



2023 SUSTAINABILITY REPORT



Pacific Hospital Supply Co., Ltd.

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Message from the Management

In a vibrant and fulfilling year of 2023, we sincerely appreciate the efforts and contributions of all our colleagues, which allowed PAHSCO to successfully achieve its annual overall goals and even achieve breakthrough performances.

With the stabilization and revival of market activities, coupled with changes in the supply chain, the company has gained some unexpected business opportunities. At the same time, due to continued adjustments in the product portfolio strategy, as well as improvements in production efficiency, and appropriate product pricing policies, the Company's overall operating performance and net profit for the year 2023 have achieved breakthrough growth.

Apart from achieving short-term performance goals, this year we have remained focused on preparing a sustainability foundation for the PAHSCO's future.

First, the company successfully passed the US FDA audit this year. In addition to strengthening the integration of product quality management operations and demonstrating the Company's high standards for product quality, the company established a new first-level unit—the Quality Management Department—responsible for overseeing quality management. In order to produce the best products, PAHSCO ensures that every product procedure follows a comprehensive quality process.

Secondly, the Advanced Planning and Scheduling (APS) system has implemented and is set to officially operate in 2024. Through system upgrades in production management scheduling, the Company's manufacturing and material preparation efficiency can be further optimized, improving service for customers and meeting their needs.

Moreover, in recent years, both customers and investors have increasingly emphasized the sustainability performance of suppliers and companies. Sustainable development has become an important consideration in choosing cooperative and investment partners. PAHSCO has taken the lead in the Financial Supervisory Commission's schedule, completing the ISO14064-1:2018 Greenhouse gases in 2023. Both the greenhouse gas verification report and sustainability report have been verified by a third party, thereby enhancing stakeholders' understanding of the Company's sustainability information. On human rights issues, the Company has made an important decision this year. Starting in 2024, it will adhere to international human rights standards regarding "Zero Placement Fee" regulations and hire migrant workers under conditions that are better than those stipulated in the Labor Standards Act. This is a step-by-step effort towards meeting international human rights guidelines and standards, aiming to create a harmonious, inclusive, and sustainable workplace. At the same time, PAHSCO continues to promote the management of supply chain and social sustainability, and is working to implement the concept of sustainability with upstream suppliers as quickly as possible.

In the new year, the Company expects increased operating costs due to factors such as rising energy cost, changes in compensation, higher regulatory requirements, and the promotion of sustainable policies with supplier. Geopolitical risks may also increase uncertainty in business competition. However, we firmly believe that the Company's understanding of risks and its proactive response measures, combined with the expertise and resilience of all PAHSCO colleagues and partners, will enable PAHSCO to face difficult challenges head-on and move steadily forward.

Finally, it is an honor that, at the end of 2023, PAHSCO received notification that it will be awarded the seventh Outstanding SME Award by the Ministry of Economic Affairs. This honor is the most substantial and important recognition of PAHSCO' steady self-improvement and continuous dedication to Taiwan. PAHSCO hopes to collaborate with more sustainable partners in the future, working together to accelerate the widespread adoption of a sustainable value chain in the medical device industry.

Chairperson



About This Report

Pacific Hospital Supply Co., Ltd. (hereinafter referred to as "PAHSCO" or "the Company") insists on the mission that "Your health, Our mission". With the implementation of quality management at the core value of the business, the Company is committed to providing better products and high-quality services to satisfy customer needs. In response to the global trends and stakeholders' expectations, the Company has launched a sustainability development plan to review the operating environment and risks. The Company's vision and goals are built around an operational strategy that integrates sustainable management. The 2023 Sustainability Report (hereinafter referred to as "this report") represents PAHSCO's 14th sustainability disclosure report. Related information is compiled as follows:

Scope of Disclosure

Before reaching the mandatory disclosure standards set by the Financial Supervisory Commission, the Company voluntarily commits to regularly issuing such reports on an annual basis. The scope of information covers all operational activities of PAHSCO from January 1 to December 31, 2023, and provides an overall disclosure of performance in economic, social, and environmental aspects. The main operating base is the Science Park Plant in Tongluo, Miaoli, which will not be separately mentioned in subsequent reports. In addition, the principle is to disclose data for the most recent three years in consideration of the comparability of information. Due to previous lack of systematic collection of relevant information or incomplete data, some performance data may only reveal 1 or 2 years' worth of information if the accuracy of the data cannot be effectively confirmed.

Compliance with Standards and Assurance Approach

The Company adheres to the stakeholder identification process set by the UK's Accountability organization in compliance with the AA1000 Stakeholder Engagement Standards (AA1000 SES). The AA1000 Accountability Principle (AA1000 AP), based on the principle of accountability, is implemented as follows: The Company follows the procedures for compiling information related to the implementation of the 2018 standard, and manages Sustainability Materiality according to the reference disclosure standards published by the Global Reporting Initiative (GRI) under the GRI Standards.

In response to the trend of sustainability disclosure, PAHSCO adopts the Sustainability Accounting Standards Board (SASB) as the core topic for this report. The Company uses the SASB standards for the medical equipment and supplies industry to compile this report. In addition, the Company also refers to the issues of concern of stakeholders and relevant sustainability evaluations for supplementary disclosure of certain information.

This report has been entrusted to SGS Taiwan Ltd. for assurance according to the AA1000 AS v3 Type 2, moderate assurance level. Assurance was also provided for the GRI Standards (2021) framework, ensuring the accuracy, reliability, and clarity of the content in the report. An independent assurance statement is attached in the appendix of this report.

Management Approach

The data disclosed in this report is based on financial performance according to financial reports audited by certified public accountants. All financial figures are calculated in New Taiwan Dollars, and International Financial Reporting Standards (IFRSs) are used as the basis for financial data disclosure. Other data in the report is collected and calculated internally, described with commonly accepted numerical values, and rounded to the nearest whole number.

The data or information disclosed in this report is provided by various responsible departments to the report team for compilation. The completed report is reviewed and confirmed by department heads and the General Manager before being submitted to the Chairperson for review and presented to the Board of Directors for approval. After

**Contact
Information**

completing the internal review process, the final report is publicly available on PAHSCO's official website.

If you have any questions about this report or any suggestions for PAHSCO, please feel free to contact us through the following channels:

Company Address: 4F., No. 160, Daye Rd., Beitou Dist., Taipei City

Tel: +886 2 2895 5050

Contact Person: Ma, Catherine, Legal Affairs Department

Email Address: catherinem@pahsco.com.tw

Company Website: www.pahsco.com.tw

1. About PAHSCO

1-1 Company Overview

Pacific Hospital Supply Co., Ltd. (hereinafter referred to as "the Company" or "PAHSCO") was established in 1977, mainly involved in the production of medical consumables and medical equipment, design planning and construction of hospital gas and related projects. Integrating development, design, production, manufacturing, and sales services, PAHSCO is now a leading manufacturer of medical devices in Taiwan with a comprehensive and complete range of product types and specifications. The Company focuses on exports while complementing with domestic sales, and has earned good reputation and customer evaluations in the international market. The company was established under the laws of the Republic of China, adhering to relevant laws and regulations in corporate governance, environmental protection, taxation, labor, and human rights. The Company's stock was listed on the Taipei Exchange in 2004 (stock code: 4126), and is currently a listed company in the biotech-medical category. Furthermore, the Company is also a member of the Taiwan Medical and Biotech Equipment Industry Association, the Allied Association for Science Park Industries, and the Tongluo Industrial Zone Manufacturers' Association in Miaoli County.

In 2023, there were no significant changes in the Company's capital structure and supply chain. The Company will continue to promote a culture of sustainability within the organization and establish smooth communication channels with stakeholders. Besides pursuing performance improvement, the Company simultaneously upholds social and environmental sustainability.

For more information about PAHSCO, please refer to the official website:

<https://www.pahsco.com.tw/about/>

Company name	Pacific Hospital Supply Co., Ltd.
Ownership and Legal Form	The Company is TPEX-listed, with securities traded on Taipei Exchange, stock code 4126.
Chairperson	An-Ting Chung
Date of Establishment	August 6, 1977
Date of Listing	February 9, 2004
Headquarter	No. 8, Tongke 2nd Rd., Hsinchu Science Park, Jiuhu Village, Tongluo Township, Miaoli County, Taiwan, R.O.C.
Operating Locations	The Science Park Plant in Tongluo, Miaoli is the Company's main operating base, with additional offices in Taipei, Taichung, and Kaohsiung.
Products and Services	The Company offers a variety of services relating to the manufacture, processing, and sale of medical equipment. The scope of services ranges from planning central gas systems, supplying gas engineering equipment, gas instruments, to providing single-use medical consumables across various specialties, including an array of tubes, bags, bottles, wound drainage systems, anesthesia, surgical suction instruments, etc. In addition to outpatient clinics, care units, and operating rooms in medical institutions, the products can also be used for home care.
Paid-in Capital	NT\$726,000,000
Number of Employees	802
Scale of Revenue	NT\$2,320,209 thousand (as of December 31, 2023)
Participation in External Organizations	Taiwan Medical and Biotech Equipment Industry Association; the Tongluo Industrial Zone Manufacturers' Association in Miaoli County; the Allied Association for Science Park Industries; Taiwan Plastics Industry Association



Business Philosophy

“Your health, Our mission”. PAHSCO focuses on the development of medical equipment as the main business. The Company upholds three core business philosophies for competitiveness: maintain business values with "Integrity", fulfil social mission with "Responsibility", and meet customer needs with "Professionalism". The Company is committed to improving nursing efficiency and providing high-quality medical products for every patient and healthcare professional. The outbreak of the COVID-19 pandemic has reinforced PAHSCO's determination to continue developing various disposable infection control-related products. The Company is fully committed to protecting patients and front-line healthcare professionals, extending the Company's application fields to home care, long-term care, and even smart medical products and deepening the sustainable business model.

1-2 Product Introduction

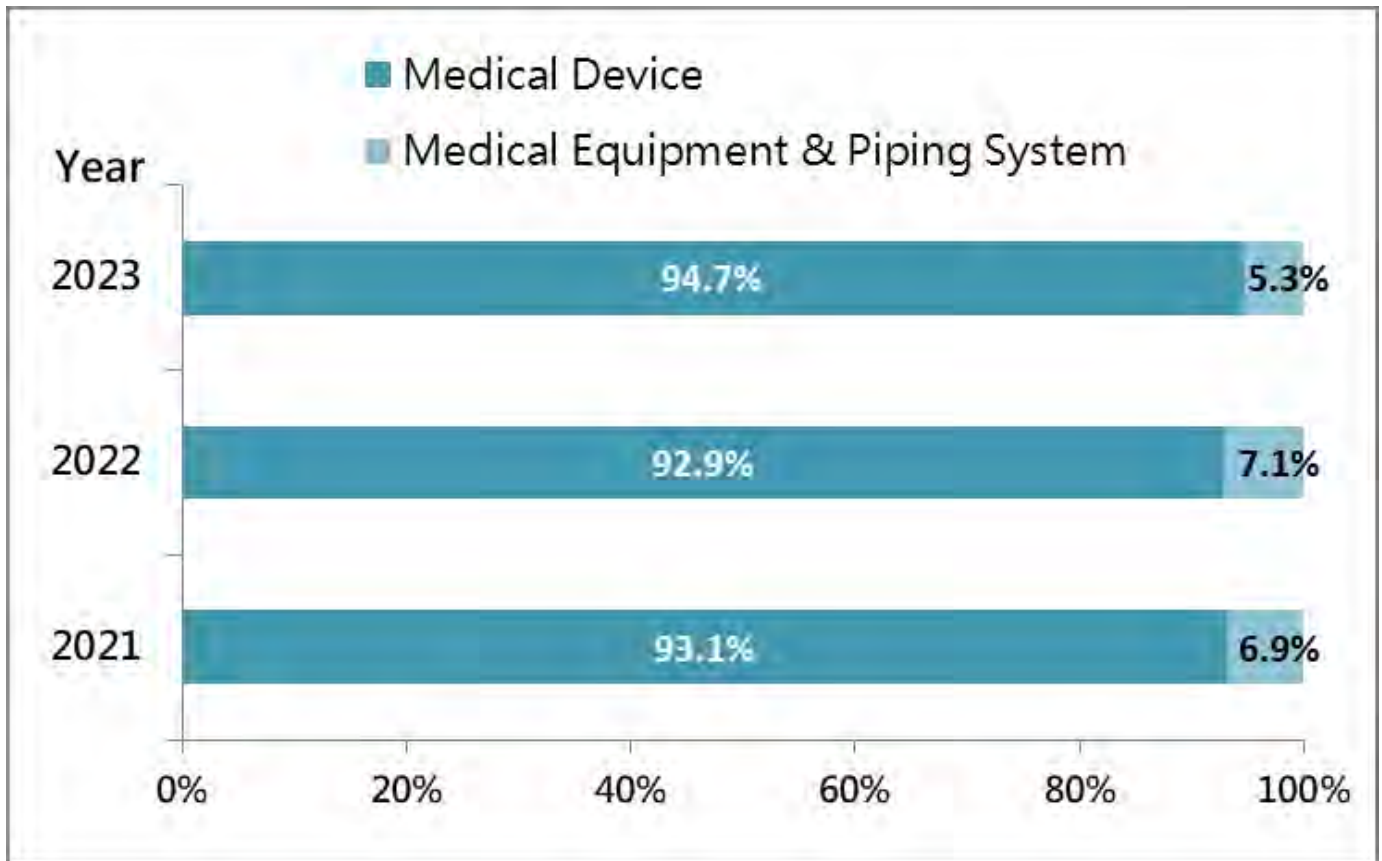
Products and Services

PAHSCO's main product categories include medical consumables, medical instruments, and medical construction projects. Medical consumables comprise a wide range of products, such as closed suction set, tubes, bags, and wound drainage products, and serve as the main source of revenue for PAHSCO. With excellent production techniques and experience, the Company is also able to design and improve products according to different specification requirements from customers. With sophisticated equipment and excellent production technology, PAHSCO is considered a leader in Taiwan's medical consumables market.

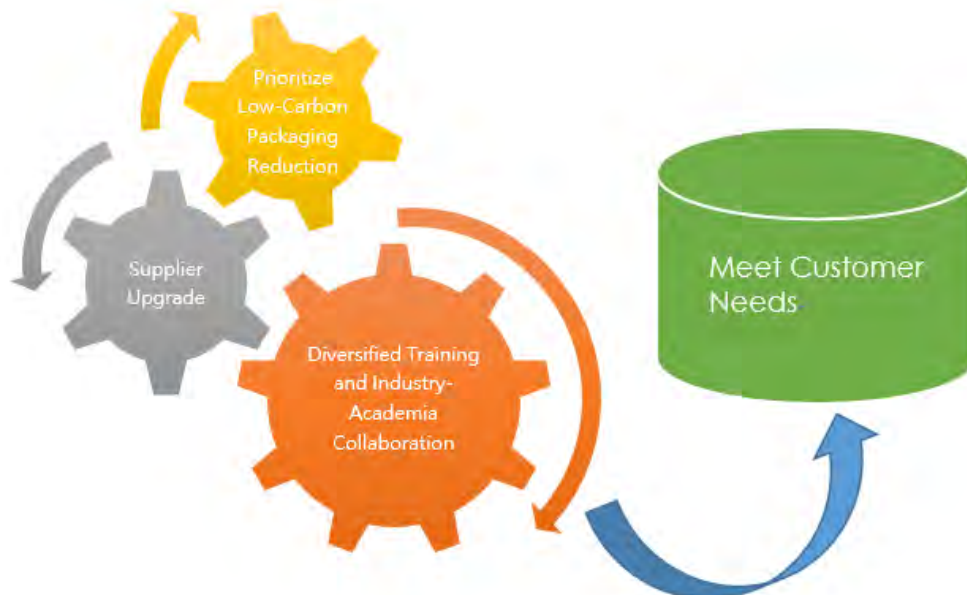
The product categories and related services are briefly described as follows:

- (1.) The manufacture, processing, and sale of various medical consumables.
- (2.) Business related to the construction, installation, manufacture, and sale of equipment and devices used for medical gases.

2023 Proportion of Business Items



For more product introductions, please refer to: <https://www.pahsco.com.tw/product/>



Research & Development Strategy

The fact that PAHSCO has been standing strong for nearly half a century and maintained its leading edge in the industry, not only due to a robust management team but also to the Company's investment in research and development. Every year, PAHSCO plans internal and external training courses for R&D personnel. The Company cooperates with drawing software manufacturers for regular on-site training to

enhance the R&D staffs' abilities in product design and mold design. In addition to personnel training, the Company invests in production equipment such as injection, blow molding, and extrusion. The R&D staffs can master production techniques and test and verify the molds and fixtures in-house to accelerate the development timeline. PAHSCO also actively collaborates with domestic and international manufacturers to produce parts, stimulating mutual growth with suppliers.

The Company's product development is customer-oriented, to satisfy customer's market development and requirements. As long as customers provide design concepts, PAHSCO's R&D personnel will conduct an overall assessment of technology, materials and process capabilities, supplemented by a complete quality management system, to ensure that the products are as efficient as possible, and strive for better market competition conditions for customers in terms of quality, function and price. At the same time, the Company signs confidentiality agreements with the customers to protect trade secrets related to product designs, manufacturing technologies, and prices.

In 2023, PAHSCO's R&D team initiated a total of 1009 projects. These included 14 new product development cases, 59 derivative cases for existing products, 91 product process and design improvement cases, 773 certification-related verification cases, 20 changes and additions of material cases, 25 add (change) supplier cases, and 27 mold creation cases. Among these, 888 cases were completed, and the remaining cases are also progressing according to the progress.

2023 Important New Products Developed by PAHSCO

Product Name	Notes
Advanced Probe Cover	Save cleaning time and reduce cross-infection of patients during examinations
Portable Chest Drainage Bag	The lightweight design makes it easier for patients to get out of bed and move around, shortening discharge time.
Closed Suction Catheter	Improve personnel operation efficiency and reduce abnormal operation and environmental pollution
Consumables For Diagnostic Imaging	Allow medical staff to provide different capacities according to usage needs so that medical staff can use it in different situations.
Pediatric Care Clamp	Improve operation convenience and avoid product replacement and patient discomfort caused by operation.

Although the World Health Organization declared the end of COVID-19 on May 5, 2023, the infection incidents caused by the new crown epidemic have once again confirmed the clinical importance of closed suction set. PAHSCO has invested more resources to develop disposable infection control-related products to ensure that clinical healthcare professionals receive proper protection during all types of medical procedures. This is in line with the Company's philosophy of "Front-line healthcare professionals take care of patients, PAHSCO gets their back". In addition, PAHSCO plans to develop smart medical devices that can conveniently transmit patient data in real time. This reduces the operation time for healthcare professionals to put on and take off protective equipment and record data. It also decreases the chance of close contact with patients, enhancing nursing efficiency and reducing the infection risk for healthcare professionals.

As an aging society becomes more common, all countries need to make good use of valuable clinical medical resources to avoid excessive healthcare burdens. PAHSCO continually examines gaps in our existing product line and evaluates suitable development targets. Home care and long-term care medical products are one of the directions for expanding our product line, providing healthcare professionals with a more comprehensive selection of products.

Due to the nature of the medical device industry, PAHSCO prioritizes the health and safety of patients and health care providers when evaluating product manufacturing and environmental impacts. Only after that can the reduction of environmental impact be considered. Therefore, when developing products, the Company first seeks materials that meet quality and safety requirements in material selection. Under the premise of ensuring quality and safety, the Company prioritizes low-carbon plastic materials. Since products need to undergo sterilization before shipment and maintain sterile conditions before used by patients in hospitals, the protection of packaging materials is crucial. While meeting these requirements, we use the most stable and economical method for packaging to reduce environmental impact.

Brand Positioning

PAHSCO is a professional medical equipment manufacturer in Taiwan. Besides having a research and development team for product design, the Company also acts as the agent for the well-known international brand BeaconMedaes' medical gas system. PAHSCO's product line includes three main items: medical consumables, medical instruments, and gas engineering equipment, making the Company a leader in the domestic medical consumables industry. The most representative niche products are the closed suction set and wound drainage systems. With the world's top market share, the former product aforementioned can reduce the chance of healthcare professionals getting infected and is primarily sold to countries like Japan and Germany. The latter product can only be manufactured and sold by a few companies worldwide, demonstrating PAHSCO's considerable competitive advantage in terms of product and manufacturing technology.

Medical equipment is closely related to the health and safety of all humans. Thus, PAHSCO takes into account consumer differences, time differences, and regional differences when selling products. By implementing a differentiated pricing strategy, the Company maintains competitiveness and profitability while ensuring consumers with access to necessary goods.

In 2023, the proportion of sales in the Europe region increased, mainly due to the customer inventory adjustments after the epidemic and revenue growth as the pandemic eased. On the other hand, the proportion of sales in America decreased, primarily because customers were still digesting the surplus of infection control products stocked up during the pandemic, resulting in a relative reduction in the sales proportion for 2023.

Proportion of Product Market Sales in Recent Years

Region	2021	2022	2023
Taiwan	15.73%	17.07%	16.66%
Asia	48.45%	53.28%	52.89%
Americas	14.43%	13.00%	11.80%
Europe	19.06%	14.33%	16.24%
Others	2.33%	2.32%	2.41%

Certifications Obtained

Category	Certification Name	Validity Period
Quality	QMS1444 Quality Management System for Medical Device Manufacturer	2027.01.08
	EU 2023/607 MDD Extension (Press Infusion Devices)	2028.12.31
	EU 2023/607 MDD Extension (Breathing Circuit Devices)	2028.12.31
	EU 2017/745 MDR (Body Waste Collection Systems, General and Surgical Instruments And Accessories)	2026.08.27

Category	Certification Name	Validity Period
	EU 2017/745 MDR (Sterile Urinary Drainage Bags, Sterile Surgical Instruments and Accessories)	2027.03.15
	ISO 13485:2016/NS-EN ISO 13485:2016	2024.07.15
	ISO/IEC 17025 Testing and calibration laboratories	2026.10.11
Environment	ISO 14001:2015 Environmental management systems	2025.09.10
Society	ISO 45001:2018 Occupational health and safety management systems Taiwan Occupational Safety and Health Management Systems	2025.09.10

PAHSCO has obtained international standard system certifications such as QMS, ISO 13485 Medical Device Quality Management System, and ISO 14001 Environmental Management System. The Company's products have also received international safety certifications and product sales permits from various countries. In 2021, PAHSCO was the first company in Asia to obtain the EU MDR certificate issued by DNV. Moreover, the Company's "Pacific High-End Laboratory" has been certified by the "Taiwan Accreditation Foundation (TAF)", demonstrating trustworthy quality and safety. In addition, to prevent injuries and illnesses caused by work, PAHSCO continues to construct a safe and healthy workplace. In 2019, the Company successfully introduced the ISO 45001 Occupational Health and Safety Management System and passed third-party certification. At the same time, to further understand the potential for carbon reduction in the future, PAHSCO completed the greenhouse gas inventory for the first time in 2023 following the ISO 14064-1:2018 standard and passed third-party verification.

Product Sales Volume

Product Sales Volume (Unit: Quantity)	2021	2022	2023
Medical Consumables	77,678,339	85,323,366	82,497,520
Medical Instruments and Medical Construction Projects	336,747	326,075	302,483

1-3 Operating Overview

Financial Performance

Unit: NT\$ thousand

		2021	2022	2023	
Direct Economic Value (A)	Operating Revenue	2,018,749	2,184,934	2,320,209	
	Non-operating Income and Expenses	120,628	58,985	27,478	
Economic value distributed (B)	Operating Costs (Note 1)	Cost of Goods Sold	1,105,564	1,205,243	1,167,826
		Operating Expenses	83,955	93,494	94,361

		2021	2022	2023
	Employee compensation and Benefits (Note 2)	515,785	531,487	559,972
	Payments to the Funders	304,920	326,700	304,920
	Payments to the Government (Note 3)	102,954	32,420	93,681
	Social Engagement Contribution - Donations	47	215	36
Economic value retained	(A)-(B)	26,152	54,360	126,891
Profitability	Net Income After Taxes	386,415	331,397	420,792
	Net Profit Margin	19.14%	15.17%	18.14%
	Return on Equity	14.53%	12.22%	15.16%
	Cash Dividend Payout Ratio	84.59%	92.11%	82.76%
	Earnings Per Share (EPS) After Tax (NT\$)	5.32	4.56	5.80

Note 1: Operating costs include operating expenses, excluding employee compensation, benefits and social engagement investments

Note 2: The compensation and benefits for this year consists of the total compensation plus total benefits, excluding education and training expenses, directors' remuneration, and travel allowances.

Note 3: Disclosure of payments made to the government for this year is based on a cash basis

In 2023, factors such as high inflation rates, high interest rates, and the weak economic performance of China post-pandemic led to decreased global demand for end products, causing a slowdown in manufacturing activities worldwide. Additionally, the ongoing Russia-Ukraine war, the Gaza Strip conflict, and the Red Sea crisis have negatively impacted the international economy. Fortunately, in the post-pandemic era, the recovery of normal medical demand, customer inventory adjustments, differences in product portfolio, and improvement in manufacturing process led to growth in the Company's revenue, gross margin, and operating income compared to 2022.

The Company's income in 2023 was NT\$2,320,209 thousand, an 6.19% increase from the previous year; the net profit was NT\$498,014 thousand, an 40.49% increase from the previous year; the net income before tax was NT\$525,492 thousand, and the net profits for the current period was NT\$420,792 thousand, a 26.98% increase from the previous year; earnings per share after tax were NT\$5.80.

In 2023, the main source of government grants came from the Stable Employment Program, with a total grant amount of NT\$1,628 thousand.

For related financial information, please refer to the financial statements published on the Company's website. https://www.pahsco.com.tw/investors/finance-detail/finance-2023_en/

Dividend Policy

The Company is committed to a stable dividend policy. If there are profits after the annual financial settlement, the Company shall first pay taxes in accordance with laws, make up for accumulated losses, and set aside statutory surplus reserves. The Board of Directors will then propose a profit distribution plan, which will be submitted to the shareholders' meeting for a resolution to distribute shareholders' dividends.

When distributing shareholder dividends, the Company considers the overall operating conditions, capital needs, industry competition, and the impact on shareholders' interests. Dividends can be distributed in the form of cash or stocks.

Estimated dividend payout policy for the next three years: In response to operational needs and with a principle of balancing shareholders' interests, the Company expects to distribute dividends over the next three years amounting to at least 30% of the net profit after tax for the year under the premise that the distribution does not affect the Company's future development or capital needs. Cash dividends will account for 20% to 100% of the total profit distribution. The above payout ratios are proposed by the Board of Directors based on the overall operating conditions and financial coordination of the Company, and are distributed after approval at the shareholders' meeting. If the Company does not have profits, dividends and bonuses will not be distributed.

