Through the R&D and process teams specializing in different professional fields, the years of experience in manufacturing technology in the semiconductor industry 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.

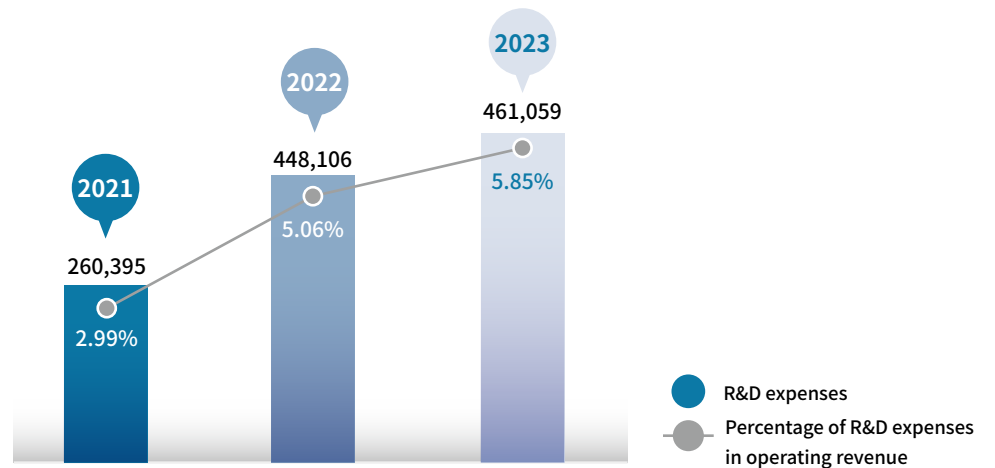
PANJIT has finished development and released 89 discrete semiconductor devices, including HV MOSFETs, MV MOSFETs, SiC SBDS and FREDs and other products. From the perspective of semiconductor device technology, the manufacturing technologies of 600V/650V high-voltage super junction (HV SJ) MOSFET Gen.1, 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 Years



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

Future R&D Projects

Discrete devices are widely used in various electronic devices, and their main applications include frequency conversion, rectification, voltage transformation, power amplification, and power control. They are the foundation of the electronics industry. With advances in technology and changes in industries, there is an increasing demand for discrete devices in the market. In addition, the Company has a comprehensive product line and actively invests in the R&D of various high-performance high-power discrete devices to cater the market trends and enhance our competitiveness.

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 AlGaN/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.

Increased Power Density


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.



01

Extremely Low Switching Losses


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.



02

Low Electromagnetic Interference (EMI)

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.

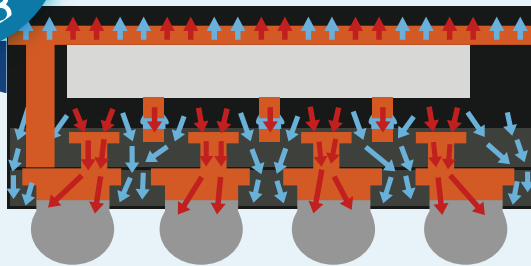


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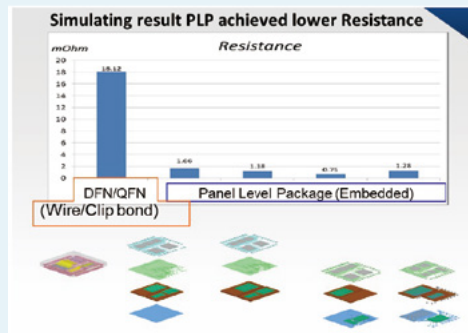
Compared with the traditional wire bonding packaging method, PANJIT's Panel Level Package (PLP) adopts the IC substrate manufacturing mode, and therefore has smaller packaging thickness and volumes. In addition to the design flexibility of its miniaturized packaging, it also has excellent electrical performance and better heat dissipation effect that can integrate active and passive components, and is suitable for third-generation semiconductor packaging (GaN/SiC). The packaging thickness is only 1/8 of the traditional packaging method, and even less than 1/40 of the traditional packaging volume, which can effectively improve product performance.

Panel Level Package, PLP

Better heat dissipation effect



The resistance value is only 1/10 of the traditional packaging

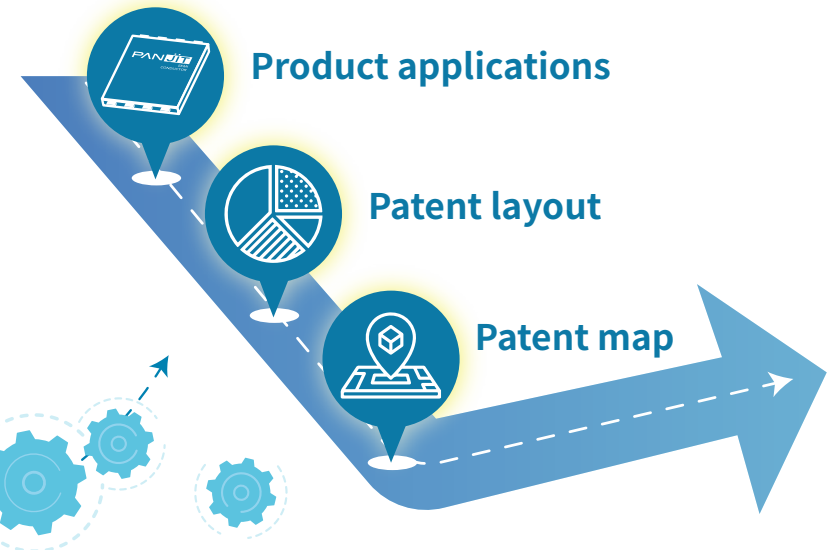


PKG本體	30X20mm	22X18.5mm	25X15mm	10X12mm
TOP VIEW				
Side VIEW				
Thickness	4.6mm	3.4mm	4.6mm	0.59mm
Remark	39.0x	19.5x	24.4x	1.0x



Patent Layout

The Company integrates the operational goals with R&D and legal resources. Each business unit follows the operational objectives and takes into account the quality and quantity of intellectual property to conduct research and development and innovation of different products and technology types on a yearly basis to strengthen our competitive edge and establish the company's image of innovative research and development. Externally, we continue to build a robust intellectual property portfolio in accordance with the company's product development strategy. Internally, we motivate employees to conceive and propose inventions by implementing incentive programs for patent applications in multiple countries. In addition, to align with the sustainability goals and strengthen the configuration of our product portfolio, PANJIT strategically obtains authorized transfers of specific technologies from domestic and foreign R&D companies and engages in collaborative development with cross-industry partners in both upstream and downstream sectors to optimize production efficiency. The intellectual property management plan specifically includes the followings.



Inspiring Innovation in R&D	PANJIT encourages innovation. The R&D unit regularly meets to present internal proposals and make discussions every week and holds cross-departmental meetings from time to time every quarter to motivate employees to submit invention applications. The Company has established “Patent Management Measures” (originally the Patent Application, Maintenance, and Incentive Management Measures) and has specially designed two stages of different inventive bonuses (Application Bonus, Patent Grant Bonus) to enhance the Company’s R&D capacity and the leading status in technology.
Patent Management	To take into account both the patent quality and approval efficiency, patent engineers will convene meetings with external firms and internal R&D units from time to time to discuss and plan the scope of patent applications for technologies and develop strategies for handling rejections and responses to expedite patent approval. Different patent systems in different countries are further understood for the assessment of the needs of our patent layout in other countries. To cover patent review, patent infringement investigation, and patentability search, the Company revised the Patent Review, Application, Maintenance, and Incentive Management Measures into Patent Management Measures in 2024, that is linked with the internal Risk Assessment Form for the Feasibility of Product Development to assess the intellectual property rights and legal provisions required for product development. The product development unit puts forward the assessment requirements and the legal office will be responsible for the assessment.
Trademark Management	The cooperative trademark firm conducts trademark monitoring across various countries from time to time to carry out trademark applications in different places promptly in response to the layout of our business activities. As of 2023, PANJIT has obtained trademark certificates from 16 countries. For existing trademarks, evidence of use is preserved every year and use declarations are regularly issued as prescribed in local trademark regulations.
Business Secret Protection	PANJIT established the Business Secret Management Measures in 2015 to strengthen the management of confidential information. In addition, all the employees’ awareness of business secret protection is strengthened through education and training. The IT Department has also strengthened preventive measures for information security. Phishing emails are sent through internal network from time to time to enhance the employees’ sensitivity to cybersecurity.

Patent Layout Under Environmental Strategies (E)

To align with the trend of green technology orientation and the sustainable development of the industry, PANJIT's patent application will cooperate with the R&D units to make layouts in the direction of low cost and high-energy efficiency. At the same time, in coordination with the primary product applications, PANJIT also demands a complete patent layout in response to the high level of market development and changes. Among them, to comply with the increasing demand of consumer electronics applications, the patent layout of high-power semiconductors will be the key target. Meanwhile, the patent layout will also be carried toward SiC MOSFET to meet the needs of industrial applications. Coupled with the recent rise in the demand for new energy vehicle (NEV) applications, the patent layout of high-voltage electronic components is also one of the main development directions. In addition, we also plan the patent layout of low, medium, and high voltage electronic components to cater to the needs of 5G communication applications. PANJIT will attach more importance to high-efficiency, heat dissipation, and lightweight and thin technology out of the original intention of environmental protection and invest in patent costs.

In terms of patent management, as of 2023, there are a total of 120 patents, including pending applications and granted patents, under maintenance at PANJIT, among which 43 are from Taiwan, 34 from China, and 43 from the USA. In the future, we will consider filing patent applications in Europe, Japan, India and other countries based on the product application fields. As of 2023, there are currently 31 granted patents, and 81 under review. Based on statistics of patent application and grants in recent years, it can be seen that the ideas that sprouted in earlier years have gradually achieved actual implementation results, making the number of patent application in 2022 and 2023 to be maintained at over 45 for two consecutive years. 2023 has been a particularly successful year for patent grants, with a total of 16 patents granted.

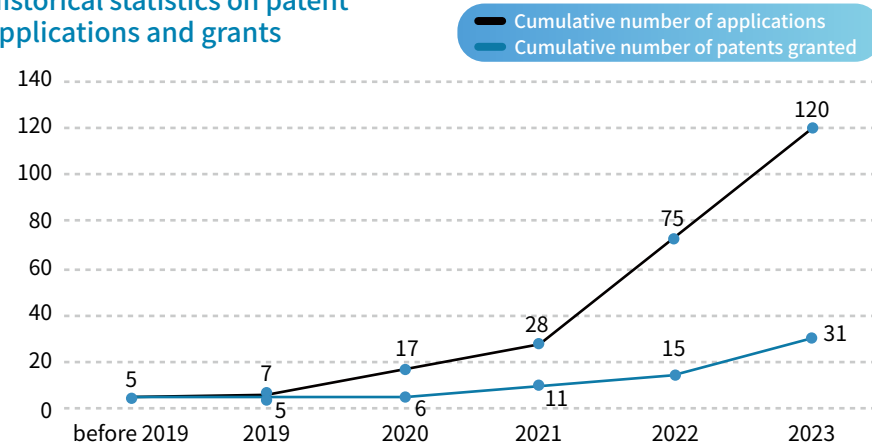
Social Responsibility of Intellectual Property Rights (S)

PANJIT continuously improves technological innovation and actively invests in joint development and cooperation with academic institutions to further use the intellectual property right as an important tool for the innovation of the company and the resource base for the enterprise to achieve sustainable goals. The intellectual capital that includes patents and other intellectual property rights is effectively applied to achieve ESG goals, including but not limited to addressing industry demands by innovating green technologies and applying for patents to protect technologies or methods related to energy conservation and carbon reduction, green energy, carbon neutrality, and so on. To effectively promote the development of ESG indicators, PANJIT is dedicated to establishing management systems and layout decisions, including patent layout, intellectual property management, intellectual property commercialization, and the ability to develop green intellectual property, so as to establish technological advantages and reduce legal risks while at the same time protect the technologies through business secrets to achieve the purpose of green R&D investment and employees' creations. In addition, the company's image of environmental protection and social responsibility can be demonstrated by registering and using trademarks.

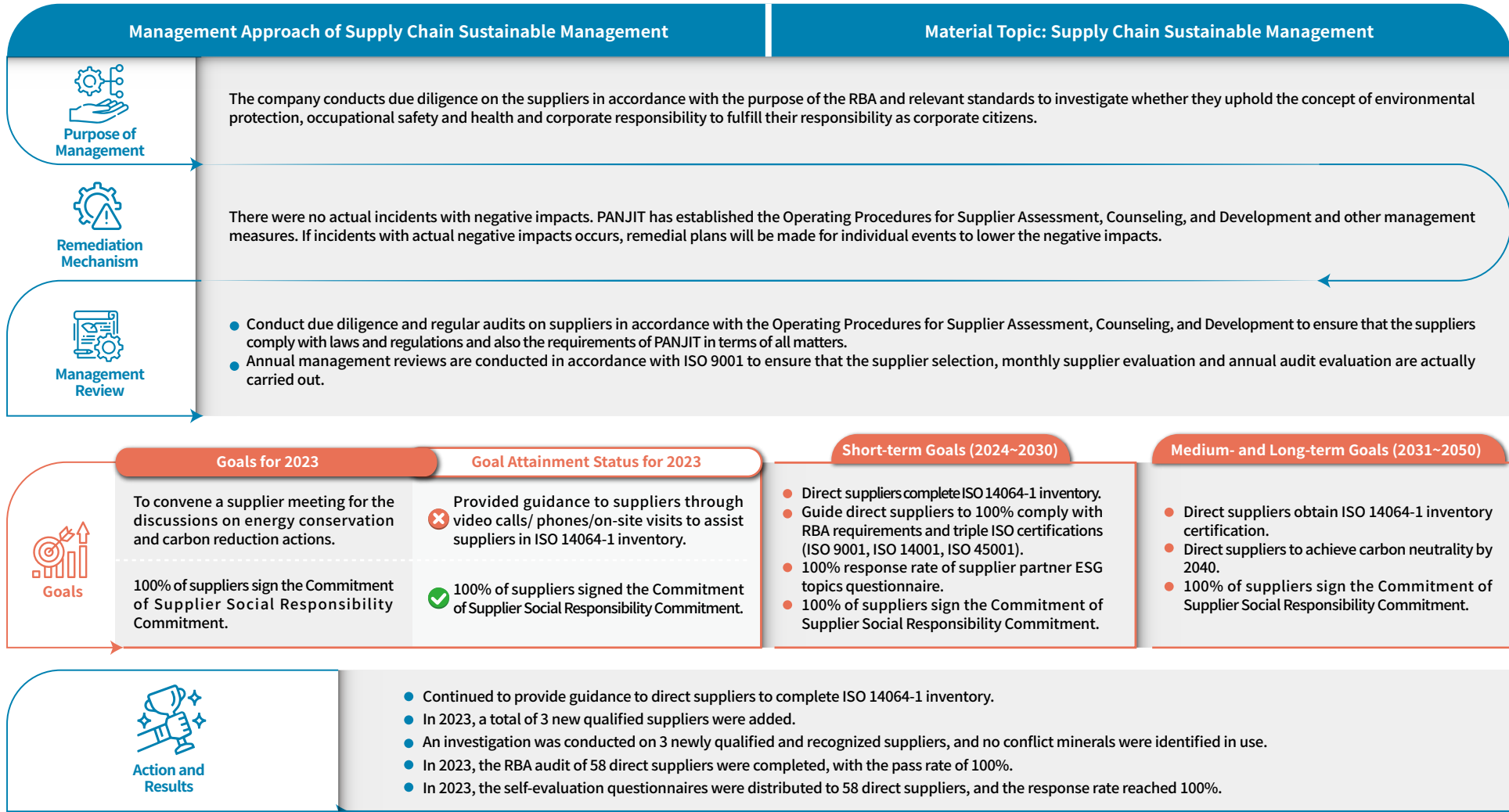
Intellectual Rights Management Affects Corporate Governance (G)

In addition to managing patents, trademarks, and copyrights, the scope also covers trade secrets, customer relationships, organizational culture, and corporate reputation to conduct management and utilization of intangible assets. In terms of corporate governance, we aim to avoid the occurrence of potential risks for the establishment of a corporate image of integrity management and creation of additional value for the enterprise. PANJIT's intellectual property management attaches great importance to avoiding the risk of infringement. It will refer to the TWSE's newly revised intellectual property management evaluation indicators and incorporate the PDCA Intellectual Property Management Cycle System into the corporate governance framework and develop it from five aspects, including (1) formulation of policy objectives, (2) acquisition/ protection/ maintenance/ utilization of the establishment of management systems, (3) provision of resources, (4) response to risks or opportunities, and (5) audit improvement. Our legal unit will also take regular inventory of the patent rights to avoid the risks of infringement and being infringed upon.

Historical statistics on patent applications and grants

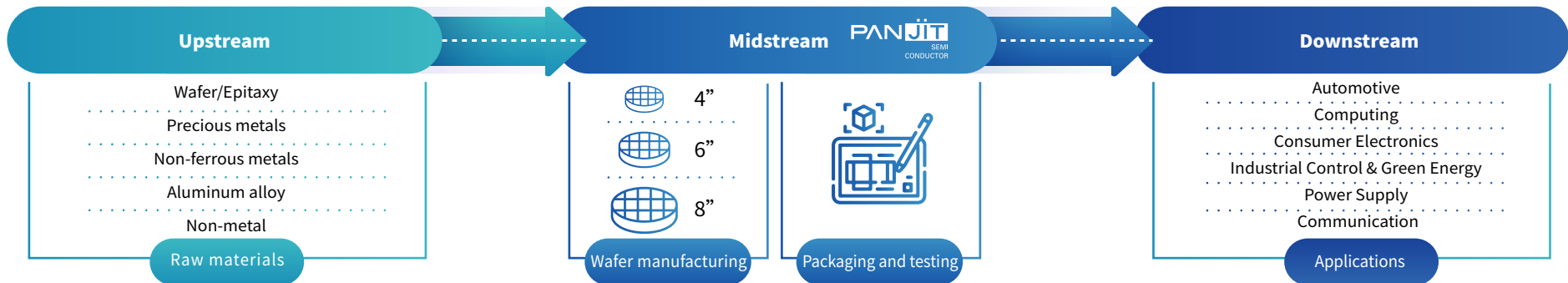


3.3 Sustainable Supply Chain Management



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

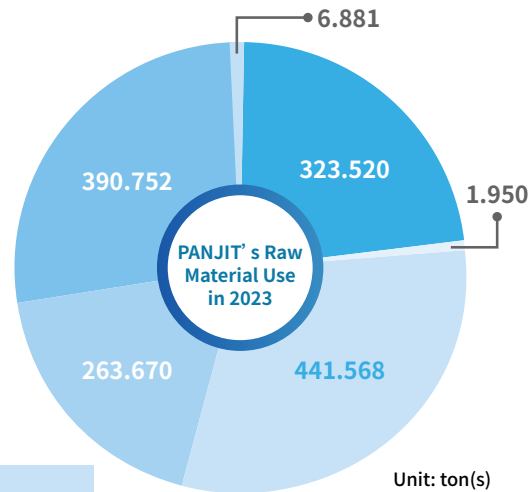


Note:

- Please refer to affiliation relationship on P124~P136 of 2023 PANJIT Annual Report for other relevant business relationships.
- There were no important changes in the upstream and downstream business relationships compared with the previous year.

