



PAIHO SHIH HOLDINGS CORPORATION

2024

SUSTAINABILITY REPORT 2024



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About the Report

Paiho Shih Holdings Corporation (hereinafter referred to as Paiho Shih, we, us or our) is committed to sustainable operations and fulfilling social responsibilities. This report showcases our commitment to robust corporate governance, balancing the interests of both internal and external stakeholders, and promoting global environmental stewardship. We adhere strictly to laws and regulations while upholding high ethical standards. Dedicated to social responsibility, we actively contribute to the community, striving to maximize well-being for our shareholders, employees, and society at large.

This report highlights our efforts in sustainable operations, social contribution, and environmental protection. We are committed to integrating sustainable development into our core business strategy, with corresponding enhancements to corporate values, culture, and future vision.

Report Scope

This report covers the period from January 1 to December 31, 2024. Unless otherwise indicated, all information pertains to Paiho Shih Holdings Corporation; financial performance data, however, is presented within the scope of the company's consolidated financial statements. Environmental, social, and governance (ESG) disclosures primarily include Thomas Dynamic Material (Jiangsu) Co., Ltd. (Jiangsu Paihong), Dongguan Paihong Industry Co., Ltd. (Dongguan Paihong), and Vietnam Paihong Co., Ltd. (Vietnam Paihong).

Preparation Principles

The data presented in this report are derived from internal archives, records, statistical information and research. This report has been prepared in accordance with the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) standards.

Guided by an open and transparent approach, we remain committed to sustainable development and continuously strive to enhance performance on ESG issues both internally and across our value chain.

Corporate Financial Performance:

The financial data disclosed in this report have been audited by Deloitte & Touche.

Corporate Sustainability Goals:

While continuing our long-term focus on industrial innovation, climate strategy, and global supplier collaboration, this report also highlights our growing efforts to promote social inclusion, institutional equity, clean energy, and reduced inequalities—all contributing to our overarching goal of achieving net-zero carbon emissions by 2050.

Access to the Report

This report is published in Simplified Chinese, Traditional Chinese, and English, and is available for download on the Paiho Shih official website at <http://www.kypaiho.com/cn/>. Should any discrepancies arise among the different language versions, the Traditional Chinese version shall prevail.

Date of Issue

The Paiho Shih Sustainability Report was first issued in 2022 and is published annually. The current electronic version is available on the official website of Paiho Shih.

Current version: August 2025

Next scheduled issue: August 2026

Third-party Verification

The company has engaged SGS to conduct verification of this report in accordance with the GRI Standards and the AA1000AS v3 Type 2 moderate assurance level. The independent assurance statement is included in the appendix.

Revision

Please note that there has been a revision in occupational health and safety performance data. The 2023 Lost Workday Rate (LWR) was previously misreported and has been corrected from 25.3 to 25.03.

Message from the Management

Looking back at 2024, Paiho Shih has stayed true to its founding aspirations while continuing to explore pathways toward a sustainable future. In this era of both opportunities and risks, we have recognized that only by integrating corporate growth with environmental stewardship and social development, and embracing sustainability in every strategy and everyday operations, can we progress steadily and create lasting value. We have always upheld the spirit of craftsmanship while continuously reinventing it within a modern context, integrating the United Nations Sustainable Development Goals (SDGs) into our corporate DNA. This reflects not only our pursuit of excellence in products and technology, but also our steadfast commitment to environmental sustainability and responsible business practices—all aimed at achieving harmonious and shared prosperity among the enterprise, society, and the environment.

Green Transformation: Foundation for a Sustainable Future

To achieve the 2050 net-zero emissions target, we remain steadfast in both determination and actions toward reducing carbon emissions. We are following a decarbonization pathway aligned with the Paris Agreement's temperature control goals, using a digital management dashboard to monitor in real time the energy consumption of productions and operations. We also keep improving inventories across multiple sites, advancing our decarbonization management into a new phase with high technological standard and fine operations. Committed to exploring circular economy systems, we optimize our energy use structure by increasing the use of solar and biomass energy. We reject direct landfill disposal of waste, boosting the recycling and reuse rate, and slashing the environmental impact of our production activities. Starting from the raw materials, we drive green transformation by steadily increasing the proportion of recycled & eco-friendly yarn, in order to accelerate the shift toward a more sustainable raw material mix. Looking ahead, we will continue to lead by example, intensify environmental initiatives, and promote low-carbon transformation across the value chain via green innovation.

Social Responsibility: Prosperity through Shared Value

We consider our employees to be our most valuable asset and are dedicated to fostering a diverse, equitable, and inclusive (DEI) work environment. In alignment with international human rights principles, we actively promote gender equality and empower women to pursue growth and development in STEM fields. We also focus on cultivating talent with a global vision and a sustainable management mindset. Our commitment extends to supporting employees' mental and physical well-being through the continuous enhancement of our caring corporate culture. We organize a diverse array of cultural, recreational, sports, and wellness activities to encourage a healthy and engaged workforce. Furthermore, we regularly strengthen and update our environmental and social responsibility policies, including the publication of human rights policies, supplier codes of conduct, and commitments to biodiversity and zero deforestation. These efforts ensure that our ESG governance framework remains aligned with international standards. As a result, we achieved a notable improvement in the 2024 S&P Global Corporate Sustainability Assessment, marking significant progress in the comprehensive advancement of our corporate sustainability strategy.

Integrity & Action: The Steadfast Path to Sustainability

On the way toward sustainability, we move forward with unwavering resolve. We remain deeply mindful of the trust and expectations placed in us by our investors and valued partners, and are fully dedicated to driving transformative technologies and products, shaping core values that reflect the spirit of our time, and pioneering a more inclusive blueprint for sustainable development.

Cheng Kuo-lan
Chairman of Paiho Shih



About Paiho Shih Holdings Corporation

Paiho Shih is classified under the "Others" industry category. Our principal business activities include the manufacturing and sales of touch fasteners, webbing (shoelaces), elastic tapes, and jacquard engineered mesh. These products are widely used in apparel and footwear, sporting goods, medical supplies, 3C electronics, and other consumer product sectors. As a supplier of auxiliary materials to numerous leading brands in the sportswear and footwear industries, we continue to grow in response to market demand, expanding into key material supply chains for ready-made clothes, footwear, and bags. We integrate emerging technological innovations, material applications, process R&D, and automated production with traditional textile industry, offering customers diverse products and tailored design and development services. Now, we operate three major production bases located in Wuxi, Dongguan and Vietnam, supported by sales offices in Shanghai, Xiamen, Hong Kong, Taiwan, and Indonesia. This globalized and digitally-enhanced structure strengthens our core market competitiveness.



Paiho Shih Office in Taiwan



Thomas Dynamic Material (Jiangsu) Co., Ltd.



Dongguan Paihong Industry Co., Ltd.



Vietnam Paihong Limited Company.

Established in
2006

Total Number of Global Employees
3,692

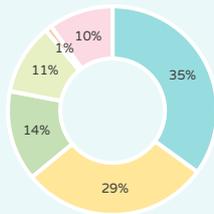
Total Net Sales (NTD)
7.0001billion

Principle Business

Manufacturing and sales of touch fasteners, webbing (shoelaces), elastic tapes, and jacquard engineered mesh, etc.

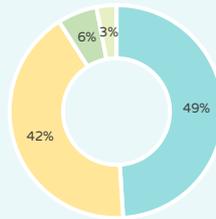
Proportion of Principle Business Revenue

- Jacquard Engineered Mesh
- Touch Fasteners
- Real Estates
- Webbing (Shoelaces)
- Elastic Tapes
- Others



Sales Market Proportion

- China
- America
- Others
- Asia
- Europe



Production Volume of Each Product

Touch Fastener

201,943
thousand inch-yards

Elastic Tape

124,712
thousand inch-yards

Webbing (Shoelaces)

160,712
thousand inch-yards

Jacquard Engineered Mesh

5,415
metric tons

Sustainability Performance

Economy



2,923,165
thousand NTD

Green Revenue
Proportion of company products and green electricity revenue increased to 41.8%

375,870
thousand NTD

R&D Investment for Innovation
accounted for approximately 5.4% of total revenue

207

Cumulative Number of Patents
Obtained 23 newly approved patents in 2024

Environment



4.3%

Reduction in Scope 1+2 carbon emission intensity (CO2e/million NTD) compared to the previous year

50.3%

Usage rate of eco-friendly recycled yarn to reduce environmental impact

0 Landfill

0 waste landfill
93% Recycling Rate

Carbon Neutrality

All operational sites achieved carbon neutrality in 2024

Society



1,852,359
thousand NTD

Employee Salaries, Benefits and Welfare Expenses

40,342
participants

Average hours per FTE of training and development in 2024 was 34.8 hours

1,963
thousand NTD

Total Community Investments
A total of 9 community investments activities
Volunteer Service Hours:
3,447 hours

Sustainability Journey

Jiangsu Paihong obtained ISO 9001 Quality Management System and ISO 14001 Environmental Management System certification in 2006, followed by Dongguan Paihong in 2013

2006 —

A Decade of Commitment: Laying the Foundation for New Possibilities



—Jiangsu Paihong and Dongguan Paihong (2019) were honored as National-Level "Green Factories" for their practices in Intensive Plant Layout, Nontoxic Raw Materials, Cleaner Production, Waste Recycling, and Low-Carbon Energy.
—Dongguan Paihong and Jiangsu Paihong obtained ISO 45001 Occupational Health and Safety Management System certification.

2018

Greening Our Growth: The Low-Carbon Transition



All plants and branches gradually completed and began using photovoltaic power generation systems (Solar Power), committed to progressively increasing the share of green electricity use.



2022

Building a Sustainable Future with Green Energy



—Jiangsu Paihong, Dongguan Paihong, and Vietnam Paihong continuously obtained Carbon Neutrality Certificates from China Quality Certification Centre (CQC).
—Jiangsu Paihong and Dongguan Paihong continuously received the "ESG Evaluation Certificate - ESG Management and Performance Level A" from CQC; Vietnam Paihong received the "ESG Evaluation Certificate - ESG Management and Performance Level A" from CQC.
—Dongguan Paihong renewed annual Product Carbon Footprint Certificates for touch fasteners, jacquard engineered mesh, and webbing products (including woven belts, shoelaces, and elastic tapes).

2024

Achieved Carbon Neutrality



2006
Established in the Cayman Islands, with factories in Wuxi and Dongguan, China



Renewable energy used:
Photovoltaic Power Generation + Wood Pellets

2016
Vietnam Paihong Established



Continued exploration of net-zero carbon emission pathways

2016

Milestone for Carbon Reduction



—Initiated Greenhouse Gas (GHG) Inventory Verification: Identified annual carbon emissions from manufacturing processes to overall business operations.
—Received the first "Product Carbon Footprint Certificate" in China's textile industry: Carbon emissions from raw materials to transportation were verified for products.
—Awarded the first "Water Footprint Certificate" by CQC: Water usage from raw materials to transportation was verified for products.
—Awarded the first "Carbon Neutrality Certificate" by CQC: Achieved through voluntary purchase of carbon credits to offset emissions.



2019

Doubling Down on Our Commitment



—Dongguan Paihong and Jiangsu Paihong obtained ISO 50001 Energy Management System certification.
—Vietnam Paihong obtained ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System certifications.



2023

Embedding Sustainability Deeper into Our Core



—All three operational sites gradually improved the construction of their "SR10 Social Responsibility System", covering labor health, human rights, female protection, anti-discrimination and anti-harassment, occupational health and safety (OHS), and other management aspects.
—Formally committed to joining the Science Based Targets initiative (SBTI), supporting the 2050 Net-Zero Carbon goal, and achieved carbon neutrality across all plant operations for the first time.
—Awarded China's first "Zero-Carbon Factory" certification, with both Jiangsu Paihong and Dongguan Paihong listed among them.
—Jiangsu Paihong and Dongguan Paihong received the "ESG Evaluation Certificate - ESG Management and Performance Level A" from CQC.
—Vietnam Paihong received the "Corporate Water Footprint Evaluation Certificate", "Product Water Footprint Evaluation Certificate", and "Product Carbon Footprint Certificate" from CQC.

Contributions to the SDGs

1 NO POVERTY

- Participated in **9** activities to care for and assist disadvantaged and impoverished groups.
- Approximately NTD **1,962,498** invested in community investments.

2 ZERO HUNGER

- Donating thoughtfully prepared care packages to support disadvantaged groups in nursing homes and orphanages.

3 GOOD HEALTH AND WELL-BEING

- Organized multiple health, fitness, and wellness activities, with a total of **1,443** participants.
- Took care of employees' physical health by providing regular annual health check-ups and occupational medical examination.

4 QUALITY EDUCATION

- Providing employees with **1,096** educational training sessions covering technical skills, regulations, professional knowledge, and management.
- Awarding scholarships to children of employees with outstanding academic performance to encourage them.
- Partnering with colleges and universities on industry-academia collaboration internship programs, offering professional practical learning opportunities in the industry.

5 GENDER EQUALITY

- Highlighting gender equality; committing to eliminating gender discrimination when it comes to benefits such as promotion and job assignment, in order to defend female employees' rights.
- The proportion of female managerial positions has reached **43.6%**, with gender equality awareness gradually being implemented in corporate governance.

6 CLEAN WATER AND SANITATION

- Emphasis on water recycling, with an annual recycled water volume of **630,769** tons, and a recycling rate of **35.1%**.
- Water use intensity has reached **170.4** tons per million NTD.

7 AFFORDABLE AND CLEAN ENERGY

- All three operational sites have been equipped with solar power generation systems, producing a total of **6,912,471** kWh of solar electricity, of which **6,535,883** kWh was self-consumed.
- Renewable energy consumption accounted for **42.1%** of total energy consumption, and the company will continue to increase the adoption of green energy in the future.
- Efforts are dedicated to developing eco-friendly products and incorporating a higher proportion of sustainable raw materials to reduce energy consumption.

8 DECENT WORK AND ECONOMIC GROWTH

- Provided approximately **4,000** job opportunities in Taiwan, China, and Vietnam, promoting the development of local industrial chains through business activities.
- Integrity in tax payment promotes local government economic growth.
- Exploring product innovation and technology through industry-academia cooperation.
- FY2024 customer satisfaction rate reached **90.6%**



Contributions to the SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Approximately NTD **380** million invested in R&D.
- Obtained **23** patents in FY2024, with a total **207** valid patents.
- Conducting industry-university collaboration projects to support the R&D of touch fastener and elastic tape.

13 CLIMATE ACTION

- Implemented ISO 14064 for comprehensive greenhouse gas inventory verification and achieved carbon neutrality across all plant operations in 2024.
- In 2024, the total Scope 1/2/3 (by category) absolute carbon emissions reached **93,773** metric tons; carbon intensity (Scope 1+2), in CO₂e/million NTD) was **13.5**, reflecting a year-on-year decrease of approximately **4.3%**
- Introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate-related risks and transition opportunities, while developing response strategies focused on mitigation, adaptation, and environmental decarbonization.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Established the Code of Ethical Conduct, Integrity Management Guidelines, and Operational Procedures & Behavioral Guidelines for Integrity Management to strengthen corporate integrity and sound operations, while providing clear guidance for employees at all levels to adhere to ethical practices and rigorously combat corruption, graft, and bribery.
- Implemented internal and external whistleblowing channels and investigation procedures, ensuring confidential handling and objective verification of reported cases.
- Executed anti-corruption and anti-bribery initiatives, requiring procurement staff and suppliers to sign an Anti-Corruption and Anti-Bribery Commitment as a condition for collaboration.

10 REDUCED INEQUALITIES

- An annual employee satisfaction survey was conducted to establish communication channels between labor and management and address employee needs.
- FEM (Facility Environment Module) and FSLM (Facility Social & Labor Module) audits were carried out in collaboration with clients, emphasizing social responsibility and environmental protection.
- We respect all employees' rights to freedom of association, and collective bargaining, assist in the election of employee representatives to form labor unions, and provide channels for communication and feedback.

14 LIFE BELOW WATER

- All water used during production undergoes proper treatment and meets regulatory requirements, with discharge carried out according to the approved daily discharge volume.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- In 2024, our green revenue, including the sale of green products and solar energy, has reached NTD **2,923,165 thousand**, accounting for approximately **41.8%** of total sales revenue
- Products obtained carbon and water footprint certification, GRS recycling certification, and OEKO-TEX environmentally friendly and non-toxic quality certification.
- Working on the R&D of environmentally friendly products from three aspects: green material improvement, process optimization, and recycling.

15 LIFE ON LAND

- Significantly reduced emissions of NOx, SOx, PM, and VOCs through various air pollution control measures, minimizing the impact of waste emissions on the atmosphere.
- In 2024, the total amount of waste recycled reached **5,202.5** metric tons, with a recycling and reuse rate of **93%**

17 PARTNERSHIPS FOR THE GOALS

- With a globalized and digitalized layout, we have established subsidiaries in Wuxi and Dongguan, China, and in Vietnam, each equipped with R&D, production, sales, and customer service capabilities. Additionally, trading subsidiaries or branch offices have been set up in Shanghai, Hong Kong, Xiamen, and Taiwan (China), along with a representative office and a subsidiary in Indonesia. This overseas and domestic presence enhances market momentum and enables flexible production allocation, strengthening the company's competitive edge. It ensures steady development in a complex and changing business environment while also improving responsiveness in serving customers locally.



Feedback

For any suggestions or information inquiries regarding this report, please do not hesitate to contact us.

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Operational Governance

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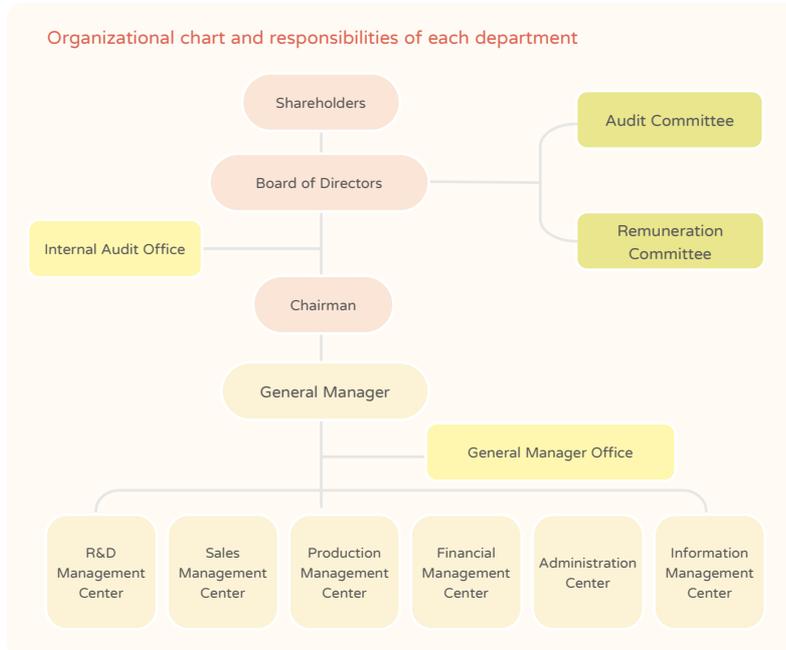
Cyber Security 18



Corporate Governance

We place high importance on protecting shareholders' rights and are dedicated to maintaining transparent operations. To enhance operational efficiency and strengthen internal control, we have established a comprehensive set of internal regulations. These include the "Shareholders' Rules of Procedure", "Articles of Incorporation", "Rules of Procedure of the Board of Directors", "Charter of the Audit Committee", "Procedures for Acquisition or Disposal of Assets", "Regulations for Endorsement and Guarantee Operations", "Code of Corporate Governance Practices", "Procedures for Handling Material Internal Information", "Regulations for the Election of Directors", "Charter of the Compensation Committee", "Regulations for the Lending of Funds", "Regulations for the Trading of Derivatives", "Code of Ethical Conduct", and "Procedures for Reporting Illegal, Immoral, and Dishonest Acts". These frameworks are designed to ensure that all business activities are conducted in accordance with applicable laws and regulatory requirements. For further information on corporate governance practices, please refer to our annual report and official website.

※ Corporate Governance Structure



Board of Directors	Uphold accountability to shareholders by implementing resolutions passed at shareholders' meetings and, within authorized scope, making decisions on the company's business plans and investment proposals.
Audit Committee	On behalf of the Board of Directors, oversee the preparation of financial reports and the effective execution of internal controls to ensure the reliability of financial reporting and compliance across all company activities.
Remuneration Committee	Develop, periodically evaluate, and review policies, systems, standards, and frameworks related to the performance and remuneration of directors and management personnel.
Internal Audit Office	Conduct regular and ad hoc audits in accordance with the company's internal control system, and submit audit reports with corresponding improvement plans.
General Manager Office	Coordinate and set the company's medium- to long-term business strategies, continuously monitor operational performance, make timely adjustments in response to market changes, and execute projects as assigned by the General Manager.
R&D Management Center	Advance process innovation and develop new products, covering the Group's technical R&D center, design center, laboratory and other R&D units
Sales Management Center	Manage sales, customer development, and service operations across the Group's branches.
Production Management Center	Oversee production and procurement management throughout the Group's branches.
Financial Management Center	Handle budget planning, finance, and accounting matters for the Group's branches.
Information Management Center	Lead the planning and development of information systems across the Group's branches, and maintain related hardware and software.
Administrative Center	Support administrative management within the Group's branches and assist in integrating operations among various management centers.

Corporate Governance

✧ Board of Directors

The Board of Directors serves as the highest governing body of Paiho Shih, exercising its authority in compliance with the "Company Act," relevant laws and regulations, the Company's Articles of Incorporation, and resolutions adopted by the Shareholders' Meeting. The Board is responsible for reviewing corporate business policies and overseeing the implementation of long-term operational strategies. Regular Board meetings are convened, during which management reports on business performance and the Board deliberates and makes decisions on material issues.

Diversity

In accordance with the Company's "Regulations for the Election of Directors" and the "Code of Corporate Governance Practices," the composition of the Board of Directors should take diversity into consideration. Based on its operations, business model, and development needs, the Company has formulated appropriate diversity policies. The Company has also established a board performance evaluation system, conducting an internal performance evaluation of the board once a year and an external evaluation by an independent professional institution or external experts at least once every three years. The results of the board performance evaluations serve as a reference for the selection or nomination of directors. The Company's Board of Directors is composed of 10 directors (including 4 independent directors). Directors who are also employees account for 10%, independent directors account for 40%, female directors account for 10%, and more than half of the directors do not concurrently serve as employees or managers, in order to strengthen corporate governance. Currently, there is only one female board seat, which is less than one-third, due to the characteristics of the industry, making it difficult to find a suitable choice in a short time. To implement gender diversity and enhance corporate governance effectiveness, the company plans to increase the number of female board seats during the board re-election in 2025, aiming for at least two seats. For the background information of board members, please refer to the company's annual report.

Independence

The election of directors is conducted in accordance with the Company's Articles of Incorporation, the "Regulations for the Election of Directors," the "Regulations Governing the Establishment of Independent Directors of Public Companies and Matters to be Observed," and Article 14-2 of the Securities and Exchange Act. In compliance with applicable laws and regulations, the Company reviews the qualifications of director candidates and verifies that none fall under the circumstances set forth in Article 30 of the Company Act, thereby safeguarding shareholders' rights. The Board of Directors currently comprises four independent directors, representing 40% of the Board, and six non-independent directors, accounting for the remaining 60%. Among the directors, Mr. Cheng Kuo-lan holds a position at a subsidiary and is also one of the top five shareholders of the Company. None of the other directors are employees of the Company, and no familial relationships exist among any members of the Board.

Core Items of Board Diversity

Item	Kuo-lan Cheng	Representative of Paiho Int'l Limited. : Shih -Chao Huang	Lien-Fa Tsai	Cheng-Chu Lin	Yong-Jen Tsao	Shih-Chang Ko	Yung-Fu Wu	Wen-Chang Chen	Yuh-Ching Tsai	Kai-Li Wang
Position	Chairman	Director	Director	Director	Director	Director	Independent Director	Independent Director	Independent Director	Independent Director
Employee	●	—	—	—	—	—	—	—	—	—
Business Management	●	●	●	●	●	●	●	●	●	●
Leadership & Decision-Making	●	●	●	●	●	●	●	●	●	●
Operational judgement	●	●	●	●	●	●	●	●	●	●
Crisis Management Capabilities	●	●	●	●	●	●	●	●	●	●
International Market Vision	●	●	●	—	●	●	●	●	●	●
Industry Knowledge	●	●	●	●	●	●	●	●	●	●
Accounting & Finance	—	—	●	●	●	●	●	—	●	●
Legal Affairs	—	—	●	●	●	●	—	—	●	●
Securities	—	—	●	—	—	—	●	—	—	●

Corporate Governance

Annual Board Training Record

Position	Name	Training Date	Organizer	Course	Training Hours
Chairman	Kuo-lan Cheng	2024/09/06	Commerce Development Research Institute	Corporate Governance Series Forum	3
Chairman	Kuo-lan Cheng	2024/08/08	Taiwan Corporate Governance Association	How corporates can implement energy conservation and carbon reduction to improve corporate profits	3
Director	Paiho Int'l Limited. (Representative: Shih-Chao Huang), Cheng-Chu Lin, Shih-Chang Ko, Lien-Fa Tsai				
Independent Director	Wen-Chang Chen				
Director	Lien-Fa Tsai	2024/11/07	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3
Independent Director	Kai-Li Wang	2024/08/08	Taiwan Corporate Governance Association	Sustainability and International Trends	3
Independent Director	Yung-Fu Wu	2024/05/31	Securities and Futures Institute (SFI)	Workshop for Sustainable Disclosure	12
		2024/11/06	Taiwan Corporate Governance Association	The New Trend of Labor-Management Relations from ESG: How Taiwanese Enterprises Respond	

Compensation for Directors and Senior Executives

Policies, standards, and composition for paying remuneration to the company's directors, general manager, and deputy general managers; procedures for setting remuneration; and the correlation between remuneration, business performance, and future risks:

(1) The company's independent directors also serve as members of the Audit Committee and the Remuneration Committee. According to the company's Articles of Incorporation: the remuneration of directors, regardless of annual business profit or loss, is determined by the Remuneration Committee based on their degree of participation in company operations and the value of their contributions, with reference to the normal industry standards, Suggestions on the reasonableness of the relationship between the company's operating performance and future risks shall be implemented after being approved by the board of directors. In addition, according to the company's Articles of Incorporation:

Director remuneration shall be appropriated from the annual pre-tax net profit before deducting remuneration for directors and employees, in an amount not exceeding three percent (3%), paid in cash to directors. The company has also established the "Regulations for Payment of Directors' Remuneration" and the "Performance Evaluation Measures for the Board of Directors and Functional Committees", and each year an appropriate amount of directors' remuneration is allocated based on operational performance, and performance evaluations are conducted for individual directors, the board of directors, and each functional committee.