Execution Status of Dividend Distribution in 2023

Unit: NT\$ thousand

Type of Dividends	Ratio	Distribution Amount Resolved at Shareholders' Meeting	Actual Distribution Amount	Difference
Cash Dividend	100%	304,920	304,920	No Discrepancy

Dividend Information: <https://www.pahsco.com.tw/investors/article-detail/dividend-distribution/>

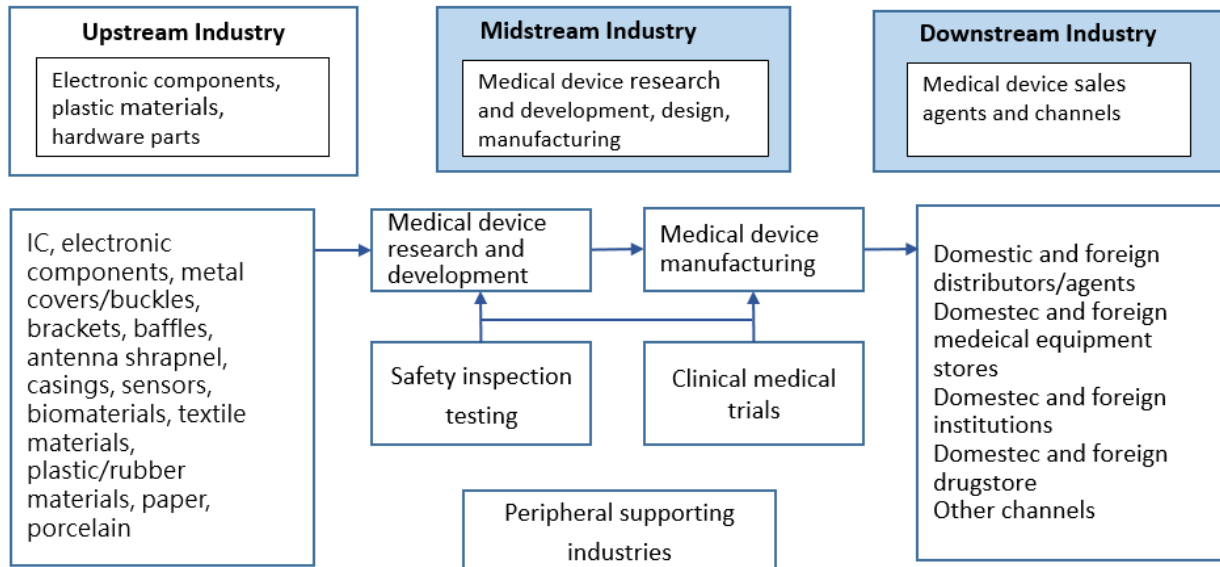
Dividend Policy: https://www.pahsco.com.tw/investors/finance-detail/finance-2023_en/

Medical Industry Overview

PAHSCO's business scope includes the manufacturing, processing, and sale of medical consumables. The Company's core advantage is to provide customers with a one-stop service, from regulatory consultation, product design, manufacturing to market certification. The Company has a professional team with years of practical experience. PAHSCO develops the business in both contract manufacturing services and independent research and development. The Company effectively integrates resources with business partners to develop products needed in the market.

The most significant characteristic of the medical device industry is the diversity and broad range of product types. With the rapid development of technology and changes in disease patterns, laws and regulations are constantly being updated. PAHSCO's main products are often consumables regularly purchased by medical institutions, which are less affected by the economy and show a steady upward trend in long-term demand. Although there were fluctuations in the sales of non-emergency surgical supplies and pandemic-related supplies during the pandemic period, the overall growth trend of the industry was not affected. The Company is in a critical position in the medical device industry chain, connecting upstream and downstream sectors, and has different forms of marketing channels, such as agents, distributors, medical channels, government procurement and joint procurement organizations.

Supply Chain of the Medical Device Industry



2. Sustainability Issue Management

2-1 Sustainability Policy and Operation

PAHSCO possesses advanced R&D technology and manufacturing capabilities, viewing each customer as an important partner. PAHSCO continuously refines its core business growth to fulfill the mission of "Your health, Our mission," and "You protect patients, PAHSCO protects you." Recognizing the importance of stakeholders' voices, the Company is committed to implementing ESG sustainable development, perfecting ESG information disclosure, with the aim to have a key influence on sustainable development and lay the sustainability foundation in the medical equipment industry. PAHSCO has completed the formulation of the "Sustainable Development Best Practice Principles" in early 2022. Please refer to the Company's official website

[https://www.pahsco.com.tw/esg/information/93/100/.](https://www.pahsco.com.tw/esg/information/93/100/)

To implement sustainable development for enterprises, society, and the environment, and to ensure that the Company's actions positively influence the environment, society, and economy, the Chairman and General Manager have taken the lead in committing to follow the policies below. These policies are published on both internal and external company websites as the foundation for implementing PAHSCO's sustainability policy:

1. Based on integrity and with the aim of protecting business information security, we strive for the best operational performance of the company.
2. We guarantee human rights, promote employee safety, health, and well-being, support sports activities, and cultivate local talents.
3. We expand green procurement efforts, in line with government energy-saving and carbon-reduction goals, actively promoting energy efficiency, water conservation, waste reduction, and environmentally friendly measures.
4. We implement quality and safety measures to meet customer demands, develop smart medical equipment, increase the application of eco-friendly packaging materials, and maintain a competitive advantage in industry technology.
5. We strengthen communication regarding sustainable policies with suppliers, aiming to accelerate the construction of a sustainable supply chain

Sustainability Development Promotion Group

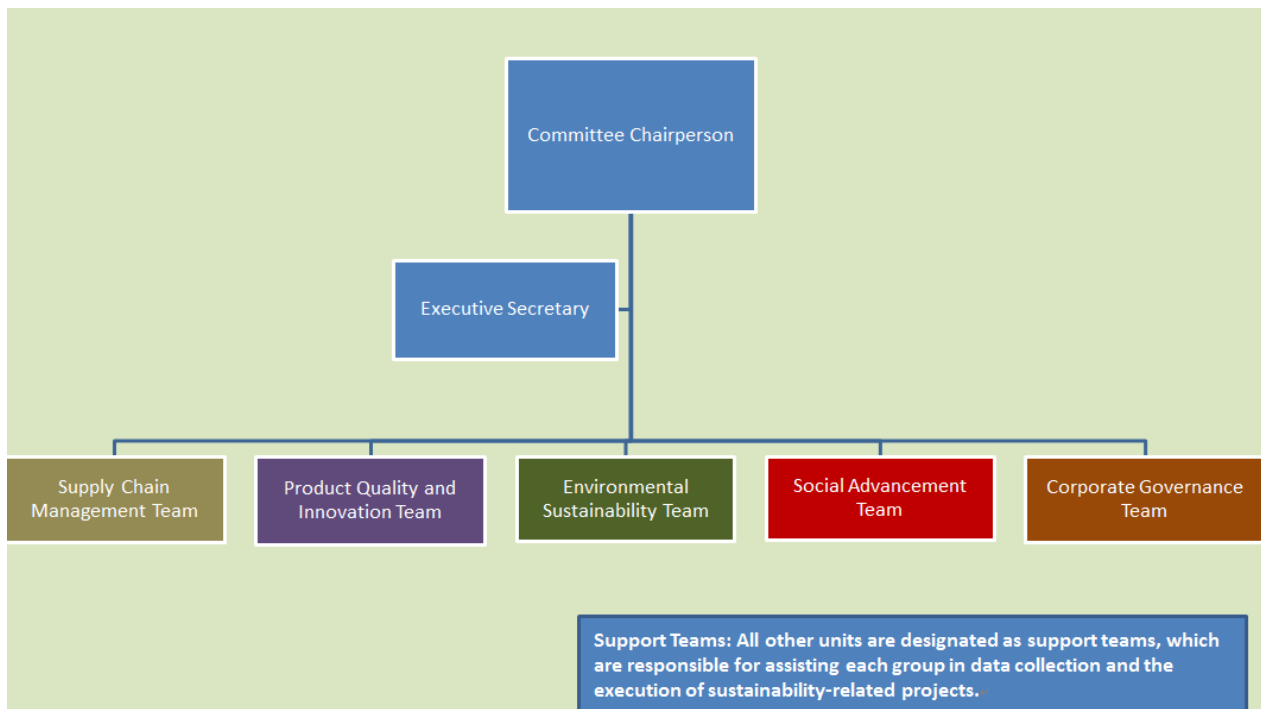
At the end of 2022, PAHSCO established a Sustainable Development Committee, led by the General Manager as the Committee Chairman. The committee consists of five functional teams: Supply Chain Management, Product Quality and Innovation, Environmental Sustainability, Social Advancement, and Corporate Governance. The Executive Secretary (comprising heads from the General Manager's Office; Environment, Health, and Safety Division; Human Resources Division; Purchasing Division; Finance and Accounting Division; Legal Affairs Division) assists the chairperson in executing sustainability-related matters. This involves integrating corporate policies, systems or management guidelines related to sustainability across all domains, proposing and implementing specific action plans, continuously communicating and interacting with stakeholders, and regularly convening sustainability and risk management meetings. Regarding supervision of the Board of Directors, the current practice of the Company is to compile a sustainability report annually, which is submitted to the Board of Directors for review and approval. This allows the Board to oversee the Company's progress in sustainability matters. In the future, depending on regulatory requirements, the Company will also regularly report to the Board on the implementation plans and results of sustainable development.

The Committee convened 3 meetings within 2023 to discuss and confirm the results of the sustainability risk assessment. Subsequent project plans and ESG objectives related to addressing sustainability issues will be reported periodically with updates on the execution.

Operating Method:

Management Level	Meeting Content	Frequency
Board of Directors	Through the preparation of annual sustainability report, ESG achievements and goals, including responses to major concerns brought up by stakeholders, are reported to the Board of Directors.	Annual
Sustainable Development Committee	Confirmation of annual major ESG issues; confirmation and review of ESG plans.	Semi-annual
Functional groups	Sharing of ESG trends; formulation of short, medium, and long-term policies; discussion of major issues.	Semi-annual
	Regular review of ESG goals.	Semi-annual

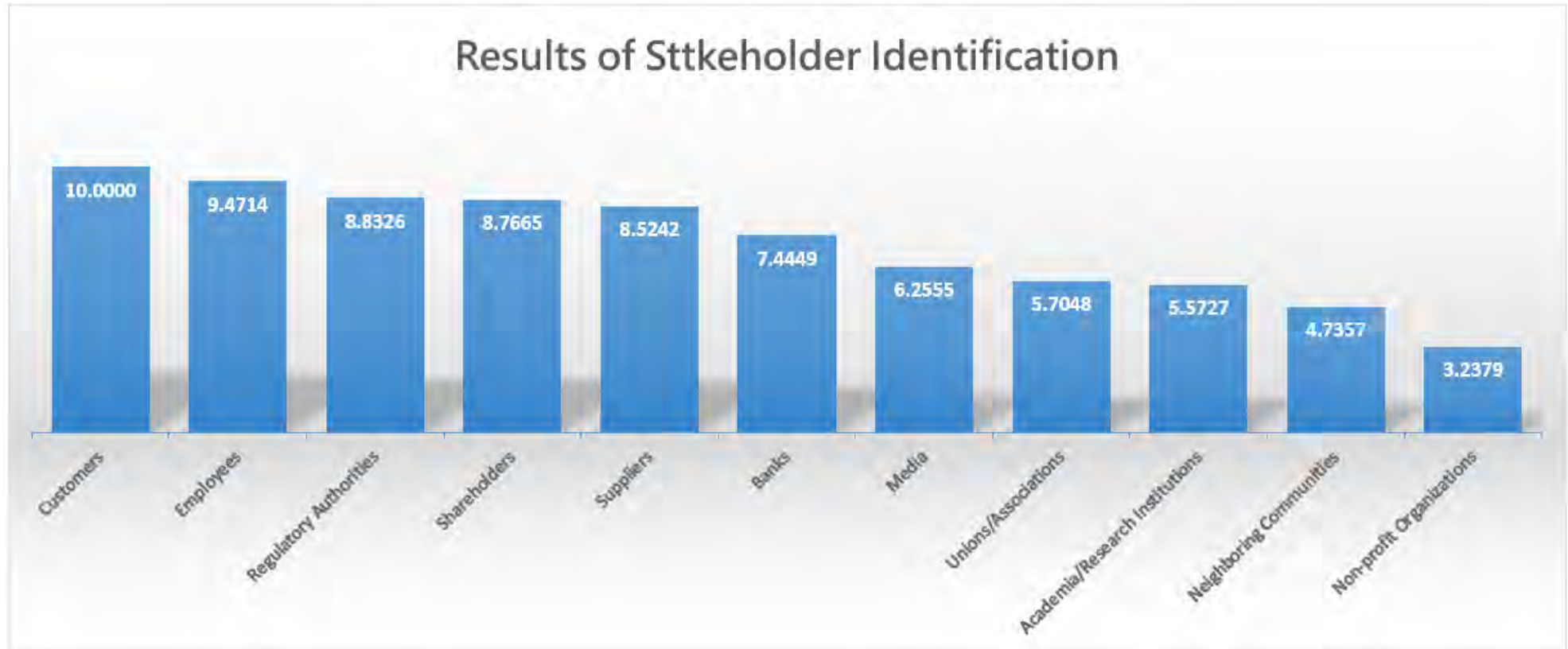
Organization Chart of the Sustainable Development Committee



2-2 Stakeholder Identification and Communication

In 2023, PAHSCO identified stakeholders related to its operations through collection and investigation led by the Sustainable Development Committee. These stakeholders included employees, customers, regulatory authorities, suppliers, shareholders, banks, neighboring communities, unions/associations, academia/research institutions, media, and non-profit organizations for a total of 11 categories. Referring to the five aspects outlined in the AA1000 Stakeholder Engagement Standard (AA1000 SES) developed by the Accountability organization—dependence, influence, level of concern, responsibility, and diversity—the Company evaluated the importance of different stakeholders through questionnaires. As a result, the Company determined that the 5 significant stakeholders in 2023 are customers, employees, regulatory authorities, shareholders, and suppliers.

In addition, PAHSCO maintains good communication and interaction with all stakeholders during its operations. An external mailbox is set up on the Company's website to facilitate transparent and diverse communication channels with all stakeholders.



Significant Stakeholder Communication in 2023

Stakeholders	Significance for PAHSCO	Communication Channel/ Frequency	Communication Results from January to December 2023	Solution	Related Chapter for Communication Results
Customers	The products meet the medical laws and regulations of various countries, enabling them to expand into a wider market. By understanding and complying with local and international regulatory requirements, the Company ensures the safety and reliability of its products, enabling it to gain customer trust and recognition in the market. This also helps the expansion of the Company's business scale and enables the provision of high-quality products and services globally.	<ul style="list-style-type: none"> • Toll-free consumer hotline • On-site visits, professional training (as needed) • Customer satisfaction surveys (regularly) • Customer audits (regularly) • Product exhibitions: The Company displays products and service information through regularly held major annual exhibitions such as MEDICA in Düsseldorf, Germany, Arab Health in Dubai, and China International Medical Equipment Fair (CMEF) in mainland China • Email correspondence • Telephone communication 	<ul style="list-style-type: none"> • Conducted supplier evaluation once through EcoVadis platform • Completed 4 supplier electronic surveys • Conducted 7 on-site audits • Conducted 3 on-line audits • Customer satisfaction survey received an average score of 92.15. (Includes classes for Mainland China, export, and ODM/OBM sectors; the maximum score is 100.) 	<ul style="list-style-type: none"> • Establish effective communication channels and complaint mechanisms to ensure that the Company responds promptly and appropriately to all customer opinions. • Continue to enhance the quality of products and services; maintain flexibility and sensitivity to customer needs; offer more forward-looking choices for the customers. • Communicate with customers in an honest and transparent manner; ensure all information about products, prices, etc., is accurate and truthful. 	CH3-6 Customer Service
Employees	Employees are the foundation for the Company's growth and development. To provide an open and diverse workplace where employees can work with peace of mind, PAHSCO strives to create an employee-first, "safety and healthy" working environment where employees and the Company share mutual growth.	<ul style="list-style-type: none"> • Employee complaint mailbox and hotline (available at all times) • Labor-management meetings (quarterly) • Environmental, Health and Safety meetings (quarterly) • Employee Welfare Committee meetings (quarterly) • Internal meetings for each department (weekly, as needed) • Employee performance interviews (annually, as needed) • Emails and internal website announcements (as needed) 	<ul style="list-style-type: none"> • Held 4 Labor-management meetings • Held 4 Environmental, Health, and Safety meetings • Held 4 Employee Welfare Committee meetings • Provided 3,562 education training sessions • Organized 3 health seminars • Provided on-site medical services 12 times • 0 labor disputes in 2023 • Held 1 environmental education and beach cleanup 	<ul style="list-style-type: none"> • Provide a diverse and inclusive corporate culture that respects different values; ensure fairness without discrimination; offer equal employment opportunities. • Ensure the reasonableness of employee salaries and compensation; offer an equal and competitive pay structure. • Ensure the safety of the workplace and the health of employees. • Provide opportunities for employees to develop professional skills and career plans. • Maintain open and genuine communication to ensure 	CH5 Employee Care

Stakeholders	Significance for PAHSCO	Communication Channel/ Frequency	Communication Results from January to December 2023	Solution	Related Chapter for Communication Results
		<ul style="list-style-type: none"> Education training (as needed) Health seminars (as needed) On-site medical services (monthly) 	<ul style="list-style-type: none"> Held 4 particular physical checkups Conducted 2 workplace environmental monitoring 	transparency in management and decision-making.	
Regulatory authorities	Government agencies are responsible for law making and enforcement, and compliance with the law is a fundamental principle for company operations.	<ul style="list-style-type: none"> Written correspondence (as needed) On-site audits (as needed) Online reporting (monthly) Telephone or email correspondence (as needed) Seminars and forums (as needed) Compliance with official publications and policy promotion (as needed) 	<ul style="list-style-type: none"> Attended 3 meeting with the Chemicals Administration, Ministry of Environment Participated in 7 meetings with the Department of Environmental Protection, Miaoli County Government Attended 7 meetings with the Hsinchu Science Park Administration, National Science and Technology Council Participated in a total of 25 education training sessions organized by regulatory authorities Responded to 29 survey inquiries from the Taipei Exchange 	<ul style="list-style-type: none"> Comply with relevant laws and regulations of the country, region, or industry; respect the supervision of regulatory authorities and respond to requests from regulatory authorities promptly. Regularly disclose relevant information, including but not limited to financial reports, annual reports; proactively disclose ESG management performance. Actively participate in relevant meetings and training organized by regulatory authorities to establish good interaction. 	CH3 Corporate Governance
Shareholders	Shareholders are the owners of the Company's shares and also a driving force in supporting the Company's sustainable operations. They have a share in the business profits; thus, they are particularly interested in operational performance, corporate governance, innovative management, and regulatory compliance issues.	<ul style="list-style-type: none"> Investor mailbox and hotline Corporate forums/seminars (at least once a year) Shareholders' Meeting (annually) Annual report (annually) Information disclosure on the Market Observation Post System (monthly) 	<ul style="list-style-type: none"> Held the annual shareholders' meeting Participated in 6 domestic corporate forums Published 28 pieces of material information separately in Chinese and English 	<ul style="list-style-type: none"> Take into account the long-term interests of shareholders, pursuing sustainable corporate development Establish a comprehensive corporate governance mechanism and cultivate a strong corporate governance culture to protect shareholders' rights Adhere to principles of ethical disclosure and transparency, regularly disclosing information on 	CH1-3 Operating Overview CH3 Corporate Governance

Stakeholders	Significance for PAHSCO	Communication Channel/ Frequency	Communication Results from January to December 2023	Solution	Related Chapter for Communication Results
				governance, finance, and sustainability. <ul style="list-style-type: none"> Set up positions of spokesperson and shareholder services, participate in investor conferences, and promptly reply to investors' concerns. 	
Suppliers	Suppliers are PAHSCO's partners in achieving sustainable development and mutual growth. The Company and suppliers join forces to value environmental and social responsibilities, collectively creating value for customers.	<ul style="list-style-type: none"> Regular phone contact takes place as needed, with the R&D staff visiting key suppliers at least once a month to discuss cooperating projects. Telephone or email correspondence, purchase order, inspection (inventory), or questionnaire 	<ul style="list-style-type: none"> Total 35 mold inventories (27 on-site inventories and 8 online inventories) Quality audit of a total of 10 companies (on-site audit) 	<ul style="list-style-type: none"> Establish stable, mutually beneficial relationships with suppliers to jointly develop and enhance the value of products or services. Promote sustainable supply chain management; raise suppliers' awareness of sustainability risks; actively communicate the importance of sustainability. 	CH3-7 Supply Chain Management

Communication Channels

- In addition to maintaining various interactions with stakeholders in daily business operations, the Company also sets up related contact windows on the external website.
- Stakeholders' Contact:
 - Tina Wang, Special Assistant
 - E-mail: ir@pahsco.com.tw
 - Tel: 02-2895-5050
- Other information can be accessed through the official website: <https://www.pahsco.com.tw/esg/article-detail/59/>

Complaint Mechanism

- Reporting window for illegal and unethical behaviors:
- Spokesperson: ir@pahsco.com.tw (External)
- Legal Affairs Division: legs@pahsco.com.tw (Internal)

2-3 Identification of Sustainability Materiality

Collection of Sustainability Issue

PAHSCO reflects on the Company's value creation process and collects information from communication with stakeholders. Furthermore, the Company refers to global sustainability disclosure norms or standards (such as GRI, SASB, TCFD, SA8000 etc.), governmental regulatory requirements of where the operations are located, globally recognized sustainability rating agencies (such as S&P Global, etc.), and sustainability reports from major customers both domestically and internationally. The Company compiled 19 sustainability issues. These serve as a basis for subsequent surveys on stakeholders' concern levels and internal assessments of sustainability impacts.

Survey on Stakeholder Concern Levels

To understand the concerns and expectations of significant stakeholders regarding various sustainability issues proposed by PAHSCO, the Company conducted a survey in 2023, sending out questionnaires on sustainability issues to significant stakeholders. The Company received 141 valid responses. Based on the feedback from the questionnaires, the Company compiled the issues of concern for each category of significant stakeholders to better understand their level of attention towards various sustainability issues.

2023 Top 5 Concerns of Significant Stakeholders

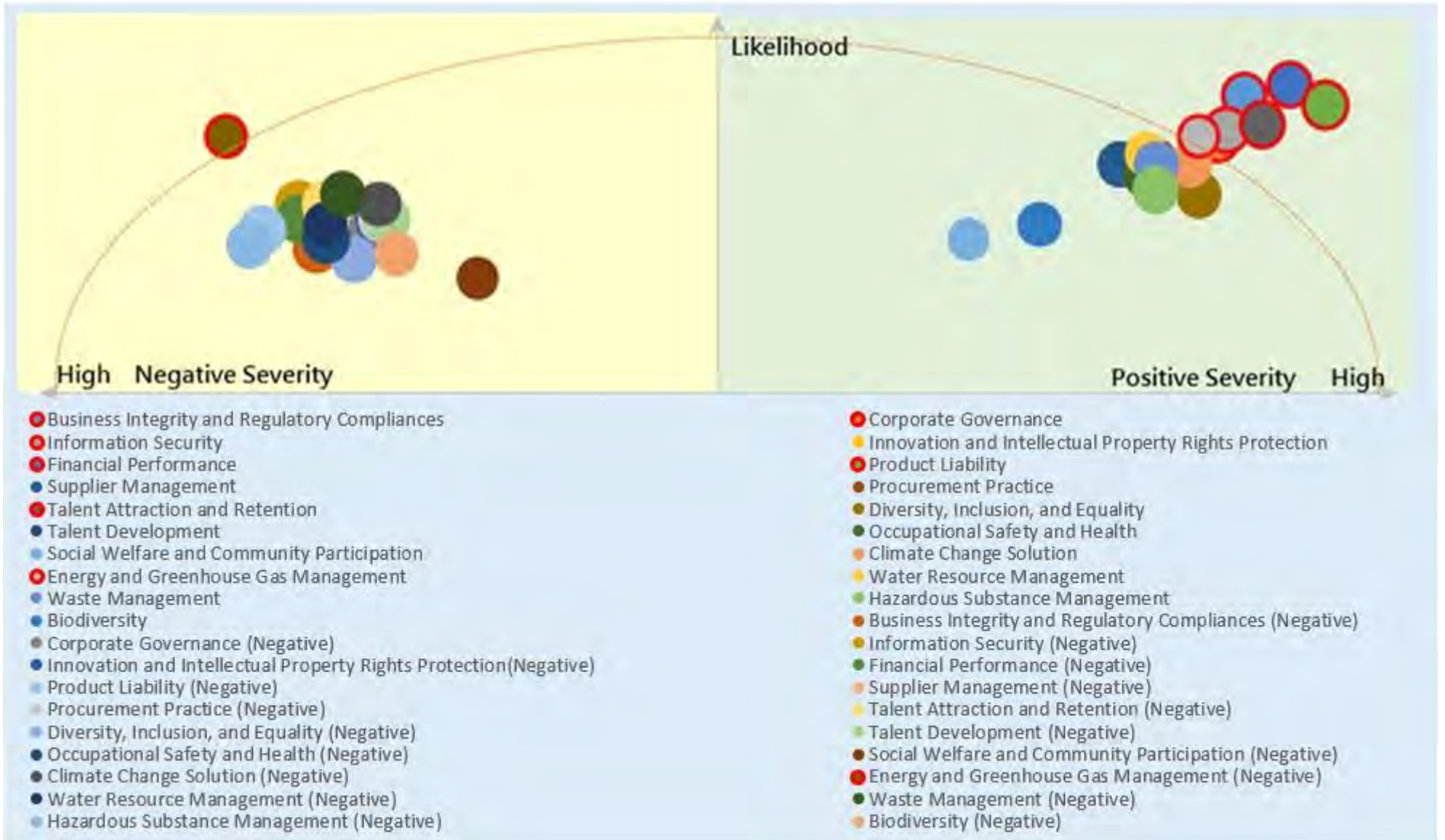
Customers	Employees	Regulatory authorities	Shareholders	Suppliers
<ul style="list-style-type: none"> • Product Liability • Business Integrity and Regulatory Compliances • Hazardous Substance Management • Innovation and Intellectual Property Rights Protection • Supplier Management 	<ul style="list-style-type: none"> • Product Liability • Talent attraction and retention • Occupational Safety and Health • Information Security • Talent development 	<ul style="list-style-type: none"> • Financial Performance • Information Security • Business Integrity and Regulatory Compliances • Occupational Safety and Health • Innovation and Intellectual Property Rights Protection • Product Liability 	<ul style="list-style-type: none"> • Financial Performance • Information Security • Business Integrity and Regulatory Compliances • Product Liability • Diversity Inclusion and Equality 	<ul style="list-style-type: none"> • Product Liability • Occupational Safety and Health • Information Security • Financial Performance • Innovation and Intellectual Property Rights Protection

Identifying Actual and Potential Impacts

Regarding the aforementioned 19 sustainability issues, a Sustainable Committee meeting was convened in the 4th quarter of 2023 where core supervisors from each team conducted an impact analysis and discussion to identify actual/potential, positive/negative impacts on the economic, environmental, and human rights aspects in PAHSCO's business operation. The analyses were based on two dimensions: "severity" and "likelihood". Each sustainability issue was distinguished by its level of positive impact and negative impact. When assessing the level of impact, if the issue is the focus of customer supplier management standards or is mandated by law, it will be weighted according to its impact, and the issue would be scored with the highest severity if there was actual or potential human rights risk associated with it.

Identifying Material Topics for Priority Disclosure

After the analysis and discussion, the Company evaluates the severity and likelihood of both positive and negative impacts. The Company has identified Financial Performance, Product Liability, Business Integrity and Regulatory Compliances, Talent Attraction and Retention, Information Security, Corporate Governance, and Energy and Greenhouse Gas Management as the seven sustainability issues for priority disclosure in the 2023 sustainability report. The Company has also initiated related procedures for the compilation of sustainability information.