Use of Raw Materials

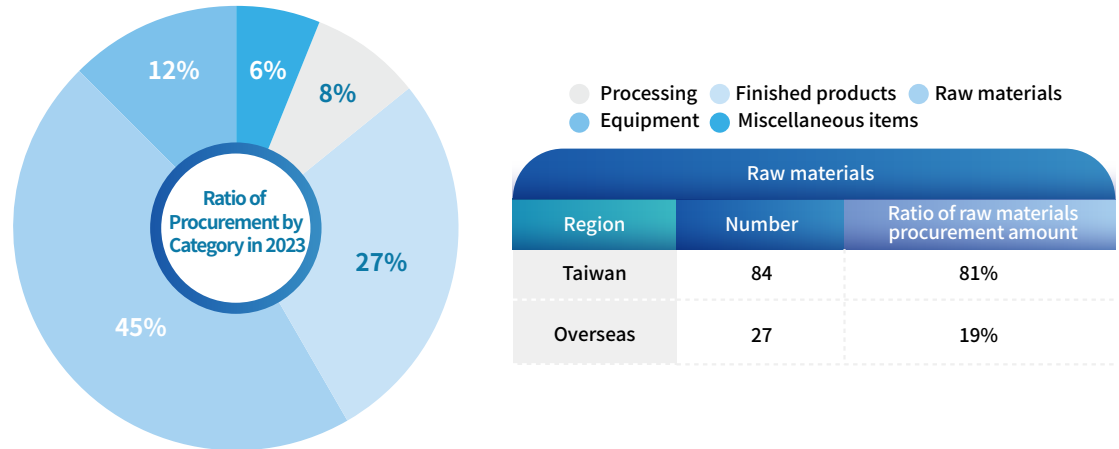
The main raw materials used in PANJIT include chips, Lead Frame, wires, molding compound and chemicals are all non-renewable raw materials. To reduce the environmental impacts, the packaging materials are mainly reusable ones, and the suppliers voluntarily recycle these packaging materials for reuse.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



Category	Recycling methods for packaging materials
Chips	Recycle empty boxes
Lead Frame	100% recycled Recycle empty reels
Wires	100% recycled Recycle empty reels
Molding Compound	Use reusable plastic boxes
Chemicals	Recycle empty barrels
Packaging materials	100% recycled Transport with stainless steel trolleys Use reusable plastic boxes Recycle cartons for reuse

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 45% 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 547 in 2023, and the local procurement of raw materials accounted for 81% of the total amount of raw materials.

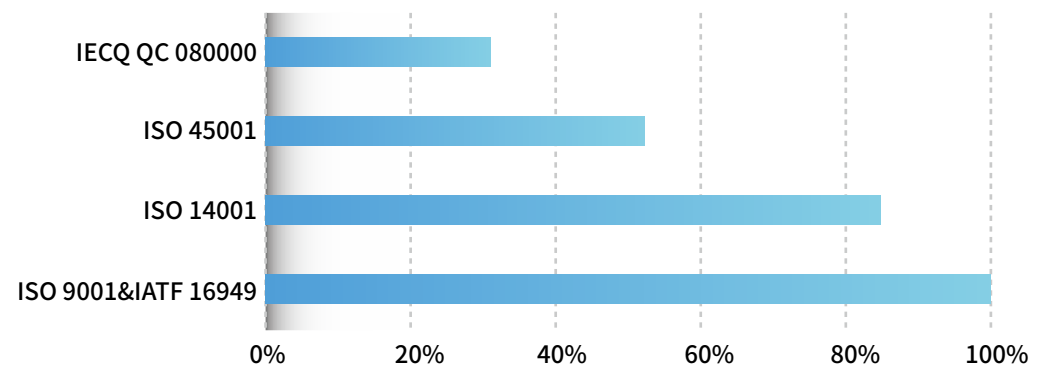


Selection of New Suppliers

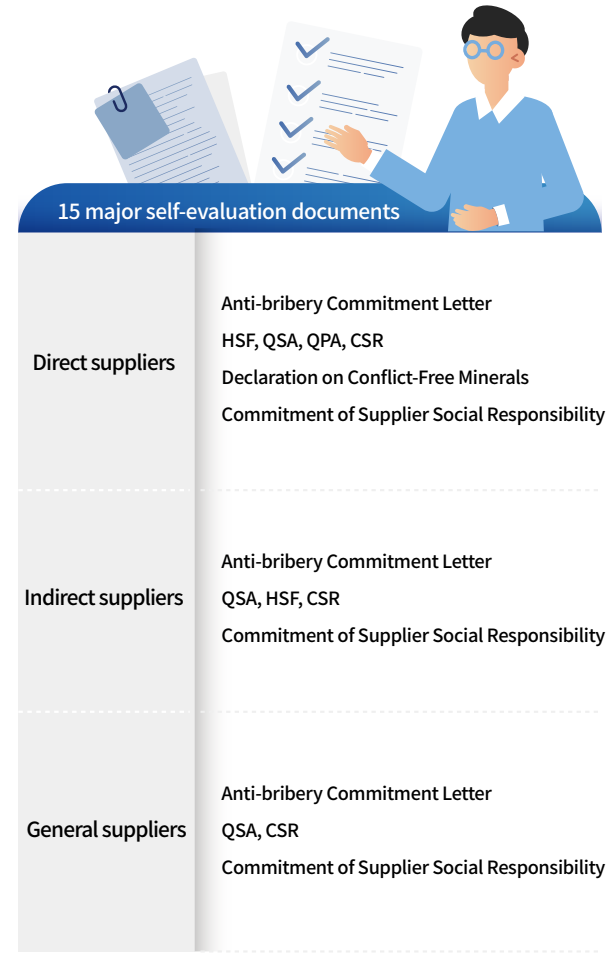
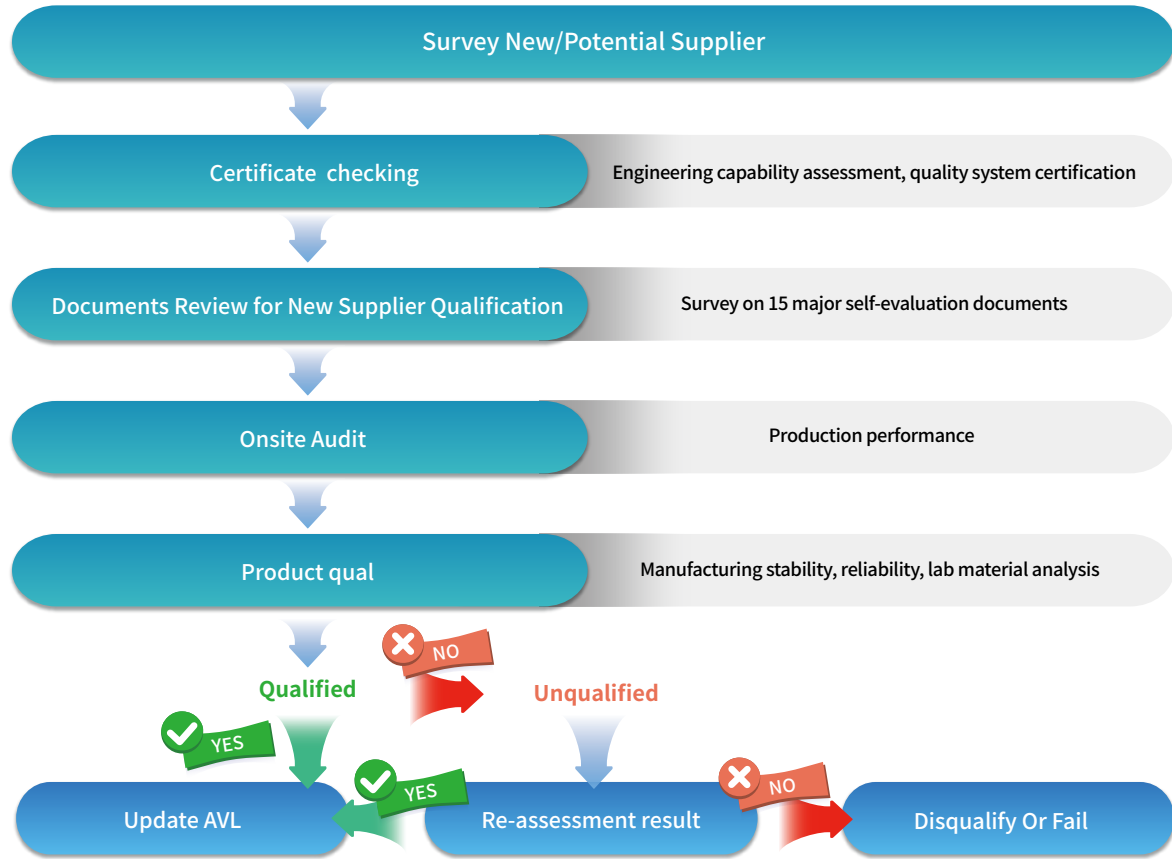
PANJIT complies with the Operating Procedures for Supplier Assessment, Counseling, and Development when evaluating new suppliers and conducting due diligence on the suppliers in accordance with the purpose of RBA and relevant standards to investigate whether they uphold the concept of environmental protection, 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 2023, the number of newly added qualified suppliers was 3. All of the suppliers are required to sign the Commitment of Supplier Social Responsibility Commitment. As of the end of 2023, the signing rate reached 100%.

Proportion of Supplier Management System Passing Verification



Process of New Supplier Selection



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 2023, a total of 58 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. There were no suppliers with actual or potential negative impacts on the environment and society.

Evaluation Methods	Direct Suppliers	Indirect Suppliers	General Suppliers
Supplier evaluation	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.		
On-site (including document) audit	<ul style="list-style-type: none"> Once a year. Conduct document audits on QSA, HSF, CSR and QPA. 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. Conduct document audits on QSA, HSF, CSR and QPA. 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. Conduct document audits on QSA, HSF, CSR and QPA. On-site audits are implemented to domestic suppliers that we have made procurement from for than six months.
Document audit	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.	Document audits are arranged for raw material suppliers from which the procurement months and volume are lower than a certain number.	Document audits are arranged for raw material suppliers from which the procurement months and volume are lower than a certain number.
Audit exemption	<ul style="list-style-type: none"> 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

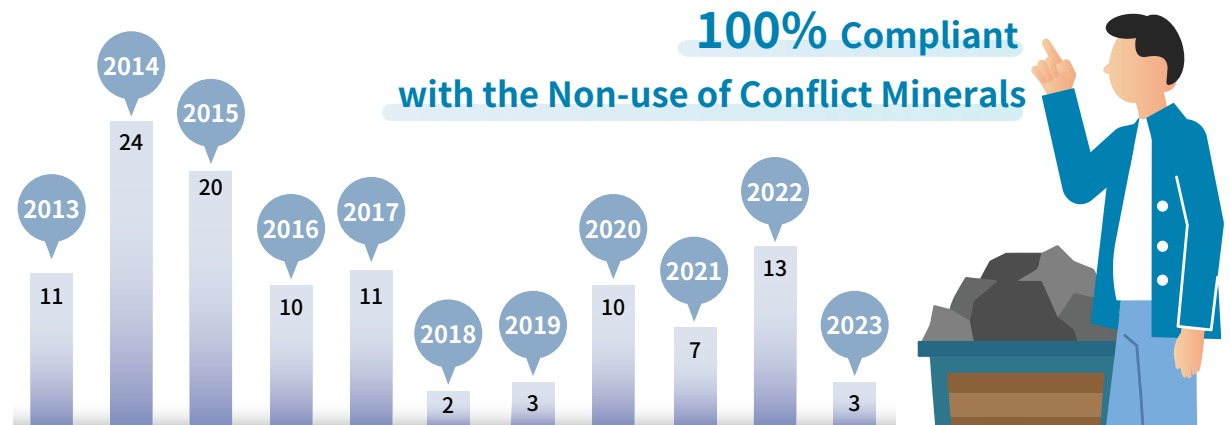
Commitments to Conflict-free Minerals

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



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 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 2023, a survey was conducted on 3 newly recognized qualified suppliers, and none of them use minerals from conflict areas.

Number of Suppliers Surveyed for Conflict Minerals over the Years



3.4 Customer Relationship Management (CRM)

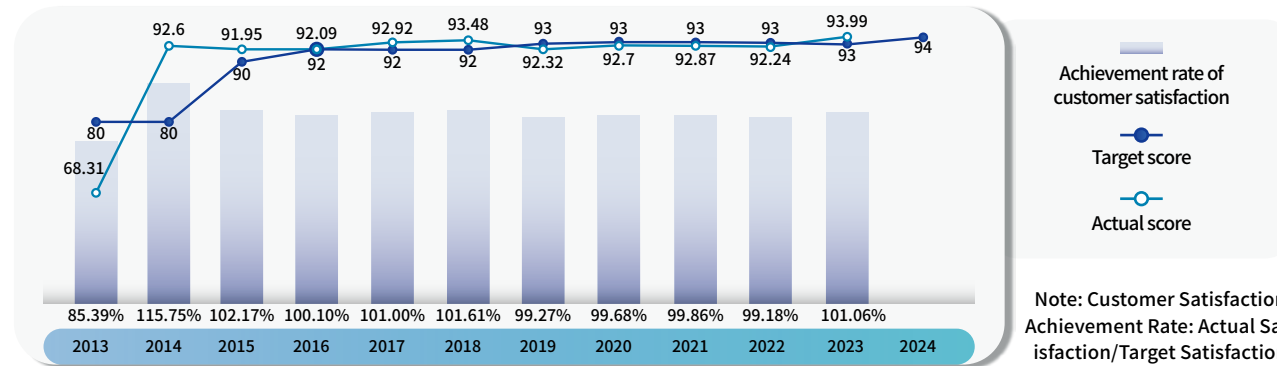
Customer Communication and Service

PANJIT places a high value on customer opinions and feedback, and every year we conduct customer satisfaction survey to understand customer needs, which includes both customer satisfaction ratings and self-evaluation of customer satisfaction, for us to promptly identify and address any potential issues our customers may have, while also gaining insight into their needs and expectations regarding our products and services that can serve as a reference for us to formulate future development strategies and improvement plans.

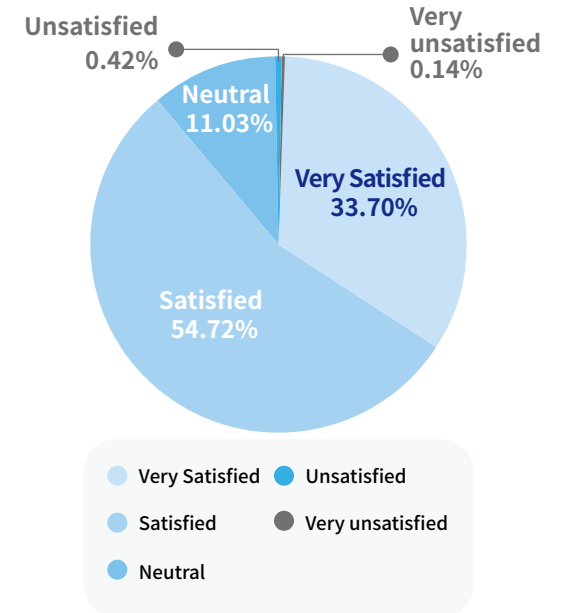
Every year, PANJIT conducts a satisfaction survey on its customers whose business with the company account for 80% of their revenue of the year, and the survey items include 1. Product quality and reliability; 2. Response speed and effectiveness; 3. Brand positioning and image; 4. Customization capabilities; 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.

questionnaire were returned in 2023. The results showed that "Professional capabilities and skills of salespeople", "Customer relations", and "Correctness of information provided on products without hazardous substances" ranked among the top three and received high recognition from customers. Among the items, "Product quality and reliability", "Customization capabilities", and "Prices" scored lower. Due to the production process factors in 2023, a recall was initiated due to product quality issues, and we promptly implemented corrective actions and preventive measures and continued to monitor the product quality status. As for the prices, adjustments were continuously made based on the market supply and demand conditions and costs so as to actively improve the current situation of customer dissatisfaction with pricing.

Customer Satisfaction Achievement Rate over the Years



2023 Customer Satisfaction Survey Results



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 2023, a total of 63 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.



Environmental Protection

4


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4.1 Climate Change Adaptation and Actions


Management Approach of Climate Action

Material Topic: Climate Change Adaptation




Purpose of Management

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.




Remediation Mechanism

- 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.
- Establish a crisis communication plan for timely communication with suppliers, customers, and other stakeholders to ensure that all parties understand the situation and assist in collaborative response to the impact of disasters.




Management Review

- 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.



Goals

Goals for 2023	Goal Attainment Status for 2023	Short-term Goals (2024~2025)	Medium- and Long-term Goals (2026~2040)
<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. ● Waste recycling rate \geq 80%. 	<ul style="list-style-type: none"> ✓ Annual power saving rate 1.51%. ✓ Carbon reduction rate of 1.51%. ✗ Wastewater recovery rate of 13.4%. ✓ Waste recycling rate of 88.85%. 	<ul style="list-style-type: none"> ● Take 2022 as the baseline, and the power saving rate for 2024-2025 to be more than 1%. ● Take 2022 as the baseline, and the carbon reduction for 2024-2025 to be more than 1%. ● The annual process RO wastewater recovery rate to be controlled at more than 50%. ● Waste recycling rate \geq 80%. 	<ul style="list-style-type: none"> ● Take 2022 as the baseline and reduce 10% of carbon emissions by 2030. ● Achieve carbon neutrality by 2040.



Action and Results

- The energy saved in 2023 totaled 1,396,080 kWh/ year, reducing approximately 691.06 tCO₂e of GHG after conversion.
- The solar power generation in 2023 was 142,872 kWh, and the electricity generated was converted from bulk sale to self-use in December.
- In 2023, the total amount of hazardous industrial waste was 55.47 tons, a 46% reduction compared with 2022.
- The volume of recycling and reprocessing e-waste of wafer scraps in 2023 amounted to 1.19 tons.
- The amount of waste liquid recovered and reprocessed in 2023 was 14.37 tons.
- In 2023, the volume of sludge treated was 96.67 tons in 2023, a 15.4% increase compared with 2022, effectively reducing the waste generation volume.
- Waste rubber was processed and made into hollow bricks. In 2023, 127.85 tons of waste rubber was treated, a 120% increase compared with 2022.
- The water recovered in 2023 was 64,329 tons, with the recovery rate of 13.4%.
- The wastewater monitoring in 2023 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 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 refers to the Task Force on Climate-related Financial Disclosures (TCFD) Framework and the recommendations from 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's ESG Promotion Office reports to the board of directors on the schedules and progress of the GHG inventory and verification schedule progress on a quarterly basis. The content of the 2023 climate-related report covers the GHG inventory progress and planning, the risk management operations (including climate change risks), etc. Through the operation of ESG Promotion Office and the reports and discussions on related climate issues, better response strategies can be formulated to promote the sustainable management of PANJIT.

