



2023
SUSTAINABILITY
REPORT



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CH 1

About PAX

PAX is committed to continuous innovation and expansion, gradually entering the DIY and repair tools sectors to provide customers with a comprehensive range of products and services that meet diverse needs. The company always puts customers at the center, striving to achieve excellence at every step.



Key Points

2023 Annual Highlights

Chapter Highlights

- 04. About the Report
- 05. Management's Message
- 06. Annual Highlights
- 07. Key Milestones
- 08. Goals and Achievements
- 09. Company Overview

About the Report

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Yee Jee Technology Co., Ltd. (referred to as "PAX") publishes an annual sustainability report. Through this report, PAX discloses its impact management performance in the areas of ESG (Environmental, Social, Governance), focusing on key issues such as stakeholder engagement, sustainable management, and responses to the United Nations Sustainable Development Goals (SDGs).

Guidelines and Standards

This report adheres to the Global Reporting Initiative (GRI) Standards, specifically the 2021 version of the Universal Standards, and refers to the Sustainability Accounting Standards Board (SASB) standards, as listed in the appendix.

Reporting Period

The reporting period covers the 2023 fiscal year (January 1, 2023, to December 31, 2023), reflecting PAX governance, environmental, social, and economic performance. This report also addresses the concerns of stakeholders and responds to their major concerns.

Scope and Boundaries

The scope of this report includes PAX financial and non-financial data related to its headquarters and subsidiaries.

The organizational boundary follows that of the parent company. Address: 319, Sec. 1, Mingshan Rd., Mingjian Township, Nantou County



Publication Schedule

- The current edition: Published in September 2024.
- The next edition: Expected to be published in September 2025.

Assurance

Publication Schedule

- This report's content and data were compiled by PAX's various departments and verified by the Sustainable Development Committee. After revision and approval by the Board of Directors, the report is published.

Assurance

- The report prepared by PAX in accordance with the GRI Standards has been independently assured by 真福 CPAs. The selected information was reviewed based on the Assurance Standards Bulletin No. 1, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation of the Republic of China (based on ISAE 3000). A limited assurance was conducted, and the assurance report is included in the appendix of this report.

Contact Information


In response to environmental protection and the promotion of a paperless approach, the full content of this report is available in electronic format on the PAX website under the "Corporate Sustainability" section.


You can download it at: www.pax.com.tw

- Responsible Unit for Sustainability Reports: Sustainable Development Office

 Miss Chen

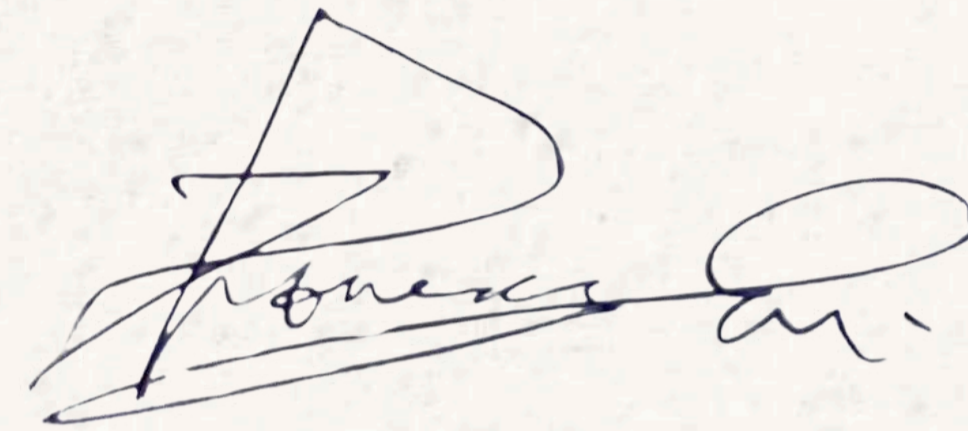
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 +886-49-2733525

Management's Message

2-12 2-22



Yee Jee Technology Co., Ltd.
Chairman: SU CHING-HAO

Global climate change and environmental pressures bring new challenges and opportunities for businesses. We are placing sustainability at the core of our operations. Green innovation reflects our commitment to environmental protection and the balance between business and sustainability. As a leader, I believe companies must act now to achieve a win-win for both business and the environment.

Governance

In corporate governance, PAX aligns the Board and management with the best interests of the company and shareholders. The publication of our sustainability report marks a key milestone, highlighting our efforts in ESG and laying the foundation for continuous improvement. We are committed to fairness, transparency, and balancing governance with environmental and social responsibilities.

Environmental

We focus on reducing greenhouse gas emissions and lowering our carbon footprint. To achieve this, we implement ISO 14064-1 for GHG inventory and ISO 14067 for carbon footprint measurement, using scientific methods to monitor emissions and develop carbon reduction strategies. To ensure the effectiveness of these strategies, we have established a war room within the plant to monitor and analyze carbon emissions data. This science and data-driven approach not only helps reduce environmental impact but also enhances operational efficiency.

Understanding the risks and opportunities brought by climate change, we are implementing projects to mitigate environmental impacts, including increasing the use of renewable energy, improving energy efficiency, and reducing carbon emissions. In raw material management, we are committed to minimizing environmental impact and promoting a circular economy. Our waste management strategies focus on reducing waste generation, enhancing recycling and reuse, and minimizing landfill and incineration.

Social

In social responsibility, we are committed to promoting diversity and inclusion, with a focus on social integration. We have issued a human rights declaration to ensure that employees work in a respectful, inclusive, and safe environment. This declaration reflects our respect for employee rights and our commitment to fairness and ethical standards in our supply chain and partnerships. We believe that social inclusion is fundamental to building a sustainable business. PAX actively participates in community activities, encourages employees to join various social inclusion programs, and works to build closer relationships with local communities. We promote education and training initiatives to foster social inclusion, which helps us make a positive impact on society and create more opportunities for future generations.

Annual Highlights

E Environmental

- 2023 Air Emissions: **Compliant** with air pollution standards

- Multi-functional Repair Tools:

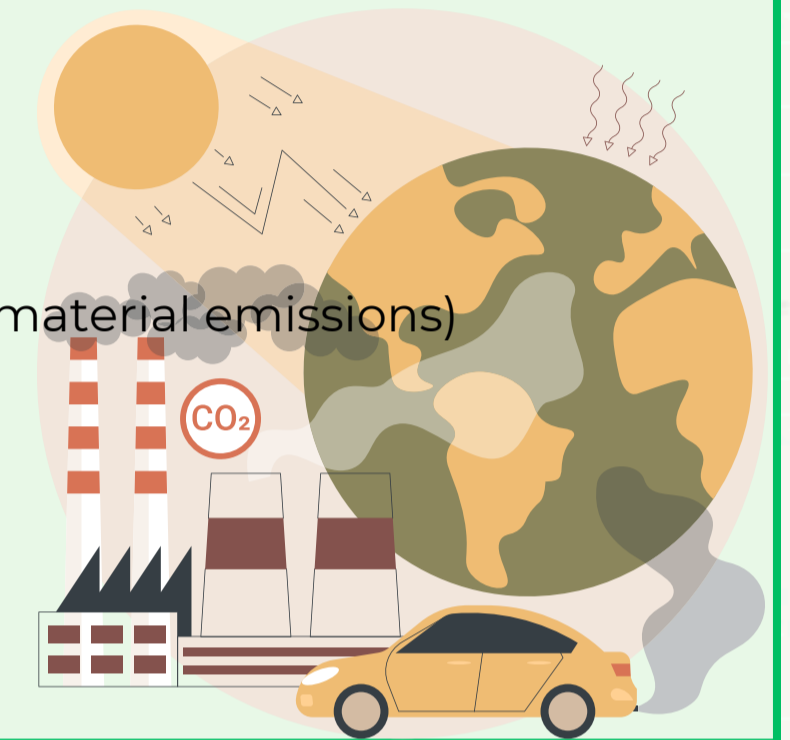
Redesigned to reduce waste and resource consumption

- GA Tire Selant : Non-toxic, environmentally friendly, made from **agricultural waste**

- 2023 Greenhouse Gas Emissions

2,042.192 tCO₂e

(Targeting carbon neutrality, 2023 included purchased raw material emissions)



S Social

- Employee Performance Reviews:

100% completion rate

- **55** Employee Training Courses Conducted

- Total Employee Training Hours:

445 hours

- Employee Training Satisfaction:

4.5 out of 5

- Occupational Health and Safety Training:

47 participants

- **51** Suppliers Signed the Social Responsibility Commitment

- Social Public Welfare Investment:

NTD\$83,000

- Support for NGOs and Schools: **5**

- Child Labor Rate: **0%** in all work sites



G Governance

- 2023 vs. 2022 Revenue Growth: **32.59%**

- Corporate Governance (Ethical Business)

Training: **100%**

- New Product Development **1** item (ESG-friendly)



Key Milestones

ISO9001 : 2015

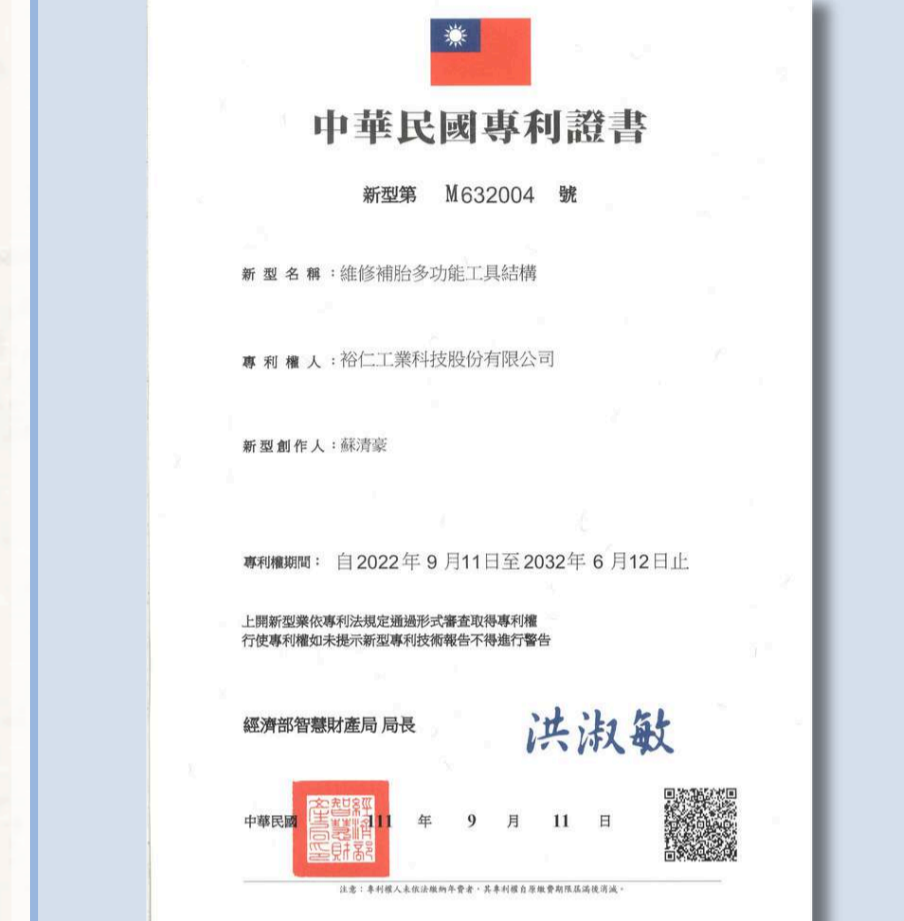
Quality Management System Certification



Invention Patent Certificate



New Utility Patent Certificate



NET ZER @2050



GS1 Barcode Registration Certificate



ISO14064-1 : 2018

Greenhouse Gas Inventory Certification



Air Pollution (Installation and Operation) Permit






D-U-N-S® Certified



SGS Assessed Supplier



Goals and Achievements

	 Environmental	 Social	 Governance
Sustainability Strategy	<p style="text-align: center;">Carbon Footprint Reduction / Energy Efficiency</p>	<p style="text-align: center;">Employee Welfare / Community Contribution</p>	<p style="text-align: center;">Transparency and Corporate Governance Standards</p>
Short-Term Plan 2022-2024	<ul style="list-style-type: none"> (v) Implement waste reduction and recycling programs, reduce waste emissions. (v) Obtain ISO 14064 GHG emissions verification by August 2023. (v) Conduct carbon footprint verification (ISO 14067) by December 2023. 	<ul style="list-style-type: none"> (v) 445 hours of training sessions completed. (v) Welfare Committee established in June 2023. (v) Support local communities, participate in community development and charity activities. 	<ul style="list-style-type: none"> (v) Strengthen internal supervision and risk management to ensure compliance with corporate governance. (v) Protect shareholder rights and enhance shareholder engagement.
Medium- to Long-Term Plan 2025-2030	<ul style="list-style-type: none"> • Reduce the carbon footprint and develop carbon reduction targets. • Promote the use of renewable energy and optimize energy efficiency. • Implement a circular economy, reduce the use of non-renewable resources. 	<ul style="list-style-type: none"> • Enhance employee satisfaction, provide good working conditions and benefits. • Strengthen diversity and inclusion, and create a fair working environment. 	<ul style="list-style-type: none"> • Strengthen board structure and operations. • Increase information transparency. • Promote sustainable development.

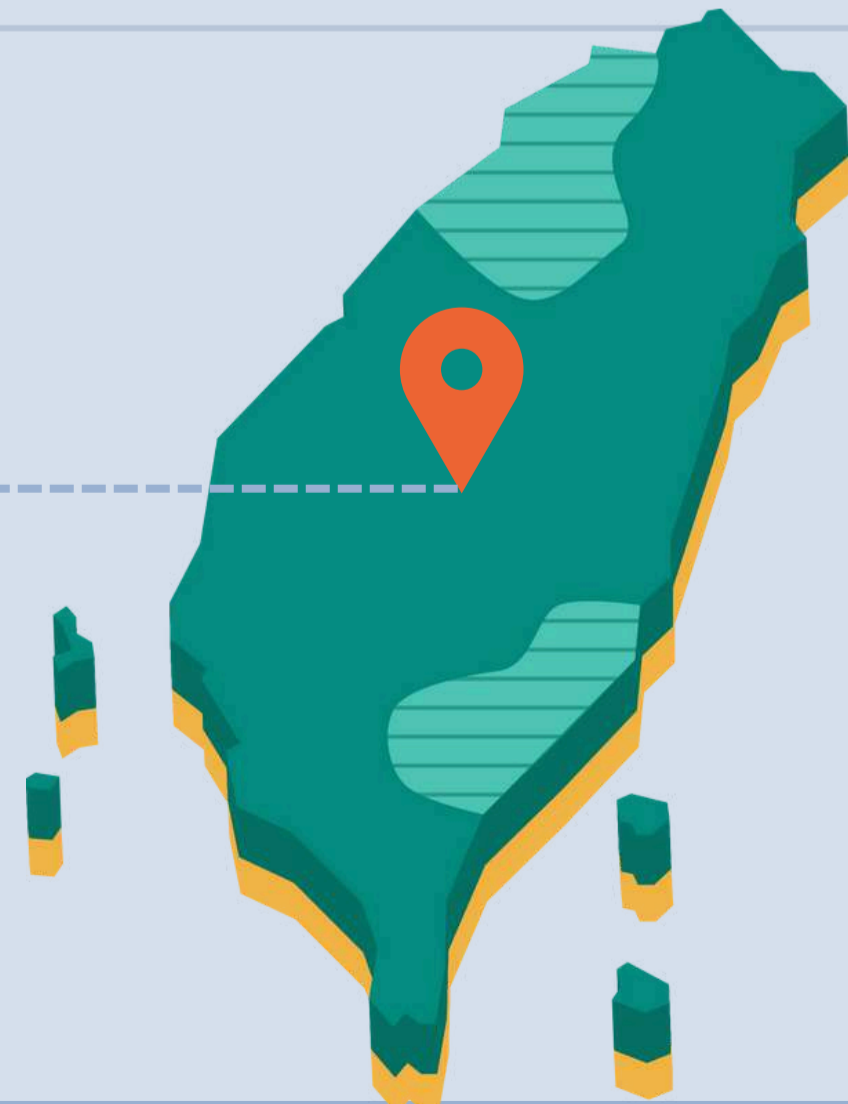
Company Overview

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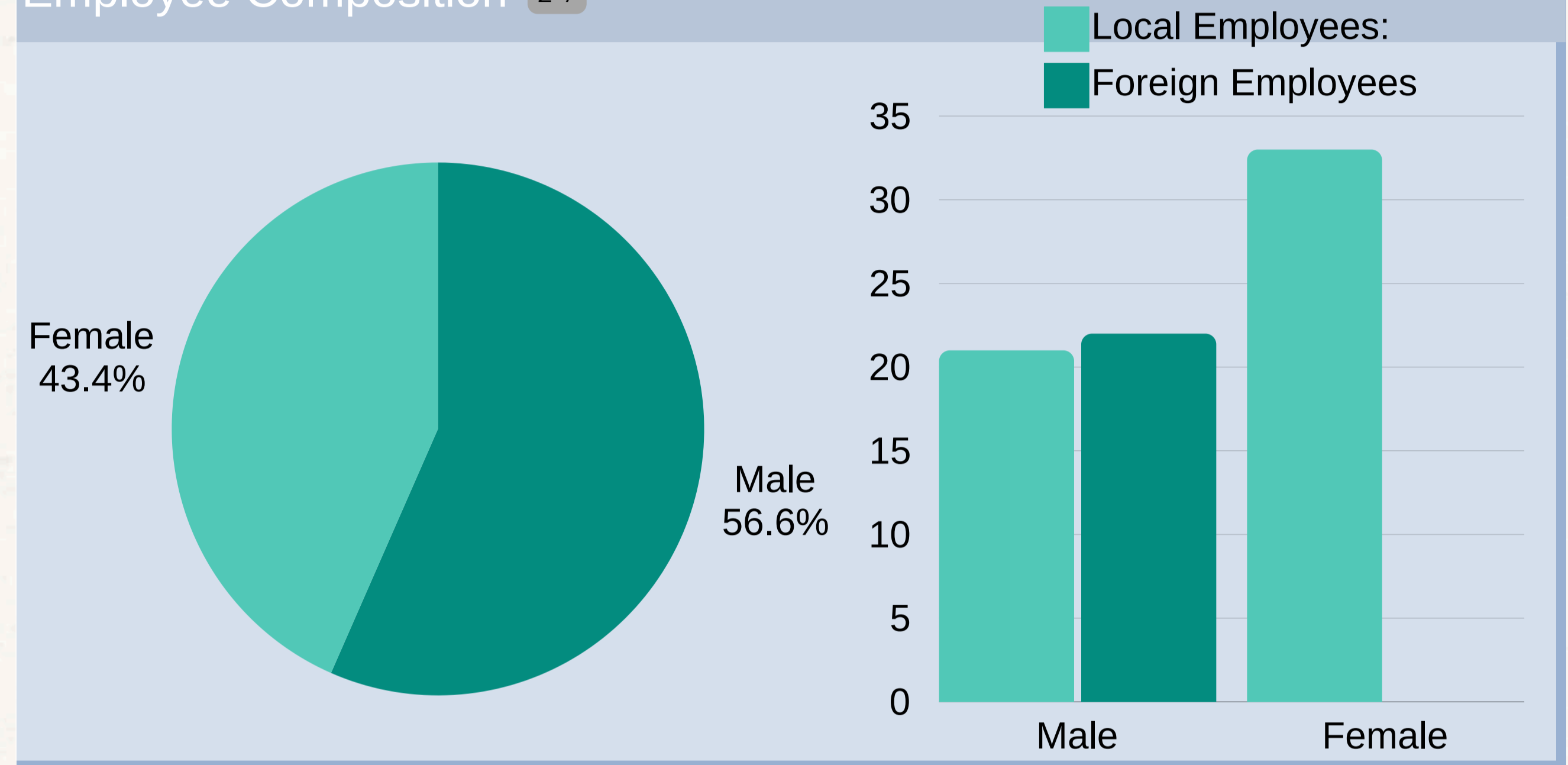
Company Name	Yee Jee Technology Co., Ltd.
Establishment Date	April 4, 2005
Capital	52,500,000 NTD
Chairman	SU CHING-HAO
Address	319, Sec. 1, Mingshan Rd., Mingjian Township, Nantou County
Factory Employees	76 (as of December 31, 2023)
Outsourced Employees	600 (as of December 31, 2023)
Operating Region	Global
Main Products	Tire Patch, Tube Patch, Bike Tools Seal String, Rubber cement, Tire Sealant, DIY Tools



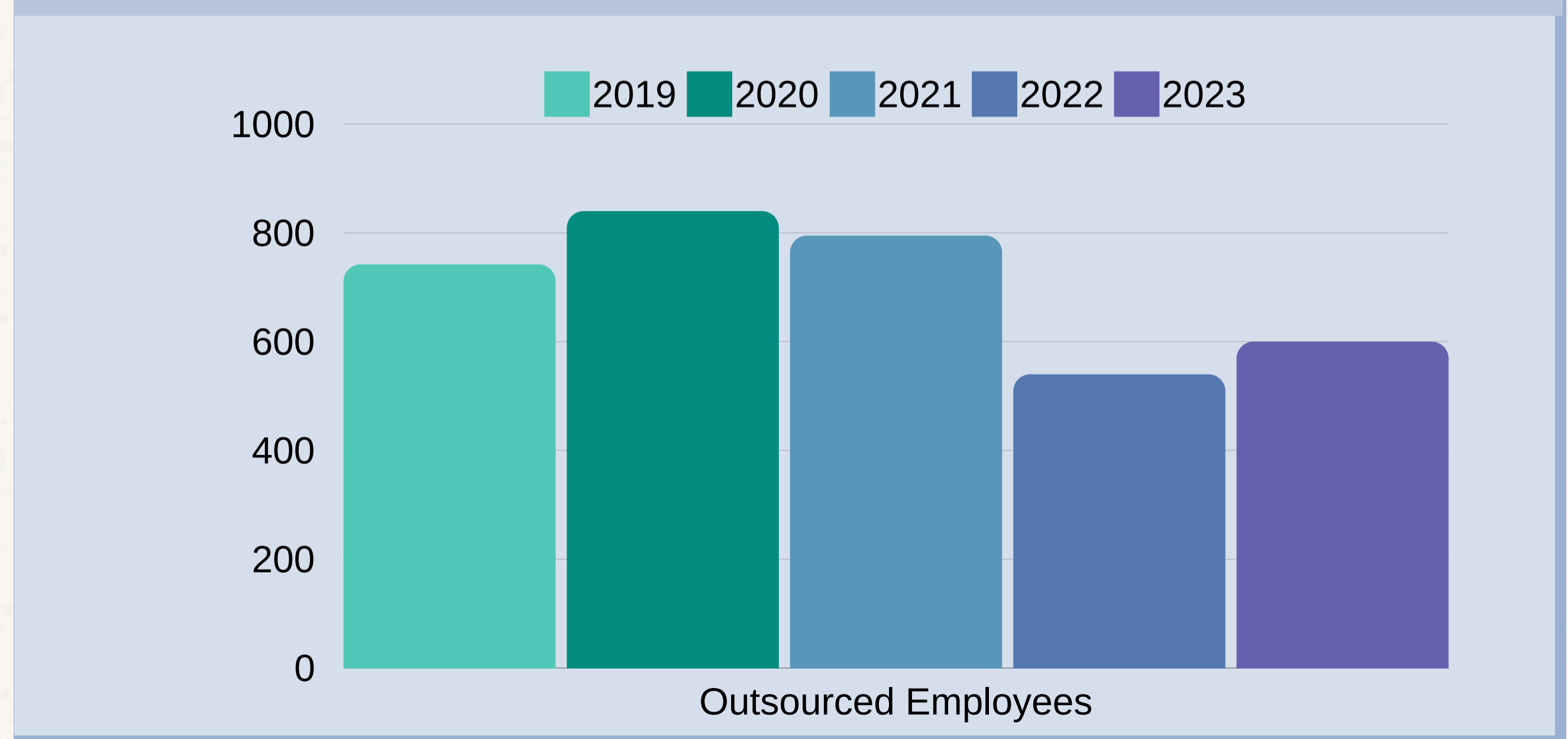
Headquarters



Employee Composition 2-7



Non-Employee Composition (Outsourced Workers) 2-8



Company Overview

External Organization and Commitments 2-23

In 2023, PAX continued to adhere to its core values of ESG (Environmental, Social, and Corporate Governance). We promise to uphold recognized human rights norms and ethical principles, strongly oppose any form of discrimination or harassment, and strive to prevent these issues in our operations.

Our corporate mission is to create a safe, fair, and healthy working environment for employees and customers. We implement a series of measures to ensure that everyone is treated equally and works in a safe environment. We enforce strict internal policies, abide by government labor laws, and provide transparent reporting to ensure that employees are aware of and protected by these regulations.

PAX is committed to its employees and customers, actively promoting human rights management. We value not just meeting the standards, but exceeding them, driving sustainable growth within our company. We believe that the advancement of employees, customers, and partners is crucial.

In 2023, we strengthened our commitment to human rights to ensure that our operations and partnerships comply with ethical standards. By maintaining transparency and integrity, we ensure that all business activities align with our core values.

In 2023, a total of **51** suppliers signed the Social Responsibility Commitment.

Industry Participation 2-28

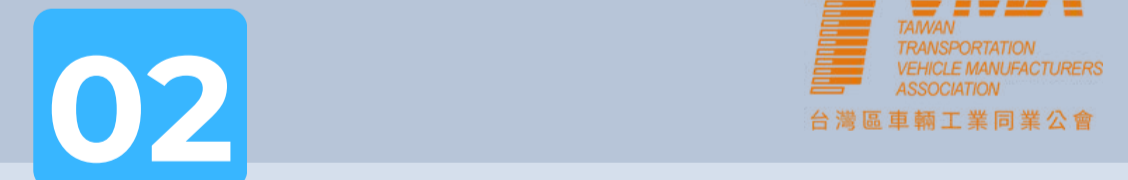
Engaging in industry exchanges and conferences is crucial for business growth. We actively participate in various professional events, treating them as part of our business ecosystem. Through these platforms, we share industry news, technical innovations, and best practices. This participation helps us stay updated on new trends and share experiences with our peers.

Participating in these events not only aids in the growth of PAX employees but also advances the industry as a whole. We strive to promote innovative technology, understand the impact of market changes, and use this knowledge to provide superior products and services, maintaining our competitive edge.

Collaboration with the health industry's self-regulation initiative to promote a fair trade environment, ensuring compliance and consumer protection.



Participation in industry alliances, such as Taiwan Transportation Vehicle Manufacturers Association (TTVMA), to exchange insights and elevate the industry's standards.



Partnering with Taiwantrade to enhance global visibility and access to international markets.



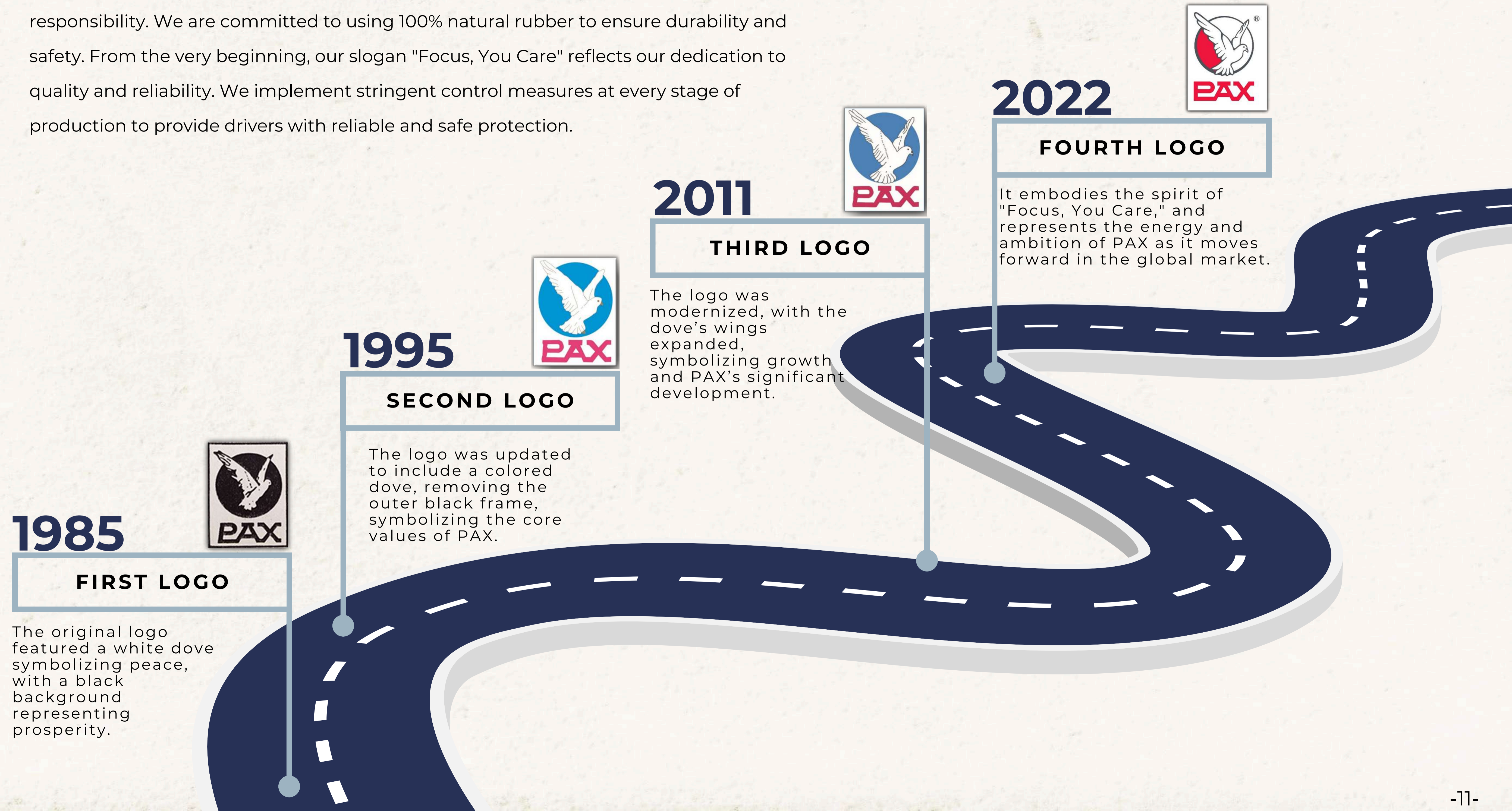
Engagement with the "Nantou County Police Friends Association" to foster regional industry development and share best practices.



Company Overview

"Focus on your needs, building the future together"

The PAX brand vision, "Focus, You Care," emphasizes customer satisfaction and social responsibility. We are committed to using 100% natural rubber to ensure durability and safety. From the very beginning, our slogan "Focus, You Care" reflects our dedication to quality and reliability. We implement stringent control measures at every stage of production to provide drivers with reliable and safe protection.



1985



FIRST LOGO

The original logo featured a white dove symbolizing peace, with a black background representing prosperity.

1995



SECOND LOGO

The logo was updated to include a colored dove, removing the outer black frame, symbolizing the core values of PAX.

2011



THIRD LOGO

The logo was modernized, with the dove's wings expanded, symbolizing growth and PAX's significant development.

2022



FOURTH LOGO

It embodies the spirit of "Focus, You Care," and represents the energy and ambition of PAX as it moves forward in the global market.

Company Overview

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Tire Patch
Bias Truck Patch // Radial Truck Patch // Plug Patch // Universal Patch

Tube Patch
Round Tube Patch // Oval Tube Patch // Patch + Cement

Seal String
Seal String // DIY (for car) // DIY (common)

Bike Tools
DIY-For Tube // DIY-For Tubeless // Glueless Patch // Rubber Sheet

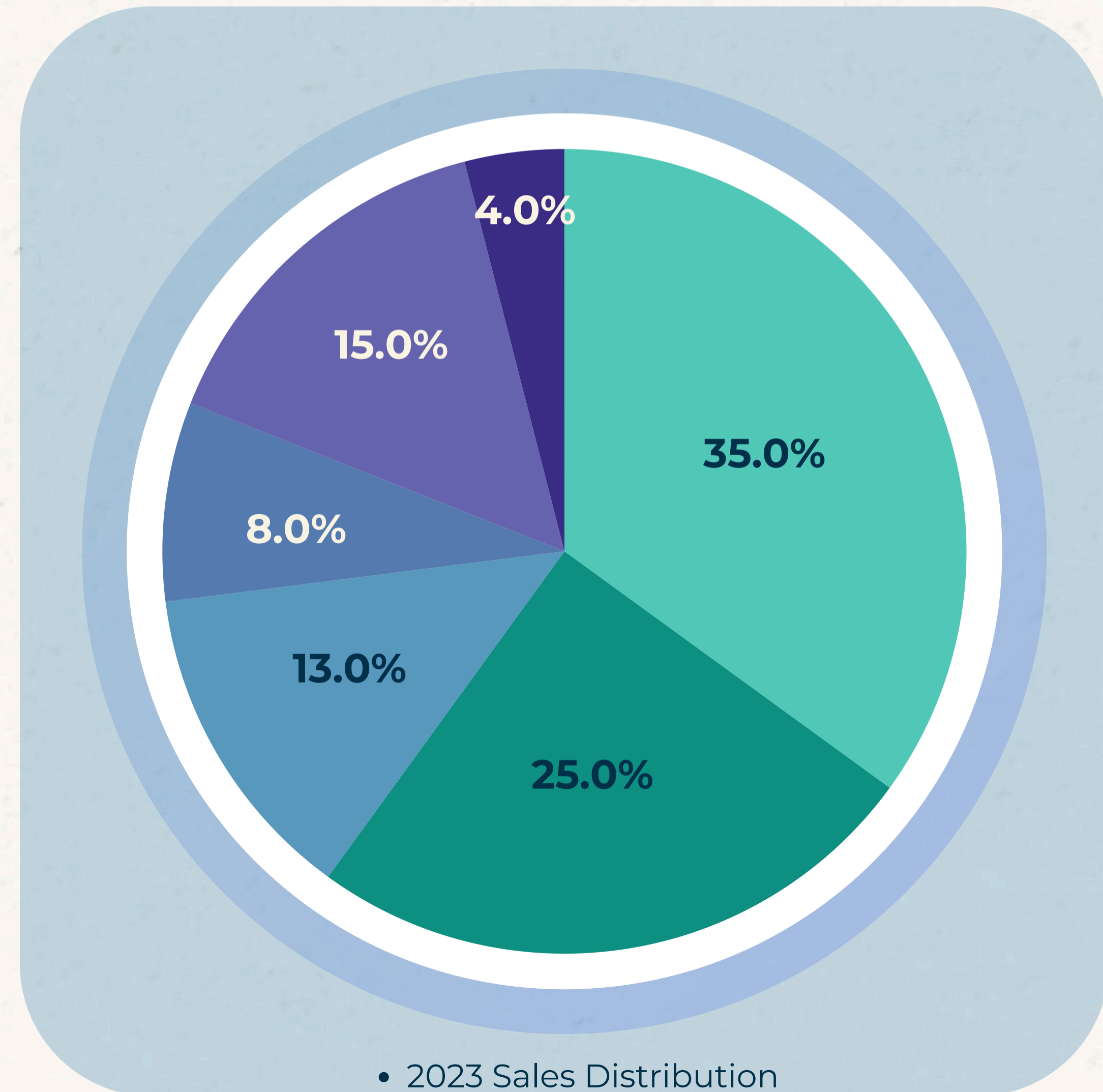
Tire Sealant
Rubber Cement // Tire Sealant

DIY Repairing Tools
Tire Tools // Special Tools // Steel Tools // Plastic Tools // Other Tools

100% Natural Rubber



■ Rubber : A polymer material with high elasticity that can undergo significant deformation under small external forces at room temperature and return to its original state when the force is removed.



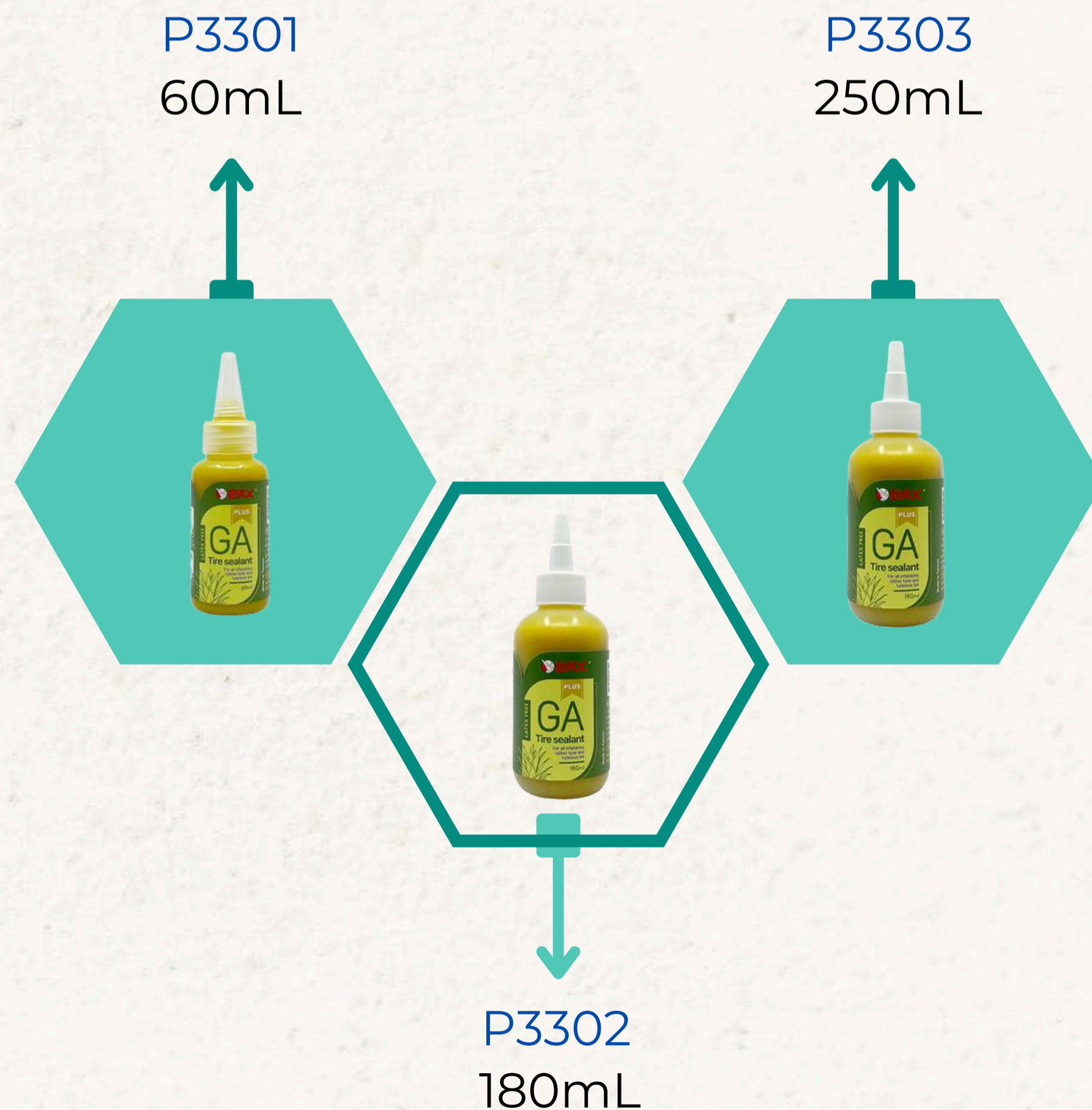
GA TireSealant NEW

Environmentally Friendly

The product design considers lifecycle and waste management. The sealant is water-soluble and non-toxic, ensuring it does not pollute water sources when disposed of. After use, the bottle can be recycled as plastic, contributing to a circular economy. We strive to minimize resource depletion and waste, ensuring that our products meet environmental standards and promote sustainable development and circular economy practices.

Pineapple Fiber

Agricultural waste is converted into a high-performance tire repair material, which has excellent filling and sealing capabilities. It quickly repairs tire punctures, achieving superior air-sealing results. Unlike traditional sealants, which rely heavily on chemical materials and negatively impact the environment, the sealant offers breakthroughs in both environmental protection and performance, highlighting its strong market potential.



GA Tire Sealant - Invention Patent



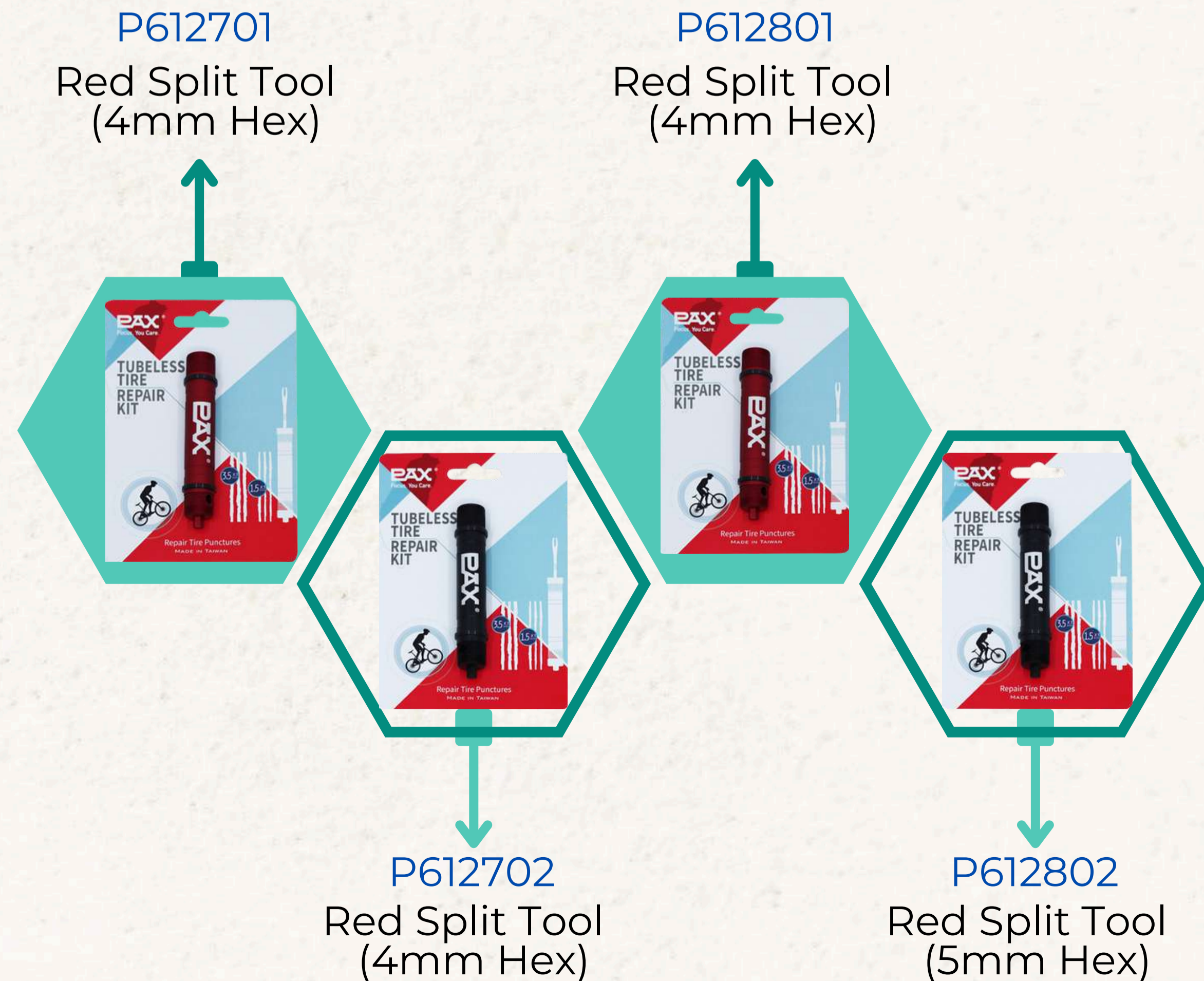
Multi-function Tire Repair Tool NEW

Environmentally Friendly

The tool is designed with durable materials and refillable components, reducing waste and resource consumption. The eco-friendly design and carbon footprint certification enhance environmental awareness and promote sustainability. The tool's simple and easy-to-use design aids in bicycle repair and reuse, reducing the frequency of new tire purchases and carbon emissions, contributing to a greener lifestyle.