The allocation of remuneration for individual directors is based on their level of participation in the company's operations management and in providing endorsements and guarantees, as well as their performance. The attendance, participation, and continuing education requirements for independent directors are all implemented in accordance with the rules governing the scope of responsibilities of independent directors.

(2) The distribution of employee compensation to managerial officers of the company is based on the company's Articles of Incorporation, which stipulate that employee compensation shall be allocated from the annual pre-tax net profit before deducting the directors' and employees' compensation, with no less than 0.1% to be distributed in stock or cash to eligible employees of the company and its subsidiaries.

The president and vice presidents bear both the responsibility for corporate execution management and operations, and their remuneration includes salary, bonuses, and other forms of compensation, among which the monthly salary is determined with reference to industry standards and in accordance with the Company's "Managerial Personnel Salary Guidelines," based on factors such as job title, job level, professional competence, and job responsibilities. The year-end bonus is determined through a comprehensive evaluation of various indicators, including revenue targets, profit targets, business performance assessments, key task assessments (nature of work and work performance), and other weighted factors. It also considers certain aspects that are not directly linked to the business performance of the current year.

However, factors that contribute to the company as a whole (such as new product development, new business layout, integration of group affairs, etc.) will be considered, and the remuneration system for managers will be reviewed in a timely manner based on actual operations and relevant laws and regulations.

The remuneration system for managers will be periodically reviewed in line with relevant laws and regulations.

(3) In the future, the Company will, based on operational management needs, gradually incorporate the achievement status of various sustainability-related goals (corporate governance, environmental and social responsibility, etc.) into the performance evaluation system for directors and senior managers, in order to implement sustainability policies and link them with the remuneration system.

Corporate Governance

※ Sustainability Governance Structure

Our Board of Directors serves as the highest governance body overseeing corporate decision-making and supervision. The General Manager's Office, in coordination with relevant functional departments across subsidiaries, is responsible for driving the company's sustainable development initiatives. This structure is designed to enhance the management of Environmental, Social, and Governance (ESG) matters, improve the ESG management framework, strengthen ESG performance, and uphold the core principles of corporate governance, environmental sustainability, social welfare, and transparent disclosure.

The unit in charge of sustainable development consolidates and validates material ESG topics. On August 22, 2024, a dedicated report on sustainable development implementation was presented to the Board of Directors. This report covered sustainability issues related to corporate operations and stakeholder interests, along with corresponding management strategies and other non-financial information.

Additionally, all departments across Paiho Shih's three operational sites perform designated roles to advance and implement various ESG-related initiatives.



Corporate Governance

Detailed Information about Board of Directors' Operations

According to the "Regulations for Performance Evaluation of the Board of Directors and Functional Committees" approved by the Company's Board of Directors, an annual internal performance evaluation is conducted for both the Board and its Functional Committees. In accordance with these provisions, the Company completed the evaluation and presented the results of the 2024 internal performance assessment for the Board of Directors and Functional Committees to the Board on 11 March 2025.

Evaluation Frequency	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluation Result
Once a year	Performance Evaluation of Board of Directors	Self-Evaluation of Board Members on Board Performance	<ul style="list-style-type: none"> Degree of participation in the Company's operations Quality of Board decision-making Composition and Structure of the Board of Directors Election and Continuous Training of Directors Internal Supervision 	Board of directors exercises its powers in accordance with the laws and regulations, with an excellent rating.
Once a year	Performance Evaluation of Individual Board Members	Self-Evaluation of Board Members	<ul style="list-style-type: none"> Understanding of the company's goals and mission Awareness of directors' responsibilities Degree of participation in the Company's operations Management and communication of internal relationships Directors' professionalism and continuing training Internal Supervision 	All members of the company's board of directors exercise their powers in accordance with the laws and regulations, with an excellent rating.
Once a year	Performance Evaluation of the Audit Committee	Self-Evaluation of Committee Members	<ul style="list-style-type: none"> Degree of participation in the Company's operations Awareness of the Functional Committee's Responsibilities Quality of Decisions by the Functional Committee Composition and Member Selection of the Functional Committee Internal Supervision 	All members of the company's Audit Committee exercise their powers in accordance with the laws and regulations, with an excellent rating.
Once a year	Performance Evaluation of the Remuneration Committee	Self-Evaluation of Committee Members	<ul style="list-style-type: none"> Degree of participation in the Company's operations Awareness of the Functional Committee's Responsibilities Quality of Decisions by the Functional Committee Composition and Member Selection of Functional Committees 	All members of the Company's Remuneration Committee perform their duties in accordance with the laws and regulations, with an excellent rating.

✂ Audit Committee

The Company's Audit Committee is composed entirely of independent directors, and its duties include:

- The establishment and amendment of the internal control system, the evaluation of its effectiveness, and the formulation of procedures governing significant financial and business activities, including but not limited to the acquisition and disposal of assets, derivative transactions, lending of funds, endorsements, and the provision of guarantees, are integral components of the Company's governance framework.
- Matters involving directors' own interests.
- Major asset or derivative transactions, substantial loans, endorsements, or provision of guarantees.
- Raising, issuing, or privately placing equity-type securities.
- Appointment, dismissal, or remuneration of the CPA accountant, and the appointment or dismissal of financial, accounting, or internal audit supervisors.
- Annual and second-quarter financial reports audited and certified by the accountants.
- Other material issues stipulated by the company or functional authorities.

Audit focuses:

- Assessment of the effectiveness of the internal control system
The Audit Committee conducts regular assessments of the effectiveness of the Company's internal control policies and procedures and has reviewed periodic reports submitted by the internal audit department, external certifying accountants, and management. The Committee concludes that the Company's risk management and internal control systems are operating effectively and that appropriate mechanisms have been established to monitor and remediate non-compliances.
- Review financial reports
The Board of Directors submitted the 2024 annual business report, financial report, and proposal for loss compensation. After review by the Audit Committee, no discrepancies were found.
- Appointment of Certified Public Accountants (CPA)
To ensure the independence of the external auditors, the Audit Committee conducted a comprehensive assessment of the certified public accountants' independence, professional competence, and suitability, including any relationships as related parties or business and financial interests with the Company. Following its review, the Committee approved the appointment of CPA Su Dingjian and CPA Wu ShaoJun from Deloitte & Touche.
The auditors were confirmed to be fully compliant with all relevant independence standards and are deemed fully qualified to serve as the Company's certified accountants.

Corporate Governance

※ Remuneration Committee

The Remuneration Committee is appointed upon the resolution of the Board of Directors and is comprised entirely of independent directors. Operating in a professional and objective manner, the Committee reviews and assesses the Company's remuneration policies and frameworks for directors and management, and submits recommendations to the Board of Directors to inform its decision-making. Its primary responsibilities include:

- Establish and regularly review the policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers.
- Regularly evaluate and determine the remuneration of directors and managers.

The Company's Remuneration Committee comprises four members.

※ Ethical Management

Paiho Shih engages with customers and suppliers in a fair and transparent manner. The Board of Directors and management actively promote a culture of integrity and proactively avoid conflicts of interest. To prevent unethical conduct and demonstrate the Board's and management's commitment to ethical business practices, the Company has established a comprehensive governance framework, including the "Code of Ethical Conduct," the "Ethical Corporate Management Best-Practice principles," and the "Procedures for Ethical Management and Guidelines for Conduct," all of which have been approved by the Board of Directors. These documents are publicly available on the Company's website.

The Company and its branches have implemented internal regulations that prohibit employees from offering, promising, soliciting, or accepting any form of improper benefits, or engaging in any dishonest, illegal, or disloyal acts to obtain or retain business advantages. Violations are subject to disciplinary action commensurate with the severity of the misconduct.

Furthermore, the Company and its branches have adopted Employee Work Rules and "Procedures for Handling Internal Material Information," which explicitly prohibit illegal activities, fraud, embezzlement, theft, damage to company property, bribery, misuse of company funds, disclosure of confidential information, and negligent handover procedures. Employees with access to confidential information are required to sign non-disclosure agreements. A whistleblowing channel has been established, along with relevant reporting and incentive policies. The Company also conducts regular reviews of its internal regulations and updates them as necessary.

Implementation of Ethical Business Practices

The Company conducts its business activities with fairness and transparency, incorporating relevant integrity clauses into contracts and refraining from transactions with suppliers or customers involved in unethical practices. The General Manager's Office, in coordination with relevant functional departments across subsidiaries, serves as the management unit responsible for sound integrity operations, overseeing corporate governance matters including integrity management, anti-corruption, and anti-bribery initiatives. To prevent conflicts of interest, the Company has implemented the "Procedures for Ethical Management and Guidelines for Conduct" to ensure compliance, and has established appropriate communication channels such as written and electronic reporting mechanisms. The Company has formulated an internal control system, an internal audit system, and a range of management measures, which are periodically reviewed and updated in response to operational needs and changes in laws and regulations to ensure continued relevance and effectiveness. In addition to the internal audit unit executing its duties in accordance with the annual audit plan and regularly reporting to the Board of Directors, the Company engages external accountants to conduct periodic reviews of its financial statements. The Company and its branches uphold the integrity management philosophy of "Teamwork, Collaboration, Professionalism, Responsibility," which is clearly outlined in the employee handbook. The concept of integrity is actively promoted through morning meetings, monthly meetings, and management conferences. New employees receive training on responsibilities for ethical management during onboarding to further embed a culture of integrity throughout the organization.

Company Whistleblowing System and Protection Measures

The Company's Board of Directors has approved the "Procedures for Reporting Illegal, Immoral, and Dishonest Acts," which establish both internal and external whistleblowing channels and specify corresponding investigation procedures. Depending on the nature of each case, reports will be handled by designated personnel such as independent directors, management, or internal audit supervisors. All reports are treated with strict confidentiality and investigated in an objective manner. The Company undertakes to safeguard the identity and safety of whistleblowers and will take all necessary measures to prevent any form of retaliation.

The whistleblowing channels are as follows:

External whistleblowing email : csr@paiho.cn	Internal whistleblowing suggestion box	Written whistleblowing: Mail the document to the company
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The whistleblower should provide at least the following information:

(1) The whistleblower's name and ID number; anonymous reporting is also acceptable, but a phone number, address, or email address where the whistleblower can be reached should be provided; if the report involves a specific individual, the whistleblower should disclose their name to facilitate verification. (2) The name of the reported person or other information should be provided to identify the reported person's identity. (3) Specific facts and evidence available for investigation.

The company handles reports according to the following procedures:

(1) If the report involves a general employee, it should be submitted to the department supervisor; if the report involves a director or senior executive and may cause damage to the company, and legal action has already been taken, it should be submitted to the independent directors. (2) The unit of the company handling the matter and the supervisor or personnel who received the report as mentioned in the preceding paragraph shall immediately investigate the relevant facts, and, when necessary, assistance shall be provided by the compliance or other relevant departments, and the accused shall be given the opportunity to present their statement. (3) If it is confirmed that the accused has indeed committed a violation of relevant laws and regulations or the company's integrity management policy, the accused shall be immediately required to cease the related conduct and be subject to appropriate action, and, when necessary, legal procedures shall be initiated to claim damages in order to safeguard the reputation and interests of the company.

In 2024, no reports were received that significantly affected the Company's ethical management.

Enhance Information Disclosure

The Company makes corporate governance information publicly accessible through its official website (<http://www.kypaiho.com>). All material financial and operational information required by laws and regulations is compiled by designated personnel and promptly disclosed via the Market Observation Post System. Additionally, ethical management-related information is published in the Company's annual report and prospectus.

※ Risk Management

Paiho Shih upholds the obligation of legal compliance, with each plant continuously complying with local policies and regulations to ensure adherence to the law, and uses announcements and training to help employees understand and follow.

Supervisory Mechanism

According to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", and in consideration of the overall operational activities of the Company and its subsidiaries, the Company designs and implements an effective internal control system. This system is subject to ongoing review in response to changes in the internal and external environment to ensure the sustained effectiveness of its design and operation. The Company has appointed a Chief Governance Officer, who serves as the senior executive responsible for corporate governance affairs. The Officer must have held a corporate governance-related managerial position in a public company for at least three years.

Internal Audit Process

The Company's internal audit function operates as an independent unit directly under the Board of Directors, currently staffed with nine full-time audit professionals. In addition to regularly submitting audit reports to the independent directors and the Audit Committee, the Chief Audit Officer attends regular meetings of the Board of Directors and the Audit Committee to provide updates and reports.

The Company's Internal Audit Implementation Rules explicitly require inspections of the internal control system to evaluate the effectiveness of, and compliance with, existing policies and procedures, as well as their impact on various business operations. The audit scope encompasses all activities of the Company and its subsidiaries.

Audits are conducted based on an annual audit plan approved by the Board of Directors, which is developed through a risk-based assessment. In addition to regular audits, the internal audit unit performs special-project audits as necessary to promptly identify potential internal control deficiencies, provide recommendations for improvement, issue audit reports, and regularly report the status of implementation to the Board of Directors and the Audit Committee. Through the evaluation and enhancement of risk management, control, and governance processes, the internal audit function assists the Board and management in achieving organizational objectives.

Furthermore, the internal audit unit reviews self-assessment reports conducted by subsidiaries and consolidates the results. These form a key basis for the Board of Directors and the General Manager to evaluate the overall effectiveness of the internal control system and to issue the annual Statement of Internal Control. In 2024, no significant deficiencies were identified in Paiho Shih.

Cyber Security

※ Cyber Security Risk Management Framework

Paiho Shih's three operational sites each maintain dedicated information departments. Jiangsu Paihong and Dongguan Paihong have designated dedicated cyber security personnel from their information management teams, one of whom serves as the Chief cyber security Officer. These personnel are responsible for strengthening cyber security management to ensure the confidentiality, integrity, and availability of the Company's information assets. They maintain a secure information environment conducive to business continuity, protect against both intentional and accidental internal and external threats, and conduct ongoing reviews and improvements of security measures. Additionally, they promote cyber security policies across the Company and enhance employee awareness of cyber security protocols.

The Company has established "Measures for Computers and Internet Security Management" and implemented "Computers and Internet Security Checking Operation" within the "Internal Control System-Information Technology Management Cycle" to ensure compliance with internal cyber security requirements. In the event of any irregularities, the information management supervisor reports directly to the Executive Vice President, General Manager, and Chairman to ensure the continued effectiveness of cyber security controls.

In 2024, the Company experienced no significant losses due to information or communication security incidents. There were no major cyber security breaches, and no substantial harm was incurred by the Company or its customers. Deloitte & Touche performed audits in areas including "Understanding the Client's Computer Processing Environment," which is "General Computer Controls," and "Application System Automated Control Testing," with no major deficiencies identified.

※ Cyber Security Policy

- To implement cyber security management, the Company has established the following policy objectives and reviews them regularly

- Formulate cyber security management standards that comply with regulatory requirements and fulfill customer expectations.
- Safeguard the confidentiality, integrity, and availability of information assets.
- Manage data access based on departmental functions and clearly defined authorization rules.
- Maintain continuous and stable operation of information systems to support business continuity.
- Prevent unauthorized access, modification, or misuse of data and information systems.
- Conduct regular cyber security audits to verify the effective implementation of security measures.

- Cyber security risk management and continuous improvement framework

- Establish cyber security risk management frameworks, encompassing enterprise-wide cyber security and risk assessments, implementation of risk management and corresponding measures, as well as endpoint cyber security protection mechanisms.
- Implement comprehensive cyber security safeguards, including management of user accounts and access privileges, execution of security operations and monitoring, and enhancement of protections for cyber security, device security, and application software integrity.
- Evaluate the effectiveness of cyber security monitoring through continuous surveillance and periodic audits of data confidentiality safeguards.
- Maintain and improve the cyber security program via regular reviews of protective measures, handling of security incidents, and delivery of ongoing security awareness training.

- Specific management plans and resources invested in cyber security management, etc.

Implementation of cyber security protection

- Deploy firewalls and security protection software to safeguard against external threats.
- Conduct regular virus scans on computer systems and data storage media.
- Ensure all use of network services complies with the corporate cyber security policy; permission requests must be processed in accordance with established operating procedures.
- Perform periodic reviews of system logs for all network services and monitor for anomalous activities.
- Enforce the principle of one device (computer) per person; establish user accounts and passwords with role-based access.
- Promptly revoke access permissions for employees who have resigned or changed positions.
- Remove or securely overwrite confidential, sensitive data, and licensed software from equipment prior to disposal.
- Require proper approval and monitoring for all remote logins to management information systems.
- Implement physical access controls to secure relevant environments.
- Apply email filtering mechanisms to enhance communication security.

Review of the effectiveness of cyber security monitoring

- Regularly review the emergency response plan.
- Conduct annual system recovery drills.
- Establish a system backup mechanism and implement offsite backups.

Continuously review and improve

- Regularly review cyber security control measures.
- Promote cyber security awareness annually to enhance employees' cyber security awareness.
- Conduct regular annual cyber security inspections and report to senior executives.

Weaving for Shared Prosperity & Sustainability

Innovation in Harmony, Sustainability in Share

From tiny streams to vast oceans, we weave a future of shared beauty—sustaining life, together.

2050 Net Zero

Carbon Emissions

Action We Support



Efforts for Sustainable Development

※ Awards and Certifications

Paiho Shih is committed to enhancing ESG performance across the industrial supply chain, actively responding to international sustainability standards and initiatives.

Through concrete actions, the Company implements its sustainable development strategy to deliver multifaceted green value.

We maintain a strong emphasis on the eco-friendly attributes of our products, rigorously controlling production processes to provide customers with safe, non-hazardous products that comply with Zero Discharge of Hazardous Chemicals (ZDHC) specifications. Furthermore, in alignment with brand customer requirements, we conduct annual corporate sustainability assessments using the Higg Index to rigorously evaluate and advance our environmental and social responsibility commitments.



In September 2023, Paiho Shih made a formal commitment to join the Science Based Targets initiative (SBTi), commencing the development and implementation of a science-based net-zero emissions.



In 2024, Paiho Shih scored 41 points in the S&P Global Corporate Sustainability Assessment (CSA).



Paiho Shih conducts annual inspections of chemical substances in its products in accordance with the Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List (ZDHC MRSL), aligned with brand client requirements, ensuring full compliance of all manufactured products.



Annually, Paiho Shih utilizes the self-assessment tools developed by the Sustainable Apparel Coalition (SAC) to perform evaluations under the Factory Environmental Module and the Social & Labor Module.



Paiho Shih's green product series meet the Global Recycled Standard (GRS), which applies to products containing at least 20% recycled materials and ensures their traceability, renewability, and recyclability throughout the product lifecycle.



The bluesign® standard assesses the entire production process to minimize the environmental impact of textile manufacturing. Our Vietnam Paihong is recognized as a bluesign® system partner, demonstrating its commitment to sustainable production practices.



Paiho Shih conducts rigorous hazardous substance testing on textiles at every stage of processing to ensure compliance with human and ecological safety requirements, including the standards set forth in Appendix XVII of the REACH Regulation. All products produced by Paiho Shih meet the OEKO-TEX® STANDARD 100, demonstrating the Company's commitment to consumer safety and product sustainability.

Stakeholder Engagement

✧ Interaction with Stakeholders

Paiho Shih places great emphasis on stakeholder communication, recognizing that the delivery and disclosure of accurate, objective, and timely information are essential to obtaining valuable feedbacks. This dialogue enables continuous adjustment and improvement in the company's pursuit of sustainability. To address issues of concern to stakeholders, Paiho Shih facilitates ongoing communication in a dedicated and timely manner through relevant functional departments, via both scheduled and ad-hoc meetings. Communication channels include, but are not limited to, surveys, email, and online and in-person meetings. Stakeholder opinions and suggestions are systematically collected and discussed in internal meetings, serving as a critical input for shaping the company's sustainable development strategy.

As a publicly listed company, Paiho Shih's operations impact a wide range of stakeholders. In alignment with the five criteria of the AA1000 Stakeholder Engagement Standard (SES, 2015)—dependency, responsibility, tension, influence, and diverse perspectives—the Company assesses stakeholder groups based on their relationship to the organization. Based on the frequency of interaction and strategic significance, seven major categories of stakeholders have been identified.

Definition of stakeholders

01.

A group or individual for whom the company has relevant responsibilities in legal, financial, operational, or other decision-making aspects.

02.

Any group or individual affected by the impacts from the company's operations

03.

Any group or individual that may have an impact on the company's business performance

Communication with Stakeholders

Stakeholders	Issues of Concern	Communication Channels	Implementation Status in FY2024
 Employees	Employee diversity and inclusiveness Human Rights Protection	<ul style="list-style-type: none"> — Regular — Employee Representative Congress EHS Meeting Management Meeting 	<ul style="list-style-type: none"> ● The labor union protects employees' legitimate rights and interests and promotes harmonious labor-management relations. Throughout the year, a total of 2 employee representative meetings and 57 cadres meetings were held, and 696 valid employee satisfaction surveys were collected. Physical suggestion boxes are installed at all global production and operational sites to gather feedback and issues raised by employees.
	Occupational Health and Safety	<ul style="list-style-type: none"> — Annually — Employee Satisfaction Survey Education and Training 	<ul style="list-style-type: none"> ● The company employs multiple communication channels, including but not limited to internal meetings, morning briefings, ERP systems, OA platforms, and office applications, to disseminate employee announcements in a timely manner. ● A total of 1,096 training sessions were provided to enhance employees' comprehensive competencies, with an average of 34.8 training hours per employee.
	Talent Development Talent Attraction and Further Development	<ul style="list-style-type: none"> — Irregular — Internal Information Announcement Suggestion Box 	<ul style="list-style-type: none"> ● A program has been initiated to prevent unlawful infringement in the workplace. This included 27 training sessions for supervisors on preventing unlawful infringement, with a total of 1,597 participants and 1,641 cumulative training hours. ● Number of Reported Cases: Zero

Stakeholders	Issues of Concern	Communication Channels	Implementation Status in FY2024
 Shareholders and Investors	Corporate Governance Corporate Ethics and Morality Operational Performance Market Image Regulatory Compliance	<ul style="list-style-type: none"> — Annually — Shareholders' Meeting Institutional Investor Conference Annual Report, Sustainability Report — Monthly/Quarterly — Real-time updates on MOPS — Irregular — Official Website Monthly revenue and quarterly financial reports updated on Market Observation Post System 	<ul style="list-style-type: none"> ● The Company convenes an annual shareholders' meeting; on June 18, 2024, the meeting was held to report on operational performance and business plans. An investors' conference was also organized on September 25, 2024, to present the company's operating results and future outlook. ● A total of 96 major announcements were released in both Chinese and English. Disclosure materials include annual reports, quarterly financial reports, sustainability reports, and operational updates covering corporate governance, financial performance, and sustainability metrics through the Company's website and the Market Observation Post System. Major developments were promptly published through the Market Observation Post System. In 2024, Paiho Shih issued bilingual (Chinese and English) versions of its 2023 Annual Report and Sustainability Report, with regular updates provided on the corporate website. ● An "Investor Relations" section has been established on the corporate website to facilitate feedback and communication with stakeholders.
		 Suppliers	Sustainable Supply Chain Management Occupational Health and Safety
 Customers	Sustainable Supply Chain Management Products and Services Quality and Price Innovation Management		

Stakeholder Engagement

Stakeholders	Issues of Concern	Communication Channels	Annual Efforts
 <p>Competent Authority</p>	<p>Corporate Ethics and Morality Public welfare Regulatory Compliance Pollution Prevention</p>	<p>— Irregular — Policy Documents Briefings / Exchange meetings / Seminars</p>	<ul style="list-style-type: none"> The Company engaged in a total of 28 communications with the Taiwan Stock Exchange in 2024. In 2024, the Company underwent 10 on-site inspections by environmental protection authorities and participated in 8 exchange and promotional activities with labor, fire, and public security agencies. No occupational health and safety penalties were incurred in 2024, and no violations were identified during labor inspections.
 <p>External Evaluation Agency</p>	<p>Pollution Prevention Market Image Occupational Health and Safety Public Welfare</p>	<p>— Irregular — Social Media Official website / E-mail / Online platform — Annually — Sustainability Report</p>	<ul style="list-style-type: none"> The Jiangsu Paihong (since 2018) and Dongguan Paihong (since 2019) have consistently maintained the designation as National Green Factories. Both facilities actively invest in energy-efficient green buildings and are equipped with solar power generation systems. All products adhere to green and environmentally responsible standards, holding certifications including carbon and water footprint verification, GRS 4.0 recycled material certification, and OEKO-TEX® Standard 100 for non-toxic and eco-friendly quality. The Company publishes an annual Sustainability Report in both Chinese and English. Operational updates are shared in a timely manner through the corporate website and owned media channels, and external feedback is welcome.
 <p>Community</p>	<p>Pollution Prevention Human Rights Protection Public Welfare</p>	<p>— Irregular — Community Activities Official website / E-mail / Online platform</p>	<ul style="list-style-type: none"> The Company maintains positive community relations by following environmental, safety, and health management procedures and encouraging local participation. Through charitable initiatives, the Company organized 9 public welfare and social engagement activities, with a total contribution of NTD 757,066.