2023 Highlights of Climate-related Issues Reported to the Board of Directors

Time of Report	Content of Report
March 10, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
May 9, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
August 8, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries
November 9, 2023	<ul style="list-style-type: none"> Report on PANJIT's GHG inventory and verification schedule progress Report on the GHG inventory and verification schedule planning of subsidiaries The operation of risk management (including climate change risks)

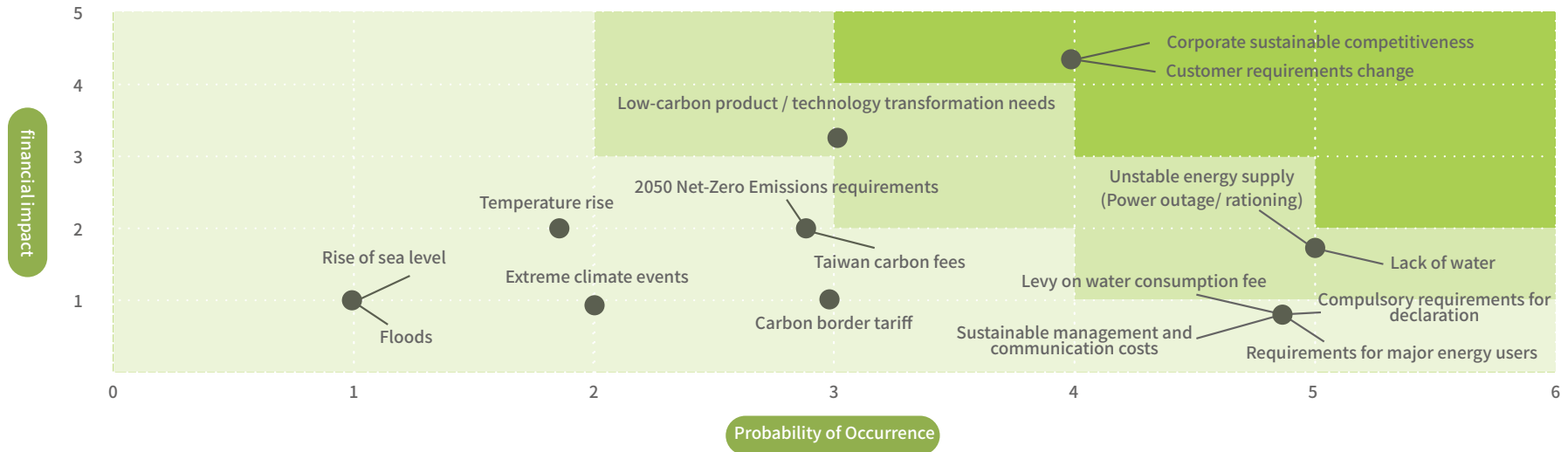
Governance

PANJIT 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) and physical risks (immediate, long-term), and sources of opportunities. The scope of scenarios for different topics is defined, the risks/opportunities are identified, and the level of risks and opportunities for PANJIT is evaluated with likelihood (occurrence probability, frequency) and level of impact. At the same time, the expected timetable for the issue is assessed and divided into short-term (2024-2026), medium-term (2027-2031), and long-term (2032-2040) for further formulation of response strategies.

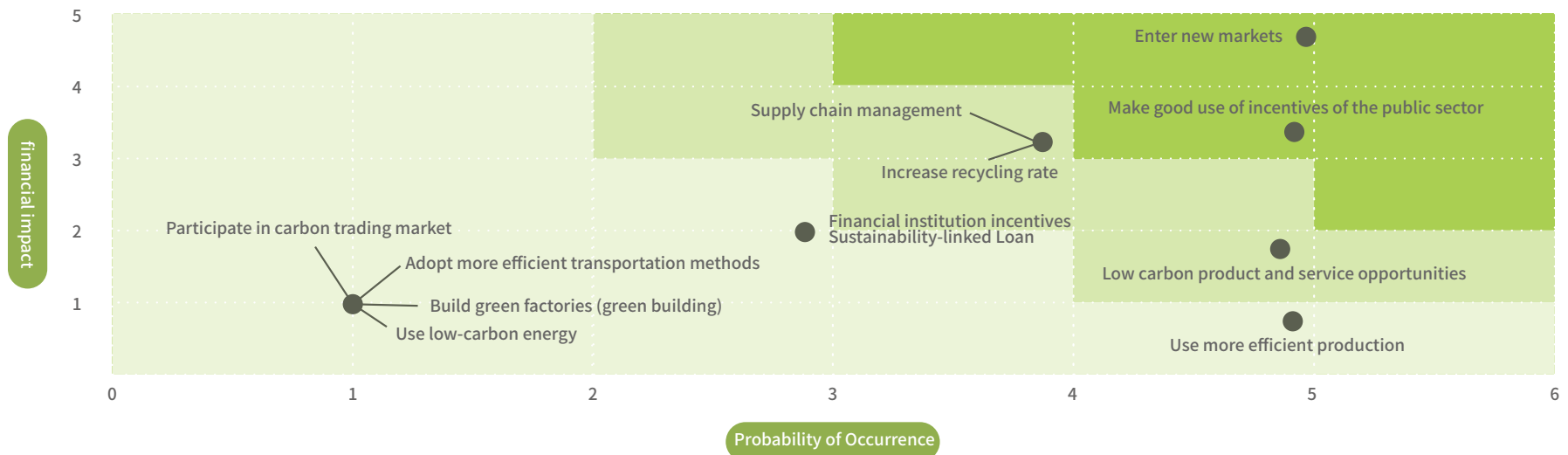
After the discussion and evaluation between Promotion Team members of the ESG Promotion Office and the sustainability consultants at the meeting, based on the evaluation results, medium and high risks/opportunities were further discussed as the priority issues. Finally, a total of 5 risks and 5 opportunities were identified. Relevant risk/opportunity response measures were formulated based on the identification results, and a management mechanism was established to improve response to the challenges brought by climate change and maintain corporate operational resilience.



Climate Change Risk Matrix



Climate Change Opportunity Matrix



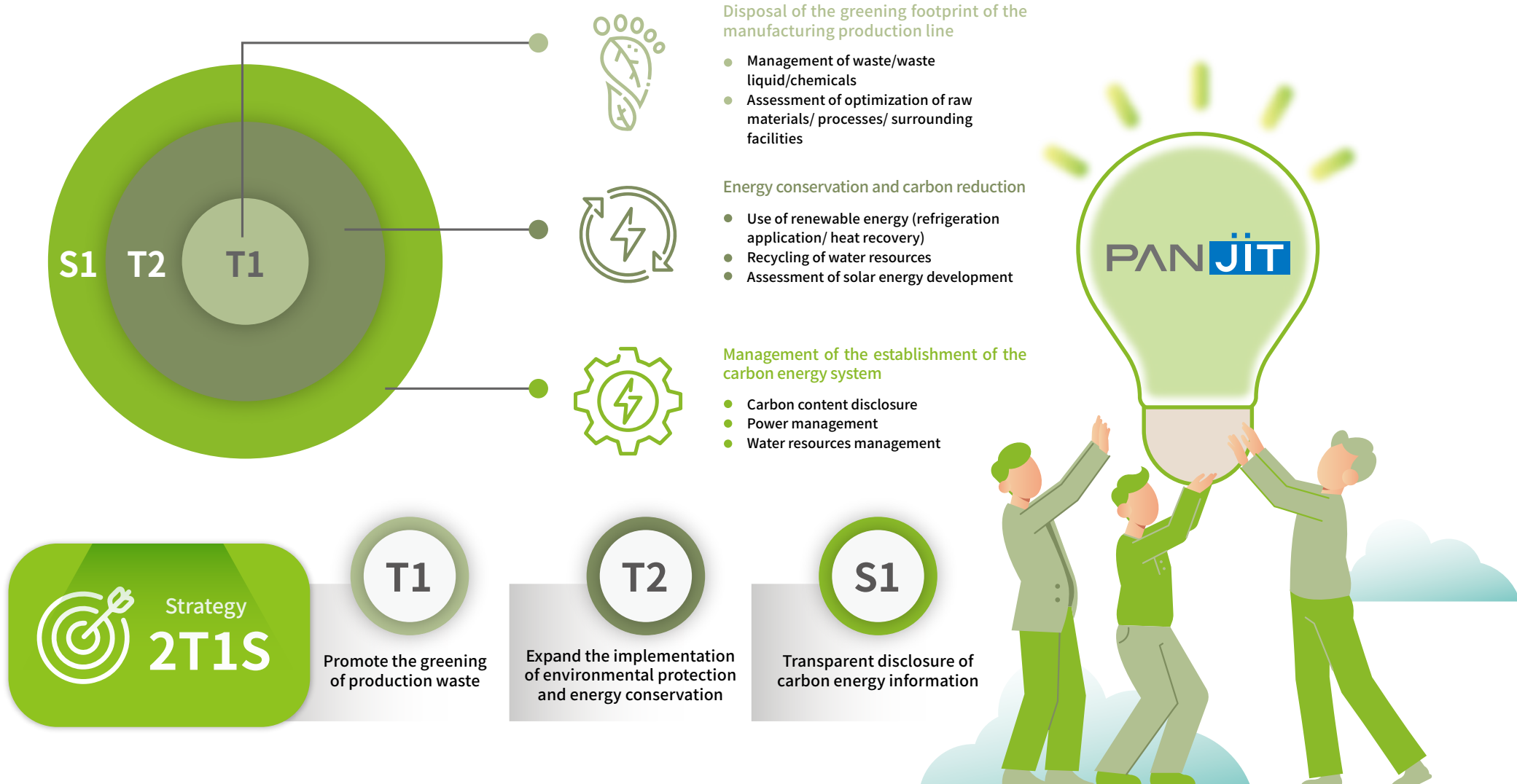
Description of Climate Change Risks, Opportunities, and Impacts

Risk Category	Risk Topics	Possible timetable	Impact on PANJIT	Potential financial impact	Opportunity Category	Opportunity Topics	Possible timetable	Corresponding Strategies
Market	Customer requirements change	Short	In response to the importance of global climate change issues, corporate climate commitments drive changes in the entire markets and customer demands, including the use of renewable energy, low carbon products and technologies, and green supply chains. Failure to meet these market transition needs may lead to customer attrition and a reduction in market share, directly impacting the company operations. PANJIT has actively developed green supply chain products such as solar energy, energy storage system, and e-vehicles. We have increased investment in green R&D to expand our market share in renewable energy market. In addition, we are focusing on the development more efficient energy-saving products to reduce energy consumption for end users.	<ul style="list-style-type: none"> ● Increased operating costs ● Decreased operating income ● Increased operating income 	Market	Enter new markets	Short	<p>Enhancing R&D and applications of products in the green energy market</p> <ol style="list-style-type: none"> 1 Continue the investment and strategic layout in the power semiconductor field and provide a more complete Power Solution through diversified product lines. 2 Continue the deep exploration of the automotive market, provide solutions for e-vehicle related applications, and closely connect with end customers to achieve stable supply and common growth. 3 To respond to green energy-related applications derived from climate change, we will expand our product layout of charging piles, energy storage systems, and solar energy. 4 In the short-term, we will increase the revenue ratio of the green energy supply chain (solar energy/energy storage systems/e-vehicles) through the existing product lines. 5 In the medium and long term, we will develop a new generation of product power components through new generation of independent development technology, so as to provide more effective products in the green energy industry and achieve the effect of energy conservation.
	technology	Low-carbon product / technology transformation needs			Short	Product and Service	Low carbon product and service opportunities	
Goodwill	Corporate sustainable competitiveness	Short	As a part of the supply chain of the global semiconduction 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. PANJIT actively strengthens the sustainable management of the supply chain, cooperates with relevant government incentive policies, and works together with suppliers to promote low-carbon manufacturing and jointly set the GHG reduction targets to step toward net-zero emissions and enhance the sustainable competitiveness.	<ul style="list-style-type: none"> ● Increased operating costs ● Decreased operating income ● Decreased operating costs ● Increased operating income 	Market	Make good use of incentives of the public sector	Short	<p>Work with the supply chain and set GHG reduction targets</p> <ol style="list-style-type: none"> 1 Confirm the support from the high-level management of the suppliers and start to conduct GHG reduction. 2 Confirm that the suppliers have started the implementation, if not yet started, we will ask the suppliers to provide a schedule for future implementation. 3 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. 4 Participate in the energy conservation and carbon reduction related subsidy projects of the Industrial Development Administration, MOEA. 5 Achieve the ultimate goal of carbon neutrality and net-zero emissions.
					Resilience	Supply chain management	Medium	

Risk Category	Risk Topics	Possible timetable	Impact on PANJIT	Potential financial impact	Opportunity Category	Opportunity Topics	Possible timetable	Corresponding Strategies
-	-	-	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.	<ul style="list-style-type: none"> ● Increased operating income ● Decreased operating costs 	Resource Efficiency	Increase recycling rate	Short	<p>Improvement of resource recycling and reuse rate</p> <ol style="list-style-type: none"> 1 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. 2 Continue to evaluate the feasibility and applicability of recycling/regeneration with downstream recycling manufacturers.
Physical risk	Unstable energy supply (Power outage/ rationing)	Short	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.	<ul style="list-style-type: none"> ● Increased operating costs 	-	-	-	<ol style="list-style-type: none"> 1 Energy-consuming equipment: Introduce a carbon energy system to effectively manage high energy-consuming equipment and reduce its electricity consumption. 2 Install emergency generator and continue the assessment of introducing solar energy. 3 Plan the implementation of mass production in the second-generation factory.

Risk Category	Risk Topics	Possible timetable	Impact on PANJIT	Potential financial impact	Opportunity Category	Opportunity Topics	Possible timetable	Corresponding Strategies
Physical risk	Lack of water	Short	The global warming and global climate change have impacts on Taiwan, making the difference in dry and wet seasons more obvious, and may also lead to the risk of water shortage. Although there has not yet been any incident of factory suspension due to water shortage, the water consumption has to be continuously decreased while the water recovery rate increased to reduce the risks of losses caused by suspension and increased water costs.	<ul style="list-style-type: none"> ● Increased operating costs ● Decreased asset value 	-	-	-	<p>Systematic management of process wastewater</p> <ol style="list-style-type: none"> 1 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. 2 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. 3 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. 4 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> <ol style="list-style-type: none"> 1 Provide relevant promotional materials and post warnings and reminders at key water use areas (faucets) for the saving of domestic water. 2 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. 3 Prepare water reserves in the plant.

Actions and Strategies |



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 (2024~2026)	Medium-term (2027~2031)	Long-term (2032~2040)
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 100 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 2021 as the base year. 	<ul style="list-style-type: none"> ● Annual decrease of 8% with 2021 as the base year. 	<ul style="list-style-type: none"> ● Annual decrease of 10% with 2021 as the base year.
Recovery rate of process wastewater	<ul style="list-style-type: none"> ● >15% 	<ul style="list-style-type: none"> ● >18% 	<ul style="list-style-type: none"> ● >20%
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% ● Waste recycling rate \geq80% 	<ul style="list-style-type: none"> ● Recycling rate of e-waste: > 89% ● Recycling rate of waste rubber: > 98% ● Recovery rate of waste liquid: > 55% ● Waste recycling rate \geq80% 	<ul style="list-style-type: none"> ● Recycling rate of e-waste: > 89% ● Recycling rate of waste rubber: > 98% ● Recovery rate of waste liquid: > 60% ● Waste recycling rate \geq80%
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 99.3% 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. To effectively manage energy use and improve energy performance, PANJIT introduced ISO 5001 in October, 2022, and passed the verification in October in 2023. In addition, electricity meters and flow meters have also been installed to monitor and control major power-consuming equipment as prescribed by law.

In addition, the Company installed solar panels in the plant. In 2023, the solar installation capacity reached 183.89kW in 2023, generating a total of 142,872kWh (about 514.34GJ) of electricity and was sold to Taiwan Power Company. In December, 2023, 29.26KW of the electricity generated was converted from bulk sale to self-use and was officially put into use in January, 2024. In the future, the company will continue to increase the proportion of the use of renewable energy.

Non-renewable energy use in the past three years

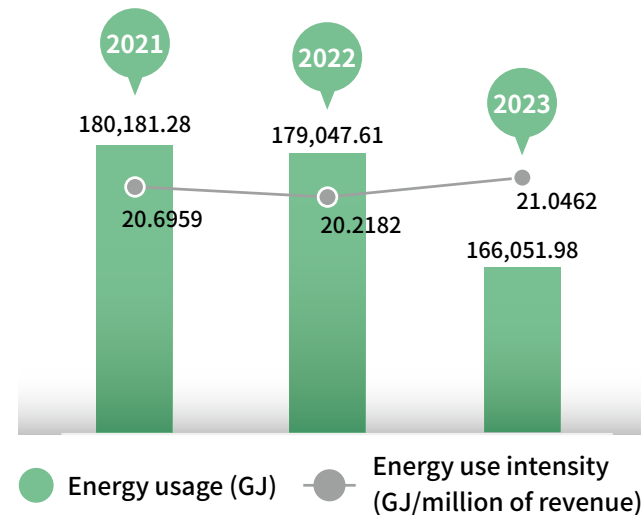
Unit: GJ

Year	2021	2022	2023
Gasoline	5.13	20.20	0
Diesel fuel	26.64	43.12	100.33
Liquefied petroleum gas (LPG)	412.96	453.15	351.65
Purchased electricity	179,736.54	178,531.14	165,600.00
Total	180,181.28	179,047.61	166,051.98
Operating income of Gangshan Factory (NTD million)	8,706.12	8,855.79	7,889.88
Energy use intensity (GJ/million of revenue)	20.6959	20.2182	21.0462

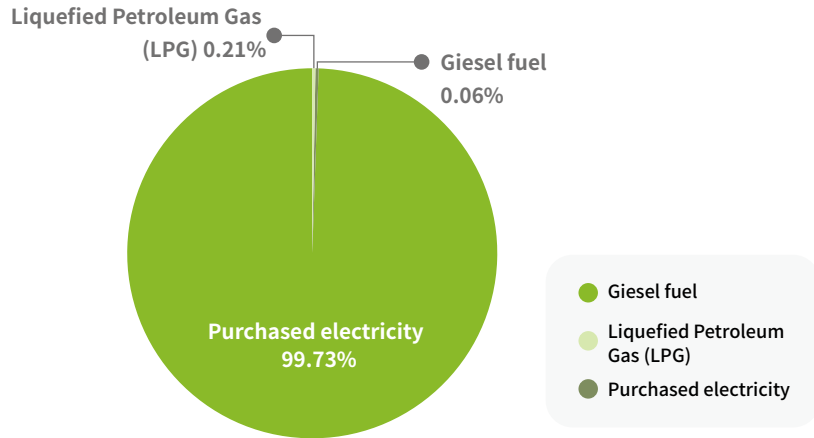
Note:

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 (density=0.55L/kg) ; 1cal=4.184J .

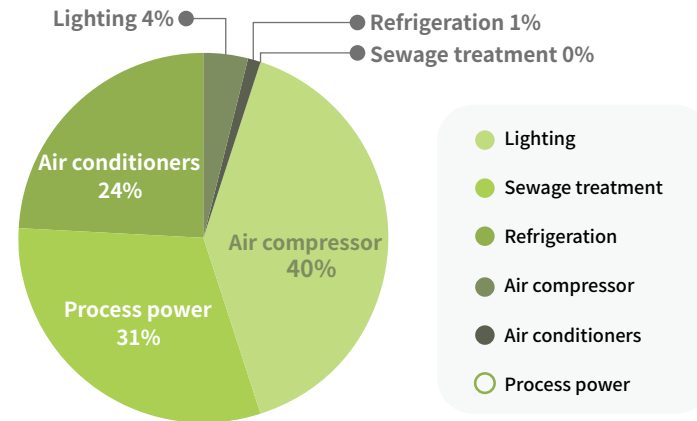
Energy consumption in the past three years



Energy use structure in 2023



Percentage of grid energy use in 2023



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 as PANJIT is concerned, the main energy use is from purchased electricity. Between 2022 and 2023, a total of two projects for the replacement of air compressors were carried out, saving 1,396,080kWh/year, a reduction of GHG by approximately 691.06 mtCO₂e. Moreover, for a single system with a total air compressor power of more than 500 horsepower, a total air flow meter and an independent electricity meter were installed to monitor the air compressor equipment so as to comply with energy regulations.

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 announced in 2023 for conversion.