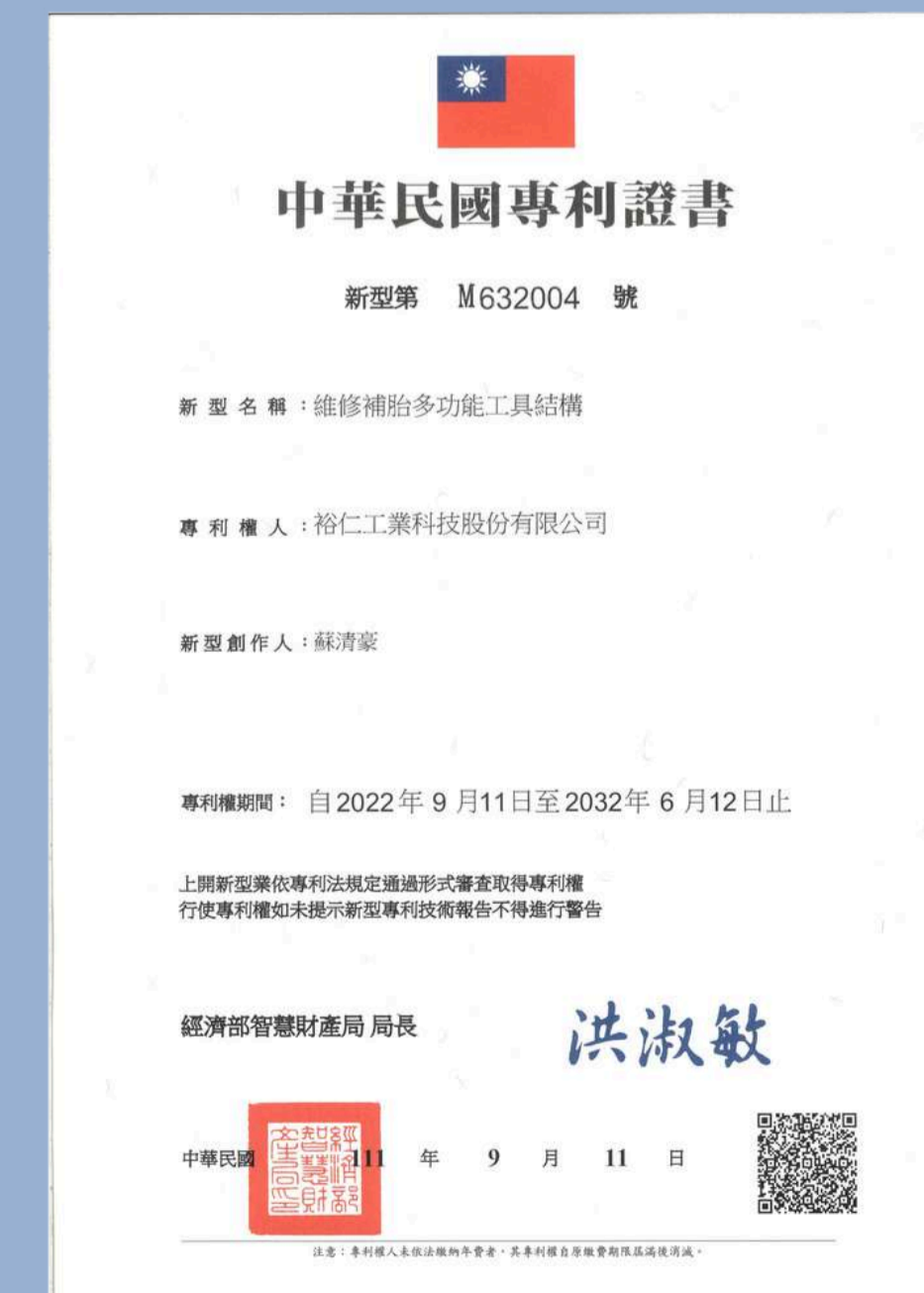
Versatile Applications

The tool combines tire repair functions with hex wrench capabilities, specifically designed for 4mm and 5mm hex sizes, which are common in bicycle tools. This multi-functional design lightens the load for cyclists, avoiding the inconvenience of carrying multiple tools. It significantly improves usability and efficiency, with the tool weighing only 25 grams.



Multi-function Tire Repair Tool - New Utility Patent

New Utility Patent Certificate



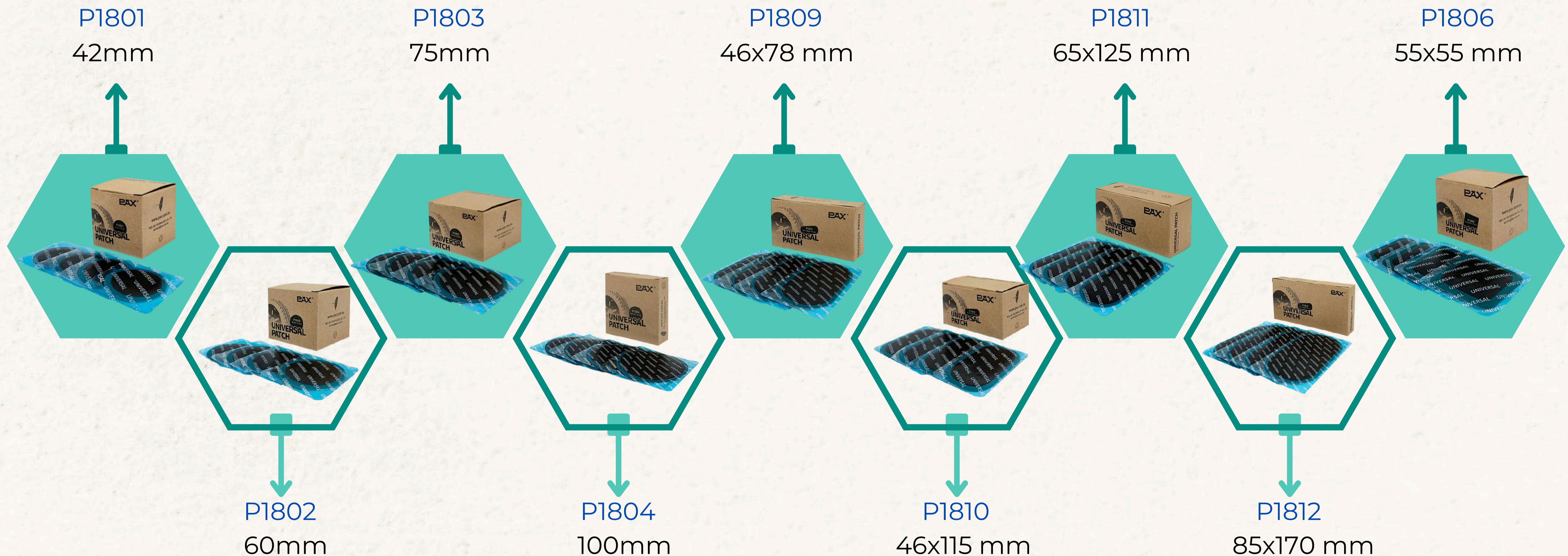
Universal Patch NEW

Environmentally Friendly

The universal patch is made with eco-friendly materials and contains no harmful substances. The repair process requires minimal use of chemicals or adhesives, reducing environmental impact. This product meets modern society's demands for environmentally conscious products and holds a strong competitive edge in the market.

Kraft Paper Packaging

The packaging is designed to be both recyclable and reusable, reducing reliance on limited resources and minimizing environmental impact. It also helps reduce waste production, enhances product sustainability, and contributes to environmental protection.



CH 2

Sustainable Operations

PAX believes that true corporate value comes from promoting economic growth while effectively managing environmental impacts and enhancing social well-being.



Key Points

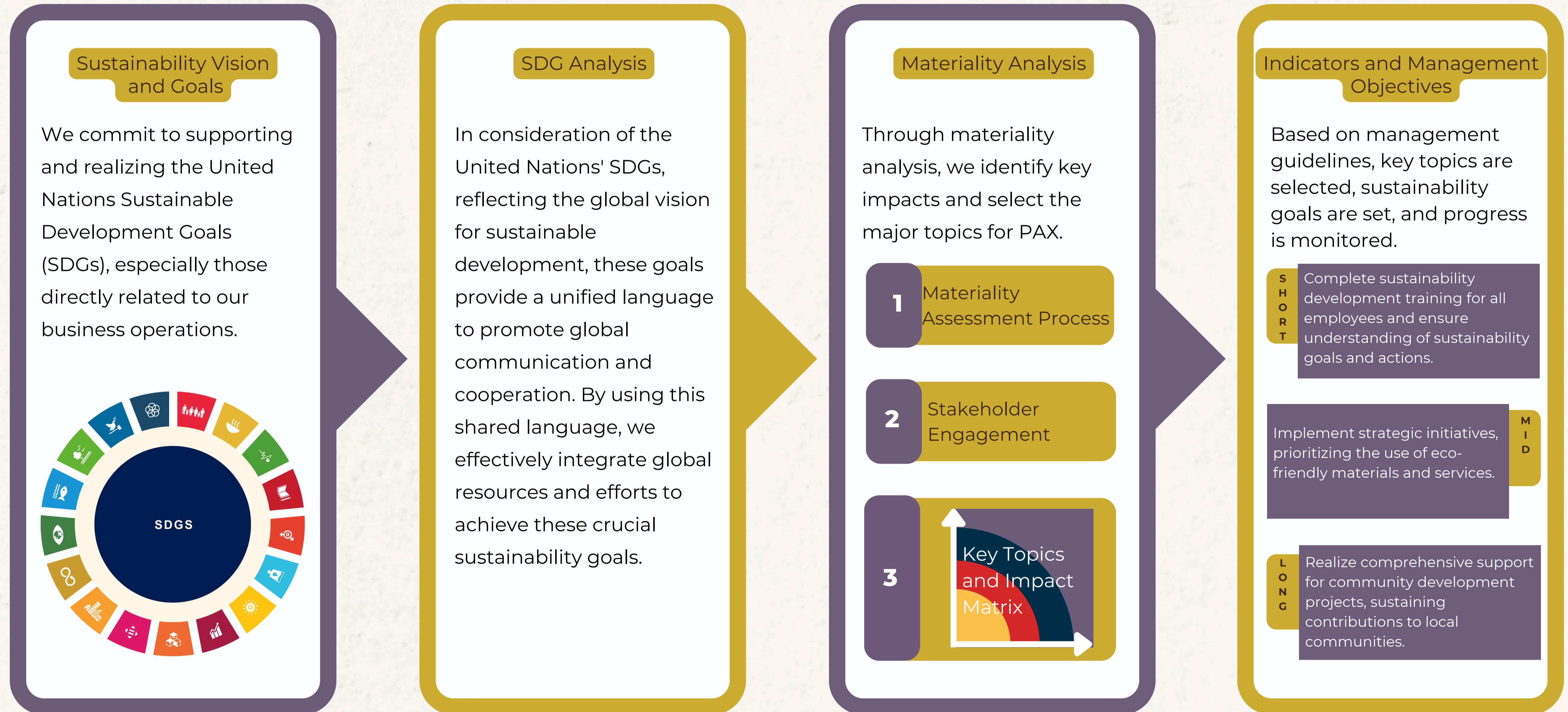
Revenue Growth 32.59%
Government Subsidy \$990,000
Response to UN SDGs
Key Issue Identification
Stakeholder Relations

Chapter Highlights

17. Value Creation Process
18. Sustainability Vision and Goals
19. Response to UN SDGs
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32. Stakeholder Relations

Value Creation Process

- PAX upholds the principle of "Quality First" to establish a brand that consumers trust globally. As a leading brand in tire patches, we focus on the production and export of rubber tire patches to ensure safety for global drivers.



Sustainability Vision and Goals 2-23



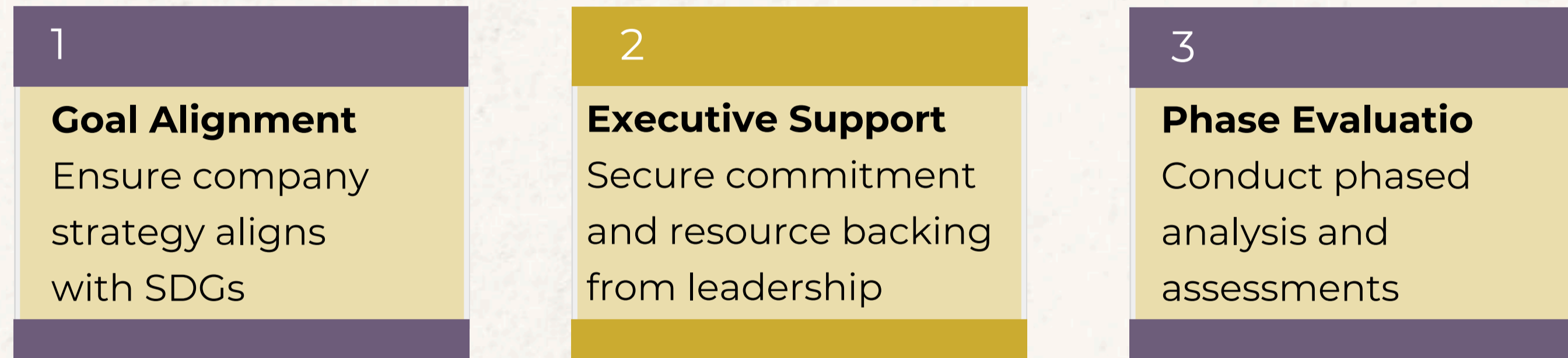
Response to UN SDGs 2-24

Sustainability Strategy Integration: "PAX's Sustainability Principles" Align with the "United Nations Sustainable Development Goals"

PAX aligns its core values with the UN Sustainable Development Goals (SDGs), committing to a sustainable future through clear goals, in-depth analysis, and transparent reporting.

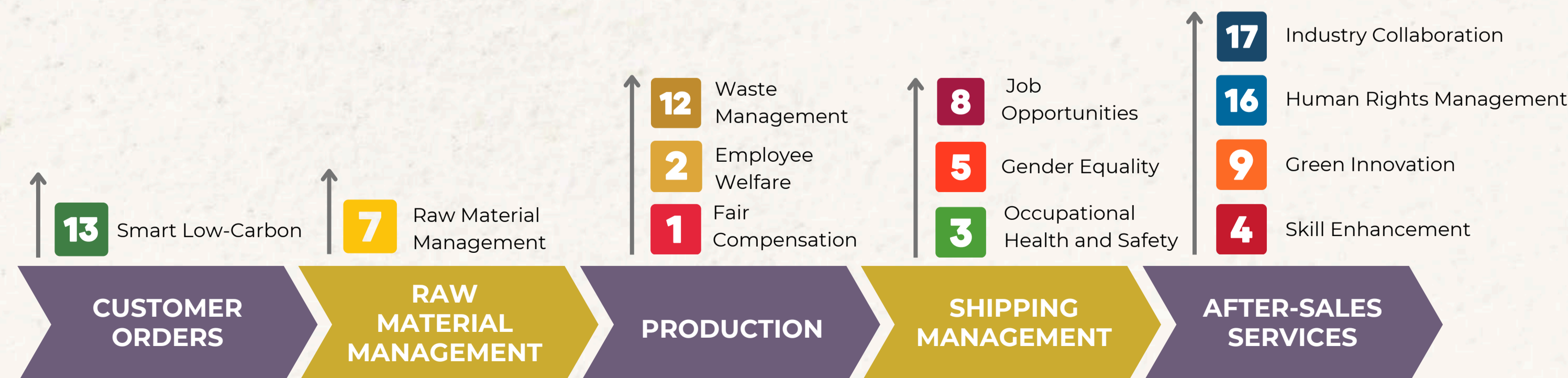
Review Process

To align PAX's sustainability strategy with the UN's Sustainable Development Goals (SDGs), we require full organizational participation and strong support from all levels. Our analysis follows these key phases:



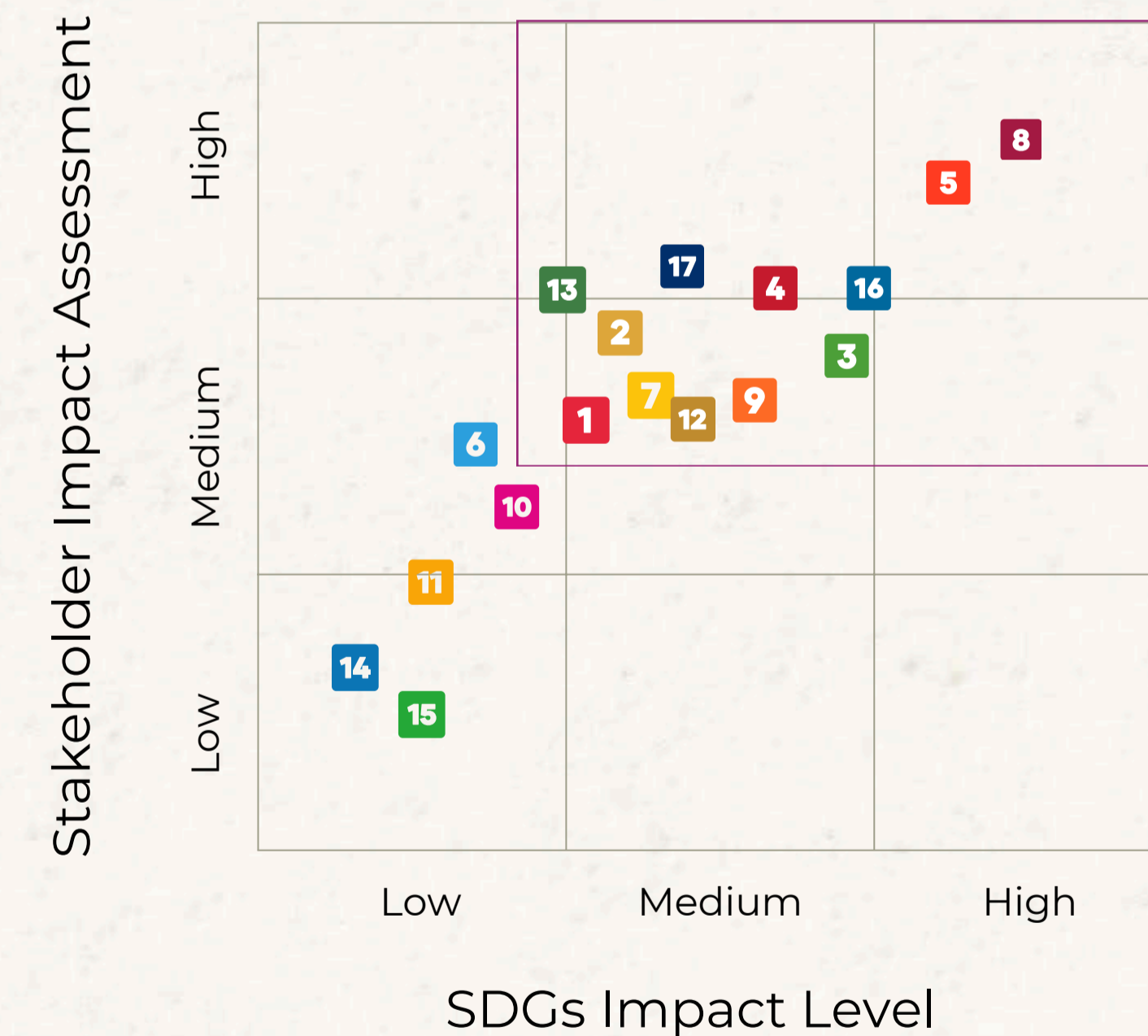
Discussion Approach

Conduct a comprehensive analysis of the entire value chain to assess the specific impact of the SDGs on our business, operations, and supply chain.



Evaluation Criteria

Conduct a thorough assessment of the SDGs' impact on our business while considering stakeholder interests. In key decision-making meetings, PAX focuses on 12 core SDGs to prioritize these goals in company decisions and operations, driving continuous progress in economic, environmental, and social aspects.



Implementation Effectiveness

By actively addressing the SDGs, we unlock business opportunities while making meaningful contributions to society and the environment. This ensures our strategy aligns with global sustainability goals, driving the industry toward a greener and more responsible future.

Policies and Actions for SDG Response



SDG	POLICY	ACTION PLAN	SHORT-TERM GOAL	MEDIUM-TERM GOAL	CORRESPONDING SECTION
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> ENHANCE ENERGY EFFICIENCY BY IMPLEMENTING ENERGY MANAGEMENT SYSTEMS, CONTINUOUSLY IMPROVING ENERGY USAGE EFFICIENCY, AND REDUCING ENERGY CONSUMPTION 	<ul style="list-style-type: none"> EDUCATION AND TRAINING: CONDUCT ENERGY AWARENESS AND MANAGEMENT TRAINING FOR EMPLOYEES TO ENHANCE ENERGY EFFICIENCY CAPABILITIES PROVIDE SOLAR ENERGY SYSTEMS FOR HOMES 	<ul style="list-style-type: none"> COMPLETE ENERGY EFFICIENCY ASSESSMENTS FOR ALL PRODUCTION FACILITIES. SOLAR POWER GENERATION CAPACITY NOT LESS THAN 420,000 KWH. 	<ul style="list-style-type: none"> REDUCE ENERGY CONSUMPTION BY 10%. SOLAR POWER GENERATION CAPACITY NOT LESS THAN 450,000 KWH. 	<p>CLIMATE CHANGE</p> <p>ENERGY MANAGEMENT</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> SCRAP MATERIAL RECYCLING: RECYCLE AND REUSE SCRAP MATERIALS GENERATED DURING PRODUCTION. RUBBER MATERIAL REUSE: PROMOTE THE RECYCLING OF RUBBER MATERIALS TO REDUCE THE DEMAND FOR NEW RESOURCES AND MINIMIZE ENVIRONMENTAL IMPACT. RESOURCE EFFICIENCY: ENHANCE RESOURCE EFFICIENCY AND IMPLEMENT ENERGY-SAVING METHODS IN THE PRODUCTION PROCESS. 	<ul style="list-style-type: none"> INVEST IN TECHNOLOGY AND R&D TO IMPROVE MATERIAL RECOVERY AND REUSE. CONDUCT EMPLOYEE TRAINING ON SUSTAINABLE CONSUMPTION AND PRODUCTION. 	<ul style="list-style-type: none"> ACHIEVE 90% SCRAP MATERIAL RECOVERY. USE 100% NATURAL RUBBER RAW MATERIALS. 	<ul style="list-style-type: none"> ACHIEVE 100% SCRAP MATERIAL RECOVERY. USE 100% NATURAL RUBBER RAW MATERIALS. 	<p>RAW MATERIALS MANAGEMENT</p> <p>WASTE MANAGEMENT</p>
<p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> GHG INVENTORY: REGULARLY CONDUCT GREENHOUSE GAS EMISSION INVENTORIES TO ENSURE ACCURATE TRACKING AND REPORTING. PRODUCT CARBON FOOTPRINT: ASSESS AND PUBLICLY REPORT THE CARBON FOOTPRINT OF KEY PRODUCTS TO ENHANCE TRANSPARENCY AND DRIVE SUSTAINABLE PRODUCT DESIGN IMPROVEMENTS. 	<ul style="list-style-type: none"> ANNUAL GHG AUDITS: CONDUCT YEARLY GREENHOUSE GAS EMISSION AUDITS TO ENSURE ACCURATE RECORDING AND ANALYSIS OF EMISSIONS FROM ALL OPERATIONAL UNITS. COMPREHENSIVE CARBON FOOTPRINT ASSESSMENT: PERFORM FULL LIFE CYCLE CARBON FOOTPRINT ASSESSMENTS FOR KEY PRODUCTS. 	<ul style="list-style-type: none"> 2025 TARGET FOR GREENHOUSE GAS DENSITY (T-CO2E PER UNIT OF PRODUCT) TO BE 5% LOWER THAN IN 2023. 	<ul style="list-style-type: none"> 2030 TARGET FOR GREENHOUSE GAS DENSITY (T-CO2E PER UNIT OF PRODUCT) TO BE 10% LOWER THAN IN 2023. 	<p>CLIMATE CHANGE</p> <p>ENERGY MANAGEMENT</p>

Policies and Actions for SDG Response



SDG	POLICY	ACTION PLAN	SHORT-TERM GOAL	MEDIUM-TERM GOAL	CORRESPONDING SECTION
<p>1 NO POVERTY</p>	<ul style="list-style-type: none"> • FAIR EMPLOYMENT: ENSURE ALL EMPLOYEES RECEIVE FAIR WAGES AND BENEFITS. • SOCIAL INCLUSION: SUPPORT DISADVANTAGED COMMUNITIES THROUGH LOCAL DEVELOPMENT PROGRAMS; PROVIDE JOB OPPORTUNITIES. 	<ul style="list-style-type: none"> • FAIR EMPLOYMENT POLICY: EMPLOY MORE PEOPLE WITH DISABILITIES THAN REQUIRED BY LAW. • TRAINING AND DEVELOPMENT PLAN: PARTNER WITH CHARITIES TO OFFER VOCATIONAL SKILLS AND JOB OPPORTUNITIES. 	<ul style="list-style-type: none"> • INCREASE THE PROPORTION OF EMPLOYEES FROM VULNERABLE GROUPS BY 2%. 	<ul style="list-style-type: none"> • INCREASE THE PROPORTION OF EMPLOYEES FROM VULNERABLE GROUPS BY 3%. 	<p>HR MANAGEMENT</p> <p>SOCIAL INCLUSION</p>
<p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> • VEGAN MEAL PROVISION: ENSURE ALL EMPLOYEES HAVE ACCESS TO NUTRITIOUS, FULLY VEGAN MEALS. • ENERGY AND CARBON REDUCTION: PROMOTE VEGANISM TO HELP REDUCE CARBON FOOTPRINTS AND IMPROVE HEALTH. 	<ul style="list-style-type: none"> • DINING SERVICE EVALUATION: REGULARLY ASSESS AND SELECT SUPPLIERS TO ENSURE ALL INGREDIENTS MEET SUSTAINABLE SOURCING STANDARDS AND ARE FULLY VEGAN. • FEEDBACK AND ADJUSTMENT: CONTINUOUSLY GATHER EMPLOYEE FEEDBACK TO ENSURE SATISFACTION WITH VEGAN MEAL OFFERINGS. 	<ul style="list-style-type: none"> • MAINTAIN COMPREHENSIVE MEAL PROGRAMS FOR ALL EMPLOYEES, ENSURING FOOD SAFETY AND NUTRITIONAL BALANCE. 	<ul style="list-style-type: none"> • EXPAND FOOD EDUCATION AND WORKPLACE PROGRAMS TO ENHANCE FOOD SECURITY. 	<p>HR MANAGEMENT</p> <p>CLIMATE CHANGE</p> <p>ENERGY MANAGEMENT</p>
<p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • REGULAR HEALTH CHECKUPS: PROVIDE COMPREHENSIVE HEALTH SCREENINGS FOR ALL EMPLOYEES TO DETECT AND ADDRESS HEALTH ISSUES EARLY. • ON-SITE MEDICAL SERVICES: INVITE DOCTORS ANNUALLY FOR HEALTH SEMINARS AND CONSULTATIONS, WITH A RESIDENT NURSE AVAILABLE MONTHLY FOR ROUTINE AND EMERGENCY CARE. • OCCUPATIONAL SAFETY: STRENGTHEN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT TO REDUCE WORKPLACE INCIDENTS AND ENSURE EMPLOYEE WELL-BEING. 	<ul style="list-style-type: none"> • SAFETY TRAINING AND AWARENESS: INCREASE INVESTMENT IN OCCUPATIONAL SAFETY, PROVIDING REGULAR SAFETY EDUCATION AND EMERGENCY RESPONSE TRAINING FOR EMPLOYEES. • ENHANCED SAFETY STANDARDS: CONTINUOUSLY IMPROVE SAFETY PRODUCTION STANDARDS THROUGH REGULAR TRAINING AND DRILLS TO STRENGTHEN EMPLOYEES' SAFETY SKILLS. 	<ul style="list-style-type: none"> • REDUCE WORKPLACE ACCIDENTS BY 3% PER YEAR. • MAINTAIN A ZERO-FATALITY WORKPLACE. 	<ul style="list-style-type: none"> • REDUCE WORKPLACE ACCIDENTS BY 2% PER YEAR. • MAINTAIN A ZERO-FATALITY WORKPLACE. 	<p>OCCUPATIONAL HEALTH AND SAFETY</p>

Policies and Actions for SDG Response

E S G

SDG	POLICY	ACTION PLAN	SHORT-TERM GOAL	MEDIUM-TERM GOAL	CORRESPONDING SECTION
	<ul style="list-style-type: none"> CORPORATE ETHICS TRAINING: CONDUCT REGULAR CORPORATE ETHICS AND COMPLIANCE TRAINING TO ENSURE EMPLOYEES UNDERSTAND AND ADHERE TO INDUSTRY STANDARDS AND COMPANY POLICIES. PAY EQUALITY: ENSURE ALL EMPLOYEES, REGARDLESS OF GENDER OR SOCIOECONOMIC STATUS, RECEIVE EQUAL PAY AND PROMOTION OPPORTUNITIES. 	<ul style="list-style-type: none"> CONTINUOUS MONITORING AND EVALUATION: ESTABLISH REGULAR EVALUATION MECHANISMS TO MONITOR THE EFFECTIVENESS OF TRAINING PROGRAMS AND MAKE ADJUSTMENTS BASED ON FEEDBACK. DEVELOP ESG AND DIGITAL TALENT: FOCUS ON NURTURING ESG AND DIGITAL SKILLS TO ENHANCE RELEVANT CAPABILITIES. 	<ul style="list-style-type: none"> ENSURE ALL NEW EMPLOYEES COMPLETE THE INDUCTION TRAINING WITHIN THREE MONTHS AND PARTICIPATE IN ONGOING PROFESSIONAL DEVELOPMENT PROGRAMS. 	<ul style="list-style-type: none"> INTRODUCE CAREER DEVELOPMENT COURSES: ACHIEVE 70% EMPLOYEE PARTICIPATION. EMPLOYEE RETENTION RATE: MAINTAIN OVER 95%. 	<p>ETHICAL BUSINESS</p> <p>TALENT DEVELOPMENT (EDUCATIONAL TRAINING)</p>
	<ul style="list-style-type: none"> GENDER EQUALITY IN THE WORKPLACE: IMPLEMENT COMPREHENSIVE GENDER EQUALITY POLICIES, PROHIBITING ALL FORMS OF GENDER DISCRIMINATION AND HARASSMENT. PROMOTE FEMALE EMPLOYMENT AND ADVANCEMENT: PROVIDE EQUAL CAREER DEVELOPMENT OPPORTUNITIES, WITH A FOCUS ON ADVANCING FEMALE EMPLOYEES, PARTICULARLY IN LEADERSHIP AND DECISION-MAKING ROLES. 	<ul style="list-style-type: none"> MONITORING AND EVALUATION: IMPLEMENT A GENDER EQUALITY MONITORING SYSTEM, REGULARLY ASSESSING THE EFFECTIVENESS OF GENDER EQUALITY POLICIES AND MAKING NECESSARY ADJUSTMENTS. TRANSPARENCY AND ACCOUNTABILITY: ENHANCE TRANSPARENCY IN RECRUITMENT AND PROMOTION PROCESSES TO ENSURE FAIR APPLICATION OF GENDER EQUALITY STANDARDS. 	<ul style="list-style-type: none"> ENSURE ALL MANAGERS AND EMPLOYEES UNDERGO GENDER SENSITIVITY TRAINING, AND REGULARLY REVIEW PAY STRUCTURES TO CLOSE ANY GENDER GAPS. 	<ul style="list-style-type: none"> CREATE A GENDER-EQUAL WORKPLACE, WITH BALANCED REPRESENTATION AND INCLUSIVE PRACTICES. 	<p>INCLUSIVE WORKPLACE</p>
	<ul style="list-style-type: none"> ENHANCE LABOR-MANAGEMENT COMMUNICATION: ESTABLISH REGULAR AND TRANSPARENT COMMUNICATION PLATFORMS TO ALLOW EMPLOYEES AND MANAGEMENT TO FREELY EXPRESS OPINIONS AND SUGGESTIONS, AND PROMPTLY ADDRESS ANY LABOR-MANAGEMENT CONCERNS. PROHIBIT CHILD LABOR: STRICTLY ADHERE TO INTERNATIONAL AND LOCAL LAWS REGARDING CHILD LABOR, ENSURING NO EMPLOYMENT OF CHILDREN UNDER THE LEGAL WORKING AGE. 	<ul style="list-style-type: none"> IMPLEMENT FEEDBACK MECHANISMS: ESTABLISH AN ANONYMOUS FEEDBACK SYSTEM TO ENSURE TIMELY AND FAIR HANDLING OF FEEDBACK. STRENGTHEN MONITORING AND ENFORCEMENT: REGULARLY INSPECT AND AUDIT THE RECRUITMENT PROCESS TO ENSURE FULL COMPLIANCE WITH CHILD LABOR PROHIBITIONS. 	<ul style="list-style-type: none"> ESTABLISH A REGULAR LABOR-MANAGEMENT FORUM. ACHIEVE ZERO CHILD LABOR IN THE WORKPLACE. 	<ul style="list-style-type: none"> INCREASE EMPLOYEE SATISFACTION AND REDUCE LABOR CONFLICTS THROUGH THE LABOR-MANAGEMENT PLATFORM. ACHIEVE ZERO CHILD LABOR IN THE WORKPLACE. 	<p>INCLUSIVE WORKPLACE (HUMAN RIGHTS INITIATIVES)</p>

Policies and Actions for SDG Response

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SDG	POLICY	ACTION PLAN	SHORT-TERM GOAL	MEDIUM-TERM GOAL	CORRESPONDING SECTION
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> ENHANCE OPERATIONAL EFFICIENCY, REDUCE COSTS, AND INVEST IN INNOVATION TO DEVELOP GREENER, MORE EFFICIENT PRODUCTS. COLLABORATE WITH THE INDUSTRY FOR UPGRADES AND WORK WITH SUPPLIERS TO IMPLEMENT GREEN PROCUREMENT. SKILLS DEVELOPMENT: PROVIDE PROFESSIONAL SKILLS TRAINING AND CONTINUOUS EDUCATION OPPORTUNITIES TO SUPPORT EMPLOYEES' CAREER GROWTH AND PERSONAL DEVELOPMENT. 	<ul style="list-style-type: none"> GREEN PROCUREMENT POLICY: DEVELOP AND IMPLEMENT GUIDELINES FOR GREEN PROCUREMENT, PRIORITIZING ENVIRONMENTALLY FRIENDLY AND HIGH-PERFORMANCE MATERIALS AND EQUIPMENT. SHARE ECONOMIC GROWTH: EQUITABLY SHARE THE BENEFITS OF ECONOMIC GROWTH WITH SHAREHOLDERS AND EMPLOYEES. 	<ul style="list-style-type: none"> GREEN PRODUCT REVENUE GROWTH: 5% INCREASE. EMPLOYEE TRAINING: 65% PARTICIPATION IN PROFESSIONAL SKILLS TRAINING BY 2025. PROFIT DISTRIBUTION: AFTER NECESSARY EXPENSES, DIVIDENDS WILL BE PAID TO SHAREHOLDERS. 	<ul style="list-style-type: none"> GREEN PRODUCT REVENUE GROWTH: 5% INCREASE. EMPLOYEE TRAINING: 65% PARTICIPATION IN PROFESSIONAL SKILLS TRAINING BY 2025. PROFIT DISTRIBUTION: AFTER NECESSARY EXPENSES, DIVIDENDS WILL BE PAID TO SHAREHOLDERS. 	<p>ECONOMIC PERFORMANCE</p> <p>GREEN INNOVATION</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> ONGOING PRODUCT DEVELOPMENT: MAINTAIN INDUSTRY LEADERSHIP AND ADAPT TO MARKET CHANGES. QUALITY IMPROVEMENT: ENSURE ALL PRODUCTS UNDERGO STRICT QUALITY CONTROL AND CONTINUOUSLY SEEK TECHNOLOGICAL INNOVATIONS TO ENHANCE PRODUCT QUALITY. INVESTMENT IN TECHNOLOGY AND INNOVATION: INVEST IN THE LATEST TECHNOLOGIES AND R&D FACILITIES TO SUPPORT INNOVATION AND BOOST PRODUCTION EFFICIENCY. 	<ul style="list-style-type: none"> QUALITY CONTROL SYSTEM: IMPLEMENT ADVANCED QUALITY CONTROL TECHNOLOGIES AND PROCESSES TO ENSURE ALL PRODUCTS MEET HIGHER INTERNATIONAL STANDARDS. TECHNOLOGICAL UPDATES AND AUTOMATION: CONTINUOUSLY INVEST IN AUTOMATION AND DIGITAL TECHNOLOGIES TO IMPROVE PRODUCTION EFFICIENCY, REDUCE HUMAN ERROR, AND LOWER ENERGY CONSUMPTION. 	<ul style="list-style-type: none"> LAUNCH AT LEAST ONE NEW PRODUCT AND ACHIEVE A 5% IMPROVEMENT IN QUALITY EACH YEAR. 	<ul style="list-style-type: none"> ENSURE NEW PRODUCTS CONTRIBUTE 25% OF TOTAL PRODUCT LINE SALES AND ACHIEVE A 15% IMPROVEMENT IN PRODUCT QUALITY THROUGH ONGOING TECHNOLOGICAL ADVANCEMENTS. 	<p>GREEN INNOVATION</p>
<p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> INTERNATIONAL MARKET EXPANSION: ACTIVELY EXPAND THE INTERNATIONAL DISTRIBUTION NETWORK TO INCREASE GLOBAL MARKET COVERAGE. SUSTAINABLE SUPPLY CHAIN MANAGEMENT: STRICTLY SELECT SUPPLIERS THAT MEET SUSTAINABILITY STANDARDS TO ENSURE SUPPLY CHAIN TRANSPARENCY AND ACCOUNTABILITY. 	<ul style="list-style-type: none"> SUPPLY CHAIN AUDIT AND IMPROVEMENT: REGULARLY AUDIT SUPPLIER PERFORMANCE AND IMPLEMENT IMPROVEMENTS TO ENSURE SUSTAINABILITY. REPLACE NON-COMPLIANT SUPPLIERS: PHASE OUT SUPPLIERS THAT DO NOT MEET SUSTAINABILITY CRITERIA. 	<ul style="list-style-type: none"> 55 SUPPLIERS COMMITTED TO SOCIAL RESPONSIBILITY BY 2025.. 50% OF SUPPLIERS TO MEET SUSTAINABILITY STANDARDS. 	<ul style="list-style-type: none"> 60 SUPPLIERS COMMITTED TO SOCIAL RESPONSIBILITY BY 2030. 70% OF SUPPLIERS TO MEET SUSTAINABILITY STANDARDS. 	<p>SUPPLY CHAIN MANAGEMENT</p> <p>SUPPLIER AND CUSTOMER MANAGEMENT</p>

Operations Overview 2-6 3-3 201-1

PAX is committed to producing 「Tire Patches」 「Tire Sealant」 and 「Other Products」 in Taiwan.

Through continuous innovation and product improvements, we enhance competitiveness and customer satisfaction. The company also focuses on strengthening corporate governance and financial management, developing talent, and optimizing services, technology, quality, and innovation strategies. These efforts aim to improve operational efficiency and profitability, ensuring the company meets its operational goals while increasing shareholder value.