※ Contact Channels for Stakeholders

Employees / Competent Authorities / Community / External Evaluation Agencies

- Thomas Dynamic Material (Jiangsu) Co., Ltd.: Mr. Jiang
Tel: +86-510-88261688 ext. 8832 Email: howard@paiho.cn Address: No. 18 Hexin Road, Xishan Economic Development Zone, Wuxi City, Jiangsu Province
- Dongguan Paihong Industry Co., Ltd.: Mr. Zheng
Phone: +86-769-88745111 Ext. 6853 Email: tom.cheng@paiho.com.cn Address: No.17, Huanbao Middle Road, Shatian Town, Dongguan City, Guangdong Province
- Vietnam Paihong Co., Ltd.: Mr. Wang
Phone: +84-274-6272288 Ext. 3508 Email: jay.wang@paihong.vn Address: Lot C_6A_CN, Bao Phong Expanded Industrial Zone, Bao Phong Ward, Ho Chi Minh City, Vietnam

Shareholders and Investors

- Spokesperson: Manager Yu-Min Chang Spokesperson Email: f182@paiho.com
- Deputy Spokesperson: Manager Shu-Ling Huang Deputy Spokesperson Email: f240@paiho.com
- Tel: 886-4-7561340 Fax: 886-4-7570670

Supplier

- Thomas Dynamic Material (Jiangsu) Co., Ltd.: Ms. Jiang
Tel: +86-510-88261688 ext. 8998 Email: gina.chiang@paiho.cn Address: No. 18, Hexin Road, Xishan Economic Development Zone, Wuxi City, Jiangsu Province
- Dongguan Paihong Industry Co., Ltd.: Ms. Wei
Tel: +86-769-88745111 Ext. 6851 Email: nelly@paiho.com.cn Address: No. 17, Environmental Protection Middle Road, Shatian Town, Dongguan City, Guangdong Province
- Vietnam Paihong Co., Ltd.: Mr. Lu
Tel: +84-274-6272288 Ext. 3136 Email: shibao.lu@paihong.vn Address: Bao Phong Expanded Industrial Zone, Section C_6A_CN, Bao Phong Commune, Ho Chi Minh City, Vietnam

Customer

- Thomas Dynamic Material (Jiangsu) Co., Ltd.: Ms. Zhu
Tel: +86-510-88261688 Ext. 8828 Email: judy.zhu@paiho.cn Address: No. 18 Hexin Road, Xishan Economic Development Zone, Wuxi City, Jiangsu Province
- Dongguan Paihong Industry Co., Ltd.: Ms. Cheng
Tel: +86-769-88745111 Ext. 6826 Email: paiho284@paiho.com.cn Address: No. 17 Huanbao Middle Road, Shatian Town, Dongguan City, Guangdong Province
- Vietnam Paihong Co., Ltd.: Ms. Zhang
Tel: +84-274-6272288 Ext. 2118 Email: sherry.zhang@paihong.vn Address: Section C_6A_CN, Bao Phong Expanded Industrial Zone, Bao Phong Ward, Ho Chi Minh City, Vietnam

Materiality Analysis of Sustainability Issues

Paiho Shih conducts regular materiality analyses to identify and prioritize key sustainability challenges and opportunities, which serve as a core reference for long-term sustainability strategy and reporting. Aligned with the GRI Sustainability Reporting Standards and the AA1000 principles of inclusivity, materiality, completeness, substantiveness, and responsiveness, the Company has established a rigorous materiality assessment process that incorporates diverse stakeholder concerns.

In 2022, Paiho Shih completed its most recent materiality analysis and has since implemented corresponding sustainability strategies based on its findings. The frequency of materiality assessments is adjusted in response to industry developments, with plans to expand stakeholder participation in future surveys to more effectively track evolving ESG priorities. Due to internal scheduling considerations, the next materiality analysis is planned for the third quarter of 2025.

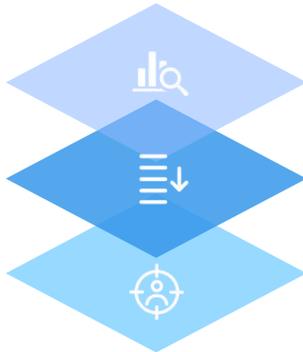
Paiho Shih remains committed to embedding sustainability into its core operations. Through ongoing identification, analysis, and goal-setting, the Company regularly reviews performance and implementation outcomes, and communicates progress transparently to all stakeholders.

Methodology for Materiality Analysis

In alignment with sustainability standards and international initiatives—including the GRI Standards, AA1000, ISO 26000, the UN Sustainable Development Goals (SDGs), the Responsible Business Alliance (RBA), and SASB Standards—as well as sustainability ratings from investment institutions, stakeholder feedback, and internal strategic objectives, the Company integrates internal and external information and data to identify annual material issues spanning governance, social, and environmental dimensions.

STEP 1 Identify Sustainability Issues

Operational Impact
3 Aspects



Based on the results of the materiality assessment, the Company identified key sustainability topics and applies the GRI reporting principles to determine their impacts both internally and across the value chain. Goals, management policies, and implementation measures were then established for each topic to ensure clear and effective disclosure of sustainability performance.

20 Material Issues

STEP 3 Pinpoint Impacts on Sustainability

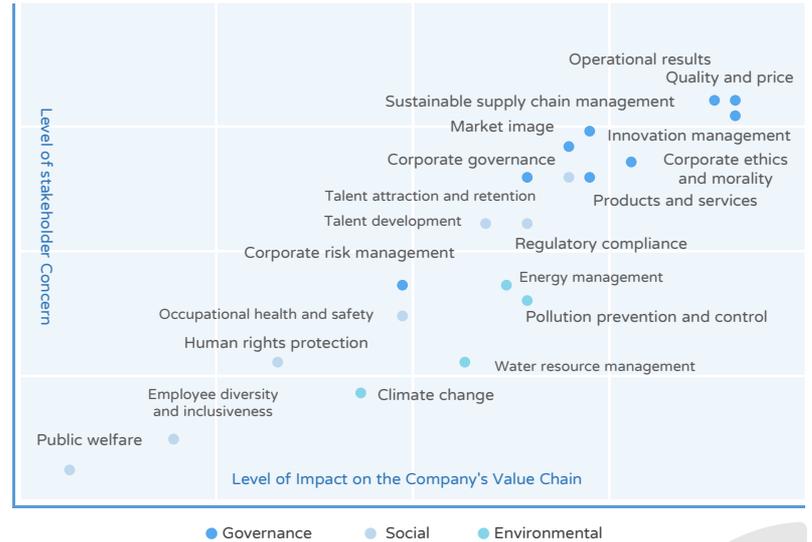
Key Stakeholders

7 Categories

STEP 2 Ranking by Level of Concern Survey

Stakeholders from seven representative fields were engaged in the survey, which incorporated both external assessments of the Company and the expertise of senior internal executives to evaluate the significance of various sustainability issues and their impact on business development.

Sustainability Materiality Matrix



● Governance ● Social ● Environmental

The materiality assessment involved a total of 45 representative samples to evaluate and prioritize annual material topics. Future surveys are planned to gradually expand the sample size.

The ranking methodology incorporates two dimensions: the "level of stakeholder concern" for each issue and its "impact on the Company's value chain." Stakeholders provided input on concern levels, while senior internal executives evaluated the business impact based on operational experience. Each issue was rated on a scale from 1 to 5 (where 1 indicates the lowest and 5 the highest level of concern and/or impact).

Through consolidation of feedback from multiple stakeholders, 20 sustainability topics were selected as survey and statistical indicators. A materiality matrix was developed to identify core sustainability issues that guide the content disclosed within this report.



Materiality Analysis of Sustainability Issues

※ Relationship between material issues and the value chain

As illustrated in the materiality matrix, all 20 sustainability issues have undergone a comprehensive materiality assessment. These topics demonstrate a balanced coverage across the three core dimensions of governance, social, and environmental issues, which are central to the Company's management. Accordingly, each issue is recognized as material and serves as a basis for disclosure in this sustainability report. For detailed information on the management approaches and implementation progress of these topics, please refer to the corresponding chapters.

Aspect	Major Issues	GRI Topics	Upstream Procurement	Self Operations	Downstream Customer	Social Environment	Corresponding Chapter
Governance	Operational Performance	201 Economic Performance		●			About Paiho Shih Holdings Corporation
	Corporate Ethics and Morality Regulatory Compliance Corporate Governance Corporate Risk Management	205 Anti-Corruption	●	●	●		Corporate Governance
	Sustainable Supply Chain Management	204 Procurement Practices 301 Materials 308 Supplier Environmental Assessment 414 Supplier Social Assessment 418 Customer Privacy	●	●	●		Sustainable Supply Chain
	Innovative Management Quality and Price Market Image Products and Services	203 Indirect Economic Impacts 302 Energy		●	●		Products and Services
	Climate Change	201 Economic Performance 305 Emissions	●	●	●	●	Climate Strategy Greenhouse Gas Emissions
Environmental	Pollution Prevention and Control	305 Emissions 306 Wastewater and Waste		●		●	Greenhouse Gas Emissions Water Resources Management Waste Management
	Energy Management	302 Energy		●			Energy Management
	Water Resource Management	303 Water		●			Water Resources Management

Aspect	Major Issues	GRI Topics	Upstream Procurement	Self Operations	Downstream Customer	Social Environment	Corresponding Chapter
Social	Employee Diversity and Inclusiveness	405 Employee Diversity and Equal Opportunity		●			Human Resources Management
	Human Rights Protection	402 Labor-Management Relations 406 Non-discrimination 407 Freedom of Association and Collective Bargaining 408 Child Labor 409 Forced or Compulsory Labor	●	●		●	Human Rights Protection
	Occupational Health and Safety	403 Occupational Health and Safety	●	●			Occupational Health and Safety
	Talent Development	404 Training and Education		●			Talent Development
	Talent Attraction and Retention	201 Economic Performance 202 Market Position 401 Labor-Employment Relations 405 Employee Diversity and Equal Opportunity		●			Talent Development Remuneration and Benefits
Public Welfare	201 Economic Performance 203 Indirect Economic Impacts 413 Local Community			●		●	Social Engagement

● ● ● : Indicates related parties in the value chain

Participation in External Organizations

※ Participation in External Organizations

Paiho Shih is committed to continuous innovation and dedicated product development, holding numerous invention patents and consistently introducing new products. The company strives to provide customers with environmentally friendly and safe products, fulfilling its commitments to energy conservation and emission reduction while generating economic and social value for both the enterprise and the broader community.

Through engagement with domestic and international professional institutions, Paiho Shih stays informed of market trends and industry developments. The company actively participates in environmental initiatives and industry associations—for instance, Jiangsu Paihong is a member of the China Consumer Product Quality and Safety Promotion Association, which supports carbon peak and carbon neutrality efforts, facilitates cooperation platforms in the low-carbon transition, promotes emission reduction in the consumer goods sector, and fosters high-quality development. Additionally, Dongguan Paihong participates in Sedex (Supplier Ethical Data Exchange), reinforcing its dedication to ethical and sustainable supply chain practices.

Dongguan Paihong

—Sedex Supplier Ethical Data Exchange Database—

—Dongguan Taiwanese Business Association—

—Dongguan Charity Association—

Jiangsu Paihong

—Council Member of China Consumer Product Quality and Safety Promotion Association—

—Council Member of China Nonwovens & Industrial Textiles Association—

—Vice President of the Ribbon Branch of China Nonwovens & Industrial Textiles Association—

—Council Member of the Special Textiles Branch of China Nonwovens & Industrial Textiles Association—

—Council Member of Wuxi Xishan District Entrepreneurs Association—

—President of Wuxi Taiwanese Compatriots Investment Enterprises Association—

—Council Member of Jiangsu Province Su Merchants Development Promotion Association—

Connecting the Green Value Chain

“Continuous Innovation, Persistent Dedication”
Driving sustainable industrial progress through green innovation and low-carbon supply chain integration.

NTD
375.87 million
Innovation and R&D Investment

41.8%
Proportion of Green Revenue

50.3%
Use of Eco-friendly Recycled Yarn



Products and Services

Paiho Shih operates with craftsmanship and integrity, guided by the principle of “Continuous Innovation, Persistent Dedication.” With a focus on innovative R&D and diversified integration as core corporate objectives, the Company maintains stringent quality control and continuously strengthens its dual drivers of product and technological development.

Having successfully transitioned from original equipment manufacturing (OEM) to original design manufacturing (ODM), Paiho Shih forges strategic partnerships with customers and suppliers, delivering efficient one-stop solutions from accessories to fabrics. Through its professionally excellent products and services marketed globally, the Company promotes healthy industry competition and fosters industrial value as well as shared prosperity.

※ Innovation and R&D

Paiho Shih recognizes innovation as a key driver of corporate growth. To maintain a competitive position in the textile industry, the Company continuously updates its products and technologies in alignment with market developments. This commitment is supported by the ongoing introduction of advanced equipment and new materials that form the foundation of its R&D efforts. Substantial investments are directed toward high technology to optimize production processes, upgrade machinery, and innovate process design. These initiatives ensure high product quality while also enhancing production efficiency, reducing manufacturing costs, and enabling the development of new product categories.

Annual Investment in Innovation and R&D			
	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong
R&D Investment in 2024	68,377 NTD Thousand	180,287 NTD Thousand	127,206 NTD Thousand
	18.2%	48.0%	33.8%

Total investments in 2024 (NTD Thousand)	Number of patents obtained in FY2024	Cumulative number of patents obtained
375,870	23	207

Factors in R&D Planning

				
Upstream Raw Material Development	Downstream Customer Demand	Market Trends	Environmental Stewardship	Corporate Development Strategy
Integration of New Materials	Collaborative Development with Customers	Respond to Market Shifts	Innovation in Response to Climate Change	Strategic Planning

As of the end of 2024, Paiho Shih’s three operational sites have obtained 23 patents within the year, bringing the cumulative number of patents to 207. These include invention patents, utility model patents, design patents, and software copyrights, spanning technological innovations and equipment research and development. The total annual R&D expenditure reached NTD 375.87 million, representing 5.4% of the company’s annual revenue.

※ Environment-friendly R&D Projects

Paiho Shih actively addresses innovative management and climate change issues, responding to the growing consumer demand for sustainable products. The company concentrates its efforts on improving green materials, optimizing processes, and promoting recycling and reuse. Through the adoption of non-toxic biodegradable materials, development of new production techniques, and implementation of recycling initiatives, Paiho Shih strives to enhance product value while balancing environmental goals with operational performance.

R&D Direction	Project
Green Material Improvement	<ul style="list-style-type: none"> ● Use of eco-friendly paper yarn / polylactic acid fiber yarn / degradable polyester, biodegradable materials to reduce environmental impact

Products and Services

❖ Innovative R&D Training

Paiho Shih regards technological capability as a cornerstone of corporate development and adheres to the principle of cooperation for win-win results. The company facilitates cross-factory learning and exchange, enabling R&D teams to share expertise and insights, which promotes knowledge transfer and skills enhancement. This internal collaborative dynamic ensures the continuous improvement and innovation of product technologies.

Furthermore, Paiho Shih's technical research and business development personnel actively engage with external advancements and participate in leading international textile exhibitions. These activities provide insight into global fashion trends and current market standards, thereby supplying new ideas and technologies for innovative product development.

❖ Industry-Academia Collaboration and Industrial Exchange

"Pursuing Knowledge and Innovation for Shared Industry Growth" represents the ongoing commitment of Paiho Shih. In response to the critical role of innovation in the textile sector, the company actively engages in industry-academia collaboration with multiple universities, facilitating the integration of emerging ideas and cultivating new talents through the company's extensive practical experience. Paiho Shih also participates in exchange activities organized by public institutions and industry associations to keep pace with international advancements and closely monitor emerging industry trends. Additionally, the company hosts product recommendation sessions and sample collection launch events to showcase innovative outcomes from its diverse product series.

Industry-Academia Collaboration

Partner Universities	Time	Description
Jiangnan University	2024	Assisted in the development of a spectral heating, antibacterial, flame-retardant, one-way moisture-transfer elastic band project.
Guangdong University of Science and Technology	2024	Assisted in the development of hook-and-loop fastener lamination and quality inspection technology.

Communication with Industry Associations

Host	Time	Description	Our Role
China Nonwovens & Industrial Textiles Association Ribbon Subcommittee	2024/05/09	Vice Presidents' Expanded Meeting	Vice President
China Nonwovens & Industrial Textiles Association Ribbon Subcommittee	2024/10/25	Ribbon Subcommittee Annual Meeting and Industrial Chain Collaborative Development Conference	Vice President
China Nonwovens & Industrial Textiles Association Special Textile Branch	2024/12/17	Military-Civilian Dual-Use Technology Exchange Meeting	Council Member

Exhibitions

Exhibition	Time	Description	Exhibitor
2024 Intertextile Shanghai Home Textiles	2024/03/06-08	Pioneering high-fidelity simulation system and sustainable product lines in the textile trims industry	Jiangsu Paihong
Shoes & Leather Guangzhou 2024	2024/05/29-31	Webbing, Touch fasteners, and Jacquard engineered mesh	Dongguan Paihong
Dongguan Taiwan Excellence Exhibition	2024/09/05-08	Webbing, Touch fasteners, and Jacquard engineered mesh	Dongguan Paihong

Product Launch

Activity	Time	Description	Operating Entity
Product Promoting Meeting	2024/04/07&10/08	Quarterly product launch and recommendation conference	Jiangsu Paihong
R&D Sample Book Launch Event	2024/06/29&11/23	DG-D22, D23 Webbing R&D Sample Book Launch Event	Dongguan Paihong
New Catalog Launch Event	2024/07/25	K17-FW26 New Catalog Launch Event	Vietnam Paihong



▲ Shoes & Leather Guangzhou 2024



▲ 2024 Intertextile Shanghai Home Textiles



Long-Standing Relationships with Clients

Paiho Shih upholds a service philosophy centered on "Outstanding Quality and Integrity," maintaining positive and trust-based relationships with its customers. With a clear global vision, the company has established multiple production bases and marketing locations worldwide. Its diverse range of high-quality products and strong R&D capabilities serve a variety of industries, providing global customers with extensive options and efficient procurement solutions. Paiho Shih does not engage in unfair competition and is not involved in any related litigations.

Furthermore, the company adheres to the principle of integrity in communication, strictly prohibiting misleading or exaggerated advertising. In 2024, Paiho Shih recorded no violations related to marketing activities or to the information and labeling of products and services.

※ Digital Management

Supplier

Material Management—Collects product information from customers and brands to drive intelligent, digital transformation. Provides one-stop integration that reduces investment costs for brands and enhances supply chain efficiency through effective matching.



Brand

Offers an extensive library of materials and supports efficient material search and collection. Enables suppliers to consolidate materials for online management, design resource coordination, and online workflows from coordination, management to ordering.

In response to evolving market dynamics and the growth of the Direct-to-Consumer (DTC) model, Paiho Shih enhances its capacity to serve customer groups with greater accuracy and efficiency.

The company has integrated all product categories and databases to independently develop a comprehensive one-stop digital platform system, comprising the virtual simulation system Smart 3D and the mini-program store PH MALL. Through digital simulation of materials and processes, the system reduces reliance on physical sampling and accelerates development cycles. It centralizes digital material assets within a unified product library, interconnecting the full industrial chain spanning garments, footwear, and materials. Customers can perform one-click substitutions via the cloud platform to achieve customized models and exclusive designs tailored to diverse products for various scenarios.

Additionally, Paiho Shih enables self-guided customer engagement through a mobile information platform and a 3D interactive product search engine, introducing an intelligent and interactive online sales model. This approach transcends traditional limitations, optimizes customer relationship management, and delivers a more efficient and seamless user experience.

Digital Interaction Platform



Enhance Development Efficiency

Reduce costs of raw materials, logistics, labor, and time



Efficient Design

Replace Manual Drawing with Simulation/Rendering Images for Higher Design Capacity



Pocket Catalog

Web + App massive digital library



Online Collaboration

Online collaborative design to save offline communication on development requirements



Earth Protection

Protect the environment by reducing ineffective samples and material waste

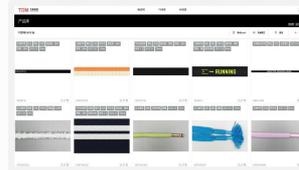
Digital Material System



Material Digitization



3D Simulation Modeling



Cloud Material Database



Digital Interaction Platform

1. Pioneering an innovative simulation system for auxiliary materials, the Company integrates computer technology, virtual reality, and textile products to achieve full digitization of materials.

2. The system employs high-fidelity fabric simulation, photorealistic rendering, and online modeling, incorporating color matching and accessory integration, to deliver realistic visualizations indistinguishable from physical samples.

3. — Data are input into the material management system directly upon generation, enabling real-time synchronization.
— A comprehensive digital library accessible via Web and App platforms organizes resources by color, material, and trend, allowing efficient search and instant retrieval of the latest product information.

4. The system supports intelligent replacement of main and auxiliary materials, eliminating the need for repeated sampling and production. This significantly enhances R&D efficiency and shortens product development cycles. Key applications include material digitization, AI-powered color matching, design archiving, and team collaboration tools.

Long-Standing Relationships with Clients

※ Quality Assurance

Paiho Shih adheres to stringent production standards guided by the three core principles of excellence, safety, and sustainability. In 2024, the Company did not record any product- or service-related safety violations.

All manufacturing processes comply with the ISO management system and are executed through rigorous, clearly defined procedures. Layered supervision and control mechanisms are implemented to mitigate operational risks at each stage and ensure consistent product quality. The Company holds the TQP (Total Quality Performance) certification for auxiliary material suppliers, and all products undergo multiple internal inspections against established standards prior to shipment. In response to customer requirements, Paiho Shih also facilitates third-party certifications such as REACH and RoHS to verify that products are free of hazardous substances and environmentally compliant.

Inspection Procedures



Non-Conforming Product Control Procedure

Raw Materials	Incoming purchased materials are categorized according to the inspection procedure. Non-conforming products are isolated in the warehouse, and suppliers are notified to process returns.
Work in Progress	Reworked products must undergo reinspection. Products that cannot be reworked to meet standards are evaluated for alternative uses or scrapped.
Finished Products	If quality abnormalities are detected, the products are immediately traced back to the customer. Production is halted, and the customer complaint and return process is initiated.

Paiho Shih upholds stringent quality control standards throughout the production process to ensure consistently high product quality. The company's laboratory accreditation and the professional qualifications of its quality inspection personnel are recognized by long-term partners, including several renowned brand clients. This recognition enables Paiho Shih to conduct independent inspections for specific product categories, ensuring full compliance with requirements, providing verifiable results for customer review, enhancing shipment efficiency, and reinforcing customer trust through demonstrated quality excellence.

Brand laboratory certification

The following entities have formally recognized the certifications held by Paiho Shih's manufacturing facilities, affirming their compliance with industry and customer-specific requirements.



※ Sustainable Chemical Management

Paiho Shih prioritizes chemical safety management by strictly controlling the procurement and use of chemicals, thereby ensuring full compliance with environmental regulations across all relevant products. This commitment is integrated into our supplier management processes.

In line with customer requirements, our green product series have obtained OEKO-TEX and GRS 4.0 certifications, fulfilling human-ecological standards and conforming to REACH Annex XVII requirements. These products contain at least 20% recycled material and have passed ZDHC hazardous chemical discharge testing. Furthermore, we are dedicated to reducing hazardous and restricted chemical pollution throughout raw materials, production, and emissions. This is achieved through supplier screening based on eco-certifications, replacing solvent-based with water-based adhesives, minimizing the use of chemical agents, lowering hazardous substance emissions, and maintaining strict oversight of all chemical-related activities.



▲ OEKO-TEX



▲ GRS Recycling Certification

In our procurement practices, we prioritize suppliers that hold ZDHC, Bluesign, OEKO-TEX, or other recognized environmental and non-toxic certifications to ensure the sustainability and safety of our products. Our primary chemical-related operations involve printing and dyeing. To standardize production and ensure chemical safety, Paiho Shih has established robust protocols including the Emergency Preparedness and Response Control, the Hazardous Chemicals Emergency Plan, and the Chemical Management System.

These measures require the separation of incompatible substances to prevent cross-mixing, prohibit storage in conditions that may induce chemical reactions, and mandate that chemicals be stored in cool, well-ventilated areas away from ignition sources. Hazardous chemical warehouses must be located at a safe distance from manufacturing and residential zones, with containers stored according to regulatory classifications.

Proportion of chemical usage in each plant meeting ZDHC requirements



Additional controls include: affixing complete labels; displaying clear warnings such as "No Open Flames" and "No Eating or Drinking" in storage areas; grounding all storage drums to prevent static discharge; limiting inventory to quantities necessary for operational use; and maintaining advanced fire safety equipment and secondary containment measures to ensure strict chemical management.