Ranking of Material Topics Impacts

No.	Positive Impact Ranking	Negative Impact Ranking
1	Financial Performance*	Energy and Greenhouse Gas Management*
2	Product Liability*	Information Security
3	Business Integrity and Regulatory Compliances*	Product Liability
4	Talent Attraction and Retention*	Hazardous Substance Management
5	Information Security*	Financial Performance
6	Corporate Governance*	Talent Attraction and Retention
7	Energy and Greenhouse Gas Management*	Waste Management
8	Climate Change Solution	Supplier Management
9	Procurement Practice	Water Resource Management
10	Water Resource Management	Climate Change Solution
11	Waste Management	Occupational Safety and Health
12	Diversity, Inclusion, and Equality	Business Integrity and Regulatory Compliances
13	Innovation and Intellectual Property Rights Protection	Innovation and Intellectual Property Rights Protection
14	Talent Development	Procurement Practice
15	Occupational Safety and Health	Water Resource Management
16	Supplier Management	Social Impact Talent Development
17	Hazardous Substance Management	Diversity, Inclusion, and Equality
18	Biodiversity	Biodiversity
19	Social Welfare and Community Participation	Social Welfare and Community Participation

*Significant Impact Issues

Comparison Table for Material Topics

2023 Material Topics	Impact Category			Impact Dimension				Corresponding Subject	Related Chapter
	Suppliers	PAHSCO Operations	Customers	Economic	Environmental	Population	Human Rights		
Financial Performance	☒	☒	☒	☒		☒		• GRI 201 Economic Performance 2016	CH1-3 Operating Overview
Product Liability	☒	☒	☒	☒		☒		• GRI 416 Customer Health and Safety 2016 • GRI 417 Marketing and Labeling 2016	CH3-5 Product Liability
Business Integrity and Regulatory Compliances	☒	☒	☒	☒		☒		• GRI 205 Anti-corruption 2016	CH3-2 Business Integrity and Regulatory Compliances
Talent Attraction and Retention		☒		☒		☒	☒	• GRI 401 Employment 2016 • GRI 405 Diversity and Equal Opportunity 2016	CH5 Employee Care
Information Security	☒	☒	☒	☒		☒		• Information Security Education Training (Custom Theme) • Significant Information Security Event (Custom Theme)	CH3-4 Information Security
Corporate Governance		☒		☒		☒		• GRI 405 Diversity and Equal Opportunity 2016	CH3-1 Governance Structure
Energy and Greenhouse Gas Management	☒	☒	☒	☒	☒	☒		• GRI 302 Energy 2016 • GRI 305 Emissions 2016	CH4-2 Energy and Greenhouse Gas Management

2-4 Management Policy for Material Topics

Material Topic	Financial Performance
Impact Description	<ul style="list-style-type: none"> • Positive Impact: The Company creates economic value through increased operating revenue and net profit. While maintaining stable financial profitability and meeting investor expectations, the Company distributes annual profits to shareholders, establishing long-term investment value for the Company. ESG performance is gradually becoming an important factor for investors' decision-making and reflects a company's long-term profitability • Negative Impact: In response to international political and economic turmoil, rapid changes in industry conditions, annual increases in base compensation, significant rises in electricity costs, and strong inflationary pressures, these factors have greatly increased cost burdens, eroding net operating profit performance and raising concerns among the Company's investors.
Impact Scope	<input checked="" type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input checked="" type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (both positive and negative) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input type="checkbox"/> Potential impacts that may occur after more than 5 years
Policy	Achieve annual sales targets and continue to implement cost control measures.
Commitment	Protect business information security and achieve optimal corporate performance through compliance with integrity management.
Goal setting	Operational performance reflects a company's performance and efficiency. By strengthening its financial structure, implementing corporate governance, and enforcing cost control, the Company continuously and steadily enhance economic value and returns benefits to all stakeholders, aiming to achieve the long-term goal of sustainable development. Rather than focusing solely on earning business revenue, the Company places greater emphasis on improving operating profit.
Governance Responsibility	The Board of Directors oversees the Company's operational strategy and performance quarterly, strengthening corporate governance and risk management through internal audit and external review mechanisms.
Management Responsibilities	<ul style="list-style-type: none"> • The General Manager plans the Company's short-term, mid-term, and long-term business strategies. • The General Manager plans and supervises the overall operational goals and strategies of the Company, ensuring their achievement. • Establish a Sustainability Committee, with the Director appointing the General Manager as the Committee Chairman. The General Manager will serve as the highest authority for the Sustainability Committee, responsible for approving sustainability policies and guidelines, as well as continuously reviewing and tracking their implementation effectiveness.
Plans to be adopted	<ul style="list-style-type: none"> • Set performance targets for business growth, improve profitability, and formulate dividend policies and returns that meet shareholder expectations • Maintain excellent credit ratings • Increase competitiveness by considering clients' needs and global trends • Introduce lean production management and production process analysis systems to factories, and inspect for abnormal situations to improve efficiency and reduce costs.
Plan Tracking Method (Performance Measurement Mechanism)	<ul style="list-style-type: none"> • Provide monthly management reports to help management and factories quickly understand cost-related quantitative indicators and identify any abnormalities. Track the implementation of cost improvement plans and analyze production lines with significant cost differences.

Material Topic	Financial Performance
	<ul style="list-style-type: none"> Examine quarterly operating results, compare them with the previous period, and assess of annual business achievement rate to conduct analysis and review.
Performance Measurement Results	<p>In 2023, the Company's operating revenue was NT\$2.32 billion, an increase of 6.19% compared to the previous year. The gross profit margin was 31.88%, up by 4.97% from the previous year. The operating net profit was NT\$498,014 million, an increase of 40.49% compared to the previous year. The pre-tax net profit was NT\$525.492 million, and the net profit for the period was NT\$420.792 million, up by 26.98% from the previous year. Earnings per share after tax was NT\$5.80.</p>
Stakeholder Engagement	<ul style="list-style-type: none"> Regularly publish financial performance information such as Company revenue, self-compiled financial statements, and official financial reports for investors and shareholders to reference. Regularly publish annual and sustainability reports to keep shareholders, employees, customers, suppliers and other stakeholders informed about the Company's operations and business strategy

Material Topics	Product Liability
Impact Description	<ul style="list-style-type: none"> Positive: Product improvement increases added value and safety, creating opportunities for market entry the EU. Negative: Limited options for materials reduce the development efficiency and flexibility, potentially leading to misuse or violation of material restriction requirements in the EU region.
Impact Scope	<input checked="" type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input checked="" type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population (positive impact) <input type="checkbox"/> Human rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (both positive and negative) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input type="checkbox"/> Potential impacts that may occur after more than 5 years
Policy	<p>The Company's products have obtained the MDR certificate for EU products. To maintain the validity of the MDR certificate, the materials of products sold to the EU must meet the relevant requirements for material selection in Europe.</p>
Commitment	<p>For product development targeted at the European market, it is necessary to identify, reduce or avoid the use of Carcinogenic, Mutagenic, and Reprotoxic substances (collectively known as CMR substances), Endocrine-Disrupting Chemicals (EDCs), and Phthalates. This ensures the most environmentally friendly material selection and mandatory compliance with the EU regulatory requirements.</p>
Goal setting	<p>Products exported to the EU comply with EU regulations, and there have been no adverse events caused by significant restrictions on raw materials.</p>
Governance Responsibility	<p>Review the results of third-party audits annually at the management review meeting to ensure the Company maintains the validity of the EU product MDR certificate</p>
Management Responsibilities	<p>The supervisors of research and development and procurement departments involved in product development need to consider and evaluate the restrictions on the use of raw materials in product development.</p>
Plans to be adopted	<ul style="list-style-type: none"> Continuously track and update raw material and substance usage regulations and trends, updating the list of restricted substances annually. Conduct annual promotions on material restriction in conjunction with updates to the REACH substance list Request the consultants conduct quality reviews every 3 to 5 months and regularly implement internal audits across departments to improve personnel's quality concepts and culture

Material Topics	Product Liability
Plan Tracking Method (Performance Measurement Mechanism)	<ul style="list-style-type: none"> Internal: <ol style="list-style-type: none"> Through regular updates and maintenance of technical documentation to ensure product materials comply with REACH requirements Review annually the adverse event reports from regulatory authorities in management review meetings, confirming that there are no major adverse events or reports caused by restrictions on raw materials or materials. External: An annual third-party external audit review is commissioned to ensure the validity of the MDR certificate and compliance with the EU REACH regulations.
Performance Measurement Results	Confirm that there are no adverse events or incidents have been reported due to significant raw material or material restrictions
Stakeholder Engagement	<ul style="list-style-type: none"> Client complaint and feedback Official website contact information and product inquiries Supplier evaluation (new supplier selection principles, qualified supplier transaction evaluation principles)

Material Topics	Integrity Management and Regulatory Compliance
Impact Description	<ul style="list-style-type: none"> Positive: It can reduce improper business practices and operational risks, enhance company's image and reputation, facilitate the establishment of mutual trust mechanisms with business partners, increase business cooperation opportunities, and help create enterprise value. Negative: Dishonest behavior may violate laws and regulations, resulting in penalties from regulatory authorities or compensation claims from customers and shareholders, thereby increasing the Company's operational costs, and damaging the Company's reputation and value.
Impact Scope	<input checked="" type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input checked="" type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (both positive and negative) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input checked="" type="checkbox"/> Potential impacts that may occur after more than 5 years
Policy	<ul style="list-style-type: none"> The Company's Board of Directors of has approved the "Ethical Corporate Management Best Practice Principle." and "Procedures for Ethical Management and Guidelines for Conduct." These regulations specifically address matters that the personnel should pay attention during business operations to prevent dishonest behavior and foster a corporate culture of integrity. The Company has formulated a Supplier Code of Corporate Social Responsibility, requiring suppliers to conduct business transactions based on integrity management. The Company will not engage in business with suppliers who do not operate with integrity.
Commitment	Conduct business activities with a spirit of fairness, honesty, law-abiding, and transparency
Goal	<ul style="list-style-type: none"> Short-term (1-2 years): Maintain employee coverage rate of integrity management education and training above 98% Mid-term (3-5 years): Conduct integrity management promotion and declarations for major suppliers and customers Long-term (5-10 years): Establish an integrated management framework with the reference to the ISO 37001 anti-bribery management international standard

Material Topics	Integrity Management and Regulatory Compliance
Governance Responsibility	The Company promotes and implements corporate integrity management in accordance with the "Procedures for Ethical Management and Guidelines for Conduct." and "Ethical Corporate Management Best Practice Principle." The Administrative Management Department serves as the dedicated unit, reporting annually to the Board of Directors on the implementation of integrity management. All board members sign a "Declaration of No Violation of Integrity Principles" upon taking office.
Management Responsibilities	The Administrative Management Department, as the dedicated unit for promoting integrity management, reports annually to the Board of Directors on the previous year's implementation. It also conducts internal programs on integrity and legal education to enhance employees' moral standards and legal awareness. The highest-ranking executive in charge of corporate governance oversees the implementation of integrity management policy and reviews its effectiveness.
Plans to be adopted	<ul style="list-style-type: none"> • Improve education and training coverage: Starting in the second half of 2023, anti-corruption advocacy will be included in new hire training, and integrity and anti-corruption training will be expanded from managers at the supervisory level and above to all employees. • Regularly assess behaviors and risks that may violate the principle of integrity, and adjust the Company regulations, educational training content, or methods needed to continuously improve the risk management mechanism. • Add integrity and anti-corruption clauses to the Company's standard contracts to strengthen suppliers' adherence to integrity and anti-corruption policies
Plan Tracking Method (Performance Measurement Mechanism)	The Sustainable Development Committee tracks the annual education and training coverage rate, and the management unit periodically reviews the grievance channels and systems.
Performance Measurement Results	<ul style="list-style-type: none"> • In 2023, the anti-corruption education and training coverage rate for all employees reached 99% (795 out of 802 people completed the training), and there were no reported cases of violations against integrity management. • In 2023, integrity and anti-corruption clauses have been added to the standard contract versions for mold purchase agreements, equipment purchase agreements, engineering contracts, and gas equipment sale agreements.
Stakeholder Engagement	The grievance channel for stakeholders is published on both the Company's internal and external websites. Report to the Board of Directors at least once a year on the implementation of integrity management, and disclose it in the sustainability report, annual report, etc.

Material Topics	Talent Attraction and Retention
Impact Description	<ul style="list-style-type: none"> • Positive: Provide a diverse, inclusive, and friendly work environment, improve workplace safety and health, focus on employee on-the-job training, and improve employee benefits and compensation systems, which are beneficial for talent recruitment and retention • Negative: Factors such as declining birth rates, an aging population, and the gig economy have made it challenging to recruit talent, leading to delays in hiring and excessive loss of high-quality employees.
Impact Scope	<input type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input checked="" type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (both positive and negative) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input type="checkbox"/> Potential impacts that may occur after more than 5 years

Material Topics	Talent Attraction and Retention
Policy	Strictly adhere to labor laws and related regulations, establish management systems, protect employee rights, and improve employee benefits and compensation systems.
Commitment	Provide comprehensive welfare benefits to attract and retain high-quality talent.
Goal setting	<ul style="list-style-type: none"> Short-term (1-2 years): Plan and promote employee stock ownership trust, and continue diverse talent recruitment. Mid-term (3-5 years): Increase employee stock ownership trust participation by 3% from the first year, continue promoting employee care and assistance programs, and maintain diverse talent recruitment. Long-term (5-10 years): Achieve 60% employee stock ownership trust participation, continue promoting employee care and assistance programs, and improve employee benefits and compensation system.
Governance Responsibility	Hold biannual meetings to report to senior executives on the current status of personnel turnover, recruitment and retention progress, and disclose the data on new hires and departures in the annual sustainability report.
Management Responsibilities	The Human Resources Department, Factory Affairs Department, and Environmental Health and Safety Department are respectively responsible for their execution.
Plans to be adopted	<ul style="list-style-type: none"> Promote technical capability assessment and reward mechanisms, plan and implement employee stock ownership trusts. Loosening restrictions on hiring foreign employees.
Action plan tracking methods (Performance measurement mechanism)	Through meetings, interviews, and grievance mechanisms.
Performance Measurement Results	Plan and promote employee stock ownership trust in 2023
Stakeholder Engagement	Share information with colleagues through methods such as labor-management meetings, internal website or paper announcements, and email notifications. Feedback from colleagues is collected via email, opinion survey, or interviews.

Material Topics	Information Security
Impact Description	<ul style="list-style-type: none"> Fail to implement information security will damage the Company's operations and reputation. Therefore, it is necessary to strengthen the deployment of internal and external cybersecurity protection software and hardware, and emphasize cybersecurity management. In recent years, cybersecurity incidents have become frequent. When a company's information system is attacked, it faces operational risks and threats such as data misuse, leakage, tampering, and destruction.
Impact Scope	<input checked="" type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input checked="" type="checkbox"/> Supplier (negative impact)
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (positive impact) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input checked="" type="checkbox"/> Potential impacts that may occur after more than 5 years (negative impact)

Material Topics	Information Security
Policy	Establish an information security organization and develop a management plan tailored to the company's internal needs, strengthen the response capability to information security incidents, and achieve the measurement indicators outlined in the information security policies.
Commitment	Ensuring that the Company and customers' confidentiality is not compromised by security incidents is a continuous effort to increase competitiveness and reflects PAHSCO's commitment to customers, shareholders, and employees. PAHSCO will continue to establish and improve the information security management system to ensure the integrity, availability, and confidentiality of information assets.
Goals and targets	<ul style="list-style-type: none"> • Short-term: Inventory the information and communication systems, and establish a core system information asset inventory to identify the value of their information assets. • Mid-term to long term: Gradually build cybersecurity defense mechanisms, enhance information security management, establish a secure and reliable operating environment, and ensure the safety of data, systems, equipment, and networks.
Governance Responsibility	<ul style="list-style-type: none"> • The General Manager is responsible for overseeing the performance of information security implementation.
Management Responsibilities	<ul style="list-style-type: none"> • The MISis responsible for developing and implementing information security plans.
Plans to be adopted	<p>Awareness and improvement:</p> <ul style="list-style-type: none"> • Conduct irregular information security training and awareness campaigns to help employees identify phishing emails, social engineering, and other attacks • Conduct irregular social engineering drills to assess colleagues' prevention awareness, and also to help them identify phishing emails. • Publish information security policies and regularly review and revise them to ensure that security regulations align with the changes in digital technology <p>Information Technology:</p> <ul style="list-style-type: none"> • Monitor and defend against network attacks through firewalls and intrusion detection systems • Perform regular vulnerability scans on websites and applications, patch and update weaknesses • Implement two-factor authentication to ensure that only authorized personnel can access sensitive systems • Regular vulnerability scanning and outsourced penetration testing
Plan Tracking Method (Performance Measurement Mechanism)	The information security team holds regular meetings to review management matters and evaluate the implementation of information security policies.
Performance Measurement Results	<ul style="list-style-type: none"> • Published 12 computer threat alert reports and 15 information security awareness notices • Implemented information security education and training for a total of 226 participants, with a combined duration of 723.5 hours • No hacker attacks or major information security incidents occurred
Stakeholder Engagement	<ul style="list-style-type: none"> • Conduct irregular cybersecurity education and training for employees • Conduct irregular cybersecurity awareness campaigns to strengthen employees' information security awareness • Suppliers and customers are closely related to information security. Through protecting data privacy and preventing data leaks, relevant policies are published on the PAHSCO official website.

Material Topics	Corporate Governance
Impact Description	<ul style="list-style-type: none"> • Positive: A sound corporate governance system allows directors to exercise their supervisory duties, fully implement management responsibilities, protect shareholders' rights and interests, gain investor trust, and promote sustainable business operations. • Negative: Ineffective corporate governance reflects an imbalance in internal supervision mechanisms, resulting in a lack of transparency in information disclosure, hindering business operations, increasing management risks, and damaging the interests of stakeholders.
Impact Scope	<input type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (positive impact) that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input checked="" type="checkbox"/> Potential impacts that may occur after more than 5 years (negative impact)
Policy	<p>Comply with laws, regulations, articles of association, and the "Corporate Governance Best Practice Principles" approved by the Board of Directors. The corporate governance officer assists the Board and management in fulfilling their responsibilities, thereby implementing the corporate governance system.</p>
Commitment	<p>Establish a sound corporate governance system to ensure the ongoing effectiveness of internal control systems' design and implementation</p>
Goal setting	<ul style="list-style-type: none"> • Short-term (1-2 years): Maintain the company's corporate governance evaluation ranking in the top 20% of TPEX-listed companies • Mid-term (3-5 years): Improve the company's corporate governance evaluation ranking to the top 5% among TPEX-listed companies
Governance Responsibility	<p>The Board of Directors, entrusted by the shareholders, is required by law to convene at least once every quarter. It is responsible for guiding the company's operational strategy, reviewing the internal control system, and overseeing the company's management and operational performance.</p>
Management Responsibilities	<p>Corporate governance supervisors and personnel are responsible for assisting directors in legal compliance, providing necessary information, and supporting related matters as required. As part of the management team, they are also responsible for building a feasible and effective corporate governance structure, guiding directors and managers to respond to domestic and international corporate governance trends.</p>
Plans to be adopted	<ul style="list-style-type: none"> • Based on the annual corporate governance evaluation indicators to develop or modify management procedures, disclose relevant implementation details, and improve the quality of corporate governance and the level of information disclosure. • Independent directors hold at least one separate communication meeting annually with the audit supervisor and accountants to enhance their understanding of the company's finances and operations, ensuring the effective implementation of the supervisory mechanism and internal control system.
Plan Tracking Method (Performance Measurement Mechanism)	<ul style="list-style-type: none"> • Conduct annual self-assessment for corporate governance evaluation and report the results to the Board of Directors, review items with low scores, and evaluate improvement methods. Meanwhile, focusing on the development of future evaluation items for proactive planning • Publish the communication between independent directors, audit supervisors and accountants on the official website, as well as the issues communicated, and the Company's handling and execution results.

Material Topics	Corporate Governance
Performance Measurement Results	Ranked in the top 6%-20% of TPEX-listed companies in the ninth Corporate Governance Evaluation System
Stakeholder Engagement	The content and ranking results of corporate governance evaluation indicators are public information. In addition to serving as a policy tool for regulatory authorities to encourage enterprises to strengthen or improve the quality of corporate governance, these indicators also guide regulatory intensity and information disclosure requirements, making it easier for investors to understand corporate performance and use the information as a reference for investment decisions.

Material Topics	Energy and Greenhouse Gas Management
Impact Description	<ul style="list-style-type: none"> • Positive: As global carbon emission regulations tighten, implementing energy and carbon emission management and carrying out energy-saving and carbon-reduction measures not only aligns with global carbon reduction trends but also ensures smooth production line operations. This approach reduces operational costs, attracts new customers, and increases the competitiveness and value of products and enterprises. • Negative: The daily increase in industrial electricity consumption leads to tight power supply, leading to rising electricity prices. The Company may be affected by power restrictions and outages, impacting the normal operation of production lines. The surge in electricity costs also increases operational expenses. High energy consumption and carbon emissions may damage the Company's image, reduce customers' willingness to purchase, or result in the loss of supplier qualifications. This ultimately diminishes the competitiveness of the Company's products in the global market. Requiring suppliers to reduce carbon emissions may increase the Company's procurement costs.
Impact Scope	<input checked="" type="checkbox"/> Customer <input checked="" type="checkbox"/> PAHSCO <input checked="" type="checkbox"/> Supplier
Impact Aspects	<input checked="" type="checkbox"/> Economy <input checked="" type="checkbox"/> Environment <input checked="" type="checkbox"/> Population <input type="checkbox"/> Human Rights
Predicted Timeline for Potential Impacts	<input checked="" type="checkbox"/> Actual impacts that have occurred (both positive and negative) <input type="checkbox"/> Potential impacts that may occur in the next 1-2 years <input type="checkbox"/> Potential impacts that may occur in the next 3-5 years <input type="checkbox"/> Potential impacts that may occur after more than 5 years
Policy	Following the energy management standards of the Bureau of Energy, Ministry of Economic Affairs, and the Company's energy conservation procedures, the Company will implement energy-saving measures and gradually replace equipment with poor energy efficiency.
Commitment	The Company sets up the short-term, mid-term, and long-term energy-saving goals and measures. It reviews and adjusts related strategies annually based on energy-saving effectiveness to effectively reduce greenhouse gas emissions.
Goal setting	<ul style="list-style-type: none"> • Short-term (2022~2024): (TongkePlant) Energy intensity to be reduced by 5% compared to the base year 2021, and greenhouse gas intensity to be reduced by 1% compared to the base year 2022. • Mid-term (2025-2027): (TongkePlant) Energy intensity reduced by 7% compared to the base year 2021, and greenhouse gas intensity reduced by 3% compared to the base year 2022. • Long-term (2028~2030): (TongkePlant) Energy intensity reduced by 9% compared to the base year 2021, and greenhouse gas intensity reduced by 5% compared to the base year 2022.
Governance Responsibility	<ul style="list-style-type: none"> • The Chairperson personally holds the quarterly Environmental, Safety, and Health meeting, during which the energy management situation is reviewed, and the year-end goal achievement rate is assessed. This information is then disclosed in the Company's annual sustainability report.

Material Topics	Energy and Greenhouse Gas Management
	<ul style="list-style-type: none"> The greenhouse gas project of 2022 is included in the agenda of the second quarter 2023 board meeting report and its implementation effectiveness will be tracked.
Management Responsibilities	<p>Factory Affairs Department electricity management / highest supervisor is assistant manager; Environmental Safety and Health Department greenhouse gas emissions management / highest supervisor is assistant manager.</p>
Plans to be adopted	<ul style="list-style-type: none"> Continue to promote energy-saving policies. Through new hire education and training, energy-saving seminars, and various promotional posters, the Company aims to enhance employees' understanding of energy-saving and correct practices. Apply automatic control for air conditioning energy-saving systems to effectively conserve electricity. Each work area should have a designated person to turn off lighting, air conditioning, and equipment power at the end of operations. Dedicated personnel should monitor daily electricity usage to prevent waste caused by exceeding the regular contract capacity. Regularly review energy management status and achievement rate. According to the scheduled short-term, mid-term, and long-term energy-saving targets and implementation measures, annually review and adjust related strategies based on the effectiveness of energy-saving efforts. Short-term implementation measures: Raise the original temperature of electrical substation from 26°C to above 28°C, reducing air conditioning consumption and saving chiller load usage. Mid-term implementation measure: Establish an air compressor energy saving monitoring system. Long-implementation measures: Construct renewable energy facilities Regularly review energy management status and achievement rate.
Plan Tracking Method (Performance Measurement Mechanism)	<ul style="list-style-type: none"> Internal: Internal suggestion box, daily dedicated unit inspection, internal audit, regular manager meetings, quarterly EHS meetings, management review meetings, etc. External: Regulatory authority audits, customer audits, third-party organization verification, stakeholder feedback, etc.
Performance Measurement Results	<ul style="list-style-type: none"> The electricity consumption of the Tongke Plant was 0.01661 GJ per thousand yuan in 2023, compared to 0.01898 GJ per thousand yuan in 2021, representing a 14.26% decrease from the base year of 2021. The Tongke Plant's greenhouse gas emissions in 2023 were 0.00298 tons CO₂e per thousand yuan, compared to 0.00313 tons CO₂e per thousand yuan in 2022. This represents a 4.79% decrease in greenhouse gas emissions in 2023 compared to the base year of 2022.
Stakeholder Engagement	<ul style="list-style-type: none"> Internal stakeholders can express their opinions and provide feedback on the effectiveness of actions taken by the Company or on remedial measures for other negative impacts through various channels, such as telephone, email, suggestion boxes, regular management meetings, quarterly environmental health and safety meetings, and board meetings. External stakeholders can express their opinions and provide feedback on the effectiveness of actions taken by the company or remedial measures for other negative impacts through various channels, such as telephone, email, letters, official documents, official website, and shareholders' meetings.

3. Corporate Governance

To establish a good corporate governance structure, PAHSCO follows the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and sets up its own code of practice for corporate governance. The Company also follows the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to design and enforce internal control systems effectively. The Company constantly reviews and evaluates those guidelines to ensure continuous efficient implementation.