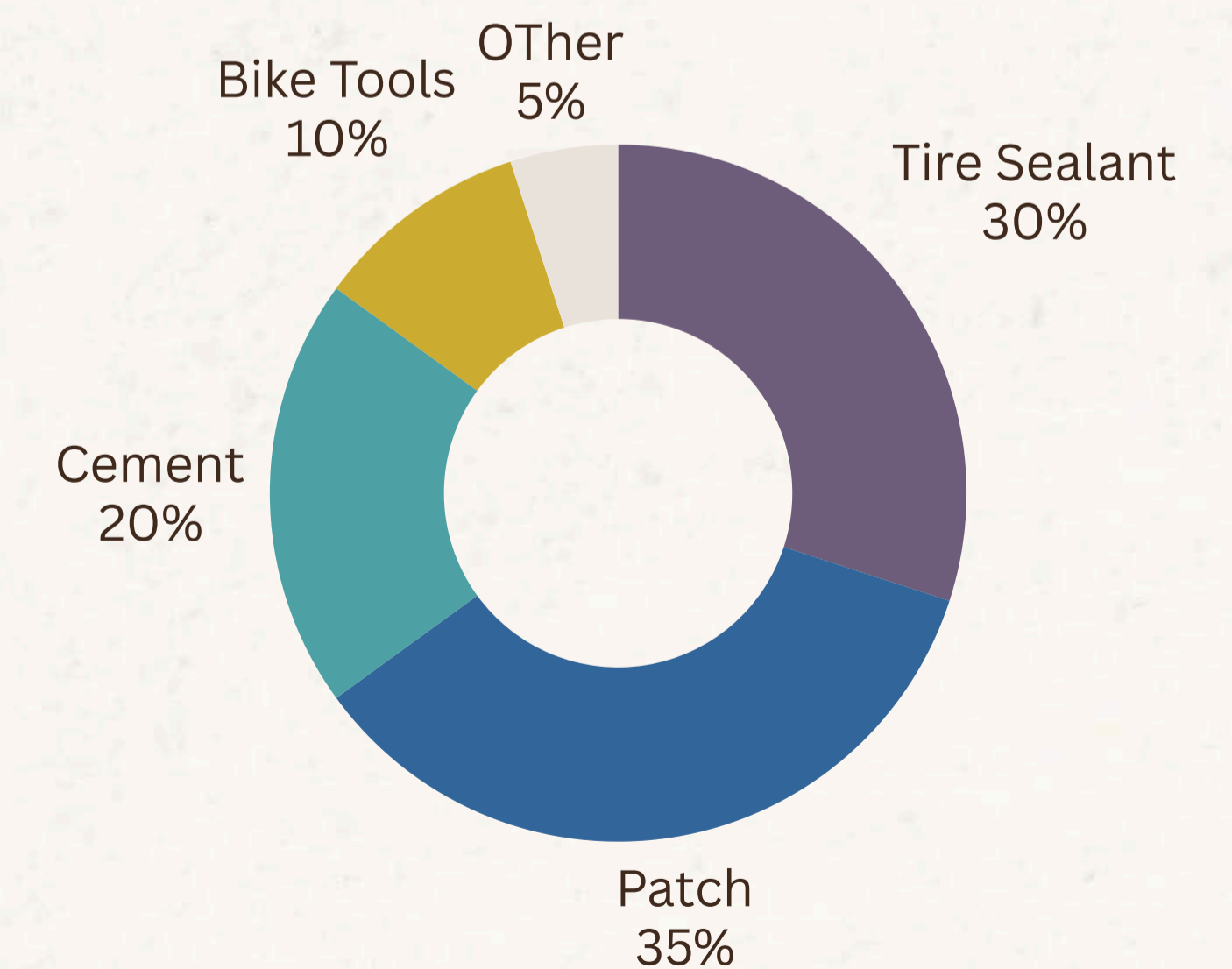
2022 V.S. 2023 REVENUE GROWTH

32.59%

GOVERNMENT ASSISTANCE

Subsidy Amount	Project	Granting Authority
NTD\$690,000	SBIR - Ministry of Economic Affairs: Innovation Research Program for SMEs and Startups	Ministry of Economic Affairs
NTD\$300,000	Labor Ministry: Redesign Assistance for Senior Workers and Re-employment Programs	Labor Ministry

R&D EXPENDITURE



• R&D expenses account for 15% of total revenue.

Supplier and Customer Management

STRATEGY

Customer Relationship Management (CRM)

Transparent Communication

- Suppliers: Hold regular supplier conferences to share company strategies, performance requirements, and future directions.
- Customers: Conduct regular business review meetings and satisfaction surveys to understand customer needs and expectations, and adjust service strategies accordingly.

Collaborative Development and Innovation

- Suppliers: Encourage suppliers to participate in early-stage product development, jointly developing new materials or improving technologies to foster innovation and enhance product competitiveness.
- Customers: Co-develop custom solutions with key customers to meet their unique needs, increasing customer loyalty and reliance.

Risk Management and Compliance

- Suppliers: Implement a supplier evaluation and classification system, regularly auditing their Environmental, Social, and Governance (ESG) performance to ensure compliance and sustainability.
- Customers: Establish a customer credit assessment mechanism, developing risk management strategies tailored to different customer types.

ACTION PLAN

Customer Relationship Management (CRM)

Short-term Goals (within 1 year)

- Establish a supplier and customer management framework, complete the first comprehensive satisfaction survey, and conduct a supplier risk assessment.

Medium-term Goals (1-3 years)

- Fully digitize the supplier and customer management system to improve processing efficiency and response times.
- Launch at least two co-developed products or solutions.

Long-term Goals (3-5 years)

- Become an industry leader known for supplier and customer satisfaction.
- Establish long-term strategic partnerships with at least 80% of key suppliers and major customers through ongoing collaboration and innovation.

Supplier and Customer Management 204-1

- To strengthen supply chain stability and boost customer satisfaction, PAX Industrial focuses on building strong supplier and customer relationships, fostering mutual cooperation to enhance competitiveness and drive sustainable growth.

Supplier Overview

Procurement Regions	Number of Suppliers	Supplier Ratio	Procurement Value Ratio
Domestic	72	96%	95%
International	3	4%	5%
Total	75	100%	100%

Supply Chain Categories

Material Types	Material Description	Proportion of Each Raw Material
Primary Materials	Rubber, etc.	
Secondary Materials	Chemicals, plastics, etc.	
Packaging	Paper, metal, etc.	
Assets	Machinery, factory supplies, etc.	
Others	Outsourcing, logistics, etc.	

Supplier and Customer Management 204-1 416-1 417-1

STRATEGY

Customer Relationship Management (CRM)

Product Quality and Safety

- **Quality Control** : Strengthen quality control measures at every stage, from raw material procurement to final product dispatch, ensuring the highest standards are met.
- **Product Testing** : Regularly conduct rigorous performance and safety tests on products to ensure they meet or exceed industry standards in the market.

Customer Feedback and Support

- **Quick Response**: Implement an efficient customer service system to ensure rapid response to inquiries and issues.
- **Continuous Improvement**: Use customer feedback to consistently improve product performance and customer experience, boosting satisfaction and loyalty.

Transparency and Ethics

- **Clear Labeling**: Provide consumers with clear, easy-to-understand product information and usage guidelines to ensure transparency and safety.
- **Compliance**: Ensure all products adhere to relevant national and international regulations, including environmental, health, and safety standards.

ACTION PLAN

Customer Relationship Management (CRM)

Short-term Goals (within 1 year)

- Handle customer inquiries and complaints, ensuring responses within 24 hours.

Medium-term Goals (1-3 years)

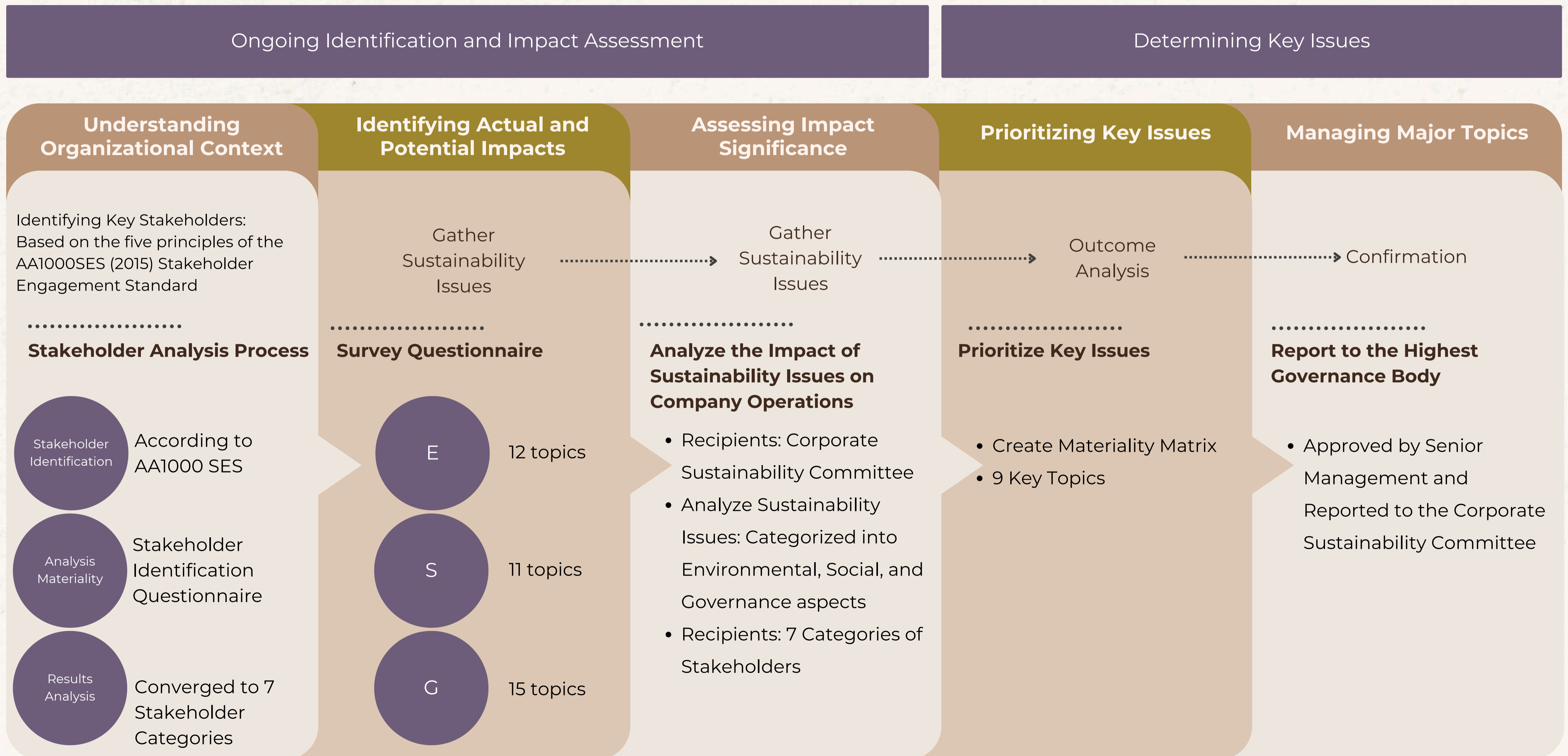
- Implement a comprehensive product traceability system to track production and supply chain data for every batch.

Long-term Goals (3-5 years)

- Conduct customer satisfaction surveys and optimize products and services based on feedback.
- Promote and implement eco-friendly products, expanding market influence and customer base.

Key Issue Identification 2-29 3-1 3-2 3-3

- PAX integrates sustainable development into corporate strategies, following the latest GRI Standards ("GRI 3: Material Topics 2021") to disclose and identify significant sustainability issues. The process evaluates the potential impact of internal operations, external economy, environment, and human rights on key topics, considering the dual materiality principle. The identified issues guide the company's sustainable growth, ensuring transparent information disclosure and compliance with international standards.



PAX senior management and the Corporate Sustainability Committee identify stakeholders and key topics. Every three years, a survey is conducted to collect internal and external feedback.

Key Topics List 3-2

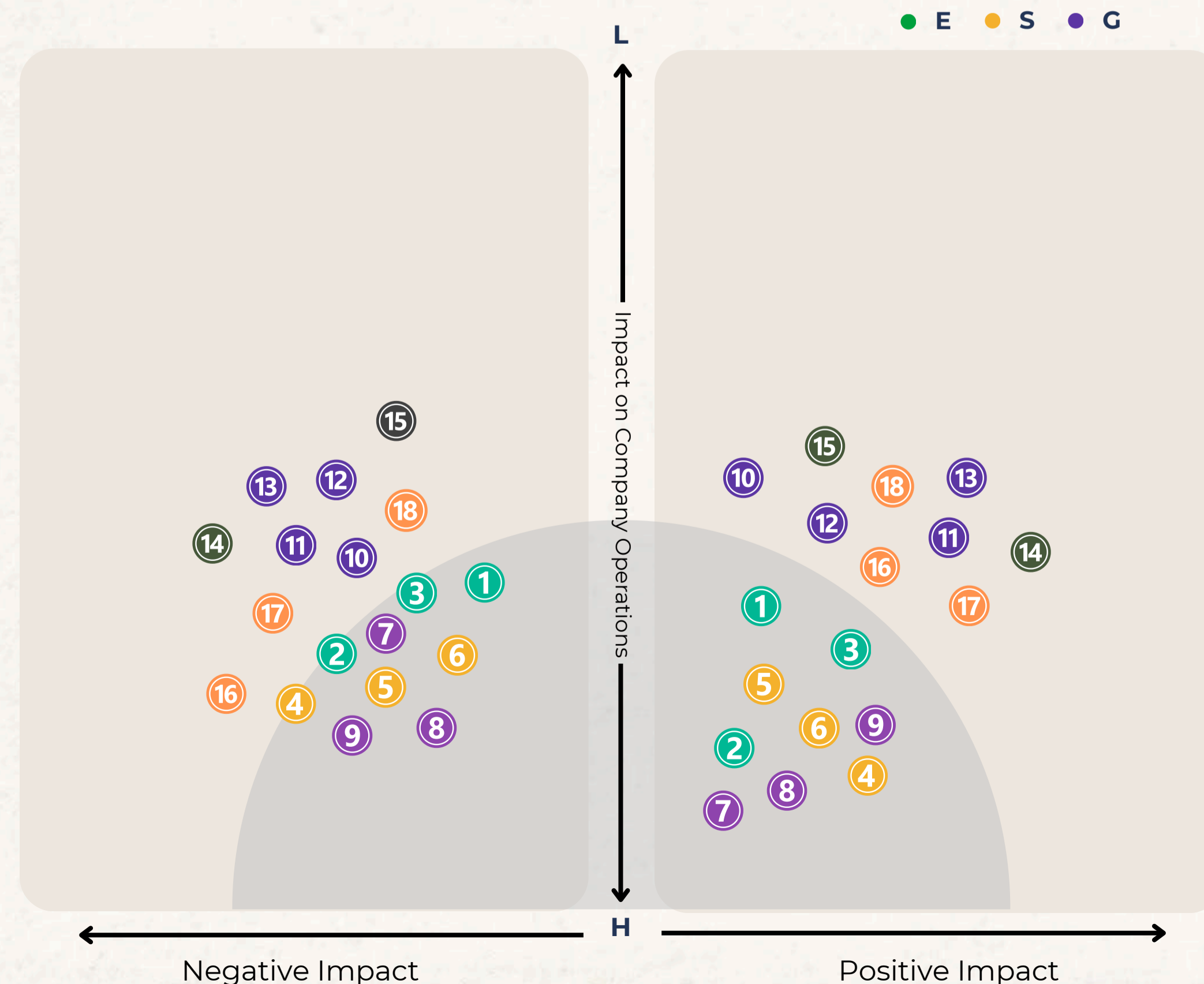
Management Policy	Key Topics	Sustainability Standards Response	Corresponding Chapter	Value Chain Impact Analysis						
				Employees	Customers	Shareholders	Suppliers	Government Agencies	Community Residents	Public Bodies
Sustainable Environment	① Green Innovation	GRI 201 Economic Performance GRI 302 Energy GRI 301 Materials CRI 306 Waste	CH4 Green Innovation CH4 Raw Material Management CH4 Waste Management	○	○	○	○			
	② Raw Material Management			○		○				
	③ Waste Management			○	○		○			
Sustainable Workplace	④ Occupational Safety and Health	GRI 403 Occupational Health and Safety GRI 401 Employment GRI 402 Labor/Management Relations GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity GRI 406 Non-discrimination GRI 408 Child Labor	CH5 Occupational Safety and Health CH5 Performance Evaluation and Compensation Management CH5 Talent Attraction and Retention	○				○		
	⑤ Performance Evaluation and Compensation Management			○				○		
	⑥ Talent Attraction and Retention			○				○	○	
Sustainable Governance	⑦ Climate Change and Energy Management	GRI 302 Energy GRI 303 Water and Effluents GRI 305 Emissions GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment GRI 201 Economic Performance	CH3 Climate Change CH3 Supply Chain Management CH2 Economic Performance	○		○	○			
	⑧ Supply Chain Management			○		○				
	⑨ Economic Performance			○	○	○				

Major Topic Assessment

Results of Major Issue Evaluation

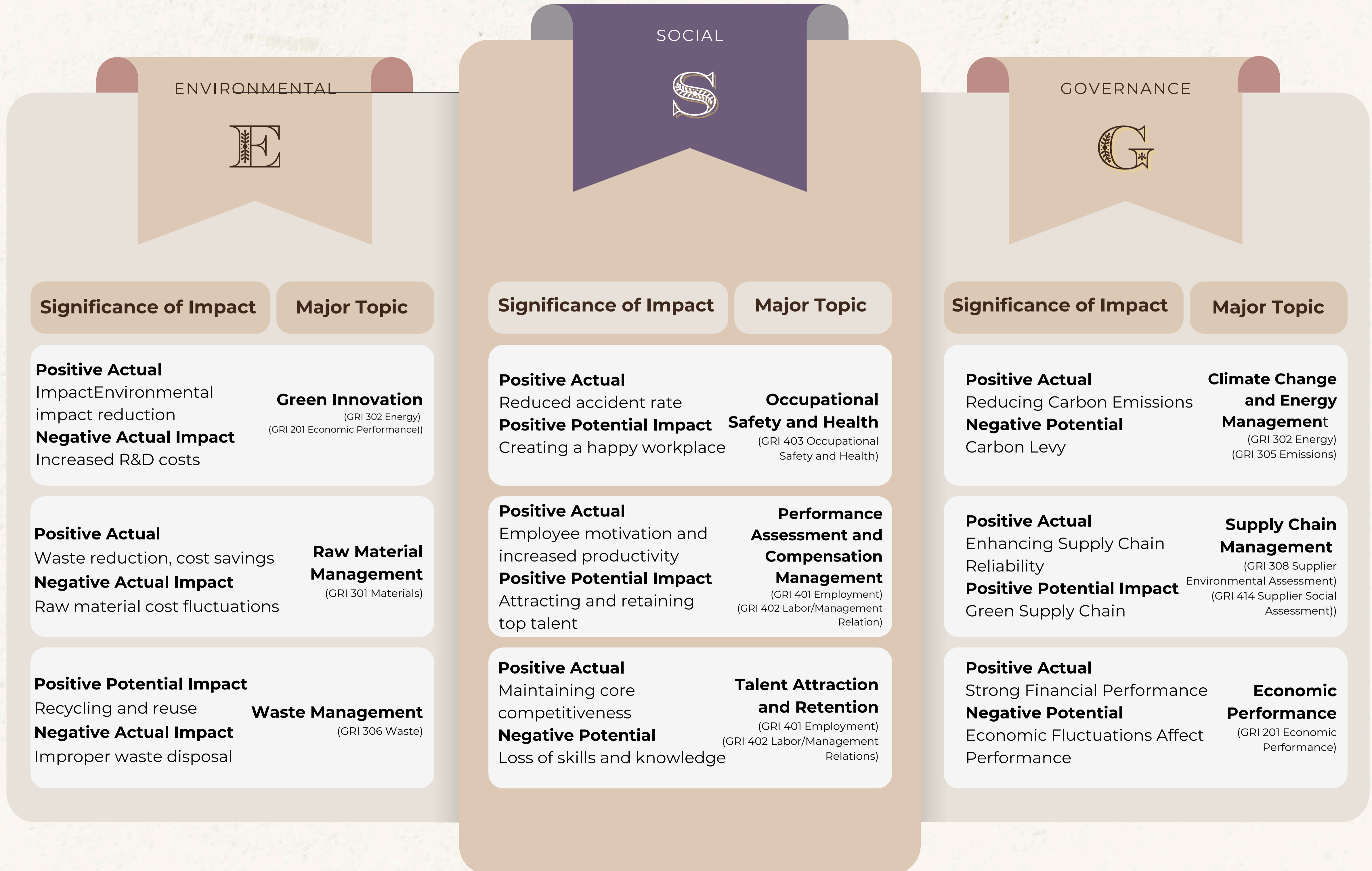
Environmental	Social	Governance
① Green Innovation	④ Occupational Health and Safety	⑦ Climate Change and Energy Management
② Raw Materials Management	⑤ Performance Evaluation and Compensation Management	⑧ Economic Performance
③ Waste Management	⑥ Talent Attraction and Retention	⑨ Supply Chain Management

Major Topic Sunburst Chart 2-25



- ① Green Innovation
- ② Raw Materials Management
- ③ Waste Management
- ④ Occupational Health and Safety
- ⑤ Performance Evaluation and Compensation Management
- ⑥ Talent Attraction and Retention
- ⑦ Climate Change and Energy Management
- ⑧ Economic Performance
- ⑨ Supply Chain Management
- ⑩ Ethical Business
- ⑪ Legal Compliance
- ⑫ Risk Management
- ⑬ Information Security
- ⑭ Water Management
- ⑮ Environmental Compliance
- ⑯ HR Management
- ⑰ Inclusive Workplace
- ⑱ Social Inclusion

Major Topic Identification Results 3-3



Stakeholder Identification 2-29

- PAX fully recognizes the importance of effective communication and understanding with stakeholders for sustainable development. To this end, we established the "Sustainability Development Committee" and, under the guidance of the Chairman, formed the "Sustainability Development Committee Working Group" responsible for conducting the annual stakeholder assessment survey. These surveys aim to gain a deep understanding of stakeholders who are closely related to or have an impact on our business, ensuring that PAX Industrial's business and development strategies meet their needs and expectations.

Stakeholder Identification

Each year, the "Sustainability Development Committee Working Group" convenes a stakeholder identification meeting with department managers. During the meeting, we review stakeholders that each unit may engage with or impact. We use industry references and the five principles of the AA1000 Stakeholder Engagement Standard (SES)—Dependency, Responsibility, Influence, Diverse Perspectives, and Tension—to evaluate stakeholders. Additionally, we align with the latest GRI Standards (2021), redefining stakeholders as "individuals or groups impacted by the organization's activities."

Assessment and Analysis

We conduct annual surveys to identify key sustainability issues and assess their impact on different stakeholder groups. These impacts are ranked by significance to ensure our sustainability plans effectively address the most critical stakeholder needs.

Ongoing Interaction and Improvement

Stakeholder needs and expectations evolve over time, so PAX Industrial is committed to continuous communication and engagement. We regularly update our understanding of these needs and adjust our strategies accordingly, ensuring ongoing improvement in our efforts to make a positive social impact.

Stakeholder Identification 2-29

Stakeholder Identification and Communication Flowchart



Stakeholder Engagement Policy

2-29 413-1 413-2

In 2023, PAX convened a stakeholder identification meeting with department managers to assess potential or actual stakeholders impacted by their respective units. We referred to industry peers and applied the five principles of the AA1000 Stakeholder Engagement Standard (SES)—Dependency, Responsibility, Influence, Diverse Perspectives, and Tension—to score stakeholders. Categories with an average score of 10 or higher were identified as PAX stakeholders.

Following the latest GRI Standards (2021), stakeholders were redefined as "individuals or groups whose interests are or could be affected by the organization's activities." During the "Assessment of the Significance of Sustainability Issues" phase, each key issue's potential impact on individuals or groups was evaluated and ranked by its significance.

This year's identified stakeholders are: **Employees, Customers, Shareholders, Suppliers, Government Agencies, Community Residents, Nonprofit Organizations**

Stakeholder Engagement 2-16

Employees

Materiality

PAX values its employees by offering competitive salaries, comprehensive benefits, and a commitment to creating a safe work environment that fosters mutual growth and sustainable development.

Focus Areas

1, 2, 3, 4, 5, 6, 7, 8, 9

Communication Channels and Frequency

- Performance Reviews (Mid-Year, Year-End)
- Employee Welfare Committee (Twice Annually)
- Occupational Safety and Health Committee (Quarterly)
- Employee Health Checkups (Annually for 65+ / Every Two Years for Under 65)
- Education and Training (Executed as Planned)

Actions

- Compensation and Benefits: We ensure fair and competitive compensation, regularly adjusting salaries to match industry standards and living costs, enhancing employee satisfaction.
- Work Environment and Safety: We prioritize a safe, healthy workplace by updating safety policies, providing necessary training and equipment, and reducing workplace risks.
- Career Development and Training: We support employee growth with continuous training, skill development, and equal opportunities for advancement.
- Engagement and Communication: We value employee feedback and maintain open communication through regular meetings, surveys, and forums.
- Work-Life Balance: We support work-life balance and adhere to labor law leave policies.

Execution Status

- Annual Performance Reviews and Salary Adjustments
- 2 Employee Welfare Committee Meetings
- 4 Occupational Safety and Health Committee Meetings
- 297 Hours of Labor Education and Training
- 12 On-site Health Services by Contracted Medical Professionals

Customers

Materiality

PAX views customers as core partners. Through technological innovation and exceptional service, we are committed to enhancing customer satisfaction and driving sustainable development and growth together.

Focus Areas

1, 3, 9

Communication Channels and Frequency

- Satisfaction Survey (At least once a year)
- Market Research (As needed)
- Customer Feedback and Complaint Handling (Ongoing)
- Business Visits (As needed)

Actions

- Product or Service Quality: We are committed to delivering high-quality, reliable products and services that meet customer expectations. Continuous investment in R&D ensures our products remain innovative and technologically superior.
- Customer Service: We have established efficient customer service processes and multiple communication channels to provide timely, professional responses, enhancing customer satisfaction and loyalty.
- Pricing and Value: We offer competitive pricing and consistently create additional value to meet diverse customer needs, maintaining our market advantage.
- Customer Satisfaction and Feedback: We prioritize customer satisfaction by actively collecting and analyzing feedback, integrating valuable insights into ongoing product and service improvements to enhance the customer experience.
- Long-term Relationships and Loyalty: By consistently delivering high-quality products and personalized services, and maintaining regular, effective communication, we are committed to deepening customer relationships and fostering long-term loyalty.

Execution Status

- Overall Customer Satisfaction: 95%
- Customer Response Resolution Rate: 100%

Stakeholder Engagement 2-16

Shareholders

Materiality

PAX values all shareholders, regardless of size, as key pillars of the company's growth. We ensure fair treatment of all investors through transparent governance and equitable information sharing, fostering sustainable development together.

Focus Areas

1, 7, 9

Communication Channels and Frequency

- Annual Shareholders' Meeting (Once a year)
- Spokesperson Contact Information (Available anytime)
- Sustainability Report Publication (Once a year)

Actions

- Sustainability Strategy Review: Annually, we review and update our sustainability strategy through the Sustainability Report to align with industry standards and meet market needs, ensuring progress toward long-term ESG goals.
- Total Quality Management: We implement TQM to enhance all operational aspects, ensuring high standards and continuous improvement for customer satisfaction and market competitiveness.
- Internal Control and Audits: We maintain strong internal controls and conduct regular operational audits to ensure efficiency, compliance, and risk mitigation, protecting shareholder investments and company assets.
- Inventory and Demand Management: We set safety stock levels and adjust them based on market demand to maintain supply chain stability and reduce excess inventory costs.
- Strong Banking Relationships: We maintain close ties with our main financing banks and other institutions to ensure flexible capital management and financial support for growth and expansion plans.

Execution Status

- Two Shareholders' Meetings

Suppliers

Materiality

PAX considers suppliers as key partners in ensuring product quality and production efficiency. We focus on building mutually beneficial relationships, ensuring that services and materials meet sustainability and quality standards to drive shared growth.

Focus Areas

1, 2, 8

Communication Channels and Frequency

- Procurement Process (As needed)
- Supplier Survey (Annually/When Adding New Suppliers)
- Review Meetings (By Product Category)
- Buyer Visits (As needed)
- Market Research (As needed)

Actions

- Building Mutually Beneficial Partnerships: We establish long-term, trust-based relationships with suppliers to achieve shared business goals and maintain market competitiveness.
- Quality and Reliability: We uphold high standards, ensuring that all suppliers deliver products and services that meet our quality requirements and provide stable supply to support production and operations.
- Price and Cost Efficiency: We work closely with suppliers to ensure that products and services are competitively priced while delivering expected value and efficiency, aligning with our economic goals and budget.
- Supplier Risk Management: Through regular risk assessments and management plans, we actively identify and mitigate potential supply chain risks, ensuring stability and continuity.
- Innovation and Collaborative Development: We promote open and transparent communication to foster innovation and technological advancement. A feedback mechanism is in place to regularly gather and evaluate supplier input for continuous improvement of products, services, and customer experience.

Execution Status

- Focus Issue Survey: Once
- Social Commitment Survey: Once
- Market Research Report: Quarterly
- Buyer Visits: As needed

Stakeholder Engagement 2-16

Government Agencies

Materiality

PAX views government agencies as key indicators for development and market strategy. Adhering to regulations is our fundamental principle, ensuring sustainable growth and lawful operations.

Focus Areas

3, 4

Communication Channels and Frequency

- Correspondence and Key Information (Handled as per regulations)
- Regulatory Briefings (Conducted as required)
- Forums or Seminars (Held as required)
- On-Site Inspections (Conducted as required)

Actions

- Legal Compliance: We ensure all business activities strictly adhere to laws and regulations, with comprehensive measures to mitigate legal risks and protect stakeholder interests.
- Tax and Finance: We commit to timely tax payments and maintain accurate, transparent financial reporting.
- Social Responsibility: We actively participate in social welfare and public interest initiatives, fulfilling our corporate responsibility toward social and environmental sustainability.
- Regulatory Cooperation: We work closely with government and regulatory bodies, complying with all requirements, and regularly provide necessary information to support transparency and oversight.
- Policy and Economic Monitoring: We track government policy changes and adjust strategies to address macroeconomic shifts, ensuring long-term sustainability and competitiveness.

Execution Status

- Government Correspondence: Average 10 per Month
- Regulatory Briefings: As needed
- Forums or Seminars: As needed
- On-Site Inspections: As needed

Community Residents

Materiality

PAX views the local community as close partners, sourcing human resources and actively engaging in environmental oversight. We regularly assess environmental and social risks, maintaining a friendly and mutually beneficial relationship with the community.

Focus Areas

5, 6

Communication Channels and Frequency

- Community Activities: As needed
- Community Visits: As needed

Actions

- Environmental Management: We minimize our environmental impact through eco-friendly operations and strict compliance with environmental regulations, continually improving our systems to reduce pollution and waste.
- Community Engagement: We actively communicate with local residents, regularly gathering feedback and supporting community activities like cleanups and donations to strengthen relations and improve quality of life.
- Job Opportunities: We provide fair, competitive employment for the local community, ensuring fair wages and comprehensive benefits.
- Social Contribution: We invest in education, health, and community development projects, fulfilling our corporate social responsibility and promoting local prosperity.
- Safety and Health: We prioritize a safe and healthy environment for residents through regular safety inspections, facility updates, and training programs.

Execution Status

- Community Visits: As needed
- Community-Based Outsourcing
- Collaboration with Social Welfare Organizations

Stakeholder Engagement 2-16

Public Bodies

Materiality

PAX's committed to social welfare and public interest, collaborating with charitable organizations over the long term. Through ongoing partnerships and support, we fulfill our corporate social responsibility and achieve sustainability goals.

Focus Areas 6

Communication Channels and Frequency

- Participation in Charitable Activities: As needed

Actions

- **Social Impact and Responsibility:** We actively address key social issues through diverse CSR activities, including education, environmental protection, and health promotion, to enhance social welfare and public interest.
- **Collaboration and Support:** We have established long-term partnerships with various charitable organizations, working together on social projects, sharing resources, and exchanging knowledge to amplify collective impact.
- **Transparency and Accountability:** We are committed to transparently reporting our CSR activities and progress in public welfare initiatives, ensuring effective use of resources to achieve our social goals.
- **Social Collaboration and Advocacy:** We actively support and participate in initiatives with charitable organizations, driving social change, improving public policies, and promoting overall societal development and progress.

Execution Status

- Participation in Charitable Activities: As needed
- Charitable Partnerships



CH 3

Sustainability Governance

Corporate governance is the foundation of sustainable development. We integrate sustainability into our core business, ensuring all decisions balance economic benefits, environmental protection, and social responsibility.



Key Points

Sustainability Milestones
Sustainability Policy and Commitment
Ethical Business

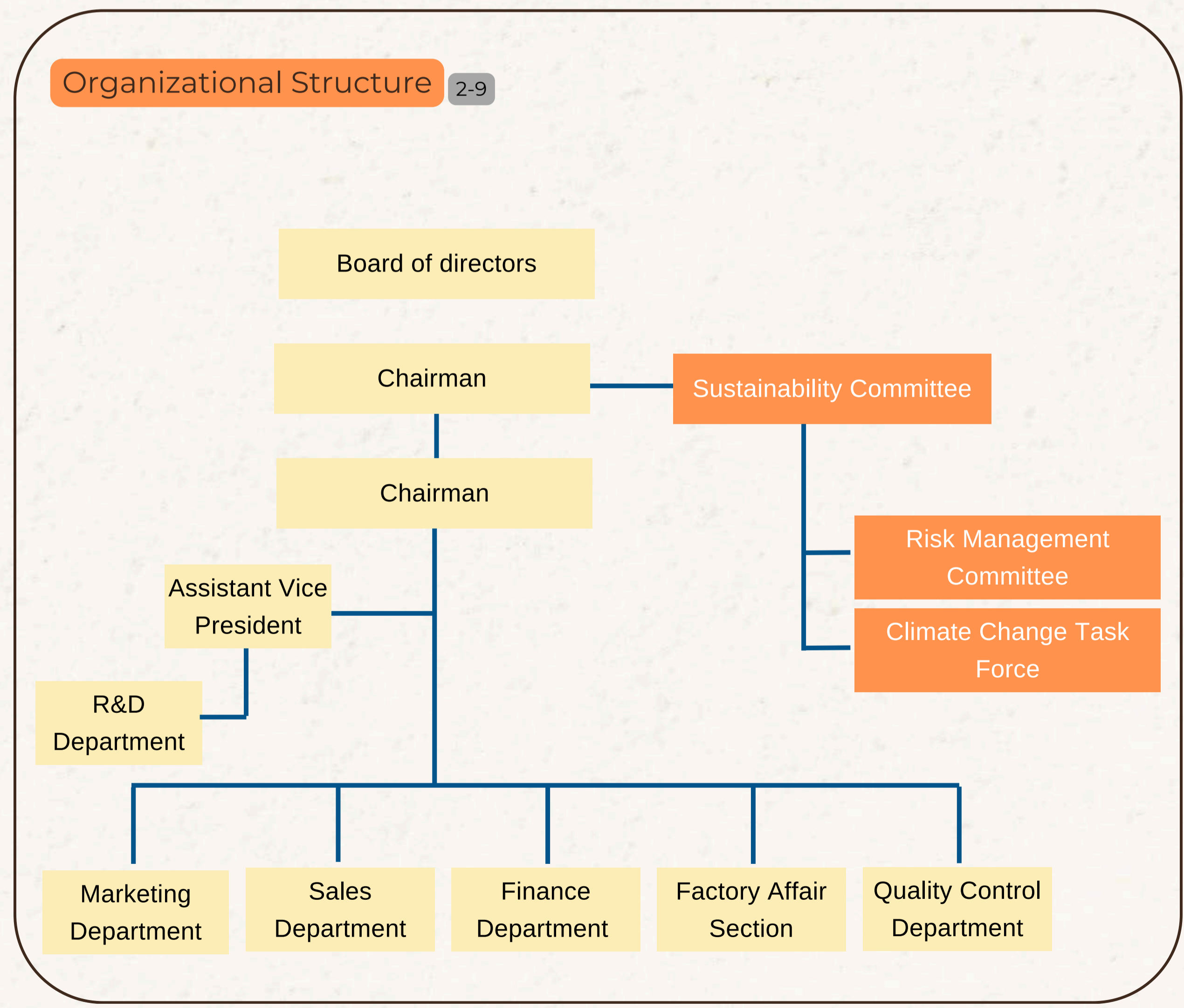
Chapter Highlights

- 39. Corporate Governance
- 43. Sustainability Committee
- 47. Economic Performance
- 48. Tax and Government Support
- 49. Ethical Business
- 50. Legal Compliance
- 51. Risk Management
- 53. Information Security

Corporate Governance

• In 2023, PAX focused on enhancing transparency and fairness in corporate governance by improving oversight mechanisms and responsible management to fully protect the interests of all stakeholders.

Goals	<ul style="list-style-type: none"> Establish a transparent and accountable management framework, maintaining governance standards equivalent to those of publicly listed companies, even as a private entity. Ensure all business decisions and operations are fair, lawful, and maximize the protection of all stakeholders' interests.
Strategies	<ul style="list-style-type: none"> Internal Controls: Implement strong internal controls to ensure compliance and mitigate risks. Transparent Communication: Maintain transparency with shareholders and stakeholders, regularly sharing performance and financial updates. Continuous Improvement: Regularly evaluate and refine governance practices to adapt to changing business and regulatory environments.
Management Policies	<ul style="list-style-type: none"> Board and Management: PAX's board is composed of experienced professionals, ensuring independent and informed decision-making. Ethical Standards: Enforce strict ethical guidelines, reinforced through training to ensure compliance. Stakeholder Engagement: Enable feedback from employees, customers, and suppliers on company operations.
Risks	<ul style="list-style-type: none"> Transparency Risk: As a private company, less public scrutiny requires self-enforced transparency. Compliance Risk: Independently ensure adherence to laws, especially in international operations. Internal Control Risk: Challenge of maintaining strong internal controls and ethical culture.
Opportunities	<ul style="list-style-type: none"> Enhanced Image: Strong governance can increase trust and credibility, even for a private company. Attracting Investment: Good governance attracts investors and partners, enhancing collaboration and funding opportunities. Operational Efficiency: Strengthened controls and compliance improve efficiency, reduce costs, and boost competitiveness.



Corporate Governance 2-9 2-10 2-11 2-13

Board Structure and Operations

- As a privately held company, PAX operates under the provisions of the Company Act and its Articles of Incorporation, with a Board of Directors comprising 7 members and 1 supervisor. All board members are male, with an average age of 65. The Chairman, who also serves as the company's CEO, presides over the Board, which is the highest decision-making body responsible for overseeing the company's overall operations.
- In 2023, the Board held two meetings with an attendance rate of 71.43%, where each meeting had at least two-thirds of the directors present, and decisions were made with over half of the board's approval. The Board has established an "ESG Committee" to review key proposals related to sustainability, ensuring ongoing progress in environmental, social, and governance matters.
- The Board is required to convene at least once every six months, effectively overseeing management's execution of business operations and making decisions on significant matters. We continue to strengthen compliance with regulations and financial transparency through independent oversight and checks and balances. Directors must recuse themselves from any discussions or decisions where there may be a conflict of interest to prevent invalid resolutions or potential harm to the company's interests.

Conflict of Interest in the Board 2-15

In alignment with the Global Reporting Initiative (GRI) Standards, specifically "GRI 102: General Disclosures" and "GRI 103: Management Approach," PAX continues to strengthen its board governance structure and conflict of interest mechanisms to enhance transparency and build stakeholder trust. In 2023, we further refined our board's conflict of interest policies, ensuring that all directors adhere to strict procedures when faced with potential conflicts of interest.

Conflict of Interest Policy and Practices	<ul style="list-style-type: none"> • Interest Disclosure: Directors must fully disclose any personal interest in matters under discussion at board meetings. • Recusal: Directors with a conflicting interest must recuse themselves from discussions and voting on the matter. They cannot vote by proxy for other directors. • Extended Interests: The policy also applies to directors' immediate family members (spouse or up to second-degree relatives) or any controlled or affiliated companies, treating their interests as the director's own.
Monitoring and Reporting	<ul style="list-style-type: none"> • Oversight: To ensure compliance with conflict of interest rules, we have implemented a multi-layered oversight system, including regular interest declarations, recusal procedures, ongoing training, and external audits. These measures ensure fairness and transparency in decision-making and build stakeholder trust in our governance. • Transparent Reporting: We will detail the Board's conflict of interest management in the annual report, including public disclosure of oversight and compliance efforts to guarantee transparency and fairness.
Performance and Commitment	<ul style="list-style-type: none"> • As of 2023, all board members at PAX strictly adhered to the recusal principles in potential conflict of interest situations, with no recorded violations of the policy. • The company remains committed to continually evaluating and improving the governance structure to ensure that all decision-making processes meet the highest ethical standards and regulatory requirements.

Corporate Governance

Board Performance Evaluation 2-18

To enhance board effectiveness and strengthen governance, PAX integrates key sustainability indicators such as "Regulatory Compliance," "Corporate Governance," "Risk Management," and "Sustainability and Social Responsibility" into its evaluations. This ensures the board plays a crucial role in governance and sustainability efforts.

Evaluation Process	<ul style="list-style-type: none"> The evaluation focuses on assessing the achievement of key indicators, thoroughly reviewing the board's decision-making process, risk management capabilities, and its effectiveness in promoting corporate sustainability.
Evaluation Methods	<ul style="list-style-type: none"> We use self-assessments, peer reviews, and professional evaluations to ensure objectivity. The results are quantified against performance indicators and preset targets, then compiled and analyzed by the Board Secretary's Office.
Application of Results	<ul style="list-style-type: none"> The evaluation results will be submitted to the Board for review and will guide future operations and improvement measures for the Board and its committees.

Board Meeting Rules 2-17

The Board Meeting Rules govern the formal procedures, ensuring meetings are effective, transparent, and fair, while all decisions comply with legal and governance standards.

Meeting Convening	<ul style="list-style-type: none"> Regular Meetings: The Board must hold at least one regular meeting annually. Special Meetings: A special meeting can be convened at any time upon the request of the Chairman or at least one-third of the Board members.
Meeting Notice	<ul style="list-style-type: none"> Advance Notice: Provide written notice of all Board meetings at least ten days in advance, unless immediate action is required. Agenda Details: The notice must include the agenda, time, location, and any relevant documents.
Meeting Chair	<ul style="list-style-type: none"> Chairperson: The Board Chair is the Chairman. If the Chairman is absent, a designated director will preside.
Attendance and Voting	<ul style="list-style-type: none"> Minimum Attendance Requirement: A quorum of more than half the board members is required to hold a meeting. Voting: Decisions are typically made by majority vote, with each director having one vote.
Conflict of Interest Avoidance	<ul style="list-style-type: none"> Recusal: Directors must disclose any personal interest in a matter and recuse themselves from discussions and voting.
Meeting Minutes	<ul style="list-style-type: none"> Documentation: Minutes must detail discussions and decisions, with signatures from attending directors. Retention: Minutes should be permanently archived in company records.
Transparency	<ul style="list-style-type: none"> Decision Disclosure: Major board decisions should be transparently shared with shareholders, unless they involve trade secrets.