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, 2024, 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: tCO₂e

Year	2021	2022	2023
Scope 1 (Category 1)	1,479.68	463.5023	521.0241
Scope 2 (Category 2)	25,063.26	24,548.0321	23,080.3234
Total emissions (Scope 1+Scope 2)	26,542.94	25,011.5344	23,601.3475
Scope 3 (Category 3-6)	394.89	22,272.2918	14,588.4725
Operating income of Gangshan Factory (NTD million)	8,706.12	8,855.79	7,889.88
Scope 1 + Scope 2 greenhouse gas emission intensity (tons of CO ₂ e /millions of revenue)	3.05	2.82	2.99
Scope 3 greenhouse gas emission intensity (tons of CO ₂ e/millions of revenue)	0.05	2.51	1.85

Note:

- In this Report, data for 2021 were data obtained through self-inventory. Data for 2022 have been revised to verified ones after external verification by a third party. The third-party verification for 2023 data is expected to be completed in August, 2024, and the verified data will be updated in the next annual report.
- Operational control was adopted, and the Global Warming Potentials (GWPs) was from IPCC' s Fifth Assessment Report (AR5), while that in 2022 and 2023 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. In 2023, the 2022 electricity emission factor=0.495kgCO₂e was used; the 2022 electricity emission factor= 0.495kgCO₂e; and the 2021 electricity emission factor= 0.509kgCO₂e.
- 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.

PANJIT' s Carbon Reduction Plan
+

To participate in global green product movement and green procurement while striving for GHG reduction, optimization, and adding new environmental protection facilities, PANJIT initiated the construction of ISO 50001 energy management system, ISO 14064-1 GHG inventory, and ISO 14067 product carbon footprint in hopes to continue strengthening energy conservation, promoting resource recycling, and improving the quality of the environment.

In 2023, the ISO 14064-1 of the Gangshan Factory was completed and passed the third-party verification in August. The group' s inventory scope will be gradually expanded in the future to further develop the group' s carbon reduction path. In addition, we plan to expand the carbon reduction plan to the entire supply chain. Through the MOEA subsidy for large-scale manufacturing industry leading small-scale manufacturing industry in low-carbon and intelligent upgrading and transformation in 2023, we have provided guidance to suppliers to start the implementation of GHG inventories. In the future, we will progressively assist suppliers in completing their carbon reduction plans.

We plan to conduct product carbon footprint inventory on 28 products. In 2023, regarding the products assigned 20% weight to, the inventory and third-party verification for 1 product was completed. In 2024, we further follow the ISO 14067 standards for the internal independent inventory of products assigned 50% weight to. The third-party verification is expected to be carried out in 2025, and the inventory and verification of 28 items are planned to be completed by 2026.

Moreover, we also keep our investment in wetland tree planting activities to contribute to environmental protection. We aim at carbon neutrality by 2040 to actively implement environmental sustainability actions. It is hoped that through the continuous promotion of projects, we can work together with the value chain to step toward net zero.

4.3 Water Resources Management

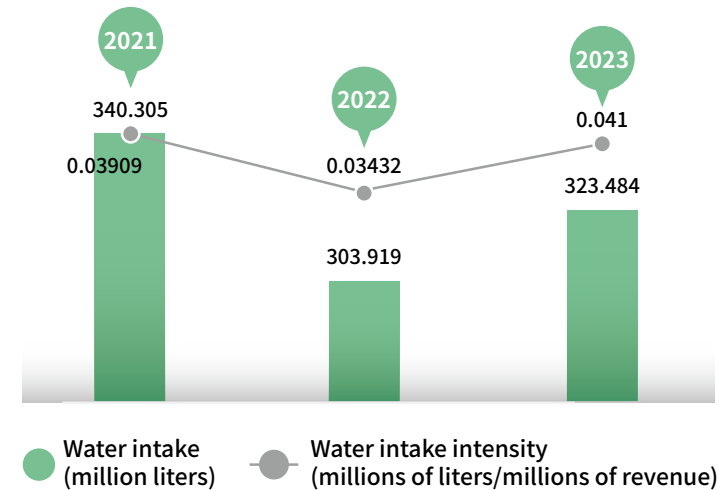
The main water use at PANJIT is tap water, and the water source is from Agongdian Reservoir. Water intake is compliant with local regulations and does not cause major environmental impact. The water resource stress risk where the plant is located is assessed in accordance with the World Resources Institute’s (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.

Water use in the past three years

Year	2021	2022	2023
Water intake (million liters)	340.305	303.919	323.484
Water discharge (million liters)	243.629	241.046	246.876
Water consumption (million liters)	96.675	62.873	76.608
In-plant recycling water (million liters)	80.512	82.177	43.223
Water recovery rate (%)	23.7%	27.04%	13.36%
Operating income of Gangshan Factory (NTD million)	8,706.12	8,855.79	7,889.88
Water withdrawal Intensity (million liters/million revenue)	0.03909	0.03432	0.0410

Note:

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



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 companysted manufacturers to conduct water quality testing on a regular basis, and the results also entru show the treatment is compliant with legal requirements and there is no major impact on local water bodies.

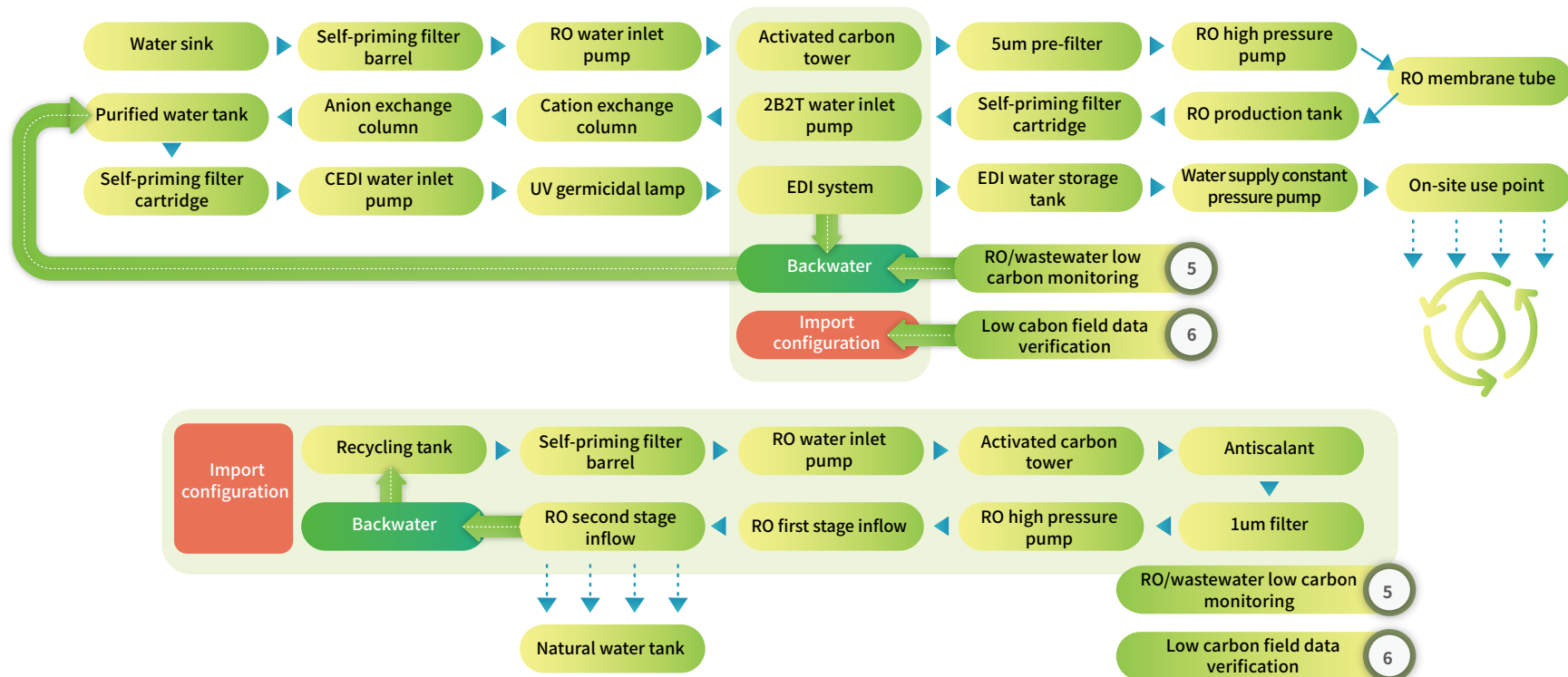
To increase the water recovery rate, the company has actively invested in the water recover system. We have installed an electroplating-rinse-water recovery system and the dicing process wastewater recovery system in 2022 and added the recovery system for reverse osmosis (RO) concentrated water, which was commenced in 2023. It is expected to introduce digital monitoring and control in 2025 to not only observe the wastewater recycling and reuse rate, but also grasp the RO water recycling rate of each process and seek opportunities for re-optimization. The water recovered in 2023 was 43,223 tons, with the recovery rate of 13.36%. The water recovery rate decreased compared with last year. This was mainly because of the improvement of old process equipment and the introduction of new water processing equipment, and that part of reclaimed water at some stations would not be recycled in a short time due to considerations of product quality issues. The amount of wastewater reclaimed was therefore dropped. In the medium and long term, we will continue the improvement and assess the possibility of of water recycling.

2023 Wastewater Monitoring Statistics

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	53.6	10.6	0.86	ND	0.13	0.11	<0.0010	0.03	11.5

Unit: mg/L

Recovery system for reverse osmosis (RO) concentrated water



4.4 Waste Management

The waste generated in PANJIT is divided into general industrial waste and hazardous industrial waste. In 2023, the amount of waste totaled 588.84 tons. The total amount of general industrial waste was 533.37 tons (account for 90.58%) while that of hazardous industrial waste amounted to 55.47 tons (accounting for 9.42%), a decrease of about 46% compared with the previous year. 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 2023.

To increase the efficiency of resource use and lower the environmental load, the total amount of waste recycled for reuse in 2023 amounted to 541.60 tons, accounting for 91.98% of total waste. Hazardous waste recycled totaled 50.23 tons, accounting for about 90.55% 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 2023, 2022 and 2021 was 1.19 tons, 1.59 tons and 2.02 tons respectively.

Statistics of E-Waste Recycled in the past three years

Unit: ton(s)

Items in the statistics of e-waste recycled		2021	2022	2023
A. Scrap weight of defective products at TMTT station (including metals and non-metals)		4.73	4.75	2.30
B. Scraps from manufacturing process (scrap iron)		248.15	216.70	156.39
C. Waste e-components, scraps, and defective products	Wafer waste (including metal and non-metal)	2.02	1.59	1.19
	Scraps and defective products (including metals and non-metals)	31.48	27.93	23.59
D. Total weight of e-waste recycled (B+C)		281.65	246.22	181.17
E. Total scrap weight of e-waste (A+B+C)		286.38	250.97	183.47
Percentage of recycling (D/E)		98.35%	98.11%	98.75%



● 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 2023, 2022 and 2021 was 14.37 tons, 28.51 tons and 5.34 tons respectively.

● 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 2023 and 2022 was 127.85 tons and 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 2023, 2022 and 2021 was 96.67 tons, 83.78 tons and 102.75 tons respectively.

Statistics of Waste Consumption in 2023

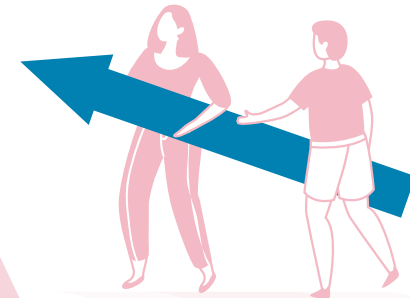
			Unit: ton(s)
Waste	Name of Waste	Disposal Operations	Declaration/ Statistics of Weight
Recycling and Reuse			491.37
General industrial waste	Waste plastics mixtures	Made into hollow bricks for reuse	127.85
	Resource recycling (paper/plastics/ iron aluminum)		99.70
	Scrap iron	Resource recycling-Remanufacturing of stainless steel	156.39
	Scrap wood	Reuse- Fuel	10.76
	Inorganic sludge	Remade into concrete aggregate after physical treatment	96.67
	Final disposal		
General waste generated from business activities		Incineration (heat recovery for power generation)	42.00
Subtotal			533.37
Recycling and Reuse			50.23
Hazardous industrial waste	The pH value of the waste liquids is less than (or equal to) 2.0	Reuse as industrial raw materials	14.37
	Waste liquid (solvent)	Remade into industrial raw materials	11.07
	Waste electronic components, scrap and defective products	Remade into other metals	24.79
	Final disposal		
The pH value of the waste liquids is less than (or equal to) 2.0		Incineration (excluding energy recovery)	5.24
Subtotal			55.47
Total			588.84

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






People Orientation

5

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5.1 Human Rights Management

Management Approach of Human Rights Management		Material Topic: Human Rights Management		
 <p>Purpose of Management</p>	<p>PANJIT is dedicated to safeguarding the basic human rights of its employees and actively establishing a good corporate ethic culture. Through the establishment of human rights policies and systems, we commit to adhering to international human rights conventions and standards. As a member of Responsible Business Alliance (RBA), we adhere to the RBA’s labor and ethical objectives and conduct regular human rights evaluations in accordance with established performance metrics. Furthermore, we complete an annual self-assessment questionnaire (SAQ) within the RBA system to audit our adherence to RBA’s criteria in the aspects of labor, environment, safety, health, and ethics. We also review our suppliers’ human rights management performance on a regular basis to prevent any human rights violations.</p>			
 <p>Remediation Mechanism</p>	<p>According to the company’s Corporate Social Responsibility Communication Management Procedures, if a human rights issue occurs, the management representative is required to call on an emergency CSR committee meeting within seven days of receiving the feedback. The committee will discuss the feedback and provide corrective actions to address the issue within one week after the meeting. In addition, within one month after the meeting, a permanent resolution must be reported, and the management representative will evaluate whether further improvements are needed to meet expectation.</p>			
 <p>Management Review</p>	<ul style="list-style-type: none"> Regularly review each performance indicator in accordance with the RBA labor and ethics objectives and apply for RBA Validated Assessment Program (VAP). Hold annual management review meetings. 			
 <p>Goals</p>	<p>Goals for 2023</p> <ul style="list-style-type: none"> Self-administered and completed RBA SAQ self-assessment. No occurrence of human-rights-related cases. Passed RBA VAP review. 	<p>Goal Attainment Status for 2023</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The result of the RBA SAQ (self-assessment questionnaire) is Low Risk. <input checked="" type="checkbox"/> No occurrence of human rights violations. <input checked="" type="checkbox"/> Passed the RBA VAP audit and obtained Silver Level Certification. 	<p>Short-term Goals (2024~2025)</p> <ul style="list-style-type: none"> Continue to remain low risk in the RBA SAQ. (self-assessment questionnaire) Zero human rights-related cases. Continue to comply with RBA labor ethics goals and make improvements. Continue to apply independently and pass RBA VAP audit. 	<p>Medium- and Long-term Goals (2026~2030)</p> <ul style="list-style-type: none"> Continue to remain low risk in the RBA SAQ self-assessment questionnaire. Zero human rights-related cases. Continue to comply with RBA labor ethics goals. Require suppliers’ RBAs to comply with integrity.
	 <p>Action and Results</p>	<ul style="list-style-type: none"> In 2023, 100% of new recruits completed RBA education and training. Conducted RBA audits on 58 suppliers in 2023, with a 100% pass rate. 100% of suppliers signed the Commitment of Supplier Social Responsibility Commitment. In 2023, a total of 63 customers conducted RBA-related audits on our company, and the final results were all in line with customer requirements. Independently completed the RBA SAQ self-assessment questionnaire in 2023, and the result was Low Risk. Passed RBA VAP audit and obtained Silver Level Certification in 2023. There were no human rights violations or human rights-related penalties in 2023. 		

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. To demonstrate PANJIT's commitment to compliance with sustainability standards and improve the credibility of communication with stakeholders, we independently applied for the RBA VAP verification assessment obtained Silver Level Certification.

To protect employees' human rights, internal code of conduct and management measures in relation to human rights have been set 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 Sustainable Supply Chain Management.

Name of Document	Approval Level
<ul style="list-style-type: none"> ● Work Rules 	Approved by the president and submitted to Labor Affairs Bureau of Kaohsiung City Government
<ul style="list-style-type: none"> ● Ethical Corporate Management Best Practice Principles ● Measures for the Management of Stakeholders' Suggestions and Complaints ● Procedures for Ethical Management and Guidelines for Conduct 	Board of Directors
<ul style="list-style-type: none"> ● 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 and Harassment ● Management Procedures for Salary and Compensation ● Management Procedures for the Prohibition of Disciplinary Measures ● Management Procedures for Freedom of Association and Collective Bargaining ● 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)

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, there were no human rights-related penalties. 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 Management Procedures for Forced and Compulsory 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 Management 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 Management Procedures for the Prohibition of Discrimination and Harassment and 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 2023, a total of 282 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.

5.2 Employee Composition

The total number of employees of PANJIT in 2023 was 1,467, with 902 females (61 %) and 565 males (39%), all of whom were regular full-time employees. Looking at the positions, there were 31 senior supervisors (2%) and 1,436 (98%) non-senior supervisors (including other employees). In addition to regular employees, external contractors perform part of the work in the factory area. A total of 8,154 non-employee workers entered the factory throughout the year, including resident and other contractors (such as repairs, new construction and so on). Among them, the number of non-employee workers of resident contractors was 24 in total (14 females and 10 males), and the type of work include cleaning, group catering, and security.

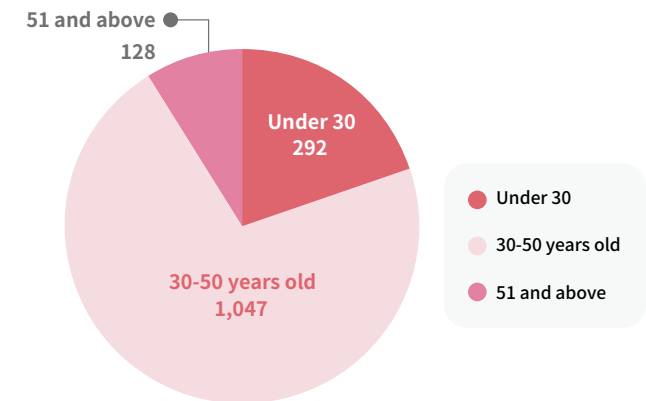
Overview of PANJIT' s 2023 Employee Distribution

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	189	571	61	74	337	32	1,264
Kaohsiung- Yong-an	5	32	3	14	31	10	95
Hsinchu	1	4	0	2	6	5	18
Taipei	5	28	1	1	31	10	76
China (Dispatched)	1	0	1	0	7	5	14
Total	201	635	66	91	412	62	1,467
		902			565		

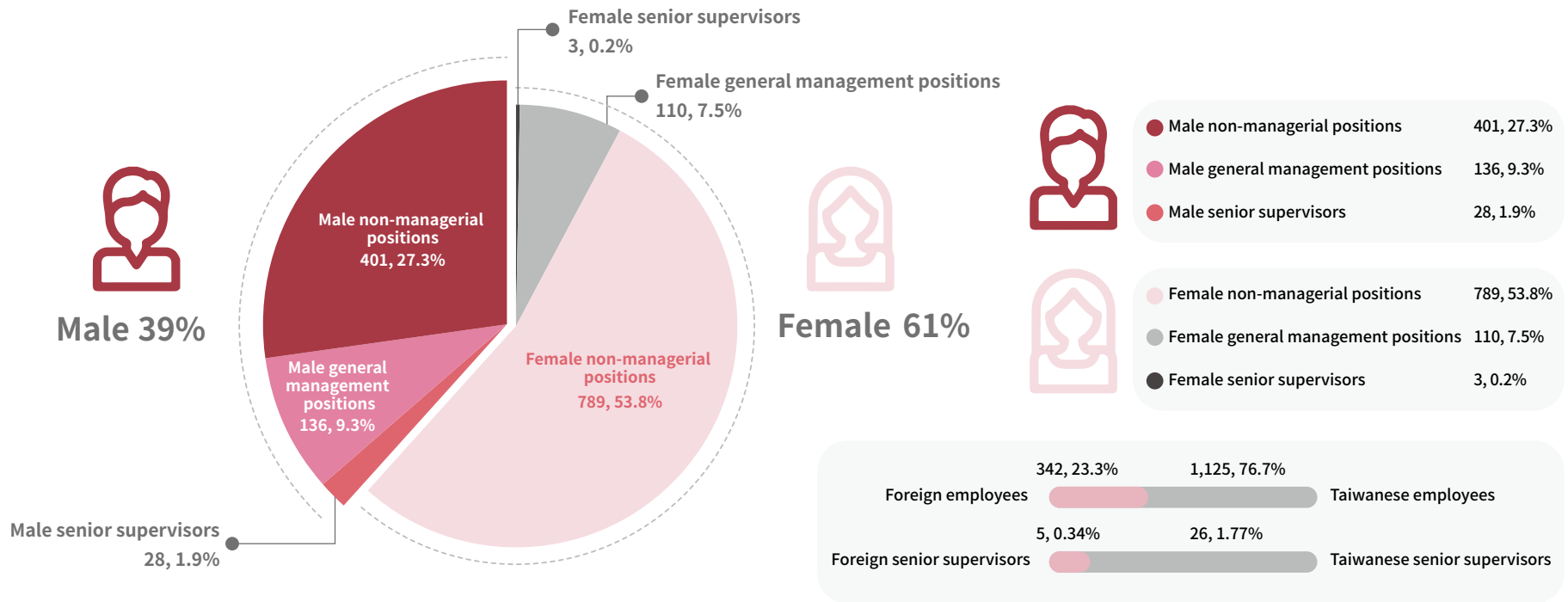
Note:

1. The data shows the number of employees in the HR management system as of December 31, 2023, and there were no significant changes compared with the previous year.
2. As of the end of 2023, 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.
4. Non-employee worker information is mainly based on the annual statistical data of the contractor management system, and there are no significant changes in the number of people (or person-times) compared with the previous year.
5. The number of other contract workers (such as repairs, new construction projects, etc.) mainly depended on those in Gangshan Factory and Yongan Factory.