Website <https://www.pahsco.com.tw/esg/information/93/100/>

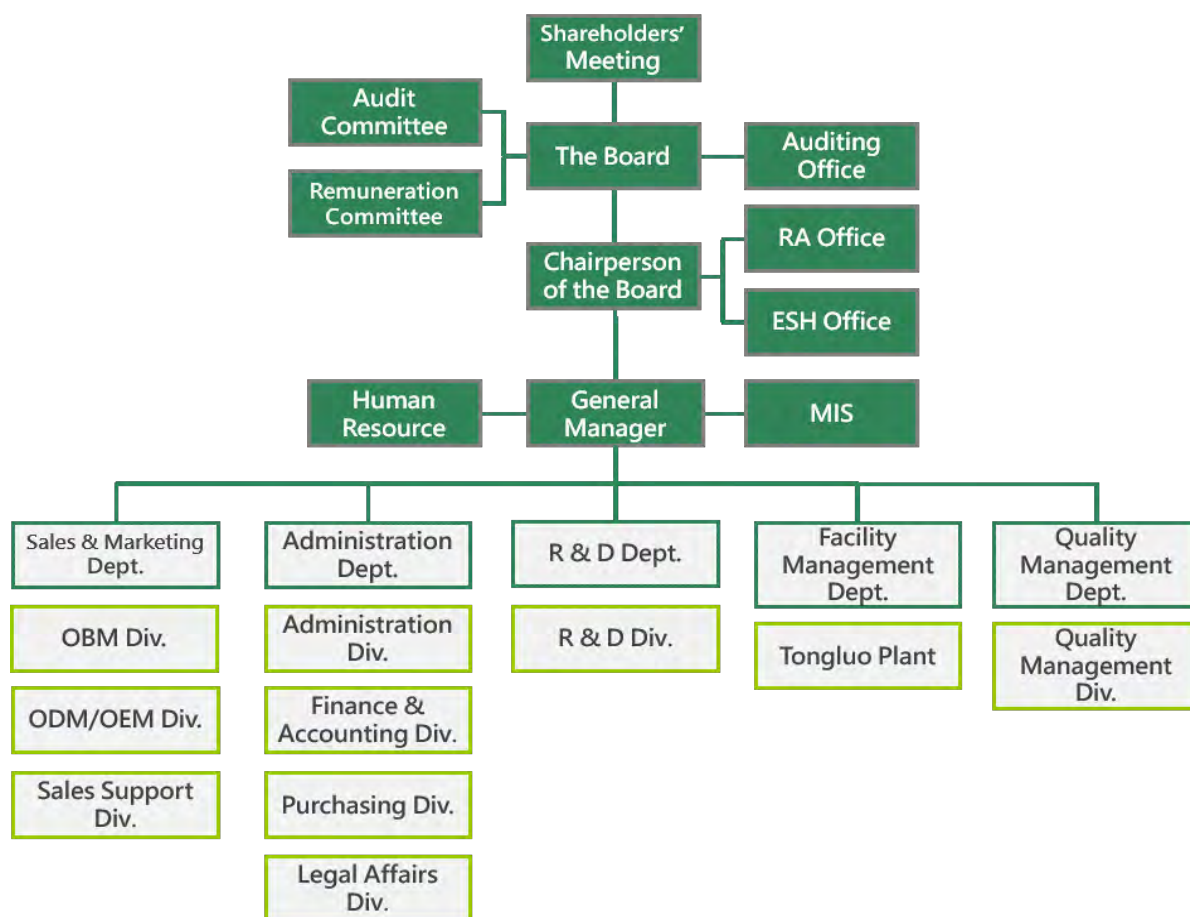
In addition to building an effective corporate governance structure in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," PAHSCO has also allocated appropriate corporate governance personnel to handle matters related to the Board of Directors and shareholders' meetings. This includes a corporate governance evaluation promoted by the Financial Supervisory Commission since 2014. PAHSCO has been ranked among the top 20% in the corporate governance evaluation, and ranked between 6% and 10% in the category of "Market value of more than NT\$ five billion to NT\$ ten billion". This demonstrates the effectiveness of PAHSCO's efforts in promoting corporate governance and the affirmation of regulatory authorities about PAHSCO's commitment to corporate governance. In the future, the Company will continue to actively promote and participate in various corporate governance activities and implement related systems.

In 2023, PAHSCO did not violate the Company Act, Securities and Exchange Act, or any relevant regulations set by the Financial Supervisory Commission.

3-1 Governance Structure

Composition and Operation of the Board of Directors

The Board of Directors is PAHSCO's highest governing body, elected at the shareholders' meeting in accordance with the Company's Articles of Incorporation and Regulations Governing Election of Directors. The candidate nomination system is adopted. When selecting and nominating members for the Board of Directors, gender balance, age, academic and professional background, independence are taken into account. All members possess the necessary professional knowledge, skills, practical experience, and ethical qualities to perform their duties. No more than one-third of the director seats shall be occupied by directors who concurrently serve as employees. Members of the board or shareholders shall nominate suitable talents, either internal or external candidates, with qualifications and professional backgrounds that comply with the requirements. In addition to having a professional background (such as accounting, industry, finance, marketing, etc.) and professional skills (such as marketing, operational judgment, accounting and financial analysis, business management, industry knowledge, international market insight, leadership, etc.), the candidates' values should also align with the Company's culture.



PAHSCO's Articles of Incorporation stipulates the appointment of 7 to 9 directors and the election of a chairman in accordance with laws to serve as the Company's highest manager and representative. This ensures the normal operation of the Company in compliance with relevant regulations. For proposals where a director should recuse themselves, the meeting unit shall provide a reminder beforehand. For incidents of director recusal in 2023, please refer to the annual report.

[https://www.pahsco.com.tw/investors/information/shareholders-meeting/2024 Shareholders Meeting/](https://www.pahsco.com.tw/investors/information/shareholders-meeting/2024%20Shareholders%20Meeting/)

The number of shares held by directors can be checked at the Public Information Observatory.

<https://emops.twse.com.tw/>

The Chairperson serves as the chair of the meetings. The Board of Directors holds at least one meeting per quarter, regularly hearing reports from the management team on the Company's overall operations, performance targets, growth plans, sustainable operations, etc. The board also regularly supervises the Company's significant ESG issues and sustainable development progress, including quarterly greenhouse gas inventory and verification progress reports, annual sustainability reports, and corporate governance evaluation reports. This helps the Board of Directors to review implementation effectiveness and continuously improve towards achieving corporate sustainability.

The timely, accurate, thorough, and fair disclosure of material information is a fundamental responsibility of public companies. The procedures for handling material information are established and amended by the Company's Board of Directors. In accordance with Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities, if the information meets the relevant procedural requirements or significantly impact on the Company's finances, operations, shareholders' rights, or securities prices, it should be submitted to the responsible unit for review within the specified time limit. After approval and signature by the Director of the Board,

the material information will be released. The 28 major announcements released in 2023 include: 16 financial news items about financial reports and self-assessed profit and loss, 6 messages about participating in investor conferences, 5 pieces of information about shareholders' meetings and dividend distributions, and 1 message about personnel changes.

Key Issues	Communication methods and communication frequency with the Board of Directors
Report on the implementation of business integrity	The Company shall promote the prevention of insider trading and execution of business integrity to the members of the Board of Directors at least once a year. The status of the annual implementation of business integrity will be reported to the Board of Directors.
Report on the management of intellectual property	The Company shall report the status of the annual implementation of intellectual property management to the Board of Directors once a year.
Self-Assessment Report on Corporate Governance Evaluation	In accordance with the corporate governance evaluation indicators announced each year, the Company conducts a self-assessment and reports the results to the Board of Directors.
Greenhouse Gas Inventory, Verification Schedule, and Progress Report	According to the "Roadmap for Sustainable Development for TWSE- and TPEX-listed Companies", the plan for greenhouse gas inventory and verification schedule has been submitted and approved by the Board of Directors, and a report will be made to the Board of Directors on May 3, 2023 that the greenhouse gas inventory and verification have been completed in accordance with the scheduled timeline.
Financial Statements and Internal Audit Report	The Company reports the business overview and internal audit matters to the Board of Directors every quarter. Financial statements are submitted to the Audit Committee and the Board of Directors for approval.
Operating Budget and Operational Plan	The annual operating budget and operational plan are submitted to the audit committee for review and approved by the Board of Directors.
Communication with Certified Public Accountant	The certified public accountant communicates with the Board of Directors at least once a year to explain related governance matters of the audit of financial statements.
Sustainability Report	Through the preparation of annual sustainability reports, ESG achievements and goals, including responses to major concerns brought up by stakeholders, are reported to the Board of Directors.

In 2022, PAHSCO held a shareholders' meeting to re-elect its directors. The term of office for the directors is from July 1, 2022, to June 30, 2025 for a total of three years. The 7 current directors have an

average age of 51 with 5 of them between 40 and 49 years old, 1 of them between 50 and 59 years old, and 1 of them over 70, comprising of different age groups. To ensure gender diversity among the directors, the Company has set a goal to have at least 2 female directors. There are currently 2 female directors, accounting for 29% of the board.

Among the 7 current directors, 2 of them are corporate directors and 1 of them serves concurrently as a manager. To strengthen the supervisory function of the Board of Directors, the number of independent directors has increased by one compared to the previous term. There are currently 4 independent directors, accounting for 57% of the board. Furthermore, all 4 independent directors have served no more than three consecutive terms, preserving the independence of the Board of Directors.

The General Manager of the Company also serves as a Director. This arrangement not only improves communication between the Board of Directors and management but also strengthens the Board's role in strategic guidance and plan supervision, balancing shareholders' interests with the Company's long-term development.

In 2023, the Board of Directors convened a total of 6 meetings with an average director attendance rate of 95.24%.

16th Term Board of Directors	Director Seats	Independent directors	Female Directors	Directors concurrently serving as managers
Number of Participants	7	4	2	1
(As a percentage of the total number of directors)	100%	57%	29%	14%

Introduction to Members of the Board of Directors

Position Name	Gender	Education and Major Experiences	Current Position	Diverse Background and Professional Abilities
Chairperson An-Ting Chung	Female	B.Com., University of Auckland General Manger of Pacific Hospital Supply Co., Ltd. Vice President of Master King Corporation Vice President of Apac Machinery Co., Ltd.	Chairperson of Pacific Hospital Supply Co., Ltd. Chairperson of AWA Investment Ltd.	Has served as the manager and General Manager at the Company; possess professional abilities in operational judgment, business management, leadership decision-making, and crisis handling; has years of industry-related knowledge and international market experience.
Director Tim Chiang (Representative of Yi Sheng Co., Ltd.)	Male	B.Com., University of Auckland Spokesman and Senior Manager of Administration Dept. of Pacific Hospital Supply Co., Ltd.	General Manager of Pacific Hospital Supply Co., Ltd.	Has served as the executive assistant and assisting manager of the administration department of the Company; familiar with corporate marketing operations and administrative management related affairs; possess practical experience in business management and

Position Name	Gender	Education and Major Experiences	Current Position	Diverse Background and Professional Abilities
				marketing.
Director Stanley Chen (Representative of Yi De Co., Ltd.)	Male	B.S.A., National Chengchi University Audit Manager of Deloitte Financial Manager of Control Technology Co., Ltd.	Accounting and Financial Officer of Catcher Technology Co., Ltd.	Qualified accountant with over 5 years of experience as the head of the financial department in a listed company; possess professional abilities in accounting, auditing, financial planning, and financial analysis.
Independent director Adrian Chang	Male	M.B.A., National Taiwan University B.B.A., National Chengchi University Adjunct Associate Professor of National Yang-Ming University Adjunct Associate Professor of Shih Chien University VP and GM of Healthcare Business Group of BenQ Materials VP and GM of Mobile Products Group of Qisda Corporation	Adjunct Associate Professor of National Taipei University of Education Independent Director of Thai Kin Co., Ltd. Independent Director of M-Power Information Co., Ltd.	Has served as the General Manager for companies like Qisda and BenQ; has served as adjunct associate professor at public and private universities; has experience in managing international enterprises and biotech medical businesses; expertise includes brand marketing, cultural creative management, and corporate innovation; has served as an independent director of the Company since July 2022.
Independent director Vance Chin	Male	M.B.A., Saint Mary's University B.S., National Chengchi University Senior Advisor of Kinik Company Senior Advisor of Primax Electronics Ltd. Chairman of Taiwan Association of Certified Valuators and Analysts President and Managing Director of China Bills Finance Corporation Deputy President of Industrial Bank of Taiwan	Independent director of Bioteque Corporation	Certified valuation analyst for enterprise and intangible asset; has served as the director of China Bills Finance Corporation and department head at several domestic banks; possess practical experience in corporate management and financial investment with professional abilities in financial management, asset evaluation, and risk assessment; has served as an independent director of the Company since July 2022.

Position Name	Gender	Education and Major Experiences	Current Position	Diverse Background and Professional Abilities
Independent director Zhi-Jun Zhan	Male	M.S., National Cheng Kung University Executive Specialist of Engineer of National Chung-Shan Institute of Science & Technology	Chairman of Medical Intubation Technology Corp.	Owner of Mitcorp, a Taiwanese industrial endoscope manufacturer; expertise includes mechanical engineering, technical research and development, and innovative product design; has served as an independent director of the Company since July 2022.
Independent director Cherie Lin	Female	Master of Business Education, New York University Information Manager, Business Development Manager and Marketing Manager of General Biologicals Corporation	Vice President of General Biologicals Corporation	Vice President of General Biologicals Corp., a Taiwanese diagnostic reagent manufacturer; has many years of experience as a market development and marketing department supervisor; expertise includes healthcare and digital medical services; has served as an independent director of the Company since July 2022.

Communication with Independent Directors

PAHSCO holds at least one meeting each year between independent directors, the chief internal auditor, and the certified public accountants. The certified public accountants report audit status to the independent directors and responds to their questions and opinions. If there are matters requiring discussion, they can exchange information at any time via phone calls or emails. This not only allows independent directors to fully understand the audit status of the financial statements, but also strengthens substantive supervision through the disclosure and exchange of financial information, constructing an appropriate and comprehensive risk management supervision mechanism. For information on communication between independent directors, chief internal auditor, and certified public accountants in 2023, please refer to the Company's website

<https://www.pahsco.com.tw/esg/article-detail/56/>.

Director Training

PAHSCO encourages each director to participate in at least 6 hours of continued education courses per year. Directors can choose to take classes from different professional fields according to their individual needs, such as finance, business, commerce, law, accounting, risk management, sustainable development, or internal control systems. Through ongoing training, directors can effectively fulfill their duties. By the end of 2023, all independent directors have completed their training in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The average training hours for directors were 6.9 hours.

Director Training

Title	Name	2023 Advanced Courses	Hours	Total Hours
Chairperson	An-Ting Chung	International Trends in Net-Zero Carbon Emissions and Taiwan's Actions to Promote Zero-Carbon Transition	3	6
		Corporate Governance Lecture - Sustainable Business Operations and Domestic and International Tax Trends	3	
Director	Tim Chiang	2023 Cathay Sustainable Finance and Climate Change Summit	6	12
		2023 Taishin Net-Zero Electricity Summit Forum	3	
		Corporate Governance Lecture - Sustainable Business Operations and Domestic and International Tax Trends	3	
Director	Stanley Chen	Board of Directors vs Management Team	3	3
Independent Director	Adrian Chang	Exploration of Post-Merger Integration Issues and Establishment of Management Mechanisms	3	6
		The Future of Enterprises Under the War Situation: Strategic Shift & Change	3	
Independent Director	Vance Chin	How Audit Committees Interpret and Use Audit Quality Indicators (AQIs)	3	9
		How Should Directors and Supervisors Supervise Enterprise Risk Management and Crisis Handling	3	
		Promotion Meeting for the Sustainable Development Action Plan of Listed Companies	3	
Independent Director	Zhi-Jun Zhan	Performance Evaluation of Board of Directors	3	6
		Practical Operations of the Audit Committee	3	
Independent Director	Cherie Lin	How Should Directors and Supervisors Supervise Enterprise Risk Management and Crisis Handling	3	6
		2023 Taishin Net-Zero Electricity Summit Forum	3	

Functional Committee

PAHSCO has two functional committees under the Board of Directors, namely the Remuneration Committee and the Audit Committee. For details on the operation of the functional committees in 2023, please visit the Company's website <https://www.pahsco.com.tw/esg/commissioner/2/>.

	Remuneration Committee	Audit Committee
Year of Establishment	2011	2019
Responsibilities	Regularly review the policies, systems, standards, and structure of performance evaluations and compensation for directors and managers; annually assess the	Assist the Board of Directors in overseeing management's operations, including matters with significant impacts on the Company's financial and business operations, such as major

	Remuneration Committee	Audit Committee
	achievement of performance goals by directors and managers; formulate the content and amount of individual remuneration of directors and managers and propose recommendations to the Board of Directors based on the evaluation results obtained from performance assessment standards.	capital expenditures, significant transactions, and changes in the capital. Additionally, ensure the proper presentation of the Company's financial statements and the effective operation of internal control systems. By maintaining close communication with accountants and internal auditors, maximize the effectiveness of both external and internal audit mechanisms.
Member (as of the end of 2023)	2 independent directors and 1 external expert	4 independent directors
Meeting Frequency	At least twice a year	At least once a quarter
Number of Meetings in 2023	2	5
Average Attendance Rate	100%	100%

Performance Evaluation of the Board of Directors

To enhance the effectiveness of the Board of Directors and clarify performance targets, PAHSCO conducts regular performance evaluations of the Board of Directors, individual directors, and functional committees each year in accordance with the "Regulations for the Board Performance Evaluation". The results are reported to the Board of Directors in the first quarter of the following year as a reference for directors' remuneration evaluation and nomination for reappointment.

Performance Evaluation of the Board of Directors (Self-Assessment)		
Scope of Evaluation	Content of Evaluation	2023 Evaluation Results
Board of Directors	<ul style="list-style-type: none"> A. Participation Level of Business Operation B. Improve the Quality of Board Decisions C. Composition and Structure of the Board of Directors D. Appointment and Ongoing Education of Directors E. Internal Control 	The overall self-evaluation result of the Company's Board of Directors' performance is rated as excellent or above. To align with the Corporate Governance 3.0 Roadmap and the requirements of corporate governance evaluation indicators, we will regularly remind directors to continue participating in relevant training courses and promote awareness of new regulations. This will enhance directors' professional knowledge and support the effective operation of the Board of Directors.
Individual Director	<ul style="list-style-type: none"> A. Grasp of the Company's Goals and Mission B. Recognition of Directors' Responsibilities C. Degree of Participation in the Company's Operations D. Internal Relationship Management and Communication 	

Performance Evaluation of the Board of Directors (Self-Assessment)		
Scope of Evaluation	Content of Evaluation	2023 Evaluation Results
	E. Expertise and Ongoing Education of Directors F. Internal Control	
Functional Committee	A. Participation Level of Business Operation B. Recognition of the Functional Committee's Responsibilities C. Improve the Quality of Functional Committee's Decisions D. Composition and Member Selection of Functional Committees E. Internal Control	

Remuneration Policy for the Highest Governance Unit and Senior Management

The remuneration policy for the Company's directors is in accordance with Article 15 of the Articles of Incorporation. The compensation or transportation allowance for directors is authorized by the Board of Directors based on their participation and contribution to the Company's operations with the consideration of industry standards. As stated in Article 22 of the Articles of Incorporation, if the Company generates profits in a given year (i.e., pre-tax profit minus employee and director remuneration), the Company should allocate not less than three percent for employee compensation and no more than two percent for director compensation.

In line with the scope set out in the Articles of Incorporation, the remuneration paid to the directors can be categorized into two types: director remuneration and service fees. Besides the overall operation, future business risks, and development, the Company also takes into account the industry standards and the responsibilities, time investment, and operational performance of the directors. Remunerations for the directors are decided in accordance with the Company's Articles and the "Regulations for Remuneration of Directors, Functional Committee Members and Managerial Officers", and reported to the shareholders' meeting. Over the past two years, the remuneration provided to directors who are also employees and General Managers can be divided into salary, employee remuneration, and retirement benefits. Their remuneration is determined in accordance with the Company's related regulations and is disbursed after being reviewed by the Remuneration Committee and approval by the Board of Directors. The remuneration policy takes into account the overall operational results of the Company (including ESG-related performance). The final distributed remuneration will differ based on the contributions to the Company's performance.

In 2023, the overall performance evaluation of the Board of Directors was rated as excellent or above. The assessment areas include the following: mastery of company objectives and tasks, responsibility recognition, level of participation in business operations, internal relationship management and communication, professionalism, continuous learning, and internal control. The remuneration received by the General Manager and other managers is based not only on the individual's education, experience, years of service, job characteristics, and other evaluated aspects, but also on annual operational performance and contribution, which follows the Company's "Regulations for Remuneration of Directors, Functional Committee Members and Managerial Officers". In 2023, the performance evaluations for all managers were marked as excellent or above, covering areas such as: company and departmental operational performance (including profitability, quality goals, and non-financial performance), and individual performance (including efficiency, integrity implementation, etc.). The remuneration of the directors and managers of the Company must be reviewed by the Remuneration Committee and approved by the Board of Directors before it can be disbursed.

In addition to the overall operation, future business risks and development of the Company, the remuneration of the Company's directors and managers also takes into account the industry standards and the responsibilities borne by each position. Whether the contribution is highly related to operational performance will also be a part of the consideration. Both the management and the Remuneration Committee regularly review and appropriately adjust the remuneration standards to achieve a balance of risk control and sustainable operations of the Company.

3-2 Business Integrity and Regulatory Compliances

Business Integrity

In order to establish a corporate culture of integrity and sustainable development, the Company's Board of Directors has approved the "Procedures for Ethical Management and Guidelines for Conduct" and the "Ethical Corporate Management Principle", which outline the principles, procedures, and practices of the Company's business integrity. The Company publicly announces these on the internal and external websites, conveying policy concepts to directors, management, employees, and stakeholders. All directors and the General Manager had signed a "Declaration of No Violation of Integrity Principles" to ensure the implementation of integrity management upon taking their positions. The Company also incorporates business integrity into employee performance assessments and human resource policies. Those who significantly violate the principles of business integrity will be dismissed or fired in accordance with relevant laws, PAHSCO work rules, or personnel management guidelines.

To implement business integrity, the Company not only regularly promotes relevant regulations related to business integrity at the Board of Directors' meetings (a total of 7 board members, and 100% completed the training), but also conduct internal education and training related to business integrity for employees.

2023 Integrity Management/Anti-Corruption Education and Training Achievements

Integrity management education and training	Number of people	Hours	Coverage Rate (all employees)
Internal Training	795	397.5	99%
Total	795	397.5	99%

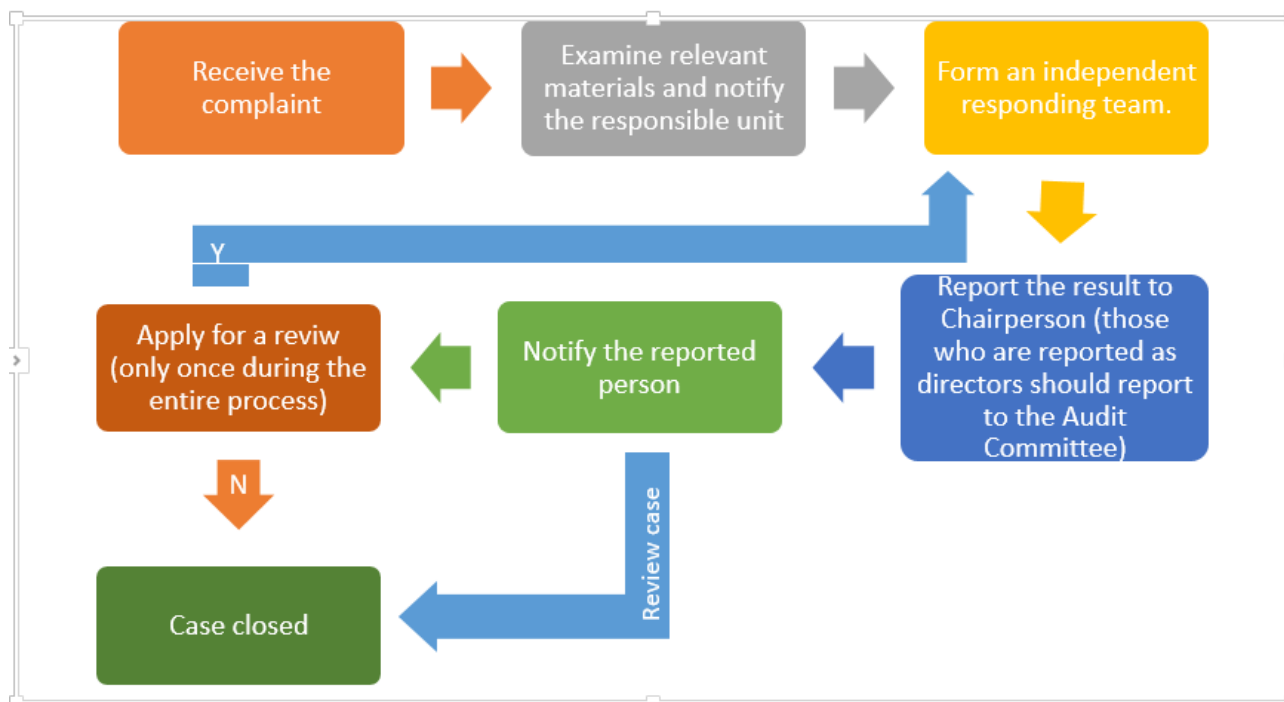
In addition to the internal management measures, the Company has also included anti-corruption clauses in its standard procurement contracts. If suppliers violate these clauses, the Company can terminate the contract, thereby achieving the objective of requiring suppliers to adhere to the anti-corruption policy. In 2023, 100% of suppliers were fully communicated with regarding these requirements before they signed the standard contracts.

For business activities with higher risks of dishonest behavior, PAHSCO has established supervisory and checks-and-balances mechanisms. In addition to implementing regular job rotations for personnel, the audit unit conducts inspections of various business activities according to the internal control system. It evaluates compliance with relevant business processes and assists the Board of Directors and management in assessing the effectiveness of preventive measures. Meanwhile, in order to effectively prevent corruption and dishonest behavior, the Company has established "Procedures for Handling Reports and Complaints of Illegal, Unethical or Dishonest Conduct." The reporting and complaint channels have been announced on both internal and external company websites to encourage whistleblowers to come forward. If a report is found to be true after investigation, the Company will provide additional rewards to the whistleblower. Moreover, to better protect the rights and interests of whistleblowers, PAHSCO revised the "Procedures for Handling Reports and Complaints of Illegal, Unethical or Dishonest Conduct" in 2023, accepting anonymous reports.

In 2023, there were no incidents of corruption. No employees were dismissed or disciplined due to corruption, nor was there any termination of business partners due to corrupt practices.

In terms of political donations, in accordance with the Company's "Ethical Corporate Management Best Practice Principle" and the "Procedures for Ethical Management and Guidelines for Conduct", illegal political donations are prohibited. In addition, any direct or indirect donations to political parties, organizations, or individuals participating in political activities should comply with the Political Donation Act and internal company procedures to ensure transparency and legality throughout the process. In 2023, the Company did not make any political donations.

Complaint Procedure



Whistleblowing Source	Unit Receiving the Complaint	Responsible Unit	Processing Procedure	Number of Whistleblowing Cases in 2023
Internal Whistleblowing Cases	Chairperson's Office, Legal Affairs department	Legal Affairs department	1. The unit receiving the complaint should examine relevant materials and notify the responsible unit in writing within two days of receiving the complaint 2. Upon receiving the written notification, the responsible unit shall form a responding team. Members of this team should be independent and have no stake in the case. 3. Complaint cases should generally be completed within three months after	0
External Whistleblowing Cases	Spokesperson, Deputy Spokesperson			0

Whistleblowing Source	Unit Receiving the Complaint	Responsible Unit	Processing Procedure	Number of Whistleblowing Cases in 2023
			<p>receipt and report to Chairperson (those who are reported as directors should report to the Audit Committee). If there is a need to extend the processing period, the responsible unit shall seek approval from the Chairperson</p> <p>4. The person who has been reported will have the opportunity to apply for a review of the case both during the investigation and after its completion. If the whistleblower is an employee of the Company, his or her identity should be kept confidential and should not be subject to any improper treatment.</p>	

Regulatory Compliances

To ensure that the Company's operations and business execution comply with relevant regulations, all of the departments periodically review and confirm updates to domestic and international regulations related to their respective fields each year. They also adjust internal processes according to the latest requirements. Given the unique characteristics of the medical device industry, the Company has established a regulatory affairs office with legal personnel responsible for compliance with product-related laws and regulations. In addition, the Company obtains timely updates of legislative information and practical summaries through professional agents and consultants. In case of major dispute, the Company appoints external consultants or attorneys for specialized consultation or necessary assistance to protect its rights.