Corporate Governance

Board Members

Board Members		Core Composition			Industry Experience			Professional Skills			
Identity	Board Member Name	Nationality	Gender/Age	Employee Status	Business Development	Leadership & HR Management	Global Perspective	Governance & Compliance	Industry Expertise	Finance & Accounting	Risk Management
Chairman	SU*HAO	TAIWAN	Male/Age50-60	v	v	v	v	v	v	v	v
Director	SU*TUNG	TAIWAN	Male/Age70-80	-	v	v	-	-	-	-	v
Director	SU*LAI	TAIWAN	Male/Age70-80	-	v	v	-	-	-	-	v
Director	SU*KUEI	TAIWAN	Male/Age60-70	-	-	-	-	-	v	-	-
Director	YEN*CHUN	TAIWAN	Male/Age50-60	-	v	-	-	-	-	-	v
Director	CHENG*SUNG	TAIWAN	Male/Age60-70	-	v	-	-	-	-	v	-
Director	YANG*KAI	TAIWAN	Male/Age40-50	v	-	v	-	-	v	-	-
Supervisor	CHENG*HE	TAIWAN	Male/Age60-70	-	-	-	-	-	v	-	-

Board Meeting Agenda

Meeting Date	Location	Chairperson	Expected Attendees	Actual Attendees	Agenda Items	Conflict of Interest and Voting Circumstances
2023/1/3	Nantou Headquarter	SU*HAO	07	05	2022 Financial Report	The 2022 financial report was presented and approved by the board.
					Marketing Strategies and Outcomes	The 2023 marketing plan and results were presented and approved by the board.
					Factory Reform Status	The current factory reform status was presented and approved by the board.
					Future Investment Directions	No conflicts of interest were noted. The board agreed to defer this topic for further discussion.
2023/12/20	Nantou Headquarter	SU*HAO	07	05	2023 Financial Report	The 2023 financial report was presented and approved by the board.
					ESG Implementation Report for 2024	The 2024 ESG strategy was presented and approved by the board.
					Marketing Strategies and Outcomes	The 2024 marketing strategy and 2023 results were presented and approved by the board.

Sustainability Committee (ESG Committee)

Organizational Structure and Operations



Reporting Relationship

The ESG Committee reports directly to the Chairman, who leads the committee and directs the sustainability strategy.

Meeting Frequency

The committee now meets at least twice a year to strengthen oversight and progress.

Membership Composition

The committee includes senior managers and experts from governance, environmental protection, and social relations.

Roles and Responsibilities



Goal Setting

The ESG Committee sets short-, medium-, and long-term sustainability goals for PAX Industrial and develops action plans to achieve them.

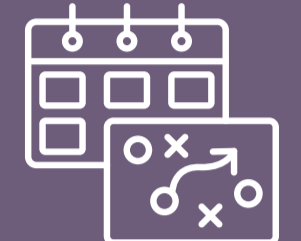
Communication and Reporting

The committee regularly updates the Board of Directors on sustainability progress, ensuring full transparency.

Resource Coordination

The committee ensures that the necessary resources, including budget and organizational support, are properly allocated for ESG initiatives.

Strategy and Execution



Cross-Department Collaboration

The ESG Committee facilitates vertical and horizontal integration, serving as a communication platform to promote interdepartmental coordination and cooperation.

Task Force Operations

Through regular task force meetings, the committee promptly identifies and addresses key sustainability issues relevant to business operations and stakeholder concerns.

Strategy Implementation and Monitoring

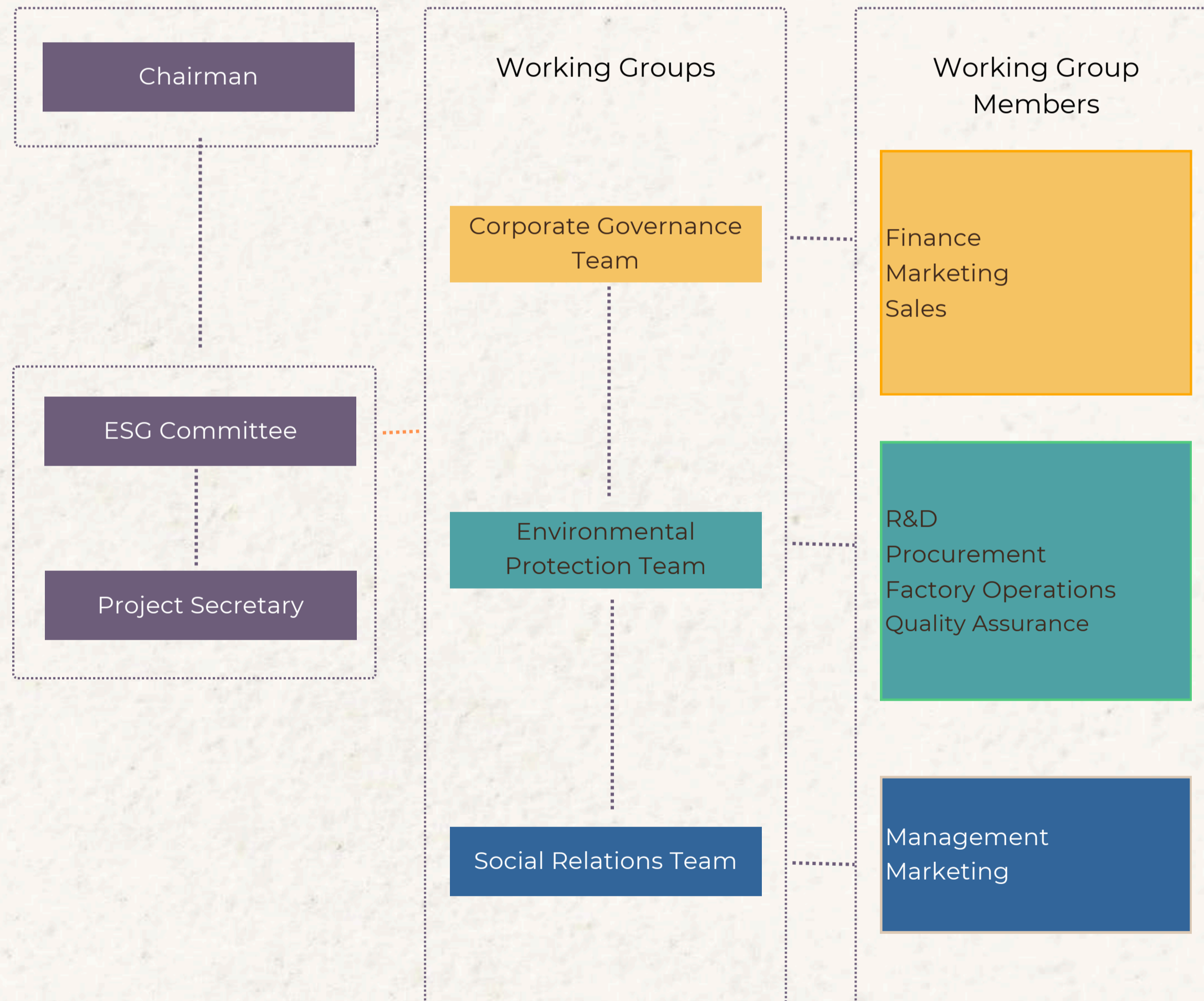
The committee executes the annual sustainability plan, ensuring that strategies are translated into actionable steps. Progress and outcomes are tracked through effective monitoring mechanisms to ensure the successful implementation of ESG strategies.

To further strengthen its commitment to sustainable development, PAX continues to enhance the functionality and structure of its ESG Committee. This committee, dedicated to driving sustainability, coordinates the company's strategies across economic, environmental, and social dimensions to achieve long-term sustainability goals.

Sustainability Committee (ESG Committee)

ESG Committee Organizational Structure, Teams, and Responsibilities

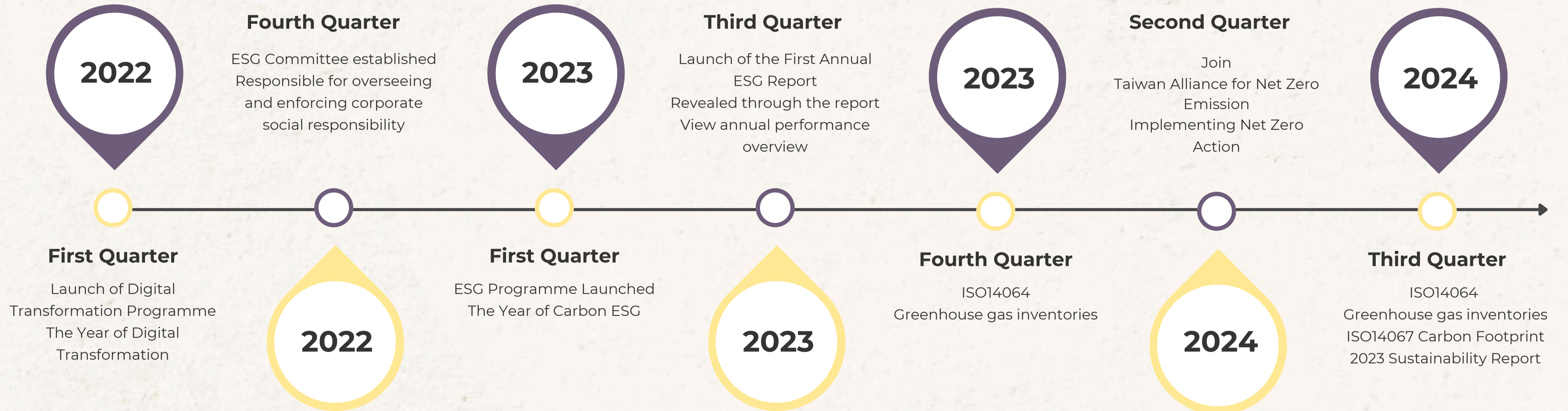
2-14



Working Group Members	ITEAM	Description
Project Secretary	Policy and Goal Coordination	<ul style="list-style-type: none"> The project secretary is responsible for coordinating the sustainability policy and goal setting of Yueyen Industrial and ensuring that the strategy is in line with the corporate vision.
	Progress Tracking and Performance Evaluation	<ul style="list-style-type: none"> Responsible for tracking the progress and performance of various initiatives, regularly evaluating results and needs for improvement, and reporting to the Sustainable Development Committee.
Corporate Governance Group	Data Collection and Issue Raising	<ul style="list-style-type: none"> Responsible for collecting data on corporate governance, supply chain management, and other economic-related issues, and compiling sustainability topics for discussion and approval by the Sustainability Committee.
	Report Compilation	<ul style="list-style-type: none"> Tasked with drafting the corporate governance and economic sections of the sustainability report, ensuring the accuracy and timeliness of the information.
Environmental Protection Group	Environmental Data Integration and Issue Raising	<ul style="list-style-type: none"> Responsible for integrating data on environmental protection, energy conservation, carbon reduction, and green products, and presenting environmental protection issues to the Sustainability Committee for discussion and approval.
	Report Compilation	<ul style="list-style-type: none"> Tasked with drafting the environmental protection section of the sustainability report to reflect the company's efforts and achievements in environmental protection.
Social Relations Group	Collection and collation of social issues	<ul style="list-style-type: none"> Responsible for gathering and integrating issues of concern from employees, community members, and social organizations to ensure broad social engagement and attention.
	Proposing Issues and Compiling Reports	<ul style="list-style-type: none"> Tasked with compiling data on labor relations, employee welfare, public welfare activities, and community involvement in the sustainability report, showcasing the company's contributions and progress in social responsibility.

Sustainability Committee (ESG Committee)

Corporate Sustainability Milestones



Sustainability Policy and Commitment

2023 年 9 月 28 日 發布

In the face of severe global environmental disasters and climate change, Yee Jee Technology Co., Ltd. (hereinafter referred to as "Yee Jee" or "our company") recognizes its irrevocable responsibility for environmental protection while striving for continuous growth and innovative breakthroughs. We are committed to balancing our business development with environmental protection by optimizing the use of raw materials, energy consumption, and emissions throughout our production processes, thereby enhancing efficiency and minimizing our environmental footprint through effective greenhouse gas management strategies, aiming for environmentally friendly and sustainable operations.

Our company's climate action and policy statement highlight our environmental responsibilities and our commitment to global sustainable development goals. Yee Jee will continue to innovate and make progress in business operations, environmental protection, and social responsibility, ensuring we create a greener, more sustainable world for present and future generations.

Company profile:
Yee Jee Technology Co., Ltd. was founded on April 94 (Taiwanese calendar) and is located at 319, Sec. 1, Mingshan Rd., Mingjian Township, Nantou County 551010, Taiwan. You can contact us at +886-49-2738898, and our fax number is +886-49-2733525.

Company Positioning:
Yee Jee Technology Co., Ltd. (PAX) is a leading manufacturer and exporter of PATCH/SEAL STRING in Taiwan. PAX continuously expands its automotive equipment and production lines to meet global orders. At the same time, PAX has implemented ISO systems and established a strong Corporate Identity System (C.I.S.) to meet current marketing demands.

Founding Purpose:
Quality should not be just a slogan, and safety assurance should not be a luxury. The brand vision of Yee Jee Technology Co., Ltd. (PAX) is "Focus on what you care about," sharing profits, and giving back to society. We insist on using 100% natural rubber to ensure durability and safety. In critical moments, with high-quality tire repair products, we can guarantee the safety of both you and me, thus gaining a high level of trust and support in the global tire repair market.

Policy Statement:
In response to escalating global climate change and environmental degradation, we recognize the sustained impact of greenhouse gas emissions on the Earth's environment. As committed global citizens, our company strives to enhance our environmental protection measures, ensuring that our business operations not only comply with but also surpass current environmental standards. By implementing comprehensive greenhouse gas inventories, we can accurately monitor our emissions and drive effective reduction strategies based on these data. Our company is committed to the following core environmental strategies to ensure we fulfill our environmental responsibilities:

- Advancing continuous energy-saving and carbon reduction measures: We are intensifying efforts to implement energy efficiency improvements, utilizing more eco-friendly technologies and processes to cut energy use and carbon emissions.
- Encouraging company-wide participation in energy-saving and carbon reduction efforts: Through internal training and awareness campaigns, we are boosting employee understanding of the importance of these efforts, encouraging every staff member to implement sustainable practices in their

daily operations.

- Strict adherence to environmental laws and customer requirements: We ensure all business activities comply with national and international environmental laws, customer expectations, and other relevant standards.
- Committing to self-improvement in line with the most advanced international and national standards: We continuously monitor and adopt the latest in environmental standards and practices as a benchmark for our ongoing development and improvement.

Our climate and environmental policy statement underscores our commitment to a sustainable future. We will continue to review our environmental strategies and practices to ensure they meet current demands and are prepared for future environmental challenges.

Signature of Responsible Party:

Sustainability Committee (ESG Committee)

Sustainability Committee Operations

In 2023, PAX's ESG Committee focused on enhancing the effectiveness and transparency of the company's sustainability efforts. We adopted a streamlined P-D-C-A (Plan-Do-Check-Act) management framework to ensure the execution and advancement of our Corporate Social Responsibility (CSR) initiatives.

Strategy and actions	Continuous evaluation and adjustment	<ul style="list-style-type: none"> Through ongoing stakeholder analysis, we regularly update CSR strategies to ensure they address current and future challenges effectively.
	Quarterly topic discussions	<ul style="list-style-type: none"> We hold quarterly strategy meetings to review CSR activities and adjust action plans based on results.
Implementation and oversight	Key roles	<ul style="list-style-type: none"> Our team integrates stakeholder feedback, develops policies, monitors progress, and updates the annual ESG report to ensure accuracy.
	Final review by the Chairman	<ul style="list-style-type: none"> All strategies and reports are subject to the Chairman's approval, ensuring alignment with long-term goals and compliance.

Meeting Execution and Record

Date	Topic	Minutes	Approval
First Quarter 2023/02/15	Annual Sustainability Goals and Strategy Planning	Summarize results and lessons from the past year's sustainability activities	Approved by the Chairman, execution confirmed.
	Preliminary Discussion of Annual Report Draft	Discuss and preliminarily approve the framework and key content of the annual sustainability report	
Second Quarter 2023/06/21	Environmental Regulation Changes and Policy Updates	Update on changes in environmental regulations and analyze their impact on company policies	Approved by the Chairman, execution confirmed.
	Assessment of Major Sustainability Risks and Opportunities	Document identified key risks and opportunities, along with corresponding actions	
Third Quarter 2023/09/27	Review of Stakeholder Communication Strategy	Review and revise stakeholder communication strategies to improve interaction and feedback	Approved by the Chairman, execution confirmed.
	Progress Update on Sustainability Projects and Initiatives	Update the progress of sustainability projects, confirming task completion timelines	
	Preparation of Detailed Content for Annual Sustainability Report	Detail discussions and revisions of the annual sustainability report to ensure accuracy and timeliness	
Fourth Quarter 2024/12/07	Strategy and Goal Planning for the Next Year	Set sustainability strategy and action plans for the upcoming year	Approved by the Chairman, execution confirmed.
	Evaluation of Annual Sustainability Internal Control and Compliance	Review and assess internal control and compliance, noting any necessary improvements	

Economic Performance 3-3 201-1 201-2

MANAGEMENT PIN

Key Topic: Economic Performance

Commitment	<ul style="list-style-type: none"> PAX's committed to enhancing economic performance through responsible business practices, ensuring that operations reflect its commitment to social responsibility and address the challenges posed by climate change.
Goals	<p>Short-term (2022-2024)</p> <ul style="list-style-type: none"> Established laboratory (✓) Installed basic equipment in the command center (✓) Implement internet connectivity and carbon reduction plans for the command center (2024) <p>Mid to Long-term (2025-2030)</p> <ul style="list-style-type: none"> Fully upgrade equipment efficiency and environmental standards Deepen data analysis and real-time monitoring systems Focus on innovation and new product development Expand global markets and establish strategic partnerships
Responsibilities and Resources	<p>Internal Focus</p> <ul style="list-style-type: none"> Enhance operational efficiency, reduce costs, and invest in technological innovation. <p>External Focus</p> <ul style="list-style-type: none"> Collaborate with the industry to drive sector upgrades and implement green procurement with suppliers.
Action Plan	<p>Positive Impact Management</p> <ul style="list-style-type: none"> Strengthen product competitiveness and market share through innovation and technological improvements. <p>Negative Impact Management</p> <ul style="list-style-type: none"> Monitor market risks, implement risk management strategies, and adjust to external economic changes.
Evaluation Mechanism	<ul style="list-style-type: none"> Regularly evaluate economic performance and market position, ensuring accuracy and transparency through internal audit mechanisms.
Economic Performance Indicators	<p>GRI 201-1</p> <ul style="list-style-type: none"> The direct economic value generated and distributed by the organization has increased, reflecting PAX's success in improving operational efficiency and market expansion. <p>GRI 201-2</p> <ul style="list-style-type: none"> The financial impact of climate change on PAX includes rising operational costs and new market opportunities, underscoring the company's capacity for climate-related risk assessment and opportunity development.

- In 2023, PAX continued to advance technology and innovate products to enhance market competitiveness and customer satisfaction.
- This year, the company significantly improved its economic performance, particularly in asset returns and net profit margin, which rebounded from -2.44% in 2022 to 1.73%. By strengthening corporate governance, financial management, and talent development, PAX not only boosted profitability but also reduced operating costs.
- Additionally, the company proactively addressed financial risks associated with climate change by investing in environmental technologies and reducing energy consumption, demonstrating a long-term commitment to sustainable development and enhancing shareholder value.

iTeam	Financial Index	2021	2022	2023
Profitability Indicators	Return on Assets (ROA)	1.80%	-2.44%	1.73%
	Return on Equity (ROE)	4.54%	-8.01%	5.37%
	Net Profit Margin (after tax)	2.80%	-5.37%	2.87%
	Earnings Per Share (EPS)	0.57	(0.90)	0.64
Dividend Distribution	Cash Dividend per Share	0.56	0.52	0.00

Tax and Government Support

Tax Governance Policy 207-1 207-2 207-3



1. Compliance and Transparency

- Ensure full compliance with all applicable tax regulations, including income tax, indirect taxes, and other relevant tax liabilities.
- Regularly review tax strategies and practices to align with tax laws and international standards.
- Enhance tax transparency by filing tax returns on time and maintaining open, constructive communication with tax authorities.



2. Compliance and Transparency

- Identify and evaluate tax risks, integrating them into the company's overall risk management framework.
- Ensure adequate internal controls and monitoring mechanisms are in place to mitigate tax compliance and evasion risks.
- Conduct timely risk assessments and handle potential tax risks with caution and diligence.



3. Strategy and Planning

- Align tax strategies with the company's business strategy and financial planning to support long-term development goals.
- Leverage legitimate tax planning opportunities to reduce tax burdens in a reasonable manner, avoiding high-risk or unethical tax avoidance practices.



4. Governance and Internal Policies

- The tax policy is approved by the board of directors and overseen by the management team.
- Regularly review and update tax governance policies to reflect changes in laws, regulations, and market conditions.
- Provide tax training to relevant finance and non-finance personnel to enhance awareness and understanding of tax-related issues.

Tax Governance Policy 201-4

01 Eligibility and Transparency

- Ensure full compliance with eligibility requirements when applying for and receiving government subsidies.
- Maintain complete transparency throughout the application process to avoid any misconduct or conflicts of interest.

02 Proper Application and Reporting

- Accurately document subsidy application details and retain all relevant records for future audits and inspections.
- Utilize the funds strictly for the purposes outlined in the application, with regular progress and results reporting to the relevant authorities.

03 Dedicated Use of Funds

- Subsidies must be used in accordance with government conditions and company policies, and not redirected for unrelated purposes.
- Establish internal controls to ensure that every expenditure is well-documented and justified.

04 Benefit Evaluation and Reporting

- Regularly assess the impact of government subsidies, ensuring they contribute to company growth and societal benefits as intended.
- Provide feedback on the effectiveness of the subsidies and adjust usage strategies as necessary to maximize positive outcomes.

05 Compliance and Ethics

- Continually educate and train employees on legal requirements and company policies regarding the receipt and management of government subsidies.
- Implement anti-corruption measures to uphold corporate integrity and responsibility in the management of funds.

2023 Government Subsidies

- Job Redesign Subsidy for Middle-aged and Elderly Workers: NTD\$300,000

- SBIR - Small Business Innovation Research Program by the Ministry of Economic Affairs: NTD\$690,000

Ethical Business 3-3

Code of Ethical Business Conduct 2-23 2-24 205-2



Ethical Standards

Employees must adhere to high ethical standards in business conduct, including honesty, integrity, fairness, and transparency, while complying with all relevant laws, regulations, and industry norms.

Anti-Bribery and Corruption

Employees are strictly prohibited from participating in bribery, corruption, or any other illegal activity. Full compliance with anti-bribery and anti-corruption laws is required to ensure transparency and integrity in all business operations.

Conflict of Interest

Employees must avoid any conflicts of interest between personal and company interests. Any potential conflicts should be promptly disclosed to management and guidance should be sought.

Anti-Competition and Intellectual Property Protection

Employees must comply with anti-competition laws and company intellectual property policies, ensuring that no proprietary information, including patents, copyrights, trademarks, or trade secrets, is disclosed or misused.

Confidentiality and Information Security

Employees are required to adhere strictly to confidentiality agreements, safeguarding company secrets and sensitive information, ensuring data security and preventing unauthorized access or disclosure.

Compliance with Internal Policies and Procedures

Employees must follow all internal policies and procedures, covering areas such as HR, financial management, authorization processes, and risk management. These guidelines are in place to enhance organizational efficiency, ensure legal compliance, protect company resources, and manage risk. Adherence to these policies is crucial for safeguarding company interests and promoting sustainable business development.

Procedures and Guidelines for Ethical Business Operations



Independent Whistleblowing Channel 2-25 2-26 205-1

Set up to allow both internal and external personnel to submit anonymous reports.

Whistleblowing Process

Specific categories of whistleblowing cases and investigation procedures are established to ensure every case is handled fairly and in accordance with predetermined protocols.

Follow-Up Actions and Reporting

Based on the severity of the investigation results, appropriate follow-up actions are taken, and, if necessary, reports are made to relevant authorities or judicial bodies.

Record Keeping and Confidentiality Policy

All whistleblowing cases, investigations, outcomes, and related documents are thoroughly recorded and stored. The identity of the whistleblower and the content of the report are kept strictly confidential.

Whistleblower Protection

Necessary measures are taken to protect whistleblowers from any form of retaliation or unfair treatment, ensuring their safety and legal rights.

Whistleblower Reward Program

Depending on the nature and outcome of the report, whistleblowers providing valuable information may be rewarded to encourage active participation in integrity oversight.

Implementation of Ethical Business Conduct 205-1 205-3 206-1



Violations of Integrity or Significant Deficiencies

There have been no incidents of fraud, insider trading, anti-competitive behavior, antitrust violations, monopolistic practices, or market manipulation.

The company has adhered to all conduct guidelines in charitable donations and sponsorships, maintaining transparency and legality.

Throughout the year, there have been no legal lawsuits or penalties.

Corruption Risk Assessment

A corruption risk assessment was conducted, confirming no significant risks.

Audit of Unethical Practices

No reports were received regarding facilitation payments, political contributions, or any other unethical practices.

Legal Compliance

2-27 307-1 SASB RT-CH-530a.1

- PAX's committed to corporate responsibility, focusing on governance, labor rights, environmental protection, and workplace safety. We actively monitor regulatory updates to ensure ESG compliance and adjust strategies to meet new legal requirements. Through close cooperation with government agencies, we stay informed of changes and maintain alignment with laws. Our policies and processes are regularly updated to ensure compliance and uphold social commitments, fostering trust and supporting long-term sustainable development.

Regulatory Compliance Overview

406-1 407-1 408-1 409-1 411-1 415-1 416-2 417-2 417-3 418-1 419-1

Corporate Governance Regulations	No violations of the Company Law	No violations of the Business Accounting Act	No violations of Tax Laws	No involvement in corruption	No political donations
Labor Rights Regulations	No violations of the Gender Equality Act	No use of child labor	No incidents of discrimination or sexual harassment	No violations of Indigenous Rights	No violations of the right to freedom of association or collective bargaining
Product-Related Regulations	No banned products	No violations of Product Labeling Regulations	No violations of Marketing and Communication Regulations	No anti-competitive behavior	No breach of customer privacy or data loss
	No involvement in monopolistic activities	No violations of the Fair Trade Act	No violations of Import/Export Laws	No violations of Intellectual Property Laws	No violations of Product Trade Laws
Environmental and Occupational Safety Regulations	No violations of the Occupational Safety and Health Act	No violations of the Waste Disposal Act	No violations of the Air Pollution Control Act	No violations of the Water Pollution Control Act	No violations of the Toxic and Concerned Chemical Substances Control Act

Disclosure of Violations

Violation of Regulation	Violation of Labor Standards Act, Article 32, Paragraph 2	
Brief Description of the Violation	Violation: Overtime hours exceeded legal limits	
Corrective Actions Taken	Work Hours Management System Optimization	Introduce or improve the existing work hour tracking system to ensure all employees' working hours are accurately recorded and monitored
	Increase Human Resources	Based on workload assessments, increase staffing or reallocate personnel to reduce individual employee stress and the need for overtime
	Enhanced Supervision and Training	Provide training to management on the importance of legal compliance regarding employee working hours and monitor enforcement to ensure labor laws are not violated
	Employee Feedback Mechanism	Establish a feedback system for employees to report concerns about work hours and labor conditions
	Rest and Wellness Initiatives	Provide sufficient rest days and wellness programs to ensure employees can recover and maintain a healthy work-life balance
Fine Amount	Fine: NTD \$20,000 (issued on 2023/11/20)	

Risk Management

- PAX has established a methodology for risk identification and measurement, tailored to the characteristics of its business operations and internal and external environments, serving as the foundation for its risk management. This system ensures that all risk management units can continuously monitor business risks and promptly report to senior management while proposing effective response strategies.
- Through these measures, PAX ensures the effective operation of its management structure and risk control mechanisms, further enhancing the company's comprehensive risk management capabilities.

Risk Management Process 3-3



Risk Management Categories

Risk Category	Potential Risks	Control Strategies and Practices	Responsible Departments	
 Financial	Exchange Rate / Interest Rate	Exchange Rate Monitoring and Bank Communication	Finance Department	
		Interest Rate Risk Management		<ul style="list-style-type: none"> • Continuously monitor exchange rate fluctuations and maintain close communication with financial institutions to stay informed on trends, ensuring timely response to forex market volatility. • Set clear interest rate risk tolerance for floating-rate liabilities to prevent adverse impacts from future rate changes on financial health.
 Market	Market Competition	Capital Cost Control	Marketing, Sales, Operations (Department)	
		Strategy Development and Execution		<ul style="list-style-type: none"> • Flexibly adjust fund usage with credit limits provided by banks, reducing capital costs and mitigating potential impacts of interest rate fluctuations. • Develop and execute specific strategies based on each business unit's scope and responsibilities. • Regularly assess strategies in light of legal, policy changes, and market trends to ensure their timeliness and effectiveness.
		Market Monitoring and Product Quality Management		<ul style="list-style-type: none"> • Closely monitor domestic and international market dynamics, continuously improving product quality and optimizing delivery cycles. • Effectively control inventory and adjust production plans to respond to changes in market demand.
		Digital Transformation and Market Development		<ul style="list-style-type: none"> • Proactively build digital platforms, utilizing data analytics and digital tools to explore new markets, while developing new products to expand market share and meet evolving consumer needs.

Risk Management

Risk Category	Potential Risks	Control Strategies and Practices		Responsible Departments
<p>Raw Materials</p>	Quality / Supply	Inventory Management Strategy	<ul style="list-style-type: none"> Establish an appropriate safety stock level to ensure continuous production without material shortages. Retain a portion of demand for spot market purchases to increase flexibility in responding to sudden market changes. 	Procurement Department
		Supplier Diversification	<ul style="list-style-type: none"> Actively develop new suppliers to reduce dependence on a few, minimizing the risk of supply disruptions. This not only strengthens supply chain stability but also improves bargaining power and procurement flexibility. 	
		Market Intelligence Collection	<ul style="list-style-type: none"> Continuously gather and analyze market intelligence to understand industry trends and market shifts, aiding in forecasting and strategic adjustments. 	
<p>Climate</p>	Energy / Climate Change	Equipment Upgrades and Energy Saving	<ul style="list-style-type: none"> Regularly update and replace old equipment, invest in energy-efficient machines to reduce energy consumption and enhance production efficiency, lowering operational costs and environmental impact. 	Operations, R&D (Department)
		Waste Management and Recycling	<ul style="list-style-type: none"> Strengthen waste classification management and promote recycling programs to convert production waste into reusable resources, reducing environmental burdens. 	
		Product Innovation and Market Adaptation	<ul style="list-style-type: none"> Develop new products that meet the needs of different climate conditions, expanding product lines to tackle the challenges of global climate change. 	
		Energy Efficiency Improvement and Carbon Reduction Actions	<ul style="list-style-type: none"> Implement energy management plans to improve efficiency, including carbon reduction initiatives like adopting green energy and optimizing operations for long-term emission reduction goals. 	
<p>Information</p>	Information Equipment	Privacy and Intellectual Property Protection	<ul style="list-style-type: none"> Strictly safeguard customer privacy and intellectual property, ensuring all sensitive data is well-protected and compliant with legal regulations. 	Operations, IT (Department)
		Data Backup and Storage Security	<ul style="list-style-type: none"> Regularly back up critical system files and data using professional storage media to prevent loss or damage. 	
		External Data Processing	<ul style="list-style-type: none"> All external data must be scanned for viruses and undergo security checks before storage, protecting systems from malware and viruses. 	
		Employee Cybersecurity Education	<ul style="list-style-type: none"> Strengthen and regularly provide information security training for employees, enhancing awareness and response capabilities to cybersecurity threats. 	
<p>Equipment Maintenance</p>	Machinery	Standard Operating Procedure Development	<ul style="list-style-type: none"> Develop and implement standard operating procedures for all key equipment to ensure consistency and safety in operations. 	Operations Department
		Equipment Monitoring and Exception Reporting	<ul style="list-style-type: none"> Continuously monitor essential production line equipment through a systematic approach, with designated personnel producing daily and weekly exception reports. 	
		Equipment Fault Management and Maintenance Strategies	<ul style="list-style-type: none"> Enhance equipment failure management and maintenance strategies, tracking improvement efforts to ensure effective transfer of repair techniques and experience, minimizing downtime. 	
		Emergency Response and Training	<ul style="list-style-type: none"> Regularly conduct disaster response drills and provide training to employees to improve preparedness for emergencies. 	

Information Security 204-1

STRATEGY

Information Security

Information Security Policy

- Full Implementation of Security Policy: Ensure all employees understand and follow the company's security policies and procedures.
- Regular Updates and Reviews: Update and review security policies and measures regularly as technology evolves and new threats emerge.

Technical Control Measures

- Strengthen Network Perimeter Defense: Deploy advanced firewalls, intrusion detection systems, and other perimeter defense technologies.
- Data Encryption: Encrypt sensitive data during transmission and storage to ensure its security.

Employee Awareness and Training

- Regular Security Training: Provide ongoing information security awareness training for all employees, including phishing attack awareness.
- Emergency Response Training: Train employees to respond quickly and effectively in case of an information security incident.

ACTION PLAN

Information Security

Short-term Goals (within 1 year)

- Basic Security Training for All Employees: Ensure all staff complete basic information security training, understanding key concepts and company policies.

Medium-term Goals (1-3 years)

- Develop and Test Emergency Response Plans: Establish and test emergency response plans to address potential security incidents.

Long-term Goals (3-5 years)

- Multi-factor Authentication: Implement multi-factor authentication to enhance access control security.
- Continuous Monitoring and Automated Security: Ensure continuous monitoring and automated security protection for all critical systems and data.

Information Security 204-1

- PAX has established a comprehensive information security management system based on an operational risk-oriented approach, aimed at maintaining and enhancing the security of the company's information assets.

Objectives



Strategies and Measures

- 1 INFORMATION SECURITY POLICIES AND PROCEDURES**
 - Establish and maintain a comprehensive information security policy covering all information assets, including personnel, hardware, software, documents, data, physical environments, and communication systems.
- 2 ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES**
 - Set up a dedicated information security organization responsible for daily security management, coordination, and supervision, ensuring the implementation and effectiveness of security measures.
- 3 RISK MANAGEMENT PROCEDURES**
 - Conduct regular information security risk assessments and adjust security strategies and measures based on the assessment results.
- 4 INFORMATION SECURITY TRAINING AND AWARENESS ENHANCEMENT**
 - Provide regular information security training to employees to enhance their understanding and sense of responsibility regarding information security.
- 5 SECURITY INCIDENT MANAGEMENT AND EMERGENCY RESPONSE**
 - Develop and implement security incident response and management procedures to ensure swift and effective handling of security incidents when they occur.

Security Education, Training, and Protection

- 1 REGULAR INFORMATION SECURITY EDUCATION AND TRAINING**
 - Design and implement a regular information security training program for all employees, including onboarding for new hires and periodic in-service education.
 - Training covers information security basics, common threats, prevention methods, company security policies, and employee responsibilities.
- 2 ENHANCING SECURITY AWARENESS**
 - Use various methods, such as internal communications, workshops, and security drills, to continuously raise employee awareness.
 - Emphasize the importance of phishing prevention, password management, and data protection.
- 3 IMPLEMENTATION OF TECHNICAL PROTECTION MEASURES**
 - Install and maintain advanced firewalls and intrusion detection systems to protect the corporate network from external attacks.
 - Deploy endpoint protection software to guard against malware and viruses, ensuring all systems and applications are up to date.
 - Use encryption technology to protect sensitive data both in storage and during transmission, preventing data breaches.
- 4 ACCESS CONTROL**
 - Strictly enforce the principle of least privilege, ensuring employees have access only to the minimal data and resources necessary for their work.
- 5 RESPONSE AND RECOVERY PLANS**
 - Develop and regularly test incident response and disaster recovery plans to ensure swift operational recovery in the event of a security incident.

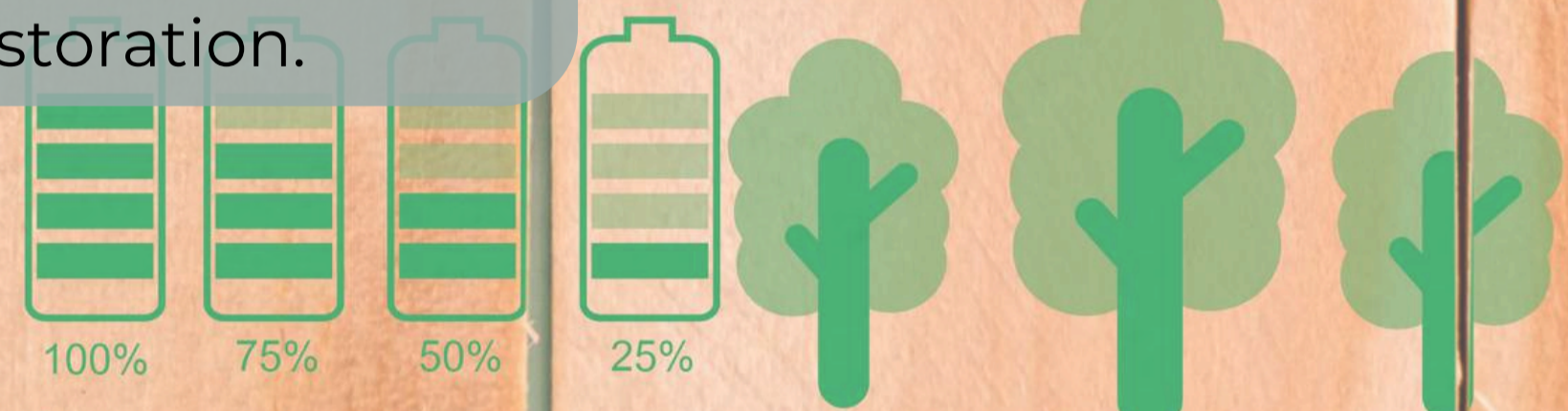
Implementation Details

- In 2023, under the effective implementation of the information security management system, no major information security incidents occurred that impacted the company's operations.

CH 4

Sustainable Environment

We are committed to prioritizing environmental sustainability in all our business activities. Through proactive carbon reduction, green product innovation, and enhanced resource management, we aim to minimize our environmental impact and support ecosystem balance and restoration.



Key Points

- Net-Zero 「Green Label」
- Energy Management
- GHG Emissions 2,042.192 tCO₂e
- Waste reporting data
- 51 suppliers have signed the Social Responsibility Commitment.



Chapter Highlights

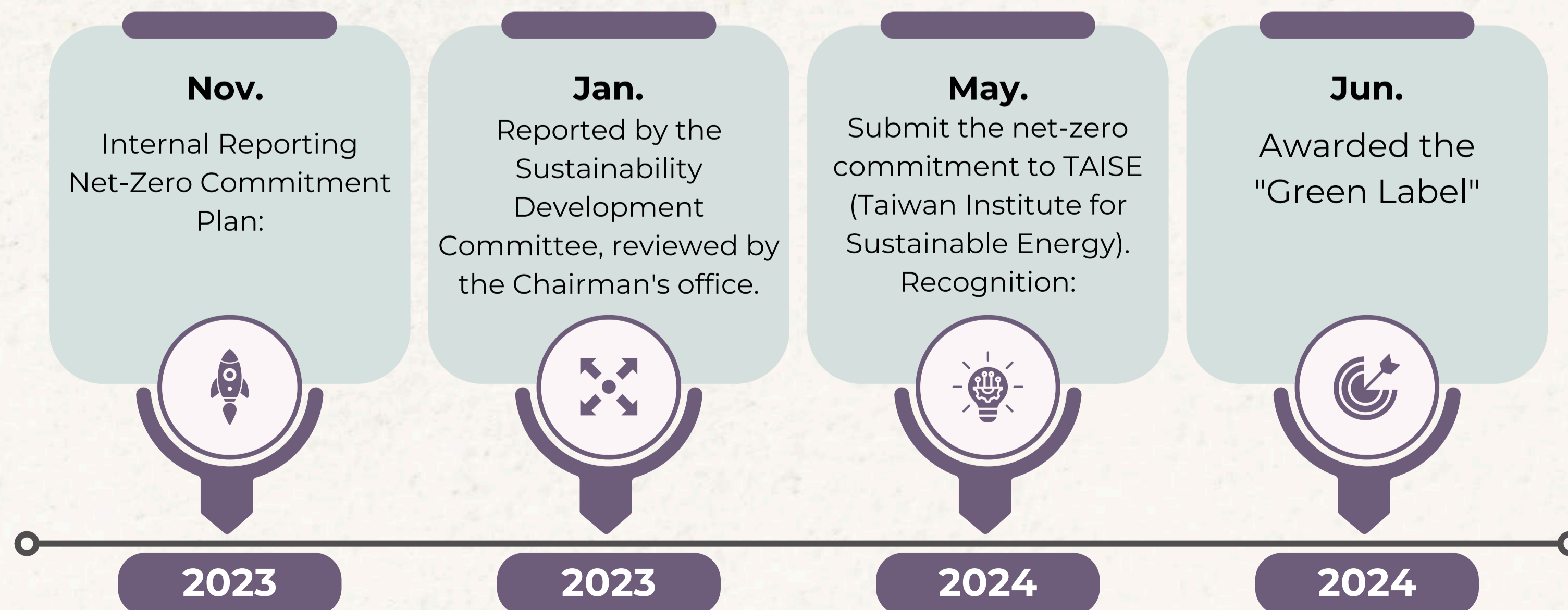
- 56. Climate Change
- 60. Energy Management
- 66. Raw Materials Management
- 69. Water Management
- 70. Waste Management
- 72. Environmental Compliance
- 73. Green Innovation
- 75. Supply Chain Management

Climate Change

- PAX recognizes the global impact of climate change. To address this, we established an Environmental Sustainability Team under the Sustainability Development Committee, focusing on environmental protection and energy efficiency. The team sets clear goals and actively drives energy-saving and carbon reduction initiatives, targeting reductions in greenhouse gas emissions during production. Progress is regularly reported to the Chairman to ensure continuous improvement.
- In response to global carbon reduction trends and resource scarcity, PAX is committed to achieving carbon neutrality. We have set ambitious targets for reducing carbon emissions, conserving energy, and minimizing water usage, alongside continuous process and equipment optimization.

Net-Zero Commitment Planning

Plan Objectives	Project Achievements
Short-Term Goal	Reduce emissions in "office, service, and production areas" by 5% compared to the baseline year by 2026.
Mid-Term Goal	Reduce emissions in "production areas" by 20% compared to the baseline year by 2029.
Long-Term Goal	Achieve 100% net-zero emissions in "office areas" by 2030.
Ultimate Goal	Achieve 100% net-zero emissions in "office, service, and production areas" by 2050.



NET ZERO 2050



Climate Change Strategy and Management

- PAX Industrial is committed to addressing climate change risks and opportunities by following TCFD (Task Force on Climate-related Financial Disclosures) recommendations for transparency. We integrate climate risk management into our overall risk processes, focusing on four key areas: Governance, Strategy, Risk Management, and Metrics & Targets, to drive low-carbon transition and enhance operational resilience.

TCFD-Aligned Management Approach

Governance



- We have established the Sustainability Development Committee directly under the Board of Directors, which oversees climate-related risks, opportunities, strategies, targets, preventive measures, and concrete outcomes.