Age Distribution of Employees



Equality and Diversity in the Workplace



Note:

1. Definition of senior supervisors: Those holding the position of Director (inclusive) and higher. Among them, 26 senior supervisors (84%) 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 2023, among the non-managerial positions, female employees accounted for 53.8% and those in managerial positions accounted for 7.7%. 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 2023 was 8 (0.5%) and that of indigenous ones was 3 (0.2%).

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	11	4	2	1	1	1	20
Female	258	62	0	1	1	0	0	322
Total	258	73	4	3	2	1	1	342
Percentage in all employees (%)	17.6	5.0	0.3	0.2	0.1	0.1	0.1	23.3






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	1

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>Remediation Mechanism</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>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. ● Through the new probation evaluation system and regular performance appraisal system, the collaboration between the company supervisors and employees is periodically reviewed. ● 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>Goals</p>	<p>Goals for 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>Goal Attainment Status for 2023</p> <ul style="list-style-type: none"> ✗ There were still some cases where talent recruitment for positions remained unfilled for over 90 days. ✓ Interview guidelines and job suitability confirmation were used to reduce 3-month turnover rate of new employees by 66%. ✗ Obtained approximately NT\$ 180,000 recruitment subsidies in 2023. ✓ Obtained TTQS system human resources improvement plan. 	<p>Short-term Goals (2024~2025)</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>Medium- and Long-term Goals (2026~2027)</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>Action and Results</p>	<ul style="list-style-type: none"> ● There were no negative incidents such as human rights violation or labor disputes in 2023. ● Participated in 11 campus job fairs and campus briefings in 2023, and the number of resume submissions increased by 48% compared with the previous year. ● Held online recruitment interviews in 2023, and a total of 180 people participated. ● Continue to maintain a stable status of human resources. In 2023, the new recruit arrival and employee departure was maintained within 5%. ● In 2023, the talent evaluation system was introduced, and 100% of the indirect personnel applicants were evaluated to find people meeting the job suitability. ● In 2023, 20% of the personnel in each department joined critical talent cultivation program, and the talent performance maintenance rate was 87.5%. ● In 2023, every critical talent read 165 units on average, with the cumulative number of 19,528 clicks. 		

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 addition, the Company has introduced a talent assessment system, assessing 10% of indirect personnel. Through this system, we can understand personality differences among candidates to predict future job performance and tenure, and assist interviewers in determining the suitable of the candidates.

In 2023, we continued to organize campus talent recruitment, including campus briefing, campus job fairs, and online recruitment interview. We were also invited to participate in National Cheng Kung University's Career Coaching Program, hoping to discover and cultivate potential talents among students and graduates so that they can become mid- to high-level managers or professionals in the future.

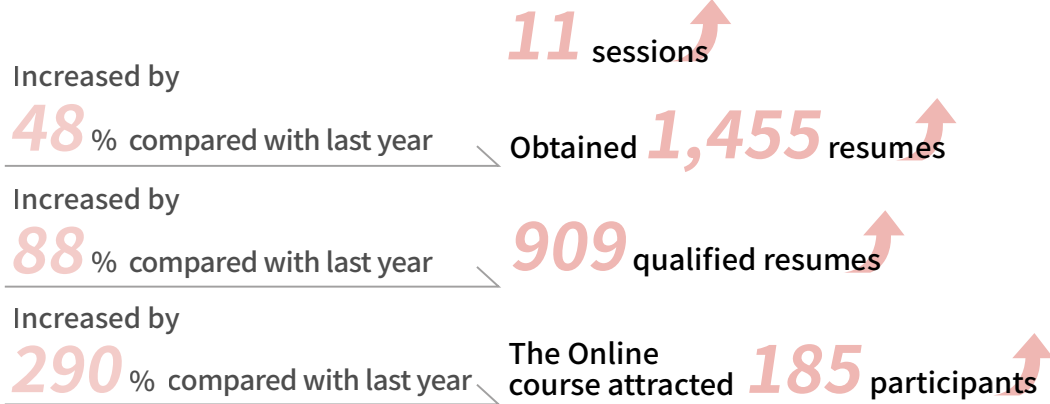
Career Coaching Program



National Cheng Kung University (NCKU) has organized the Career Coaching Program for 13 years as of the year 2023. Every year, it invites nearly 30 companies from different industries to join this program. Through a series of lectures from corporate executives, students at NCKU can better understand the operational models and job functions within an enterprise.

PANJIT was invited to join the 13th Career Coaching Program in 2023. We shared information from the company profile, the ecology of the semiconductor industry, the R&D in this industry, the multinational career experience of senior executives, to the career mindset new graduates should uphold shared by the HR supervisor with the participants. It is hoped that by participating in this event, we can deepen and continue the industry-university cooperation, strengthen talent cultivation, and help more college students to explore their career aspirations.

Campus Recruitment Event in 2023



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 2023, PANJIT participated in 11 sessions of campus job fairs and briefings in NCKU, NSYSU, Taipei Tech, NFU, NKUST (First Campus, Jiangong Campus), CSU, etc. Through face-to-face interactions with students, those who were interested in various positions were attracted to participate, and a total of 1,455 resumes were obtained, of which 909 were qualified ones, with a pass rate of 60%.

Moreover, this year, we continued to hold the second online recruitment "Career Salon Lecture". This year, in response to the ESG sustainable social trend and semiconductor-related courses, we invited the Secretary-General of BCSD Taiwan, professors of Systems and Naval Mechatronic Engineer Department of NCKU, and the HR supervisor from PANJIT to give lectures on "ESG Sustainability Concepts", "Semiconductor Industry-University Collaboration", and "Interview Coping Skills" that are most needed for job application. The 2-hour online live streaming attracted 185 people, and relevant knowledge was passed on to the college students.

2023線上 職涯沙龍講座

參加活動拿好禮

第一送：7-ELEVEN 禮券一張

第二送：Panjit 禮券一張

主題一：落實永續 打造職場不敗密碼

主題二：成大南方案專職 產業人才培育計畫

主題三：不藏私面試技巧 大公開

報名時間：即日起至2023/05/24(三)止

報名資格：各大學(科)以上學歷畢業生

聯絡資訊 | 人資部 劉先生 | 02-421-3121#1364

2023線上 職涯沙龍講座內容大解密

大企業的趨勢 職場新人的ESG永續概念通識課

給想進入半導體產業的新人 「大南方案專職產業人才培育計畫」

人資主管不藏私面試技巧大公開

聯絡資訊 | 人資部 劉先生 | 02-421-3121#1364



Employee Retention

There were a total of 280 new employees at PANJIT in 2023 (105 males and 175 females), with a total of employment rate of 19.09%. The number of departed employees totaled 354 (140 males and 214 females), with a total of turnover rate of 24.13%. The status of human resources remained stable.

Number of new employees in the past three years

Year Age \ Gender	2021				2022				2023			
	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	84	5.45%	72	4.67%	52	3.37%	165	10.71%	29	1.98%	68	4.64%
30-50	144	9.34%	107	6.94%	92	5.97%	121	7.85%	65	4.43%	105	7.16%
51 and above	8	0.52%	2	0.13%	5	0.32%	0	0.00%	11	0.75%	2	0.14%
Total number of new employees	417				435				280			
Total number of employees	1,542				1,541				1,467			
Total employment rate (%)	27.04%				28.23%				19.09%			

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 employees left in the past three years

Year Age \ Gender	2021				2022				2023			
	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	56	3.63%	51	3.31%	65	4.22%	104	6.75%	35	2.39%	81	5.52%
30-50	120	7.78%	135	8.75%	108	7.01%	145	9.41%	96	6.54%	129	8.79%
51 and above	10	0.65%	2	0.13%	8	0.52%	6	0.39%	9	0.61%	4	0.27%
Total number of employees left	374				436				354			
Total number of employees	1,542				1,541				1,467			
Total turnover rate (%)	24.33%				28.29%				24.13%			

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 2023 complied with the legal minimum wage of NTD 26,400 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 in 2023

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 2023.
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 in 2023

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 in 2023



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: The total annual remuneration of the highest-paid employee ÷ 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: The percentage of increase of the annual total remuneration of the highest-paid individual ÷ 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. PANJIT values communication and interaction between colleagues, adheres to the Responsible Business Alliance (RBA) code of conduct, integrates the company's existing rules and each standard set by RBA, so that the company's principles are in line with international norms and to ensure good labor-employment communication channels at all times, and that the labor conducts can be adjusted to meet the needs of every relevant party. 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 2023.



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 2023, the employee welfare expenses totaled approximately NTD 31,113,071 (excluding salary), and the average employee welfare expenses was NTD 21,208.63 / per employee.

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 periodically 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 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
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: The staff canteen in the company was renovated in 2023 to provide a more comfortable dining environment. 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, smart vending coffee machines newly added in 2023, coffee shop, audio-visual entertainment room



▲ year-end party



▲ company trip

Item	Specific measures
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. ● 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.
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. ● 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.



▲ staff canteen of Gangshan Factory



▲ smart vending coffee machines

Employee Share Ownership Trust (ESOT)

To encourage our employees to make long-term deposit and management of money, enhance their cohesion and ensure economic stability when they retire in the future, the Employee Welfare Trust was launched in October, 2022, and the Employee Stock Ownership Association was established. Based on the monthly funds withdrawn by the employees themselves, the company also allocates bonus funds and hands it over to the trust. Through the trust mechanism, employees are encouraged to increase their savings by purchasing the company's stocks, which also encourages employees to create great performance with the company for the sustainable development of the company.

The ESOP plan is participated freely, and the employees can join voluntarily. It is agreed that participating employees will withdraw money from their monthly salary, and the company will also provide bonuses better than those provided in the industry as additional salary increase to make fixed-term and long-term investment every month in PANJIT's stocks in the open market. It is hoped to encourage employees to make long-term and stable investment, balance work and life, increase security for future life, and further create a win-win labor-management relationship. As of the end of 2023, 72.7% of our employees joined the ESOT.



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 2023, a total of 86 employees were eligible to apply for parental leave without pay, and 5 employees applied for it. The reinstatement rate was 100%, and the retention rate was 100%.

	2022		
	Male	Female	Total
Gender/Total			
The number of employees eligible for applying for parental leave without pay of the year A	54	70	124
The actual number of employees applying for parental leave without pay of the year B	6	12	18
Number of employees who should be reinstated after the parental leave of the year C	4	6	10
Actual number of employees who were reinstated after the parental leave of the year D	2	6	8
Actual number of employees who were reinstated after the parental leave in the previous year E	1	5	6
Number of employees who were reinstated for one year after the parental leave in the previous year F	1	3	4
Reinstatement rate of the year (D/C)	50%	100%	80%
Retention rate of the year (F/E)	100%	60%	67%

	2023		
	Male	Female	Total
Gender/Total			
The number of employees eligible for applying for parental leave without pay of the year A	40	46	86
The actual number of employees applying for parental leave without pay of the year B	0	5	5
Number of employees who should be reinstated after the parental leave of the year C	0	4	4
Actual number of employees who were reinstated after the parental leave of the year D	0	4	4
Actual number of employees who were reinstated after the parental leave in the previous year E	2	6	8
Number of employees who were reinstated for one year after the parental leave in the previous year F	2	6	8
Reinstatement rate of the year (D/C)	N/A	100%	100%
Retention rate of the year (F/E)	100%	100%	100%

Note: Data of the number of employees eligible to apply for the parental leave without pay of the current year was the number of employees taking maternity leave or parental leave within 3 years preceding the reporting period (i.e. 2020/1/1~2023/12/31).

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 2023, 0.95% of employees used the old pension system while 99.05% used the new pension system.

Those applicable to new labor pension system of the Labor Pension Act

Starting from July 1, 2005, the company has contributed 6% of the employees’ wages to their individual pension accounts on a monthly basis for those applicable to the provisions of the Labor Pension Act. The employees can also choose to allocate an additional 0~6% to their pension accounts.

Those applicable to the old labor pension system of the Labor Standards Act

The company appropriates 2% of the total monthly wages of the employees as the labor pension reserve funds and deposits the amount in the designated account. The calculation of pension is based on the employees’ average salary (full salary plus overtime pay) in the recent six months. Before the end of each year, the balance of the labor pension reserve account is estimated. If the balance is not sufficient to pay the estimated amount of labor pension meeting the retirement conditions in the following year, it will be fully replenished before March of the following year to protect the employees’ interests and rights. The pension of the old seniority pension system in 2023 has been fully appropriated by the end of March, 2024 to protect and safeguard the interests and rights of the employees.

5.5 Talent Development

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

01



Commitment to a highly efficient and safe workplace

PANJIT complies with safety regulations and is dedicated to providing a safe workplace for every employee. Based on every employee's work performance, we provide fair salary levels, appropriate salary and benefits, reasonable promotion channels, and a good workplace environment for mutual learning and common good.

02



Commitment to institutionalization

Employees working at PANJIT must abide by the rules and regulations stipulated by the company. There are guidelines, purposes, methods, and steps to follow. Failure to follow the prescribed system may be punished by the company. The adherence to clearly defined protocols ensures that the company will safeguard the employees' rights and prevent any undue actions.

03



Commitment to work incentives

Define and assign specific, measurable performance metrics for each employee's role. Through regular performance appraisal, both the employee and supervisor performances will be evaluated on a regular basis, and through performance-based incentives, the employees are rewarded appropriately, thereby enhancing attraction and long-term retention.

04



Commitment to common growth

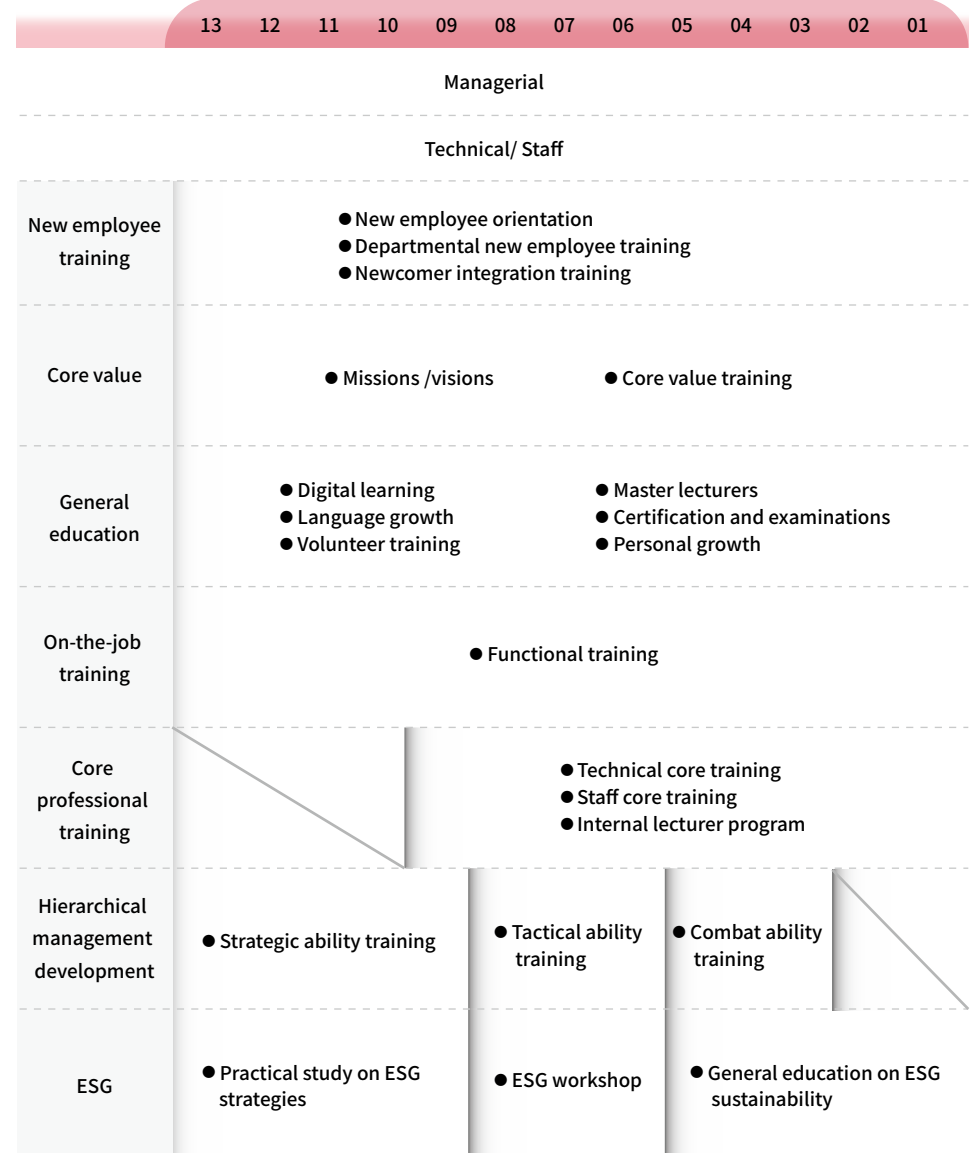
PANJIT hopes to transform the organization's cultivation of employees into team cohesiveness. Through the establishment of an online learning platform, Train the Trainer, and the extended development of an internal course creation system, we create a growth-oriented work environment at the company. Specialized professional courses are designed according to functional requirements, facilitating knowledge exchanges and joint learning among cross-departmental teams, and reinforcing employee's commitment to grow together with the company.

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.