Any violation of relevant regulations during the operations will be immediately reported to the management and incorporated into the management system for improvement and correction. In 2023, there was one violation of regulations which has been corrected and internally reported to prevent reoccurrence. There are no other major violations.

No.	Violation	Penalty	Correction Status
1	The residual vacuum in the performance testing project of the product vacuum control device does not meet the requirements specified in Clause 2.6 of the product technical requirements for mainland China.	Voluntary product retrieving	<ol style="list-style-type: none"> 1. Personnel undergo re-training. 2. First piece/Line change release confirmation 3. Increase the items of process inspections and finished product inspection.

Note: Major violations are defined as those resulting in penalties exceeding NT\$1 million and requiring a major information announcement on Market Observation Post System.

Internal Audit and Operation

The internal audit unit of the Company is an independent unit directly under the Board of Directors. The auditors maintain a philosophy of impartiality and independence, carrying out their duties with objectivity, fairness, and necessary professional care. The appointment and dismissal of the chief internal auditor must be approved by the Audit Committee and proposed to the Board of Directors for resolution.

The audit work is primarily carried out in accordance with the audit plan approved by the Board of Directors. Regular reports on audit matters are made to the Audit Committee and presented at the Board of Directors' meetings. Monthly audit reports are provided to independent directors, and special audits are conducted as needed. The audit plan is drafted based on identified risks. In addition, the Company requires all internal units to regularly assess the effectiveness of the internal control system each year. The internal audit team reviews the self-assessment conducted by each unit, along with the improvements related to internal control deficiencies and abnormal situations discovered by the auditors, which serve as the primary basis for the Board of Directors and the General Manager to evaluate the overall effectiveness of the internal control system and issue the statement on the internal control system.

All audit items in 2023 have been reviewed and no significant abnormalities were found based on this year's audit plan.

Tax Governance

PAHSCO adheres to the principles of integrity and legal compliance. All taxes are declared in accordance with the law and paid on time. The Company has established a dedicated finance and accounting unit responsible for financial and tax-related matters. All relevant tax reports are submitted to the Chairperson for approval and are audited by third-party professional accountants. There were no incidents of tax violations resulting in penalties in 2023.

Unit: NT\$ thousand

	2021	2022	2023
Annual Revenue	2,018,749	2,184,934	2,320,209
Net Income Before Tax	434,026	413,480	525,492
Income Tax Expense	47,611	82,083	104,700
Proportion of Income Tax Expense to Annual Revenue	2.36%	3.76%	4.51%

3-3 Risk Management

Operation of Risk Management

To implement risk management, the Company has established the "Corporate Risk Management Guidelines" as the basis for business risk management and compliance.

Risk Management Operating Mechanism

Organization	Responsibilities
Board of Directors	<ul style="list-style-type: none"> Review management guidelines; ensure the effectiveness of operational risk management and internal control systems.

Organization	Responsibilities
Sustainable Development Committee	<ul style="list-style-type: none"> ● Regularly convene meetings to determine important (major) risks and corresponding action plans or policies; oversee the execution of such action plans or policies. ● Regularly report the operational status of risk management at Board Meetings.
General Manager's Office	<ul style="list-style-type: none"> ● Oversee and coordinate various departments/teams in promoting sustainability-related tasks; integrate evident or potential risks proposed by different departments/teams; assist in policy implementation and plan execution.
Each Unit/ Team	<ul style="list-style-type: none"> ● Identify risks that have important (major) impacts on the Company as a whole in line with the assigned scope; draft and implement action plans; regularly report in the Sustainable Development Committee's meetings. ● Execute risk management operations under the supervision of the General Manager's Office. ● Regularly collect data for risks of losses; analyze and review related incidents as a reference for improving the internal control system.
Auditing Office	<ul style="list-style-type: none"> ● Associate the business goals, risk tolerance, and strategies and actively assist the management in dealing with all interrelated risks across the Company. ● Oversee internal controls and report the results of internal audits at each Board meeting to receive feedback and approval from the Board members to strengthen the risk management mechanism and reduce overall operational risk.

Identified Risk Items by PAHSCO

Category	Notes
Operational Risks	Include product innovation, product quality and marketing management, talent retention and development, information security, intellectual property management, procurement and sustainable supply chain, integrity management and changes in regulations.
Financial Risks	Interest rate fluctuations, exchange rate fluctuations, credit risk, liquidity risk, inflation risk, financial risk, bad debt risk, etc.
Human Rights Risks	Prevention and remedial mechanisms for unfair or improper treatment, including sexual harassment, discrimination, and bullying; protection and care for occupational health, maternity, and vulnerable groups such as the middle-aged, elderly, or individuals with disabilities; as well as rights related to organizing or joining labor unions
Environmental Risks	Regarding the environmental impacts involved in various company activities, products, and services, including climate change response, water resources, waste management, stability of energy supply (mainly electricity), and increasing costs

Climate Governance

Climate Governance	Execution Status
Governance	Planning for climate change related issues is coordinated by the Sustainable Development Committee and reported to the Board of Directors in the future.
Strategy	The Company will refer to the TCFD framework, establish a response strategy, and set up management systems and action plans for climate change in the future.
Risk and Opportunity Management	The evaluation and management process for risks and opportunities concerning climate change are first identified and discussed by the environmental team and reported periodically.
Index and Target (Science Park Plant)	Taking 2021 as the base year for energy intensity, short-term, mid-term, and long-term reduction targets are set to decrease energy intensity by 5%, 7%, and 9%, respectively. Similarly, the greenhouse gas reduction targets aim to reduce intensity by 1%, 3%, and 5% compared to the base year (please refer to page 63)

Risks and Corresponding Opportunities of Climate Change

Category	Risk	Financial and Non-financial Impacts	Opportunities	Current Solutions
Physical Risk	Extreme Climate Events	<ol style="list-style-type: none"> 1. Typhoons and heavy rainfall affect transportation and personnel operations, leading to a decrease in revenue. 2. Droughts limit water use, leading to reduced production or production interruption causing a decrease in revenue. 3. Increased electricity usage leads to higher carbon emissions and operational costs. 4. Greater occupational safety and health risks indirectly increase operational costs. 	<ol style="list-style-type: none"> 1. Enhance climate adaptability to reduce operational costs. 2. Develop rainwater recycling and water circulation facilities to reduce water usage. 3. Develop energy-saving processes to improve production efficiency. 4. Strengthen talent training to master key climate adaptation technologies. 	<ol style="list-style-type: none"> 1. Plan for home internet sharing and shift production plans. 2. Activate disaster response mechanisms, preemptively remind employees of various response plans and measures. 3. Adopt water-saving devices, reduce wastage of domestic water, set up rainwater collection tanks in the factory area, and apply for the reuse of recycled water for irrigation to conserve water resources. 4. Set prerequisite to turn on office air conditioning for energy-saving purposes. 5. All lighting tubes are LED energy-saving tubes, reducing indoor temperature and electricity consumption.
Transformation Risk	Policy and Regulation	<ol style="list-style-type: none"> 1. Enhanced official carbon reduction laws and regulations result in additional carbon reduction costs. 	<ol style="list-style-type: none"> 1. Utilize public sector's carbon reduction incentives and collaboration projects to implement carbon reduction strategies. 	<ol style="list-style-type: none"> 1. Actively develop green products with long-term planning can help increase business growth and revenue. 2. Disclose company greenhouse gas inventory, review related potential risks

Category	Risk	Financial and Non-financial Impacts	Opportunities	Current Solutions
		2. Replacing current equipment to energy-efficient and carbon-reducing ones increases operational costs.	2. Strengthen management measures to improve energy efficiency.	and opportunities, formulate responses, and set progression goals for gradual implementation. 3. Complete replacement of diesel boilers with natural gas boilers to improve energy-saving and carbon-reducing effectiveness in the factory.
	Market	1. Development of green products increases research and development costs. 2. Difficulties in obtaining green raw materials and challenges in the manufacturing process lead to a decrease in revenue.	1. Innovate in green design, production, and services to expand new markets. 2. Construct a green supply chain to enhance corporate competitiveness.	1. Collect information related to green products domestically and internationally, accept innovative ideas for green designs, and establish environmental sustainability plans. 2. Improve green procurement management, refine manufacturing techniques, exchange opinions with customers, promote effective communication, and enhance product competitiveness.

3-4 Information Security

Information security issues are one of the major concerns for the Company and external stakeholders. To ensure information security and protection of trade secrets, the Company has established an information security organization. The Company formulates information security management plans and strengthens the resilience for information security incidents to meet information security metrics based on internal management needs.

Structure and Operation of Information Security Organization

The Company has established an information security management framework, led by the General Manager, who oversees the formulation of information security management policies, and has appointed dedicated managers and personnel responsible for developing and implementing information security management programs. In addition, the information security audit unit is responsible for monitoring works, including internal audits, information security prevention, and crisis management. This ensures continuous improvement in internal anomaly detection and protection methods, thereby reducing the Company's information security risks.

1. Published 12 computer threat alert reports and 15 information security awareness notices.
2. 226 participants completed information security education and training, with a total duration of 723.5 hours.
3. No hacker attacks or major cyber security incidents occurred.

No major cyber security incidents occurred in 2023.

PAHSCO's Control Measures of Information Security

Management Items of Information Security	Implementation
Network Security Management	<ul style="list-style-type: none"> ● The external Internet is isolated by a physical firewall, and employees located outside of the Company must go through a secure channel before connecting to the internal network. ● Penetration testing to assess network security are conducted periodically by a third-party service provider.
System Access Control	<ul style="list-style-type: none"> ● The user account's credential for the ERP system or the computer must comply with password principles, meet certain complexity criteria, and be updated regularly. ● Access rights are set up for the Company's online data folders. ● The mail system has spam filtering and email file size control installed; browsing emails with external browsers is prohibited.
Implementation of information security education training	<ul style="list-style-type: none"> ● Basic information security education training is provided to all new employees. In-service staffs are given periodic information security education training and forums to strengthen their awareness for information security. ● Regular emails are sent with updates on recent external information security attacks and preventive measures.
Virus Protection and Management	<ul style="list-style-type: none"> ● All company servers and computers must install antivirus software and new-generation information security risk assessment and defense software. ● Based on the firmware version released by the original manufacturer, firewall/firmware upgrades are performed quarterly or semi-annually.
Ensure System Availability	<ul style="list-style-type: none"> ● Use of next-generation backup software for regular backup of important AP hosts and databases. ● External access point uses VPN connection; equipment is updated to the latest version; mandatory multi-factor authentication mechanisms are activated; strengthen the employees' awareness of information security.
Computer Equipment Security Management	<ul style="list-style-type: none"> ● Use of remote backup and backup mechanisms.

3-5 Product Liability

"Full-on quality management, constant improvement of work efficiency, satisfaction of customer needs" serves as PAHSCO's quality management policy. The quality management system is designed and established in accordance with the regulatory requirements of medical device quality management system guidelines in various countries. The Company hopes that reliable quality control can be established through the ongoing operation of the quality management system, and that product and service quality meet customers' requirements throughout the entire product life cycle. To ensure the implementation and consistency of the quality system, the Company established an independent quality management department in 2023, with a quality management office under it, which is responsible for the company's internal quality system audit, and conducts an external supplier audit every year to verify the implementation of the company's quality system. .

Since 2001, the Company has obtained NS-EN ISO 9001:1994, ISO 13485:1996, and CE certification for medical consumables. Since 2002, the Company has obtained Good Manufacturing Practice (GMP) certificate for medical devices and maintain the validity of the certificates annually. With the announcement of the Medical Device Act on May 1, 2021, the original “Pharmaceutical Good Manufacturing Practice Regulations.” has been replaced by the “Medical Device Quality Management System Regulations.” For the Company's GMP-approved items that were due to expire on January 9, 2024, the Company completed the QMS verification and filing procedures in December 2023. As of January 9, 2024, PAHSCO has fully transitioned to the effective QMS.

When there is a market demand for a product, the Company will first conduct an internal preliminary product safety assessment. Subsequently, it will be verified by qualified third-party certification bodies or regulatory authorities. After obtaining approval from the competent authorities can the product be manufactured and sold. To ensure product quality and traceability, PAHSCO controls all raw materials with 100% batch numbers tracking from warehouse entry, manufacturing, quality inspection to shipment. This process effectively tracks the flow of products produced from each batch of raw materials.

All the Company's products are developed and produced by sufficient testing and verification to ensure that the products meet the set purpose and functional characteristics. In addition, the products that need to be sterilized (sterilized products account for about 50%) are monitored for EO residues through the Company's top-notch lab certified by "Taiwan Accreditation Foundation (TAF)", and can only be released after meeting the safety conditions to ensure the safety of end users.

In 2023, only one incident was reported where a product exported to China’s mainland was found non-compliant during a random inspection by the regulatory authority, leading to a voluntary product retrieving. However, no actual harm to individuals occurred, and corrective actions have been taken and reported to the local regulatory authority for case closure. Apart from the incident mentioned herein, there are no other violations of laws or company quality standards in product labeling, marketing, or advertising.

Serial number	Violation of regulations	Penalty	Improvement
1	The residual vacuum in the performance testing project of the product vacuum control device does not meet the requirements specified in Clause 2.6 of the product technical requirements for mainland China.	Voluntary product retrieving	<ol style="list-style-type: none"> 1. Personnel undergo re-training. 2. First piece/Line change release confirmation. 3. Increase the number of process inspections and finished product inspection items.

Quality Management System and Validity Period

Management System	Validity Period
ISO 13485:2016	2021/7/16~2024/7/15
EU 2023/607 (MDD Extension)(Press Infusion Devices)	2024/2/26~2028/12/31
EU 2023/607 (MDD Extension) (Breathing Circuit Devices)	2024/5/28~2028/12/31
EU 2017 745 MDR(Body Waste Collection Systems, General and Surgical Instruments and Accessories)	2021/8/27~2026/8/26
EU 2017 745 MDR(Sterile Urinary Drainage Bags, Sterile Surgical Instruments and Accessories)	2022/3/16~2027/3/15

Management System	Validity Period
Quality Management System for Medical Device Manufacturer	2024/1/9~2027/1/8

2023 Quality Improvement Projects

Item	Notes
Quality Education Training	<ul style="list-style-type: none"> Conducted annual training on quality system key procedure for company management, covering topics such as management review procedures, departmental organization and responsibility procedures, process validation management, space planning management, supplier management, non-conforming product control, corrective and preventive action, design change control, and risk management procedures. A total of 139 participants completed the training above. The quality assurance department had 5 participants completed quality system and regulatory courses for medical devices, 1 completed ISO 13485:2016, and 1 completed CAPA-related courses. The quality management department had 8 participants completed quality system and regulatory courses for medical devices, 3 completed Auditor Training, and 4 completed CAPA-related courses. The key personnel of regulatory department had 21 participants completed the courses on quality systems and regulations for medical devices in various countries. 2 participants completed training on ISO13485:2016, 1 on TFDA procedures, 3 on medical device usability evaluation methods and techniques, and 8 on UDI implementation courses.

Future Plan for Quality Management

- To meet TFDA's requirement of prohibiting the manufacture and import of powdered gloves starting from January 1, 2025, PAHSCO has initiated testing and verification of alternative products to ensure product quality requirements and compliance with TFDA regulations for related products.
- In response to the " Rules for the Unique Identification System for Medical Devices " issued by China's National Medical Products Administration (NMPA) on August 26, 2023, medical device manufacturers are required to register their devices with Unique Device Identification (UDI) for further supervision and management throughout the entire product lifecycle. This initiative is being undertaken in collaboration with the Polytechnic University, with registration expected to be completed by May 2024.
- In May 2023, the Medical Device Coordination Group (MDCG) updated the content of the MDCG 2020-3 Rev.1 guideline. As this update involves criteria for determining significant changes, it also impacts the European Union's product design change process. PAHSCO will review the content and assess whether internal procedures need to be modified, with the review expected to be completed in June 2024.
- The updates to testing methods and procedures have already been planned and are currently in progress by the PAHSCO in order to meet the latest international standard requirements.

3-6 Customer Service

PAHSCO's products are divided into domestic sales and exports. Export regions are divided into Asia, Americas, Europe, and other areas. Customer service is carried out by each business unit, such as providing related product education training, after-sales service, etc. The Company also provides toll-free customer service (0800-223336) and a mailbox, which are handled by appointed personnel for complaints and consultation.

Satisfaction Survey

Business units conduct customer satisfaction surveys on an annual basis. The survey items include the attitudes of service personnel, response speed, product satisfaction, delivery speed, and complaint handling processes. The results are reported at management's review meetings. Customer feedback is also analyzed during management's review meetings to set up satisfaction goals for the following year.

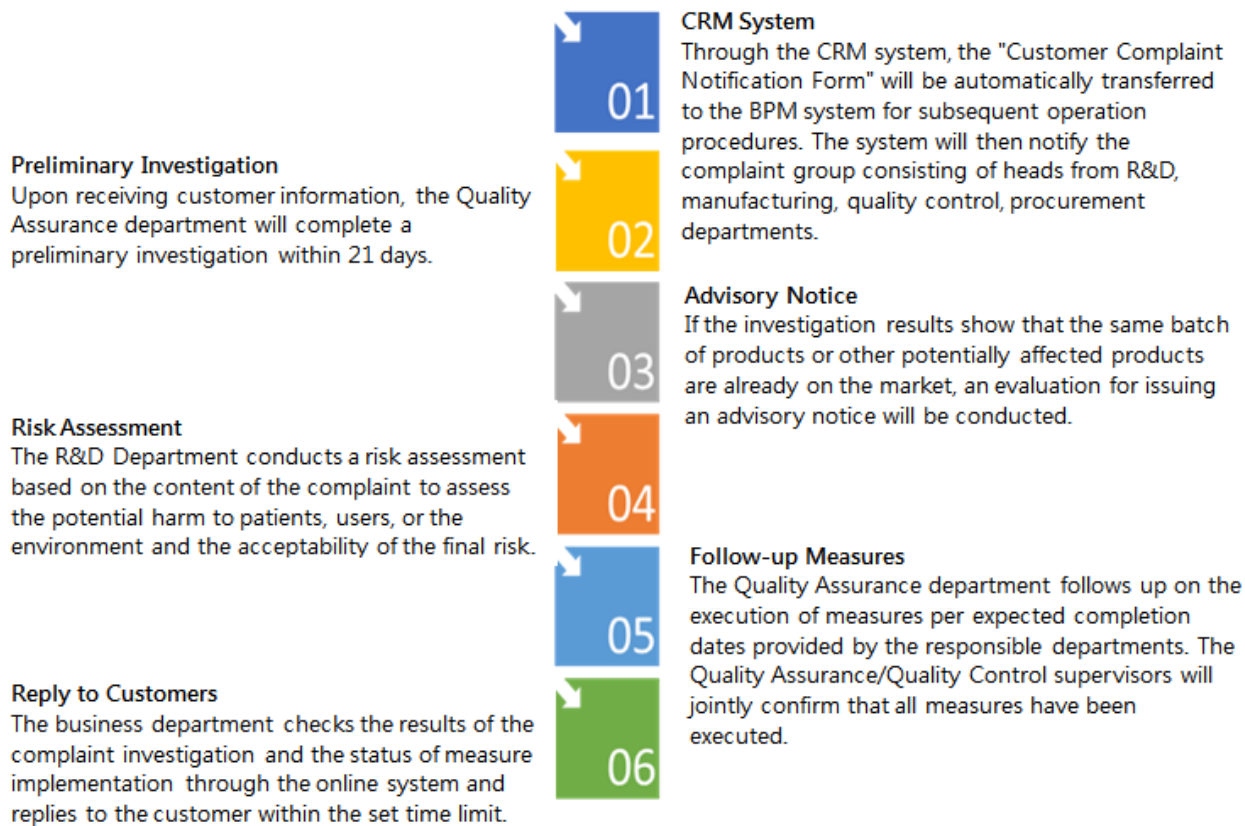
In 2023, the Company conducted a questionnaire survey for major customers with a total of 63 valid questionnaires. The average customer satisfaction score was 92.15 (out of a maximum score of 100). Regarding the function and reliability of the Company's products, the average customer satisfaction scores were 9.32 and 9.14 respectively (out of a maximum score of 10). All the suggestions or issues raised by customers in the year have been analyzed by business units. Solutions and improvement measures have also been formulated. All issues have been properly addressed, and there has been no significant impact on the Company's operations.

Handling Processes of Customer Complaints

Complaints can come from external customers, internal customers, and competent authorities. The business department serves as the contact window for receiving any complaints related to product quality. Customer complaints may be in the form of documents or verbal communication. Regardless of how the complaints are made, the business department must handle them in a documented manner in accordance with the "Customer Complaint Handling Procedure".

The customer complaint handling process is managed through the established CRM system's "Customer Complaint Notification Form". Once the form is completed and submitted, the CRM system will automatically notify responsible departments including R&D, manufacturing, quality control, procurement, etc., about the complaint. The Quality Assurance department will then conduct a preliminary investigation based on the content of the complaint, and complete the investigation within 21 days, as well as tracking the implementation of follow-up measures. The business department can inquire about the results of the complaint investigation and the status of measure implementation through the online system. The business department is responsible for notifying the customer of the investigation results and execution status.





Note: The definition of a complaint of PAHSCO is a communication in writing, electronically, or verbally, regarding identification, quality, durability, reliability, safety, performance, etc., of the marketed medical device, or services affecting the performance of the device.

In 2023, a total of 303 complaint forms were issued. By further analyzing and classifying different products within each complaint form, 428 product complaints are identified and 301 of them have been closed, achieving a response rate of 99.3%.

Medical Device Application Development and Talent Cultivation Exchange Program

In 2023, Jenteh Junior College of Medicine, Nursing and Management and Hungkuang University signed a letter of intent for friendly cooperation, hoping to expand the synergy of talent cultivation in the smart medical materials industry and accelerate the development of local industrial talent in central Taiwan. PAHSCO will also cooperate by providing employment opportunities for outstanding students from both schools. Through this three-way cooperation model between institutions and industry-academia, it is expected that the combination of smart technology and medical devices will effectively alleviate the burden on medical personnel and improve the quality of healthcare.

3-7 Supply Chain Management

A high-quality and stable supply chain is an important foundation for the PAHSCO's product development. Through the Company's supply chain management system, PAHSCO ensures that the process of obtaining raw materials and labor services aligns with sustainable development while benefiting both the Company and the suppliers.

Principles of Supplier Management at PAHSCO

Suppliers Evaluation	Requirements for Standard Compliance - Finished Product Suppliers
<ol style="list-style-type: none"> Principles for selecting new suppliers Principles for evaluating qualified suppliers' transactions 	<ol style="list-style-type: none"> Domestic - Compliance with Good Manufacturing Practice (GMP) for medical devices or Quality Management System (QMS) for manufacturers of medical devices. Overseas - Medical Device Quality Management System (ISO13485) or equivalent certificate as well as CE or approval for marketing of medical devices in the country of origin.
Sustainable Management Requirements for Suppliers	Classification of Supplier Levels
<ol style="list-style-type: none"> Prioritize selection of suppliers who comply with environmental, health and safety management systems and have the green labels. Localization of the supply chain to improve service efficiency, delivery time, raw material transportation distance, and carbon emissions. Prioritize selection of local suppliers. Encourage and cooperate with suppliers' packaging recycling. Require response from the suppliers for corporate social responsibility surveys; establish a basis of understanding for the suppliers' sustainability performance. Promote and implement electronic procurement processes. 	<ol style="list-style-type: none"> Classification is based on the risk of the products and services provided Divided into Class A, Class B, and Class C.

Number and Types of Suppliers in 2023

Suppliers	Total Number of Suppliers	Spare Parts	Raw Materials	Sterilization Packaging	Packaging	Semi-finished Products	Outsourcing
Class A Suppliers	56	33	11	7	0	4	1
Class B Suppliers	203	123	39	2	15	6	18
Class C Suppliers	52	28	3	0	21	0	0

Note: The number of suppliers is calculated based on valid suppliers.

New Supplier Selection Process



Before initiating business with a new supplier, the Company conducts various audits on the production environment, quality management, and level of supply cooperation. The Company also considers whether the supplier complies with relevant laws and regulations on environmental protection, occupational safety, health, and other issues.

First-time collaborating suppliers must pass the supplier evaluation, which involves data collection, on-site visits, and trial production confirmation by relevant departments such as procurement, R&D, and quality control. Whether the supplier has obtained legal registration and related quality certifications or environmental labels, its reputation, credit status, and past significant environmental and social impacts are all key evaluation items.

Finished product suppliers must possess valid medical device-related permits. Domestic suppliers must comply with Good Manufacturing Practice (GMP) for medical devices or Quality Management System (QMS) for manufacturers of medical devices, and provide a medical device permit. Oversea suppliers need to provide Medical Device Quality Management System (ISO13485) or equivalent certificates, as well as CE markings or approval for marketing of medical devices in the country of origin.

Qualified Supplier Evaluation Status

Item	Content
Supplier Identification or Classification	<p>Annual Evaluation: Evaluation is performed on main raw material, outsourcing, and service suppliers in terms of quality, production process, delivery status, and attitude.</p> <p>Evaluation Level: A four-level grade is adopted, rated as A+, A, B and C. Grade B and lower are considered unqualified. Handling of Unqualified Suppliers:</p> <p>Grade B: Counseled for one year and can be reclassified as Grade A after improvement. No supplier has failed to improve completely after counseling.</p> <p>Grade C: Qualification canceled. However, the supplier’s qualification can be conditionally retained if it is the only available supplier.</p> <p>Handling of Conditionally Qualified Suppliers: The Quality Control or Procurement department will meet with the supplier, coordinate appropriate methods, and help to improve the product quality.</p>
2023 Evaluation Results and Handling of Unqualified Suppliers	<p>A total of 311 suppliers were evaluated, with a 99% passing rate. Three unqualified suppliers will receive guidance on delivery times and quality for one year to improve their status to Grade A.</p>
Audits of Suppliers	<p>Audit Items: Document control, education training, product traceability, corporate social responsibility.</p> <p>Classification is based on the risk of the products and services provided and divided into Class A, Class B, and Class C.</p> <p>Class A Product Suppliers: audited every two years.</p> <p>Class B Product Suppliers: audited when suppliers that meet any of the following circumstances:</p> <ul style="list-style-type: none"> *Complaint of major quality abnormality occurs. *Same complaints occur 5 times within 3 consecutive months. *Product recall. *Others

Item	Content
	Class C Product Suppliers: Exempt from audit.
	In 2023, the Company has completed 10 Class A suppliers' quality audits.

Note: Supplier evaluations are mainly based on transactions of the current year.

2023 Supplier Evaluation Result

Level of Evaluation and Number	A+	A	B
	Number		
Class A	53	2	1
Class B	196	5	2
Class C	51	1	0

Performance of Supplier Management in 2023

Item	Performance		Notes
	2022	2023	
Reply Rate for Quality Statements of Raw Material Suppliers	69%	84%	Class A suppliers must sign a quality statement or relevant quality agreement. Suppliers who do not sign the statement/agreement cannot become Class A suppliers. Quality Statement for Class A Suppliers: All have been signed and returned.
Reply Rate for Corporate Social Responsibility Survey of Raw Material Suppliers	47%	45%	PAHSCO continues to promote and encourage suppliers to reply. This item is temporarily not included in the supplier performance evaluation given the fact that the most suppliers are relatively small. The response rate for the 2023 survey decreased rather than increased, primarily because new suppliers added that year were scheduled to be surveyed collectively in 2024.
Ratio of Local Procurement	83%	86%	All manufacturing productions have to be taken place in Taiwan to be considered as local procurement.