Strategy



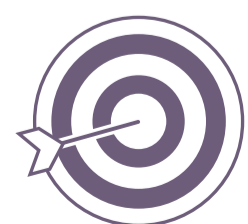
- With increasing climate change risks, we identify short-, medium-, and long-term climate risks and opportunities for our facilities based on relevant climate change information and the TCFD framework. Risks are prioritized based on their impact and likelihood, and corresponding measures are developed. We continue to enhance our assessment and review of the potential impacts of climate risks on PAX Industrial, employing adaptation strategies to mitigate risks while actively seizing opportunities to improve production efficiency and foster product innovation.

Risk Management



- We have developed a climate risk identification process in line with the TCFD framework. Based on the results of climate risk identification and prioritization, we develop corresponding adaptation and mitigation strategies.
- The climate risk identification process is integrated into our existing risk management processes.

Metrics & Targets



- PAX Industrial continues to establish climate-related indicators in areas such as greenhouse gas emissions, raw material management, and waste management to monitor and manage environmental performance.
- We set targets based on carbon audits and carbon footprint calculations to assess the impacts on our operations and evaluate the risks in categories one, two, three, and four, examining the impacts and mitigation strategies for our operations.

Identifying Climate Change Risks and Opportunities

- The PAX Sustainability Task Force assesses climate risks based on materiality, evaluating "Impact Likelihood" and "Impact Severity." Here are the eight key climate risks and opportunities identified, along with their potential effects:

Type	Potential Risks and Opportunities	Timeframe	Impact on the Company	Response Measures
Transition Risks 	Regulatory Policies	Short to Medium Term	<ul style="list-style-type: none"> Government regulations on carbon reduction and environmental protection are becoming stricter, leading to increased operational costs. 	<ul style="list-style-type: none"> Actively participate in policy-making processes and adjust production processes and technologies promptly to comply with new regulations.
	Changes in Customer Behavior	Medium Term	<ul style="list-style-type: none"> Growing demand for sustainable products is causing a decline in traditional product demand year by year. 	<ul style="list-style-type: none"> Expand the sustainable product line to reduce reliance on a single product type and enhance market diversity.
	Increased Raw Material Costs	Short to Medium Term	<ul style="list-style-type: none"> Climate change is leading to raw material shortages, driving up costs. 	<ul style="list-style-type: none"> Diversify supply sources and adopt alternative materials to improve raw material efficiency.
	Rising Greenhouse Gas Emission Prices	Medium Term	<ul style="list-style-type: none"> With the global net-zero trend, Taiwan's Environmental Protection Administration is revising climate change response laws to introduce carbon fees. As scale increases and emissions rise, this will result in carbon fee imposition. 	<ul style="list-style-type: none"> Ensure accurate greenhouse gas emissions tracking through external verification and gradually improve corporate carbon management.
Physical Risks 	Prolonged Drought	Medium to Long Term	<ul style="list-style-type: none"> Changes in rainfall patterns leading to prolonged droughts will impact water supply stability, limiting production due to water resource constraints. 	<ul style="list-style-type: none"> Improve water resource management by adopting recycling or water-saving technologies.
	Rising Average Temperatures	Short to Medium Term	<ul style="list-style-type: none"> Rising average temperatures will increase electricity costs. 	<ul style="list-style-type: none"> Optimize factory cooling systems and design work environments that can adapt to higher temperatures.
Opportunistic Risks 	Expanding New Business Opportunities	Medium Term	<ul style="list-style-type: none"> Abnormal climate patterns alter customer demand; predicting market needs and developing new products may allow entry into new markets, boosting revenue. Develop market demand related to climate change, such as low-carbon products and services. 	<ul style="list-style-type: none"> Develop new products based on customer performance requirements. Segment markets and identify new niche markets.
	R&D for Innovative Products or Services	Medium Term	<ul style="list-style-type: none"> Provide innovative solutions, such as pineapple fiber tire sealant, to reduce environmental impact and enhance market competitiveness. 	<ul style="list-style-type: none"> Increase R&D investment and collaborate with academic institutions and technology partners to accelerate product innovation.

Climate Change 305-1 305-2 305-3 305-4 305-5

Climate Risks and Opportunities

- PAX follows the TCFD framework to manage climate-related risks and opportunities. Relevant departments identify key climate risks and opportunities based on current trends. These findings inform company-wide climate governance strategies, which are then reviewed and monitored by the Sustainability Committee. This approach strengthens our climate governance, minimizes risks, and captures business opportunities.

MANAGEMENT PIN

Major Topic : Climate Change and Energy Management

Commitment		<ul style="list-style-type: none"> • PAX is committed to addressing climate change risks and opportunities by striving for carbon neutrality and implementing carbon reduction initiatives. This effort reduces our operational impact on the climate and enhances our resilience.
Goals	Short-term	<ul style="list-style-type: none"> • 2025 target for greenhouse gas density (t-CO2e per unit of product) to be 5% lower than in 2023.
	Mid-term	<ul style="list-style-type: none"> • 2030 target for greenhouse gas density (t-CO2e per unit of product) to be 10% lower than in 2023.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> • Following the TCFD framework, we identify and assess key climate risks and opportunities based on current trends. These insights inform our climate governance strategies, which are overseen by top management to ensure effective implementation.
	External	<ul style="list-style-type: none"> • Regularly disclose progress in sustainability reports and on our website.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> • Regularly identify and review key climate opportunities following the TCFD framework, setting management mechanisms and goals. • Continue managing facility energy use, assessing investments in low-carbon and renewable energy, or upgrading outdated equipment. • Encourage employees to propose innovative energy-saving and carbon reduction initiatives, such as improving equipment efficiency and changing electricity usage patterns.
	Negative Impact Management	<ul style="list-style-type: none"> • Regularly identify and review key climate risks following the TCFD framework, setting management measures and goals. • Continuously optimize energy management in facilities to reduce resource waste. • Conduct ongoing greenhouse gas inventories, analyze major emission sources, and implement reduction plans.
Evaluation Mechanism		<ul style="list-style-type: none"> • Annual evaluation of climate risk and opportunity identification and management performance. • Conduct annual GHG inventories and review the effectiveness of carbon reduction projects.

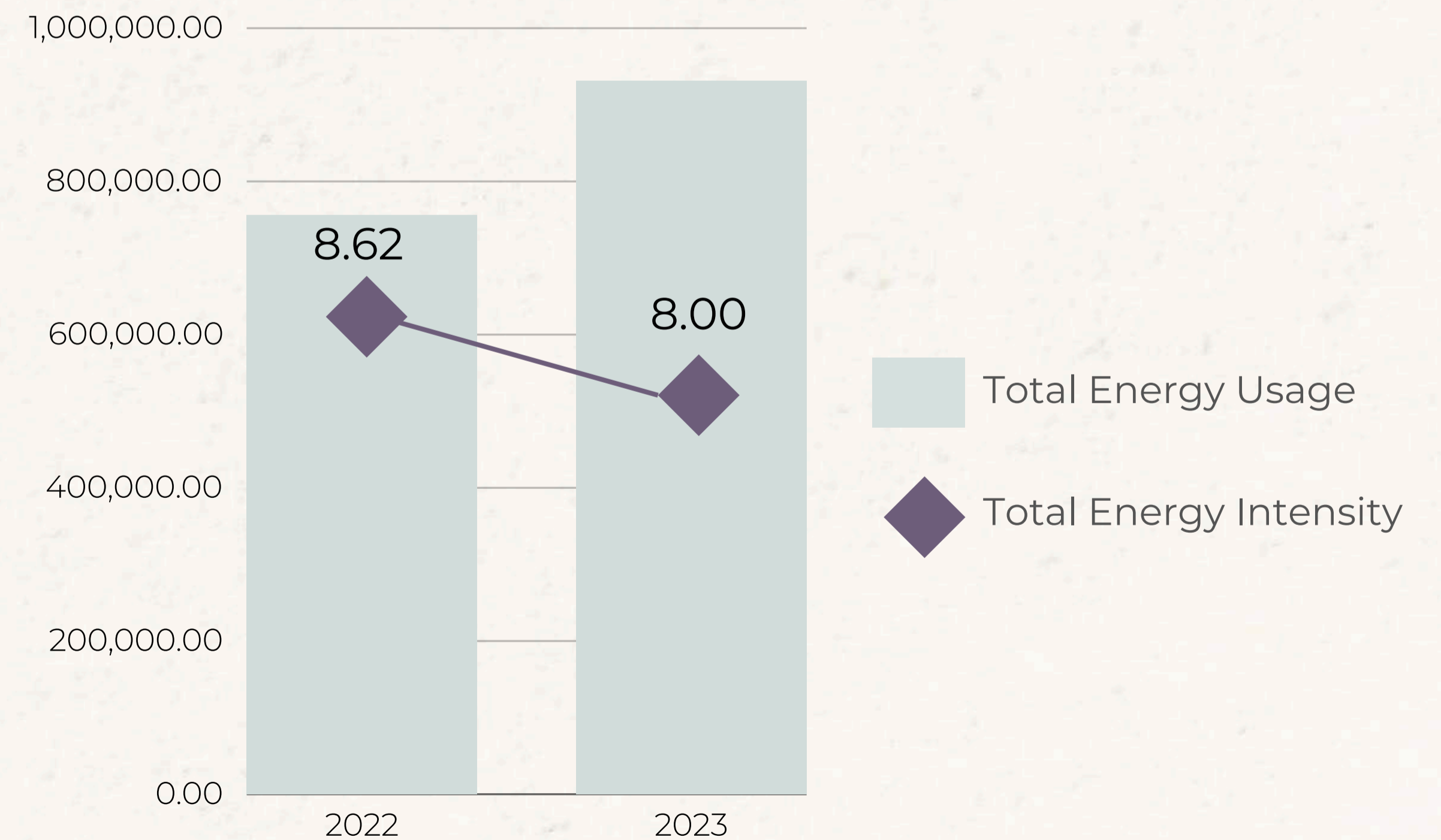
Energy Management 302-1 302-2 302-3 302-4 302-5

- PAX's main energy consumption is electricity, covering both production and office use. The key to reducing energy consumption is optimizing electricity use, cutting costs, and enhancing efficiency for green, low-carbon operations. Another focus is improving solar power generation efficiency.
- In 2023, PAX prioritized energy-saving by optimizing processes to reduce waste and ensure production lines operate at peak efficiency. We continuously upgrade equipment to boost energy efficiency and reduce waste. We also prioritize energy-efficient products, selecting low-energy external power supplies during design and testing them to meet eco-friendly standards.
- **For 2023, energy management data was fully disclosed for our Nantou headquarters, with 100% coverage.**

Total Internal Energy Consumption 302-1 302-3

Energy Consumption in the Last Two Years			Unit : GJ
Item	Unit	2022	2023
Natural Gas (NG)	m ³	83,604.00	109,588.00
Diesel	L	4,050.61	4,801.74
Electricity	kWh	668,820.00	817,140.00
Total Energy Usage	GJ	756,474.61	931,529.74
Total Energy Intensity	GJ/千元	8.62	8.00

Total Energy Usage



- In 2023, energy consumption increased due to a 32.59% growth in revenue compared to 2022.

Energy Management 302-1 302-2 302-3 302-4 302-5

Reducing Energy Consumption

- PAX is committed to reducing its carbon footprint and minimizing greenhouse gas emissions. Throughout the entire process, from raw material input to product output, we uphold the principle of "taking from the environment, giving back to the environment," striving to create products with the least ecological impact.
- In terms of energy conservation and carbon reduction, we rigorously implement various measures, closely monitoring the use of electrical and mechanical equipment within the company. We emphasize saving electricity and water, avoiding wasteful use of resources, and fostering a culture of conservation among our employees. By encouraging everyone to participate, we believe that even small actions can contribute significantly to energy savings and environmental protection.

Water and Electricity Conservation Measures

- Encourage the habit of turning off lights and equipment when not in use.
- Promote turning off unused power during lunch breaks and after work hours.
- Set water dispensers to sleep mode during non-working hours to reduce electricity consumption.
- Implement insulation measures for the chiller management system of the main air conditioning units.
- Monitor actual electricity usage and analyze data from different areas to identify improvement opportunities.
- Replace lighting with energy-efficient fixtures.
- Use sunshades to reduce heat from sunlight.
- Increase the chiller temperature and reduce compressor frequency to prevent resource waste.
- Regularly inspect and replace old faucets with water-saving models.
- Regularly inspect and repair leaking toilets and pipes.
- Promote water conservation awareness.
- Reuse kitchen rice water for watering plants.

Paper and Other Conservation Measures

- Implement an electronic signature system to digitize document approvals.
- Digitize clock-in/out processes for employees.
- Use cloud storage to access data and avoid unnecessary printing.
- Promote double-sided printing to reduce paper waste.
- Encourage the use of digital methods for data transmission, reducing the need for paper faxes.
- Require all employees to use reusable tableware.
- Offer reusable cups to visiting clients, prioritizing them over disposable ones.
- Encourage the reuse of packaging materials when sending sample parcels, unless new packaging is required, to reduce resource waste.
- Use reusable tableware for corporate meals, extending the practice to visiting clients.
- Encourage carpooling among employees for commuting.
- Promote waste separation and recycling.

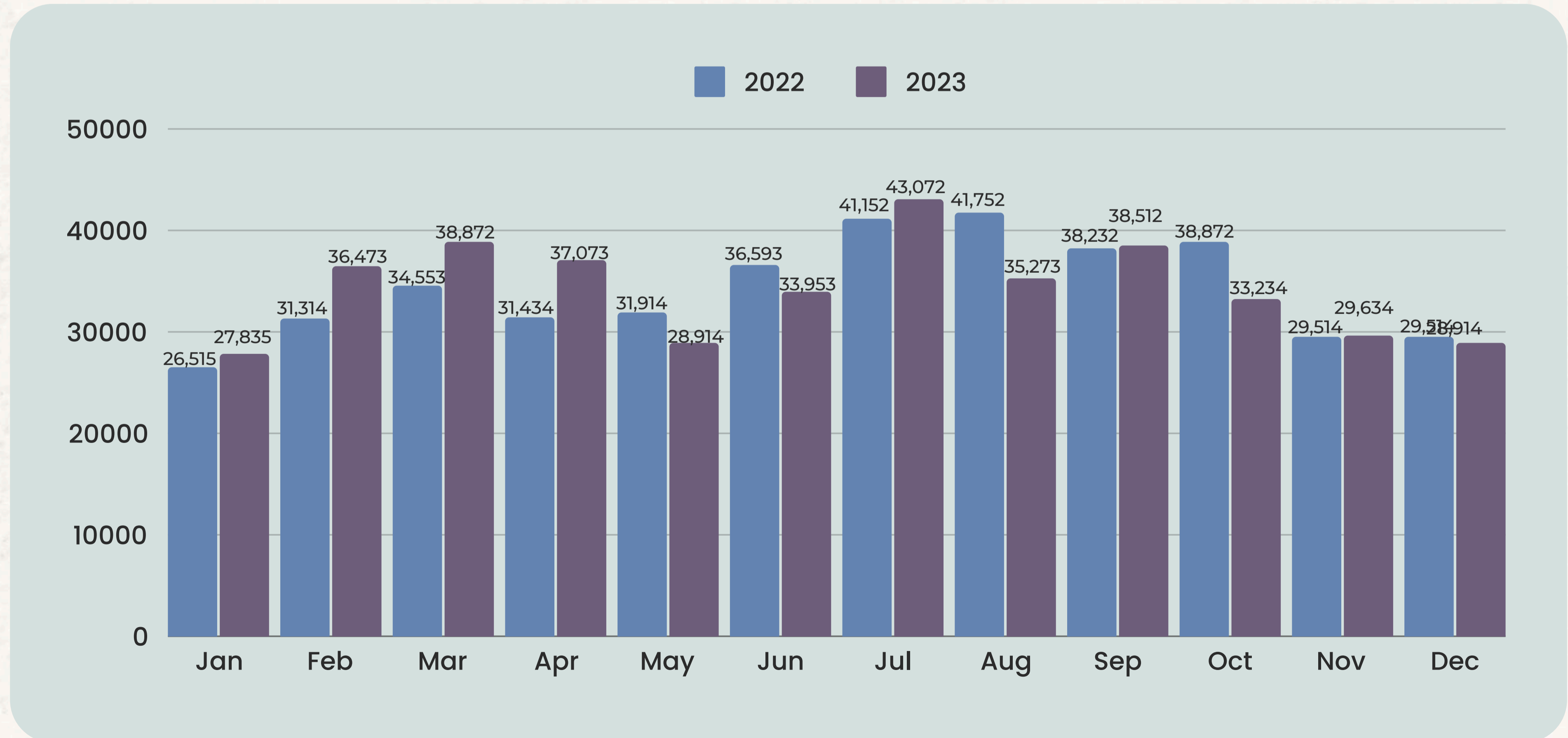
Energy Management

Renewable Energy - Solar Power

- PAX recognizes the urgent need to find alternatives to fossil fuels. Our solar power initiative is driven by our commitment to protect and preserve the Earth, not just by complying with environmental regulations. Solar energy, an abundant and renewable resource, reduces dependence on finite resources and significantly lowers carbon emissions, contributing to cleaner air and greener landscapes.
- Our solar power system goes beyond environmental responsibility; it aims to enhance energy efficiency, reduce waste, and deliver economic benefits while making a positive impact on the planet.
- PAX is committed to advancing green energy research and application. We continue to explore, innovate, and strive toward sustainable development, ensuring a better and cleaner Earth for future generations.
- **Short-Term Goal: Generate no less than 420,000 kWh of solar power.**
- **Mid to Long-Term Goal: Generate no less than 450,000 kWh of solar power.**

Unit : kWh	
Year	Solar Power
2022	411,359
2023	411,759

Note: The solar power generated is primarily sold to Taiwan Power Company (Taipower).



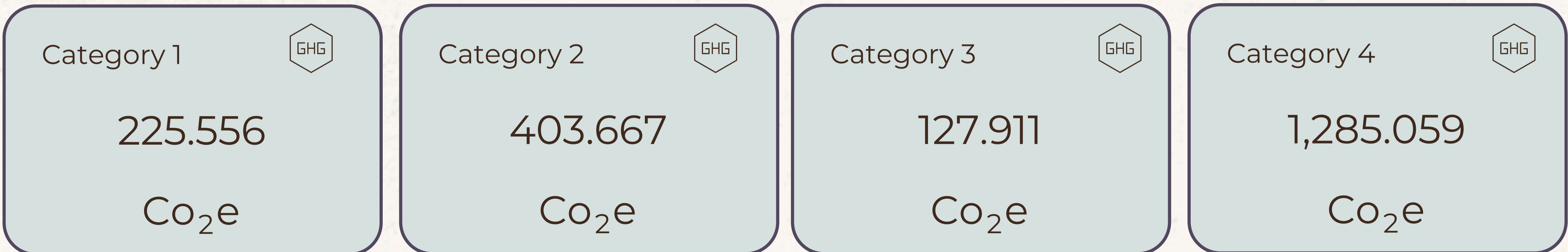
Greenhouse Gas Emission Management

305-1 305-2 305-3 305-4 305-5

- In 2023, PAX conducted a Greenhouse Gas (GHG) inventory following ISO14061-1:2018 standards. The inventory identified the largest carbon emission source as the purchase of products and services (mainly raw materials), prompting targeted improvement measures. To achieve the 2050 carbon neutrality goal, the company expanded its scope 3 emissions inventory, including upstream raw material emissions. This strategy was based on the materiality principle, considering factors such as the collectability of activity data, the reliability of data calculations, and the frequency of activities.
- To enhance the credibility of our GHG inventory and reporting, as well as to improve the quality of the GHG inventory, we completed internal verification and then engaged AFNOR an independent third-party audit firm, to conduct external verification. This process ensures a comprehensive inventory procedure and improves data quality.
- The GHG inventory conducted by PAX covers 100% of GHG emissions under operational control. Due to a change in GHG emissions exceeding 3% in 2023, the baseline year has been reset from 2022 to 2023.

[Quantified Inventory Scope]

- Category 1: Direct GHG emissions, including emissions from fuel use in natural gas boilers (heavy oil types 4-6) and natural gas, diesel generators (natural gas), forklifts, trucks, septic tanks, refrigerators, water coolers, transport equipment refrigerants (R-134a), and air conditioning refrigerants (R-410a)
- Category 2: Indirect energy GHG emissions, primarily from purchased electricity.
- Category 3: Upstream and downstream transportation, employee commuting, business travel, and waste disposal transportation.
- Category 4: Raw material procurement, emissions from purchased goods and services (e.g., natural gas, electricity, tap water, etc.), and waste incineration.

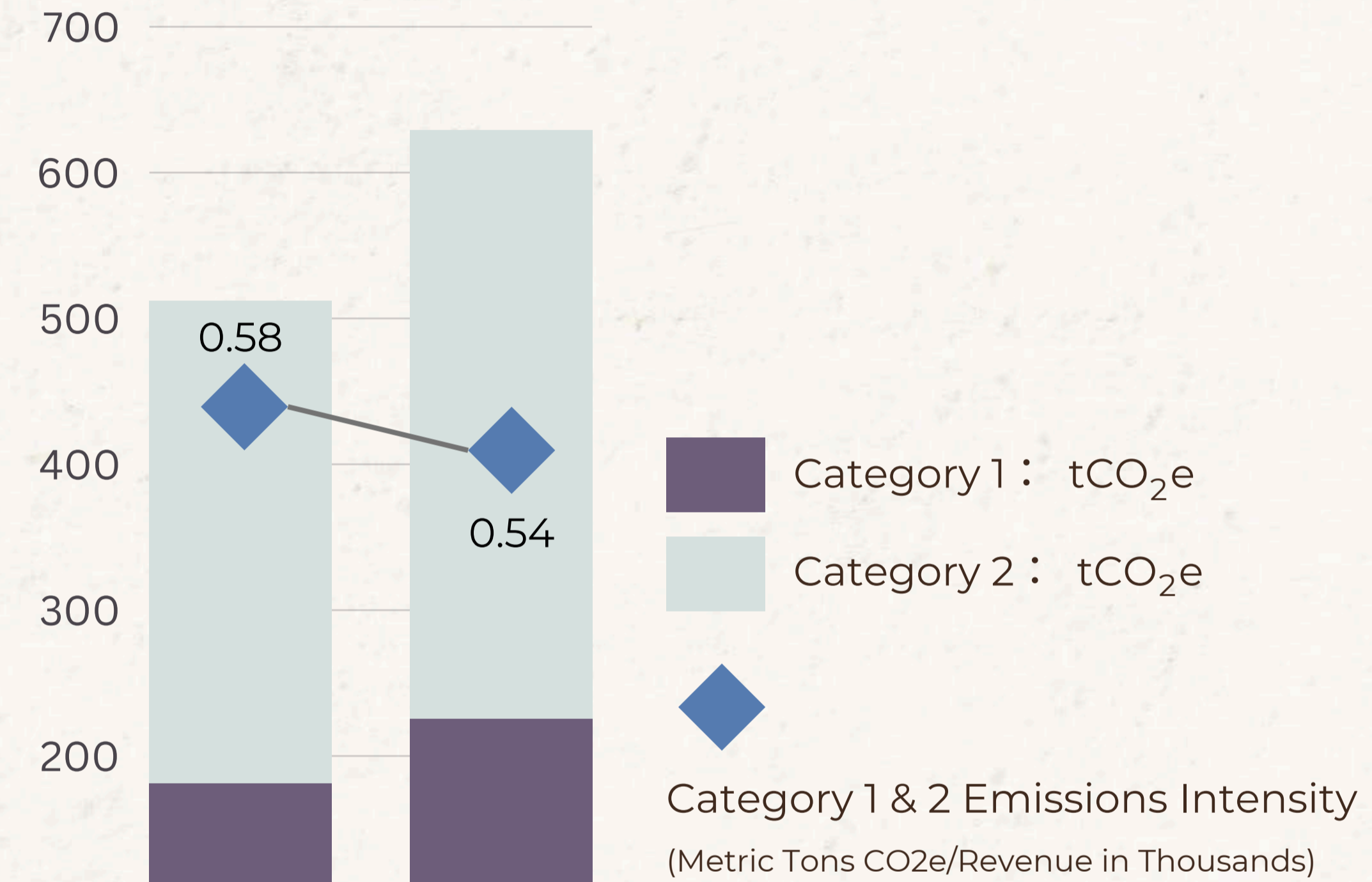


Greenhouse Gas Emission Management

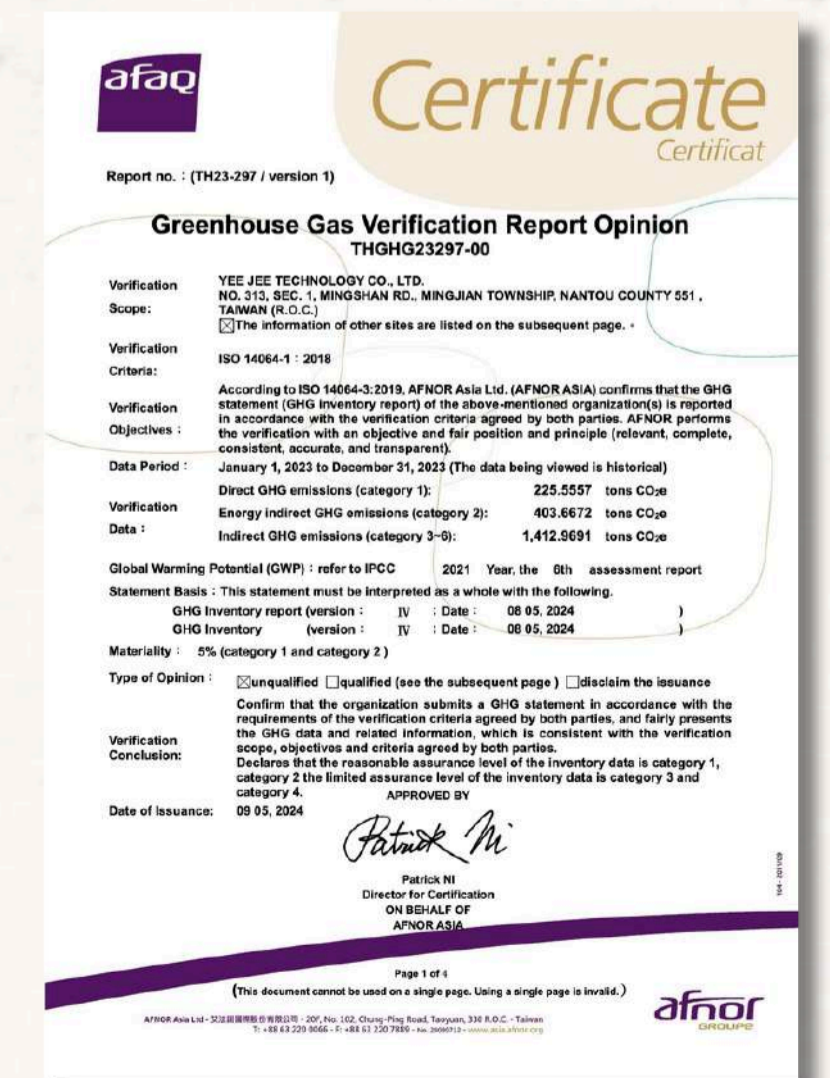
Greenhouse Gas Emissions Overview

GHG Emissions Over the Past Two Years		Unit : tCO ₂ e	
ISO 14064-1:2018	2022	2023	Rate of Increase/Decrease
Category 1: Direct GHG Emissions	181.264	225.556	24.43%
Category 2: Indirect GHG Emissions from Imported Energy	331.066	403.667	21.93%
Category 3: Indirect GHG Emissions from Transportation	152.869	127.911	-16.33%
Category 4: Indirect GHG Emissions from Products Used by the Organization	106.514	1,285.059	1106.47%
Category 1 + Category 2	512.330	629.223	22.81%
Category 3 + Category 4	259.382	1,412.969	444.74%
Category 1 + Category 2 + Category 3 + Category 4	771.713	2,042.192	164.63%
Category 1 & 2 Emissions Intensity (Metric Tons CO ₂ e/Revenue in Thousands)	0.0058	0.0054	-

GHG Emissions Trends Over the Past Two Years



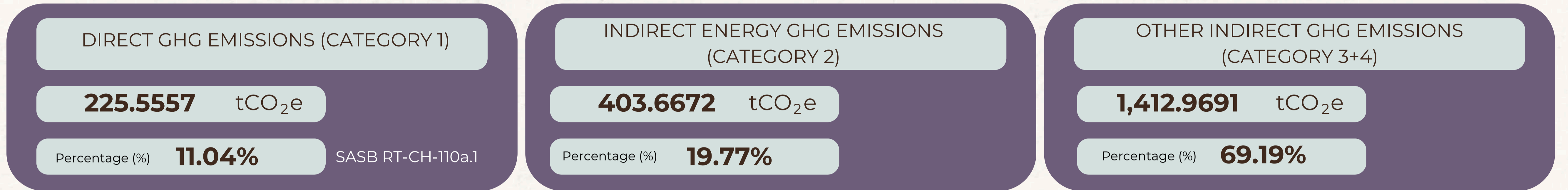
- Note 1: The GHG data disclosed in this report has been verified by a third party.
- Note 2: Method for GHG data compilation: Operational Control Approach.
- Note 3: 2023 GHG emissions data is in compliance with ISO 14064-1:2018 standards.
- Note 4: The 2023 GHG emissions verification was conducted according to ISO 14064-3 standards.
- Note 5: Methodology used: Global Warming Potential (GWP) values from the IPCC 2021 Sixth Assessment Report, Emission Factor Method, and Mass Balance Method.
- Note 6: Calculation tools used: Executive Yuan EPA GHG Inventory Registration Form 3.0.0 (Revised).
- Note 7: Source of conversion factors: The latest GHG Emission Factors Management Table, Version 6.0.4, published by the Executive Yuan EPA.



Greenhouse Gas Emission Management

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Data Boundary: Nantou Headquarters



溫室氣體個別排放總類及排放量

Unit: tCO₂e

GHG Emissions	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
Emissions(tCO ₂ e/year)	2,035.0695	0.1278	0.2696	6.7250	-	-	-	2,042.192
Percent (%)	99.65%	0.01%	0.01%	0.33%	-	-	-	100.00%

Direct Energy GHG Emissions (Category 1)

GHG Emissions	CO ₂	CH ₄	N ₂ O	HFCs	Total
Emissions(tCO ₂ e/year)	218.4333	0.1278	0.2696	6.725	225.5557

Total GHG Types and Emissions



Indirect Energy GHG Emissions (Category 2)

GHG Emissions	CO ₂
Emissions(tCO ₂ e/year)	403.6672

Indirect GHG Emissions (Categories 3-6)

GHG Emissions	CO ₂
Emissions(tCO ₂ e/year)	1,412.9690

- The indirect greenhouse gas emissions from transportation (Category 3) in 2023 amounted to 127.9106 tons of CO₂e, accounting for 6.26% of total emissions, a reduction of nearly 24.9684 tons of CO₂e compared to 2022. This reduction is attributed to PAX Industrial's water and electricity-saving measures and the encouragement of carpooling among employees.
- The indirect greenhouse gas emissions from the use of products (Category 4) totaled 1,285.0585 tons of CO₂e, representing 62.93% of total emissions, an increase of 1,178.5445 tons of CO₂e compared to 2022. To achieve the goal of carbon neutrality, PAX Industrial initiated a more comprehensive upstream raw material emissions audit starting in 2023, aiming to further monitor and reduce carbon emissions from its upstream supply chain.

Raw Materials Management 301-1 301-2 301-3

MANAGEMENT PIN

Major Topic : Raw Materials Management

Commitment		<ul style="list-style-type: none"> • Increase raw material efficiency by using 100% natural rubber to reduce environmental impact. • Reduce resource consumption by leveraging the biodegradability and recyclability of natural rubber waste.
Goals	Short-term	<ul style="list-style-type: none"> • Use 100% natural rubber as a raw material.
	Mid-term	<ul style="list-style-type: none"> • Use 100% natural rubber as a raw material.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> • R&D incorporates 100% natural rubber from the product design stage to create healthier and more environmentally friendly products.
	External	<ul style="list-style-type: none"> • Regularly disclose progress in sustainability reports and on the website.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> • Collaborate with suppliers to eliminate and reduce harmful substances in products.
	Negative Impact Management	<ul style="list-style-type: none"> • Establish diversified sources and safety stock for raw materials and finished products to mitigate the risk of supply disruption.
Evaluation Mechanism		<ul style="list-style-type: none"> • Annual customer feedback for 2023 shows no negative responses.

Raw Materials Management 301-1 301-2 301-3

Core of Raw Material Management

- PAX's committed to improving raw material efficiency by selecting 100% biodegradable natural rubber to minimize environmental impact and reduce resource consumption. We carefully choose natural rubber suppliers who are members of Rubberway, adhere to ESG standards, and have obtained the Thai Carbon Footprint Label and Green Industry Certificate. These suppliers also hold ISO certifications, including ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety), ISO 14001 (Environmental Management), and ISO 26000 (Social Responsibility), demonstrating excellence in quality, environmental, and social responsibility.
- This strategy not only aligns with our environmental commitment but also ensures the dual goals of product quality and corporate responsibility.



Additions:

Raw Materials Management 301-1 301-2 301-3

包裝材

- PAX's committed to environmental protection and sustainability in its use of packaging materials, specifically choosing kraft paper and Forest Stewardship Council (FSC) certified paper for product packaging.

KRAFT PAPER MATERIAL

- Kraft paper is widely used for packaging due to its strength and durability, ensuring product safety during transportation. Its recyclable nature also supports environmental sustainability.

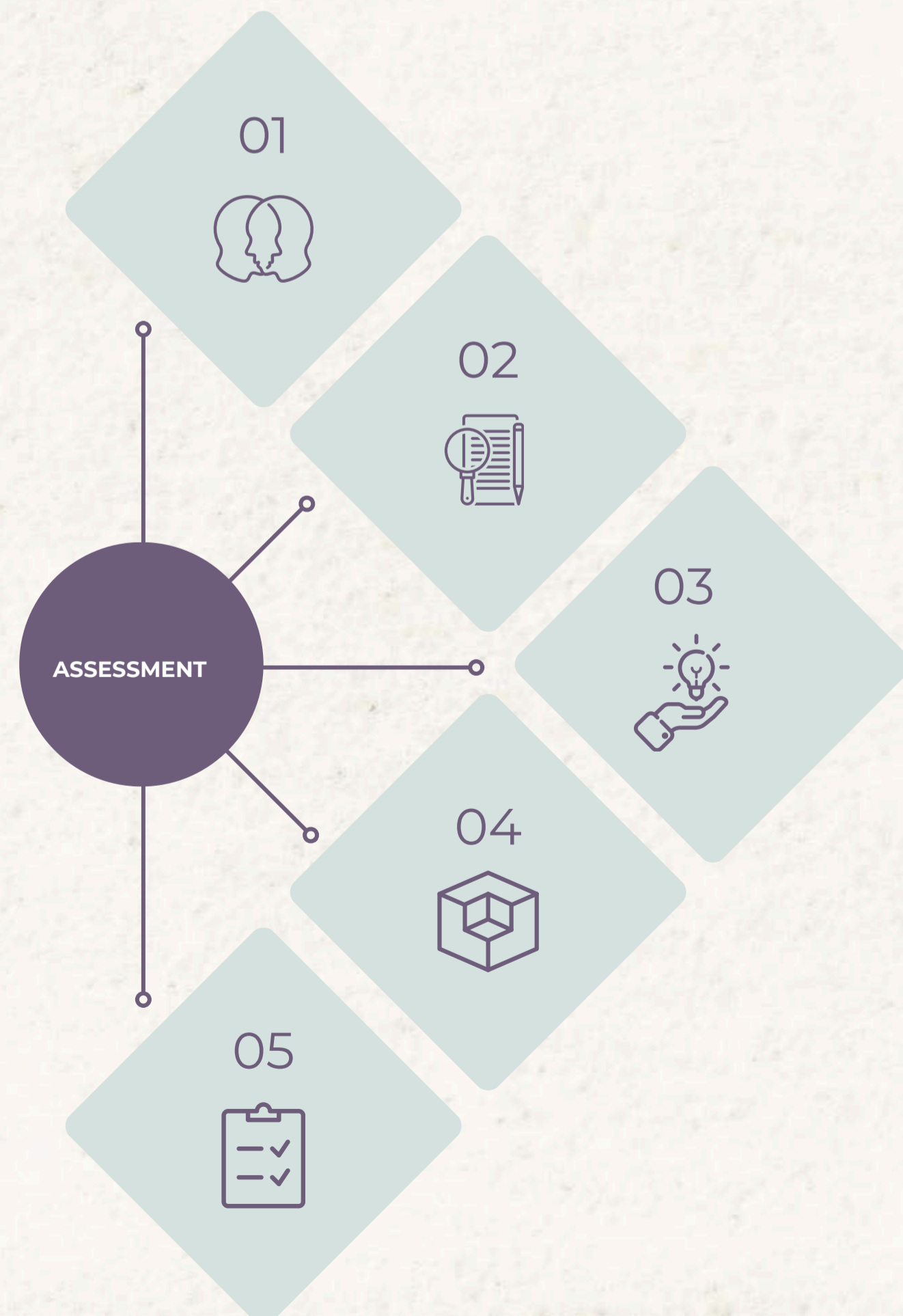
FSC

- Choosing FSC-certified paper means using wood from responsibly managed and sustainably operated forests.
- This supports the protection of forest ecosystems and ensures that logging activities do not harm wildlife habitats.

ENVIRONMENT ALLY FRIENDLY

- Promote innovative use of packaging materials by developing lighter, material-efficient packaging solutions that maintain both protection and aesthetics.

Raw Material and Packaging Supplier Tracking and Evaluation Method



- ### 01 Supplier Selection and Evaluation

 - Conduct a comprehensive assessment of potential suppliers, including their background, environmental policies, social responsibility practices, and quality control systems.
 - Require suppliers to provide relevant certifications and compliance documentation, such as ISO standards and FSC certification.
- ### 02 Supplier Audits

 - Regularly conduct on-site audits of suppliers to ensure their production processes, quality control, and environmental management meet PAX Industrial's standards.
 - Audits include environmental protection measures, labor conditions, health and safety policies, and operational procedures.
- ### 03 Performance Tracking and Scoring System

 - Establish a supplier performance scoring system, evaluating suppliers across multiple dimensions such as delivery timeliness, product quality, service, and environmental impact.
 - Encourage continuous improvement through regular feedback and performance evaluation reports.
- ### 04 Continuous Improvement and Training

 - Provide training and support on environmental and social responsibility to help suppliers enhance their continuous improvement capabilities.
 - Collaborate with suppliers to develop low-impact products and innovative packaging solutions.
- ### 05 Environmental and Social Responsibility Oversight

 - Ensure suppliers comply with relevant environmental protection laws and social responsibility standards.
 - Implement monitoring of the carbon footprint and environmental impact across the supply chain.

Water Management

303-1 303-2 303-3 303-4 303-5

Water Management

- PAX's main water usage occurs at the Nantou headquarters, where both domestic and industrial process water are sourced from the Jiji Water Treatment Plant, operated by the Taiwan Water Corporation's Fourth District Nantou Operation Office. The water is drawn from the tailwater of the Sun Moon Lake hydropower station, with a pumping well located at the Jiugong Power Plant in Shuili Township. The water is transported through an 8-kilometer pipeline to the treatment plant before being supplied for use.
- According to the World Resources Institute's "Water Risk Assessment Tool," the water stress level in the area where the company is located is categorized as "Low - Medium risk (1-2)." The water extraction by the Jiji Water Treatment Plant has not caused significant impacts on local water resources.

EFFICIENT WATER RESOURCE UTILIZATION

Reduce water usage by installing water-saving devices and improving production processes.

WASTEWATER TREATMENT AND RECYCLING TECHNOLOGIES

Plan and implement wastewater treatment facilities to process and purify industrial wastewater.

WATER QUALITY MONITORING AND MANAGEMENT

Monitor the quality of factory water and wastewater to ensure compliance with environmental regulations and standards.

EMPLOYEE TRAINING AND AWARENESS

Provide regular training for employees on water resource conservation and water-saving technologies, raising awareness of sustainable water management.

CONTINUOUS IMPROVEMENT AND COMPLIANCE

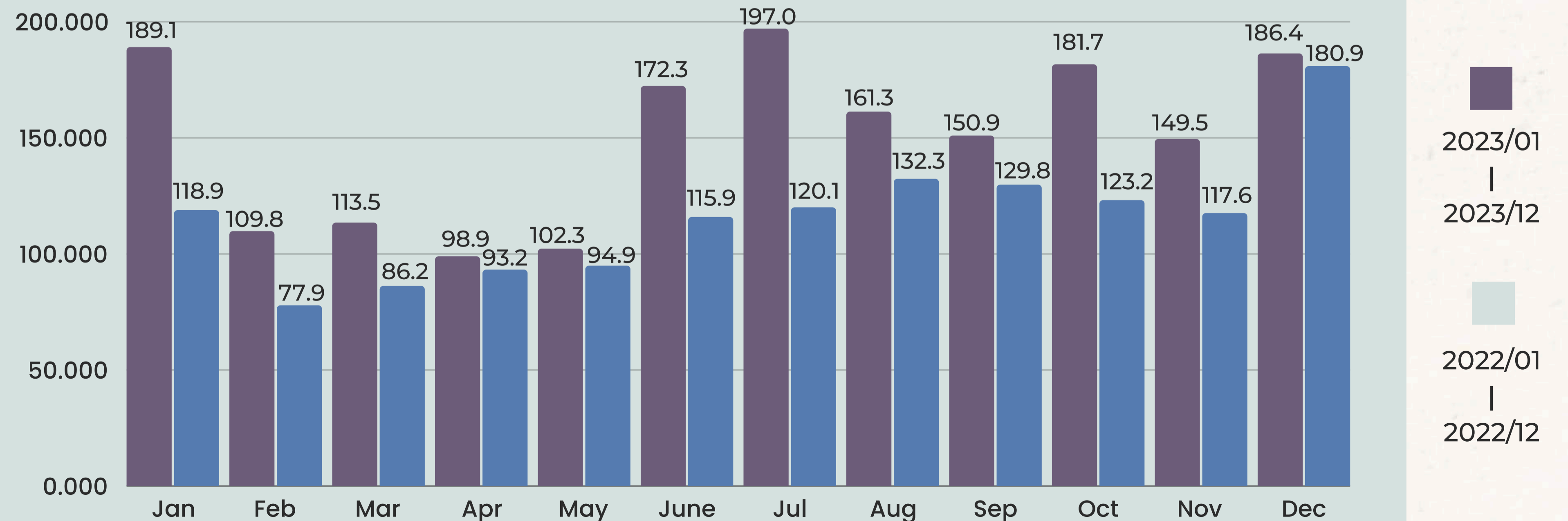
Continuously evaluate and update water resource management plans to address climate change and evolving industrial needs.