Long-Standing Relationships with Clients

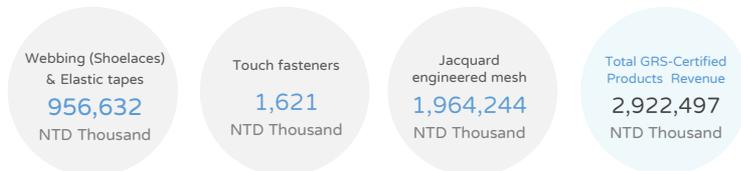
※ Green Revenue

Paiho Shih incorporates sustainability into its product R&D process, committed to minimizing environmental impact across the product lifecycle while responding to market trends and environmental policies. The company implements an ISO-based management system, enhances its corporate social responsibility (CSR) framework, and strictly manages chemical usage in alignment with ZDHC guidelines. Through full supply chain traceability, Paiho Shih continues to increase the integration of recycled materials, achieving a recycled content of over 20% in compliance with the Global Recycled Standard (GRS).

Furthermore, the company steadily expands its adoption of renewable energy. Solar panels have been installed across all manufacturing sites to generate renewable energy. Production schedules are rationally planned to maximize self-consumption of solar power, while surplus energy generated during non-operational periods is supplied to the grid, ensuring efficient utilization and contributing to the company's green revenue.

In 2024, Paiho Shih's total green revenue (including products certified with GRS standards and the sale of solar energy) reached NTD 2,923,165 thousand, accounting for approximately 41.8% of the company's combined revenue.

Products Certified with GRS Environmental Certification



Solar Power Sold to Grid



※ Customer Satisfaction Management

Paiho Shih is committed to achieving comprehensive customer satisfaction by providing high-quality products and services. We focus on the entire customer experience, from order processing and delivery to after-sales support, and strive to meet diverse client needs. To drive continuous improvement in our processes and service quality, we systematically collect and analyze customer feedback through regular satisfaction surveys. This feedback mechanism allows us to better understand core expectations and fuels a cycle of self-reflection and operational enhancement.

Customer satisfaction survey status

Item	Item Content	Satisfaction
Customer Service	Service Attitude and Friendliness Evaluation	89%
Business Expertise	Professionalism of the sales representative	94%
After-Sales Service	Sales representative's attitude and ability to address issues and deficiencies	94%
Delivery Time	Appropriateness and timeliness of order processing and reply of delivery	86%
Customer Service	Attitude of internal staff when answering calls	95%
Customer Complaint Handling	Timeliness and satisfaction of complaint handling	93%
Product Development	Whether the development of new products and the preparation of catalogs by the company meet requirements	90%
Product Development	Whether the development and application of product specifications and performance are meaningful and helpful to your company	87%
Payment Collection	Whether the collection process is handled properly	91%
Logistics Packaging	Whether the product packaging and delivery method meet your company's requirements	87%

Paiho Shih employs a structured customer satisfaction evaluation system based on a 10-point scoring scale, where responses are categorized as: Very Satisfied (10 points), Satisfied (8 points), Average (6 points), Dissatisfied (4 points), and Very Dissatisfied (2 points). These scores are statistically analyzed and converted into an overall satisfaction percentage.

In 2024, surveys were conducted among 510 customers, resulting in an overall satisfaction rate of 90.6%. Moving forward, we will continue to integrate environmental sustainability and other ESG-related issues into our engagement framework and collaborate with value chain partners to advance mutual progress.

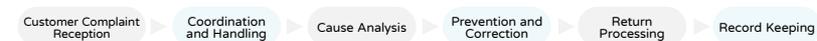


※ Customer Complaint Handling

Paiho Shih adheres to the after-sales service principle of "Quality Service, Satisfied Customers," maintaining strict control over potential non-conforming products and quality issues throughout the production process. Through layered inspections, self-checks, and random audits, we work to minimize defects and implement timely corrections. Where potential quality or safety risks are identified, customers are promptly notified, and urgent recalls are initiated to prevent the distribution of damaged or non-compliant products.

A systematic procedure for handling customer complaints and returns has been established. Each complaint is documented by the responsible department, with corrective actions formulated based on root cause analysis. The effectiveness of these measures is tracked regularly, and those proven effective are standardized to prevent recurrence.

In 2024, the total number of customer complaints and returns across Paiho Shih's three operational sites was 1,499, representing an average complaint rate of 0.2%. The company remains committed to addressing customer feedback conscientiously and continuously improving satisfaction levels through sustained effort.



Sustainable Supply Chain

In building a sustainable supply chain, Paiho Shih continues to refine its supplier sustainability evaluation and management system, while increasing the adoption of localized and environmentally friendly raw materials. By setting an example in sustainable practices, the company encourages suppliers to shoulder their own sustainability responsibilities. This approach fosters the development of long-term, stable strategic partnerships and facilitates collaborative efforts across the industrial chain to achieve mutual growth.

※ Local Sourcing

Paiho Shih operates three operational sites located in Jiangsu and Vietnam. By implementing a localized procurement strategy across these strategically sited facilities, the company not only contributes to the economic growth of local industry chains and strengthens corporate responsibility and reputation, but also significantly shortens transport distances. This reduction effectively lowers product transportation costs, tariffs, and carbon emissions, thereby mitigating environmental impact. Additionally, proximity to suppliers enhances delivery timeliness, increases supply chain flexibility and adaptability, and ultimately strengthens the overall sustainability of the supply chain.

Raw Material Procurement

Project/Region	Wuxi	Dongguan	Vietnam
Proportion of Locally Procured Raw Materials	55%	59%	18%
Proportion of Raw Material Procurement	28%	49%	56%



※ Use of Green and Recycled Materials

Paiho Shih is committed to environmental sustainability from the source. Each production base uses eco-friendly yarn as raw materials. Recycled yarns accounted for 50.3% of total raw materials input by the three operational sites at average, led by Vietnam Paihong which achieved a rate of 95.2%. In the future, we will continue to focus on the use of eco-friendly materials in order to increase the proportion of recycled input used.

Use of Environmental-Friendly Raw Materials

Project/Region	Wuxi	Dongguan	Vietnam	Total
Yarn Weight Used in 2024 (tons)	1,654.2	5,854.3	3,848.7	11,357.2
Recycled Input Used in 2024 (tons)	159.6	1,892.9	3,665.8	5,718.3
Proportion of Recycled Input	9.7%	32.3%	95.2%	50.3%

※ Supplier Evaluation and Assessment

In alignment with its sustainability principles, Paiho Shih integrates environmental, ethical, and social criteria into its supplier qualification process. With reference to the RBA Code of Conduct, the company has established ISO-compliant supplier evaluation procedures to standardize the selection of quality partners. The assessment covers potential sustainability risks from environmental, social, and governance (ESG) perspectives, along with an examination of suppliers' technological innovation, product quality, production capacity, pricing, service quality, goodwill, payment terms, and responsiveness. These indicators collectively support the identification of vendors that meet the company's standards. Moving forward, Paiho Shih plans to progressively incorporate WRAP textile social responsibility and sustainability standards to further enhance supply chain management.

To ensure consistent supplier performance, each plant conducts regular supplier evaluations to verify compliance with high standards and corporate social responsibility commitments. While current evaluation and audit procedures vary slightly across locations, the company plans to gradually integrate and improve sustainability assessment and auditing mechanisms. This will enable continuous identification of key suppliers and environmental impacts throughout the supply chain, improve raw material supply risk management, and foster a shared commitment to sustainable development across the entire value chain.

Core Code of Conduct for Suppliers



Sustainable Supply Chain



- Require suppliers to comply with local laws and regulations related to labor, human rights protection, and environmental protection, and to possess lawful and compliant production and business qualifications and relevant permits, and to abide by Paiho Shih's code of integrity and ethical conduct.
- Formulate the factory inspection checklist standards, with relevant departmental teams conducting on-site inspections and supplier self-assessments.
- Sign the Undertaking of Prohibition of Hazardous Substances, Anti-Corruption and Anti-Bribery Commitment, Non-Disclosure Agreement, and Social Responsibility Commitment.



- Suppliers conduct self-assessments and commit to the authenticity and validity of them.
- Each plant's procurement department conducts regular assessments of manufacturers listed as qualified suppliers, evaluating them from aspects such as quality, delivery time, willingness to cooperate, environmental friendliness, and other dimensions.



- According to the supplier evaluation procedure and the detailed scoring rules for each plant, assessment results are categorized into different grades.
- Excellent suppliers will be regarded as long-term partners.
- Unqualified suppliers will be requested to make improvements within a specified time limit, and the progress will be tracked. Considering the improvement status and other factors within a certain period, partnership might be terminated if necessary.

Supplier Evaluation and Assessment

In 2024, we evaluated 477 suppliers against a comprehensive set of criteria, including quality, delivery, and service, while progressively integrating social responsibility and green standards into our assessment framework. The evaluation results were stratified, with 87.8% rated as 'Excellent' and 9.9% as 'Good'. The remaining 2.3%, identified with opportunities for improvement primarily in quality and delivery, were placed on a remediation plan. These suppliers retain their qualification upon successful rectification within the stipulated period; failure to do so will result in revocation of their trading status.

Supplier Annual Assessment



- Excellent (A)
- Good (B)
- Bad (C)
- Unqualified (D)

Grade A 419 companies 87.8%

Grade B 47 companies 9.9%

Grade C 5 companies 1.0%

Grade D 6 companies 1.3%

Supplier Risk Identification and Response Management



Responsive Management	1	2	3	4
Signing of Supplier Code of Conduct Related Documents	✓	✓	✓	✓
Regular Comprehensive Sustainability Risk Assessment	✓	✓	✓	✓
Online Supplier Awareness Campaigns and Training	✓	✓	✓	
On-Site Assessment and Guidance (Ongoing Tracking)	✓			

Protecting the Earth's Ecosystem

“On the Path to Net-Zero.”

Guided by our environmental principles, we advocate for circular economy to foster shared prosperity with the planet.

42%

Proportion of Renewable Energy Consumption

93%

Waste Recycling Rate

0

Zero Waste to Landfill



Climate Strategy

Amid growing concerns about global warming, enhancing climate resilience has become a critical priority for modern enterprises. Identifying and adapting to climate-related risks, mitigating operational disruptions and losses caused by climate disasters, uncovering latent vulnerabilities, and capturing transformation opportunities are essential strategies for sustainable corporate development.

In response to increasingly severe extreme weather events, Paiho Shih integrates sustainability into its Enterprise Risk Management Framework and treats climate risk as a key management metric. Under the leadership of the General Manager and senior executives, the company aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities. Through a top-down approach, we bring together factories and various operational and financial management departments to jointly assess the potential disaster impacts and financial impacts of climate issues on the group. This collaborative effort supports the formulation and implementation of effective control measures. These efforts are reinforced by establishing management systems, including ISO 14001, ISO 50001, and ISO 14064-1, to reduce the environmental footprint of our operations.

Furthermore, such proactive and systematic risk assessment positions the company to capitalize on transition opportunities within the low-carbon economy. With a long-term vision, Paiho Shih is committed to achieving net-zero emissions by 2050, continuously improving energy efficiency, and optimizing the structure of green energy consumption.

TCFD Framework

Our company integrates climate-related risks and opportunities into its strategic planning. The General Manager and senior executives bear the responsibility for reviewing the company's climate change strategies and targets.

01 Governance

Relevant departments leverage climate risk data and research reports to identify key indicators based on the company's operational context. They then conduct scenario analyses under different climate conditions to assess potential operational and financial impacts arising from significant risks and opportunities.

02 Strategy

Paiho Shih collaborates across departments to identify and prioritize climate-related risks and opportunities, assess the impacts, and formulate and implement corresponding countermeasures, with "mitigation," "adaptation," and "environmental protection & carbon reduction" as the three main management strategies. And we integrated climate risk into the Enterprise Risk Management (ERM) process.

04 Metrics and Targets

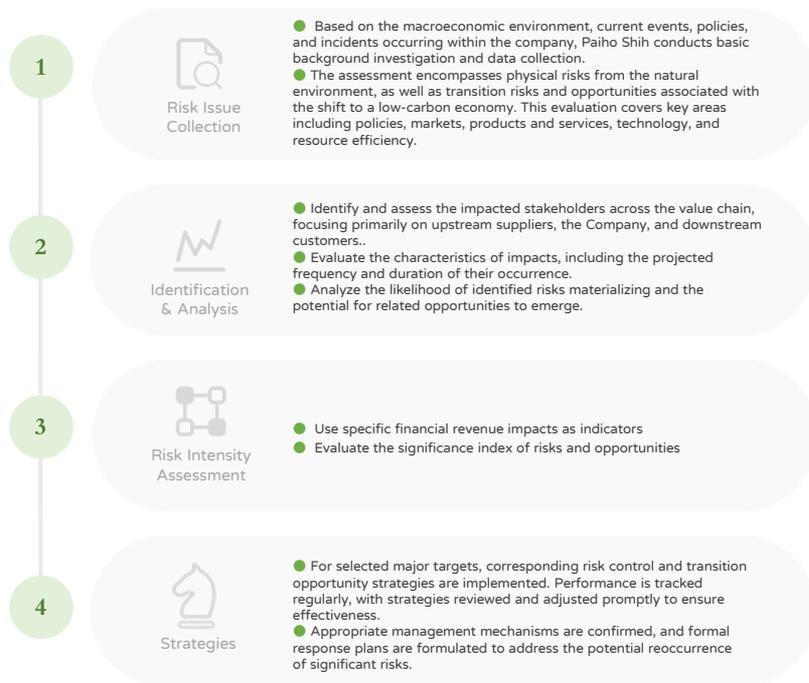
The company discloses the indicators applied to assess climate-related risks and opportunities. In compliance with ISO 14064-1, we conduct greenhouse gas emissions inventories and publicly disclose Scope 1, Scope 2, and categorized Scope 3 emissions data alongside associated risks. Aligned with the long-term goal of achieving net-zero emissions by 2050, climate-related performance indicators and quantitative targets have been established. Progress against these targets is regularly monitored and transparently disclosed.

03 Risk Management

Paiho Shih responds to the United Nations' call for Sustainable Development Goals (SDGs), adheres to its low-carbon mission, considers climate and environmental changes, and, with reference to the Task Force on Climate-related Financial Disclosures guidelines and disclosure methodologies of leading domestic and international enterprises, conducts quantitative assessments of its own financial impacts. With "mitigation," "adaptation," and "environmental protection & carbon reduction" as its three main management strategies, it allocates resources appropriately and fulfills its corporate social responsibility to achieve the vision of environmental sustainability.

Climate Risk and Opportunity Identification Method

According to the TCFD framework, which gathers diverse issues for corporate climate change management, Paiho Shih has developed the following core strategic procedure:



Climate Strategy

※ Climate Risks and Opportunities Identification and Assessment Table

Category	Relevant Risks/Opportunities	Description	Duration	Financial Impact	Upstream Paiho Shih Downstream			Major Response Strategies
					Upstream	Paiho Shih	Downstream	
Physical Risk	Changes in Precipitation and Extreme Weather (to Paiho Shih)	<p>Potential operational risks caused by severe water shortage:</p> <ul style="list-style-type: none"> ▲ Reduced water usage in dyeing processes leading to decreased production ▲ Water shortage in cooling towers leading to production shutdown 	Long-term	<p>Production cuts, suspension of production</p> <p>Operational losses</p> <p>Decline in revenue</p>		●	●	<ul style="list-style-type: none"> ▲ Establish a comprehensive water monitoring mechanism, formulate water restriction measures, and implement various water-saving measures ▲ Identify major water-consuming processes and replace high water consumption equipment ▲ Increase water circulation equipment to improve water recovery rate
	Changes in Precipitation and Extreme Weather (to Supply Chain)	<p>Potential supply risks caused by severe water shortage:</p> <ul style="list-style-type: none"> ▲ Water shortage may cause upstream suppliers to break the supply chain, leading to production stoppages and product supply shortages, and subsequent breaches of contract. 		<p>Delayed delivery</p> <p>Breach of contract</p> <p>Increased compensation</p>	●	●	●	<ul style="list-style-type: none"> ▲ Prepare alternative material suppliers and spot buyers, establish an emergency material allocation mechanism between factories ▲ Closely monitor climate change and market information to optimize stocking cycles ▲ Develop emergency response plans/protocols to prevent critical material shortages in the event of a disaster.
Transition Risk	GHG Emission Disclosure Requirement	<ul style="list-style-type: none"> ▲ Customers and investors are increasing demands for GHG Emission disclosure ▲ Product carbon footprint and environmental certifications 	Short Term	Increase in operational costs			●	<ul style="list-style-type: none"> ▲ Anticipating customer needs in advance, replacing high-energy-consuming equipment with energy-efficient equipment to reduce carbon emissions. ▲ Leading the industry with various authoritative certifications, taking the lead in environmental planning, and improving corporate image through forward-looking strategies.
	Greenhouse gas-related regulations, carbon tax and carbon trading system	<ul style="list-style-type: none"> ▲ Under the promotion of the "dual carbon" goals, if a carbon tax is levied, the cost of carbon emissions and the purchase of carbon emission quotas will increase the cost for enterprises, and product costs will rise. ▲ The quality requirements for corporate sustainability information disclosure are becoming increasingly detailed, making carbon disclosure a top priority in the industry. 	Mid-term	Increase in operating costs			●	<ul style="list-style-type: none"> ▲ Closely monitor the domestic carbon market, relevant developments, and regulatory policies, to conduct long-term planning for carbon credit trading. ▲ Promote energy-saving green buildings, increase the proportion of renewable energy consumption, achieve energy transition, and reduce GHG emissions to ease carbon fee pressures.
	Investment in green product R&D	<ul style="list-style-type: none"> ▲ Following the trend of sustainable development, we develop green products that meet customer needs and promote the transformation to new energy. 	Mid-term	<p>Increase in operating costs</p> <p>Increased costs</p> <p>Lower profits</p>	●	●	●	<ul style="list-style-type: none"> ▲ In the early stage, we complied with the customer's green product development plan, invested in new energy transformation, and in a long term, improving energy-usage and technology will enhance corporate competitiveness, gradually stabilize economic benefits, and achieve sustainable development. ▲ Procuring high-quality green raw materials is conducive to the application of energy-saving and carbon-reducing products, with quality matched to pricing
Rising raw material and energy costs	<ul style="list-style-type: none"> ▲ Raw materials and products are given green cost value, and procurement and own production costs increase. 							

Note: Short-term is 2023-2025, mid-term is 2026-2030, long-term is 2031-2050

Climate Strategy

※ Climate Risks and Opportunities Identification and Assessment Table

Category	Relevant Risks/Opportunities	Description	Duration	Financial Impact	Transition			Major Response Strategies
					Upstream	Paiho Shih	Downstream	
Transition opportunities	Highly efficient and energy-saving supply chain	<ul style="list-style-type: none"> ▲ Reasonably allocate product shipping and transportation resources to improve logistics efficiency ▲ Promote localized procurement, strengthen cooperation with domestic raw material suppliers, and reduce overseas import transportation cost ▲ Optimize downstream supply chain transportation to reduce Scope 3 emissions 	Mid-term	Operational costs decrease	●	●	●	<ul style="list-style-type: none"> ▲ Combine shipments to similar delivery addresses to avoid duplicate route transportation that causes human resource waste and energy consumption ▲ Source raw materials locally to improve supply efficiency and reduce energy consumption
	Use of renewable energy	<ul style="list-style-type: none"> ▲ Install solar panels to generate electricity, using renewable energy ▲ Increase the proportion of renewable energy consumption to reduce Scope 2 emissions, aiding in carbon emission cost control 	Mid-term	Operational costs decrease		●		<ul style="list-style-type: none"> ▲ Gradually promote renewable energy coverage across factory sites, adhering to the greenhouse gas reduction plan, moving towards the goal of net-zero emissions ▲ Reduce the purchase amount of carbon credits
	New product research and development	<ul style="list-style-type: none"> ▲ Driven by global warming and shifting consumer preferences towards green and environmentally friendly products, our R&D department is developing innovative solutions. These include moisture-wicking and breathable woven tapes, as well as flame-retardant, degradable hook-and-loop fasteners with matching surfaces. These components are ideally suited for application in temperature-regulating functional apparel. 	Short Term	Revenue increase Operational costs decrease		●	●	<ul style="list-style-type: none"> ▲ Continuously develop innovative products with excellent functionality based on consumer preferences and global climate change, to attract corresponding orders for new product categories ▲ Green, environmentally friendly, non-toxic quality that reduces environmental burden and fulfills corporate responsibility
	Product carbon footprint and water footprint assessment	<ul style="list-style-type: none"> ▲ Products undergo carbon and water footprint certification to quantify GHG emissions and water consumption throughout the manufacturing process. The data obtained informs targeted improvement efforts and guides the implementation of energy conservation and GHG emissions reduction measures across each process stage. 		Operational costs decrease		●		<ul style="list-style-type: none"> ▲ Identify production processes with high energy consumption and high GHG emissions, and explore the potential for energy saving and GHG emission reduction ▲ Environmental certification helps guide sustainable production and consumer markets, enhancing corporate reputation and competitiveness ▲ Address green trade barriers under foreign carbon-related policies, and promote the development of international trade

Note: Short-term is 2023-2025, mid-term is 2026-2030, long-term is 2031-2050

Green Management System

In alignment with the prevailing trend of green development, Paiho Shih is committed to balancing economic performance with environmental stewardship, driving sustainability from product innovation through to management systems. By embedding a sustainable business mindset, the company achieves forward-looking planning and enhances corporate value through the implementation of green management practices.

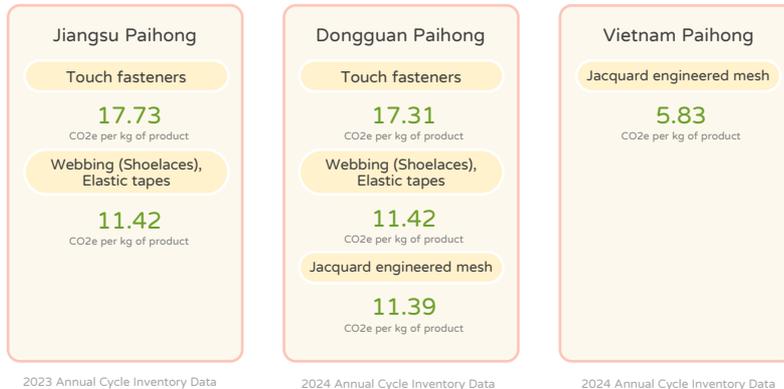
Certifications achieved by each operational site

Certification	ISO 9001	ISO 14001	ISO 45001	ISO 50001	ISO 14064
Wuxi	✓	✓	✓	✓	✓
Dongguan	✓	✓	✓	✓	✓
Vietnam	✓	✓	✓	✓	✓
Coverage rate	100%	100%	100%	100%	100%

Carbon Footprint

Paiho Shih conducts comprehensive product lifecycle assessments in accordance with ISO 14067 and PAS 2050, with a "cradle-to-gate" system boundary. This process quantifies the greenhouse gas emissions at each stage of a product's life. To ensure credibility, the company has commissioned the external verification body CQC (China Quality Certification Centre) to verify the data, providing assurance of its authenticity and validity.

Carbon footprint of main products in each operational site



Water footprint

Paiho Shih conducts product water footprint inventory in accordance with the technical requirements of ISO 14046:2014. It calculates the system boundaries for the raw and auxiliary material production stage, energy production stage, raw and auxiliary material transportation stage, and product manufacturing stage, and has commissioned the external verification body CQC (China Quality Certification Centre) to conduct verification, providing proof of the authenticity and validity of the data.

Water footprint of main products in each operational site



Green & Eco-Friendly Products

Guided by a commitment to strict self-discipline and the principles of sustainable management and a circular economy, Paiho Shih demonstrates its dedication through tangible achievements. All factories maintain various ISO management system certifications, with the Jiangsu Paihong and Dongguan Paihong further recognized as National Green Factories. In product manufacturing, the company aligns with the global environmental direction of the textile industry by designing for traceability, recyclability, and renewability. These efforts collectively reduce the impact of production on natural ecosystems and enhance the company's core green competitiveness.

The Jiangsu Paihong (first certified in 2018) and the Dongguan Paihong (first certified in 2019) have continuously maintained the honor of being national-level "Green Factories" to date.

— 5 Evaluation Dimensions:



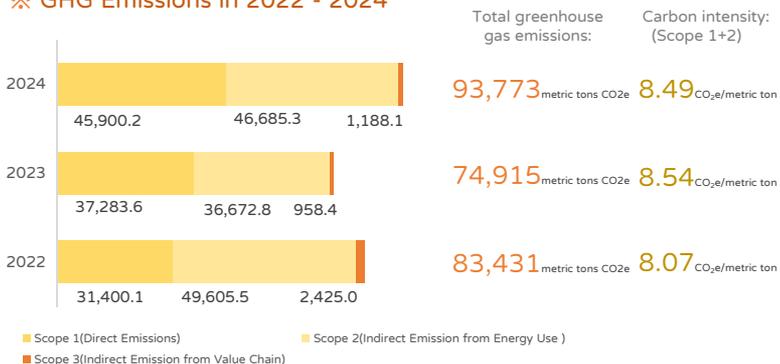
Greenhouse Gas Emissions

Paiho Shih has conducted ISO 14064-1 compliant greenhouse gas inventories across all operational sites to identify GHG emissions throughout its operational processes and products.

In 2024, total GHG emissions from operational sites amounted to 93,773.69 metric tons of CO₂ equivalent, with combined Scope 1 and Scope 2 emissions totaling 92,585.63 metric tons of CO₂. Compared to the baseline year 2020, absolute GHG emissions increased by 31.7%. Total production output in 2024 reached 10,902 metric tons, resulting in a greenhouse gas emission intensity (Scope 1 + 2) of 8.49 metric tons of CO₂ equivalent per metric ton of product, a 6% reduction compared to 2020.