Proportion of Product Quality Examined by the Third-Party

Year	Manufacturing area of PAHSCO	Manufacturing area of first-tier suppliers	Manufacturing area of finished product suppliers
2021	100%	74%	100%
2022	100%	72%	100%
2023	100%	86%	100%

Note: First-tier suppliers are defined as suppliers who directly supply products, materials, and services (excluding outsourced suppliers).

4. Environmental Sustainability

4-1 Environmental Management

As a manufacturer of medical consumables, the Company faces challenges in energy consumption, resource utilization, and waste disposal in the manufacturing process. To properly manage the impact on the environment during operations, the Company has set the environmental, health, and safety policy as "adhere to obligations, enhance communication, protect the environment, and continuously improve". The policy has been announced by the Chairperson.

The Company has been certified for the ISO14001 international standard. According to the environmental, health, and safety policy, the Company established the "Environmental Management Procedure" and set up an implementation committee responsible for promoting identification of relevant regulations and risk and assessing opportunities regarding environmental issues. Through the Plan-Do-Check-Act (PDCA) process, the Company promotes environmental, health, and safety management system. The Company collects internal and external concerns, stakeholder requirements and expectations, identifies significant environmental aspects/unacceptable risks, and prioritizes the risks as improvement plans each year. The Company plans and sets short-term, medium-term, and long-term goals to implement environmental protection, mitigate climate change, and maintain labor's health.

In order to gradually improve energy efficiency, reduce unnecessary waste of energy resources, reduce the impact on Earth, and establish resilience, the Company plans to set up sustainability goals in the future. The Company will initiate action plans to fulfill the responsibility as a global citizen, protecting the sustainability of the Earth.

Goals for Environmental Management

Period	Short-term Goal	Mid-term Goal	Long-term Goal
Year	2022~2024	2025~2027	2028~2030
Base Year	2021		
Electricity Conservation Goals	Reduce electricity consumption intensity by more than 5%	Reduce electricity consumption intensity by more than 7%	Reduce electricity consumption intensity by more than 9%
Base Year	2022		
GHG Reduction Goals	Reduced GHG emission intensity by 1%	Reduced GHG emission intensity by 3%	Reduced GHG emission intensity by 5%
Implementation Measures and Achievement Status	<p><u>Continuous measures</u></p> <ol style="list-style-type: none"> Set temperature of the air conditioning in the office to 26 degrees*. Limit the floors accessible by the elevator. Adjust the chilled water supply temperature from the chiller. 	<ol style="list-style-type: none"> Purchase an additional 100RT chiller for low-load operation during holidays. Heat Recovery and Reuse from the Air Compressor. Heat pump waste cold recovery and Reuse. 	Install photovoltaic system.

Period	Short-term Goal	Mid-term Goal	Long-term Goal
	<ol style="list-style-type: none"> 4. Reduce output pressure of air compressor by 1kg/cm² 5. Purchase electrical equipment primarily with Level 1 energy efficiency and energy-saving labels. 6. Shorten air conditioning time in public areas (Taipei) 7. Prioritize the purchase of low-carbon fire extinguishers 8. Air compressor regular maintenance 9. Regular maintenance of heat pump hot water equipment 10. Regular maintenance of water chiller unit <p style="text-align: center;"><u>Completed in 2023</u></p> <ol style="list-style-type: none"> 1. Regular maintenance of air compressors. (machines A~F) 2. Heat Pump Maintenance *4 units. 3. Water Hiller Maintenance *3 units <p style="text-align: center;"><u>2024 Proposed measures</u></p> <ol style="list-style-type: none"> 1. Cooling Water Tower Cleaning* 3 units 2. Heat Pump Maintenance *2 units (Factory) 3. Heat Pump Maintenance *3 units (Dormitory) 	<ol style="list-style-type: none"> 4. Replace and refit old air conditioners with energy-saving frequency conversion air conditioners. 5. Purchase additional air conditioner temperature control switches (Taipei). 6. Switch to LED energy-saving fluorescent tubes in the office (Taipei). 	
Base Year	2021		

Period	Short-term Goal	Mid-term Goal	Long-term Goal
Water Conservation Goals	Reduced water usage intensity by 15%	Reduced water usage intensity by 20%	Reduced water usage intensity by 25%
Implementation Measures and Achievement Status	<p><u>Continuous measures</u></p> <ol style="list-style-type: none"> 1. Install water-saving devices <ol style="list-style-type: none"> (1) Faucets: Install water-saving devices on faucets in the restroom. (2) Dual-flush toilets: Replace the original single-flush toilets with dual-flush toilets. 2. Operation of the leak detection system <p>Conduct daily patrols in the factory; pay close attention to the water usage and report any abnormalities immediately.</p> <p>Install water meters on water-using equipment; conduct regular inspections of the condition of water-using equipment; replace old or easy-to-fail water-using equipment and pipes for better management of water resources.</p> 3. Post water-saving slogans (including each sink/toilet flush, etc.). <p><u>2024 Proposed measures</u></p> <ol style="list-style-type: none"> 1. Reuse and store the water discharged from the RO reverse osmosis water dispenser in the storage tank. 	<ol style="list-style-type: none"> 1. Establish a rainwater recycling system to flush the toilets. 2. Set up a rainwater recycling system to water the plants. 	<ol style="list-style-type: none"> 1. Advanced installation of rainwater storage equipment: <ol style="list-style-type: none"> (1) Build 4 smart water storage system to increase efficiency of resource reuse, manpower, and energy. (2) The surface water collected by the water storage system is mainly used for cooling purposes for the water tower to increase water resource reuse and replace tap water with surface water. (3) Maintain water storage facilities, record daily water consumption of each facility, and review the water usage at the end of each month. 2. Set up waste water recycling system including UF, MBR, RO, EDR.
Base Year	2021		

Period	Short-term Goal	Mid-term Goal	Long-term Goal
Waste Reduction Goals	Reduced Industrial waste output intensity by 25%	Reduced Industrial waste output intensity by 30%	Reduced Industrial waste output intensity by 35%
Implementation Measures and Achievement Status	<ol style="list-style-type: none"> 1. Implement recycling and reduce the generation of general industrial waste. 2. Increase the recycling rate of mixed plastics to reduce the production of plastic waste. 3. Bring one's own utensils to reduce the use of disposable tableware. 4. Cooperate with the Environmental Protection Administration to promote the "flush the toilet paper" policy. <p><u>2024 Proposed measures</u></p> <p>Stop providing single-use tableware in group dining for employees.</p>		
External Assurance	ISO 14064-1 Greenhouse gases Part 1	ISO 50001 Energy Management System	Assessing and Promoting Greenhouse Gas Reduction Initiatives in Accordance with ISO14064-2

Environmental Management Expenses

In 2023, the Company invested in pollution prevention equipment, purchasing a rack for Ethylene oxide gas cylinders and establishing a new storage area for empty Ethylene oxide cylinders to reduce the risk of leakage during the transportation and storage of toxic chemicals (Ethylene oxide). The Company also invested in improvements for waste water treatment and discharge facilities, committed to reducing environmental pollution incidents. In 2023, waste disposal costs slightly increased due to an increase in waste transportation costs.

Unit: New Taiwan Dollars

	2021	2022	2023
Investment in Pollution Prevention Equipment	68,406	640,658	851,432
Costs of Pollution Prevention	905,702	922,381	924,215
Waste Disposal Fee	509,814	774,840	859,376
Costs of Management Activity	59,000	139,500	175,000
Subtotal	1,542,922	2,477,379	2,810,023

Note 1: Investment in pollution prevention equipment includes the construction, operation maintenance, and consumables for equipment such as liquid trays, partial exhaust devices, etc.

Note 2: Pollution prevention costs include the Company's payments of air pollution and water pollution fees.

Note 3: Waste disposal fees cover the costs of waste collection and disposal

Note 4: Management activity costs include the costs of external environmental training courses for professional personnel and other expenses.

In 2023, there were no fines related to environmental issues for PAHSCO.

4-2 Energy and Greenhouse Gas Management

To align with the national greenhouse gas management policy, the Company has voluntarily promoted the operation of greenhouse gas inventory since 2015 even though the Company is not energy-intensive or carbon-intensive. As the world faces increasing impacts from climate change, the expectation for corporate net-zero emissions becomes more urgent. The Company decided to complete ISO14064-1 third-party verification in Q2 of 2023 prior to the timeline stipulated by the Financial Supervisory Commission's "Sustainable Development Roadmap". In the future, PAHSCO plans to further assess the implementation of ISO14067 product carbon footprint, hoping to drive both customers and suppliers to work collectively on carbon management in the supply chain.

Energy Management and Green Energy Planning

Energy saving and carbon reduction have always been a focus during the Company's manufacturing process. The Company actively introduces energy-saving and efficiency-improving manufacturing management systems, hoping to improve production efficiency and reduce energy consumption and waste generation through process improvement of the product lines. The Company is searching for green, low-carbon raw materials and packaging materials that meet the safety requirements of medical devices gradually replacing the use of traditional raw materials.

Additionally, the Company plans to complete the installation of solar power facilities before 2030. The Company also considers reducing environmental impact caused by electricity use through the purchase of renewable energy certificates, promoting social responsibility for environmental sustainability.

Energy Consumption

The Company's energy consumption, includes purchased electricity, natural gas (used in boilers to provide heating and humidification for sterilization operations), diesel fuel, and gasoline, are all non-renewable energy sources. In 2023, the total energy usage converted to heat units is 40,318.4GJ (gigajoules), with an intensity of 0.017377 GJ/thousand NT\$.

Science Park Plant				
Energy Category	Unit	2023 Consumption	Conversion Factor	GJ
Purchased Electricity	Degree	10,708,000	0.0036	38,548.800
Natural Gas	Cubic Meter	13,254	0.03352	444.274
Diesel fuel	Liter	124.025	0.035196	4.365
Gasoline	Liter	369.323	0.032682	12.070
Subtotal				39,009.509
Vacant factory building and Taipei, Taichung and Kaohsiung offices				
Purchased Electricity	Degree	310,276.9714	0.0036	1,116.997
Gasoline	Liter	5,872.17	0.032682	191.914
Subtotal				1,308.911
Total				40,318.420
Intensity (GJ/thousand NT\$)				0.017377

Note 1: The conversion factor for electricity is 0.0036GJ per degree.

Note 2: Conversion factors for various energy calorific values, referring to the Bureau of Energy Ministry of Economic Affairs' Annual Energy Statistics Report. 1 cubic meter of natural gas=8,000 kcal, 1 liter of diesel fuel=8,400 kcal, 1 liter of gasoline=7,800 kcal.

Note 3: 1 kcal=4.19KJ=0.00000419GJ

Note 4: The source of energy statistics is based on the energy consumption from all the Company's Operation bases.

Note 5: The source of purchased electricity consumption data is Taiwan power company payment slip; the source of natural gas consumption data is natural gas payment slip; the source of diesel and gasoline consumption data is purchase invoice.

Greenhouse Gas Inventory and Verification Status

The greenhouse gas emission information in this report is recorded in accordance with ISO 14064-1: 2018. The operational boundaries include Scope 1 (Category 1), Scope 2 (Category 2), and Scope 3 (Category 4). For the detailed organizational boundary and verification scope, please refer to the table "Organizational Boundary Description".

In 2022, the organizational boundary was limited to the Science Park Plant, with a total greenhouse gas emission of 6,843.781 tonnes CO₂e. Of this, direct greenhouse gas emissions were 273.7143 tonnes CO₂e, while indirect greenhouse gas emissions (CAT2~6) totaled 6,570.0667 tonnes CO₂e. The greenhouse gas emission intensity in 2022 was 0.00313 (tonnes CO₂e/thousand dollars).

The total greenhouse gas emissions of Science Park Plant in 2023 amounted to 6,915.3594 tonnes of CO₂e, with direct greenhouse gas emissions (CAT1) totaling 542.9648 tonnes of CO₂e, and indirect greenhouse gas emissions (CAT2-6) totaling 6,372.3946 tonnes of CO₂e. The greenhouse gas emission intensity in 2023 was 0.00298 (tonnes CO₂e/thousand dollars).

The greenhouse gas intensity of Science Park Plant in 2023 decreased by 4.79% compared to the greenhouse gas intensity in 2022.

Greenhouse Gas Emissions (Scope 1 and Scope 2)

Scope 1 (Category 1)			Verification Institution	Description of Verification Status
Scope of Emission	Total Emissions (tonnes of CO ₂ e)	Intensity (tonnes of CO ₂ e /NT in thousand)		
Science Park Plant, Pacific Hospital Supply Co., Ltd.	542.9648	0.00023	SGS Taiwan Limited (SGS)	SGS conducted a verification process for PAHSCO's greenhouse gas emissions under reasonable assurance for Scope 1 and Scope 2 and under limited assurance for Scope 3. The organizational boundary of the verification process is set by the operational control method, covering a total of 5 operation locations. For detailed location information, please refer to the table "Organizational Boundary Description".
Vacant factory building and Taipei, Taichung and Kaohsiung offices	67.2351	0.00002		
Scope 2 (Category 2)				
Scope of Emission	Total Emissions (tonnes of CO ₂ e)	Intensity (tonnes of CO ₂ e /NT in thousand)		
Science Park Plant, Pacific Hospital Supply Co., Ltd.	5,248.4040	0.00226		
Vacant factory building and Taipei, Taichung and	153.2768	0.00006		

Kaohsiung offices				
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Note 1: The Scope 1 or 2 emission intensity of the financial statement company = Scope 1 or 2 emissions of the financial statement company ÷ Revenue of the financial statement.

Note 2: Quoting the "Greenhouse Gas Emission Factor" issued by the Ministry of Environment on February 5, 2024

Greenhouse Gas Emissions (Scope 3)

Scope 3 (Category 4)		Verification Institution	Description of Verification Status
Scope of Emission	Total Emissions (tonnes of CO ₂ e)		
Total of Scope 3	1,123.9906	SGS Taiwan Limited (SGS)	SGS conducted a verification process for PAHSCO's greenhouse gas emissions under reasonable assurance for Scope 1 and Scope 2 and under limited assurance for Scope 3. The organizational boundary of the verification process is set by the operational control method, covering a total of 5 operation locations. For detailed location information, please refer to the table "Organizational Boundary Description".
4.1 Purchased goods and services (electricity)	1,033.7443		
4.1 Fuel and energy activities (not included in Scope 1 or 2)	7.1854		
4.3 Waste treatment	83.0609		

Organizational Boundary Description

Type of Operational Site	Description of Operational Site	Inventory Exam	Verification	Exclusion
Financial Report Company	The emissions of the financial statement company shown in the table above represent the total emissions of all operational sites that have undergone inventory and verification . <u>It covers all company's operation sites in the financial statement.</u>			
Science Park Plant, Pacific Hospital Supply Co., Ltd.	No. 8, Tongke 2nd Rd., Hsinchu Science Park, Jiuhu Village, Tongluo Township, Miaoli County, Taiwan (R.O.C.)	V	V	N/A
Vacant factory building and Taipei, Taichung and Kaohsiung offices	No. 19, Tzi-chiang Rd., Torng-lo Industrial District, Miaoli County, Taiwan (R.O.C.) 4F., No. 160, Daye Rd., Beitou District, Taipei City, Taiwan (R.O.C.)	V	V	N/A

Type of Operational Site	Description of Operational Site	Inventory Exam	Verification	Exclusion
	Rm. 19, 4F., No. 5, Jingcheng 24th St., West Dist., Taichung City, Taiwan (R.O.C.) Rm. 7, 13F., No. 255, Jiuru 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)			

4-3 Chemical Management

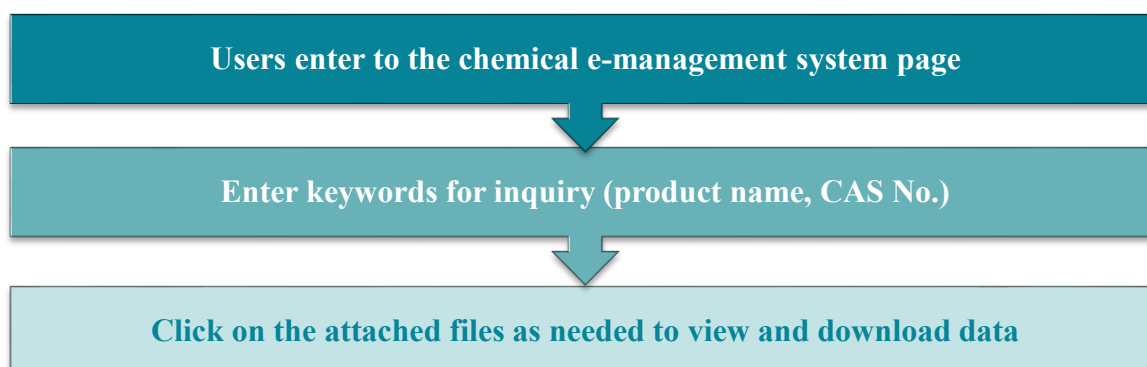
To ensure the use, storage, handling, and disposal of chemicals are all under control, the Company has established "Hazardous Chemical Assessment and Classification Management Regulations" and "Hazardous Chemical Labeling and General Management Standard Procedures" based on the national standard.

The hazardous chemicals (including toxic chemicals) used by the Company are classified in accordance with the national standard CNS15030, including those with physical hazards and health hazards. Ethylene oxide, used in the Company's sterilization process, is a Category 1 and 2 toxic chemical substance regulated by the Environmental Protection Administration of the Executive Yuan. The Company complies with the "Toxic and Concerned Chemical Substances Control Act", appoints responsible personnel, improves various storage, operation, management facilities, and completes the "Regulations Governing Toxic and Concerned Chemical Substances Risk Prevention and Response Plans" and "Toxic and Concerned Chemical Substances Response Equipment, Detection and Alarm Equipment Installation and Operation Plans". The Company also establish the "Toxic and Concerned Chemical Substances Management Standard Procedure" and "Operational Regulations for Gas Scrubbing Towers" for effective operational management and reporting procedures. In future, the Company will assess the feasibility of recycling and reducing consumption to decrease the usage amount of toxic chemicals.

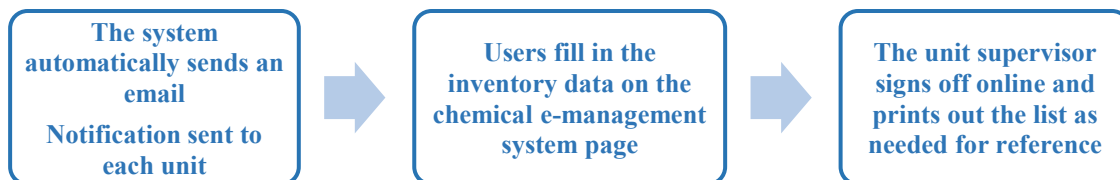
By combining a digital management model with existing internal information systems, the Company has set up a system for managing chemicals electronically, which not only enables effective source management of chemicals but also allows employees to easily access and understand related hazard information about chemicals. The approach helps the implementation of the Company's hazardous chemical labeling and general knowledge management. There have been no incidents of chemical leaks or hazards up to date.

Three main functions of the chemical e-management system:

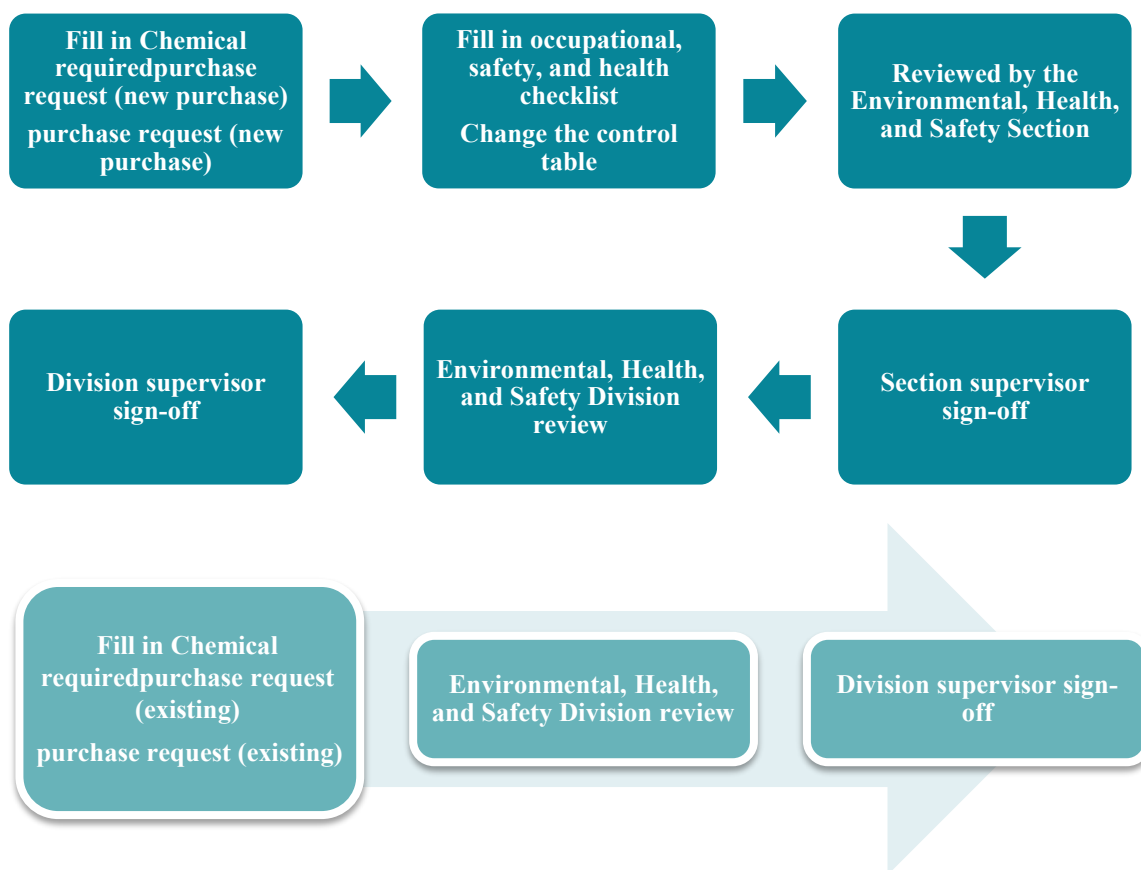
- I. **Chemical Information Query/Download (users can search for physical and chemical properties, hazard identification data, component identification data, hazard labels, SDS (Safety Data Sheets), exposure prevention measures, first aid measures, fire-fighting measures, emergency response, leakage handling procedure, etc.).**



II. Hazardous Chemical Inventory (usage status are filled in by each unit by the end of June and December each year to comply with the consolidated reporting of occupational safety and health).



III. Chemical Purchase Request (New purchase of chemicals, applicable to chemicals that have never been purchased before or have been used but proposed to switch to a different supplier; Existing chemicals, applicable to chemicals that have already been purchased or used from the same supplier in the factory).



4-4 Waste Management

The waste produced by the Company is categorized into general industrial waste, hazardous industrial waste, recyclable waste, and reusable plastics. All are recorded and managed by qualified professionals in accordance with legal regulations.

The Company upholds the 5R principle: Reduce (reduce waste), Reuse (use again), Repair (value maintenance to extend product life), Refuse (refuse to buy over-packaged products), and Recycle (use recycled items). The Company implements waste reduction plans, such as continued advocacy and establishment of strict waste sorting, storage, and handling controls based on the "Waste Management

Standard Procedure (ESC002)" for effective management. The Company recycles plastic baskets or fixture racks as the semi-finished product containers in the factory. Packaging boxes from suppliers are also recycled and reused to achieve the goals of packaging reduction. Through regular and irregular on-site audits, the Company effectively supervises, tracks, and immediately improves execution to further implement waste reduction targets.

The procedures and explanations for the cleaning and handling of waste by waste disposal contractors are as follows:

1. Conduct irregular inspections every year during the contract period.
2. Record the evaluation results of each inspection.
3. Verify and track the final destination of hazardous waste and recycled products (with appropriate records).

Unit: tonnes

Category	2021	2022	2023	Management Performance ^{Note}
Total of the general industrial waste and hazardous industrial waste	88.35	67.41	56.80	44% reduction compared to the base year
Intensity of the industrial waste (t/thousand NT\$)	0.000043	0.000030	0.000024	
Category R_R-0201 Waste liquid	190.81	175.55	263.337	38% decrease compared to the base year

Note1: Management performance is compared with the base year 2021.

Note2: The source of "Total of the general industrial waste and hazardous industrial waste" is "Resource Circulation Administration of Ministry of Environment_ Statistics of application volume of institutions".

4-5 Water Resource Management

The water used by the Company is mainly tap water. Under the influence of extreme climate conditions, the dry season is getting longer. To reduce the risk of water shortage while complying with laws and park regulations, the Science Park Plant has combined measures like recycling condensate water, installing water-recycling pipes, increasing the circulation rate of cooling towers, and recycling process water to significantly reduce the overall water usage. As of 2023, the water recycling rate has been maintained at over 70%.

Main Water Usage	Purpose
Domestic Water	Used for dormitories, cooling towers, factory sinks and toilets, drinking water, irrigation, etc.
Industrial Water	Plastic product processes, assembly inspection, packaging machine, RO, sterilization

Assisted by the 2020 Water Conservation Guidance Project of the Science Park Bureau, the water saving results of the Science Park Plant in 2023 have met all environmental impact assessment commitments of the Science Park, with a 20.7% decrease in overall tap water usage compared to 2021.

In addition, to prevent wastewater from impacting the community environment, the Science Park Plant has set up a wastewater treatment monitoring system to control the quality and volume of wastewater. The Science Park Plant also contract with a qualified testing service provider to conduct wastewater quality testing semi-annually and report in accordance with related regulations. In 2023, all wastewater discharged by the Science Park Plant met the discharge standards of the Science Park.

Other operational sites of PAHSCO are primarily offices or vacant factory buildings. Since there are no production activities at these sites, only domestic wastewater is generated. Furthermore, the headquarters Taipei office is within the area covered by the Taipei City sanitary sewer system, so there are no significant concerns regarding wastewater pollution.

Water consumption statistics

Unit: tonnes

Science Park Plant			
Year	2021	2022	2023
Tap water consumption (water intake)	59,584	57,754	54,446
Recycled Water consumption	15,051.5	10,412.5	9,593
Total Water consumption	74,635.5	68,166.5	64,039
Tap water consumption intensity (t/thousand NT\$)	0.0295	0.0264	0.0234
Vacant factory building and Taipei, Taichung and Kaohsiung offices			
Year	2023		
Tap water consumption (water intake)	3,043.1		
Tap water consumption intensity (t/thousand NT\$)	0.0013		

5. Employee Care

5-1 Talent Structure

Talent Recruitment

PAHSCO complies with government labor laws and regulations for employee recruitment. The Company upholds the principle of equality regardless of race, gender, age, religion, political stance, marital status, physical or mental disability, and nationality. The Company selects diversified talents through public recruitment channels, tailors employment based on suitability for each position, and strictly prohibits child labor under 16, forced labor, and hazardous work for underage employees. There were no incidents of child labor under 16 or forced labor in 2023.

PAHSCO annually assesses staffing needs based on operating strategies and personnel allocations. The Company hires outstanding talents through legal and public channels, including government employment promotion acts, industry-government-academia collaborations, internal references, and recruitment agencies.