Annual Water Usage Comparative Analysis

Water Resource Usage Over the Past Two Years

Item	Unit	2022	2023
Tap Water	m3	1,390.964	1,812.916

- In 2023, water usage increased by 30.34% compared to 2022, primarily due to a 32.59% growth in revenue.



Waste Management 306-1 306-2 306-3 306-4 306-5

MANAGEMENT PIN

Major Topic : Waste Management

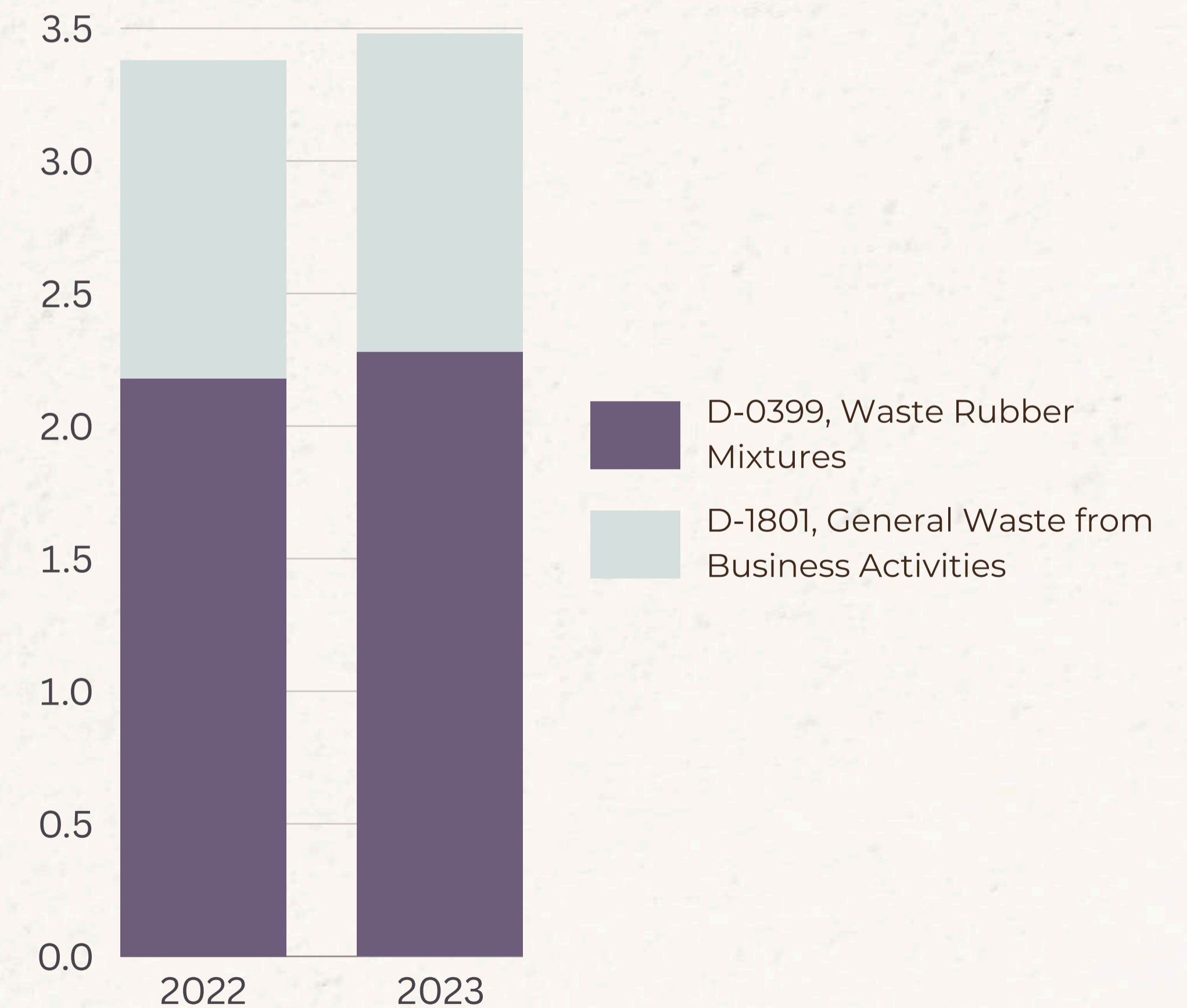
Commitment		<ul style="list-style-type: none"> In response to technological advancements, PAX has entrusted certified vendors with the incineration or landfill disposal of all waste rubber mixtures from the plant. The company aims to collaborate with these vendors to research new waste recycling technologies, enhancing waste recovery and gradually shifting to recycling and reuse methods.
Goals	Short-term	<ul style="list-style-type: none"> 90% of scrap material recycled and reprocessed.
	Mid-term	<ul style="list-style-type: none"> 100% of scrap material recycled and reprocessed.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> Establish a dedicated team responsible for daily waste management and employee education.
	External	<ul style="list-style-type: none"> Collaborate with external professional recycling companies to ensure proper waste disposal.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Continuously adjust raw material usage parameters and improve process technologies at the production source to optimize and minimize raw material consumption (Reduce), implementing source reduction. After raw materials have been used in the production process, prioritize internal reuse (Reuse) to ensure full material circulation (Recycle), delaying the point at which materials become waste.
	Negative Impact Management	<ul style="list-style-type: none"> During waste transportation, use GPS tracking systems to monitor routes and require disposal facilities to provide proper disposal certificates, ensuring full compliance and preventing illegal waste dumping. This approach supports the path to environmental sustainability.
Evaluation Mechanism		<ul style="list-style-type: none"> Conduct annual evaluations of waste disposal vendors, with performance assessments based on the achievement of annual targets.

Waste Management 306-1 306-2 306-3 306-4 306-5

- To protect the environment and reduce waste pollution risks, PAX strictly adheres to waste management laws. In line with the EPA's "Mandatory Waste Classification" policy, we developed a "Waste Management Plan" to enforce strict disposal procedures. All waste is legally managed, with proper permits and reporting, handled by certified vendors. GPS tracking systems monitor disposal routes, and processing facilities provide disposal certificates, ensuring compliance and preventing illegal dumping.
- Quarterly self-inspections of on-site waste storage ensure compliance with environmental regulations, with records submitted to the plant manager. Our process waste is primarily general industrial waste, such as waste rubber, with no hazardous waste produced. We focus on increasing recycling rates and reducing waste generation at the source.

Waste Data Explanation

Waste Disposal Methods and Volumes for the Past Two Years			
Item	Unit	2022	2023
D-0399, Waste Rubber Mixtures	mt	2.18	2.28
D-1801, General Waste from Business Activities	mt	1.2	1.2

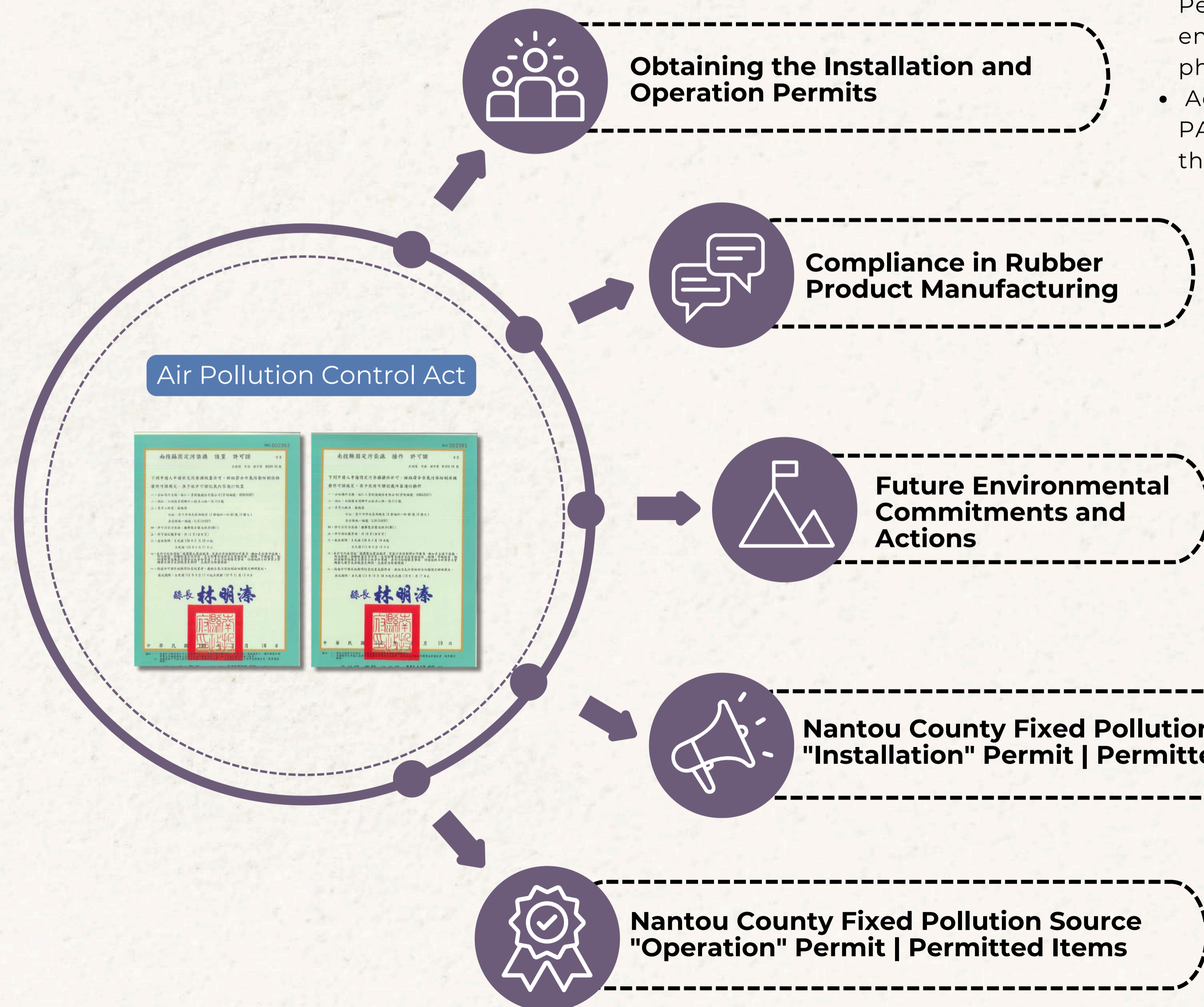


【Implementation Details】

- No hazardous industrial waste was generated in 2023. SASB RT-CH-150a.1
- No incidents of oil, fuel, or chemical spills occurred in 2023.

Environmental Compliance 2-27 RT-CH-530a.1

- PAX has consistently committed to environmental protection and sustainable development. On April 19, 2019, the company successfully obtained approval from the Nantou County Government for compliance with the Air Pollution Control Act.



- PAX successfully obtained the Fixed Pollution Source Installation Permit, demonstrating the company's strict compliance with environmental regulations during the design and construction phases.
- Additionally, the acquisition of the Operation Permit ensures that PAX Industrial's daily operations adhere to environmental laws and that effective measures are in place to reduce air pollution.

- The acquisition of these two permits further demonstrates PAX's legal and regulatory compliance in rubber product manufacturing (M01).
- The company strictly controls air pollutant emissions during the manufacturing process and uses advanced technology and equipment to meet regulatory requirements.

- PAX will continue to monitor and adhere to changes in environmental regulations to ensure ongoing compliance with, or exceeding of, environmental standards.
- The company will further explore and implement additional strategies to reduce environmental impact, such as improving energy efficiency, using more eco-friendly materials and technologies, and enhancing employee environmental awareness and training.

- Rubber Product Manufacturing Process (M01) | Number of Permitted Items: 11

- Rubber Product Manufacturing Process (M01) | Number of Permitted Items: 18

Green Innovation

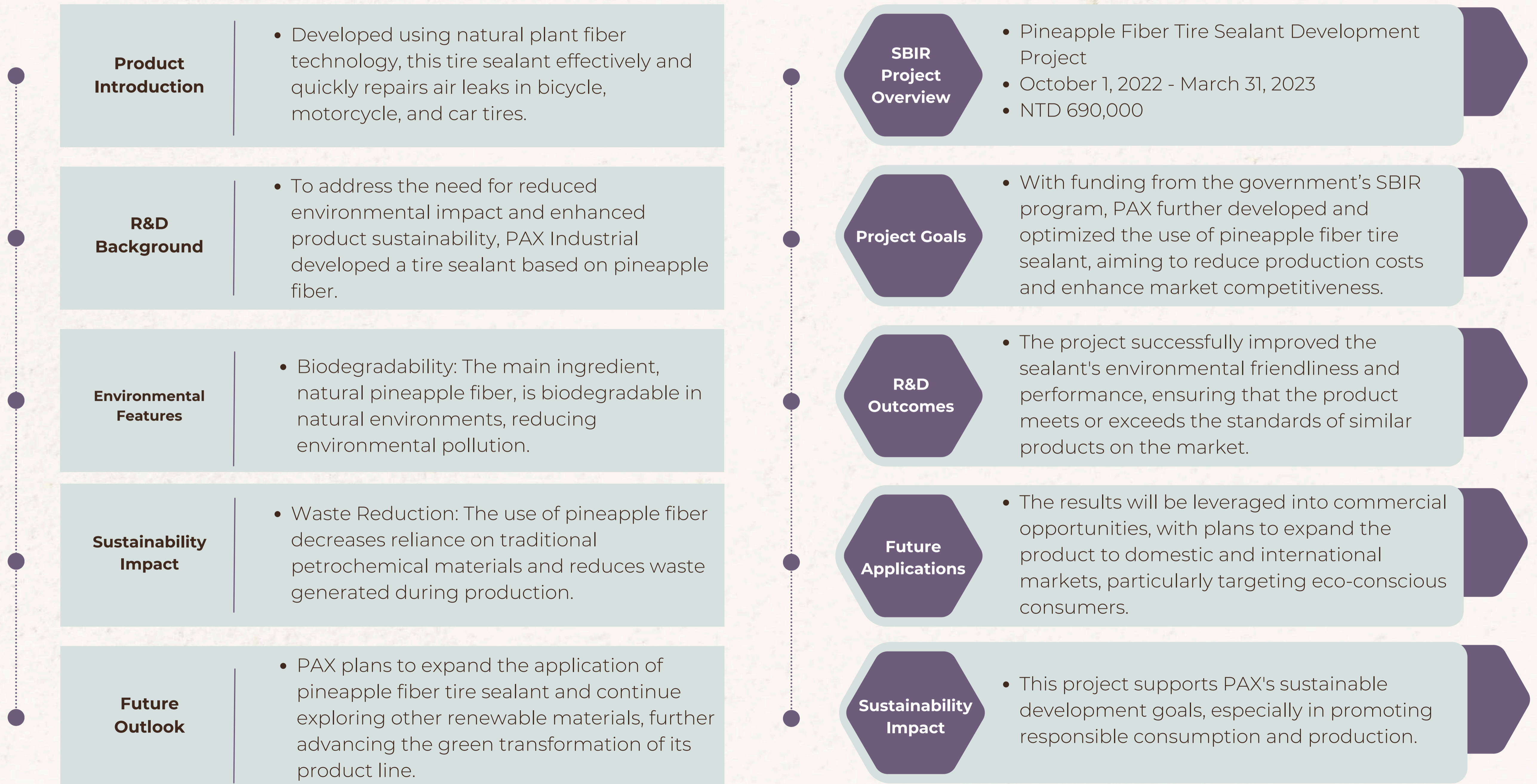
MANAGEMENT PIN

Major Topic : Green Innovation

Commitment		<ul style="list-style-type: none"> PAX's committed to driving innovation and enhancing product competitiveness through ongoing technological development while upholding sustainable development principles. The company is dedicated to creating more eco-friendly and efficient products.
Goals	Short-term	<ul style="list-style-type: none"> Launch at least one new product each year and achieve a 5% improvement in quality.
	Mid-term	<ul style="list-style-type: none"> Ensure that 25% of total product line sales come from new products, with a 15% quality improvement achieved through continuous technological advancements.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> Responsibility Allocation: Assign dedicated teams and relevant departments to oversee the development, management, and continuous improvement of green products, including eco-friendly product design, material selection, and production processes. Resource Allocation: Provide the necessary financial, technical, and human resources to support environmental innovation and ongoing improvements in the production process.
	External	<ul style="list-style-type: none"> Communication and Collaboration: Regularly engage with external stakeholders (e.g., government agencies, NGOs, industry organizations) to jointly promote higher environmental standards within the industry. Transparency: Publicize newly launched eco-friendly products to build public and consumer trust in PAX Industrial's commitment to green products.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Innovation and Improvement: Increase investment in R&D for eco-friendly products, develop new green technologies or products, and use sustainable materials to enhance environmental features and market competitiveness. Product Optimization: Improve existing product designs to reduce material usage and energy consumption, while increasing product efficiency and lifespan. Market Promotion: Raise public awareness and demand for eco-friendly products through marketing and consumer education initiatives.
	Negative Impact Management	<ul style="list-style-type: none"> Waste Reduction: Implement measures to minimize waste generation during the production process, such as optimizing production workflows and improving raw material efficiency. Emission Control: Strictly control air and water pollution emissions during production, ensuring compliance with all relevant environmental regulations. Supply Chain Management: Collaborate with suppliers to ensure their operations meet environmental standards and work together to reduce the environmental footprint across the entire supply chain.
Evaluation Mechanism		<ul style="list-style-type: none"> Regularly assess the progress and outcomes of R&D projects, aligning them with business strategies to ensure that R&D activities are consistent with company goals.

Green Innovation 416-1 416-2

- 「GA TireSealant」 represents a significant breakthrough in the company's green product innovation and technology development, emphasizing our commitment to utilizing renewable resources and natural materials. SASB RT-CH- 410b.2



Supply Chain Management 414-2

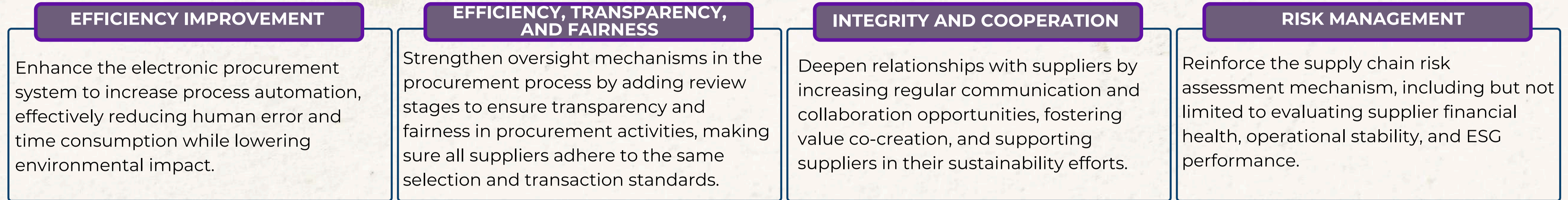
MANAGEMENT PIN

Major Topic : Supply Chain Management

Commitment		<ul style="list-style-type: none"> Achieve full supply chain transparency to monitor environmental, social, and governance (ESG) risks within the supply chain.
Goals	Short-term	<ul style="list-style-type: none"> 2025: 55 suppliers committed to social responsibility, with 50% meeting sustainability evaluation standards.
	Mid-term	<ul style="list-style-type: none"> 2025: 55 suppliers committed to social responsibility, with 50% meeting sustainability evaluation standards.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> Education and Training: Provide internal employees with education and training on sustainable supply chains to enhance their understanding and ability to implement sustainable development goals. Resource Allocation: Ensure adequate human and financial resources to support sustainable supply chain strategies and action plans.
	External	<ul style="list-style-type: none"> Communication and Collaboration: Establish open communication channels with external stakeholders, including regulatory bodies, industry organizations, and NGOs, to share experiences in sustainable practices. Policy Advocacy: Participate in the formulation and improvement of policies and standards related to sustainable supply chains, promoting sustainable development within the industry.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Promotion of Eco-friendly Materials: Encourage suppliers to use renewable or eco-certified materials, such as FSC-certified paper or natural rubber. Energy-saving and Carbon Reduction Measures: Collaborate with suppliers to develop low-carbon technologies and solutions to reduce energy consumption and carbon emissions across the supply chain.
	Negative Impact Management	<ul style="list-style-type: none"> Risk Assessment and Emergency Response Plan: Regularly conduct supply chain risk assessments and develop response plans for identified risks, such as raw material shortages and labor issues. Monitoring and Compliance Checks: Implement a monitoring system to track potential environmental and social impacts within the supply chain, ensuring all suppliers comply with relevant laws, regulations, and international standards.
Evaluation Mechanism		<ul style="list-style-type: none"> Supplier Performance Evaluation: Utilize a balanced scorecard and conduct regular audits to assess supplier performance, making adjustments and improvements as needed.

Supply Chain Management

Sustainable Supply Chain Management Mechanism 308-1 308-2



Supply Chain Sustainability Policy

01	02	03	04	05
Environmental Protection	Social Responsibility	Governance Practices	Innovation and Collaboration	Transparency and Communication
<p>Ensure all suppliers comply with environmental regulations and encourage the use of sustainable materials and reduced resource consumption.</p>	<p>In 2023, PAX Industrial actively promoted social responsibility within the supply chain, with 51 suppliers signing the Supplier Social Responsibility Commitment.</p>	<p>Implement supplier compliance assessments to ensure that their business practices align with ethical standards and anti-corruption regulations.</p>	<p>Encourage suppliers to participate in product innovation and continuous improvement, particularly in advancing environmental sustainability and social responsibility.</p>	<p>Regularly publish supply chain sustainability reports, publicly disclosing the ESG performance of the supply chain.</p>

Supplier Code of Conduct (Supplier Social Responsibility Commitment) 308-1 414-1

01	02	03	04	05
Ethical Business Conduct	Labor Rights and Human Rights Protection	Environmental Protection	Compliance Monitoring and Audits	Accountability and Consequences
<p>Adhere to principles of fair and transparent business activities. Prohibit all forms of bribery, improper donations, or sponsorships.</p>	<p>Strictly forbid the use of child labor and forced labor. Ensure working conditions meet legal standards, including hours, wages, and rest periods. Provide a safe working environment and prevent workplace discrimination.</p>	<p>Commit to complying with environmental regulations and international standards. Implement energy-saving and carbon reduction measures, efficiently use resources, and minimize waste and emissions.</p>	<p>PAX reserves the right to conduct regular audits of suppliers' practices and take necessary actions against those who violate commitments, including contract termination.</p>	<p>If a supplier breaches these commitments, they may be held liable for damages to PAX and face potential cessation of cooperation.</p>

CH 5

Sustainable Workplace

PAX's dedicated to creating a safe, healthy, and diverse workplace that values equality. We prioritize a people-centered approach, fostering employee development, well-being, and rights protection.



Key Points

Human Resources Structure

Employee training hours: 445

Occupational safety and health training: 47

Social welfare contributions: NTD \$83,000

Industry-academia collaborations: 5 institutions

Chapter Highlights

78. Sustainability Strategy

79. HR Management

82. Talent Attraction and Retention

87. Inclusive Workplace

93. Occupational Health and Safety

98. Social Inclusion

Sustainability Strategy

- PAX's firmly committed to "creating a high-quality work environment, promoting work-life balance, and ensuring employees feel secure and experience growth at all stages of their careers." In alignment with the digital transformation strategy and the company's motto, "PAX, Pursuing Excellence," we strive to achieve a balanced development for employees in time management, economic rewards, personal growth, and physical and mental well-being.

Strategic Goals

Short-term Strategic Goals	Protect workers' rights		Employee turnover rate: ≤ 10.0%		Training program execution rate: 100%	
Medium to Long-term Strategic Goals	Build a superior corporate culture	Provide high-quality training and development opportunities	Offer competitive compensation and benefits	Create a sound working environment	Strengthen leadership and management capabilities	Enhance employee well-being

2023 Management Performance

01

HEALTH AND SAFETY
Launched an employee health check program, including annual physical exams and screenings for specific occupational diseases.

EMPLOYEE ENGAGEMENT AND COMMUNICATION
Established an employee feedback platform to address concerns and issues promptly.

02

PROTECT WORKERS' RIGHTS

- Optimization of Labor Conditions
- Workplace Environment Improvements
- Employee Participation and Communication
- Regulatory Compliance and Ethical Behavior

03

EMPLOYEE TURNOVER RATE: ≤ 10.0%

- PAX' efforts to improve employee job satisfaction and loyalty have directly contributed to lowering the turnover rate, helping the company maintain a talent advantage and operational stability in a competitive industry.

04

TRAINING PROGRAM EXECUTION RATE: 100%

- Education and Training
 - Training hours: 445 hours
 - Overall training satisfaction: 95%
- A comprehensive training strategy enhances employees' professional skills and work efficiency, while also improving job satisfaction and loyalty.

HR Management

STRATEGY

HR Management

Talent Development Strategy

- Establish a comprehensive talent development system to meet the growth needs of employees at various positions and stages.
- Implement a performance management system to ensure alignment between employee performance and corporate goals.

Employee Care Measures

- Continuously improve the work environment and benefits to enhance employee satisfaction.
- Promote mental health support programs, focusing on employees' psychological well-being and quality of life.

Talent Recruitment and Retention

- Encourage internal talent mobility, providing more career development opportunities for employees.
- Develop high-potential employees to build a pipeline of future leaders for the company.

ACTION PLAN

HR Management

Short-term Goals (within 1 year)

- Launch a new employee benefits plan to enhance job satisfaction and increase the company's attractiveness.
- Strengthen the recruitment process to improve efficiency and reduce the time to fill vacant positions.

Medium-term Goals (1-3 years)

- Conduct regular employee satisfaction surveys and optimize the work environment and benefits policy based on feedback.
- Improve the performance management system to integrate performance evaluation with reward mechanisms.

Long-term Goals (3-5 years)

- Foster a competitive corporate culture that attracts and retains top talent, building a stable core team.
- Promote diversity and inclusion within the company, creating a more inclusive and innovative work environment.

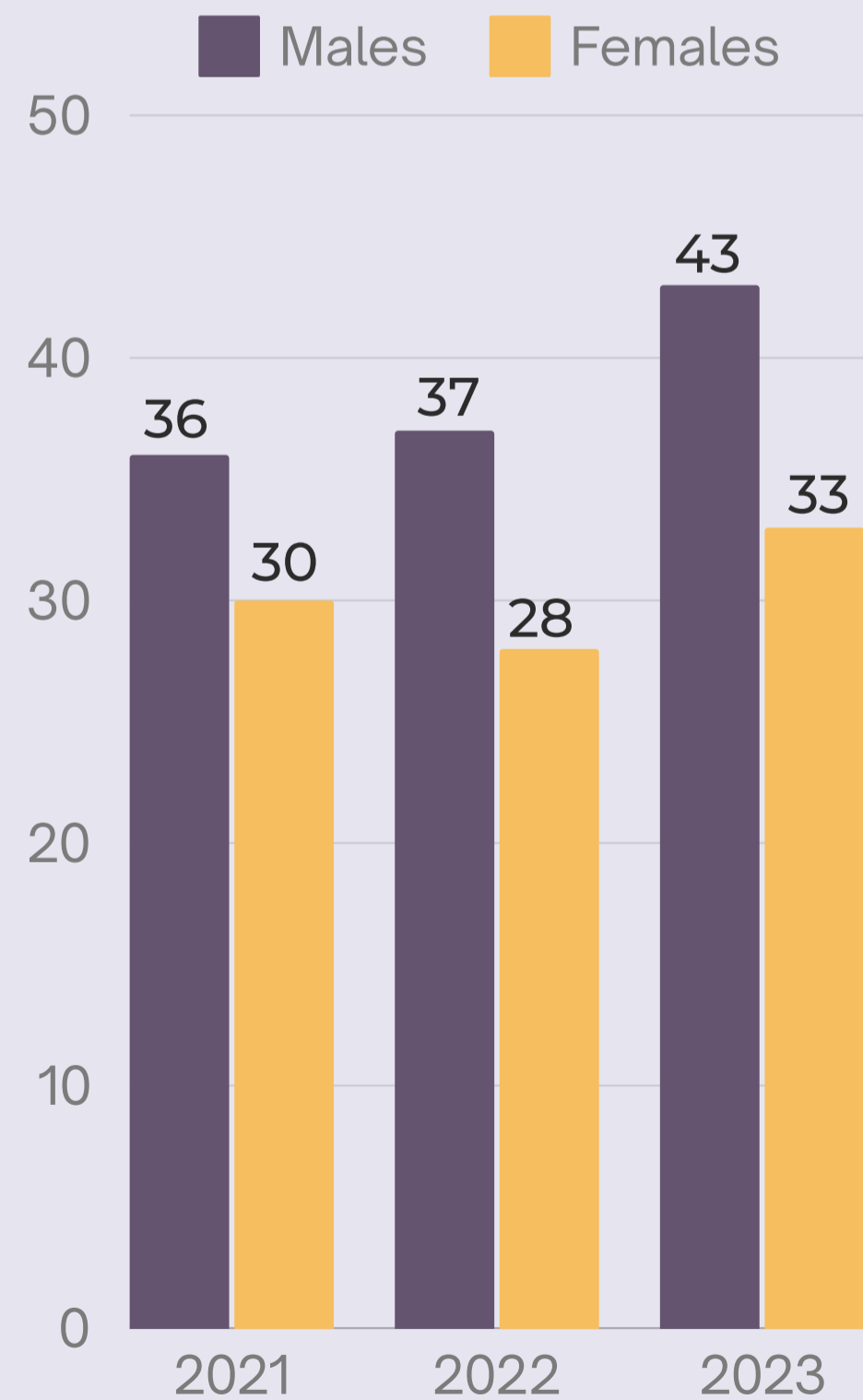
HR Management

Workforce Structure 2-7

- As of December 31, 2023, PAX employed 76 individuals, all of whom are full-time, permanent employees under open-ended contracts. Of these, 43 are male and 33 are female, with males representing 57% of the workforce due to industry-specific requirements. In terms of employment type, 78.2% are full-time employees, 19.2% are part-time employees, and 2.6% are employees with disabilities.

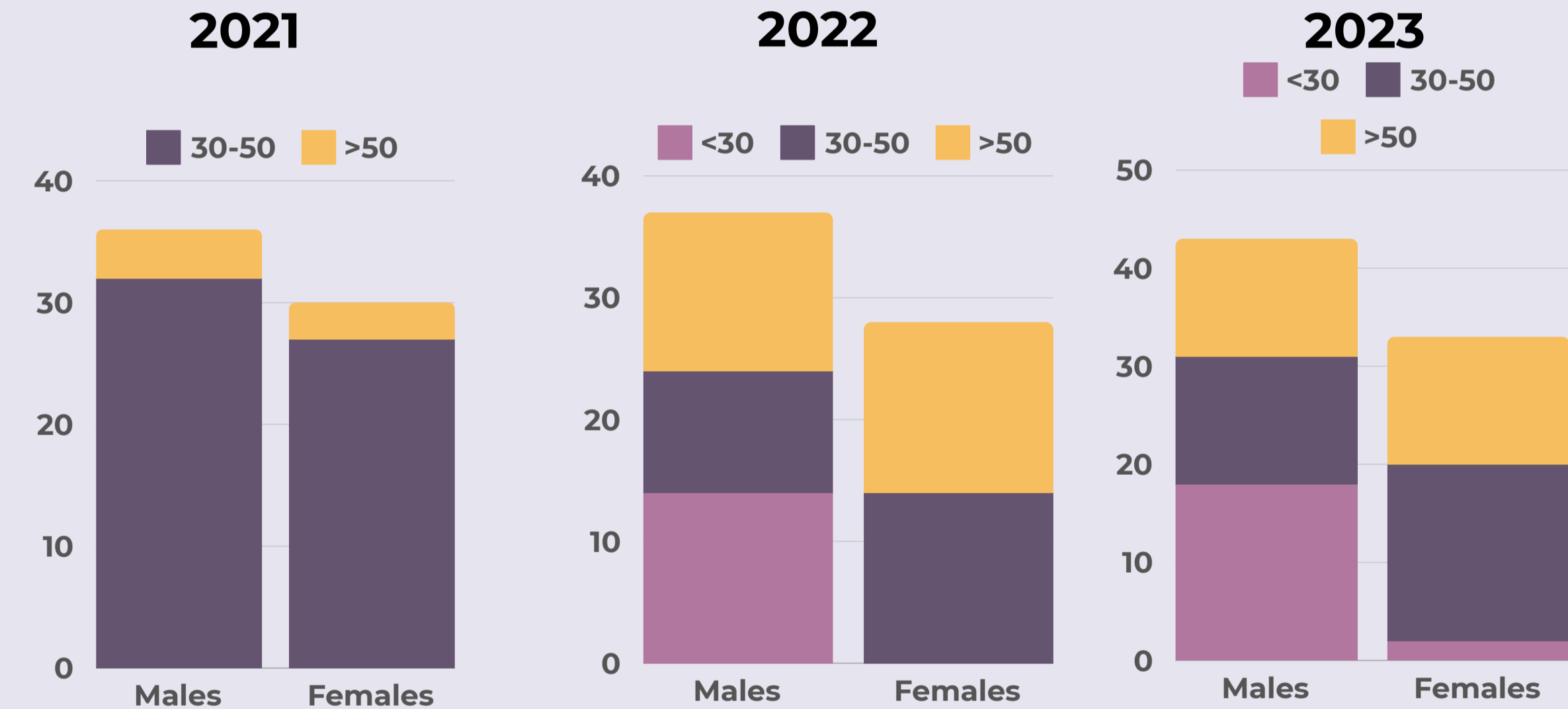
Employee Gender

2021 2022 2023
66 65 76

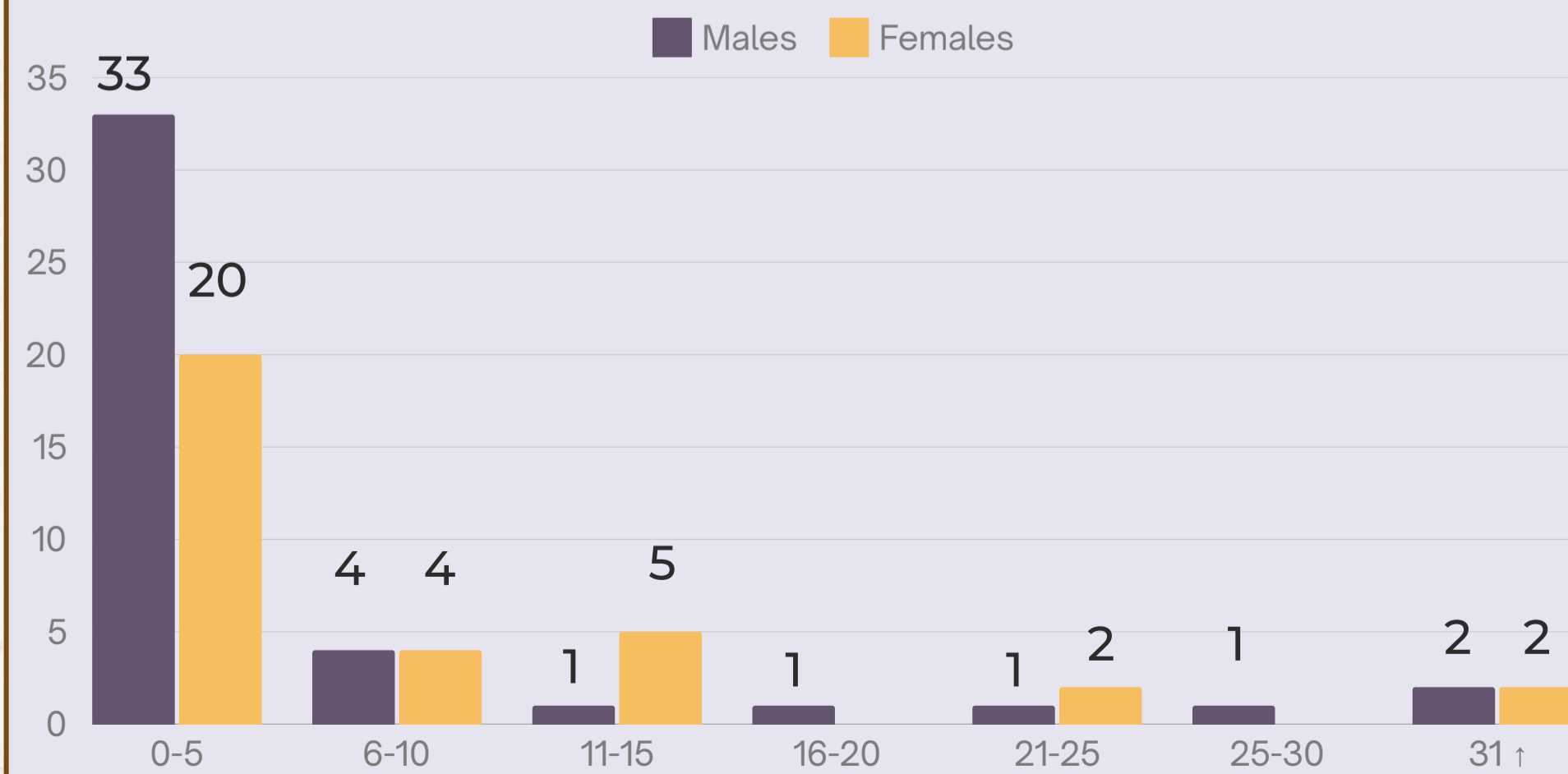


Employee Age and Gender

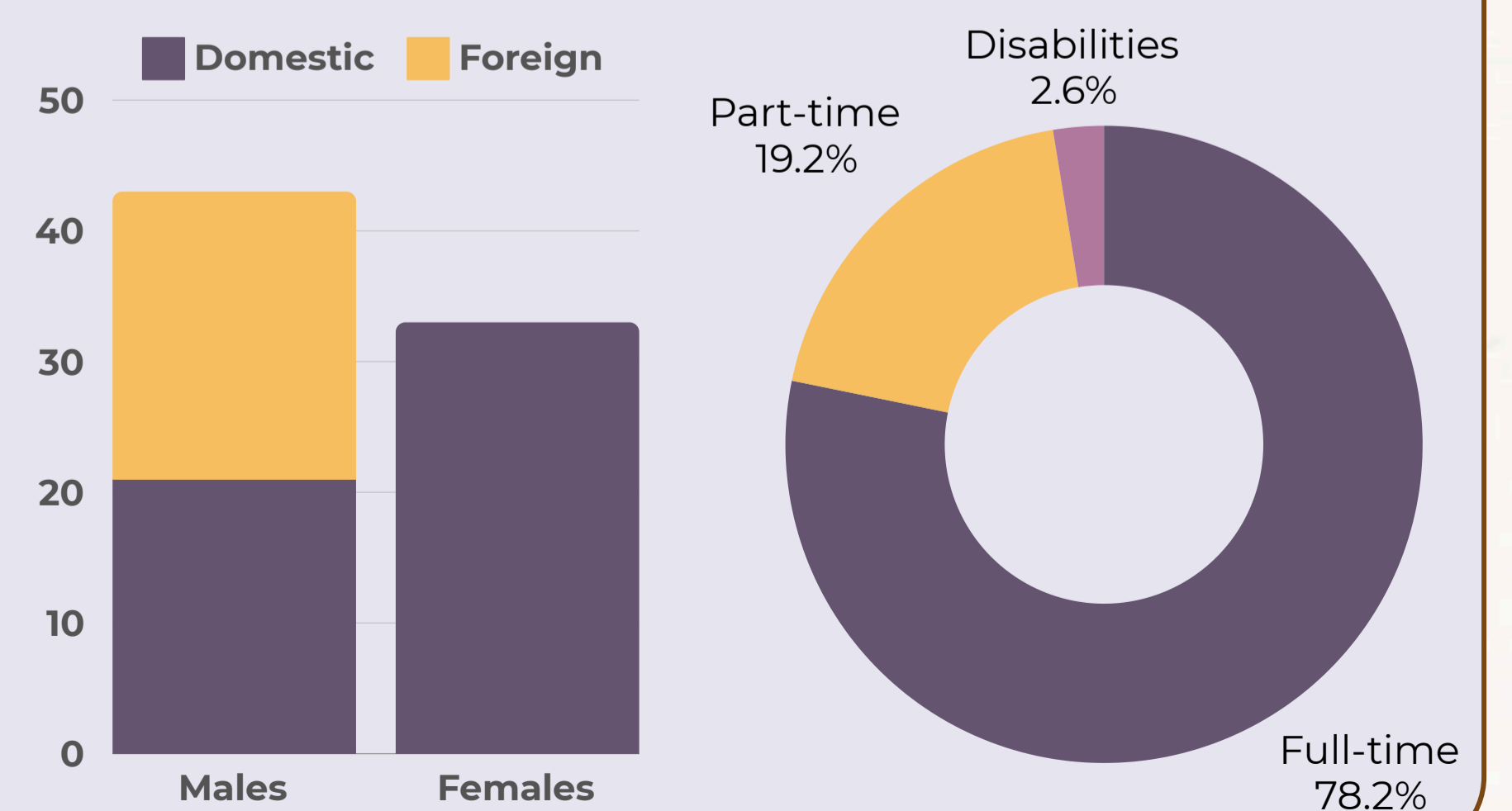
Year	Males	Females
2021	36	30
2022	37	28
2023	43	33