Category of Education and Training

Title of Course	Content of Training
New employee training	Introduce the company, ESG concept, clean room clothing specifications, industrial safety and health training, hazardous material education and training, information security training, HR policy training and so on in the orientation for new employees. After they return to their own unit, training for new employees in the department is provided so that they can be accustomed to work and blend into the environment, enabling them to give their expertise into full play in the workplace.
Core value	The five major core values of PANJIT: Accountability, Customer-oriented, Mutual Trust and Collaboration, Innovation, and Learning and Growth are used to examine the core values and behavior indicators of employees at PANJIT. We establish a common language for all at PANJIT through courses, online-learning, event participation, and so on.
General education courses	Provide diverse and extensive training categories, including digital learning, internal lecturers, language growth, volunteer training, master lectures, certification examinations, and so on.
On-the-job training	To learn practical skills by observational learning, simulation training, and mentor guidance in daily work, and cultivate multi-skilled employees and expand their work areas and expertise.
Core professional training	Physical classroom training supplemented by online learning in accordance with the job levels and positions based on the List of Functional Training.
Training of the development of hierarchy management	The training courses are divided into Combat Ability, Tactical Ability, and Strategic Ability based on the capabilities needed for each level of management.
ESG related training	Cultivate relevant concepts based on the aspects of ESG and train the employees to establish relevant actions in the fields of carbon footprint inventory, GHG emissions and other professional areas to contribute to the environment, society, and sustainability of the company in the future.

Diagram of the Education and Training System



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

- 01** Construct a E-learning platform for shared learning resources to allow and facilitate interaction and fragmented learning anytime, anywhere, with any device.
- 02** 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.
- 03** 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.
- 04** 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.

PANJIT started to attach importance to the development and improvement of education and training quality in 2022 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 2023, we continued the existing education and training, including management courses, core professional courses, mission and core value courses, ESG sustainability courses, independent learning, etc., and established the Train the Trainer, the Internal Course Creation System. By offering courses on different themes, we provide a more comprehensive and in-depth learning experience to help out employees develop and grow in various fields. In addition to physical courses, we also provide 3A (Any Time/ Anywhere/ Any device) learning mechanism to promote mobile learning. In 2023, to allow new recruits to break the geographical constrains, an online new employee training course was set up in 2023. New employees can complete the course anytime, anywhere after they report to their work. In 2023, digital learning mechanism continued to be promoted, with 35% personnel took part in the courses through mobile devices.

2023 Education and Training Courses

Title of Course	Content
Vision, mission, and core value course	The Shining Star Selection is conducted every year through the sharing of specific achievements of outstanding candidates, and employees that can embody and promote the five major core values of PANJIT are selected. In 2023, our 8th Shining Star Selection, a total of 11 employees were granted the awards. With the specific achievements and core values represented by the winning employees, all their associates can be positively motivated, encouraging them to continuously pursue excellence and uphold the core values of PANJIT.
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, Global green trends, Co-creation of urban and rural sustainability, Women empowerment and DEI, ISO 14064 Greenhouse Gas Inventory Training, ESG report indicator education and training, etc.
Management course	Introduced nationally renowned online learning platform to provide more than 3,000 online courses with different management types and topics for the management to learn independently. Courses are divided and designed for three major groups based on the level, and improvement is made by incorporating feedback from supervisors through annual education and training survey.
Core professional course	We organized performance interview training, use of VDA FFA for on-site failure analysis, IATF 16949 provision system, information security email social drills, Train the Trainer according to the functional categories, and establish internal course creation mechanism.
Independent learning	The daily English Supply Station was established to provide diverse online language learning magazines for employees to learn independently. Monthly English tests are provided for the employees to test their English proficiency.
A guide for new recruits 2023 NEW	From 2023, to enable new recruits to break through time and geographical restriction and use mobile devices more conveniently to complete new employee education, JANJIT established the new recruit education and training course on the E-learning system for our new recruits to complete the course anytime, anywhere after they report to the work on Day 1.

Education and Training Hours for Employees at All Levels

Year		2021			2022			2023		
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	23	256	11	26	682	26	28	788	28
	Female	2	23	12	3	114	38	3	113	38
General managerial position	Male	136	3,083	23	131	4,499	34	135	4,542	34
	Female	108	2,287	21	105	3,450	33	110	4,577	42
Non-managerial position	Male	446	8,920	20	440	13,640	31	402	14,753	37
	Female	828	16,560	20	836	25,916	31	789	27,683	35
Total		1,543	31,129	20	1,541	48,301	31	1,467	53,456	36

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.

Average Employee Training Costs

Unit: NTD 1,000

Year		2021		2022		2023	
Item		Total training costs	Average training costs	Total training costs	Average training costs	Total training costs	Average training costs
Male		1,513	2.5	1,757	2.9	1,808	3.2
Female		2,453	2.6	3,203	3.4	4,247	3.6

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



▲ IATF16949 internal auditor training



▲ MOSFET Technical Seminar



▲ Use of Field Failure Analysis (FFA)



▲ ChatGPT in your working life

Core Professional Course- Internal Course Creation System

In recent years, PANJIT has noticed the potential crisis of labor shortage and talent gap. As a representative enterprise in the local area, we shoulder the responsibility concerning the employees' work rights, the commercial interests of all stakeholders, and the social responsibility of PANJIT's own sustainability management. We aim to enhance internal knowledge management, pass on the corporate wisdom, and cultivate professional talent to accelerate the succession of internal talents.

PANJIT started the implementation of the Train the Trainer from the first quarter in 2023. Unit supervisors recommend outstanding employees within the unit and great external lecturers were invited to start a 7-hour course and 8-hour results acceptance (participant simulation lecturing), and a total of 21 seed lecturers were trained. From the second quarter, 29 sessions of courses with different themes have been successively developed, attracting more than 1,000 people to attend classes, with a total of 2,422 hours of courses.

Based on the student attendance rate and post-course satisfaction after each course, PANJIT awarded 21 seed lecturers "PANJIT Internal Lecturer Qualification Certificate" and selected 1 Popular Lecturer of the year and 5 "Best Lecturers of the Year Award" and held the first annual award ceremony of the Internal Course Creation to recognize the dedication of the internal lecturers and also symbolize the ongoing implementation of the Internal Creation of Course in 2024 to develop it into a regular training system. We anticipate that through more comprehensive and transparent regulations, along with enhanced training programs, we will enhance the visibility of our employees' expertise, unlock their potential, activate cross-departmental learning, and strengthen a culture of continuous learning within the company.



Cultivate
21 internal lecturers

The cumulative number of trainees reached
1,056

The total accumulated hours of training reached
2,422 person-hours

The course satisfaction survey reached
4.5 points and above (out of 5 points)



▲ Train the Trainer (TTT)



▲ Internal course creation- EAP Process Control



▲ Internal course creation- Communication and Coordination



▲ Internal Award Ceremony of the internally created courses

Vision, mission, and core value course-ESG 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.



Q1 Master Lecture - ESG Sustainability Decryption



Secretary-General of BCSD-Taiwan, Mr. Mo Li-Tung was invited to introduce ESG background and trends, and shares the various practices of ESG in our daily life.



Number of participants : 139

Q2 Master Lecture - Global Green Trends



Secretary General of Taiwan Climate Partnership, Mr. Peng Chi-Ming shared with employees in PANJIT the current global climate condition and the global green trend and the opportunity and directors that can be responded to.



Number of participants : 148

Q3 Master Lecture - Co-creation of Urban and Rural Sustainability



The founder of CAN Cultural, Art & Nature, Lin Chun Cheng, was invited to share his experience in connections and practices of social participation through community-based initiatives that strengthen ties with local heritage and residents.



Number of participants : 105

Q4 Master Lecture - Public Welfare Influence



The founder of Step 30, Mr. Yang Yu-Jen, was invited to share details of donations experiences and stories to promote a virtuous cycle and share compassion.



Number of participants : 110

National Cheng Kung University's Industry-University Collaboration Project of Semiconductor Green Sustainable Manufacturing Concept Course

In addition to attaching importance to the career development and benefits of our internal employees, we also focus on the sustainable development in relation to external stakeholders. This includes areas such as "GHG emissions", "local revitalization", and "local education and industry-academia collaboration". As a regional representative enterprise, PANJIT shoulders the social responsibility to support the initiatives that are beneficial to regional development.

We have also observed that after NCKU released the results of the regional stronghold semiconductor industry survey report in April 2023, it planned to launch a GHG inventory course in the same year to assist enterprises in understanding their own GHG emissions to comply with requirements of international climate agreements. PANJIT also responded immediately to have in-depth cooperation with National Cheng Kung University to offer GHG Inventory Course in our factory. The lecturers are from financial, electronic engineering backgrounds and have TUV-NORD and ISO audit experiences. These professional lecturers offered a 12-hour course.

There was a cap of 20 registers originally, but a total of 41 participants signed up for this course, showing our commitment to support local industry-academia collaboration. This reflects our endorsement and also the employees' active engagement in the company's vision for social responsibility for the collective advancement of knowledge in carbon inventory.

Women's Power Lecture- Building a Team Incorporating Power: Diversity, Equality, and Inclusive Corporate DEI Culture

For the interview on DEI and a diverse workplace, we had the honor to invite Ms. Jhou Kai-lian to share with us her insights on gender development in the workplace. Her insights covered overcoming the glass ceiling and advancing her career, as well as experiences of her colleagues in similar situations. Through her sharing, we gained an understanding of the requirements for achieving diversity and collective success. We believe that this exchange will act as a catalyst for the company, which has over 50% female employment, to make further progress.



PANJIT's Work Broadcast Show

PANJIT has planned and held internal general knowledge sharing course, PANJIT's Work Broadcast Show, from July, 2023. We hope to achieve interdepartmental communication and coordination by having different units take turns hosting the course. This will enable each department to meet new colleagues and understand the work duties of other departments. Cross-departmental learning and mutual benefit have always been a priority throughout the company's growth, which is also an important factor for the ongoing, periodic rotation of the Work Broadcast Show. In 2023, we organized 4 Work Broadcast Shows, with 20 associates sharing topics, and a cumulative number of 656 participants online.



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. For the performance appraisal in 2023, the HR Department introduced video teaching materials for the performance management for those holding supervising positions. There are detailed explanations in the written and video materials of the course regarding the process, mentality, and questioning methods for performance management, HR Department will also track and review the learning status of those in supervisory positions. Through the learning and personal practice, supervisory personnel can conduct interviews with their associates in a more positive and open manner to build a good communication environment in the company to achieve effects of the two-way communication.

Implementation status of 2023 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.



Pre-Evaluation Stage

- Provide external training audiovisual materials and compile internal materials to help supervisors enhance their learning and application, thereby improving their performance appraisal skills.
- Assist employees to acquire effective feedback techniques (including interview performance feedback and guidance and recommendations), and establish an open, interactive, and respectful communication environment to effectively listen to employee opinions and offer constructive feedback and guidance.

Evaluation Process

Conduct individual interviews with employees to review their work performance, goal attainment status, and career development plans over the past period. This kind of interview is a mutual communication opportunity to openly discuss and revise the current performance and future development plans. Employees can share their opinions, goals, and needs, and express their expectation 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.

5.6 Employee Health and Safety


Management Approach of Occupational Health and Safety

Material topic: Occupational Safety and Health




Purpose of Management

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 and TOSHMS Taiwan occupational safety and health management system are 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.



Remediation Mechanism

- 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.



Management Review


- The effectiveness of the occupational safety and health management is evaluated every year in accordance with the ISO 45001 and TOSHMS internal management review procedures.

Goals for 2023

Goal Attainment Status for 2023


Short-term Goals (2024)

Medium- and Long-term Goals (2025~2035)



Goals

<ul style="list-style-type: none"> ● Zero severe occupational injury. ● Disabling injury severity rate (SR) ≤ 10. ● Employees disabling frequency rate (FR) ≤ 2.00. ● Non-employee workers' disabling frequency rate (FR) ≤ 0.30. 	<ul style="list-style-type: none"> ✓ Zero severe occupational injury. ✓ Disabling injury severity rate (SR) ≤ 9. ✓ Employees disabling frequency rate (FR) was 1.21. ✓ Non-employee workers' disabling frequency rate (FR) was 0.00. 	<ul style="list-style-type: none"> ● Zero severe occupational injury. ● Disabling injury severity rate (SR) ≤ 8. ● Employees disabling frequency rate (FR) ≤ 1.20. ● Non-employee workers' disabling frequency rate (FR) ≤ 0.22. ● Zero case of occupational disease. 	<ul style="list-style-type: none"> ● Zero severe occupational injury. ● Disabling injury severity rate (SR) ≤ 5. ● Employees disabling frequency rate (FR) ≤ 1.00. ● Non-employee workers' disabling frequency rate (FR) ≤ 0.18. ● Zero case of occupational disease.
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Action and Results

- There were no major occupational accidents and illnesses among employees in 2023.
- There were no work-related injuries among non-employee workers in 2023.
- Completed hazard risk assessment in 2023.
- The number of days lost due to occupational accidents in 2023 was 60 days, a decrease of 158 days compared with the 218 days in 2022.
- Invested NT\$ 110,000 to install a fence and implemented lock control in the acid and alkali waste liquid storage area to prevent employees from contact and potential misuse by individuals with ill intentions.

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.

The management system is applicable to workers in Taiwan, activities (semiconductor discrete component manufacturing and design) and workplaces (Gangshan Factory, Yongan Factory, Taipei Operation Center, Hsinchu R&D Center), with an employee coverage rate of 99.04% (excluding employees stationed in overseas factories). Our two production sites, Gangshan Factory and Yongan Factory, conduct internal audit on a regular basis, with an employee coverage rate of 92.64% (excluding those working in Taipei Operation Center and Hsinchu R&D Center where operations are with less hazard and those stationed in overseas factories). A total of 8,145 non-employee workers (including contractors and resident contractors) entered the factory annually. The external audit also included employees and non-worker employees at the above-mentioned sites, and there was no exclusion.

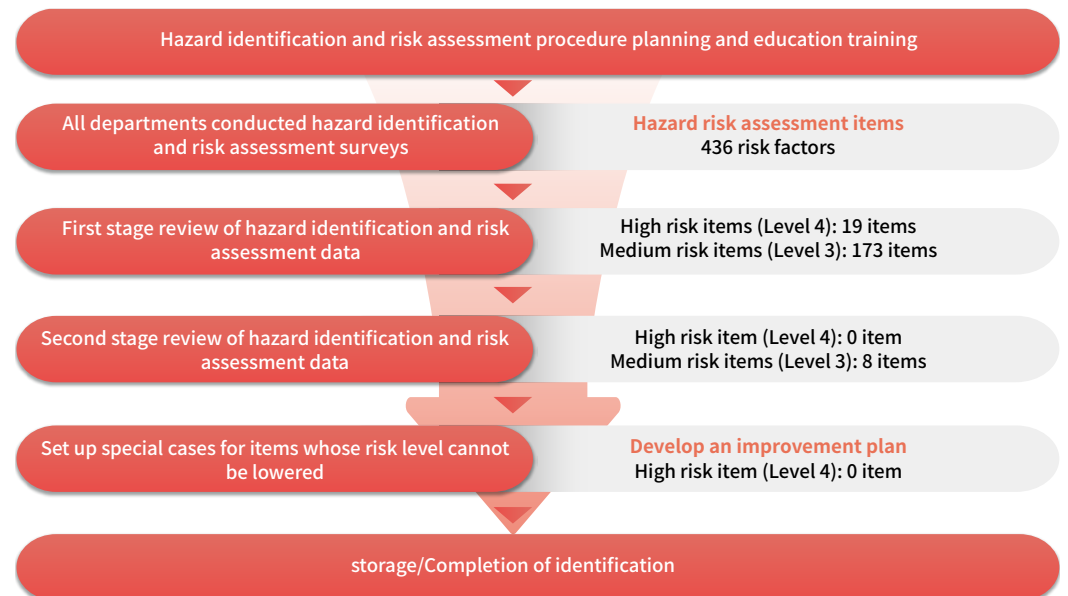
Through the standardized management system, PANJIT's occupational safety and health management procedure documents are established to strictly control occupational safety and health details, striving to create a safe and healthy working environment to protect the safety and health of the employees and 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.

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 to ensure the suitability of personnel performing risk assessment. After the units conducted the assessment in 2023, a total of 436 items for hazard risk assessment were listed. After engineering control and management measures, there were no high-risk items (Level 4).



● Risk Reduction and Elimination

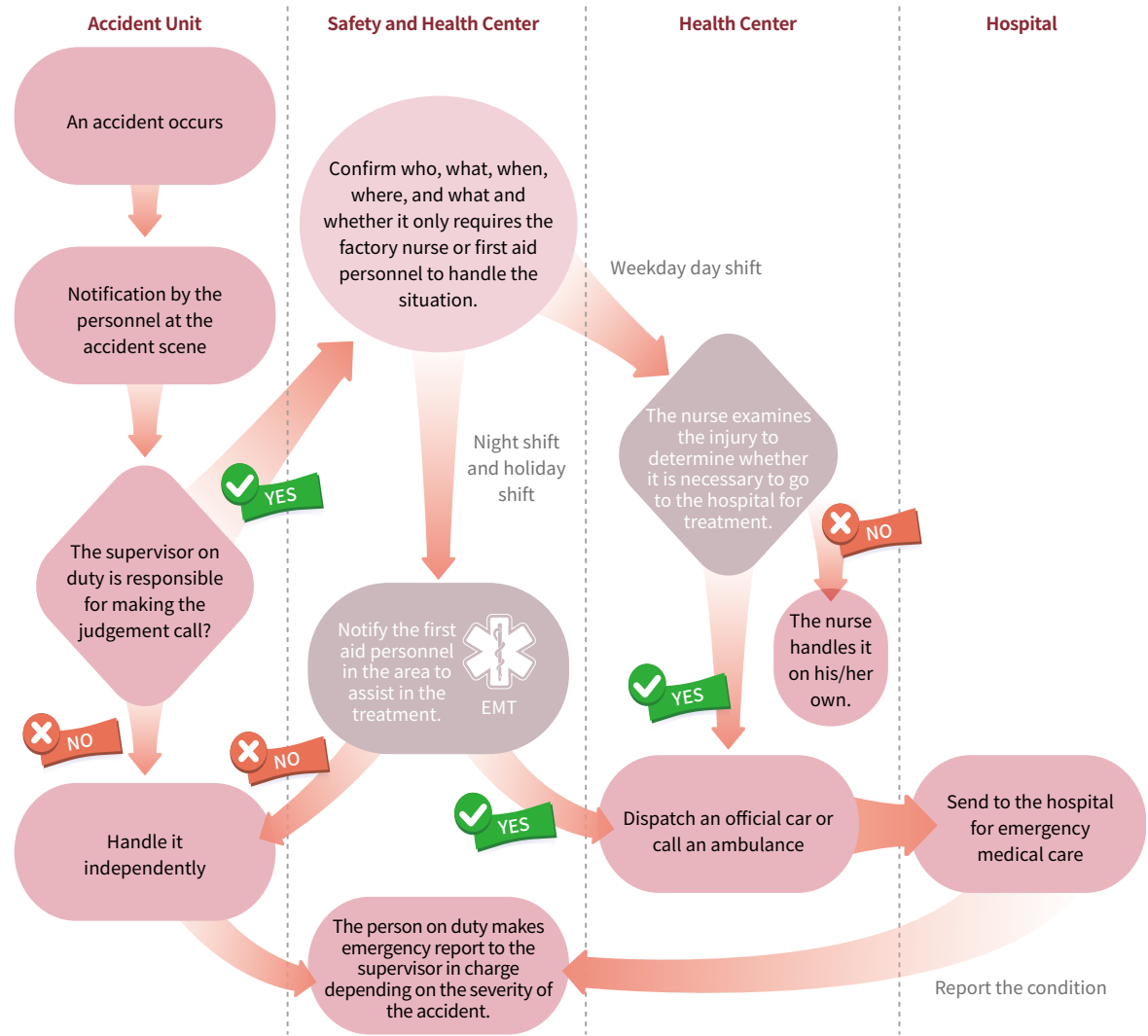
To reduce employees' exposure to harmful environment, PANJIT classifies the risks in the working environment in the factory. For high-risk operating environment, PANJIT implements operating environment monitoring in 162 locations in the entire factory, and the measurement items include illumination, 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. In addition, through periodic inspections, personnel safety can be ensured. In 2023, three improvement items were issued, one in 2022, and three in 2021, and the improvement rate reached 100%.