Employment documents, such as labor contracts, confidentiality agreements, and non-compete clauses, are signed upon onboarding to protect the rights and interests of both employer and employee. Changes in the department, working location, or job position shall be proceeded after coordinating with the employee and adjusted by offering necessary assistance. PAHSCO strives to unleash employees' potential in suitable positions through human resource management, creating a win-win situation for both the Company and the employees.

Employee Composition

As of December 31, 2023, PAHSCO had a total of 802 employees, all of whom are based in Taiwan, including 708 in Miaoli and 94 in Taipei (2 in the Taichung office and 1 in the Kaohsiung office, which belongs to Taipei in terms of manpower establishment).

The average seniority for PAHSCO's employees is 9.23 years; female employees account for 71% of the total workforce; the majority of employees fall within the age range of 31 to 50 with an average age of 40.91 years old. Employees under 50 years old account for 81% of the total workforce, making young and middle-aged talents the majority and bringing stability and abundant energy to the overall employee structure. 100% of the senior management employees hired by the Company are local residents of Taiwan.

Employee Composition Structure in 2023

Item	Category	Female		Male		Total	
		Number of Employees	Gender Ratio in the Category	Number of Employees	Gender Ratio in the Category	Number of Employees	Ratio of Total Employees
Position	Mid-to-High Level Supervisors	17	55%	14	45%	31	4%
	Base Level Supervisors	53	56%	41	44%	94	12%
	Indirect Personnel	116	53%	102	47%	218	27%
	Direct Personnel	387	84%	72	16%	459	57%

Item	Category	Female		Male		Total	
		Number of Employees	Gender Ratio in the Category	Number of Employees	Gender Ratio in the Category	Number of Employees	Ratio of Total Employees
Age	Age under 30	122	65%	65	35%	187	23%
	Age 31-50	340	74%	121	26%	461	58%
	Age above 50	111	72%	43	28%	154	19%
Recruitment	Full-time employees	573	71%	229	29%	802	100%
	Part-time employees	0	-	0	-	0	0%
Education	PhD	1	25%	3	75%	4	1%
	Master	19	53%	17	47%	36	4%
	Bachelor	141	51%	133	49%	274	34%
	High School	345	83%	71	17%	416	52%
	Below Junior High School	67	93%	5	7%	72	9%

Note: Mid-to-high level supervisors refer to managers at the level of assistant manager and above; base level supervisors refer to managers at the level of team lead and below; indirect personnel are those outside the management and production line, including R&D, administrative affairs, business personnel, etc.; direct personnel are production line workers.

2023 Total Number of Employees (Categorized by Gender and Region)

Category/Gender	Male		Female		Subtotal	Total
	Taipei	Miaoli	Taipei	Miaoli		
Permanent Employees	58	413	36	177	684	802
Temporary Employees	0	102	0	16	118	

Note: The Temporary Employees of the Company are migrant workers.

Category/Gender	Male		Female		Subtotal	Total
	Taipei	Miaoli	Taipei	Miaoli		
Full-time Employees	58	515	36	193	802	802
Part-time Employees	0	0	0	0	0	

Note 1: The Company does not have "employees without guaranteed hours of work".

Note 2: The offices in Taichung and Kaohsiung are presented altogether under Taipei due to similarity.

In 2023, there were 67 non-employee workers, 66 in Miaoli and 1 in Taipei. The Company has no dispatched employees.

Region/ Category	Electromechanical	Institutional food	Gardening	Cleaning	Waste Disposal	Security	Others	Total
Miaoli	4	2	10	0	6	4	40	66
Taipei	0	0	0	1	0	0	0	1
Total	4	2	10	1	6	4	40	67

New Employee Hires and Employee Turnover

Due to the impact of the COVID-19 pandemic and the increase in domestic industrial investment, there is a mass labor shortage in the industry in recent years. The gradual increase in company capacity needs has also exacerbated the competition for labor. PAHSCO is also facing challenges with recruitment due to labor shortages, resulting in higher hiring and turnover rates compared to prior years. To effectively stabilize and recruit manpower, the Company has adjusted the compensation and benefits measures and considers hiring foreign workers given the industry's characteristic of mostly on-site work. The strategy showed significant results in the second half of 2023. Looking back from 2021 to 2023, there was no significant change in the overall number of employees in the Company.

2023 Number of New and Departed Employees

Item	Category	Female		Male		Total	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
New employees	Age under 30	34	26%	18	14%	52	40%
	Age 31-50	45	35%	31	24%	76	59%
	Age above 50	0	0%	1	1%	1	1%
	Total	79	61%	50	39%	129	100%
Employee Turnover	Age under 30	31	25%	22	18%	53	43%
	Age 31-50	39	31%	20	16%	59	47%
	Age above 50	10	8%	2	2%	12	10%
	Total	80	65%	44	35%	124	100%

Gender Equality

The Company values gender equality in career development and actively implements the goals of sustainable gender equality. The Company does not differentiate between genders in talent recruitment, cultivation, retention, and promotion. In 2023, the Company had a total of 125 supervisors. For the mid-to-high level supervisors (with the level of assistant manager and above), there were 17 females and 14 males; for the base level supervisors (with the level of team lead and below), there were 53 females and 41 males. The overall ratio of male to female managers was 44:56. The Company is committed to implementing actual gender equality in career development, treating everyone equally, and continuously providing a friendly and stable work environment.

Diversity and Equality

The Company advocates for diversity and equality among employees, protecting the rights of all groups. In addition to complying with the People with Disabilities Rights Protection Act and the Indigenous Peoples Employment Rights Protection Act, the Company employed 11 individuals with disabilities in 2023, which exceeded the legal requirement of 8. The Company also employed 11 indigenous people, which also exceeded the legal requirements. The Company aims to promote employee diversity and equal employment opportunities.

In terms of foreign workers' recruitment, the Company focuses on protecting their labor contracts and human rights. There have been no incidents of discrimination or unfair treatment for foreign workers. All recruitment process complies with related laws and regulations. To better align with the international expectations for protecting migrant workers' rights, PAHSCO began planning in 2023 to cover the employment fees for foreign migrant workers starting in 2024, in accordance with the "Zero Placement Fee" regulations outlined in international human rights standards.

Year		2021	2022	2023
Total Employees		812	797	802
Individuals with Disabilities	Number of Employees	15	12	11
	Percentage of Total Employees	1.8%	1.5%	1.4%
Indigenous People	Number of Employees	15	9	11
	Percentage of Total Employees	1.8%	1.1%	1.4%

5-2 Compensation and Benefits

Compensation Policy

PAHSCO upholds the principles of fairness and impartiality in its human rights policies. Employee recruitment, salary, and promotion are based on education, experience, skills, and performance, without discrimination based on gender, age, race, marital status, disability, religion, or nationality.

PAHSCO's salaries are primarily determined by external labor market supply and demand, and internal product line profitability to establish the basic salary. All employees' base salaries are above the minimum wage approved by the Ministry of Labor. Performance bonuses are distributed based on operational conditions and performance management systems. Additionally, depending on operational needs, profit-sharing mechanisms such as employee stock options, stock bonuses, or cash capital increase for employee stock purchases are implemented to motivate employees, encouraging them to enhance operational performance alongside the company and create long-term value.

The salaries of new hires in 2023 are all higher than the statutory minimum wage in Taiwan.

Ratio of average salary and compensation between female and male entry-level employees

Category	Statutory minimum	Female	Male
Average salary	1	1.12	1.30
Average salary	1	1.52	1.66

Note 1: The entry-level personnel in this table are direct staff

Note 2: Compensation includes salary, bonuses, and other non-recurring payments

In 2023, the average salaries across various job categories and genders, using female employees' average salary as the baseline, indicate that male employees earn slightly more than female employees

in all categories. This difference is due to changes in the position and the higher salaries of professional technical personnel. Additionally, because the Chairperson did not concurrently serve as General Manager in 2023, the role was filled by promoting the original administrative department manager, leading to a slightly higher annual change in total salary compensation.

2023 Salary Proportions by Category and Gender

Category	Female	Male
Mid to Senior-Level Manager	1	1.02
Junior Manager	1	1.30
Indirect Personnel	1	1.10
Direct Personnel	1	1.16

2023 Highest Salary to Annual Total Compensation Ratio

Category	Median Employee Compensation	Highest Paid Individual in the Organization
Annual Total Compensation Ratio	1	17.35
Annual Total Compensation Change Ratio	1	75.78

Note 1: Annual total compensation ratio = Annual total compensation of the highest-paid individual in the organization / Median annual total compensation of all employees (excluding the highest-paid individual and those employed for less than 6 months)

Note 2: Annual total compensation change ratio = Percentage increase in annual total compensation for the highest-paid individual in the organization / Percentage increase in the median annual total compensation for all employees (excluding the highest-paid individual and those employed for less than 6 months)

Note 3: Due to changes in the position of the highest-paid individual in the organization, the annual total compensation change ratio is slightly higher.

The total compensation of the Company, such as salary, bonuses, and employee remuneration, is determined based on employees' professional knowledge and skills, job responsibilities, performance, and long-term commitment, combined with the Company's operational goals. The Company's regulations stipulate that if there are profits in a given year, at least 3% should be set aside for employee compensation. The profits are distributed in accordance with the "Employee Compensation Distribution Guidelines". In addition, year-end bonuses for employees are distributed based on the "Employee Performance Evaluation Guidelines", coupled with the Company's overall annual operating performance, individual performance, and appropriate salary adjustment mechanism to retain and reward talents.

To maintain the competitiveness of the overall compensation, the Company measures market salary levels, macroeconomic indicators, and the overall revenue status of the Company each year to make appropriate adjustments to employees' salaries. In 2023, the average and median salaries for full-time non-managerial employees slightly decreased compared to 2022, mainly due to the reduction of some non-regular salaries as the pandemic situation eased. In 2023, the company plans to introduce an employee stock ownership trust scheme, continuing to optimize compensation and benefits while sharing operational results and profits with employees.

Full-time employee salaries for non-managerial positions over the past three years

(Unit: NT\$ thousand)

Item	2021	2022(A)	2023(B)	Ratio to 2022 (C)(C=B/A)
Number of Non-managerial, Full-time Employees	772	692	750	108.4%
Average Annual Salary	507	579	578	99.8%
Median Annual Salary	434	505	501	99.2%

Note: The Company reports the number and salary of employees who have served for 6 months or more in accordance with the regulations stipulated by the regulatory authority.

Employee Benefits

PAHSCO provides diverse benefits to all full-time employees. In addition to basic benefits mandated by relevant laws, such as labor and health insurance, it also offers many additional welfares to reward and support colleagues. The Company has also established an Employee Welfare Committee in accordance with the Employee Welfare Committee Organization Guidelines. Members are elected by all employees from each department. The committee holds quarterly meetings, and special meetings as needed.

Description of other additional benefits

Category	Notes
Insurance	Provide group insurance and travel insurance for employees (including accidental death, injury, and medical incidents) to enhance job security
Flexible leave system	Offer flexible working hours for some employees and provide better term of personal leaves than Labor Standards Act.
Bonus	Holiday bonuses, production bonuses, improvement bonuses, foreign language examination bonuses, birthday bonuses.
Subsidy	Club subsidies, fuel subsidies for cars/motorcycles, business mobile phone subsidies, marriage/funeral/celebration subsidies, parental subsidies, employee training subsidies, meal allowances.
Activity	Company trips, Christmas and other festive activities, year-end party, retirement farewell dinner.
Care and Health	Regular health check-ups, emergency assistance for employees, regular doctor consultations, nursery rooms, recreational activity rooms, health seminars.
Other category	Recognition and bonuses for senior employees, employees with best potential, and employees that are most creative; financial aid for low-income employees; free dormitory in the factory (for non-local residents); car/motorcycle parking spaces.

To address the social impact of low birth rates and an aging population and support the government's policy of encouraging childbirth, the Company provides various family support measures. In addition to providing employees with family care leave, prenatal check-up and paternity leave, maternity check-up leave and maternity leave as per the "Act of Gender Equality in Employment," employees with young children can adjust their working hours or apply for unpaid parental leave based on childcare needs. The company also offers childbirth congratulatory gifts, improves breastfeeding facilities, and negotiates with childcare institutions to offer preferential plans for employees, hoping to ease the burden of family care and work for our staff.

In 2023, the total number of employees who were eligible and took parental leave was 44. Among them, 13 employees applied for parental leave, accounting for 29.5% of eligible personnel. The statistics of the Company's parental leave status in the past three years are as follows:

Number of Employees on Parental Leave/Number of Employees Returning to Work/Return Rate/Retention Rate		2021	2022	2023
Number of Employees on Parental Leave (Female)	Number of Employees Eligible for Parental Leave (A)	49	39	37
	Number of Employees Applying for Parental Leave (B)	21	22	11
	Number of Employees Scheduled to Return to Work That Year (C)	22	24	14
	Actual Number of Employees Returned to Work (D)	12	24	8
	Number of Employees Still Employed After 12 Months of Return (E)	19	7	19
	Parental Leave Application Rate (B)/(A)	42.9%	56.4%	29.7%
	Return to Work Rate after Completion of Parental Leave(D)/(C)	54.5%	100.0%	57.1%
	Retention Rate After 12 Months of Return (E)/Previous Year (D)	76.0%	58.3%	79.2%
Number of Employees on Parental Leave (Male)	Number of Employees Eligible for Parental Leave (A)	11	6	7
	Number of Employees Applying for Parental Leave (B)	-	1	2
	Number of Employees Scheduled to Return to Work That Year (C)	-	-	4
	Actual Number of Employees Returned to Work (D)	-	-	1
	Number of Employees Still Employed After 12 Months of Return (E)	-	-	-
	Parental Leave Application Rate (B)/(A)	0.0%	16.7%	28.6%
	Return to Work Rate after Completion of Parental Leave(D)/(C)	-	-	25.0%
	Retention Rate After 12 Months of Return (E)/Previous Year (D)	0.0%-	-	-

Note: The number of employees eligible for parental leave is calculated based on the number of people who applied for maternity leave or paternity leave within the last three years.

Comprehensive Retirement System

The Company has established an employee retirement guidelines in accordance with the "Labor Standards Act" and the "Labor Pension Act". The Company has a comprehensive financial system, providing steady pension contributions and payments. In addition to the amount deposited as required by law, the Company also conducts an actuarial evaluation of the retirement reserve fund every year through professional accounting consultants to ensure sufficient pension allocations, protecting the rights and interests of employees' future retirement benefits.

PAHSCO's Pension Table	
Applicable to:	Domestic and foreign employees
Legal Source 1	Labor Standards Act
Contribution method	3% of the total salary is allocated to the employee's retirement fund each month, which is transferred to the Supervisory Committee of Business Entities' Labor Retirement Reserve and deposited into the pension account at the Bank of Taiwan.
Amount Paid in 2023	NT\$1.78 million
Account Balance of 2023	NT\$96.85 million
Legal Source 2	Labor Pension Act
Contribution method	6% of the employee's monthly salary is contributed to the individual pension account of the Bureau of Labor Insurance.
Amount Recognized in 2023	NT\$17.6 million

An Inclusive Workplace

To create a high-quality work environment and enhance employees' comfort and sense of identification with the company, PAHSCO establishes and operates systems to continuously promote health-related measures. The goal is to create a workplace that is “Harmless, Friendly, Healthy, and Safe,” respecting diverse employee groups and fostering inclusive growth together.

- ◆ **Mother-friendly:** Approximately 70% of the Company's employees are female. Since 2020, the Company have implemented "heart-appropriate" maternal workplace optimization measures for mothers, including:
 - Friendly nursing rooms
 - Annual workplace safety assessments (100% completion rate)
 - Easily identifiable clothing for pregnant employees
 - Priority parking spaces for pregnant employees
 - Appointed nurseries
 - At least one health and mental consultation during pregnancy
 - Free "Happy Pregnancy Bags" and other thoughtful services

PAHSCO has also obtained the 2023 Miaoli County Friendly Breastfeeding Room Certification.

- ◆ **Age-friendly:** To address the growing trend of an aging workforce in the industry and to protect the health and safety of middle-aged and elderly employees, PAHSCO promotes an age-friendly workplace for them. The following facilities and measures have been implemented to create an inclusive workplace culture, strengthen employee cohesion, and obtain the 2023 Taipei City Government's certification for Middle-aged and Elderly Friendly Enterprise:

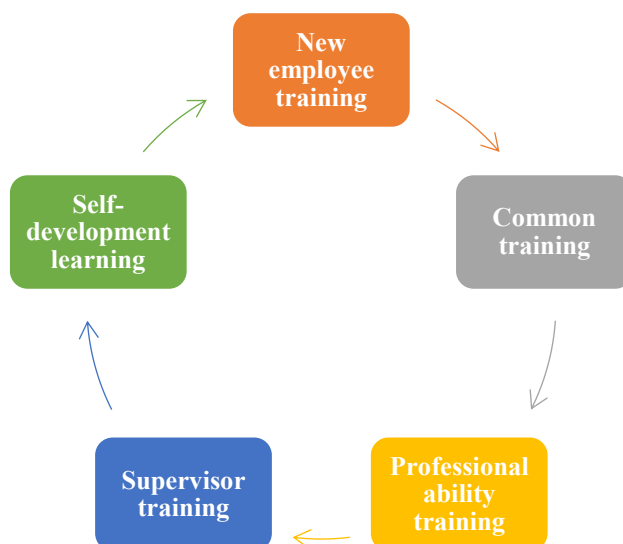
- ✧ Measures to improve age-friendly workplace facilities include: In 2023, safety handrails were installed in 24 toilet stalls to prevent accidents during use or reduce the impact if accidents occur.
- ✧ Monthly sharing of “Wellness Articles” with health information helps colleagues boost their energy and vitality, promoting “High Vitality, High Motivation, and High Self-Confidence”—the 'Three Highs.' This initiative supports everyone on their 'Health Time Machine' journey to improved well-being.
- ◆ **Dementia-friendly:** The number of people with dementia in Taiwan is rapidly increasing. According to the estimates from the Taiwan Alzheimer's Disease Association in 2022, there were over 10,000 young-onset dementia cases under the age of 65, and many of whom were still in the workplace when diagnosed. To care for employee health, jointly create a dementia-friendly workplace, extend the time dementia patients with labor capacity can remain in the workplace, and allow caregivers to provide care without being forced to leave work, the Occupational Safety Division cooperated with the Taiwan Dementia Association to organize the "2023 Dementia-Friendly Workplace Promotion Seminar." The course content included understanding dementia and its prevention, dementia-friendly workplaces, dementia-friendly environments, and job redesign service procedures. Human resources personnel and unit supervisors were invited to register, with a total of 38 participants.

5-3 Training and Performance

Strength training and career assistance

Talent is a crucial foundation of PAHSCO's growth. By continuously improving employees' skills and inspiring their potential, we ensure the sustainable development of both the Company and its employees. Following the spirit of the TTQS Talent Development Quality Management System, PAHSCO has established an education and training system. Every year, the Human Resources Department and each unit plan diverse learning and development courses. Through physical or e-learning methods, they provide colleagues with comprehensive and flexible learning opportunities.

The general education courses for talent cultivation are arranged and implemented by the Human Resources Department. Each department develops education and training plans based on their specific job functions. Direct supervisors and the human resources department provide timely career planning guidance and counseling, helping employees in self-development learning and build their long-term professional skills. Furthermore, to respond to regulatory changes, the Company will adjust the procedural guidelines as needed. The Company will analyze the competencies of relevant positions and professionals, provide training that aligns with the requirements of the regulations, and ensure that employees have the qualifications and capabilities to perform their duties.



The statistics of employee education training (including internal and external training) for 2023 are as follows: Total training participants were 21,304; total training hours were 23,117.38 hours; total training expenses were NT\$365,780. The average training time per employee in 2023 will be slightly increased compared to the previous year. In response to the promotion of the three gender equality laws, the company will promote the company's propaganda on illegal violations in the workplace. In addition to attaching importance to talent cultivation, it also actively promotes a corporate culture of gender equality and respect for diversity.

2023 Training Status of Different Positions and Genders

(Unit: hours)

Item	Category	Gender		Total	
		Male	Female	Male	Female
Number of Participants	Mid-to-High Level Supervisors	413	319	7,512	13,792
	Base Level Supervisors	1,645	1,128		
	Indirect Personnel	2,829	1,716		
	Direct Personnel	2,625	10,629		
Total Training Hours	Mid-to-High Level Supervisors	1,084	1,106.5	10,741.16	12,376.22
	Base Level Supervisors	2,938.91	1,604.14		
	Indirect Personnel	4,733.25	2,754.08		
	Direct Personnel	1,985	6,911.5		
Average Training Hours	Mid-to-High Level Supervisors	2.62	3.47	1.43	0.9
	Base Level Supervisors	1.79	1.42		
	Indirect Personnel	1.67	1.60		
	Direct Personnel	0.76	0.65		

Employee Training Status from Previous Years

(Unit: hours)

Item		2021	2022	2023
By Employee		10.19	19.78	28.82
By Gender	Male	4,271.57	9,102.87	10,741.16
	Female	4,000.85	6,663.15	12,376.22
By Position	Mid-to-High Level Supervisors	380.33	913.59	2,190.5
	Base Level Supervisors	2,209.85	2,875.37	4,543.05
	Indirect Personnel	2,800.49	4,791.44	7,457.33
	Direct Personnel	2,881.75	7,185.62	8,896.5
Annual Education Training Expenses (NT\$)		87,914	354,177	365,780

Item	2021	2022	2023
Total Number of Classes	1,397	2,967	3,562
Total Hours of Classes	8,272.42	15,766.02	23,117.38
Total Class Attendance	6,367	10,823	21,304
Total	812	797	802

Performance Evaluation

The Company respects professionalism and cares about every employee's career development. The Company provides various development and learning channels for the employees to demonstrate their professional competencies and achieve their goals under the core of Company's corporate culture. At the beginning of each year, supervisors and team members go through discussion and set annual personal goals, mid-year performance tracking and adjustments, and end-of-year performance evaluations. The results of the evaluation will be the basis of bonuses, job changes, promotions, salary adjustments, and reference for education training. In 2023, 100% of employees required for evaluations underwent an assessment.

5-4 Human Rights and Communication

Human Rights Management

The Company respects and supports the basic human rights covered under the international conventions, including the principles and spirit of the "Universal Declaration of Human Rights", "The United Nations Global Compact", and "Declaration of Fundamental Principles and Rights at Work by the International Labor Organization". The Company adheres to labor-related laws and regulations to protect the legal rights of employees. The Company integrates the regulations as the basis for human resource management policies and guidelines, which include:

1. Prohibiting child labor.
2. Prohibiting forced labor.
3. Preventing discrimination or differential treatment in hiring and the workplace; promoting gender equality in the workplace.
4. Providing a safe and hygienic work environment; preventing sexual harassment in the workplace.
5. Respecting the freedom of employees to form any groups and negotiate collectively.
6. Strictly adhering to labor-related laws and regulation; protecting the legal rights of employees.
7. Establishing a complaint system and providing unrestricted complaint channels; publicly disclosing the complaints on the Company's website, internal online bulletin boards, and sustainability reports.

Human Rights Investigations

PAHSCO refers to related international standards and practical methods in identifying potential human rights risk objects and issues. PAHSCO reviews current measures to reduce human rights risks implemented by the Company and conducts annual human rights investigations.

Human Rights Issues	Completion Status in 2023	Management and Mitigation Measures
Fair and reasonable salary	<ul style="list-style-type: none"> Excluding factors of abnormal salary reductions, the average and median salaries of full-time non-managerial employees showed a slight increase compared to the previous year. 	<ul style="list-style-type: none"> The Company continuously adjusts salaries each year regarding the overall economic environment and employees' performance Provide group insurance for all employees and travel insurance for employees on business trips
Promotion of gender equality	<ul style="list-style-type: none"> Employee gender ratio is 29:71 (M:F) New employee gender ratio is 43:57 (M:F) The training coverage for human rights policy in 2023 were 99% 	<ul style="list-style-type: none"> Human rights policies are implemented in selection, recruitment, cultivation, and retention processes, no gender discrimination. Human rights policy promotion and training
Prohibition of sexual harassment	<ul style="list-style-type: none"> There were no incidents of sexual harassment 	<ul style="list-style-type: none"> Establish "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" Set up a sexual harassment complaint channel
Protection of employees' privacy	<ul style="list-style-type: none"> There were no incidents of personal data breach of employees 	<ul style="list-style-type: none"> Confidentiality measures are taken for all employee data with appointed personnel
Prohibition of child labor and forced labor (excessive working hours)	<ul style="list-style-type: none"> No child labor Zero complaints 	<ul style="list-style-type: none"> Comply with local legal minimum age regulations and does not employ child labor Conduct monthly review and send reminders of overtime status to each department Starting in 2024, the Company plan to cover the employment costs of foreign migrant workers, reference to international human rights standards related to "Zero Placement Fee" regulations.

Employee Communication

In the pursuit of harmonious and trusting labor relations, the Company regularly discloses operational status through the Employee Welfare Committee, Labor-Management Meetings, and Environmental, Health, and Safety meetings. The Company also conducts two-way communication to keep employees informed about the Company's development and current benefits. In addition, the Company encourages employees to express their opinions and innovations about internal policies. The Company has established employee complaint mailboxes and hotlines as communication channels to protect each employee's legal rights and interests.

- Employee Care and Communication Channels

Measures	Content	Frequency
Meeting	<ul style="list-style-type: none"> Labor-management meetings 	Quarterly
	<ul style="list-style-type: none"> Environmental, Health, and Safety meetings 	Quarterly
	<ul style="list-style-type: none"> Employee Welfare Committee meetings 	Quarterly

Measures	Content	Frequency
	<ul style="list-style-type: none"> Internal meetings of each department 	Weekly, as needed
Mailbox/Hotline/Email	<ul style="list-style-type: none"> Employee complaint mailbox and hotline 	Available at all time
	<ul style="list-style-type: none"> Emails and internal website announcements 	As needed
Interviews	<ul style="list-style-type: none"> Employee interviews 	Annually, three months after onboarding, turnover, as needed
Others	<ul style="list-style-type: none"> Health seminars 	As needed
	<ul style="list-style-type: none"> On-site medical services 	Monthly

Minimum Notice Period Regarding Operational Changes

If special operational needs arise, such as major operational changes leading to organizational adjustments, the Company will notify employees in advance of the termination date of their labor contracts in accordance with the Labor Standards Act. For employees who have been working continuously for over 3 months but less than a year, a notice will be given 10 days in advance; for those who have worked for more than 1 year but less than 3 years, a notice will be given 20 days in advance; for those who have worked for over 3 years, a notice will be given 30 days in advance.

5-5 Health and Safety

Occupational Safety and Health Management Mechanisms

The Company aims to build a healthy workplace and achieve zero occupational accidents. In addition to setting up occupational safety and health units and assigning dedicated personnel at all levels, the Company also implements an autonomous occupational safety and health inspection mechanism and an accident reporting system to enhance employees' safety awareness. The Company has established an environmental, healthy, and safety policy. With the support of the Company's executives, PAHSCO has introduced the ISO 45001:2018 Occupational Safety and Health Management System and the Taiwan's Occupational Safety and Health Management System (TOSHMS). The systems cover the needs and expectations of stakeholders including investors, regulatory authorities, contractors, suppliers, community residents, employees, and customers, as well as internal and external issues related to occupational safety and health.