Among the facilities, the Vietnam Paihong reported relatively higher carbon emissions and intensity, reaching 14.89 metric tons of CO₂ equivalent per metric ton of product (Scope 1 + 2). This is attributed to the site's recent establishment as part of the company's operational expansion. Production capacity is currently being gradually ramped up, and supporting environmental facilities will be further enhanced. The site is expected to progressively reach peak emissions and transition toward carbon reduction in the future.

GHG Emissions in 2022 - 2024



Note: Scope 3 includes indirect greenhouse gas emissions caused by products/services used by the organization

GHG Emissions by Operational Site in 2024 (Unit: metric tons CO₂ equivalent)

Factory	Scope 1 (Direct Emissions)	Scope 1 (Biomass Emissions)	Scope 2 (Indirect Emission from Energy Use)	Scope 3 (Indirect Emission from Value Chain)	Scope 1+2 Carbon Intensity (CO ₂ e/metric ton)	Scope 1+2 Carbon Intensity (CO ₂ e/million NTD)
Jiangsu Paihong	1,601.40	x	13,408.12	431.71	6.45	10.10
Dongguan Paihong	7,090.57	x	17,699.53	302.54	4.93	7.10
Vietnam Paihong	702.32	36,506	15,577.69	453.81	14.89	28.09

Greenhouse Gas Activity Data

Scope	Type of Emission	Unit	2024
Scope 1	Natural Gas	Cubic Meters	2,439,882.7
	Diesel	Kilogram	195,734.8
	gasoline	Kilogram	114,331.9
	Refrigerant-R22	Kilogram	83.1
	Refrigerant - R32	Kilogram	25.9
	Refrigerant - R410a	Kilogram	43.7
	Refrigerant - R134a	Kilogram	58.5
	Refrigerant - R507a	Kilogram	5
	Fugitive methane emissions from septic tanks (calculated based on annual labor hours)	Kilogram	13,893.5
	Acetylene combustion	Kilogram	32
CO2 fire extinguisher	Kilogram	1,114	
Scope 2	Purchased Electricity	Kilowatt-hour	50,701,276.0
	Purchased Steam	Megajoule	141,547,061.0
Renewable Energy	Wood Pellets	Kilogram	20,583,330.0
	Photovoltaic Power Generation (Self-Consumption)	Kilowatt-hour	6,535,883.0
	Photovoltaic Power Generation (External Sales)	Kilowatt-hour	376,588.0

GHG Emissions within the Disclosure Scope in 2024 (by Gas Category)

Item	Carbon Dioxide CO ₂	Methane CH ₄	Nitrous Oxide N ₂ O	Hydrofluorocarbons HFCs	Total
Emissions (tons)	89,651.0	3,207.5	534.1	381.0	93,773.6
Percentage (%)	95.60	3.42	0.57	0.41	100

Note: Greenhouse gas emissions within the disclosure scope include emissions from biomass combustion at the Vietnam Paihong

Greenhouse Gas Emissions

Carbon Neutrality

In line with the Paris Agreement's 1.5°C goal, achieving net-zero emissions by 2050 has become a global consensus, further supported by China's "dual carbon" policy targeting carbon neutrality by 2060. In a concrete step toward this shared objective, Paiho Shih demonstrated its commitment by joining the Science Based Targets initiative (SBTi) in September 2023. The company plans to submit targets for validation in the third quarter of 2025, detailing its pathway to realize the 2050 net-zero ambition.



▲ SBTi

In alignment with the ISO 14064-1 standard, Paiho Shih conducts annual greenhouse gas inventories across all factories to monitor GHG emission reduction performance. Since 2016, the Jiangsu Paihong and Dongguan Paihong have carried out carbon footprint projects, obtaining certification from the China Quality Certification Centre. This effort introduced a systematic Cradle-to-Gate carbon inventory for the product manufacturing stage, identifying energy-intensive processes and enabling technological upgrades for energy savings, thereby strengthening corporate carbon management. Guided by a long-term commitment to sustainability, Paiho Shih adheres to the principle of prioritizing internal energy conservation and GHG emission reduction before considering carbon offsets. All operational sites actively implement energy-saving improvements and consistently utilize solar power generation. Each operational site also purchases Certified Emission Reductions (CERs) under the Clean Development Mechanism (CDM). In 2024, Jiangsu Paihong, Dongguan Paihong and Vietnam Paihong all acquired and retired CERs equivalent to their annual carbon emissions (source: Ulanqab Wind Power Project, Inner Mongolia; Registration No.: 4150), achieving carbon neutrality within their operational boundaries. Moving forward, the company will gradually expand these efforts to include Scope 3 emissions. Looking ahead, Paiho Shih will continue to advance carbon reduction technologies and energy-saving measures, further optimize renewable energy consumption, and significantly increase the renewable energy consumption. The company aims to reduce reliance on carbon credit purchases and make tangible contributions to mitigating climate change, progressing from near-zero to net-zero emissions.

Carbon Neutrality Certification



Air Pollution Prevention and Control

Paiho Shih focuses on air pollution prevention and control; each operational site is equipped with air pollution control facilities and online monitoring systems for management, following national and local regulatory standards for emissions to reduce impacts on the atmosphere. In the future, we will continue to improve the monitoring and management of air pollution emission factors at the three operational sites, actively and continuously promote green manufacturing, phase out highly polluting and high environmental risk chemicals, achieve reduction from the source of the manufacturing process, and decrease the concentration of air pollutant emissions.

Air Pollutant Emission in 2024

Item	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong	total
NOx Nitrogen Oxides	Not Measured	0.10	0.08	0.18
SOx Sulfur Oxides	Not Measured	Not Measured	0.15	0.15
PM Particulate Matter	0.53	0.01	0.13	0.67
VOC Volatile Organic Compounds	0.33	0.81	Not Measured	1.14
NH3 Ammonia	0.05	0.04	Not Measured	0.09
H2S Hydrogen Sulfide	0.0005	0.00	Not Measured	0.0005
CO Carbon Monoxide	Not Measured	Not Measured	0.20	0.20
Subtotal (Metric Tons)	0.91	0.96	0.56	2.43

Our operational sites monitor air pollutant emissions on a monthly basis using an online monitoring system, supplemented by annual third-party verification of exhaust gas emissions.

In terms of pollution control facilities, the Jiangsu Paihong and Dongguan Paihong currently utilize conventional exhaust gas treatment processes, while the Vietnam Paihong has adopted more advanced scrubber systems. At the source control level, Paiho Shih implements a core green sustainability strategy, emphasizing the continuous improvement of environmental performance in chemical usage within production processes and wastewater treatment. Each operational site complies with local environmental regulations and has established specific monitoring indicators for air pollutant emissions.

Air Pollution Emission Standards and Control Facilities

Site	Prevention and Control Facilities	Emission Standards
Jiangsu Paihong	Gluing Process Exhaust: Spray + UV Photo-oxidation + Activated Carbon Gue Preparation Exhaust: Spray + Activated Carbon	In compliance with Chinese regulations: Integrated Emission Standard of Air Pollutants DB32/4041-2021 Emission Standard for Odorous Pollutants GB 14554-93
Dongguan Paihong	Sewage Pool Exhaust: Spray + Bio-oxidation + Activated Carbon	

Air Pollution Prevention and Control

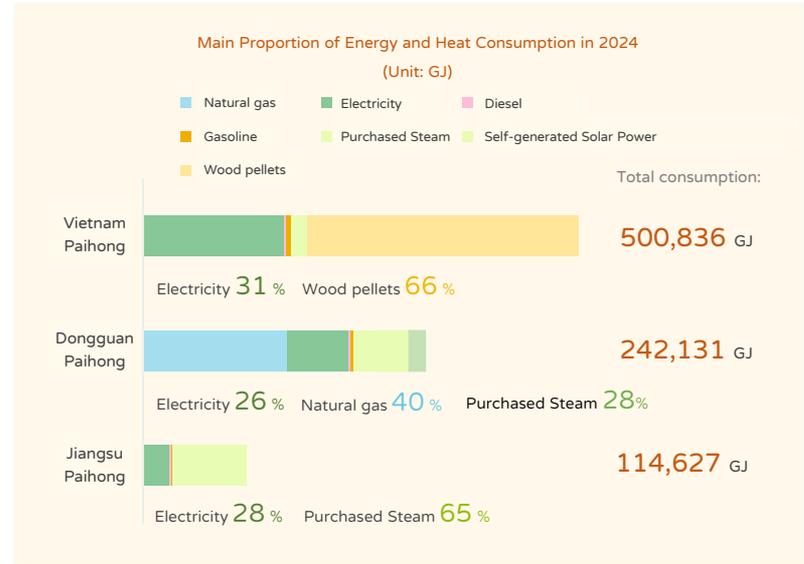
Site	Prevention and Control Facilities	Emission Standards
Dongguan Paihong	<p>Glue application exhaust: UV photolysis + activated carbon</p> <p>Glue preparation exhaust: UV photolysis + activated carbon</p> <p>Wastewater pool exhaust: spray + biological oxidation</p>	<p>The operations comply with the Phase II emission limits stipulated in the following standards of Guangdong Province, China: Emission Standards of Volatile Organic Compounds for Printing Industry (DB44/815-2010)*, applicable to lithographic printing (excluding processes using metal, ceramics, and glass as substrates) and flexographic printing. Emission Standards of Volatile Organic Compounds for Furniture Manufacturing Industry (DB44/814-2010).</p>
Vietnam Paihong	<p>Wet Scrubber</p> <p>Electrostatic Dust Removal System</p> <p>Automatic Continuous Monitoring System for Boiler Exhaust</p>	<p>Complies with Vietnam National Technical Regulation on Industrial Emissions 19:2009/BTNMT</p>

Energy Management

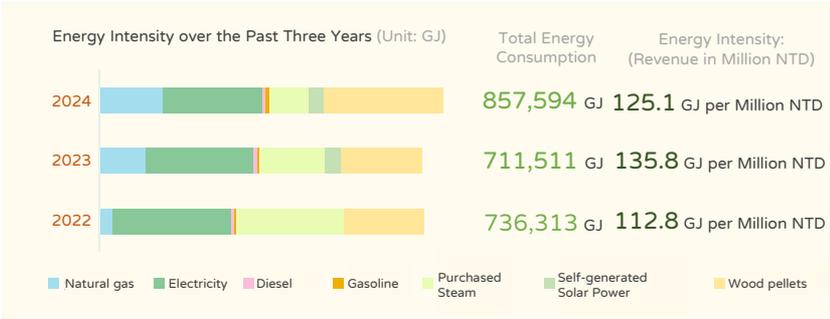
All operational sites under Paiho Shih have adopted the ISO 50001 Energy Management System to effectively monitor production energy consumption. This framework promotes transparent and efficient energy use, enabling rational resource allocation. By setting benchmarks, recording data, and analyzing energy intensity, the company can precisely optimize energy costs, implement targeted energy-saving programs, and ultimately support the efficient reduction of greenhouse gas emissions.

✧ Energy Consumption

In 2024, the total energy consumption across Paiho Shih's three factories was 857,594 GJ. Due to a 32.8% year-on-year increase in revenue and corresponding growth in production output, the energy intensity decreased to 125.1 GJ per million NTD of revenue, reflecting a 7.9% overall reduction compared to 2023. Analysis of the energy mix related to GHG emissions shows primary sources as wood pellets (38.8%), purchased electricity (29.0%), purchased steam (16.5%), and natural gas (11.1%). Renewable energy, comprising mainly solar power and biomass (wood pellets), accounted for 42.1% of the total energy consumption, with the Vietnam Paihong achieving a notable renewable energy consumption rate of 68.5%.

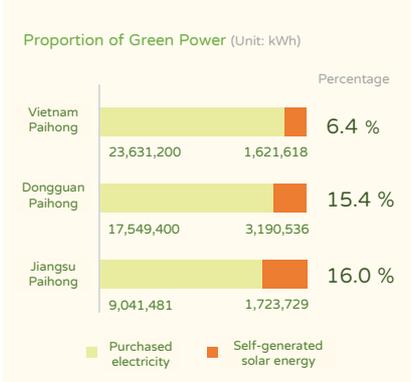


Energy Management



Renewable Energy Consumption

Paiho Shih is actively deploying the use of renewable energy. Since 2022, solar panels have been installed on the rooftops of all operational sites, and photovoltaic power generation has been put into use following the principle of "self-generation for self-consumption, surplus electricity fed into the grid." Priority is given to supplying electricity to operational sites during the day, with any shortfall supplemented by the power grid, striving to increase the use of renewable energy. During production downtime, surplus electricity is directly integrated into the grid for green power sales. Currently, due to climate factors and equipment failures in 2024, the proportion of renewable energy consumption at each operational site ranges between 6.4% and 16.0%, with the overall proportion of renewable energy consumption across the three operational sites being 11.5%.

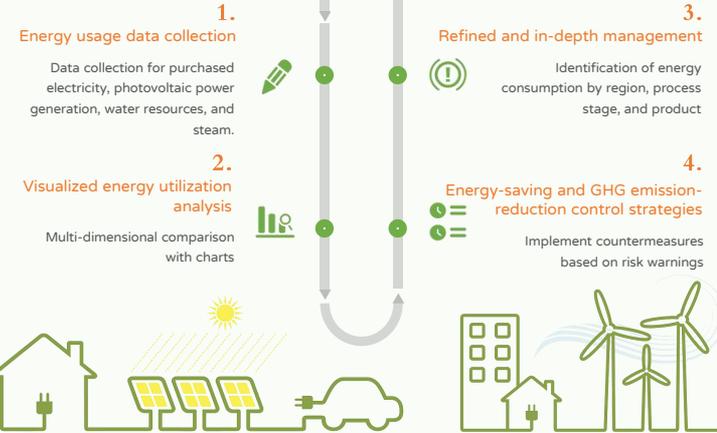


Intelligent Digital Energy Dashboard

Since 2023, Paiho Shih has independently developed an energy management dashboard, installing water and steam meters on main equipment in the dyeing, continuous dyeing, yarn dyeing, and shoelace dyeing workshops, as well as sub-water meters in key areas. A three-level metering system is implemented, with daily meter reading and scanning to upload energy consumption data. Real-time dynamic monitoring of water, electricity, and steam is conducted; through a digital module for intuitive display, the company monitors the concentration of energy consumption in each operational site, takes deep control of GHG emissions across different process stages and product categories, and achieves recording, analysis, and traceability. The refined management system will be continuously developed in the future.



Real-time dynamic monitoring



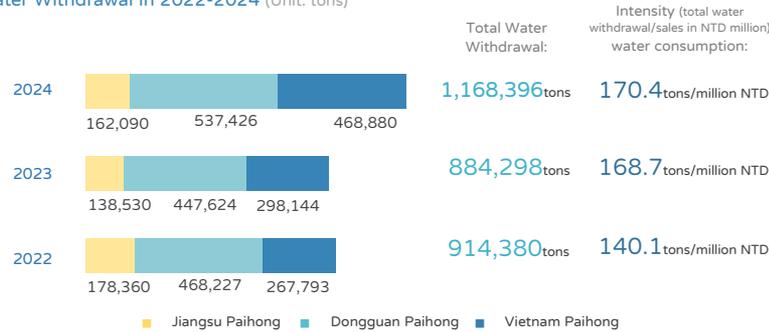
Water Resources Management

In response to the global water crisis under climate change, Paiho Shih pays close attention to the sustainable management of water resources. Every year, the company regularly reviews water consumption in various operational and production processes, promotes optimized water-saving solutions in each factory, enhances water resource utilization efficiency through water recycling mechanisms, and reduces the environmental impact of excessive consumption.

※ Water Withdrawal

The main water source for Paiho Shih is municipal water. In 2024, the total water withdrawal of the three operational sites amounted to 1,168,396 tons. Due to a significant increase in sales compared to the previous year, overall water intake rose by 32% compared to 2023, and water withdrawal intensity tons per million NTD increased by 1%.

Water Withdrawal in 2022-2024 (Unit: tons)



※ Water resource recycling

Paiho Shih actively promotes water recycling and reuse. All operational sites are equipped with recovery equipment and purification technology, fully utilizing condensate water and wastewater cycles to optimize process water usage patterns. Currently, Jiangsu Paihong has invested in a reclaimed water recovery system and steam waste heat recovery equipment. Vietnam Paihong is equipped with an RO water recycling treatment system, while Dongguan Paihong continuously improves water resource recycling in each factory by establishing routine water recovery procedures in the production process.

Water recycling system at each operational site

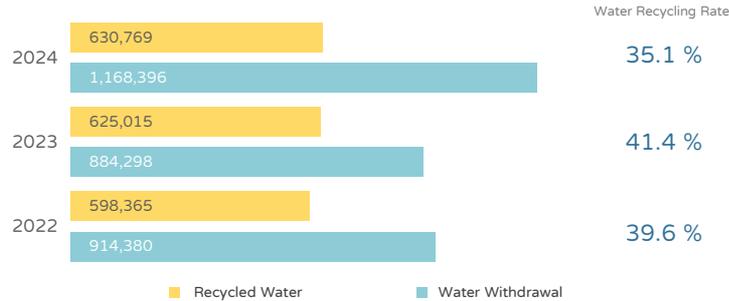
Jiangsu Paihong	Dongguan Paihong	Jiangsu Paihong
<ul style="list-style-type: none"> Reclaimed Water Recycling System Steam waste heat recovery 	<ul style="list-style-type: none"> Condensate/Wastewater/Dyeing Water Recycling 	<ul style="list-style-type: none"> RO Water Recycling & Treatment System
<p>Install an additional steam waste heat recovery system, using heat exchange with production steam condensate for heating water in employee dormitories, workshop heating, and dyeing in the continuous dyeing workshop</p>	<p>Recycled and treated condensate and wastewater up to standard are reused for production dyeing; cooling water from knitting and dyeing is recycled for repeated use.</p>	<p>Wastewater is purified through quartz sand filtration and RO reverse osmosis treatment systems, allowing the reclaimed water to be reused within the factory.</p>



Water Resources Management

In 2024, Paiho Shih's total recycled water reached 630,769 tons. Among them, Vietnam Paihong, due to the adoption of a new high-efficiency recycling treatment system, was able to achieve a full cycle reuse of water resources, with a single-operational site water recycling rate of 53.2%; the combined water recycling rate of the three operational sites reached 35.1%.

Water Recycling Rate in 2022 - 2024 (Unit: tons)



Note: Calculation Methodology: Water Recycling Rate = Total Recycled Water / Total Water Consumption
 Total Water Consumption = Water Withdrawal + Total Recycled Water

Water Saving Performance in 2024

Site	Water Saving Instructions	Volume of Water Saved
Dongguan Paihong	<p>R&D of normal-temperature integrated dyeing vats</p> <p>A key achievement was the development of a three-unit, integrated normal-temperature dyeing system. Replacing the previous single high-temperature vat (capacity: 5,400 yards/day), the new system boosted daily capacity to 16,200 yards while drastically cutting resource consumption. Results include a reduction in electricity use from 475 to 34 KWH/day, water use from 28 to 4.5 m³/day, and steam consumption from 3.8 to 0.6T/day.</p>	1,716 m ³

Water Pollutants

Paiho Shih factories comply with local environmental regulations, industry emission standards, and customer ZDHC testing requirements. They have online automatic monitoring systems for water pollutants in place for daily use, and every year they commission third-party agencies to conduct regular emission concentration tests. The test items include Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), pH value, ammonia nitrogen, and other indicators to ensure pollutant emission concentrations meet the limits.

Water pollutant emissions from each operational site over the past three years

Water pollutant discharged by Jiangsu Paihong (mg/L)							
Item	COD Chemical Oxygen Demand	BOD Biochemical Oxygen Demand	Ammonia Nitrogen	Total Nitrogen	Total Phosphor us	Suspended Solids	pH Online
Average concentration in 2022	87.97	27.83	7.33	6.76	0.31	16.63	7.11
Maximum concentration in 2022	189.35	49.30	16.00	29.51	0.55	24.00	7.58
Emissions in 2022 (tons) Average concentration * Water volume / 1,000,000	6.45	—	0.54	0.50	0.02	—	—
Annual compliance status:	In 2022, the concentration and volume of sewage pollutant emissions were both within compliance limits.						
Average concentration in 2023	59.88	25.27	3.87	10.27	0.13	13.23	7.20
Maximum concentration in 2023	143.55	38.60	14.02	20.72	0.84	24.00	8.64
Emissions in 2023 (tons) Average concentration * Water volume / 1,000,000	4.58	—	0.30	0.79	0.01	—	—
Annual compliance status:	In 2023, the concentration and volume of sewage pollutant emissions were both within compliance limits.						
Average concentration in 2024	35.38	12.41	2.67	12.37	0.20	20.92	7.59
Maximum concentration in 2024	91.85	19.00	16.64	22.15	0.79	44.00	8.14
Emissions in 2024 (tons) Average concentration * Water volume / 1,000,000	3.40	—	0.26	1.19	0.02	—	—
Annual compliance status:	In 2024, both the discharge concentration and emissions of sewage pollutants met the discharge standards						
Discharge Permit Permissible discharge concentration limit:	200	50	20	30	1.5	100	6-9
Discharge Permit Allowed emission limit (tons):	35.85	—	3.59	5.38	0.14	—	—

Water Resources Management

As the Dongguan Paihong is situated within an industrial park, its wastewater is required to be discharged to the park's central water treatment facility for processing before discharge. Consequently, the discharge of water pollutants complies with the standards set by the water treatment plant.

Water Pollutant Discharge Levels of Dongguan Paihong (mg/L)							
Item	COD Chemical Oxygen Demand	BOD Biochemical Oxygen Demand	Ammonia Nitrogen	Total Nitrogen	Total Phosphorus	Suspended Solids	pH Online
Average concentration in 2022	42.67	9.69	2.61	9.44	0.14	10.42	7.23
Maximum concentration in 2022	70.00	17.00	6.92	13.10	0.27	18.00	7.40
Emissions in 2022 (tons) Average concentration * Water volume / 1,000,000	12.78	2.90	0.78	2.83	0.04	3.12	—
Annual compliance status:	In 2022, the discharge concentrations of all sewage pollution factors met the emission standards.						
Average concentration in 2023	41.83	9.08	1.97	7.18	0.12	9.67	7.12
Maximum concentration in 2023	59.00	12.00	8.09	13.90	0.26	15.00	7.40
Emissions in 2023 (tons) Average concentration * Water volume / 1,000,000	11.59	2.52	0.54	1.99	0.03	2.68	—
Annual compliance status:	In 2023, the discharge concentrations of sewage pollutants all met the compliance standards						
Average concentration in 2024	49.33	10.39	1.85	6.17	0.14	10.17	7.20
Maximum concentration in 2024	56.00	13.70	3.86	9.40	0.29	16.00	7.90
Emissions in 2024 (tons) Average concentration * Water volume / 1,000,000	17.63	3.71	0.66	2.20	0.05	3.63	—
Annual compliance status:	In 2024, the discharge concentrations of sewage pollutants all met the compliance standards						
Treatment plant standards: Discharge Standards of Water Pollutants for Textile Dyeing and Finishing Industry GB4287-2012 Guangdong Province Water Pollutant Discharge Limits DB44/26-2001:	80.00	20.00	10.00	15.00	0.50	50.00	6-9

Water Pollutant Discharge Levels of Vietnam Paihong (mg/L)			
Item	COD Chemical Oxygen Demand	Suspended Solids	pH Online
Average concentration in 2022	17.42	9.45	6.92
Maximum concentration in 2022	61.89	50.80	8.33
Emissions in 2022 (tons) Average concentration * Water volume / 1,000,000	0.70	0.38	0.28
Annual compliance status:	In 2022, the maximum concentration of suspended solids (SS) in wastewater, recorded at 50.80, was a peak instantaneous reading from the company's monitoring system. The actual discharge levels did not exceed the permitted concentration limit, and all monitored sewage pollution parameters remained compliant with applicable discharge standards throughout the year.		
Average concentration in 2023	19.29	8.32	6.94
Maximum concentration in 2023	48.66	28.87	8.11
Emissions in 2023 (tons) Average concentration * Water volume / 1,000,000	2.71	1.17	0.98
Annual compliance status:	In 2023, the discharge concentrations of sewage pollution parameters all met the compliance standards		
Average concentration in 2024	13.71	7.80	7.26
Maximum concentration in 2024	31.20	30.49	8.50
Emissions in 2024 (tons) Average concentration * Water volume / 1,000,000	1.84	1.05	0.97
Annual compliance status:	In 2024, the discharge concentrations of sewage pollution parameters all met the compliance standards		
Permissible Concentration Limit for Wastewater Discharge	67.50	45.00	6-9

✦ Water Discharge in 2024

Site	Industrial wastewater (metric tons)	Domestic wastewater (metric tons)	Total Amount of Water Discharge (metric tons)
Jiangsu Paihong	96,203	32,930	129,133
Dongguan Paihong	357,446	91,794	449,240
Vietnam Paihong	123,722	10,255	133,977
Total Amount of Water Discharge	577,371	134,979	712,350

Water Resources Management

Paiho Shih has comprehensive wastewater treatment procedures and strictly complies with local wastewater discharge regulations. Each operational site first conducts internal processing as required to ensure all discharged water quality and pollutant meet the standards. Currently, wastewater from all three operational sites is discharged to local sewage treatment plants, with no direct discharge into natural water bodies.