Employee Tenure and Gender



Employment Type



Talent Attraction and Retention 3-3

MANAGEMENT PIN

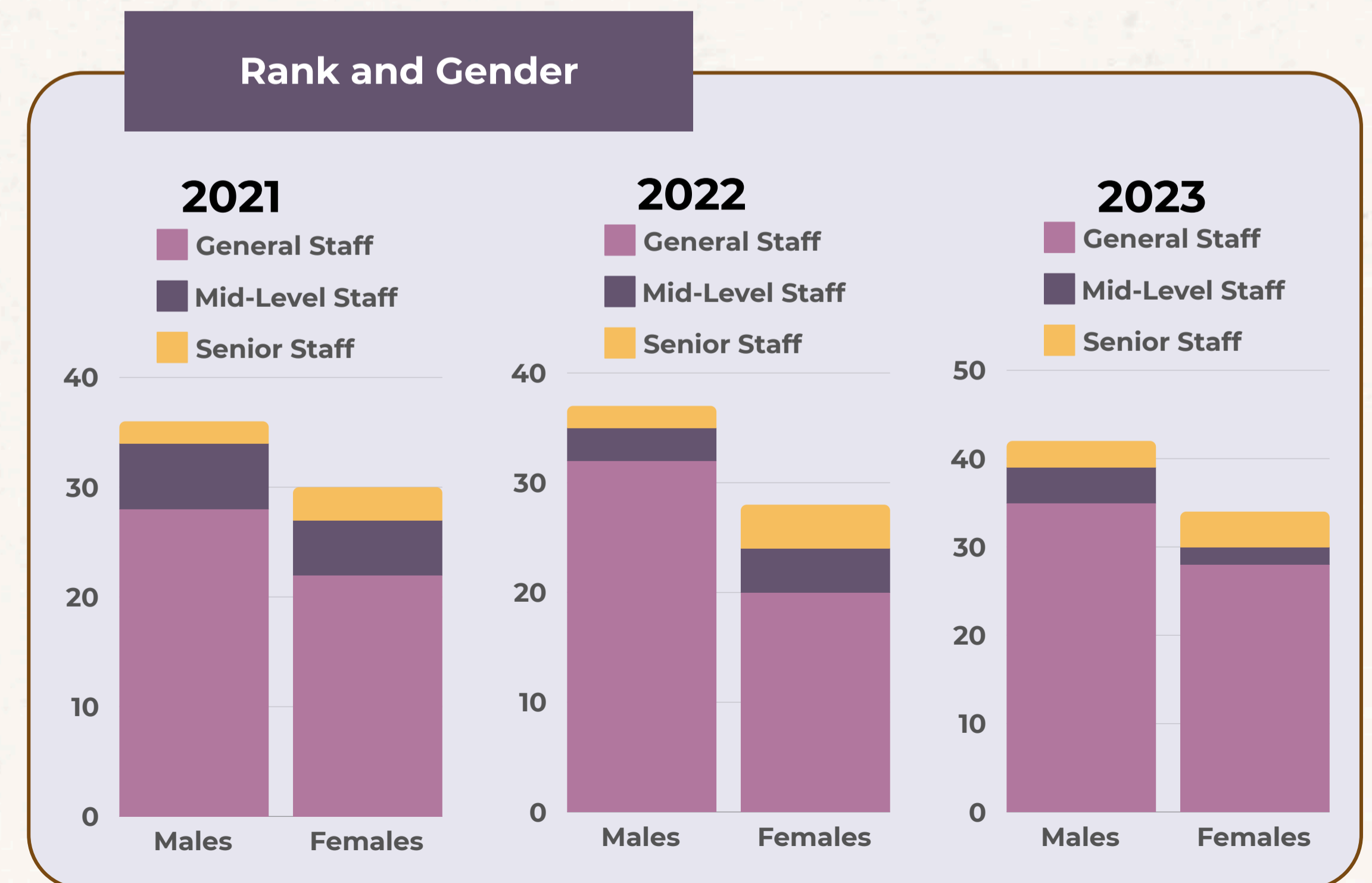
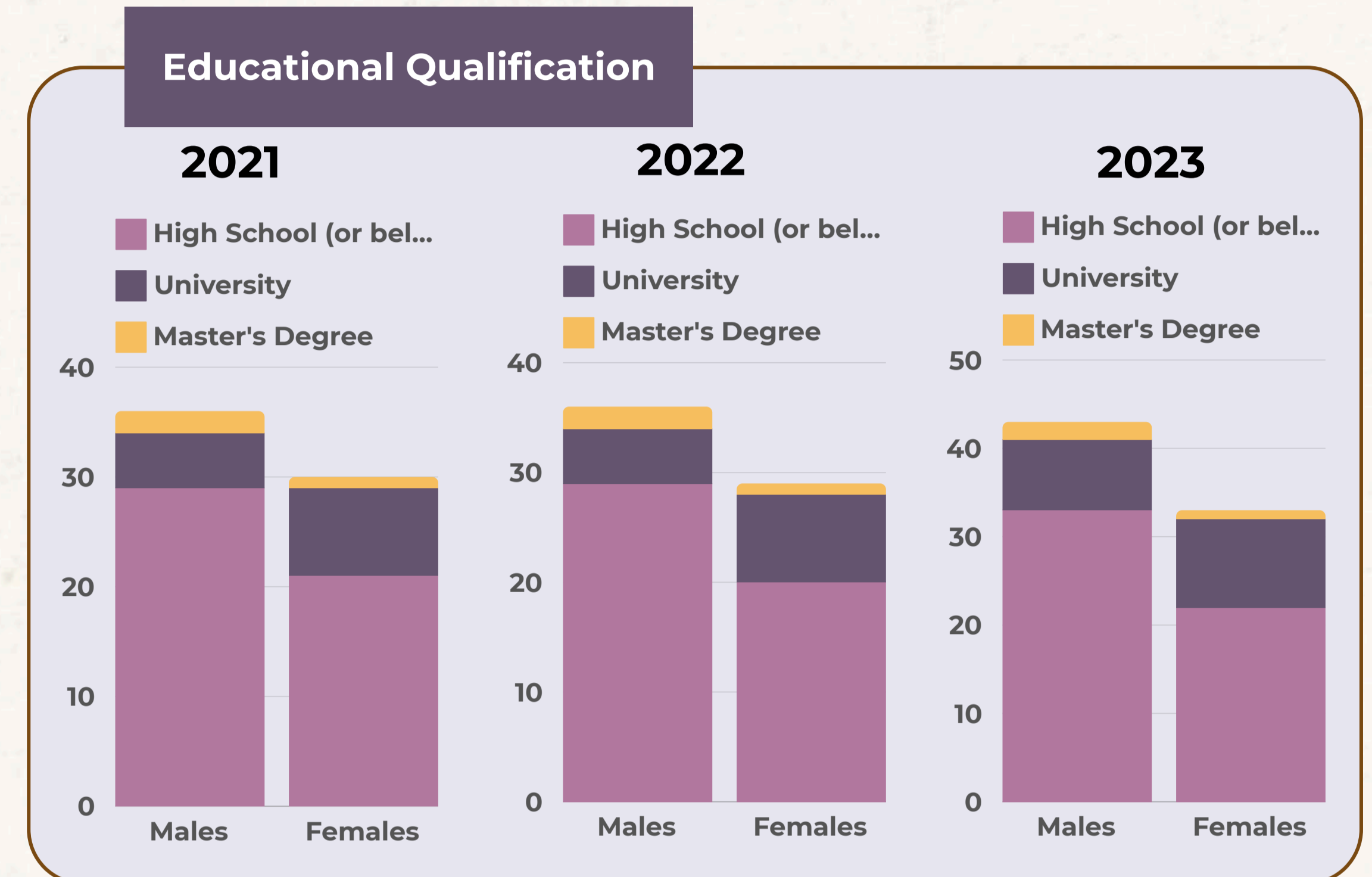
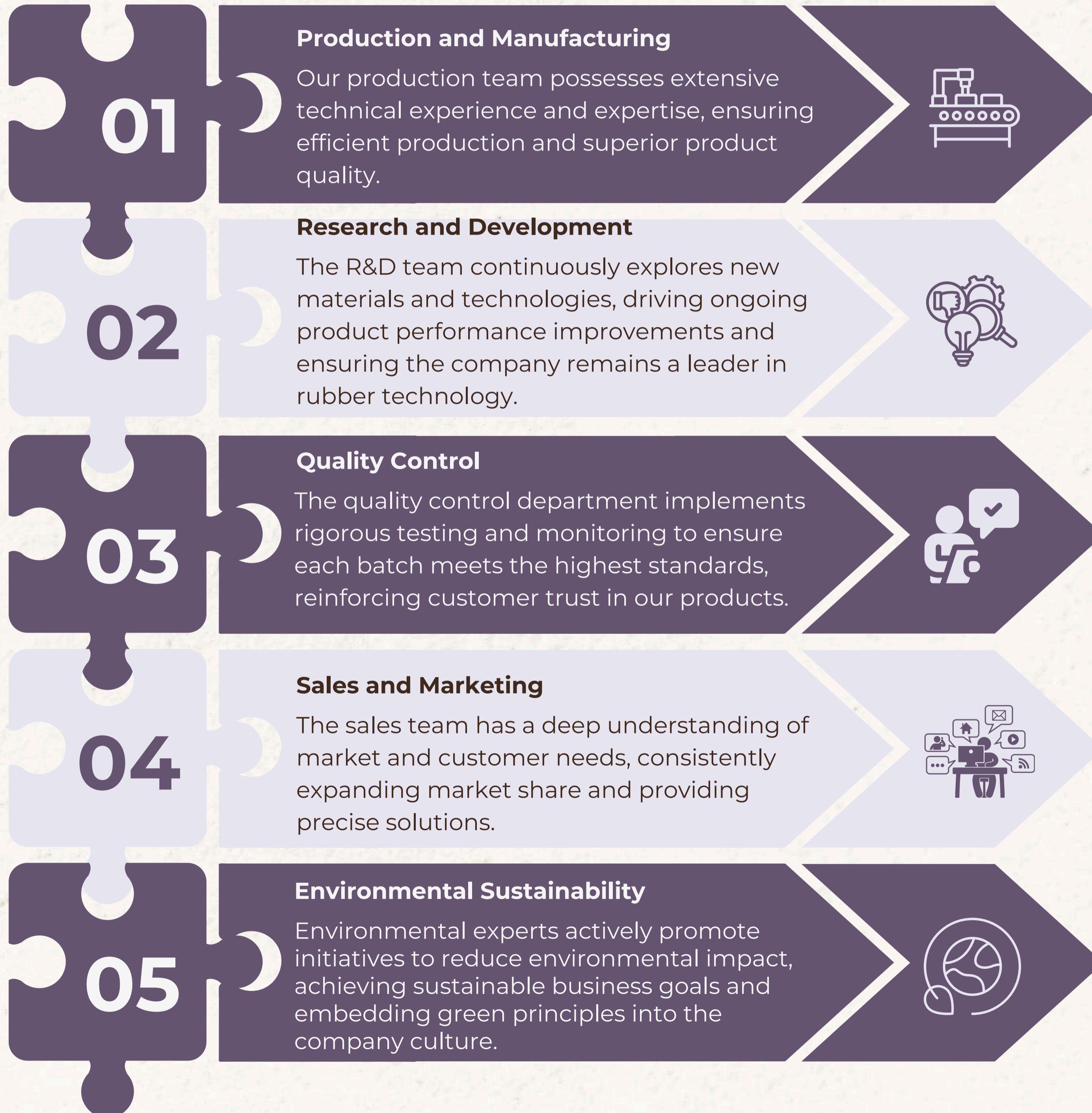
Major Topic : Talent Attraction and Retention

Commitment		<ul style="list-style-type: none"> PAX's committed to attracting and retaining top talent by offering competitive compensation, comprehensive career development opportunities, and an inclusive work environment that fosters both individual growth and continuous innovation.
Goals	Short-term	<ul style="list-style-type: none"> Enhanced Training and Career Development for New Hires: Strengthening training programs and career paths for new employees to improve early job satisfaction and loyalty. Flexible Work Arrangements: Implementing flexible work schedules to promote work-life balance and increase employee satisfaction.
	Mid-term	<ul style="list-style-type: none"> Employee Retention Goal: Aim to achieve an employee retention rate of over 95% by 2030. Leadership Development Programs: Developing and implementing leadership training programs for management and high-potential employees, ensuring continuous growth and advancement opportunities.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> Comprehensive Recruitment Strategy: Responsible for planning and executing a full recruitment strategy, including employee training, career development plans, and employee benefit program design. Regular Assessment of Retention Programs: Continuously evaluate the effectiveness of talent retention plans, adjusting HR strategies based on business needs and market changes.
	External	<ul style="list-style-type: none"> Consultants and Experts: Collaborate with external HR experts, including recruitment agencies, career development specialists, and training organizations, to provide employees with the latest training and development opportunities. Industry-Academia Partnerships: Work with educational and research institutions to jointly develop talent cultivation programs that meet future business needs and attract top talent in the industry.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Career Fairs and Campus Recruitment: Regularly host career fairs and campus recruitment drives to attract fresh talent. Employee Referral Incentive Program: Encourage internal employees to participate in recruitment efforts by offering referral bonuses.
	Negative Impact Management	<ul style="list-style-type: none"> Monitoring Turnover and Feedback: Track and analyze turnover rates and reasons for leaving, making continuous improvements to the work environment based on feedback. Employee Satisfaction Surveys: Conduct regular employee satisfaction surveys to promptly address any issues faced by employees.
Evaluation Mechanism		<ul style="list-style-type: none"> Talent Mobility and Development Performance Reviews: Regularly evaluate talent mobility and employee development through metrics such as promotion speed, satisfaction, training effectiveness, and career growth opportunities.

Talent Attraction and Retention

Talent Distribution

405-1



Talent Attraction and Retention 401-1

The company remains dedicated to talent development through a comprehensive performance evaluation system and a competitive compensation and benefits package, enhancing employee satisfaction and sense of belonging. Hirohito Industries fosters open communication by actively listening to employee feedback and suggestions, while also offering high-quality meals, accommodation services, and organizing various employee activities to strengthen team cohesion.

Talent Mobility



PAX adopts a proactive approach to employee retention in response to turnover. In addition to conducting one-on-one exit interviews to understand the reasons for departure, the company explores the possibility of reassigning or adjusting job responsibilities to retain key talent.

Action Plan

Short-term Goals (within 1 year)

- Implement Talent Mobility Data Monitoring: Establish and execute a regular talent turnover monitoring system, conducting periodic analyses to ensure turnover rates remain within reasonable limits.
- Strengthen Internal Promotion Mechanism: Further clarify internal promotion standards and processes, encouraging employees to actively participate in internal promotion programs.

Mid-term Goals (1-3 years)

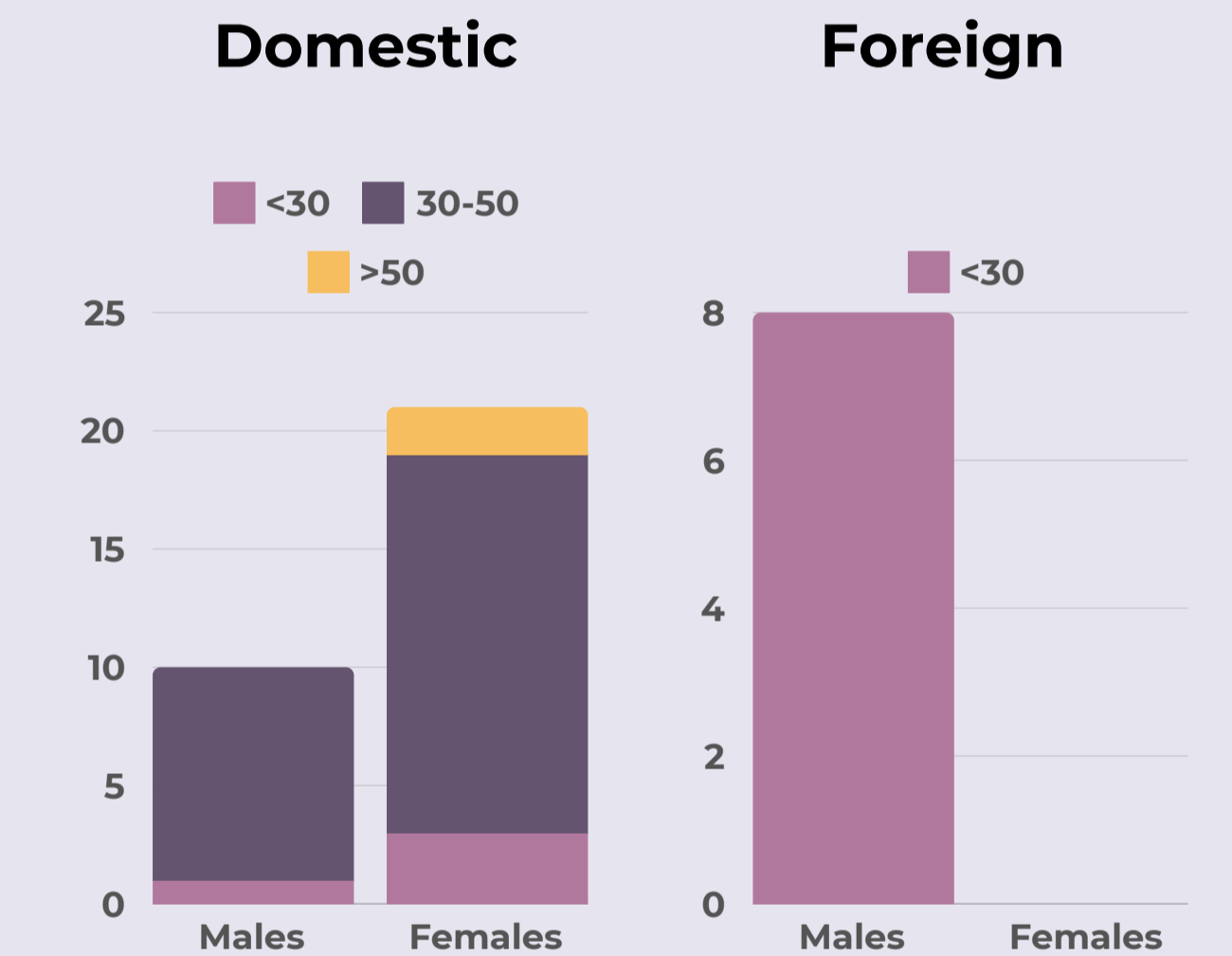
- Optimize Recruitment Strategy: Adjust recruitment strategies based on market trends and company needs to attract high-potential talent, ensuring new hires possess long-term development potential.
- Enhance Employee Onboarding Program: Develop and implement a structured onboarding program to help new employees quickly adapt to the company culture and work environment, reducing turnover during the probation period.

Long-term Goals (3-5 years)

- Establish a Talent Retention Mechanism: Develop and implement retention plans targeting high-potential and key employees, reducing turnover risk through personalized development paths and incentive programs.
- Drive Organizational Culture Transformation: Foster a people-centric corporate culture that strengthens employee loyalty and sense of belonging, ultimately reducing long-term turnover rates.

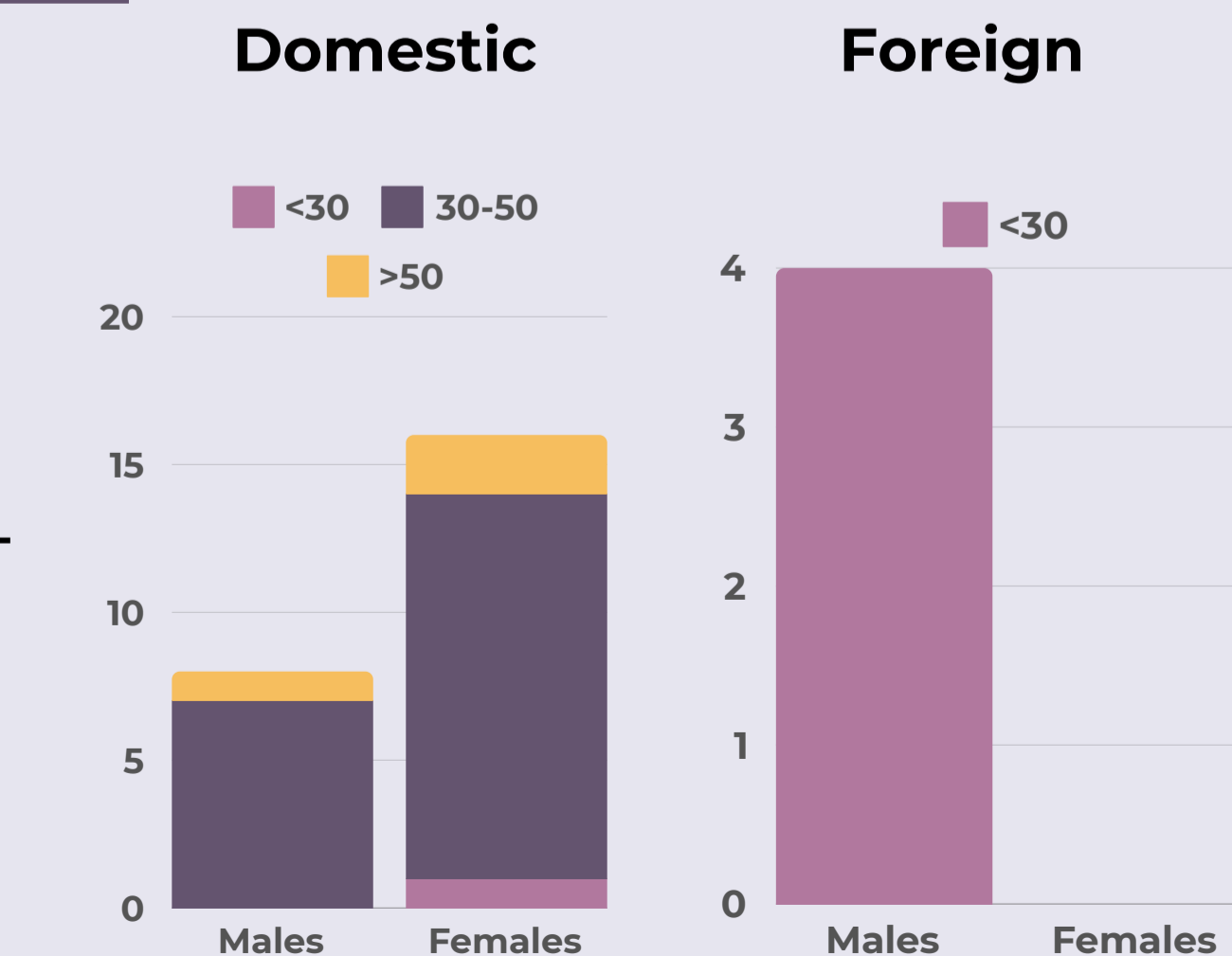
2023 New employees

	Domestic	Foreign
Males	10	8
Females	21	0



2023 Departing employees

	Domestic	Foreign
Males	8	4
Females	16	0



Talent Attraction and Retention 3-3

STRATEGY

Talent Development and Growth

Comprehensive Talent Development

- Design multi-level training programs that cover new employees, technical professionals, and management, ensuring continuous growth opportunities for every employee.

Career Development Planning

- Job Rotation Program: Implement a job rotation plan to allow employees to develop across departments and functions, enhancing their overall capabilities.
- Talent Assessment Mechanism: Strengthen the talent evaluation system by conducting regular assessments of employees' professional abilities, followed by personalized training plans based on the result

Leadership Development

- Leadership Development: Launch management training programs tailored for potential leaders, providing professional leadership training to enhance strategic thinking and leadership skills.
- High-Potential Talent Development: Implement a high-potential talent development program to identify and nurture employees with potential, preparing them to take on greater responsibilities in the future.

ACTION PLAN

Talent Development and Growth

Short-term Goals
(within 1 year)

- Complete Basic Skills Training for All Employees: Improve work efficiency and professional competence through foundational training for all staff.
- Implement Leadership Training Program: Provide specialized leadership courses for mid-to-senior management to enhance leadership capabilities.

Medium-term Goals
(1-3 years)

- Establish Comprehensive Career Development Plans: Develop personalized career growth paths for each employee to support their long-term development.
- Conduct company-wide skills assessments: Regularly assess employees' professional abilities and adjust training programs accordingly to ensure relevance and effectiveness.

Long-term Goals
(3-5 years)

- Build a Comprehensive Talent Development System: Promote skill enhancement at all levels, from entry-level to senior management, ensuring overall capability growth.
- Position the company as an Industry Talent Development Leader: Attract top talent by becoming a benchmark for talent development, boosting competitiveness and market position.

Talent Attraction and Retention

- At PAX, we recognize the critical importance of continuous education and professional training for employee career development. In 2023, our training framework continued to focus on four core areas: "on-the-job training," "skills enhancement," "digital learning," and "self-improvement." These programs are designed to address changes in the external environment, company strategic goals, operational needs, and departmental performance requirements, while also complying with regulations related to workplace safety, environmental protection, quality, energy, and occupational health and safety.
- Our training courses not only aim to improve professional skills but also emphasize fostering self-directed learning and personal growth. These programs are an integral part of an employee's career journey and serve as the foundation for lifelong learning. Even after employees retire or leave the company, the knowledge and skills acquired will support them in future career transitions or during retirement.
- PAX's committed to providing a comprehensive, efficient, and continuous education and training system that supports employee growth in the workplace and expands possibilities for their career development.

New Employee Training

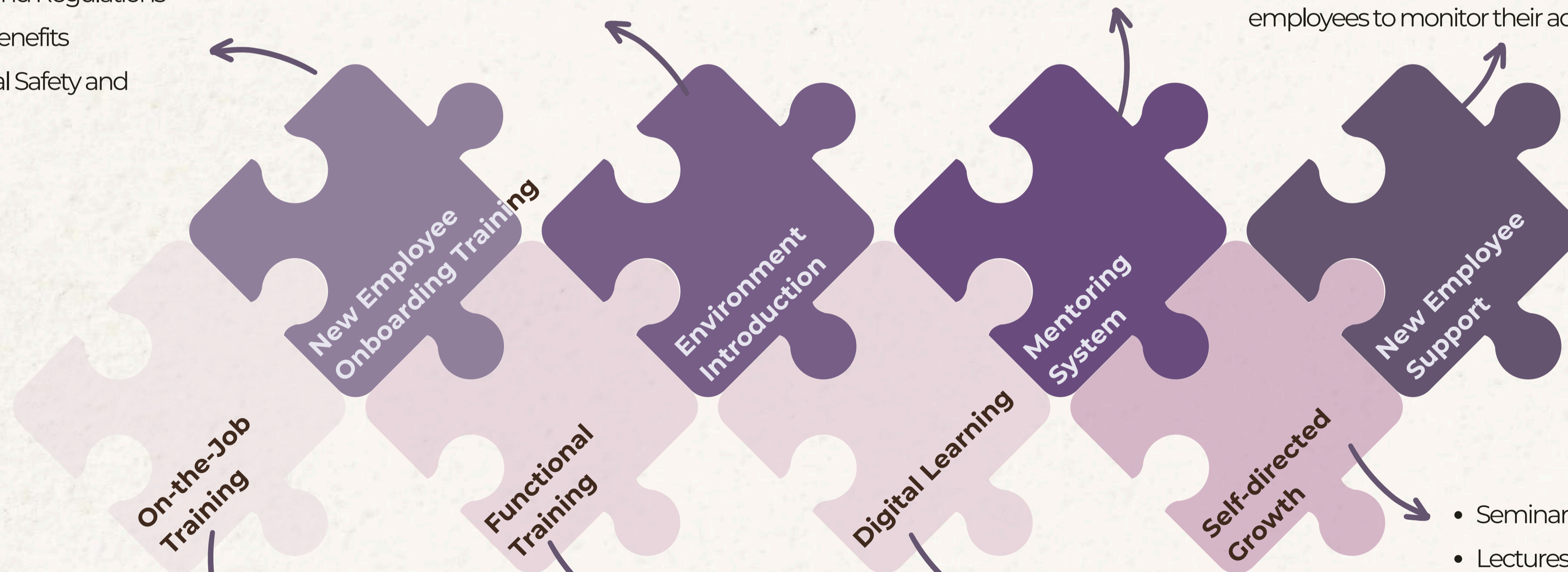
404-2

- Business Philosophy
- Product Information
- HR Policies and Regulations
- Employee Benefits
- Occupational Safety and Health

- On-site Visits to Facilities and Offices

- Dedicated Mentor for New Employees

- HR Follow-up and Assessment
- Within the first three months, HR will conduct regular check-ins, interviews, and assessments with new employees to monitor their adjustment and performance.



- Supervisor Job Coaching
- Mentorship Program
- Technical Skill Certification

- General Management Knowledge
- Tiered Training Programs
- Professional Skill Development
- Talent Development

- New Employee Onboarding Training
- New Employee Certification Courses
- Video Learning Platform

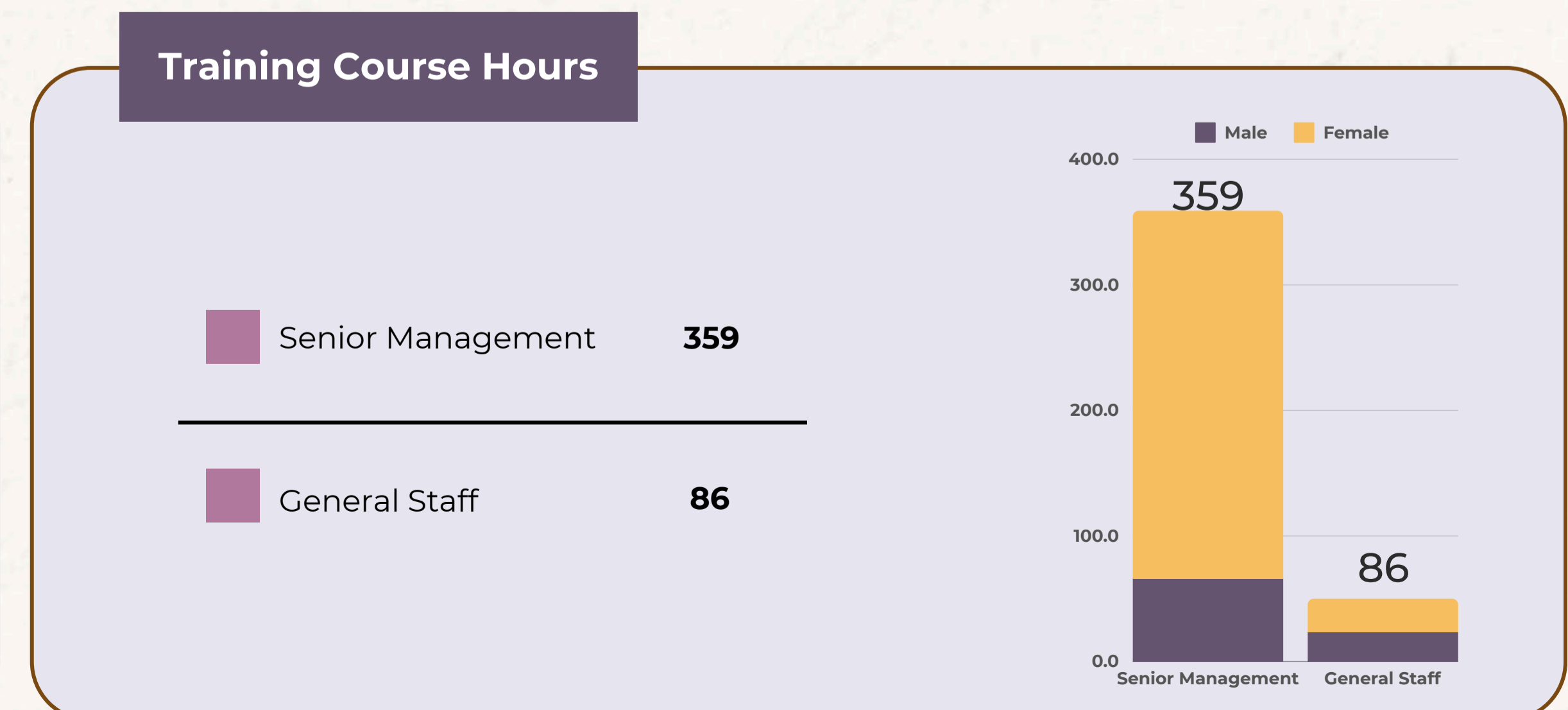
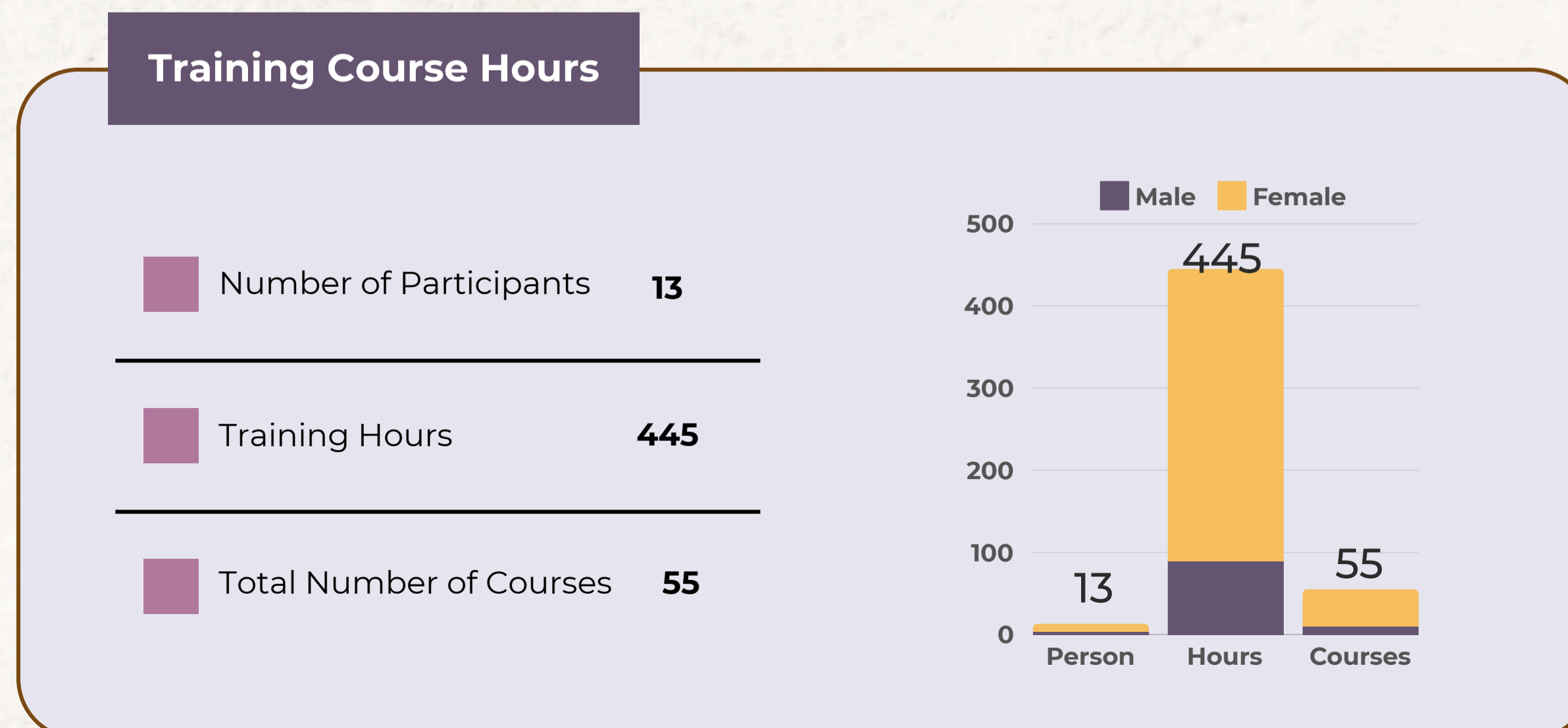
- Seminars
- Lectures
- Other Training Resources

In-service staff training

Talent Attraction and Retention

Training Performance 404-1 404-3

- In 2023, PAX focused on enhancing employee expertise and skills through a comprehensive talent development program. This program includes five key training systems: onboarding, on-the-job training, competency enhancement, digital learning, and self-improvement. It caters to all employees, from new hires to specialists and management, offering a variety of courses tailored to different roles and professional needs.
- Throughout 2023, PAX conducted 55 training activities, totaling 445 hours.** These sessions not only strengthened employees' professional skills but also promoted personal growth and development, ensuring the sustained progress and competitiveness of both employees and the company.



Inclusive Workplace

STRATEGY

Inclusive Workplace

Establish a Diverse and Inclusive Work Environment

- **Implement Diversity and Inclusion Policies:** Ensure that all employees, regardless of gender, age, race, religion, or background, can work in an equitable and inclusive environment.
- **Promote Cross-departmental Collaboration:** Encourage interaction and cooperation among employees from diverse backgrounds to strengthen team cohesion.

Promote Gender Equality and Leadership Opportunities

- **Women's Leadership Program:** Increase the representation of women in senior management positions by developing leadership programs that support female talent.
- **Foster a Gender-equal Culture:** Ensure equal opportunities for all employees in career development and advancement, promoting a culture of gender equality.

Employee Feedback and Well-being

- **Employee Feedback Mechanism:** Establish a system for employees to offer suggestions for improving the work environment, and make adjustments based on their feedback.
- **Regular Employee Well-being Activities:** Organize activities to enhance interaction and foster a harmonious workplace atmosphere.

ACTION PLAN

Inclusive Workplace

Short-term Goals
(within 1 year)

- **Complete Diversity and Inclusion Training for All Employees:** Increase awareness and acceptance of diverse cultures among employees through comprehensive training.
- **Launch Workplace Happiness Initiatives:** Provide flexible work arrangements and health benefits to promote employee well-being and work-life balance.

Medium-term Goals
(1-3 years)

- **Implement a Diversity Recruitment Program:** Ensure diverse candidates are considered during the hiring process, fostering a more inclusive workforce.
- **Conduct Regular Employee Satisfaction Surveys:** Use the results to optimize the work environment and benefits policies, ensuring employee needs are met.

Long-term Goals
(3-5 years)

- **Guarantee Equal Development Opportunities:** Ensure all employees have equal opportunities for career growth, enhancing overall company competitiveness.
- **Integrate Diversity, Equality, and Workplace Happiness into Company Culture:** Make these principles core company values and continuously promote and improve related strategies.

Shortest Notice of Operational Changes 402-1

- PAX's HR announcement clearly stipulates that in the event of any circumstances related to operational changes as outlined in Article 11 of the Labor Standards Act, the company must provide notice of contract termination in accordance with the notice period specified in Article 16 of the same law.

Inclusive Workplace

Human Rights Initiative

412-1

- PAX firmly supports and strictly adheres to international labor standards as outlined in the Responsible Business Alliance Code of Conduct, and has established Workplace Rules to safeguard employee rights. Additionally, the company enforces the Gender Equality in Employment Act, the Sexual Harassment Prevention and Handling Measures, and the Unlawful Acts Prevention Plan to ensure a workplace free from discrimination and harassment.
- **Supplier Commitment: 51 suppliers joined human rights advocacy in 2023.**
- **Zero Discrimination Complaints: No cases of discrimination were reported, reflecting the success of PAX' protective measures.**

Anti-discrimination Management Policy	Policy Declaration	PAX's committed to providing a fair and non-discriminatory workplace, prohibiting discrimination based on race, color, gender, sexual orientation, gender identity, nationality, religion, age, disability, or any other legally protected status.
	Policy Scope	The policy applies to all employees, contractors, suppliers, and other business partners, and is enforced in all employment conditions, including recruitment, compensation, promotions, training, job assignments, and other terms of employment.
	Implementation Status	Regularly review the progress of workplace diversity and inclusion, and adjust policies to align with best practices.
Gender-friendly and Equality Initiatives	Policy Commitment	The company explicitly affirms its commitment to gender equality and prohibits any form of gender discrimination.
	Friendly Work Environment	Improve workplace facilities by establishing gender-inclusive restrooms and ensure that workplace culture remains open and supportive of gender diversity.
	Implementation Status	Assign a dedicated person to oversee the implementation of gender equality policies, handle complaints related to gender inequality, and ensure that any issues are properly addressed.
Human Rights Protection for Migrant Workers	Recruitment and Employment	Hire foreign migrant workers through legal and ethical recruitment channels, ensuring that their employment terms are clear and transparent, preventing exploitation and forced labor.
	Health and Safety	Ensure that all employees, including foreign migrant workers, work in a safe environment and are provided with necessary health checks and medical coverage.
	Implementation Status	Provide vocational training and development opportunities to support the career growth and skill enhancement of migrant workers, ensuring they have the same opportunities as local employees.
Mid- to Long-term Strategic Goals	Zero Child Labor Policy	Verify age during the recruitment process to ensure compliance with child labor regulations.
	Youth Labor Protection Measures	For legally aged young workers, provide age-appropriate work that does not harm their health, safety, or moral development.
	Policy Scope	Regularly inspect the workplace to ensure that the working conditions for young workers comply with company policies and legal requirements.

Inclusive Workplace 3-3

401-2 401-3 405-2 3-3

MANAGEMENT PIN

Major Topic : Performance Evaluation and Compensation Management

Commitment		<ul style="list-style-type: none"> PAX's committed to managing compensation through a fair and transparent performance evaluation system, promoting employee career development and sustainable company growth.
Goals	Short-term	<ul style="list-style-type: none"> The company aims to enhance participation in the performance review process and improve employee satisfaction with the evaluation system.
	Mid-term	<ul style="list-style-type: none"> Integrate the performance management system with the company's long-term development strategy to ensure alignment between employee goals and organizational objectives.
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> The Human Resources Department is responsible for developing and implementing performance evaluation policies, as well as providing regular training for management to deliver effective performance feedback.
	External	<ul style="list-style-type: none"> Additionally, the department participates in external seminars and workshops to ensure that performance management practices remain aligned with international standards.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Enhance employee motivation and sense of accomplishment through performance evaluations.
	Negative Impact Management	<ul style="list-style-type: none"> Regularly assess and adjust performance evaluation criteria to prevent excessive pressure and ensure fairness in assessments.
Evaluation Mechanism		<ul style="list-style-type: none"> Conduct semi-annual reviews to assess the effectiveness and fairness of the performance evaluation system.

Inclusive Workplace

Compensation Management 2-19 401-2 401-3 405-2 3-3

- PAX’s compensation and benefits policy adheres to principles of fairness and equality, ensuring no differences based on gender, race, religion, political beliefs, marital status, or union affiliation. We are committed to providing all employees with wages above the legally mandated minimum, guaranteeing financial security.
- Additionally, through a transparent and ongoing salary review process, we ensure that our pay structure remains fair and competitive. We also offer a diverse range of benefits that support employees' career growth and personal well-being, fostering the prosperity and sustainability of the entire organization.

Average Monthly Salary 2-21 405-2



Pension System 201-3

- PAX is deeply committed to supporting employee retirement benefits. In line with the Labor Pension Act, we have established a comprehensive pension plan, reflecting our belief that securing employees’ financial well-being after retirement is a true demonstration of responsibility and care.