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

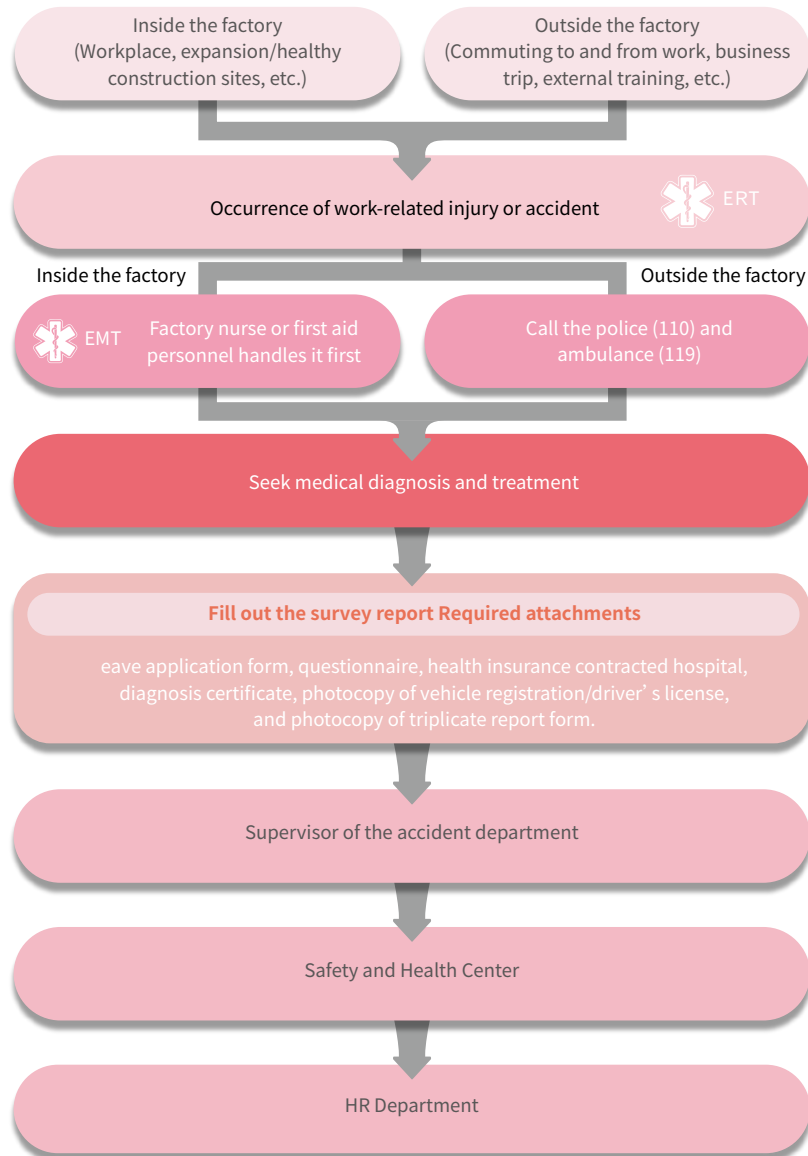
Every factory has established the In-plant First Aid and Incident Notification and Handling Procedures and Accident Investigation and Handling Instructions so that when work-related injuries or false alarm occurs, the workers can immediately report the incident to the supervisor on duty. In addition, 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.

Average Employee Training Costs



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.

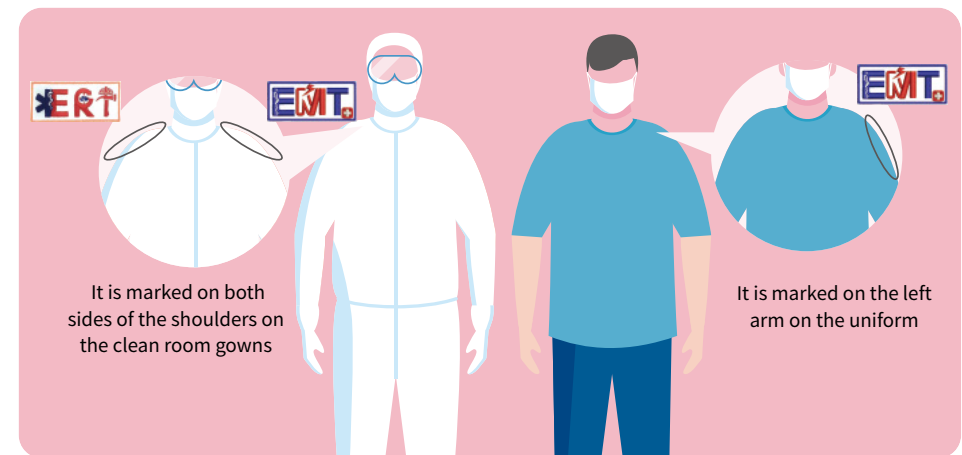
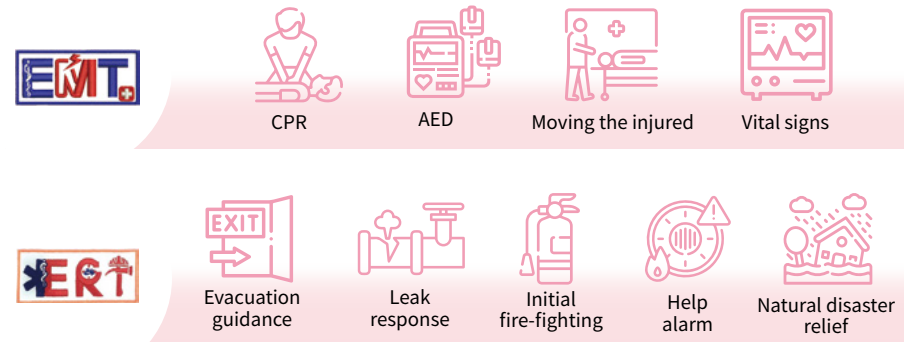
Accident Investigation and Handling Process



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.



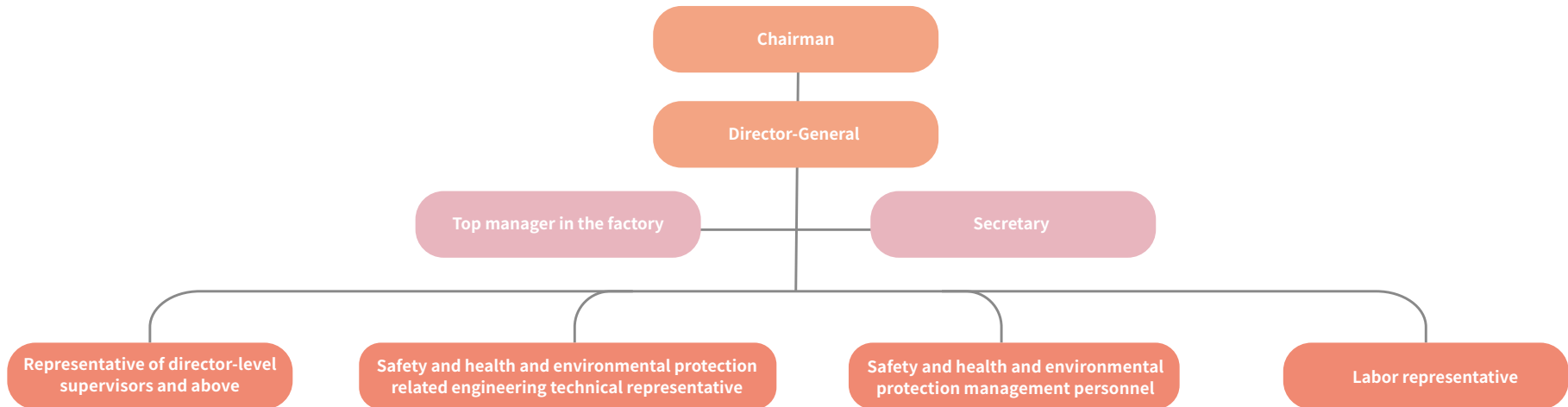
Worker Participation, Consultation, and Communication

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. In addition, a Question and Feedback channel has also been established in the contractor management system. In 2023, there were a total of 14 feedbacks, all of which have been responded to.

The Committee in Gangshan Factory is composed of 38 members, with 14 labor representatives (including 2 foreign members), whose latest election was conducted in January, 2024 (the next election is in January, 2026), 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 (the next election is in July, 2024), 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.

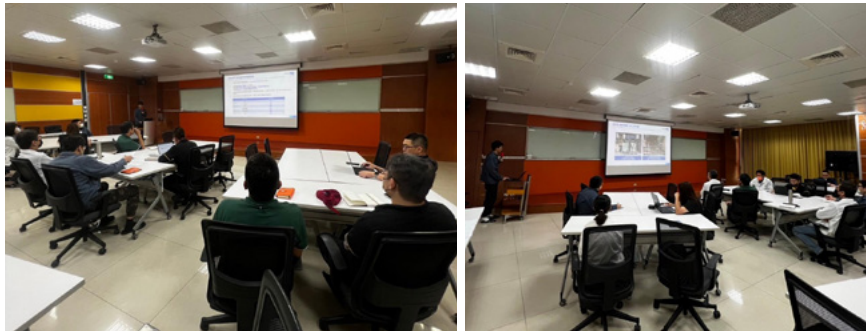
In addition to the supervisors and employees as the members, there are also the Work Group and Technical Group in the Occupational Safety and Health Committee that will also participate in the committee meeting for the discussion on the preventive measures of internal accidents for the health and safety 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. In 2023, the two factories convened 4 meetings each, and Gangshan Factory and Yongan Factory completed six proposals in relation to safety and health.

Occupational Safety and Health Management Committee



Diverse communication channels for occupational safety and health

1. Internal contact form
2. Physical bulletin board, e-bulletin board (scree saver)
3. 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.
4. Put up hazard signs and relevant signage for wearing protective equipment in the work area and on machines (in Chinese, English and Thai).
5. 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.
6. If the workers need any consultation or assistance, they can directly contact the Safety and Health Center or dial the extension #1999 for assistance.
7. Occupational Safety and Health Committee.



▲ Occupational Safety and Health Committee

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 2023

Item	Number of people	Man-hour	Purpose
General education of occupational safety and health	919	2,757	Strengthen personnel's occupational safety and health awareness
ISO14001 and ISO45001 internal auditor training	77	462	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	51	102	Strengthen personnel's response capabilities for handling hazardous substances and chemical spills
On-the-job education and training of practical operation of fire extinguishers	227	227	Personnel's actual operation of fire extinguishers Trainees include employees, contractors, and foreign staff in the dormitory
ERT regional firefighting team drill	20	80	Conduct drills for in-plant ERT teams.
Dire base drill	20	160	Enhance the professional firefighting skills and disaster response capabilities of the fire brigade personnel.

Tianliao Fire Base Drill

In December, 2023, emergency response training for chemical disasters, fire, storage tank fire, etc. was conducted at Tianliao Fire Base, enabling our associates to receive immersive training with real fire.



▲ Use fire extinguishers and fire hydrants for fire extinguishment



▲ Observe the progression of the fire and experience conditions with dense smoke



▲ Personnel in full firefighting gear and SCBA (Self-Contained Breathing Apparatus)



▲ Personnel in Class A protective clothing



▲ Drill for storage tank fire extinguishment

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, 2023, the drills for the ERT self-defense firefighting team were carried out to strengthen the company's independent response capabilities.



General knowledge of hazardous substances and chemical spill handling drill

In November, 2023, we carried out respiratory protective equipment training and chemical spill handling training to equipped our employees with the ability to deal with emergencies and protect their own safety.



▲ Use a chemical spill response cart to handle chemical spill



▲ Conduct pre-operation checklist training for employees who use respiratory protective equipment as part of their workflow

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 August 2023, 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.



▲ Propaganda poster of how to use the fire extinguisher



▲ Participation in firefighting training- foreign employees



▲ Participation in firefighting training- employees



▲ Participation in firefighting training- contractors

Emergency evacuation and assembly- all employees

In September, 2023, 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. 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



▲ Evacuation drills for dormitory of foreign employees

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.

● ● ●
Contractor Management System
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01 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.

02 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.

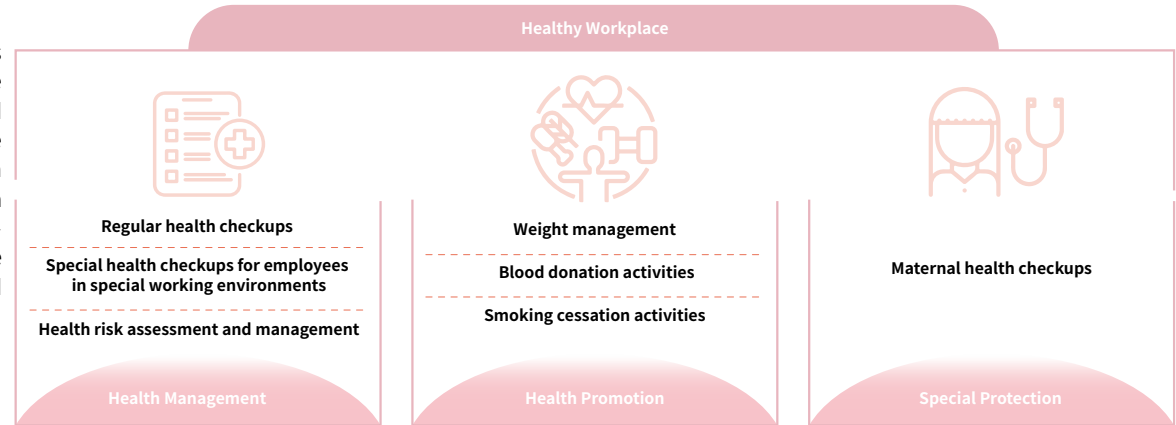
03 For contractor’s employees operating dangerous machinery and equipment, conducting hazardous operations, and special operations, valid licenses have to be uploaded. These personnel can only conduct relevant operations after the review and confirmation of the license.

04 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.

05 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.

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 three directions of Health Management, Health Promotion, and Special Protection.



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 2023, the on-site visit plans were completed in a total of 10 production line stations, and about 200 employees received health consultation and health management services from the on-site physicians.

In addition, ANJIT 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. Individuals with abnormal health check data and those classified as Level 3 or Level 4 management personnel are subject to follow up and health education management in accordance with medical recommendations. In 2023, about 250 employees participated in the health risk assessment and management program.

● 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 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 2023, a total of 1,086 joined the employee health examinations, 48 took part in the cancer screening, and 274 received special health examinations, and there were no employees classified as Level 3 or Level 4 management personnel. If the employee is classified as Level 3 or Level 4 management personnel, the subsequent follow-ups are management by occupational medicine specialists. In 2023, there were no cases identified as occupational disease by physicians. The company's preventive measures for occupational diseases include:

- **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 2023

	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, body fat analysis, 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	1,086	Non-employee worker	0
Amount	NTD 1,535,050		Subsidized by the Bureau of Labor Insurance	



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 2023, a total of 136 people participated in the blood donation activities.



▲ Blood donation activity



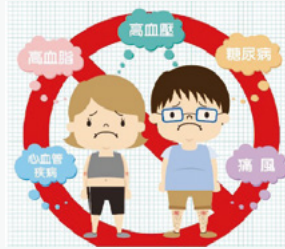
▲ Smoking cessation promotion and referral services

Happy and healthy weight loss competition for employees

Purpose

Obesity has become a major health concern for people in Taiwan. The abnormal items in the employees' health examination include weight, waist circumference, body mass index (BMI), and total cholesterol. Obesity obviously has become a health concern for our employees.

Because of this, we have specially planned the "Happy and healthy weight loss competition" on a yearly basis 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



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.

	2021	2022	2023
Number of participants	20	25	51
Total weight loss	113.2	72	158.2
Weight loss per capita (kg)	5.66	2.88	3.10



▲ Promotion of the Weight Loss Program



Special Protection

• Special 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 2023, the maternal health protection plan was implemented to 24 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.



Statistics of Occupational Injuries

There were 4 in-plant occupational accidents in 2023, including 4 temporary disability injuries (accounting for 2.84% of the total number of employees) and 33 work days lost (SR 9), and the injuries included 3 physical injuries (fall, pinch injury and falling object) and 1 chemical injury (contact with hazardous substance). These 4 accidents were non-common events. For machines of the same type where the pinch injury or falling objects occur, photoelectronic safety devices were installed. If foreign objects are detected approaching or protruding during operation, the operation of the machine will be immediately stopped, and operator education and training will be strengthened. After investigation, it was found that the chemical injury happened when extracting chemical waste liquid, the employee did not notice the filter bag was clogged, resulting in excessive pipeline pressure and leakage. Besides reinforcing the pipelines, now equipment associates must be present to confirm the status of the equipment when extracting waste liquid. The freezer is equipped with floor rollers. An employee stepped on the rollers and fell and sprained himself when sorting raw materials. Cover plates have been installed on unused rollers to prevent personnel from spraining.

PANJIT's statistics of occupational injuries

Category	2023
Total working hours	3,394,158
Number of recordable occupational injuries	4
Number of recordable occupational injury rate	1.17
Disabling frequency rate (FR)	1.17
Disabling severity rate(SR)	9

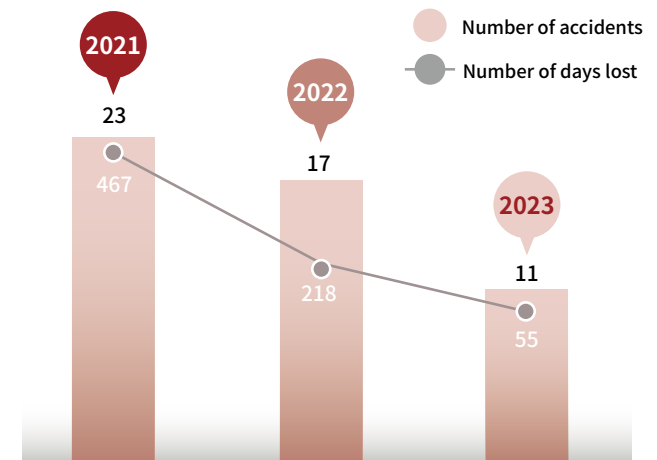
Note:

1. Including Gangshan Factory and Yongan Factory. Excluding commuting accidents.
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. The total number of disabling injuries included the total number of deaths, total number of permanent disability, total number of permanent partial disability, and total temporary disability.
8. In 2023, 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 52,311 hours (29,576 hours for females and 22,735 hours for males).



In addition, we also actively prevent off-site occupational accidents when employees commute to and from work, and continues to conduct monthly themed promotions and annual road safety education and training to strengthen employees' awareness of road safety. In 2023, a total of 7 traffic accidents during commuting occurred, and the number of days lost was 21. The number of accidents has been declining. In the future, we will continue to carry out publicity to reduce the occurrence of accidents.

PANJIT's statistics of occupational injuries in the past years (including traffic accidents during commuting)



Social Inclusion

6



ANJIT 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 2023, the public welfare expenditures of PANJIT totaled NTD 1.2 million.