Sewage discharge and treatment standards

Discharge Destination	Processing method	Emission Standards
Jiangsu Paihong Sewage Treatment Plant	Biological Treatment: Activated Sludge Process (ASP)	Water Pollutant Discharge Standards for Textile Dyeing and Finishing Industry GB 4287-2012 Water Quality Standards for Sewage Discharge into Urban Sewage Systems GB/T 31962-2015 DB32/3432-2018 Comprehensive Emission Standards for Air Pollutants
Dongguan Paihong Sewage Treatment Plant	Physical, biological, chemical treatment	Water Pollutant Discharge Standards for Textile Dyeing and Finishing Industry GB4287-2012 Water Pollution Discharge Limits DB44/26-2001
Vietnam Paihong Sewage Treatment Plant	Physical, biological, chemical treatment	National technical standards for industrial wastewater 40:2011/BTNMT

Waste Management

Paiho Shih implements environmental pollution prevention and control, committed to improving waste recyclability to achieve pollution prevention through waste reduction. In accordance with the laws and regulations of the country where each operational site is located, harmless and hazardous waste is disposed of legally and compliantly, and all hazardous waste generated is handed over to qualified third-party contractors for treatment. We strictly follow local regulations to clearly classify general, hazardous, and recyclable waste, regularly track and record usage and output, strengthen effective waste management, and mitigate environmental impact.

Waste in 2024

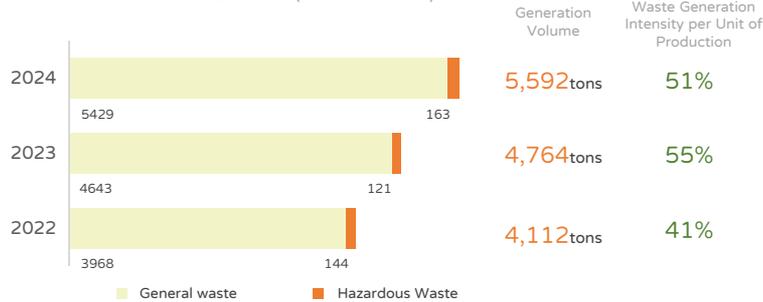
Type	Category	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong	Total
General Waste (Unit: Tons)	Domestic waste	119.49	152.60	103.66	375.75
	Textile waste	87.60	452.34	669.83	1,209.77
	Sludge	263.77	x	600.00	863.77
	Furnace slag	x	x	1,274.37	1,274.37
	waste plastic	11.07	105.32	40.22	156.61
	scrap metal	4.76	6.46	16.03	27.25
	waste wood	x	x	119.80	119.80
Hazardous Waste (Unit: Tons)	waste paper	77.52	440.45	356.10	874.07
	Food waste	18.34	408.95	100.54	527.83
	Subtotal	582.55	1,566.12	3,280.55	5,429.22
	Empty chemical containers	11.27	0.56	35.13	46.96
	Chemical pollutant materials	23.28	22.02	29.41	74.71
Hazardous Waste (Unit: Tons)	Waste lubricating oil	0.11	0.02	x	0.13
	Waste activated carbon	37.87	1.84	x	39.71
	Waste lighting sources	x	0.30	1.12	1.42
Subtotal	72.53	24.74	65.66	162.93	
Total		655.08	1,590.86	3,346.21	5,592.15

Waste Management

※ Waste Management

In 2024, the three operational sites generated a total of 5,592.1 metric tons of waste, representing an increase of 828 metric tons from the previous year. The total waste comprised 5,429.2 metric tons of general waste (97.1%) and 162.9 metric tons of hazardous waste (2.9%).

Waste Statistics in 2022 - 2024 (Unit: Metric Tons)



Paiho Shih adopts a waste management strategy centered on source reduction, complemented by efforts to improve resource recycling. Key measures include enhancing production process quality to minimize defective scrap, utilizing reusable turnover boxes for inter-process transport, promoting waste conservation, and systematically implementing waste management protocols.

In 2024, the waste output intensity was 51% metric tons per metric ton of production. The total amount of waste recycled across the three operational sites reached 5,202.5 metric tons, achieving an overall recycling rate of approximately 93%.

Waste Recycling in 2024

Category	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong	Total (unit: tons)
Total Recycling and Reuse (A)	320.0	1,566.8	3,315.7	5,202.5
Total Waste (B)	655.1	1,590.9	3,346.2	5,592.2
Waste Recycling Rate (A/B)	49%	98%	99%	93%

※ Waste Disposal

All operational sites utilize local partners for waste management. General waste is processed within the month it is generated, while minor quantities of hazardous waste are stored for subsequent disposal. Contractors are selected through a rigorous internal review process to ensure they are qualified and reputable, thereby avoiding high-risk operators.

In 2024, the three factories engaged a total of 14 disposal contractors. The company prioritizes resource recycling in all waste management activities, striving for treatment optimization, reduced sludge generation, minimized incineration, and a zero landfill goal for waste.

General Waste (unit: tons)				
Disposal Method	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong	Total
Recycling	320.0	1,566.1	3,280.6	5,166.7
Incineration	263.8	x	x	263.8
Landfill	x	x	x	x
Hazardous Waste (unit: tons)				
Disposal Method	Jiangsu Paihong	Dongguan Paihong	Vietnam Paihong	Total
Recycling	x	0.7	35.1	35.8
Physical/Chemical/Biological Treatment	x	0.3	1.1	1.4
Incineration	76.0	23.8	29.4	129.2



Building a Fulfilling Career Together Shouldering Social Responsibilities

“People First, Future Together”

Advancing diversity & inclusion, building an open and inclusive workplace,
and engaging with societal voices.



Human Resources Management

Guided by the principle that "People are the foundation of great achievements," Paiho Shih consistently regards its employees as a cornerstone of corporate development. In adherence to the UN Universal Declaration of Human Rights and ILO conventions, and grounded in mutual respect, the company is committed to fostering a workplace characterized by equality, humanistic care, diversity, and inclusion to enhance organizational cohesion. By establishing relevant systems, Paiho Shih implements structured human resource plans, builds a fair and competitive compensation structure, and provides diverse development and training programs. These initiatives aim to unlock employees' full potential, support their career goals, and foster a harmonious, inclusive, and mutually prosperous workplace where the company and its employees grow together.

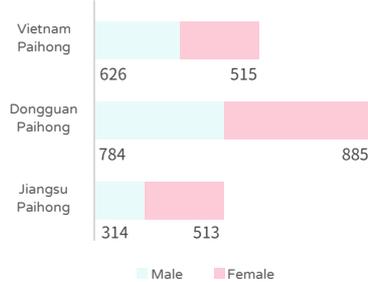
✧ Human Resource Structure

As of the end of 2024, Paiho Shih employed a total of 3,637 personnel across its operational sites in Jiangsu, Dongguan, and Vietnam. Employee headcount remained stable during the reporting period, with no significant fluctuation compared to 2023. All staff across the three operational sites are full-time employees. The gender composition varies by location: the workforce in China is predominantly female, while male employees form the majority in Vietnam, resulting in a relatively balanced overall gender ratio. In terms of age distribution, the majority (56.4%) of employees are aged 31-50. The company also benefits from a significant proportion of younger talent, with 33.7% of employees under 30, supporting continuous innovation, while employees aged 51 and above account for 9.9%.

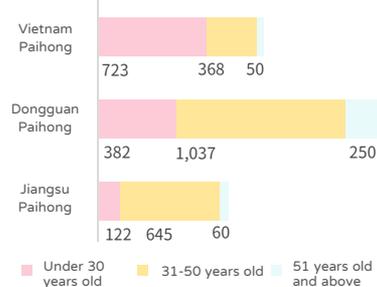
2024 Annual Headcount Statistics



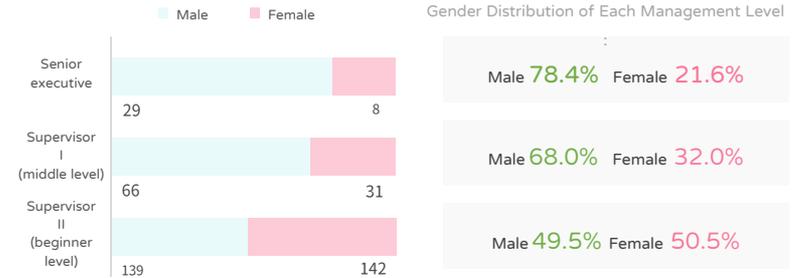
Gender Distribution of Each Operational Site in 2024
(Unit: Number of people)



Age Distribution of Each Operation Site in 2024
(Unit: Number of people)

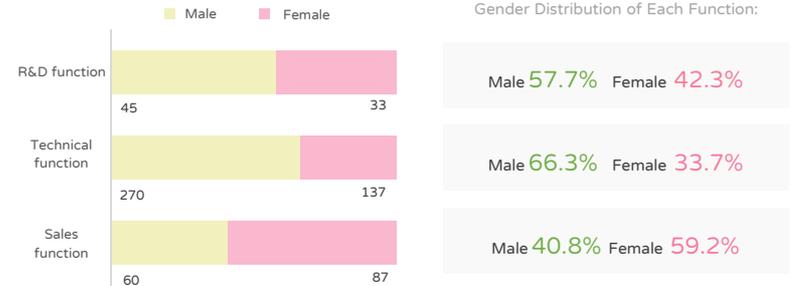


2024 Gender Distribution by Management Level



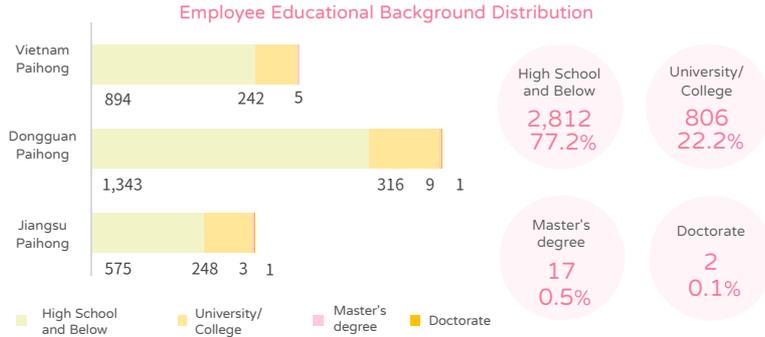
Paiho Shih is committed to fostering a diverse, inclusive, and gender-equitable workplace where women are empowered to realize their full potential across all professional fields. Within the company, positions at Level II Supervisor and above are classified as management roles. In 2024, women held 43.6% of all management positions. At the senior executive level—defined as Associate Senior Manager and above—women accounted for 21.6% of roles. Awareness of gender equality is being progressively integrated into the corporate culture and management systems. The company also promotes female participation in STEM (Science, Technology, Engineering, and Mathematics) fields and develops strategic career development plans for women. In 2024, women represented 40.7% of employees in sales and technology-related positions.

2024 STEM and Sales Gender Distribution



Human Resources Management

All of our operational sites are production facilities. Reflecting the labor-intensive nature of the textile industry, our workforce's educational background comprises 77.2% of employees with a high school education or below, and 22.2% who hold university or college degrees.



Paiho Shih fosters a culture of respect and equal treatment for all employees, regardless of nationality, gender, religion, race, or political orientation. Hiring and promotion decisions are made solely based on merit and professional competence, unaffected by personal backgrounds. We are committed to building and managing teams that value diversity, professionalism, and innovation, thereby supporting sustainable corporate development. Furthermore, we integrate social responsibility into our talent strategy by creating local job opportunities in the communities where we operate, contributing to shared growth with society.

✧ Diversified and Inclusive Local Employment

Paiho Shih is committed to fostering a culture of diversity and inclusion (D&I) to achieve mutual prosperity for both talent and the enterprise. We continuously enhance senior executives' awareness and acceptance of D&I, address unconscious biases, and encourage the application of these values in daily operations. This approach balances talent acquisition with the creation of a supportive workplace designed to unlock employee potential and enable high performance.

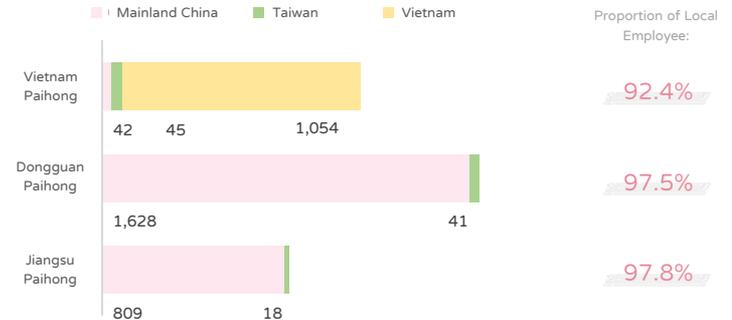
By the end of 2024, our three factories employed 307 individuals from 38 different ethnic minority groups. We have also established dedicated application channels and adapted job positions for people with disabilities. For instance, Dongguan Paihong currently employs 14 individuals with disabilities, representing approximately 0.3% of its total workforce. These efforts reflect our commitment to helping vulnerable groups integrate into society and realize their personal value.



Distribution of ethnic minorities/indigenous peoples and people with disabilities



Local employment distribution

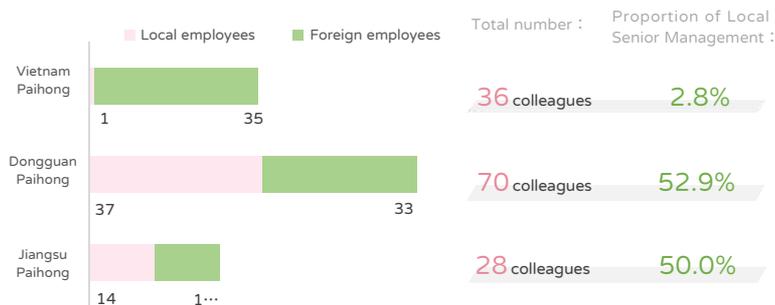


The majority of our company's employees are recruited locally. The proportion of local employees at Jiangsu Paihong and Dongguan Paihong is 97.8% and 97.5% respectively, while at Vietnam Paihong is 92.4%. In response to our social responsibility at operational locations, we create job opportunities and grow together with society.

Human Resources Management

At the senior management level, the three factories have a combined total of 134 managers. Analysis of local senior management representation shows that in Mainland China (combining Jiangsu Paihong and Dongguan Paihong), local hires hold 52% of these positions. As the Vietnam Paihong is still in its initial operational phase, it currently has one local senior manager. Future efforts to strengthen localized hiring are expected to increase this proportion.

Proportion of Local Senior Management



Note: Senior management is defined as first-level supervisor and senior supervisor, that is, deputy manager level (including) or above

Paiho Shih centers its strategy on sustainable talent development, guided by business planning objectives and the principle of matching the right people to the right roles. To attract outstanding professionals, the company employs diversified recruitment methods based on the specific needs of each department and function. It offers competitive compensation and a caring work environment to foster a sense of belonging and motivation. Furthermore, Paiho Shih conducts regular training programs aimed at holistic employee development—from character to capability—ensuring the continuous attraction and retention of high-quality talent, and enabling mutual growth for both the company and its employees.

※ Talent Retention and Turnover

In 2024, Paiho Shih maintained stable overall employee hiring and turnover rates. This stability was primarily influenced by recent investments in upgrading production equipment and process technologies. The transition toward intelligent operations prompted a natural workforce optimization. Against the backdrop of the prevailing market economic conditions, the company adopted a conservative manpower adjustment strategy, focusing on internal functional structure optimization. This included providing multi-skilling training for employees and enhancing the application of digital technologies. These measures have successfully achieved greater job consolidation and diversity, cultivating a cohort of versatile elite talent.

Amid challenges stemming from the social environment and corporate planning, Paiho Shih will continue to enhance the competitiveness of its compensation and benefits packages and refine its selection process for elite talents. These efforts are aimed at driving higher operational efficiency across the organization.

Overall proportion of new hires



Overall proportion of resignations



Voluntary turnover rate

1,223 colleagues
Number of Voluntary Resignations in the Year

100%
Annual Voluntary Resignation Rate

Number of Internal Transfers

128 colleagues
Internal hires Occurred During the Year

Human Resources Management

Distribution of new hires and resignations across all gender and age groups

Region/Item (Unit: persons)	30 Years Old and Below		Ages 31 to 50		51 years old and above		Total			
	Male	Female	Male	Female	Male	Female	Male	Female	Total	
Jiangsu Paihong	New Hires	15	24	12	24	x	x	27	48	75
	New Hire Rate	39.5%	28.6%	5.1%	5.9%	x	x	8.6%	9.4%	9.1%
	Number of Resignations	19	20	19	34	5	8	43	62	105
	Turnover Rate	50.0%	23.8%	8.1%	8.3%	12.2%	42.1%	13.7%	12.1%	12.7%
Dongguan Paihong	New Hires	103	112	73	59	1	x	177	171	348
	New Hire Rate	63.6%	50.9%	15.9%	10.2%	0.6%	x	22.6%	19.3%	20.9%
	Number of Resignations	148	159	98	78	12	21	258	258	516
	Turnover Rate	91.4%	72.3%	21.3%	13.5%	7.4%	23.9%	32.9%	29.2%	30.9%
Vietnam Paihong	New Hires	309	217	72	35	1	1	382	253	635
	New Hire Rate	86.6%	59.3%	31.6%	25.0%	2.4%	11.1%	61.0%	49.1%	55.7%
	Number of Resignations	255	217	76	52	1	1	332	270	602
	Turnover Rate	71.4%	59.3%	33.3%	37.1%	2.4%	11.1%	53.0%	52.4%	52.8%

Note: Calculation formula for Hiring Rate and Turnover Rate: Hiring (or Turnover) Rate = Number of new hires (or resignations) in the group ÷ Total number of people in the group.

In 2024, the overall staff turnover at Paiho Shih remained similar to the previous year, with major changes still concentrated among employees aged 30 and below. Due to the transition to an intelligent and efficient operational model, increased per capita productivity has replaced labor-intensive work, reducing the need for traditional manpower. Recruitment now emphasizes versatile talent selection, with efficiency improvement as the value orientation to fill the gap caused by staff attrition, resulting in a streamlined overall workforce.

※ Diversified Recruitment

Paiho Shih's talent acquisition strategy is grounded in the company's origins, industry specifics, and the local cultural and policy context of each site. It focuses on recruiting local talent and building a pipeline of reserve cadres. By leveraging online media and internal referral networks, the company executes a comprehensive multi-channel recruitment approach.

Direct recruitment is primarily conducted through posting job requirements on major recruitment websites and internal staff recommendations. According to the needs of corporate positions, applicants are assessed and interviewed based on personality traits and professional competencies.

Direct Recruitment

To strengthen cultural innovation within the company, internship positions are offered to current university students during winter and summer vacations or after graduation, providing them with opportunities to gain practical experience and early exposure to the workplace.

Internship Program

Promote industrial innovation and talent cultivation, leveraging years of rich experience and technical expertise as a cradle for nurturing talent. Collaborate with Mainland China universities to provide mentors for textile-related fields and platforms for student innovation and research.

Industry-Academia
Collaboration



Through multi-platform online campaigns featuring creative product introductions and science communication articles, the company provides applicants with deeper insights into its products and brand identity. This strategic outreach cultivates a positive employer brand and leverages mutual referrals to attract high-quality talent.



The company engages annually in specialized recruitment events at target universities across its operational regions. Through these spring and autumn campus recruitment drives, it attracts a new generation of innovative thinkers to build a strategic talent pipeline for sustainable development.



Through industry-academia collaboration, the company aims to foster innovation and advance industrial technology. This includes hosting external experts within its R&D functions. Furthermore, outstanding interns who demonstrate exceptional performance may, upon assessment, receive a direct path to formal employment.

Talent Development

Paiho Shih upholds a people-centric philosophy, prioritizing employee career development and health and safety management. The company views education and training as a vital investment in human capital, aimed at unlocking professional potential and enhancing employees' sense of identification and belonging. Through a curriculum that spans practical skills, ethics, and compliance, Paiho Shih provides systematic and forward-looking training that supports continuous growth and allows employees to realize their professional value. Concurrently, the company strives to improve product and service quality through ongoing learning and innovation, reinforcing corporate sustainability.

Five Major Training Programs



New Employee Training

An introduction for all new employees to the company's rules and regulations, rights and obligations, and general understanding of the environment, including general safety and health education and training, professional training for each department, company administrative affairs training, and brand customer code of conduct.



In-Service Professional Training

Training designed to enhance the knowledge, expertise, and job skills of current employees to meet present and future job requirements, including information technology, business, finance, manufacturing process, development and planning, as well as company administrative affairs.



Environmental, Safety, and Health Education and Training

Environmental protection, occupational safety and health, emergency response and fire safety related training, including relevant regulations.



ISO Management System Training

Training on internal company requirements for quality, environmental protection, energy, and other ISO-related systems, as well as internal audits.



General Training

Training to develop other core competencies or related knowledge beyond professional skills, such as management, labor and human rights education, compliance with ethical conduct, thematic seminars, and training required by clients.

In 2024, Paiho Shih delivered a total of 1,096 training courses, comprehensively covering areas such as professional skills, systems management, and advanced development. These sessions recorded 40,342 participant attendances, amounting to 126,367 total training hours. The average training hours per employee was 34.8 hours, an increase of 4.3 hours from the previous year. The total annual training expenditure reached approximately NTD 280,726, resulting in an average cost of NTD 77.2 per employee.

Educational training content	Number of courses	Training hours	Number of Trainees
New employee training	298	3,268	1,650
In-service professional training	165	28,558	9,592
Environmental, Safety, and health education and training	81	44,227.5	5,218
ISO management system training	349	32,217.5	14,183
General education training	203	18,096	9,699
Annual total	1,096	126,367	40,342

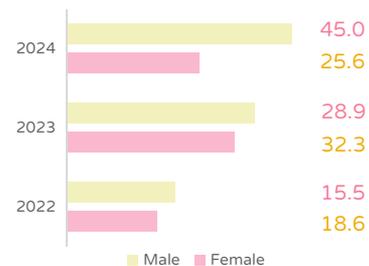
Training costs
280,726
NTD

Average training hours
34.8hours

Male
45.0hours

Female
25.6hours

Average training hours by gender



Annual training hours

2022 : **67,530** hours
2023 : **115,391** hours
2024 : **126,367** hours

Note: The formula for calculating Average Training Hours is: Average Training Hours = Total Training Hours ÷ Total Number of Employees.

Career Development

Training Statistics by Level

Gender	Male		Female		Total	
Group	Total training hours	Average training hours per employee	Total training hours	Average training hours per employee	Total training hours	Average training hours per employee
Entry-level	72,721	55.3	46,075	29.8	118,796	41.5
Junior Manager	2,331	13.3	1,694	9.2	4,025	11.2
Second-level Manager	1,090	7.8	810	5.7	1,900	6.8
First-level Manager	913	13.8	288	9.3	1,201	12.4
Senior Executive	423	14.6	22	2.8	445	12.0

As a core component of enterprise production and operations management, we focus on enhancing the professional skills training of frontline staff and junior managers, with training hours proportionally leading.

Ethnic and Human Rights Training



Enhance Ethical Compliance and Labor Rights Training for Management

Paiho Shih regards the Universal Declaration of Human Rights as the core value for employee management, focusing on workplace equality and ethical norms. It has fully implemented diverse courses such as prohibition of forced labor, freedom of association, anti-discrimination management, voluntary overtime regulations, employee grievance handling and feedback mechanisms, protection of female workers, prohibition of mental and physical abuse, and codes of social responsibility conduct.



Human Rights Protection

Paiho Shih is guided by the principles set forth in the Universal Declaration of Human Rights and other international human rights instruments. We adhere to local labor laws and regulations, protect employees' legitimate rights, and strive to fulfill our social responsibilities.

In line with the Responsible Business Alliance (RBA) Code of Conduct and the ISO 26000 Guidance on Social Responsibility, all our manufacturing factories have obtained SR10 Social Responsibility System certification. We carry out systematic risk assessments across various social responsibility areas, including labor rights, identifying shortcomings based on potential impacts and existing control measures, and implementing improvements to achieve sustainable corporate management. In 2024, we continued to maintain SR10 certification through the supervisory audit conducted by the China Quality Certification Center.

※ Human Rights Protection

1.Prohibition of discrimination, bullying or harassment



Human rights policy:

Paiho Shih has established clear procedures for reporting illegal, unethical, or dishonest conduct, and promotes a workplace free from discrimination, bullying, and harassment through management regulations including the Employee Handbook, Factory Rules Implementation Details, and Anti-Discrimination Management Regulations. A dedicated stakeholder section on the company website provides employees with appropriate channels to submit complaints, ensuring they are properly addressed.

- ▮ Firmly oppose discrimination based on race, religion, gender, age, etc., implement diversified employment, promote equal rights awareness, and establish anti-discrimination management regulations. Business promotions should avoid materials containing discriminatory implications; handle and provide feedback on complaints and suggestions based on employee opinions. An opinion box is provided, and there is no discrimination against employees who file complaints.

- ▮ Management regulations are in place to prohibit both mental and physical abuse, including corporal punishment, verbal abuse, and harassment.

2.Prohibition of child labor and forced labor



Human rights policy:

Paiho Shih complies with all applicable local labor laws and expressly prohibits the use of child labor. We have established reasonable working hour standards (covering both regular and overtime hours) and regularly monitor and manage employee attendance. The Company ensures that employees are able to take entitled leave, thereby supporting a healthy balance between work and personal life.

- ▮ During recruitment, the standard human resource management procedures are followed to verify the authenticity of identification documents, to avoid mistakenly hiring child labor.

- ▮ The Employee Handbook explicitly affirms the employee's right of refusal and strictly prohibits forced overtime, compulsory out-of-town travel, or any form of restriction during non-working hours without the employee's prior consent.

3.Implement of comprehensive employee welfare measures



Human rights policy:

Provide employee welfare and care, strive to create a friendly workplace, and ensure equal pay and promotion opportunities regardless of gender, as well as establish an comprehensive remuneration policy.

- ▮ Provide a comprehensive benefits package, which includes insurance, retirement plans, holiday bonuses/gifts for the three major festivals, birthday bonuses/gifts, annual leave, bereavement leave, marriage and parental leave, and health check-ups. Additional benefits encompass a wedding allowance, self-directed learning support, and a staff cafeteria, among others.