PAHSCO has set up an Occupational Safety and Health Committee, which is responsible for reviewing, coordinating, and recommending on matters related to safety and health at work. The Company has also set up a primary unit specialized in occupational safety and health to coordinate related matters, aiming to improve the working environment, maintain employee health, and prevent accidental incidents. The committee holds a meeting every quarter with a total of 4 meetings held in 2023, all of which are hosted by the Chairperson of the Company. The meetings discuss safety and health-related topics, including the promotion of policies and regulations, management plans, implementation, operation environment monitoring plans, health management and promotion, safety and health proposals/audits and self-assessments, procurement/change of management, investigation of occupational accidents, management performance, and contract business. The Company establishes and complies with feasible safety and health policies and management systems. The committee is composed of supervisors from each department, occupational safety personnel, engineering department personnel, and worker representatives. The worker representatives participate in the decision-making process and oversee the operation of the committee. They also jointly handle investigations of occupational accidents.

Occupational Safety and Health Education Training

The Company complies with the regulations for the education training on occupational safety and health to enhance employees' awareness. In addition to announcements, meetings, and the internet, the Company also carries out promotion and education training on safety and health for employees to strengthen their understanding of occupational safety concepts and safety observation procedures. The Company aims to enhance employees' safety awareness, attitudes, and perceptions to eliminate unsafe behaviors and reduce potential dangers in the workplace. In 2023, the Company fully translated the training materials into three languages for the foreign employees (Indonesian, Vietnamese and Thai) and made a "High-risk Hazard Identification Card" for each operation area. The Company fully utilized the digital learning platform of the Ministry of Labor's Occupational Safety and Health Administration to improve the education training system.

Course Name		Training Hours	Number of Trainees	Coverage Rate
New Employees' Education Training (Including general safety, mechanical safety and hazardous chemical training)		9 hours	99	100%
External Trainings	Professional Training ^{Note}	_Note	17	100%
Work Safety Education Training		1 hour	5	100%
Internal Audit Education Training		4 hours	37	100%

Note: According to Article 2 of the "Occupational Safety and Health Education and Training Rules", different types and hours of specialized training are conducted.

Health Promotion and Management

Our company implements a comprehensive worker health management approach through a point-to-surface health monitoring mechanism. This not only enables early detection of potential workplace illnesses, allowing workers to receive early treatment and care, but also helps identify potential risks and hazards in the workplace at an early stage, leading to the development of relevant improvement measures. An internal workplace health service management system has been established, where dedicated factory nurses work with occupational medicine specialists monthly to assess and track employees' health conditions. They provide health consultation services and appropriate health management measures, helping employees develop personal health plans. This system enables real-time monitoring of employees' health across various departments, arranging timely consultations and appointments for those with higher health risks. It also provides occupational health-related high-risk assessments and case management for four major health issues: abnormal workload (overwork), ergonomics, maternity, and prevention of unlawful infringement while performing duties (workplace violence).

Health Management Plan	Middle-Aged and Elderly Workers	Work Overload	Human Factors Hazards	Maternal Health Protection	Hearing Protection	Respiratory Protection Program
Target	In 2023, the Company recruited personnel aged 45 and above	Number of people selected for special hazardous working examination	Number of people selected for special hazardous working examination	Pregnancy and the first year postpartum	Personnel in noisy work area	Personnel using respiratory protective equipment
Number of Participants	37	81	86	8	73	13

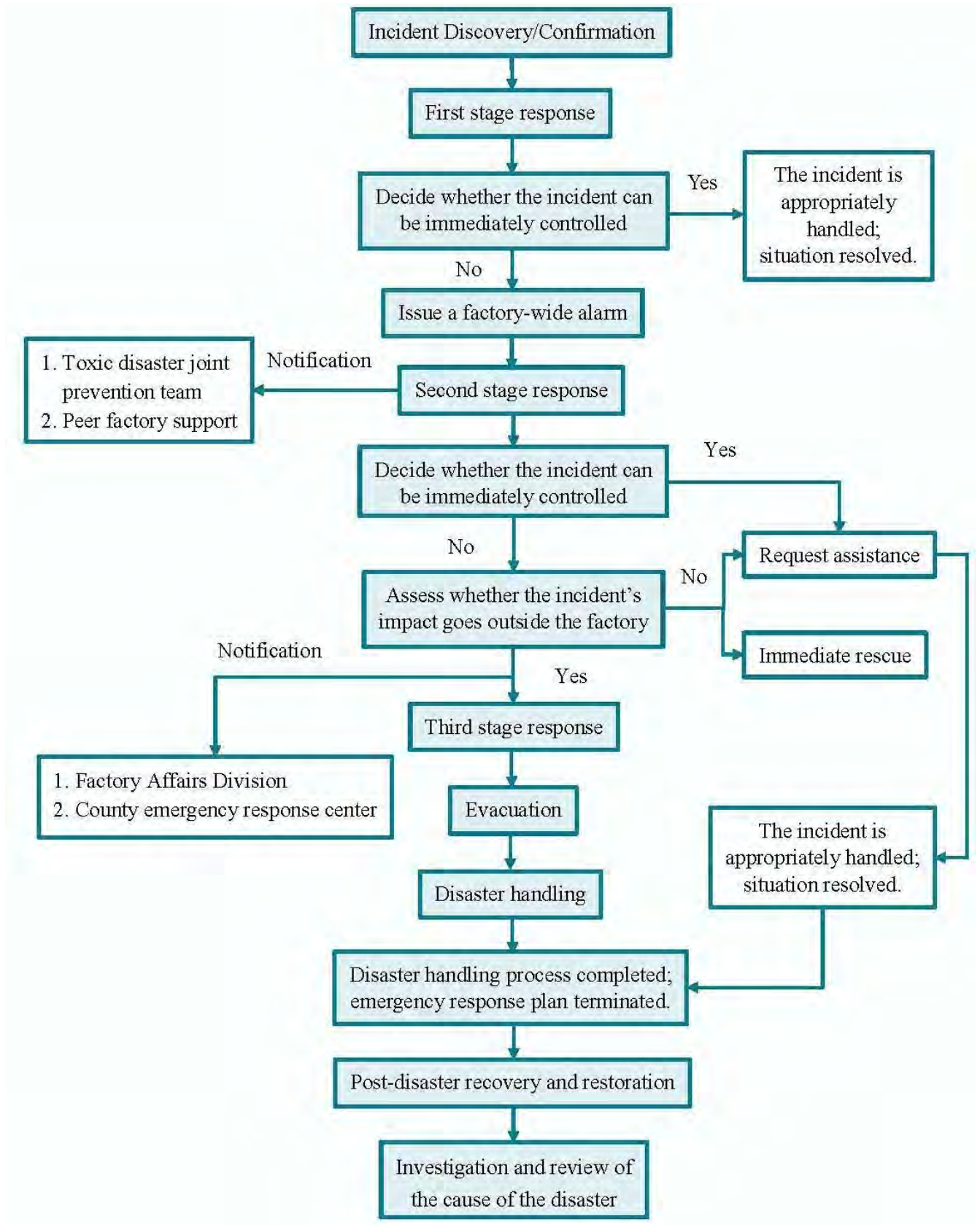
Health Management Plan	Middle-Aged and Elderly Workers	Work Overload	Human Factors Hazards	Maternal Health Protection	Hearing Protection	Respiratory Protection Program
Number of People Completed	37	81	86	8	73	13
Completion Rate	100%	100%	100%	100%	100%	100%
Number of Cases/Consultations	2	1	5	8	31	3
Completion Rate	100%	100%	100%	100%	100%	100%
Notes	Among them, 1 person was recommended (not required) for an in-person visit	Mid Risk	Among them, 4 people experienced injuries not caused by work, and 1 person is receiving improvement suggestions	Maternity protection for a total of 25 people	Among them, 5 people are under three-level management	Physiological assessment is good

In 2023, a total of 6 health lectures were held with 245 participants, covering topics such as health protection, promotion, and psychological issues. After-course satisfaction survey results showed that 78.8% were very satisfied (20.4% were satisfied). Additionally, a "Health Passport" activity was organized to promote "Health behavior" for chronic disease prevention. A total of 58 people registered, and 49 completed the tasks.

Emergency Response

To make employees familiar with the emergency response procedures in case of environmental accidents, fires, and natural disasters, the Company operates in accordance with the "Emergency Response Handling Procedures" and "Toxic and Concerned Chemical Substances Risk Prevention and Response Plans". These guidelines cover major disaster events such as toxic chemical substances, water pollution, waste pollution, air pollution, fires, etc. When these incidents occur, different departments initiate their respective vertical and horizontal emergency response processes. Through drills that simulate real situations using on-site personnel, offices, and materials, employees practice response strategies before, during, and after emergencies, including pre-disaster operations and equipment preparation, the development of situations and timeline advancement during the disaster, decontamination operations, and post-disaster recovery. The Company identifies potential shortcomings and obstacles, discusses and devises solutions, which then serve as references for revising "procedures" and "plans". The goal of the Company is to strengthen operational abilities in disaster rescue and safety protection, improve emergency evacuation and casualty rescue efficiency, refine command and reporting procedures, implement disaster pollution prevention and response handling operations, and minimize the damage caused by environmental accidents and fires. In 2023, the Company conducted a total of 6 live-action drills for disaster emergency responses, all of which were successful.

Emergency Response Process of PAHSCO



6. Social Impact

6-1 Community Prosperity

The production base of PAHSCO is located in Miaoli, and most of its employees are residents of Miaoli or even the central region of Taiwan. For many years, it has been conducting industry-academia collaborations and cooperative education programs with colleges and universities in the central region, establishing deep connections with the area. Maintain good public relations with various government agencies, local units, media, and investors. While complying with laws and company internal regulations, foster a positive cycle of mutual interaction, assist in community development, support various local activities, communicate friendly with residents, and provide assistance whenever possible. Additionally, promoting environmental greening and maintaining sustainable environmental development are also key responsibilities of PAHSCO and all its employees.

The implementation status in 2023 is as follows:

Measures	Implementation effectiveness
Miaoli County Wenlin Junior High School Scholarship	To alleviate the pressure on disadvantaged students in Miaoli, a scholarship of NT\$ 30,000 is provided each academic year.
A Tripartite Industry-Academia Cooperation Agreement With Jen-Teh Junior College of Medicine, Nursing and Management and Hungkuang University	On June 19, 2023, Jen-Teh Junior College of Medicine, Nursing and Management and Hungkuang University signed a letter of intent for friendly cooperation, aiming to expand the talent cultivation in the smart medical materials industry and accelerate the development of local industry talents in central Taiwan. PAHSCO will also provide employment opportunities for outstanding students from both schools. Through the cooperation between schools and industry, it is expected that the combination of smart technology and medical equipment will effectively alleviate the burden on medical personnel and improve the quality of healthcare. Related information https://www.pahsco.com.tw/tw/news-detail/117/ In 2023, internships are provided for the Department of Biomedical Engineering at Hungkuang University, from February 2023 to June 2023, with a total of two positions available.
Community and Public Welfare Activities Funding Sponsorship	To improve the well-being of residents around the Miaoli plant area and promote the development of local activities, in 2023, the Company provided financial support of NT\$ 36,000 to local agencies, organizations, or relevant public welfare units in Miaoli.
Community Sports Event Participation	PAHSCO participated in the 112th Labor Fun Sports Games organized by the Miaoli County Government on November 25, 2023, at the Dome Stadium. A total of 40 people contributed 160 hours. The events, featuring fun games, helped participants relieve stress, improve physical and

Measures	Implementation effectiveness
	mental health, and promote interaction and communication among participants.
Beach and Mountain Cleanup	<p>To further expand environmental protection and corporate sustainability efforts, an environmental education and beach cleanup was held at Longfeng Fishing Port in Miaoli on December 16, 2023. This event embraced the green mindset that "We do not inherit the Earth from our fathers, but borrow it from our children." It aims to promote this concept to employees and their families in their daily lives, thereby highlighting PAHSCO'S commitment to environmental protection actions.</p> <p>This event was led by Chairperson, An-Ting Chung and General Manager, Tim Chiang, along with 59 heads of departments. They contributed 236 hours of work and investment of NT\$76,650, successfully removing 563 kg of marine debris.</p>

6-2 Charitable Activities

Year	Project Name	Amount of Supplies	Investment (in New Taiwanese Dollars)	Invested Manpower
2021	Donation of secondhand supplies	13 boxes		4 people/4 hour
	Donation of invoices	100 pieces		
	Blood donation	24,250 ml		73 people
	Donation of closed suction set to medical institutions	4,700 tubes		
	Beach cleanup	Removed 99 kilograms of beach garbage	5,500	22 people/3 hours
	Talent training courses for long-term care			1 people/1.5 hours
2022	Donation of secondhand supplies	7 boxes		4 people/2 hours
	Blood donation	19,750 ml		65 people
	Support for cultural industry	Provided domestic TV dramas and film shoots with medical equipment - two	Around \$115,000 (fair market value)	

Year	Project Name	Amount of Supplies	Investment (in New Taiwanese Dollars)	Invested Manpower
		batches totaling over 40 items		
2023	Donation of secondhand supplies	<ul style="list-style-type: none"> • 4 boxes of second-hand shoes etc. • Computer with screen 5 sets 		4 people/ 2 hours
	Blood donation	26,750 ml		85 people

6-3 Public Relations

The Company maintains good public relations with various government agencies, local units, media, and investors. Under the premise of complying with laws and internal company regulations, the Company promotes a positive cycle of interaction with the afore-mentioned entities. The Company also assists community development, continually supports various local activities, communicates friendly with residents, and provides as much assistance as possible. Promoting environmental greening and maintaining sustainable environmental development is an undeniable responsibility of the Company and all employees.

The Company has responded to the "Green Office" initiated by the Environmental Protection Administration. With 28 measures taken, the Environmental Protection Administration has included the Company on the list of green partners.

Energy and Resource Conservation

Electricity Conservation

1. Lighting: The lighting fixtures used in more than half of the office area are LED fixtures or energy-efficient products.
2. Computer: Power saving mode is set on computers.
3. Air conditioning: The temperature control for air conditioning in the office areas is not set below 26°C.
4. Elevator: Elevators have been established the usage mechanism and have regular maintenance annually. Some elevators are shut down to reduce standby power consumption.
5. Other public equipment: At least two items of common equipment, such as water dispensers, photocopiers, and steamers, are equipped with timers or manually adjusted usage schedules. The power is turned off during non-working hours to reduce standby power consumption.
6. Regular review: Electricity consumption is periodically recorded to review and improve the power efficiency.

Water Conservation

1. Water-saving equipment: All water-using equipment in the office areas are water-saving products or devices.
2. Implementing water-saving measures: To record water usage regularly and perform timely inspections and maintenance of the pipelines.

Fuel Conservation

Energy and Resource Conservation

1. Vehicle maintenance: Company vehicles are regularly serviced and inspected each year to ensure tire pressure is maintained properly.
2. Carpooling: Large and medium-sized passenger vehicles can be rented based on the number of people; taxis can be shared; public transportation can be used to reduce vehicle usage.
3. Record and control: The fuel consumption of company vehicles is regularly recorded to compile the "Fuel Consumption Record Table".
4. Video conferencing: Video conferencing system is set up to prioritize the use of video conferencing to reduce energy resource consumption.

Paper Conservation

1. Eco-friendly paper: Eco-label and other green products are prioritized when purchasing office paper.
2. Paper utilization: Photocopiers are set by default to print double-sided. Arrange the paper recycling area for reusing paper. Other paper usage measures are implemented.
3. Paperless offices: Replace paper printing with electronic operations to implement paperless work.
4. Record and control: Record the amount of paper usage and the number of photocopies made, and conduct annual reviews to adjust paper usage control.

Source minimization

Sorting and Recycling

1. Waste in the office areas is sorted and recycled.
2. Office supplies such as L-folders, paper bags, paper pins, and butterfly clips are collected and sorted for reuse.

Environmental Greening

1. Plants are placed in the office areas and maintained regularly for environmental greening in the office.
2. Install green walls, hedges, or green rooftops and perform regular maintenance.
3. The office areas are cleaned daily, and a comprehensive cleaning is conducted annually.
4. Reinforce the safety of office supplies and reduce the usage of products containing specific chemical components.

Promotion and Advocacy

1. Promote green living to employees, such as holding at least one environmental knowledge training, workshop, or lecture each year. Utilize green living materials for promotion on the Company's social platforms, encouraging employees to practice green living.
2. Post green office-related promotional slogans in the office areas, such as "turn off the power when not in use" next to power switches.
3. Promote going up and down within three floors by foot, encouraging employees to exercise and reduce elevator usage.
4. Promote employees to wear casual clothes instead of suits and ties during summer, except in specific places.
5. Advocate for employees to avoid heavy acceleration and frequent braking, minimize idling, maintain an appropriate temperature inside the car to avoid low temperature setting, and reduce unnecessary loading when driving.
6. Organize environmental activities such as mountain cleanup, beach cleanup, or tree planting at least once a year to encourage employees to implement environmental protection and cultivate green living thinking.

7. Appendix

7-1 GRI Index

GRI Usage Disclaimer

Statement of use	Pacific Hospital Supply Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

Index	Disclosure Item	Related Chapter of the Report	Page	Notes
The organization and its reporting practices				
2-1	Organizational details	1-1	Company Overview	7
2-2	Entities included in the organization's sustainability reporting		About This Report	5
2-3	Reporting period, frequency and contact point		About This Report	5
2-4	Restatements of information		No restatement of information in this report.	
2-5	External assurance	7-3	Certification of External Assurance	Appendix
Activities and workers				
2-6	Activities, value chain and other business relationships	1-3	Operating Overview	12
2-7	Employees	5-1	Talent Structure	70
2-8	Workers who are not employees	5-1	Talent Structure	70
Governance				
2-9	Governance structure and composition	3-1	Governance Structure	35
2-10	Nomination and selection of the highest governance body	3-1	Governance Structure	35
2-11	Chair of the highest governance body	3-1	Governance Structure	35
2-12	Role of the highest governance body in overseeing the management of impacts	2-1	Sustainability Policy and Operation	16
2-13	Delegation of responsibility for managing impacts	2-4	Management Policy for Material Topics	26
2-14	Role of the highest governance body in sustainability reporting	2-1	Sustainability Policy and Operation	16
2-15	Conflicts of interest	3-1	Governance Structure	35
2-16	Communication of critical concerns	3-1	Governance Structure	35
2-17	Collective knowledge of the highest governance body	3-1	Governance Structure	35
2-19	Remuneration Policy	3-1	Governance Structure	35
2-20	Process to determine remuneration	3-1	Governance Structure	35
2-21	Annual total compensation ratio	5-2	Compensation and Benefits	73
Strategy, policies and practices				

Index	Disclosure Item	Related Chapter of the Report	Page	Notes	
2-22	Statement on sustainable development strategy		Message from the Management	4	
		2-1	Sustainability Policy and Operation	16	
2-23	Policy commitments	2-1	Sustainability Policy and Operation	16	
2-24	Embedding policy commitment	2-4	Management Policy for Material Topics	26	
2-25	Processes to remediate negative impacts	3-2	Business Integrity and Regulatory Compliances	44	
2-26	Mechanisms for seeking advice and raising concerns	3-2	Business Integrity and Regulatory Compliances	44	
2-27	Compliance with laws and regulations	3-2	Business Integrity and Regulatory Compliances	44	
2-28	Membership associations	1-1	Company Overview	7	
Stakeholder engagement					
2-29	Approach to stakeholder engagement	2-2	Stakeholder Identification and Communication	18	
2-30	Collective bargaining agreements				No unions were formed and no collective bargaining agreements were signed.

GRI 3 : Material Topics 2021

Index	Disclosure Item	Related Chapter of the Report	Page	Notes	
3-1	Process to determine material topics	2-3	Identification of Sustainability Materiality	22	
3-2	List of material topics	2-3	Identification of Sustainability Materiality	22	
Material Topic 1: Financial Performance					
3-3	Management of material topics	2-4	Management Policy for Material Topics	26	
GRI 201: Economic Performance 2016					
201-1	Direct economic value generated and distributed	1-3	Operating Overview	12	
201-3	Defined benefit plan obligations and other retirement plans	5-2	Compensation and Benefits	73	

Index	Disclosure Item	Related Chapter of the Report		Page	Notes
201-4	Financial assistance received from government	1-3	Operating Overview	12	
Material Topic 2: Product Liability					
3-3	Management of material topics	2-4	Management Policy for Material Topics	26	
GRI 416: Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	3-5	Product Liability	51	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3-5	Product Liability	51	
GRI 417: Marketing and Labeling 2016					
417-2	Incidents of non-compliance concerning product and service information and labeling	3-5	Product Liability	51	There were no such incidents in 2023.
417-3	Incidents of non-compliance concerning marketing communications	3-5	Product Liability	51	There were no such incidents in 2023.
Material Topic 3: Integrity Management and Regulatory Compliance					
3-3	Management of material topics	2-4	Management Policy for Material Topics	26	
GRI 205: Anti-corruption 2016					
205-2	Communication and training about anti-corruption policies and procedures	3-2	Business Integrity and Regulatory Compliances	44	
Material Topic 4: Talent Attraction and Retention					
3-3	Management of material topics	2-4	Management Policy for Material Topics	26	
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	5-1	Talent Structure	70	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-2	Compensation and Benefits	73	
401-3	Parental Leave	5-2	Compensation and Benefits	73	
GRI 405: Diversity and Equal Opportunity 2016					
405-2	Ratio of basic salary and remuneration of women to men	5-2	Compensation and Benefits	73	
Material Topic 5: Information Security					

Index	Disclosure Item	Related Chapter of the Report	Page	Notes
3-3	Management of material topics	2-4	Management Policy for Material Topics	26
	Information Security Education Training (Custom Theme)	3-4	Information Security	50
-	Significant Information Security Event (Custom Theme)	3-4	Information Security	50
Material Topic 6: Corporate Governance				
3-3	Management of material topics	2-4	Management Policy for Material Topics	26
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	3-1	Governance Structure	35
Material Topic 7: Energy and Greenhouse Gas Management				
3-3	Management of material topics	2-4	Management Policy for Material Topics	26
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	4-2	Energy and Greenhouse Gas Management	63
302-3	Energy intensity	4-2	Energy and Greenhouse Gas Management	63
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	4-2	Energy and Greenhouse Gas Management	63
305-2	Energy indirect (Scope 2) GHG emissions	4-2	Energy and Greenhouse Gas Management	63
305-3	Other indirect (Scope 3) GHG emissions	4-2	Energy and Greenhouse Gas Management	63
305-4	GHG emissions intensity	4-2	Energy and Greenhouse Gas Management	63

GRI Topic and Index of Voluntarily Disclosure

Index	Disclosure Item	Related Chapter of the Report	Page	Notes
GRI 202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5-2	Compensation and Benefits	73
202-2	Proportion of senior management hired from the local community	5-1	Talent Structure	70
GRI 204: Procurement Practices 2016				

Index	Disclosure Item		Related Chapter of the Report	Page	Notes
204-1	Proportion of spending on local suppliers	3-7	Supply Chain Management	55	
GRI 207: Tax 2019					
207-1	Approach to tax	3-2	Business Integrity and Regulatory Compliances	44	
GRI 303: Water and Effluents 2018					
303-3	Water withdrawal	4-5	Water Resource Management	68	
GRI 306: Waste 2020					
306-3	Waste generated	4-4	Waste Management	67	
GRI 402: Labor/Management Relations 2016					
402-1	Minimum notice period regarding operational changes	5-4	Human Rights and Communication	80	
GRI 403: Occupational Health and Safety 2018					
403-1	Occupational health and safety management system	5-5	Health and Safety	82	
403-5	Worker training on occupational health and safety	5-5	Health and Safety	82	
GRI 404: Training and Education 2016					
404-1	Average hours of training per year per employee	5-3	Training and Performance	78	
404-3	Percentage of employees receiving regular performance and career development reviews	5-3	Training and Performance	78	
GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	5-1	Talent Structure	70	

7-2 SASB Index

Health Care Delivery and Medical Equipment & Supplies standards

Industry Category: Health Care

Industry Category: Medical Equipment & Supplies

Topic	Accounting Metric	Index No.	Related chapter/notes	Page
Affordability & Pricing	Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index	HC-MS-240a.1	N/A	
	Description of how price information for each product is disclosed to customers or to their agents	HC-MS-240a.2	1-2 Product Introduction	8
Product Safety	Number of recalls issued, total units recalled	HC-MS-250a.1	3-2 Business Integrity and Regulatory Compliances	44
	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	HC-MS-250a.2	There were no such incidents in 2023.	
	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	HC-MS-250a.3	There were no such incidents in 2023.	
	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	HC-MS-250a.4	There were no such incidents in 2023.	
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	HC-MS-270a.1	There were no such incidents in 2023.	
	Description of code of ethics governing promotion of off-label use of products	HC-MS-270a.2	There were no such incidents in 2023.	
Product Design & Lifecycle Management	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	HC-MS-410a.1	CH4 Environmental Sustainability	59
	Total amount of products accepted for take-back and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies	HC-MS-410a.2	N/A	
Supply Chain Management	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	HC-MS-430a.1	3-7 Supply Chain Management	55
	Description of efforts to maintain traceability within the distribution chain	HC-MS-430a.2	3-5 Product Liability	51
	Description of the management of risks associated with the use of critical materials	HC-MS-430a.3	3-7 Supply Chain Management	55
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	HC-MS-510a.1	There were no such incidents in 2023.	
	Description of code of ethics governing interactions with health care professionals	HC-MS-510a.2	N/A	

ACTIVITY METRIC

Topic	Index	Index No.	Related chapter/notes	Page
	Number of units sold by product category	HC-MS-000.A	1-2 Product Introduction	8



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PACIFIC HOSPITAL SUPPLY CO., LTD.' SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by PACIFIC HOSPITAL SUPPLY CO., LTD. (hereinafter referred to as PAHSCO) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards and AA1000 Accountability Principles (2018) during on-site assurance (2024/05/29~2024/6/25) in PAHSCO headquarter. The boundary of this report includes PAHSCO Taiwan operational and production sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope of commissioned contract, such as climate-related financial disclosures (TCFD), sustainability accounting standards (SASB) and non-materiality topics and the related indicators.

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

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all PAHSCO' Stakeholders.

RESPONSIBILITIES

The information in the PAHSCO' Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body and management of PAHSCO. SGS has not been involved in the preparation of any of the material included in the Report.

Responsibility of SGS is to express an opinion on the report content within the scope of assurance with the intention to inform all PAHSCO' stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

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

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

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- | | |
|---|---|
| 1 | GRI Standards (Reference) |
| 2 | AA1000 Accountability Principles (2018) |

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in PAHSCO's Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for PAHSCO.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, the assurance team are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

SGS believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

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

Materiality

PAHSCO has conducted determination of issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group. Integration of the assessment process across the organization, including through relevant processes, such as risk management and compliance with laws, regulations, expectations from the stakeholders and internal policies and procedures are expected to be further aligning in the future reporting.

Responsiveness

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

Impact

PAHSCO has included in this report the disclosures of the organization's impacts on stakeholders and on the organization itself. Measurement and evaluation of its impacts related to material topics were in place at target setting with combination of qualitative and quantitative measurements. The governance of senior management drive of impact management including understanding, identification, measure, evaluate and manage the organization's impacts are to be much robust in the future disclosure along with key cross-functional involvement.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, PAHSCO' Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to PAHSCO's contributions to sustainability development. For future reporting, PAHSCO is encouraged to conduct due diligence in GRI Standards, to fairly present the capability of identifying the impacts on the economy, environment, and people, and disclosed the measurement and monitoring process of impact identified with responsive indicators based on application of due diligence.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
9 August, 2024
WWW.SGS.COM



AA1000
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