Love the Earth- Tree Planting Activity

Love the Earth- Tree Planting Activity has been implementing since 2022, and there were 250 participants in 2023. This year, this event has further expanded stakeholder participation and invited Chien-Feng Elementary School in Gangshan District, Kaohsiung and our supplier, Laser Tek Taiwan Co. Ltd. to participate in this event, uniting our stakeholders' efforts to jointly promote environmental awareness and friendliness. A cumulative of environmental volunteering hours of 1,500 have been invested and nearly 1,000 trees been planted. It is estimated to increase nearly 10,000 kg of carbon dioxide sequestration capacity for the earth. 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.

Monthly Healthy Vegetarian Day

Promote the "Monthly Healthy Vegetarian Day". The Company pays for the vegetarian meals for employees who come to the canteen to have the vegetarian meal on the day. Our employees are encouraged to incorporate healthy vegetarian meals into their daily lives, reduce meat consumption, and consequently reducing related carbon emissions. A total of about 4,800 people ate the vegetarian meals in 2023, which can reduce carbon emissions by approximately 3,648 kg. Note: 1. One meal without meat can help reduce the emission of 760g of carbon dioxide (reference source: Joyous Vego Lifestyle Website).

ESG
Environmental Sustainability

Environmental public welfare expenditures amounted to approximately **NTD 600,000**

Special Column

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

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

PANJIT continues the Tree Planting Project in 2022 and expanded the stakeholders' participation in 2023, inviting Chien-Feng Elementary School in Gangshan District, Kaohsiung and our supplier, Laser Tek Taiwan Co. Ltd. to participate in this event, with approximately 250 participants, we jointly worked together with our stakeholders to hold Love the Earth- Tree Planting Activity 3.0" in Qieding Wetland, planting a total of 350 saplings of 5 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 2024 and plant a cumulative of a thousand 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.



Activity sharing-
Feedback from participating employees



Employee A

This is the second time for me to participate in the tree planting event organized by the company. This time, our supplier, Laser Tek Taiwan Co. Ltd, and the local Chien-Feng Elementary School in Gangshan District also joined this event. From learning about saplings to engaging in interactive activities, I learnt the challenges for saplings to grow. I also hope that these saplings will grow stronger to provide a rich habitat for migratory birds.

Employee B

This is my first time to bring my children to the tree planting activity held by the company. It is really nice to see all the participants overcome difficulties and withstand the heat to do their part for the earth. I hope the company can hold more activities like this so that we can promote interactions with our colleagues from different departments.

Starting from 2022, PANJIT has cumulatively planted 1,000 saplings of Taiwanese native species that can adapt to the coastal environment, which is expected to increase CO₂ carbon sequestration by 12,000 kilograms/ year.



Note: Every tree can absorb approximate 12 kg of CO₂ every year. (Source: Environmental Quality Protection Foundation)

Participation in Education

ESG Elementary school in 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 60 and 1,000 hours respectively since 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 donations to 5 local 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. As of the end of 2023, the cumulative amount of donations reached NT\$ 2.92 million.

Donations in Social Welfare

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. Since 2014, PANJIT has been making regular donations on a yearly basis, and as of the end of 2023, we have donated NT\$ 2 million.

Worked with Kaohsiung City Social Affairs Bureau and Ling Jiou Mountain Charity Foundation for the warmth giving event

We cooperated with Ling Jiou Mountain Charity Foundation and subscribed for charity boxes of food (such as rice, oil, etc.) and jointly donated them to Kaohsiung City Social Affairs Bureau to coordinate distribution and delivery to those in need in local areas to fulfill our corporate social responsibility and send love to those in need. In 2023, a total of 400 boxes of food were subscribed.

Participated in the Sunfar "Run for Future" Charity Run Event

We participated in Sunfar's "Run for Future" Charity Run Event with other local companies. The Company fully covered the registration fees to promote the trend of exercise through encouraging actual participation of our employees and their families, and at the same time, the disadvantaged schoolchildren in remote areas can also be assisted to receive education for development. In 2023, a total of 76 employees and their family members participated in this event.

Participate in humanitarian rescue and emergency relief

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

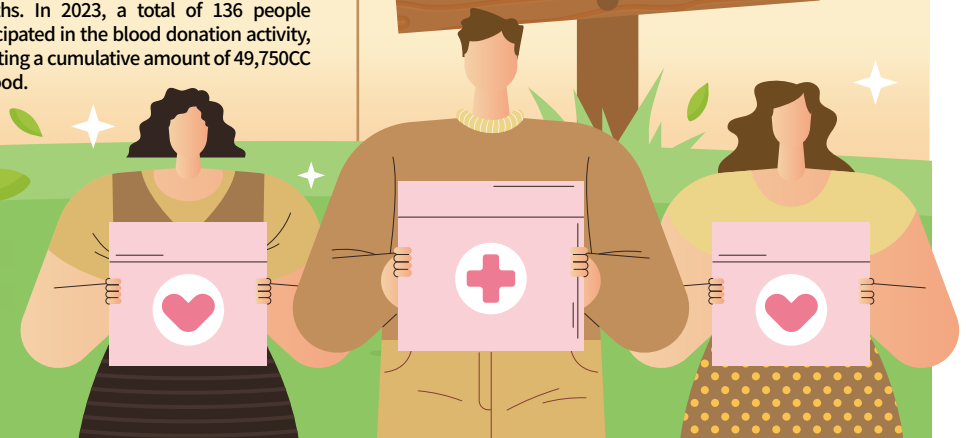
Employee blood donation

The Company organizes the employee blood donation activity every three months. In 2023, a total of 136 people participated in the blood donation activity, donating a cumulative amount of 49,750CC of blood.

Corporate Volunteering

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. Since 2022, we have trained a cumulative number of 27 volunteers.



Social welfare expenditures amounted to about
NTD 630,000

Special Column

Sunfar's "Run for Future" Charity Run Event

Charity is more than just a one-day event. Through hands-on participation, the public can develop a sense of engagement and mission in charitable activities.



The 2023 Run for Future- the 3rd Charity Run Event held by Sunfar gathered the love from all sectors and engaged people from all walks of life in the social welfare activity. Through the road running event, we care for the disadvantaged teenagers and children and work with the city government to promote diversified social welfare services to take care of more people. This year, a total of 76 employees of PANJIT joined this event. We run for love and hope, transforming every step into strength and love to those in need.



Record of Activity

Before running, the fitness coach led everyone to warm up and stretch, and explained the way to run without sport injuries.

After the race, PANJIT's staff prepared beverages and mineral water for their associates participating the event to promptly relieve the fatigue from exercise after the race.

Every step you take

will be transformed into love and strength to those in need.

We run for love and for endless hope.



Special Column

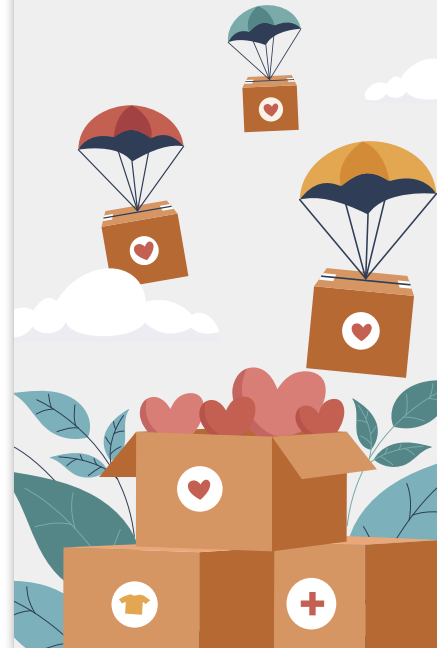
Warmth Giving Event by Ling Jiou Mountain Charity Foundation X Kaohsiung City Social Affairs Bureau

Care for the local people, take the lead in public welfare
Working with Ling Jiou Mountain Charity Foundation and Kaohsiung City Government to give out boxes of food



Care for the disadvantaged and send best wishes. By upholding the compassionate will of the founding abbot, Master Xindao, to "serve life with life, dedicated life for life", Ling Jiou Mountain Charity Foundation combined the resources of the Kaohsiung City Social Affairs Bureau and love from all walks of life and held the nationwide charity donation project, "Taiwan Wonderful Project". PANJIT subscribed 400 boxes of food this year and donated them to Kaohsiung City Government.

The food in the boxes can be divided into "cooked" and "uncooked", and the content would be adjusted based on the actual needs of the recipient households. By combining the government resources, the corporate care and the foundation's food can be delivered to those who are in need.

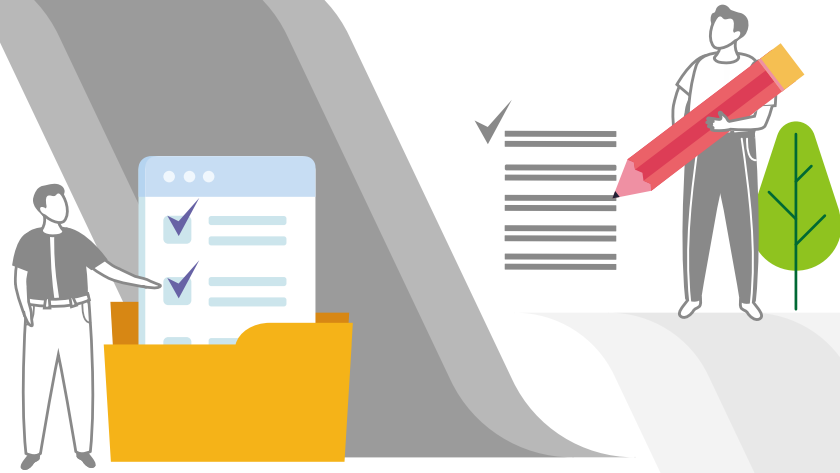




Appendixes

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III. Comparison Table of the Sustainability Accounting Standards Board (SASB) Standards	132
IV. TWSE Comparison Table of Climate-Related Information	134
V. Independent Third-Party Verification Statement	135



I. GRI Content Index

Statement of Use	PANJIT has reported the contents in accordance with the GRI Standards during the reporting period from 2023/1/1-2023/12/31.
GRI 1 Used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Topics	Items for Disclosure	Items for Disclosure	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 4.2 Energy and Emissions	02 74	"GRI 2-4 a i": Because the 2022 GHG inventory data was verified by a third-party external verification after the ESG report was issued (August 2023), the data is updated in this report. "2-4 a ii": Compared with previously reported emission levels, Scope 1 and 2 emissions slightly dropped by 3.7%; Scope 3 emissions increased by 22,022 metric tons.
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 58	
2-7	Employees	5.2 Employee Composition	85	
2-8	Workers who are not employees	5.2 Employee Composition	85	

GRI Topics	Items for Disclosure	Items for Disclosure	Page Number	Note
Governance				
2-9	Governance structure and composition	2.1 Corporate Governance	32	
2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	32	
2-11	Chair of the highest governance body	2.1 Corporate Governance	32	
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Promotion of ESG Development	17	
2-13	Delegation of responsibility for managing impacts	1.1 Promotion of ESG Development	17	
2-14	Role of the highest governance body in sustainability reporting	1.1 Promotion of ESG Development 1.2 Materiality Analysis	17 20	Incomplete information/Material sustainability issues this year were approved by the ESG Promotion Office, and the Sustainability Report will be finalized and issued after approval by the board of directors.
2-15	Conflicts of interest	2.1 Corporate Governance	32	
2-16	Communication of critical concerns	1.1 Promotion of ESG Development	17	
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	32	
2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	32	
2-19	Remuneration policies	2.1 Corporate Governance 5.4 Compensation and Benefits	32 92	
2-20	Process to determine remuneration	2.1 Corporate Governance	32	
2-21	Annual total compensation ratio	5.4 Compensation and Benefits	92	
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 2.3 Ethics and Integrity 2.5 Information Security Management	17 38 43	Incomplete information/"GRI 2-23 b. ii." Currently, the human rights policy does not cover the categories of stakeholders of special concern.
2-24	Embedding policy commitments	2.3 Ethics and Integrity 2.5 Information Security Management 3.3 Supply Chain Sustainable 5.1 Human Rights Management	38 43 58 82	

GRI Topics	Items for Disclosure	Items for Disclosure	Page Number	Note
Strategy, policies and practices				
2-25	Processes to remediate negative impacts	1.3 Stakeholder Communication 5.1 Human Rights Management	27 82	
2-26	Mechanisms for seeking advice and raising concerns	1.3 Stakeholder Communication 5.1 Human Rights Management	27 82	
2-27	Compliance with laws and regulations	2.3 Ethics and Integrity	38	
2-28	Membership associations	About PANJIT	08	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.3 Stakeholder Communication	27	
2-30	Collective bargaining agreements	5.4 Compensation and Benefits	92	
Material Topics				
GRI 3 : Material Topics 2021				
3-1	Process to determine material topics	1.2 Materiality Analysis	20	
3-2	List of material topics	1.2 Materiality Analysis	20	
Material Topics: Supply Chain Sustainable Management				
3-3	Management of material topics	3.3 Supply Chain Sustainable Management	58	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	3.3 Supply Chain Sustainable Management	58	
GRI 301 : Materials 2016	301-1 Materials used by weight or volume	3.3 Supply Chain Sustainable Management	58	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	3.3 Supply Chain Sustainable Management	58	
	308-2 Negative environmental impacts in the supply chain and actions taken	3.3 Supply Chain Sustainable Management	58	
414-1 New suppliers that were screened using social criteria	414-1 New suppliers that were screened using social criteria	3.3 Supply Chain Sustainable Management	58	
	414-2 Negative social impacts in the supply chain and actions taken	3.3 Supply Chain Sustainable Management	58	

GRI Topics	Items for Disclosure	Items for Disclosure	Page Number	Note
Material Topics: Product Health and Safety				
3-3	Management of material topics	3.1 Product Quality and Services	47	
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	47	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Product Quality and Services	47	
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	47	
Material Topics: Information Security Management				
3-3	Management of material topics	2.5 Information Security Management	43	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.5 Information Security Management	43	
Material Topics: Innovative R&D and Patents				
3-3	Management of material topics	3.2 Innovation and Advancement	51	
Material Topics: Climate Change Responses				
3-3	Management of material topics	4.1 Climate Change Adaptation and Actions	66	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2 Energy and Emissions	74	
	302-3 Energy intensity	4.2 Energy and Emissions	74	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2 Energy and Emissions	74	
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 Energy and Emissions	74	
	305-3 Other indirect (Scope 3) GHG emissions	4.2 Energy and Emissions	74	
	305-4 GHG emissions intensity	4.2 Energy and Emissions	74	
Material Topics: Human Rights Management				
3-3	Management of material topics	5.1 Human Rights Management	82	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.1 Human Rights Management	82	

GRI Topics	Items for Disclosure	Items for Disclosure	Page Number	Note
Material Topics: Talent Cultivation				
3-3	Management of material topics	5.3 Recruitment and Employment	88	
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	88 97	
	404-3 Percentage of employees receiving regular performance and career development reviews	5.5 Talent Development	97	
Material Topics: Talent Attraction and Retention				
3-3	Management of material topics	5.3 Recruitment and Employment	88	
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	92	
	202-2 Proportion of senior management hired from the local community	5.2 Employee Composition	85	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.3 Recruitment and Employment	88	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.4 Compensation and Benefits	92	
	401-3 Parental leave	5.4 Compensation and Benefits	92	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	5.3 Recruitment and Employment	88	
Material Topics: Occupational Safety and Health				
3-3	Management of material topics	5.6 Employee Health and Safety	105	
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	5.6 Employee Health and Safety	105	
	403-2 Hazard identification, risk assessment, and incident investigation	5.6 Employee Health and Safety	105	
	403-3 Occupational health services	5.6 Employee Health and Safety	105	
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.6 Employee Health and Safety	105	
	403-5 Worker training on occupational health and safety	5.6 Employee Health and Safety	105	
	403-6 Promotion of worker health	5.6 Employee Health and Safety	105	
	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	58 105	
	403-8 Workers covered by an occupational health and safety management system	5.6 Employee Health and Safety	105	

GRI Topics	Items for Disclosure	Items for Disclosure	Page Number	Note
Voluntary Disclosure Index				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Operating Performance	37	
	201-3 Defined benefit plan obligations and other retirement plans	5.4 Compensation and Benefits	92	
	201-4 Financial assistance received from government	2.2 Operating Performance	37	
GRI 203: Indirect Economic Impact 2016	203-1 Infrastructure investments and supporting services	6 Social Inclusion	118	
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	2.3 Ethics and Integrity	38	
	205-3 Confirmed incidents of corruption and actions taken	2.3 Ethics and Integrity	38	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethics and Integrity	38	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge related impacts	4.3 Water Resources Management	77	
	303-3 Water withdrawal	4.3 Water Resources Management	77	
	303-4 Water discharge	4.3 Water Resources Management	77	
	303-5 Water consumption	4.3 Water Resources Management	77	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.3 Water Resources Management	79	
	306-2 Management of significant waste-related impacts	4.3 Water Resources Management	79	
	306-3 Waste generated	4.3 Water Resources Management	79	
	306-4 Waste diverted from disposal	4.3 Water Resources Management	79	
	306-5 Waste directed to disposal	4.3 Water Resources Management	79	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2.1 Corporate Governance 5.2 Employee Composition	32 85	
	405-2 Ratio of basic salary and remuneration of women to men	5.4 Compensation and Benefits	92	
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	5.6 Employee Health and Safety	105	
GRI 415: Public Policy 2016	415-1 Political contributions	2.1 Corporate Governance	32	

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: 166,051.98 GJ (2) Purchased electricity: 99.73% (3) Renewable energy: 0%
2	Total water withdrawal and total water consumption	Quantitative	thousand cubic meters(M ³)	(1) Water withdrawal: 323,484 m ³ (2) Water consumption: 76,608m ³
3	Weight of hazardous waste generated and percentage recycled	Quantitative	metric tons (t), percentage (%)	(1) Hazardous waste: 55.47t (2) Recycling ratio: 90.55%
4	Explain the types, number, and proportion of occupational accidents	Quantitative	ratio (%), quantity	0.284%, 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 (%)	183.47t, 98.75%
6	Description of the risk management in relation to the use of critical materials	Qualitative description	N/A	Please refer to 3.3 Sustainable Supply Chain 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: 16,145KK

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) Scope 1: 521.0241 tCO ₂ e (2) Perfluorinated compounds: 0 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) Total energy consumed: 166,051.98 GJ (2) Percentage grid electricity: 99.73% (3) Percentage renewable: 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) Total water withdrawn: 323,484 m ³ (2) Total water consumed: 76,608m 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: 55.47t (2) Recycling ratio: 90.55%
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
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: 23.31% (2) Ratio of overseas employees: 0.95%

Indicator No.	Disclosure indicator	Nature	Unit	Report content or description
Product Lifecycle Management				
TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%)	The products all contain substances specified in the IEC 62474 list, and the non-compliance rate is 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 Sustainable Supply Chain 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: 16,145KK
TC-SC-000.B	Percentage of production from owned facilities	Quantitative	Percentage (%)	79%

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, reduction targets, strategies, and specific action plans	The individual business assurance will be completed from August, 2024, 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 2023

NATURE AND SCOPE OF THE ASSURANCE
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 2023 (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 Standards and AA1000 Accountability Principles (2018) during assurance (2024/03/25-2024/04/23) 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 2023 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 assurance 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)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

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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 Standards (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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

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 assurance, operating in more than 148 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.

ASSURANCE / VERIFICATION OPINION
On the basis of the methodology described and the assurance 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 organization 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 2023, 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 encouraged that PANJIT could provide more comprehensive descriptions of the policies or commitments related to the material topics to demonstrate PANJIT's perspective on managing the material topics.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
1 June, 2024
www.sgs.com

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