- ▮ Annually, the Company benchmarks local and industry salary levels and aligns them with individual performance and corporate policy to set equitable compensation, thereby maintaining overall pay competitiveness. The year-end bonus is determined based on the Company's operational results and future outlook, while also accounting for employees' annual performance and contributions. This bonus is distributed to all colleagues to encourage aligned efforts toward the Company's objectives.

4.Freedom of association



Human rights policy:

Committed to creating a space for free communication, where employees can freely form legal organizations or participate in labor unions.

- ▮ Established labor unions to enhance interaction and communication with employees.

- ▮ Formulated regulations on freedom of association and collective bargaining to safeguard employees' rights.

Human Rights Protection

※ Employee Rights and Union

Paiho Shih strictly adheres to the labor laws of each local country where our factories operate and follows standardized human resource management procedures. All employees sign legally compliant labor contracts upon hiring to safeguard their legal rights. Each factory provides an employee handbook in the local language, clearly outlining regulations related to employment, working hours, leaves, resignation, and insurance policies. Comprehensive and humane welfare policies are implemented to protect human rights and strictly prohibit discrimination, bullying, and harassment. Before onboarding, employees are required to undergo training to thoroughly review the handbook and understand their rights, empowering them to address any unequal or unreasonable treatment in the workplace.

As of the end of 2024, the number of union members reached 3,398. The Company has signed a collective agreement with the labor union, covering approximately 93.4% of employees across three factories by year-end. Regardless of union membership, all employees are treated equally in terms of compensation and benefits. The Company maintains open communication channels, such as employee forums and written grievance procedures, to facilitate timely feedback.

The Company respects all employees' rights to freedom of assembly, association, and collective bargaining, ensuring that corporate conduct complies with local regulations and social responsibility standards. It assists employees in electing representatives to form union organizations and provides platforms for communication and feedback. The union consolidates employee opinions and suggestions regarding health, safety, and policy management, engaging in equal dialogue with senior management to foster harmonious labor relations.

Since its establishment, the Company has maintained harmonious labor relations, with no labor disputes requiring mediation.

※ Labor-Management Communication

Paiho Shih emphasizes harmonious, open, and transparent labor-management communication, implementing a positive and two-way communication mechanism. Employees can express opinions through multiple communication channels, including labor unions and employee suggestion boxes, to listen to colleagues' voices and needs, respond to employee inquiries, and plan improvement measures to enhance mutual communication between labor and management. In addition, the company protects complainants and complaint data, responds promptly, and takes relevant corrective actions.



Project Organization

Labor unions safeguard employees' legal rights and foster harmonious labor-management relations.



Feedback

All global production and operation sites have physical suggestion boxes to collect employees' feedback and issues encountered, continuously improving overall governance and providing timely responses.



Information Announcement

The company adopts a flexible information-sharing model, including but not limited to internal meetings, morning meetings, ERP, OA, and office apps for instant sharing of important information with employees.

※ Human Rights Protection Program

Maternal Health Protection Program

The company fully complies with regulations by providing female employees with prenatal check-up leave, maternity leave, and breastfeeding leave. To ensure their well-being, pregnant employees are promptly reassigned from worksites involving chemical exposure and are exempted from night shifts and overtime. Additionally, Vietnam Paihong offers health counseling and guidance for women during pregnancy and the postpartum period. All three factories are now equipped with warm and comfortable lactation rooms, which include refrigerators, allowing nursing mothers to relax while breastfeeding.

The number of maternity leave days for women follows local regulations

158 days and above

Number of participants in prenatal/postpartum health consultation sessions

14

Prevention plan for unlawful infringements during duty execution

The Company has established relevant prevention plans and ensures the effective implementation of policies and procedures that prohibit mental and physical abuse, prevent retaliation, combat discrimination, and eliminate slavery and human trafficking.

Training on these topics is integrated into both the onboarding process for new employees and regular ongoing education sessions. The curriculum includes gender equality, non-discrimination, and the prevention and reporting of sexual harassment, enabling employees to respond promptly to workplace violence and utilize established reporting channels effectively.

Number of workplace misconduct prevention training sessions for supervisors

27

Number of participants in educational training

1,597

Number of Trainees and hours

1,641

Family-Friendly Workplace

Family-friendly policies —

In response to the UNICEF initiative, Paiho Shih is committed to establishing family-friendly workplaces that help employees balance professional and family responsibilities. We provide support to workers in disadvantaged situations and low-income families, and implement supportive working conditions to facilitate better care for infants and young children.

These measures not only enhance the well-being of children and their families but also deliver multiple benefits to the company, including improved productivity, income growth, gender equality, business development, brand value, talent attraction and retention, as well as enhanced employee health, engagement, and morale.



Beneficial to children and women

Promote healthy growth for children.
Empower women's rights



Beneficial to the company

Increase employee retention and engagement. Enhance corporate image



4 transformations in the workplace:

From "maternity leave" to "parental leave"

From "facilities first" to "people-oriented"

From "personal responsibility" to "shared responsibility"

From "reducing parenting stress" to "enhancing family happiness"

4 sets of policies:

Paid Annual Parental Leave for Caring for Young Children 01

Support for Breastfeeding 02

Affordable and Accessible Quality Childcare Services 03

Parenting Subsidy 04

About our efforts:

Each factory follows local legal regulations to provide prenatal check-up leave for pregnant women. Based on pregnancy circumstances, female employees are granted 158 days or more of maternity leave; In Mainland China, male employees are provided with 15 days of paternity leave, while in Vietnam, they are provided with 5 days of paternity leave; In Mainland China, for children under a certain age, parents are entitled to 10 days of parental leave each year

Each factory is equipped with a lactation room with a refrigerator to provide breastfeeding facilities for female employees; In accordance with the law, breastfeeding leave is provided. From childbirth until the child is 1 year old, 1 hour of breastfeeding time per day is granted, with an additional 1 hour per day for each extra infant.

The Dongguan Paihong has set up family rooms in response to local employees' cultural needs, allowing children under 13 requiring care and direct adult relatives under the age of 70 to stay together.

The Vietnam Paihong offers a parenting subsidy for children under 6 years old; an annual Children's Day event is held, including an academic achievement award with prizes for employees' children.

Remuneration and Benefits

※ Warm Parenting

Paiho Shih provides comprehensive and legally mandated welfare systems for maternity and childcare. Employees may apply for unpaid leave during pregnancy and childcare periods. The Company has established a reasonable and compliant leave management system to ensure workplace equality in terms of conditions and benefits, enabling employees to better care for their children and achieve a more flexible balance between work and family responsibilities.

In 2024, a total of 123 employees across Paiho Shih's three factories applied for unpaid parental leave, representing a 100% application approval rate. Among those scheduled to return from leave, 82 employees resumed work on time, achieving a return-to-work rate of 75.9%. Regarding post-return retention, 68 out of the 76 employees who returned in 2023 remained with the company for over one year, yielding an overall retention rate of 89.5%.

Parental Leave: Application, Return-to-Work, and Retention Statistics



※ Retirement System

Based on the national retirement policies and social insurance regulations of each operation site, Paiho Shih legally pays the relevant insurance contributions for employees. When employees reach the statutory retirement age, they can claim their pension and enjoy social security services.

Mainland China

Paiho Shih's operations in Mainland China make monthly social insurance contributions in accordance with local standards, including pension insurance, on behalf of employees. The Company adheres to the statutory employer contribution rates for pension insurance—16% in Wuxi and 14% in Dongguan—as required by local regulations. This enables eligible employees to claim pensions from the Social Security Bureau upon reaching the statutory retirement age. Each subsidiary also assists employees in completing the relevant retirement procedures in compliance with legal requirements.

Taiwan

Paiho Shih's offices or a branch in Taiwan operate under the pension system established by Taiwan's Labor Pension Act. This constitutes a government-administered, defined-contribution retirement plan. In accordance with the Act, the Company contributes 6% of each employee's monthly salary to their individual pension account held at the Bureau of Labor Insurance.

Vietnam

The factory located in Vietnam has, in accordance with relevant Vietnamese laws, made monthly contributions to the local Social Security Bureau for employees' social insurance, health insurance, and unemployment insurance. Employees who reach the statutory retirement age may apply for a pension from the Social Security Bureau.

Remuneration and Benefits

Paiho Shih is committed to its talent management strategy of attracting, developing, and retaining talent by offering a competitive and motivating remuneration package. This includes base salary, multiple forms of insurance, welfare allowances, and year-end bonuses.

The Company's salary structure complies with the labor laws in each factory's location and provides a base salary that exceeds the local statutory minimum, ensuring employees' living needs are met. Paiho Shih upholds a strict non-discrimination policy regardless of gender, religion, political affiliation, or nationality, and is dedicated to fostering a diverse and equitable workplace.

Employee performance is assessed through a fair, merit-based evaluation system that considers the Company's operational plans and the employee's annual achievements, as well as factors such as professional knowledge, comprehensive capability, functional diversity, and long-term contributions. This system recognizes employees for their dedication and encourages continuous growth through healthy internal talent development and competition.

※ Salary & Welfare System

Paiho Shih's compensation and benefits philosophy reflects our fundamental commitment to employee well-being. While pursuing sustainable operations, we actively share the fruits of business success with our workforce. In accordance with company regulations, an amount equivalent to no less than 0.1% of annual pre-tax net profit (before deduction of directors' and employees' remuneration) is allocated for employee compensation. This is distributed in stock or cash to eligible employees across the Company and its subsidiaries, providing rewards that exceed statutory requirements.

Additionally, year-end bonuses are granted annually based on both corporate performance and individual contributions, serving to attract, retain, and motivate outstanding talent.

In 2024, Paiho Shih's total employee salary expenses reached approximately 1,545,398,000 NTD, while welfare subsidies—including bonuses, recreational funds, gift allowances, and health management—amounted to approximately 306,961,000 NTD. The Company upholds the principle of gender equality, with compensation ratios between men and women remaining essentially balanced across all position levels. Any variations in average salary reflect differences in job function and performance, all maintained within reasonable bounds.

Male-to-female salary ratio

Job structure (Male/Female)	Mainland China	Vietnam	Ratio of Entry-Level Employee Salary to Local Government-Mandated Minimum Wage	
Entry-level Staff	1.08	0.90		Jiangsu 300%
Junior Manager	1.15	0.92		Dongguan 326%
Second-level Manager	0.98	0.85		Vietnam 234%
First-level Manager	0.92	0.79		
Senior Executive	1.25	×		

Note. Gender salary ratio calculation formula: Male-to-female salary ratio = Average salary of males in the group ÷ Average salary of females in the group

※ Comprehensive Welfare Facilities

Paiho Shih actively responds to national and local cultural policies by addressing the diverse needs of employees both domestically and internationally—including dining, accommodation, transportation, and cultural activities—through considerate welfare facilities and comprehensive insurance coverage. The Company places strong emphasis on employees' physical and mental well-being and strives to build a supportive workplace atmosphere. These efforts are aimed at enhancing employee satisfaction, reinforcing a corporate culture centered on well-being and health at work.



Cultural and entertainment activities

Fitness areas, exercise equipment, and yoga rooms are available in the office building and employee dormitories; a table tennis room, basketball court, and reading room are provided for employees after working hours; year-end banquets or banquet vouchers are offered, along with department dinner subsidies at year-end.



Insurance

In accordance with the law, employees are covered by funds including labor insurance, unemployment insurance, work injury insurance, medical insurance, maternity insurance, housing provident fund, pension insurance, and group insurance or business travel accident insurance.



Meal

An employee cafeteria is available offering breakfast, lunch, dinner, and late-night snacks, with a daily meal allowance; the Dongguan Paihong is equipped with beverage vending machines.



Housing

Employee dormitories with various room types such as single rooms and couple's rooms, equipped with furniture, appliances, and internet access for convenient commuting; housing subsidies are provided for employees renting accommodation outside.



Bonus

Year-end bonus, wedding cash gifts, birthday gifts (cash or vouchers), festival gifts (cash or presents), and commencement red envelopes.



Transportation

Parking lots and garages are available for employees; multiple scheduled shuttle buses operate between the office building, the factory, and employee dormitories; the company provides drivers and vehicles for official business trips.



Healthcare

Regular occupational site inspections are conducted to ensure a safe and harmless working environment for employees. Occupational disease examinations are provided for employees upon joining and leaving the company; annual physical exams are conducted, with physical fitness monitoring programs; the administration follows up with care on employees with abnormal health check results.

Remuneration and Benefits

Major Welfares in 2024



※ Healthy and Happy Life

Sport Activities for Entertainment and Healthy Lifestyle in 2024

Jiangsu	Tug-of-war competition: 24 teams participated	312 participants
Jiangsu	Walk for Health Parent-Child Activity	195 participants
Dongguan	Eco-friendly Walking Event	336 participants
Dongguan	Summer Parent-Child Walking Activity	70 participants
Dongguan	Tug-of-War Competition: 30 Teams Participating	470 participants
Vietnam	Sports activity: Football match	60 participants



▲ Parent-child walking activity



▲ Basketball training course



▲ Walk for Health Parent-Child Activity



▲ Vietnam football match

Physical Examination / Occupational Disease Examination



※ Employee satisfaction survey

Paiho Shih recognizes the fundamental connection between employee perception of the company and their sustained engagement. Employees who view the company positively demonstrate greater willingness to double their efforts in the work, leading to significantly improved efficiency. Consequently, Paiho Shih prioritizes employee welfare and mental well-being, conducts regular satisfaction surveys, and establishes equitable labor-management communication channels to effectively gather and understand employee feedback. By optimizing internal management, policies, and benefits to better meet employee needs, the company aims to foster positive workplace sentiment and achieve mutually beneficial outcomes for employees and management.

In Mainland China, an annual employee satisfaction survey was conducted from January 1 to December 31, 2024, initiated by the Management Department. A total of 696 employees from Jiangsu Paihong and Dongguan Paihong participated. The survey assessed seven dimensions: remuneration & benefits, personal development, employee recognition, workplace safety, corporate culture, turnover risk, and performance appraisal. The overall satisfaction rate at Jiangsu Paihong reached 78%, while Dongguan Paihong, using a sampling method, achieved a comprehensive satisfaction rate of approximately 75.6%. Based on the findings, we will enhance functional training for employees in lower-scoring areas, aligned with the performance management system; co-design diverse and inclusive activities with staff; and continuously collect feedback to understand their perspectives and suggestions. These improvements aim to elevate satisfaction with training programs and strengthen recognition of and belonging to the benefits system.

Going forward, the Vietnam Paihong will also participate in the employee satisfaction survey, enabling group-wide standardization across all manufacturing facilities.

▼ Top 3 satisfaction items at Jiangsu Paihong

Able to complete job during normal working hours
93%

Satisfied with the training provided by the company
88%

The company cares about employees' work safety
86%

▼ Top 3 satisfaction items at Dongguan Paihong

Festival benefits
92%

Satisfied with job content
90%

Harmonious work environment, atmosphere, and interpersonal relationships
82%

Occupational Health and Safety

Paiho Shih strictly complies with all applicable labor laws and workplace safety regulations. All manufacturing factories have obtained ISO 45001 Occupational Health and Safety Management System certification. Guided by our environmental, safety, and health policies as a fundamental management principle, we are committed to providing a safe, healthy, and comfortable working environment, safeguarding employee welfare, and maintaining an Occupational Safety and Health Committee. This committee—comprising the Chairman, senior management, and worker representatives—proactively monitors occupational safety and health issues, regularly identifies potential environmental hazards, and develops and implements corresponding prevention plans.

Beyond initial onboarding, ongoing employee training includes fire safety, safe operation of high-risk equipment, first-aid responder training, and other relevant health and safety education. Safety reminders are displayed across work sites, and appropriate personal protective equipment is provided to ensure employee safety.

In 2024, the Company recorded no occupational safety and health penalties and no violations of labor regulations.

Roles and Responsibilities within the Occupational Safety Organization



Occupational Safety and Health Committee

- | Advise on occupational safety and health policies drafted by the employer
- | Coordinate and propose occupational safety and health management plans
- | Review implementation plans for safety and health training, workplace environment monitoring plans, monitoring results, and corresponding measures adopted
- | Review health management, occupational disease prevention, and health promotion matters
- | Review preventive measures for hazards associated with machinery, equipment, or raw materials
- | Review occupational accident investigation reports
- | Evaluate on-site safety and health management performance
- | Review safety and health management matters related to contracted operations and other relevant OHS issues
- | Review self-inspection and safety and health audit matters of the business entity
- | Review various safety and health proposals
- | Address communication and coordination matters



Department Supervisor Responsibilities

- | Approval of EHS & Energy Policy, safety and health work rules, and relevant safety procedures
- | Ensuring the availability of resources necessary to establish, implement, maintain, and improve the management system
- | Promoting participation of all company employees in safety and health activities
- | Reporting the performance of the occupational health and safety management system for review and using it as a basis for system improvement
- | Formulating, planning, and promoting occupational health and safety management matters, and guiding relevant departments in their implementation
- | Directing and supervising subordinates in the execution of occupational health and safety management duties according to authority, and coordinating and guiding relevant personnel in implementation



Responsibilities of Labor Representatives

- | Participation in the development and review of policies, occupational safety and health codes of practice, and procedures related to safety and health
- | Participation in the occupational safety and health management committee, hazard identification and risk assessment, accident investigation, and workplace environment monitoring
- | Participation in consultation and decision-making on various safety and health-related matters

※ Risk Identification and Control

Paiho Shih conducts comprehensive hazard identification prior to establishing or implementing its Occupational Safety and Health Management System. This systematic approach addresses potential personnel injuries and accidents from current operations, evaluates past and present OHS performance, and enables the setting of corresponding safety and health policies and targets. Through this management system, we enhance operational efficiency while pursuing the ultimate targets of "zero hazards, zero accidents."

Following process, activity, and service workflows, we identify all operations or projects and confirm their specific conditions. This includes determining potential hazard types, contributing factors, and possible consequence scenarios. We then verify existing protective measures that may reduce hazard likelihood and severity, assess risk levels, and determine necessary control measures accordingly. After implementation, we evaluate residual risks and review their acceptability, developing additional plans where necessary until risks are reduced to acceptable levels.

In 2024, Paiho Shih identified 1,082 hazardous items, among which 45 were classified as high-risk events. Primary sources included storage areas, gluing ovens, sewage pools, confined spaces within exhaust treatment spray towers, and chemical storage facilities.

Occupational Safety and Health Management Process



Occupational Safety Management Process

- 1. Identify Potential Hazards**
Identify possible types and factors of hazards, and scenarios leading to consequences
- 2. Assess Risk Level**
Confirm existing measures that can reduce the likelihood of hazards occurring and the severity of consequences
- 3. Implement control measures**
Determine the control measures needed to reduce risk based on the risk level
- 4. Review residual risk**
Confirm whether the residual risk after implementing control measures is acceptable
- 5. Improve continuous monitoring**
Continuously reduce residual risks to an acceptable level

Occupational Health and Safety

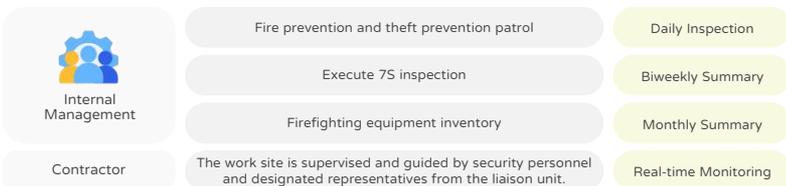
Annual Identification of Significant Risks



Paiho Shih systematically implements regular inspection plans for all departments in accordance with its Environmental, Safety, and Health (ESH) management procedures. Through internal controls, the company conducts daily, weekly, and monthly inspections of workshops and work areas, with periodic supervisory reports compiled to monitor conditions.

For external contractors, entry to site for construction requires prior application and approval from the management department, supported by all necessary documentation. ESH personnel perform on-site inspections of construction areas. Any non-compliance with ESH regulations is immediately communicated to the site supervisor for rectification, accompanied by corrective and preventive actions. The Company also consistently tracks the implementation status of corrective actions for identified deficiencies to ensure they are thoroughly addressed.

In 2024, internal inspections across the three factory sites identified 211 deficiencies, while contractor inspections identified 11, resulting in a total of 222 deficiencies. All identified items were successfully corrected, achieving a 100% completion rate for improvements.

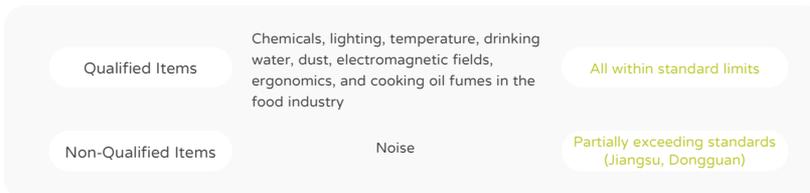


※ Environmental Monitoring

Paiho Shih is committed to safeguarding the physical and mental well-being of its employees. All factory locations conduct regular occupational environment testing, performing evaluations based on actual workplace conditions and operational characteristics to assess employee exposure levels and plan sampling strategies. In compliance with local regulations, qualified third-party testing institutions are commissioned annually to perform occupational environment monitoring across all factories. Identified occupational disease hazard factors are documented and communicated to keep employees informed about conditions in specific operational areas. Where monitoring results exceed statutory limits, Paiho Shih promptly implements effective measures to mitigate risks and protect employee safety and health.

In 2024, all three factories completed environmental quality monitoring covering organic solvents, lighting, temperature, and noise. At the Jiangsu Paihong and Dongguan Paihong, some noise measurements exceeded applicable standards. In accordance with occupational safety and risk control management systems, all personnel entering high-noise zones are required to wear protective equipment and participate in hearing conservation programs, with reduced exposure times implemented to lower risks. The company continues to explore methods to directly reduce noise at its source.

Annual Inspection Status



※ Occupational Injury Management

Paiho Shih recorded a total of 11 occupational injury incidents in 2024, reflecting a consistent year-on-year decreasing trend. At Jiangsu Paihong, zero occupational injury accidents occurred during the year, while Dongguan Paihong reported one case of sudden cardiac death.

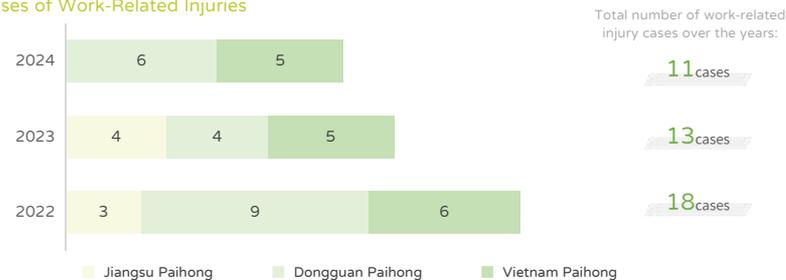
Statistics for lost time due to work-related injuries (including sick leave hours from work injuries carried over from 2023) are as follows: Jiangsu Paihong – 306 hours, Dongguan Paihong – 880 hours, and Vietnam Paihong – 668 hours.

In response to all occurring incidents, Paiho Shih has strengthened operational procedure training for employees, replaced hazardous machinery warning labels, and enhanced employee education and traffic safety awareness initiatives.

For employees exposed to higher environmental risks, the company arranges regular occupational disease health examinations and communicates results directly to individuals. Employee health remains a priority; personnel identified with occupational contraindications are promptly reassigned from their original positions and provided with suitable alternative roles.



Cases of Work-Related Injuries



Occupational Health and Safety

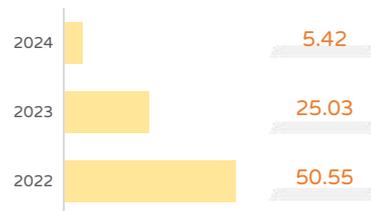
Work-Related Injury Absence Statistics

Item	Jiangsu	Dongguan	Vietnam	Total
Total Working Hours	2,102,737	4,013,563	2,441,807	8,558,107
Work-related Injury Accident Statistics	0	6	5	11
Number of Occupational Disease Cases	0	0	0	0
Number of Workdays Lost (including 2023)	38.3	109.9	83.5	231.7

Lost-time injuries frequency rate (LTIFR)



Lost Workday Rate (LWR)



- Note: 1. Total working hours refer to the total hours worked by all employees in a year.
 2. Lost-time injuries frequency rate (LTIFR): The number of recordable injuries occurring per one million working hours. The formula is: Number of recordable occupational injuries × 1,000,000 ÷ total working hours.
 3. Lost Workday Rate (LWR) = Lost workdays / Total working hours × 200,000*
 * Calculated based on 50 weeks per year, 40 working hours per week, as the rate per 100 employees.

In 2024, Paiho Shih recorded a total of 8,558,107 employee working hours across its three factories, with 11 work-related injuries and zero cases of occupational disease. The Lost-time injuries frequency rate (LTIFR) was 1.29, and 232 lost workdays resulted in a Lost Workday Rate (LWR) of 5.42. Both indicators reflect a notable decrease compared to the previous year. We are committed to enhancing workplace safety on an ongoing basis and have established clear emergency response procedures for potential incidents. In the event of an unexpected occurrence, appropriate first-aid and reporting protocols are immediately activated, followed by a thorough investigation to determine the root cause and implement corrective measures. Optimized management and response strategies are subsequently developed to prevent recurrence.

Emergency Drills

Enhancing workers' safety awareness and emergency response capabilities is key to more effectively reducing the incidence rate of occupational accidents. Paiho Shih provides emergency response drills for employees. Through simulated scenarios of various unexpected disasters, we review and train employees' competence in handling emergencies, as well as the usage methods and operational proficiency of various firefighting and protective equipment.