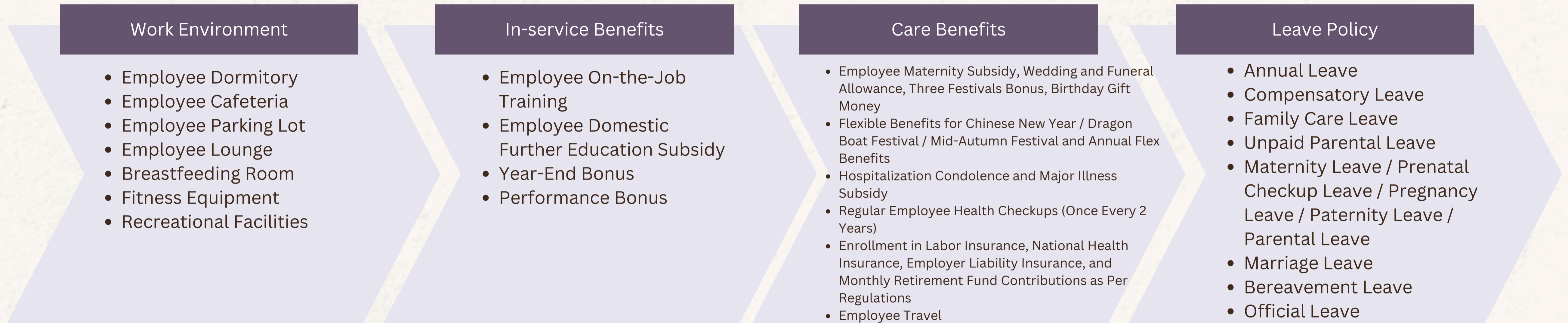
Key Features of the Pension Plan	Coverage	All new employees are automatically enrolled in this pension plan, ensuring that they begin accumulating retirement funds from the start of their careers.
	Compliance	The new pension system strictly follows the Labor Pension Act, ensuring legal compliance and up-to-date adherence to regulations.
	Flexibility	For employees with qualifying years under the old system, pension calculations are based on their years of service and the average salary from the last six months prior to retirement, fairly reflecting their long-term contributions to the company.

iTeam	Retirement Contribution as a Percentage of Salary	Employee Participation in Retirement Plans
Old Pension System (Labor Standards Act)	Employer: 10% of monthly salary is allocated for labor retirement preparation.	100%
New Pension System (Labor Pension Act)	Employer: Contributes 6% of the employee's monthly salary. Employee: Voluntary contributions range from 0% to 6% of their monthly salary.	100%

Inclusive Workplace

Diverse Benefits

- PAX is committed to providing a comfortable and well-equipped work environment, combined with comprehensive employee benefits and generous leave policies. Our Employee Welfare Committee actively organizes a variety of activities and offers diverse benefits, focusing on the physical and mental well-being of employees. These initiatives empower the team at Hirohito Industries to excel in their work while feeling supported and cared for throughout their careers.



Parental Care

- In response to the government's promotion of family-friendly policies, PAX offers childbirth subsidies ranging from NTD 2,000 to NTD 3,600 per child, depending on the employee's rank, with additional support for families with multiple children. Additionally, in accordance with the Gender Equality Act and the Parental Leave Without Pay Regulations, employees who have been with the company for at least six months can apply for parental leave without pay for up to two years to balance their careers and family responsibilities during childcare.

iTeam	Total Number of Employees Taking Parental Leave	Total Employees Eligible for Parental Leave	Actual Number of Employees Taking Parental Leave
Males	1	-	-
Females	-	-	-



Inclusive Workplace

Employee Welfare Committee

- The Employee Welfare Committee plays a significant role at PAX, primarily responsible for planning and implementing employee welfare policies while promoting the well-being of staff.
- **In accordance with legal regulations, PAX allocates funds to the Employee Welfare Committee on a monthly basis.**



WELFARE POLICY PLANNING AND IMPLEMENTATION

Regularly review and update employee welfare policies to ensure they meet employee needs and align with market standards.



EMPLOYEE ACTIVITIES AND HEALTH PROMOTION

Organize various employee activities to enhance communication and team collaboration. Provide health checkups and fitness programs.



EDUCATION AND TRAINING

Offer education subsidies and professional development opportunities to support employees' career growth and personal development.



EMERGENCY ASSISTANCE AND SUPPORT

Provide financial aid and other necessary support in times of emergencies affecting employees or their families.



COMMUNICATION AND FEEDBACK

The Employee Welfare Committee gathers employee opinions and suggestions, bringing this feedback into the management decision-making process.

Employee Meals (Vegetarian Meals)

- PAX deeply understands its corporate environmental responsibility and actively integrates Environmental, Social, and Governance (ESG) strategies into daily operations. One example of this commitment is our continuous improvement in employee dining options, particularly the promotion of vegan meal offerings.

Environmental Sustainability	Carbon Reduction Practices	Plant-based foods generate significantly lower greenhouse gas emissions than livestock farming, contributing to the reduction of the overall carbon footprint and aligning with global carbon reduction trends.
	Resource Efficiency	Compared to meat production, plant-based foods require less water and agricultural land. By offering vegan meals, PAX supports sustainable agricultural practices.
Social Responsibility	Health Promotion	Providing balanced vegan meals, rich in a variety of vegetables, legumes, and whole grains, adheres to nutritional recommendations and helps improve employee health and quality of life.
	Inclusion and Diversity	Respecting and accommodating different dietary preferences and needs, PAX offers diverse meal options, reflecting the company's commitment to valuing and supporting employee diversity.
Governance Transparency	Continuous Monitoring and Improvement	Regularly assess the acceptance and effectiveness of the vegan dining service, making adjustments based on employee feedback to ensure continuous improvement in meal quality and satisfaction.
	Supply Chain Management	Carefully select food suppliers that meet environmental and social standards, ensuring responsible and traceable sourcing to enhance transparency and accountability within the supply chain.

Occupational Health and Safety 3-3

MANAGEMENT PIN

Major Topic: Occupational Safety and Health 403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8

Commitment		<ul style="list-style-type: none"> PAX is committed to achieving the goal of zero occupational injuries and illnesses through continuous risk management and safety education.
Goals	Short-term	<ul style="list-style-type: none"> Reducing the occurrence of occupational accidents to fewer than 3 cases Limiting occupational safety violations (penalties) to no more than 1 case per year
	Mid-term	<ul style="list-style-type: none"> Reducing the occurrence of occupational accidents to fewer than 2 cases Limiting occupational safety violations (penalties) to no more than 1 case per year
Responsibilities and Resources	Internal	<ul style="list-style-type: none"> Establish a cross-departmental Safety Committee responsible for formulating and implementing safety policies, as well as regularly evaluating safety performance.
	External	<ul style="list-style-type: none"> Collaborate with external safety experts and organizations to continuously introduce and learn best practices.
Action Plan	Positive Impact Management	<ul style="list-style-type: none"> Implement health promotion activities, such as regular health checkups, workplace breaks, and exercise encouragement programs.
	Negative Impact Management	<ul style="list-style-type: none"> Establish a strict incident reporting and investigation mechanism, conducting root cause analysis for all accidents and developing countermeasures to prevent recurrence.
Evaluation Mechanism		<ul style="list-style-type: none"> By conducting regular internal and external audits, PAX evaluates the effectiveness of its Occupational Safety and Health Management System and makes necessary adjustments based on audit results.

Occupational Health and Safety

Occupational Safety and Health Management System (OSHMS) 403-1

Goals and Commitments

- Accident-Free Commitment: Committed to achieving zero work-related injuries and health issues through preventive measures and continuous improvement.

Organizational Structure

- Safety Committee: A cross-departmental Safety Committee is established to regularly review safety policies and oversee their implementation.

Policies and Procedures

- Risk Assessment and Control: Implement a systematic risk assessment process to identify potential risks and develop appropriate risk control measures.
- Accident Investigation and Reporting: Establish procedures for reporting and investigating accidents and near-misses to ensure learning from each incident and taking preventive actions.

Training and Communication

- Training Program: Regular training for employees and management, covering safety awareness, specific occupational risks, and emergency response.
- Communication Mechanism: Develop an effective communication system to ensure safety information reaches every employee and provide opportunities for employees to suggest improvements.

Monitoring and Auditing

- Performance Monitoring: Set safety performance indicators and regularly review and evaluate safety and health performance.
- Internal Audits: Conduct regular internal safety audits to assess the effectiveness and compliance of the management system.

Continuous Improvement

- Based on audit findings and accident investigation results, implement necessary improvements to continuously enhance safety management standards.



Occupational Health and Safety

2023 Employee Occupational Injury Statistics

403-2

	PAX	Overtime Hours
Total Hours Worked (Unit: Hours)	128,100.5	12,992
General Occupational Injuries (Note 1)	1	
Serious Occupational Injuries (Note 2)	0	
Number of Fatalities	0	
Total Recordable Occupational Injuries (Number of Cases)	1	
Lost Workdays	3	
Occupational Injury Fatality Rate (Note 3)	-	
Serious Occupational Injury Rate (Note 4)	-	
Recordable Occupational Injury Rate (Disabling Injury Frequency, Note 5)	7.81	
Lost-Time Injury Severity Rate (Note 6)	23.42	
Combined Injury Index (Note 7)	0.43	

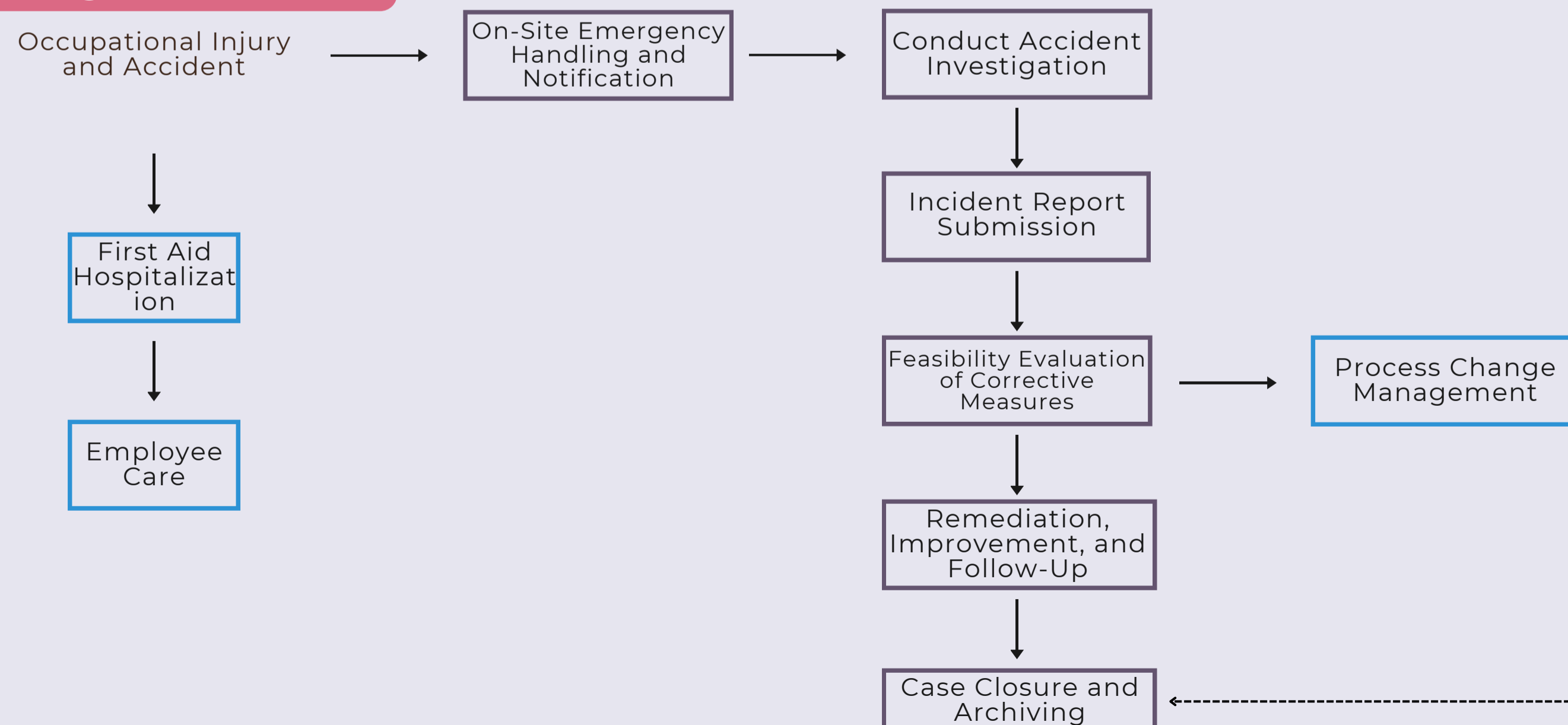
Date of Incident Report: May 2023 SASB RT-CH- 320a.1

2023 Occupational Injury Incident Description

- Injured Employee: Zhang O. Kuan
- Date of Employment: February 13, 2023
- Incident Description: On May 11, 2023, while operating machinery, the employee was accidentally hit in the eye by an unknown flying object.
- Injury Leave: May 12, May 15, and May 22 (Total of 3 lost workdays due to injury leave)
- Recovery: The employee has fully recovered and returned to work after the incident.

- Note 1: Lost workdays due to injury are 180 days or fewer.
- Note 2: Lost workdays exceed 180 days, excluding fatalities.
- Note 3: Occupational injury fatality rate = (Number of fatalities * 1,000,000) / Total hours worked.
- Note 4: Serious occupational injury rate = (Number of serious occupational injuries * 1,000,000) / Total hours worked.
- Note 5: Recordable occupational injury rate = (Total number of recordable occupational injuries * 1,000,000) / Total hours worked.
- Note 6: Lost-time injury severity rate = (Lost workdays * 1,000,000) / Total hours worked.
- Note 7: Combined injury index = $\sqrt{(\text{Lost-time injury frequency} * \text{Lost-time injury severity rate} / 1,000)}$.

Accident Investigation Process



Implementation and Tracking

Implement Preventive Measures

Execute the improvement actions outlined in the action plan, including revising work processes, providing additional training, and enhancing supervision.

Tracking and Evaluation

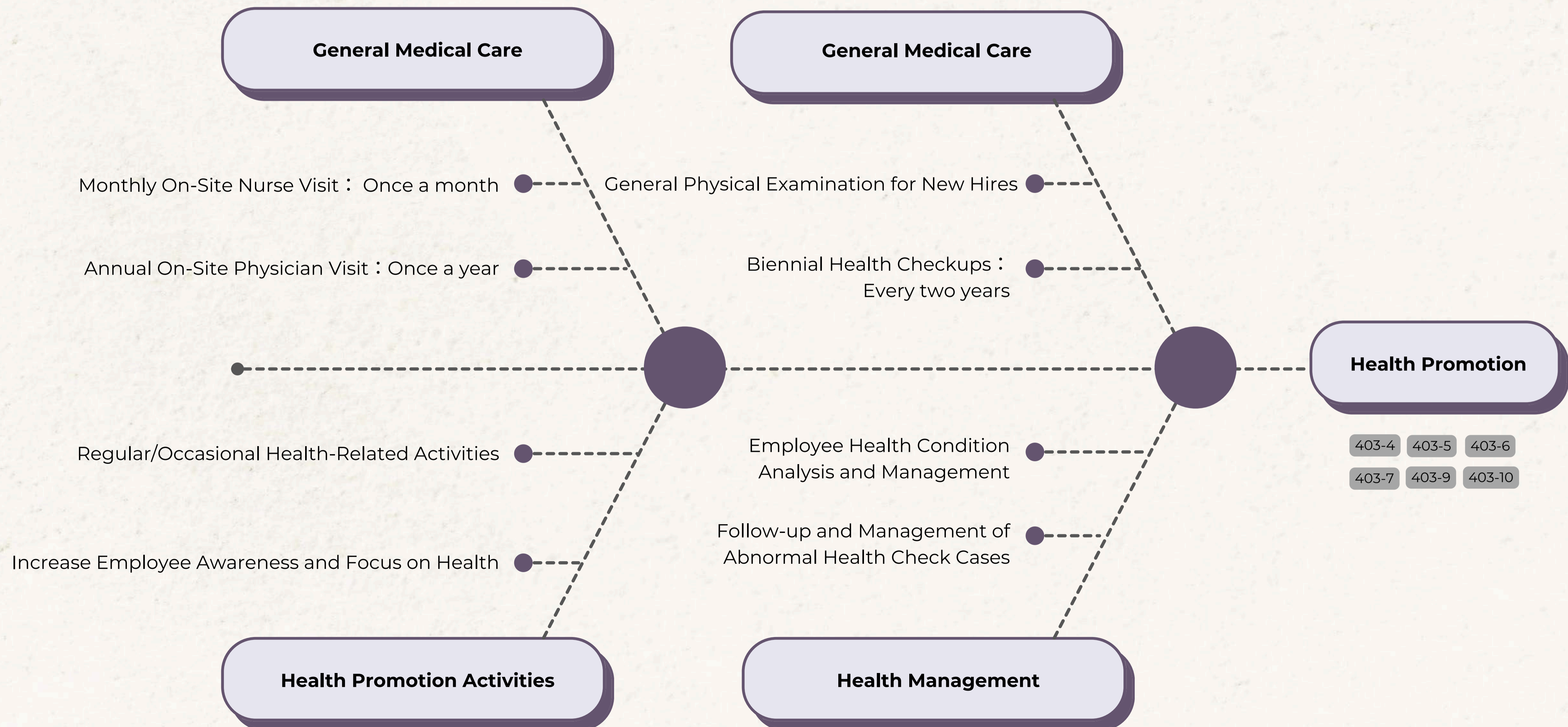
Regularly monitor the implementation status and effectiveness of the action plan to ensure that the measures taken achieve the desired improvements.

Occupational Health and Safety

Occupational Health Management

403-3 SASB RT-CH-320a.2

- At PAX, new employees undergo pre-employment medical examinations to assess their physical condition and assign them to appropriate job positions. Additionally, the company arranges biennial health checkups for all employees, conducted by qualified hospitals certified by the Occupational Safety and Health Administration, to ensure long-term employee health maintenance. For employees who have been with the company for one year, the cost of the health checkups will be fully covered by Yu Ren Industrial. Employees can submit the relevant invoices after three months of employment to receive a full reimbursement for the examination costs. These measures reflect our ongoing commitment and investment in employee health.



Occupational Health and Safety

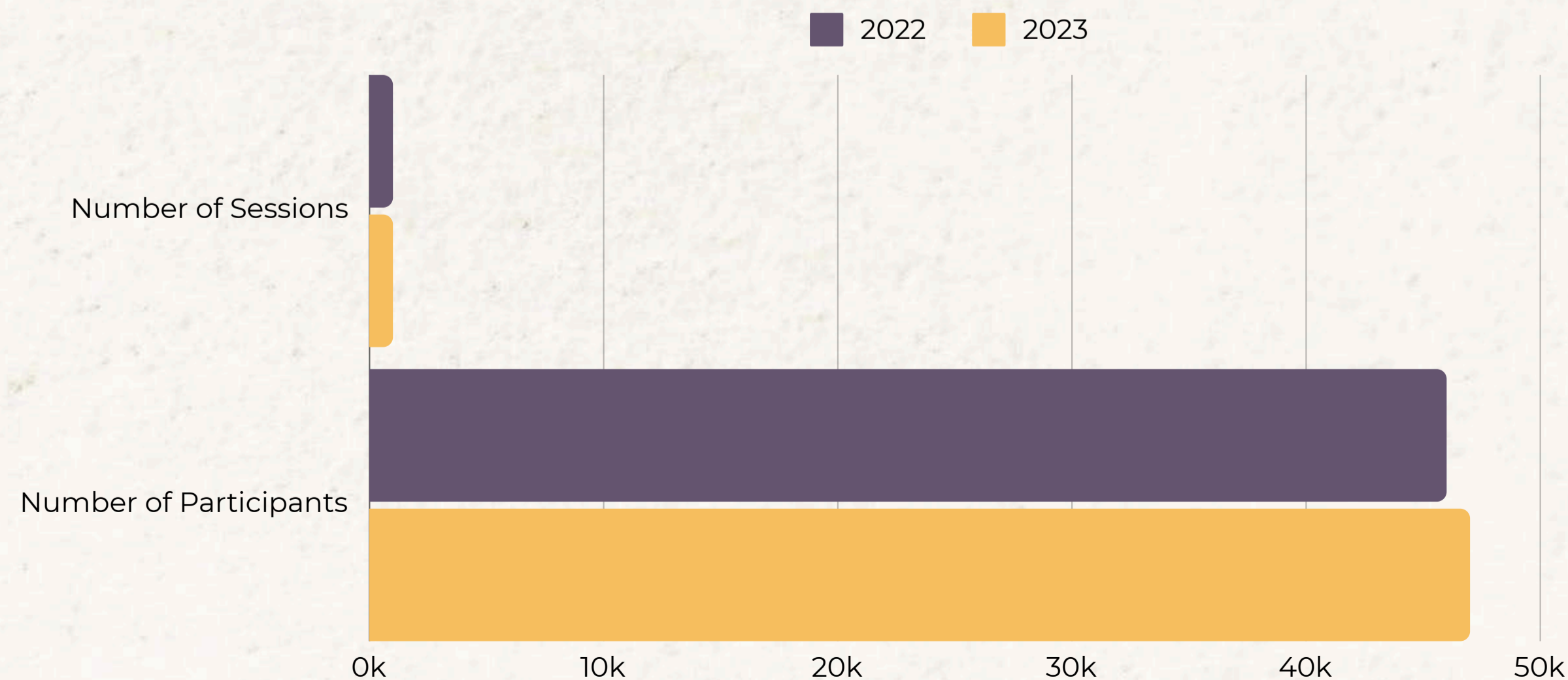
Occupational Safety and Health Training 403-4 403-5 SASB RT-CH-320a.1

- PAX places great emphasis on occupational safety and health education, striving to enhance employee safety awareness and operational skills. We have designed a comprehensive occupational safety and health training program, tailored to the specific needs of different positions and work environments. This training covers critical areas such as first aid, hazardous materials handling, fire safety, and machinery operation safety.
- Every new employee must complete basic occupational safety and health training at the beginning of their employment. Additionally, all employees are required to undergo at least one advanced or refresher training session annually to ensure that their knowledge and skills remain up to date with the latest safety standards. Yuren Industries' occupational safety and health training not only promotes workplace safety but also increases employee job satisfaction and productivity, further strengthening the company's commitment to sustainable development and social responsibility.

Emergency Response Drills

- June 19, 2023: First half-year self-defense fire drill plan (Location: Nantou Headquarters)
- December 29, 2023: Second half-year self-defense fire drill plan (Location: Nantou Headquarters)

Occupational Safety and Health



2023
EMERGENCY
RESPONSE
DRILLS

Social Inclusion 413-1 413-2

STRATEGY

Social Inclusion

Promoting Social Inclusion

- Develop and implement diverse social participation policies, encouraging company employees to actively engage in public welfare activities to promote social inclusion.
- Collaborate with non-profit organizations and local communities to support disadvantaged groups, fostering social equity and justice.

Advancing Socioeconomic

- Support the growth of small and medium-sized enterprises within the community by providing professional skills training and technical assistance to boost local economic growth.
- Integrate social inclusion with corporate sustainability, embedding the concept of inclusion into the company's long-term development strategy.

Development Enhancing Social Impact

- Leverage the company's expertise and resources to support social innovation projects, driving social innovation and transformation.
- Regularly disclose the company's progress and achievements in promoting social inclusion to increase public understanding and trust in the company's contributions.

ACTION PLAN

Social Inclusion

Short-term Goals (within 1 year)

- Launch a social inclusion training program to enhance employees' sense of social responsibility and engagement, encouraging more participation in community service and public welfare activities.
- Collaborate with local governments and non-profit organizations to support community social inclusion projects, ensuring effective use of company resources.

Medium-term Goals (1-3 years)

- Expand the scope of social inclusion programs to cover a wider range of social groups and issues, promoting diverse social development.
- Through regular evaluation and improvement, enhance the company's impact on social inclusion, ensuring all programs align with corporate social responsibility standards.

Long-term Goals (3-5 years)

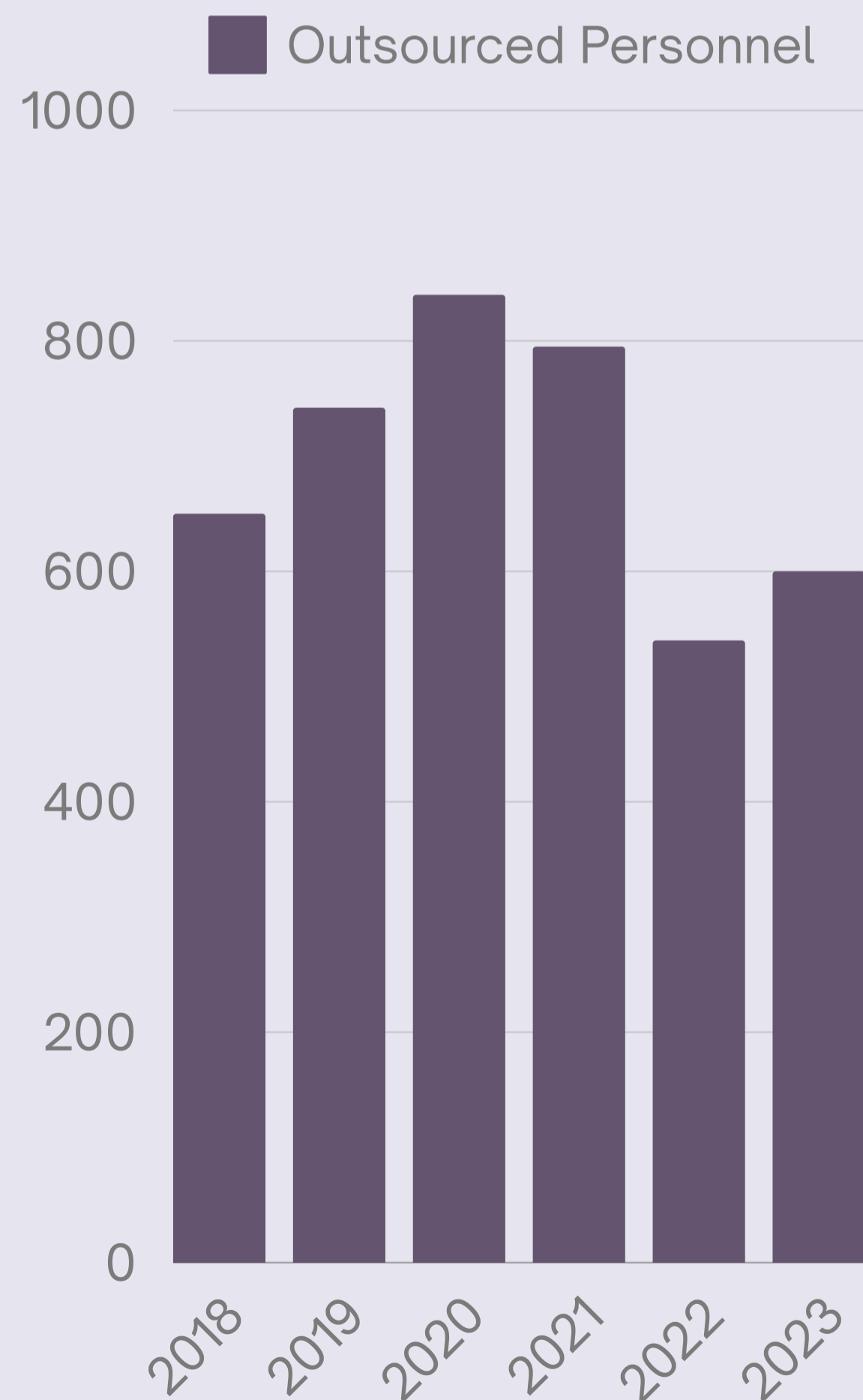
- Ensure the sustainability and scalability of all social inclusion programs, achieving higher levels of inclusion through continuous innovation.
- Become a leading company in promoting social inclusion, driving industry-wide corporate social responsibility through sustained expansion of social impact.

Social Inclusion

Local Community Care 2-8

- Since 2018, PAX has actively engaged in community development by collaborating with local social welfare organizations to launch a home-based work program. This initiative provides stable employment opportunities for disadvantaged groups, encouraging self-sufficiency. The program not only creates jobs but fosters a sense of collective effort within the community, allowing each member to find their place and realize their life's value in a supportive environment.
- PAX is committed to continuing the promotion of local economic development, seeking more employment opportunities to contribute to residents' well-being and economic prosperity. We envision a vibrant and hopeful community where every resident enjoys a life of happiness and well-being.

Outsourced Personnel



• Qizhi Education and Care Institution



• Special Education Schools



• Welfare Ministry Caotun Sanatorium (Zhushan Branch)

Social Inclusion

Social Welfare Contributions

- PAX is committed to giving back to society through charitable activities, reflecting our care for the external community while strengthening the bonds and shared purpose within our team. We firmly believe that every act of kindness contributes to a more harmonious society and instills a deeper sense of mission and fulfillment in all our employees.
- PAX will continue to spread love and warmth through action, transforming this commitment into a force for social change. Our ongoing contributions are not only a testament to our corporate spirit but also a guiding principle for our future growth and direction.



NTD\$36,000



NTD\$10,000



NTD\$10,000



Nantou
Police Friends
Association
NTD\$17,000



NTD\$10,000

南投縣警察之友會捐贈款收據	
投警友字第 2300280 號	
捐款單位(人)	裕仁工業科技股份有限公司
地址	縣 鄉鎮 村 街 段 巷 號
捐款金額	本幣 陸拾陸萬零陸百元 附註:一、本會奉南投縣政府81年4月(81)投府社行字第30732號立案。二、統一編號12043671。
合計	陸拾陸萬零陸百元
南投縣警察之友會 南投附事處 0030-882100	
理事長	總幹事 經收人
中華民國 112 年 2 月 2 日	
本會地址: 南投縣南投市南崗二路133號	



Social Inclusion

Bicycle Race Sponsorship

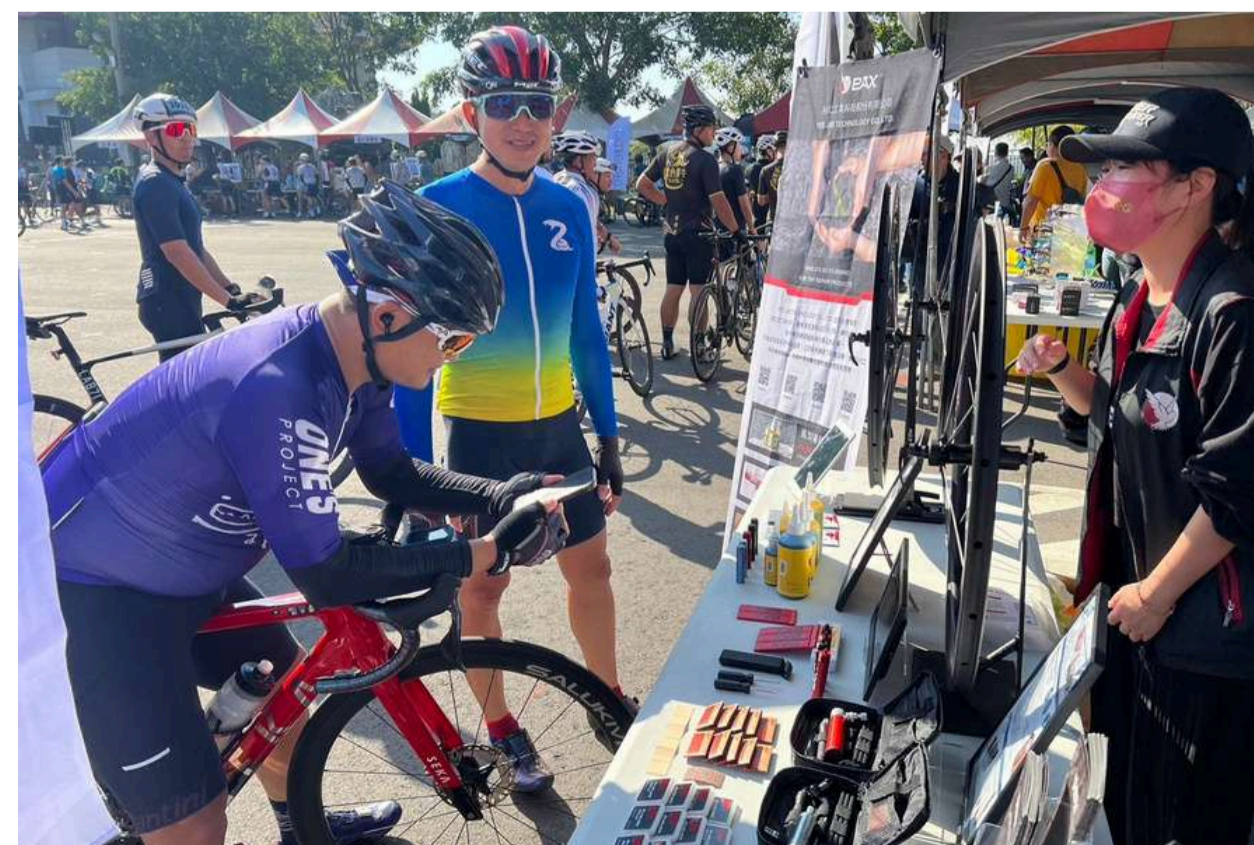
- PAX is passionate about promoting a healthy lifestyle, and we are proud to sponsor various bicycle races. Through these events, we not only support the growth of cycling as a sport but also encourage community members to participate and improve their physical well-being.
- Our involvement goes beyond sponsorship—it's a reflection of our commitment to eco-friendly transportation and healthy living. By supporting these races, we hope to inspire more people to embrace cycling, enjoy outdoor activities, and contribute to reducing carbon emissions for a greener planet.



**2023 5TH CLASSIC
NEW YUMEN PASS
ROAD BIKE RACE**
2023/11/26



**197 LOVING
ROAD BIKE RACE**
2023/12/02-03



Social Inclusion

Industry-Academia Collaboration

- PAX recognizes the crucial link between innovation and education and actively partners with academic institutions to promote industry-academia collaboration.
- In cooperation with several universities in the country, PAX engages in joint research and development of advanced technologies, while offering internships to students. These opportunities allow students to gain practical work experience during their studies, supporting their career development and fostering innovation in our technology.
- PAX is dedicated to nurturing the next generation of technology leaders and transforming academic research into real-world industrial applications, creating a win-win situation for both knowledge and experience



-Alumni Association Visit to PAX-

The Alumni Association visited PAX, recognizing the company as a pioneer in integrating ESG practices within the traditional manufacturing sector.



-Professional Collaboration-

Data Collaboration (Industry-Academia Cooperation)



-Professional Collaboration-

Production Collaboration (Industry-Academia Cooperation)



-Professional Collaboration-

Production Collaboration (Industry-Academia Cooperation)



APPENDIX

The appendix provides detailed information on the specific measures and outcomes PAX Industrial has implemented in sustainability, environmental protection, social responsibility, and corporate governance.

ENVIRONMENT
SOCIAL
GOVERNANCE

Key Points

2023 Annual Highlights

Chapter Highlights

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	306-4	Waste Diverted from Disposal	Waste Management	71
	306-5	Waste Directed to Disposal	Waste Management	71
GRI 307: Environmental Compliance 2021	307-1	Non-Compliance with Environmental Laws and Regulations	Legal Compliance, Environmental Compliance	50, 72
GRI 308: Supplier Environmental Assessment 2016	308-1	New Suppliers Screened Using Environmental Criteria	Supplier and Customer Management, Supply Chain Management	26, 76
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	Supplier and Customer Management, Supply Chain Management	26, 75
Social Series				
GRI 401: Employment 2016	401-1	New Employee Hires and Employee Turnover	Talent Attraction and Retention	83
	401-2	Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees	Inclusive Workplace	91
	401-3	Parental Leave	Inclusive Workplace	91
GRI 402: Labor/Management Relations 2016	402-1	Minimum Notice Periods Regarding Operational Changes	Inclusive Workplace	87

Topic	Disclosure Item	Corresponding Section	Page	
Social Series				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Occupational Health and Safety	94
	403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Occupational Health and Safety	95
	403-3	Occupational Health Services	Occupational Health and Safety	96
	403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	Occupational Health and Safety	97
	403-5	Worker Training on Occupational Health and Safety	Occupational Health and Safety	97
	403-6	Promotion of Worker Health	Occupational Health and Safety	96
	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	Occupational Health and Safety	96
	403-8	Workers Covered by an Occupational Health and Safety Management System	Occupational Health and Safety	93
	403-9	Work-Related Injuries	Occupational Health and Safety	95
	403-10	Work-Related Ill Health	Occupational Health and Safety	96
GRI 404: Training and Education 2016	404-1	Average Hours of Training Per Year Per Employee	Training Effectiveness	86
	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Employee Training	85
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Performance Evaluation	89
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	Talent Distribution	81
	405-2	Ratio of Basic Salary and Remuneration of Women to Men	Remuneration Management	90
GRI 406: Non-Discrimination 2016	406-1	Incidents of Discrimination and Corrective Actions Taken	Legal Compliance	50
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May Be at Risk	Legal Compliance	50

Topic	Disclosure Item	Corresponding Section	Page	
Social Series				
GRI 408: Child Labor 2016	408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor	Legal Compliance	50
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	Legal Compliance	50
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of Violations Involving Rights of Indigenous Peoples	Legal Compliance	50
GRI 412: Human Rights Assessment 2021	412-1	Operations That Have Been Subject to Human Rights Reviews or Impact Assessments	Human Rights Assessment	88
GRI 413: Local Communities 2016	413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	Social Inclusion	98
	413-2	Operations with Significant Actual and Potential Negative Impacts on Local Communities	Social Inclusion	98
GRI 414: Supplier Social Assessment 2016	414-1	New Suppliers That Were Screened Using Social Criteria	Supply Chain Management	76
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	Supply Chain Management	75
GRI 415: Public Policy 2016	415-1	Political Contributions	Legal Compliance	50
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	Supplier and Customer Management	27
	416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	Legal Compliance	50
GRI 417: Marketing and Labeling 2016	417-1	Requirements for Product and Service Information and Labeling	Supplier and Customer Management	27
	417-2	Incidents of Non-Compliance Concerning Product and Service Information and Labeling	Legal Compliance	50
	417-3	Incidents of Non-Compliance Concerning Marketing Communications Regulations	Legal Compliance	50
GRI 418: Customer Privacy 2016	418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Legal Compliance	50

Appendix 2: SASB Index

Topic	Metric Code	Disclosure Item	Performance	Corresponding Section	Page
Greenhouse Gas Emissions	RT-CH- 110a.1	Scope 1 Greenhouse Gas Emissions (t-CO ₂ e)	<ul style="list-style-type: none"> Scope 1 GHG emissions: 225.549 t-CO₂e accounting for 10.76% 	Greenhouse Gas Emissions Management	65
Hazardous Waste Management	RT-CH- 150a.1	Amount of Hazardous Waste Generated and Percentage Recycled	<ul style="list-style-type: none"> Certified contractors handle hazardous waste No hazardous waste in 2023 	Waste Management	71
Occupational Health and Safety	RT-CH- 320a.1	Number of Recordable Incidents	<ul style="list-style-type: none"> One recordable incident in 2023 	Occupational Health and Safety	95
	RT-CH- 320a.2	Discussion of Efforts to Assess, Monitor, and Reduce Exposure of Workers to Long-Term (Chronic) Health Risks	<ul style="list-style-type: none"> Employees receive full physical health checks every two years Two medical consultations per year 	Occupational Health and Safety	96
Product Safety and Environmental Management	RT-CH- 410b.2	Management of Environmental Impact of Product Development and Substitution of Hazardous Substances	<ul style="list-style-type: none"> Environmental protection and product development, use of alternative materials Compliance with legal and industry standards 	Green Innovation	74
Regulatory and Legal Environment	RT-CH- 530a.1	Discussion of Corporate Positions on Regulatory and Environmental Issues	<ul style="list-style-type: none"> Active engagement with government agencies on governance, labor rights, human rights, environmental, occupational health and safety, and other related matters 	Legal Compliance	50

Appendix 3: Independent Assurance Report

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會計師有限確信報告

裕仁工業科技股份有限公司 公鑑：

裕仁工業科技股份有限公司（以下稱「貴公司」）民國112年度永續報告書，業經本會計師對所列之標的資訊執行確信程序竣事，並出具有限確信報告。

確信標的資訊與適用基準

本次執行確信之標的資訊與適用基準請詳附件一「確信項目匯總表」。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所列之標的資訊，且維持與所列之標的資訊編製有關之必要內部控制，以確保永續報告書所列之標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則3000號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信案件，基於所執行之程序與所獲取之證據，對標的資訊是否未存有重大不實表達取得有限確信，並出具有限確信報告。相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取之確信程度亦明顯低於合理確信案件中取得者。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 對參與編製標的資訊之相關人員進行訪談，以瞭解編製標的資訊之政策、流程、內部控制及資訊系統，以辨認可能存有重大不實表達之領域。
- 對標的資訊選取樣本進行檢查、驗算、重新執行、觀察及分析性程序，已取得有限確信之證據。

此報告不對民國112年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師獨立性及品質管理範圍規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本事務所適用品質管理準則1號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

由於諸多確信項目係屬非財務資訊，相較於財務資訊之確信受有更多先天性之限制。故該等資訊之相關性、重大性及正確性之解釋可能涉及更多管理階層之重大判斷、假設與判斷，不同利害關係人對該等資訊亦可能有不同之解讀。

有限確信結論

依據所執行之程序及所獲取之證據，本會計師並未發現標的資訊在所有重大方面有未依適用基準編製而須做修正之請事。

其他事項

本確信報告出具後，貴公司對任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

真福會計師事務所

會計師王嫻英

中華民國113年9月16日



附件一 確信項目匯總表

編號	內文標題	標的資訊	適用基準	頁數
1	年度亮點 Social	2023年社會公益投入 新台幣83,000元	公司2023年社會公益投入 相關明細及相關佐證 之總和	06
2	年度亮點 Governance	2023 VS 2022 營業收入 成長32.59%	依據公司2023年與 2022年營所稅申報資料 之計算結果	06
3	年度亮點 Governance	2023年新產品研發 (ESG環保產品)1項	取得新產品研發之專利 證書	06
4	能源管理	2023年溫室氣體排放 統計	第三方驗證公司2023年 溫室氣體盤查報告書	64
5	水資源管理	2023年廠區用水統計	依公司所示之2023年度 每月自來水表統計之用水 量；統計之用水量係 於查核期間，如有跨期 但無法直接辨識，則以 合理方式分隔期間用水 量	69
6	廢棄物管理	2023年廢棄物處理總 量	2023年度公司依事業主 管機關所訂定之廢棄物 申報及管理資訊系統登 載之廢棄物處理總量	71
7	供應鏈管理	2023年供應商簽署 「供應商社會責任承 諾書」共51家	2023年供應商簽署「供 應商社會責任承諾書」 之文件之家數總和	76
8	人力資源 管理	2023年身心障礙者雇 用率2.6%	公司所示之2023年12 月31日勞保投保屬特殊 身份別清冊，並以截至 2023年12月31日全體 員工人數，計算雇 用率。	80
9	人才吸引 與留任	2023年員工訓練總時 數445小時	依受訓記錄、外訓心得 報告、付款憑證，統計 公司2023年員工訓練總 時數總和	86
10	職業安全 衛生	2023年員工可記錄之 職業傷害比率(失能傷 害頻率)統計	公司2023年員工失能傷 害頻率統計數據之計算 結果	95



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