Emergency Incident Training Programs

Category	Drill Content	Factory
Fire Drill	— Emergency evacuation drill — Introducing types of fire extinguishers as well as their usage scope and handling	All
Chemical Spill Drill	— Simulation drill for emergency spill response — Chemical spill drill in the adhesive preparation area — Emergency drill for chemical spill causing sewage to flow into stormwater pipeline	All
Confined Space Drill	— Emergency rescue drill for confined space (sewage tank)	Wuxi
First Aid Training	— Emergency safety training and practical operation	Dongguan
AED Training	— AED operation practical training	Dongguan
Crane Rescue Drill	— Workshop overhead crane malfunction handling and response	Dongguan
Elevator Emergency Rescue Drill	— Response and handling of elevator entrapment incidents	Dongguan
Pressure Window Accident Emergency Rescue Drill	— Pressure window leak incident handling and response	Dongguan
Food Poisoning	— Food poisoning emergency personnel rescue	Vietnam

Social Engagement

Guided by its aspiration to “make the world a better place,” Paiho Shih actively responds to societal needs and pays close attention to community well-being. From the perspective of social sustainable development, the Company strives to contribute to society to the greatest extent possible. We highly value our relationship with local communities and have established a sustainable public welfare mission; no incidents of infringement upon the rights of indigenous peoples occurred during the reporting period.

Paiho Shih focuses on caring for vulnerable groups by integrating corporate resources, encouraging employee participation in volunteer services, and implementing disaster relief initiatives. At the end of each year, the Company plans activities and budgets for the following year, promoting social engagement around three core themes: social contribution, charitable activities, and educational investment—working collectively to generate positive social value.

Our Records in 2024

Paiho Shih actively participates in social activities, striving to contribute to enhancing the social happiness index.

In 2024, we invested a total of NTD 1,962,498 in social activities, accumulated 3,447 hours of volunteer service, and spent a total of NTD 757,066 on charitable activities. Social care is mainly provided through cash donations and material contributions, offering care and warmth to those in need. We will continue to explore more diverse channels and strive to spread love to every corner of society.

Total Investment (NTD)

1,962,498

Social activities

9

Total Cumulative Public Welfare Expenditure (NTD)

757,066

Volunteer Service Hours

3,447

Social Activity Investment in 2024

2024

1,739,998

222,500

Assistance for the disadvantaged

Education Donation

Major Directions



Supporting the disadvantaged, revitalizing rural areas



Environmental conservation, giving back to society



Employee Well-being, Active Wellness

Social Engagement

Supporting the Underprivileged, Revitalizing Rural Communities

Our Expectation

- Fully dedicated to the national priority of rural revitalization, we actively support local industrial prosperity, ecological sustainability, cultural advancement, and effective governance.
- Through targeted programs for the elderly, young, ill, and people with disabilities, we provide assistance to disadvantaged groups in meeting essential living needs, while encouraging corporate volunteering to advance social welfare.
- We advocate for educational development and help students achieve well-rounded, diverse personal growth and success.

Our Practical Actions

- Local Rural Revitalization
- Volunteer services for disadvantaged groups
- Assistance to employees in need
- Sponsorship of youth activities

Total investment (NTD)

518,797

Rural Revitalization Assistance

Driven by our commitment to rural revitalization and social welfare, Paiho Shih actively supports the well-being of disadvantaged groups in rural communities. This includes targeted participation in initiatives such as the Dongguan Charity Day, through which funds were directed to the construction of a potable water system in Yanjiao Community, Shichang Subdistrict Office, Songtao Miao Autonomous County. Additionally, in furtherance of rural revitalization objectives, the Company contributed to campus beautification and facility improvements at Meitian Primary School in Chuanpu Town, Puning City.



Community Visit and Care Activity in Yisha Village ◀

Blood Donation Campaign

Love is the dawn of life. By donating blood freely, let love flow through the blood and let life continue in warmth. On March 29, 2024, the blood donation campaign jointly organized by the Shatian Town Government, Dongguan Central Blood Station, and co-hosted by Dongguan Paihong was successfully concluded. The event received enthusiastic response and support from the employees of Dongguan Paihong, with a total of 85 colleagues participating in this voluntary blood donation activity.



▶ Organize employee voluntary blood donation activities



Volunteer Services for Disadvantaged Groups

Love makes dreams come true; sincere care ignites hope. All regional operations leverage their resources and influence to support local families in need, nursing homes, and orphanages. For instance, Dongguan factory and its union representatives visited five local households facing hardship, delivering rice, milk, and other relief supplies to women affected by serious illnesses. Separately, Jiangsu Paihong and Vietnam Paihong conducted charitable visits to the local A Fu Nursing Home and orphanages respectively. These efforts aim to enhance the quality of life and well-being of vulnerable groups, while also helping to strengthen community cohesion and promote social harmony and stability—spreading love and care through tangible action.

Christmas visits to Vietnamese orphanages ◀



Note: The investment amount for each thematic initiative includes activities involving internal corporate engagement with employees

Social Engagement

Environmental Conservation, Giving Back to Society

Our Expectation

— "From society, for society." While pursuing sustainable development, enterprises should also remain attentive to the needs of both the natural environment and societal well-being, fulfill their responsibility to contribute, extend support and positive energy to those in need, and provide multi-faceted assistance to people facing difficulties.

Our Practical Actions

- Educational Outreach Sessions
- Responding to environmental protection initiatives

Total investment (NTD)

288,801

Supporting Local Government Environmental Protection Efforts

In fulfillment of corporate obligations and in support of government-led initiatives, Jiangsu Paihong has organized tree-planting activities and performed watercourse cleaning and drainage ditch construction within the Xidong Ecological Park area, contributing to the creation of an improved social and ecological environment.

Aligned with World Water Day, Dongguan Paihong collaborated with the Shatian Ecological Environment Branch, Shatian Experimental Middle School, and Dongguan Shatian Fulusha Meixin Water Co., Ltd. to conduct a field study titled "Small Daily Actions, Major Carbon Reduction: Caring for Water Resources, Building a Waste-Free City Together," offering students hands-on learning opportunities in environmental protection.



Eco-themed Summer Parent-Child Market



Lake Perimeter Walk and Litter Collection Activity

Promoting the Concept of Sustainability

Guided by the national dual-carbon policy consensus and the principle of low-carbon production, Dongguan Paihong partnered with brands to organize an eco-themed summer parent-child market. A total of 31 employee families were invited to participate in the event, which featured an educational session on sustainable development. The session highlighted the importance of waste classification and demonstrated its positive impact on promoting resource recycling.

Practicing Green Initiatives

The Dongguan Taiwanese Business Investment Enterprises Association – Shatian Chapter organized a "Tree Planting Activity in Support of the Hundreds of Thousands Project." The event was attended by district heads from seven districts and Cheng Xitong, Assistant Manager of Paiho Shih's Dongguan Management Department, who joined efforts to create the "Tongxin Forest" and "Qiaoxin Forest" as a symbol of collaborative solidarity.

Earth Hour, a global energy-saving initiative led by the World Wide Fund for Nature (WWF), aims to raise awareness of climate change. In support of this campaign, Jiangsu Paihong turned off lights in its office building from 20:30 to 21:30 on the last Saturday of March. By switching off the lights, we helped illuminate hope—dedicating one hour to our planet.

Note: The investment amount for each thematic initiative includes activities involving internal corporate engagement with employees

Social Engagement

Employee Well-being, Active Wellness

Our Expectation

— Champion employee well-being and fulfillment by supporting work-life balance and enhancing professional satisfaction. Strengthen mutual trust within our purpose-driven culture, thereby boosting team cohesion and productivity.

Our Practical Actions

- Sponsor and organize sports activities
- Host corporate culture events

Total investment (NTD)

2,890,745

Corporate Cultural Activity Development

Rooted in traditional festival culture and aligned with employee interests, Paiho Shih strives to be not only a workplace but also a vibrant platform for enriching life experiences.

We organize annual celebrations for the Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival, featuring activities such as handmade lacquer fans, intangible cultural heritage rubbing art, and DIY mooncake making. These engaging and interactive experiences foster a warm atmosphere of camaraderie and shared joy among employees.



Eco-themed Summer Parent-Child Market ▶



Healthy and Enjoyable Sports Activities

According to local culture and the characteristics of the industries in which they operate, each plant organizes various sports activities, including track and field, soccer, marathons, basketball, and fun sports events, to promote the spirit of sports and enhance employees' happiness and vitality.

First Photography Competition

The Company successfully organized the inaugural "Discover the Most Beautiful Paiho Shih" employee photography contest, inspiring staff to capture and share meaningful work moments from their unique perspectives while showcasing the company's distinctive beauty. Winning entries were selected through a judging panel vote, with recipients receiving honorary certificates and cash awards. Selected outstanding works will be featured in the Group's official 2025 desk calendar.

First Prize Award-Winning Work ▶



Paihong Champion / Vietnam Paihong

◀ Selected award-winning works produced as the Group's 2025 desk calendar.

Note: The investment amount for each thematic initiative includes activities involving internal corporate engagement with employees

Appendix

TWSE Climate-Related Information Index Table

GRI Standards Index

SASB Index

Statement of Third-Party Verification



TWSE Climate-Related Information Table

The Company's paid-in capital is less than NTD 5 billion.			
Number	Item	Chapter	Page
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Climate Strategy	35-37
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).		
3	Describe the financial impact of extreme weather events and transformative actions.		
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.		
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Climate Strategy (Preliminary Analysis)	35-37
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.		
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	No relevant planning is in place at this time.	NA
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified.	Emission Reduction Targets and Carbon Management (Preliminary Climate-related Targets and GHG Emission Disclosure)	39-40
	If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Greenhouse Gas Emissions	40
9	Greenhouse gas inventory and assurance status	Attached table 1	69
	Greenhouse gas emission reduction goals, strategies, and action plan	Greenhouse Gas Emissions	39-40

Attached Table 1 : Greenhouse gas inventory and verification status (Unit: metric tons of carbon dioxide equivalent)

Year	Operations	Scope 1	Scope 2	Scope 3	Emission Intensity (Scope 1 and Scope 2 Denominator is turnover of NTD million)	Principle	Agency	Description
2024	Jiangsu Paihong	1,601.40	13,408.12	431.71	10.10	ISO 14064-1/3	CQC	Reasonable Assurance
	Dongguan Paihong	7,090.57	17,699.53	302.54	7.10	ISO 14064-1/3	CQC	Reasonable Assurance
	Vietnam Paihong	37,208.32	15,577.69	453.81	28.09	ISO 14064-1/3	CQC	Reasonable Assurance
2023	Jiangsu Paihong	1,504.45	11,013.29	380.22	11.12	ISO 14064-1/3	CQC	Reasonable Assurance
	Dongguan Paihong	8,673.24	11,312.48	283.00	7.02	ISO 14064-1/3	CQC	Reasonable Assurance
	Vietnam Paihong	27,105.89	14,347.04	295.15	32.71	ISO 14064-1/3	CQC	Reasonable Assurance

Scope 3 includes some indirect emissions from transport and some indirect emissions from products/services used by organisations.

Statement of Greenhouse Gas Verification for Each Operational Site



GRI Standards Index

GRI Standards	Disclosure	Chapter	Page	Description
GRI 2 : General Disclosures 2021	The organization and its reporting practices			
	2-1 Organizational details	About Paiho Shih Holdings Corporation	5	
	2-2 Entities included in the organization's sustainability reporting	About the Report	3	
	2-3 Reporting period, frequency and contact point	About the Report, Feedback	3, 10	
	2-4 Restatements of information	About the Report	3	Discrepancies were identified in occupational health and safety performance indicator data. The 2023 Lost Workday Rate (LWR) value was found to be incorrectly recorded and has been corrected from 25.3 to 25.03 in the relevant records.
	2-5 External assurance	About the Report	3	
	Activities and workers			
	2-6 Activities, value chain and other business relationships	Stakeholder Engagement	21-22	
	2-7 Employees	Human Resources Management	49-52	
	2-8 Workers who are not employees			No statistics have been compiled yet.
	Governance			
	2-9 Governance structure and composition	Corporate Governance : Corporate Governance Structure	12	
	2-10 Nomination and selection of the highest governance body	Corporate Governance : Corporate Governance Structure	12	
	2-11 Chair of the highest governance body	Corporate Governance : Corporate Governance Structure	12	
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance : Corporate Governance Structure	12	
	2-13 Delegation of responsibility for managing impacts	Corporate Governance : Corporate Governance Structure	12	
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance : Sustainability Governance Structure	15	
	2-15 Conflicts of interest			Information not yet available for disclosure.
	2-16 Communication of critical concerns	Materiality Analysis of Sustainability Issues	23-24	
	2-17 Collective knowledge of the highest governance body	Corporate Governance : Corporate Governance Structure	12	
2-18 Evaluation of the performance of the highest governance body	Corporate Governance : Corporate Governance Structure	12		

GRI Standards	Disclosure	Chapter	Page	Description	
GRI 2 : General Disclosures 2021	2-19 Remuneration policie	Remuneration and Benefits : Salary & Welfare System	59	Highest annual compensation is considered confidential company information.	
	2-20 Process to determine remuneration	Remuneration and Benefits : Salary & Welfare System	59		
	2-21 Annual total compensation ratio	Remuneration and Benefits : Salary & Welfare System	—		
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	Message from the Management	4		
	2-23 Policy commitments	Greenhouse Gas Emissions : Carbon Neutrality, Human Rights Protection	40, 55-56		
	2-24 Embedding policy commitments	Human Rights Protection	55-56		
	2-25 Processes to remediate negative impacts	Corporate Governance, Human Rights Protection : Labor-Management Communication	17, 56		
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance, Stakeholder Engagement, Human Rights Protection : Labor-Management Communication	17, 21-22, 56		
	2-27 Compliance with laws and regulations	Corporate Governance	12-17		
	2-28 Membership associations	Participation in External Organizations	25		
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	21-22		
	2-30 Collective bargaining agreements	Human Rights Protection : Employee Rights and Union	56		
GRI 3 : Material Topics 2021	Disclosures on material topics				
	3-1 Process to determine material topics	Materiality Analysis of Sustainability Issues	23-24		
	3-2 List of material topics	Materiality Analysis of Sustainability Issues	23-24		
	3-3 Management of material topics	Materiality Analysis of Sustainability Issues		For details on the management and implementation of relevant topics, please refer to the corresponding sections.	
GRI 201 : ECONOMIC PERFORMANCE 2016					
201-1	Direct economic value generated and distributed	About Paiho Shih Holdings Corporation	5		
201-2	Financial implications and other risks and opportunities due to climate change	Climate Strategy	35-37		
201-3	Defined benefit plan obligations and other retirement plans	Remuneration and Benefits	58-60		
201-4	Financial assistance received from government			Information not yet available for disclosure.	
GRI 202 : MARKET PRESENCE 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration and Benefits : Salary & Welfare System	59		
202-2	Proportion of senior management hired from the local community	Human Resources Management : Diversified and Inclusive Local Employment	50-51		

GRI Standards	Disclosure	Chapter	Page	Description
GRI 203 : : INDIRECT ECONOMIC IMPACTS 2016				
203-1	Infrastructure investments and services supported	Social Engagement	64-67	
203-2	Significant indirect economic impacts		Social Engagement	64-67
GRI 204 : PROCUREMENT PRACTICES 2016				
204-1	Proportion of spending on local suppliers	Sustainable Supply Chain : Local Sourcing	32	
GRI 205 : ANTI-CORRUPTION 2016				
205-1	Operations assessed for risks related to corruption	Corporate Governance : Ethical Management		Information not yet available for disclosure.
205-2	Communication and training about anti-corruption policies and procedures		17	
205-3	Confirmed incidents of corruption and actions taken		17	
GRI 206 : ANTI-COMPETITIVE BEHAVIOR 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			Information not yet available for disclosure.
GRI 207 : TAX 2019				
207-1	Approach to tax			Information not yet available for disclosure.
207-2	Tax governance, control, and risk management			Information not yet available for disclosure.
207-3	Stakeholder engagement and management of concerns related to tax			Information not yet available for disclosure.
207-4	Country-by-country reporting			Information not yet available for disclosure.
GRI 301 : MATERIALS 2016				
301-1	Materials used by weight or volume	Sustainable Supply Chain	32	
301-2	Recycled input materials used	Sustainable Supply Chain	32	
301-3	Reclaimed products and their packaging materials			No products and their packaging materials have been reclaimed yet.

GRI Standards	Disclosure	Chapter	Page	Description
GRI 302 : ENERGY 2016				
302-1	Energy consumption within the organization	Energy Management	41-42	
302-2	Energy consumption outside of the organization	Greenhouse Gas Emissions	39	
302-3	Energy intensity	Energy Management	41-42	
302-4	Reduction of energy consumption	Energy Management	41-42	
302-5	Reductions in energy requirements of products and services	Products and Services	27	
GRI 303 : WATER AND EFFLUENTS 2018				
303-1	Interactions with water as a shared resource	Water Resources Management	43-46	
303-2	Management of water discharge-related impacts	Water Resources Management	43-46	
303-3	Water withdrawa	Water Resources Management	43-46	
303-4	Water discharge	Water Resources Management	43-46	
303-5	Water consumption	Water Resources Management	43-46	
GRI 305 : EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	39	
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	39	
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emissions	39	
305-4	GHG emissions intensity	Greenhouse Gas Emissions	39	
305-5	Reduction of GHG emissions	Greenhouse Gas Emissions	39	
305-6	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas Emissions	39	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Air Pollution Prevention and Control	40	

GRI Standards	Disclosure	Chapter	Page	Description
GRI 306 : WASTE 2020				
306-1	Waste generation and significant waste-related impacts	Waste Management	46-47	
306-2	Management of significant waste-related impacts	Waste Management	46-47	
306-3	Waste generated	Waste Management	46-47	
306-4	Waste diverted from disposal	Waste Management	46-47	
306-5	Waste directed to disposal	Waste Management	46-47	
GRI 308 : SUPPLIER ENVIRONMENTAL ASSESSMENT 2016				
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain : Supplier Evaluation and Assessment	33	
308-2	Negative environmental impacts in the supply chain and actions taken			No statistics have been compiled yet.
GRI 401 : EMPLOYMENT 2016				
401-1	New employee hires and employee turnover	Human Resources Management : Talent Retention and Turnover	51-52	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration and Benefits	58-60	
401-3	Parental leave	Family-Friendly Workplace, Remuneration and Benefits : Warm Parenting	57-58	
GRI 402 : LABOR/MANAGEMENT RELATIONS 2016				
402-1	Minimum notice periods regarding operational changes			Enforcement in accordance with local laws and regulations.
GRI 403 : OCCUPATIONAL HEALTH AND SAFETY 2018				
403-1	Occupational health and safety management system	Occupational Health and Safety	61-63	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	61-63	
403-3	Occupational health services	Occupational Health and Safety	61-63	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	61-63	

GRI Standards	Disclosure	Chapter	Page	Description
403-5	Worker training on occupational health and safety	Occupational Health and Safety	61-63	
403-6	Promotion of worker health	Remuneration and Benefits : Healthy and Happy Life	60	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	61-63	
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	61-63	
403-9	Work-related injuries	Occupational Health and Safety	61-63	
403-10	Work-related ill health	Occupational Health and Safety	61-63	
GRI 404 : TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee	Talent Development	53-54	
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development	53-54	
404-3	Percentage of employees receiving regular performance and career development reviews			No statistics have been compiled yet.
GRI 405 : DIVERSITY AND EQUAL OPPORTUNITY2016				
405-1	Diversity of governance bodies and employees	Human Resources Management, Talent Development	49-53	
405-2	Ratio of basic salary and remuneration of women to men	Remuneration and Benefits : Salary & Welfare System	59	
GRI 406 : NON- DISCRIMINATION 2016				
406-1	Incidents of discrimination and corrective actions taken	Human Rights Protection	55-56	
GRI 407 : FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Protection	55-56	
GRI 408 : CHILD LABOR2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain, Human Rights Protection	32-33, 55-56	
GRI 409 : FORCED OR COMPULSORY LABOR 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain, Human Rights Protection	32-33, 55-56	

GRI Standards	Disclosure	Chapter	Page	Description
GRI 410 : SECURITY PRACTICES 2016				
410-1	Security personnel trained in human rights policies or procedures			No statistics have been compiled yet.
GRI 411 : RIGHTS OF INDIGENOUS PEOPLES 2016				
411-1	Incidents of violations involving rights of indigenous peoples	Social Engagemen	64-67	
GRI 413 : LOCAL COMMUNITIES2016				
413-1	Operations with local community engagement, impact assessments, and development programs	Social Engagemen	64-67	
413-2	Operations with significant actual and potential negative impacts on local communities	Social Engagemen	64-67	
GRI 414 : SUPPLIER SOCIAL ASSESSMENT 2016				
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain	32-33	
414-2	Negative social impacts in the supply chain and actions taken			No statistics have been compiled yet.
GRI 415 : PUBLIC POLICY 2016				
415-1	Political contributions			Inapplicable.
GRI 416 : CUSTOMER HEALTH AND SAFETY 2016				
416-1	Assessment of the health and safety impacts of product and service categories	Long-Standing Relationships with Clients : Quality Assurance	30	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Long-Standing Relationships with Clients : Quality Assurance	30	
GRI 417 : MARKETING AND LABELING 2016				
417-1	Requirements for product and service information and labeling	Long-Standing Relationships with Clients : Quality Assurance	30	
417-2	Incidents of non-compliance concerning product and service information and labeling	Long-Standing Relationships with Clients	29-31	
417-3	Incidents of non-compliance concerning marketing communications	Long-Standing Relationships with Clients	29-31	
GRI 418 : CUSTOMER PRIVACY2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Long-Standing Relationships with Clients	29-31	

SASB Index

Topic	Accounting Metric	Type of Metric	Code	Chapter	Page
Management of Chemicals in Products	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	CG-AA-000.A	Sustainable Supply Chain	32-33
	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	CG-AA-250a.1	Long-Standing Relationships with Clients : Quality Assurance	30
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	CG-AA-250a.2	Long-Standing Relationships with Clients : Quality Assurance	30
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements	Quantitative	CG-AA-430a.1	No statistics have been compiled yet	NA
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	CG-AA-430a.2	No statistics have been compiled yet	NA
Labour Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	CG-AA-430b.1	No statistics have been compiled yet	NA
	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labour code of conduct audits	Quantitative	CG-AA-430b.2	No statistics have been compiled yet	NA
	Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	Discussion and Analysis	CG-AA-430b.3	Sustainable Supply Chain	32-33
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	CG-AA-440a.3	No statistics have been compiled yet	NA
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Quantitative	CG-AA-440a.4	No statistics have been compiled yet	NA

Statement of Third-Party Verification



SGS ASSURANCE STATEMENT
CN25/00005655

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PAIHO SHIH HOLDINGS CORPORATION'S SUSTAINABILITY REPORT FOR 2024

NATURE OF THE ASSURANCE/VERIFICATION
SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by PAIHO SHIH HOLDINGS CORPORATION (hereinafter referred to as Paiho Shih) to conduct an independent assurance of the Chinese version of Paiho Shih Holdings Corporation's Sustainability Report for 2024 (hereinafter referred to as the Report) for the period of January 1, 2024 to December 31, 2024.

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

RESPONSIBILITIES
The sustainability information in the Report and its presentation are the responsibility of the management of Paiho Shih. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The assurance of this report has been conducted according to the AA1000AS v3 type2), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the *Accountability Principles (AA1000AP, 2018)*.

Assurance has been conducted at a type2 and moderate level of scrutiny.

SCOPE OF ASSURANCE
The scope of the assurance included evaluation of quality, accuracy and reliability of the Report and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
GRI Standards 2021 (Reference)
TCFD
SASB
AA1000 Accountability Principles (2018)



ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees from operation headquarter located at Floor 15, Baite Business Plaza, No. 199 Gujia Street, Anshan Street, Xuhui District, Wuxi City, Jiangsu Province, P. R. China, and online review and validation of documentation and records with relevant personnel of the other affiliates where relevant.

LIMITATIONS AND MITIGATION
Data drawn directly from independently audited financial accounts and intensity data calculated based on financial data has not been checked back to source as part of this assurance process.

Carbon emission data in the report were extracted from greenhouse gas verification statements issued by third parties, has not been checked back to source as part of this assurance process.

This verification was limited to the headquarters of Paiho Shih and did not involve to go deep into other branches.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirms our independence from Paiho Shih, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

The Report conforms to the four principles of the AA1000AS v3 to the following extent:

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
The Report has identified the organization's stakeholders, collected their expectations and concerns, established methods for stakeholder communication and engagement, and undertaken various forms of dialogue and interaction with them.

MATERIALITY
The Report has reasonably disclosed significant issues and indicators that materially affect stakeholder evaluations and decisions, reflecting the organization's most significant impacts on economic, environmental, and social matters based on the concerns raised by relevant stakeholders.

RESPONSIVENESS
The Report has demonstrated the established channels for stakeholder interaction and has fully addressed stakeholder concerns and expectations. Additionally, it has provided transparent responses on material issues to an appropriate extent.

IMPACT
The Report has provided an account of the monitoring and measurement of the principal activities' impacts concerning environmental, social, and governance (ESG) issues.



CONCLUSIONS BASED ON GRI STANDARDS 2021
The assurance team concludes that the Paiho Shih Holdings Corporation's Sustainability Report for 2024 is presented in reference with the requirements of GRI standards 2021.

Signed:



For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16F Century Yuhai Mansion, No. 73, Fuchang Road, Beijing, P.R. China

Aug. 12th, 2025
WWW.SGS.COM




AA1000
Licensed Report
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