PADAUK Technology Corp.

2025 Sustainability Report

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Report Profile

Reporting Principles

This report is available on our website for stakeholder review. This report transparently and comprehensively presents PADAUK Technology's achievements in the three ESG dimensions: Environmental, Social, and Governance, allowing stakeholders to clearly understand PADAUK's philosophy and actions in practicing sustainable development. Through integrity-based governance, environmental protection, occupational safety, and enhanced employee benefits, we are committed to sustainable operations. We actively address stakeholder expectations within this report. Maintaining a humble approach to continuous improvement, we welcome your valuable suggestions to help us advance our sustainability goals.

Reporting Framework

This report is prepared in accordance with the GRI Standards (2021). It also references TCFD recommendations and SASB sustainability disclosure standards, and complies with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." Through materiality analysis, we prioritize economic, environmental, and social issues of concern to stakeholders as the basis for our disclosure. By following these international frameworks, we comprehensively present PADAUK’s achievements and commitments across economic, environmental, and social dimensions.

The appendix includes a GRI Standards content index to facilitate stakeholder review. Financial data is reported in New Taiwan Dollars (NTD), while non-financial indicators use internationally recognized units to ensure transparency and credibility.

Information Verification

(1) The financial data disclosed in this report has been audited and certified by Deloitte & Touche in accordance with the International Financial Reporting Standards (IFRS), with New Taiwan Dollars in thousands (NTD '000) as the unit of calculation. Environmental, employee, and safety data are collected by responsible departments using internationally accepted methods and subject to internal review.

(2) This report was prepared by the Corporate Sustainability Promotion Team according to GRI Standards (2021) and approved by the Board of Directors. It has not undergone third-party external assurance.

(3) PADAUK has maintained valid ISO 9001:2015 Quality Management System certification since 2020.

Introduction

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Report Audit

Internal Audit: The content of this report is provided by each responsible group after review by their respective unit supervisors. Following compilation and summarization by the Corporate Sustainability Promotion Team, the accuracy is verified. Finally, it is reviewed and confirmed by the President and the heads of responsible units to ensure alignment with PADAUK's sustainable development strategic goals and material topic management policies.

Issue Date and Frequency

This report is issued annually.

Next scheduled release: August 2027

Feedback

PADAUK sincerely invites stakeholders from all sectors to provide valuable opinions and suggestions through the following contact channels:

PADAUK Technology Corp.

Contact: Corporate Sustainability Promotion Team

Address: 6F.-6, No. 1, Gongdao 5th Rd. Sec. 3, East Dist., Hsinchu City

Tel: +886-3-572-8688

Email: ESG@padauk.com.tw

Corporate Sustainability Section : https://www.padauk.com.tw/tw/social/index.aspx

Report Audit

During the 2025 greenhouse gas (GHG) inventory and data verification process, the Company identified errors in the calculation methodology for certain activity data associated with Scope 3 GHG emissions in 2024, resulting in an understatement of emissions. Following a comprehensive review and recalculation, the Company's 2024 Scope 3 GHG emissions were revised from 16.3474 tCO_2e to 61.4866 tCO_2e, while total GHG emissions were revised from 153.7881 tCO_2e to 198.9273 tCO_2e.All 2024 GHG emissions data disclosed in this report have been restated accordingly to ensure the accuracy, consistency, and comparability of information across reporting periods.

Message from Management

To Our Friends Concerned with PADAUK's Sustainable Operations:

Corporate sustainability drives our continuous growth and fulfills our responsibility to society. Through this report, we demonstrate our ESG progress, seeking your continued recognition. Guided by our core values—Integrity, Innovation, Quality, Service, and Cooperation—we aim to be a world-leading microcontroller (MCU) supplier. Our mission goes beyond high-quality products; we integrate sustainable development across environmental, social, and economic dimensions into our core strategies.

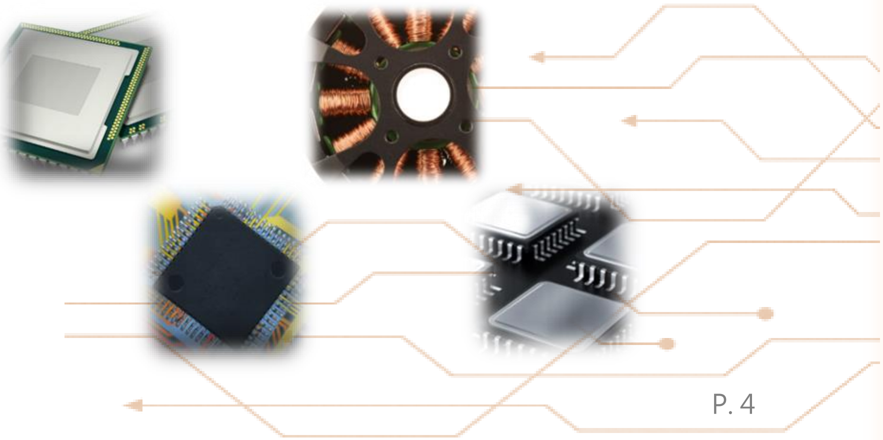
We balance operational growth with ESG performance, prioritizing transparency and stakeholder engagement. Having conducted independent greenhouse gas inventories since 2024, our sustainability strategy centers on four pillars: Stable Innovation, Sustainable Green Energy, a Friendly Enterprise, and a Society of Common Good, all integrated into our operations and reported annually.

In 2025, global trade uncertainties—particularly U.S. tariffs—impacted the semiconductor industry. We responded by strengthening supply chain resilience and diversifying our strategic layout. Despite these challenges, we remained steadfast in our innovation strategy to maintain competitiveness.

Looking to 2026, while global demand may soften, we anticipate a gradual recovery. The MCU market continues to grow, offering new opportunities in home appliances and industrial applications. With MTP, EE, and touch MCUs, and lithium charging chips in mass production—alongside newly developed brushless motor MCUs (with FOC) and 32-bit controllers—we are broadening our coverage. We remain committed to R&D, supply chain resilience, and integrating ESG to drive sustainable value.

With your support, PADAUK will continue advancing through innovation. We remain dedicated to creating value for all stakeholders and thank you for your continued trust.

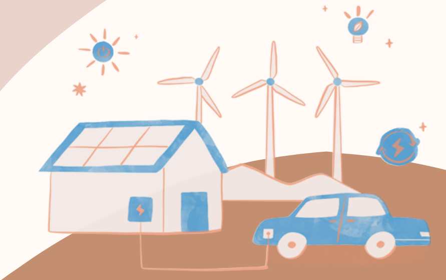
President
PADAUK Technology Corp.



Chapter 1

Sustainability Management

- ▽ 1.1 Sustainability Strategy
- ▽ 1.2 Identification of Stakeholders
- ▽ 1.3 Stakeholder Engagement
- ▽ 1.4 Materiality Analysis



1.1 Sustainability Strategy

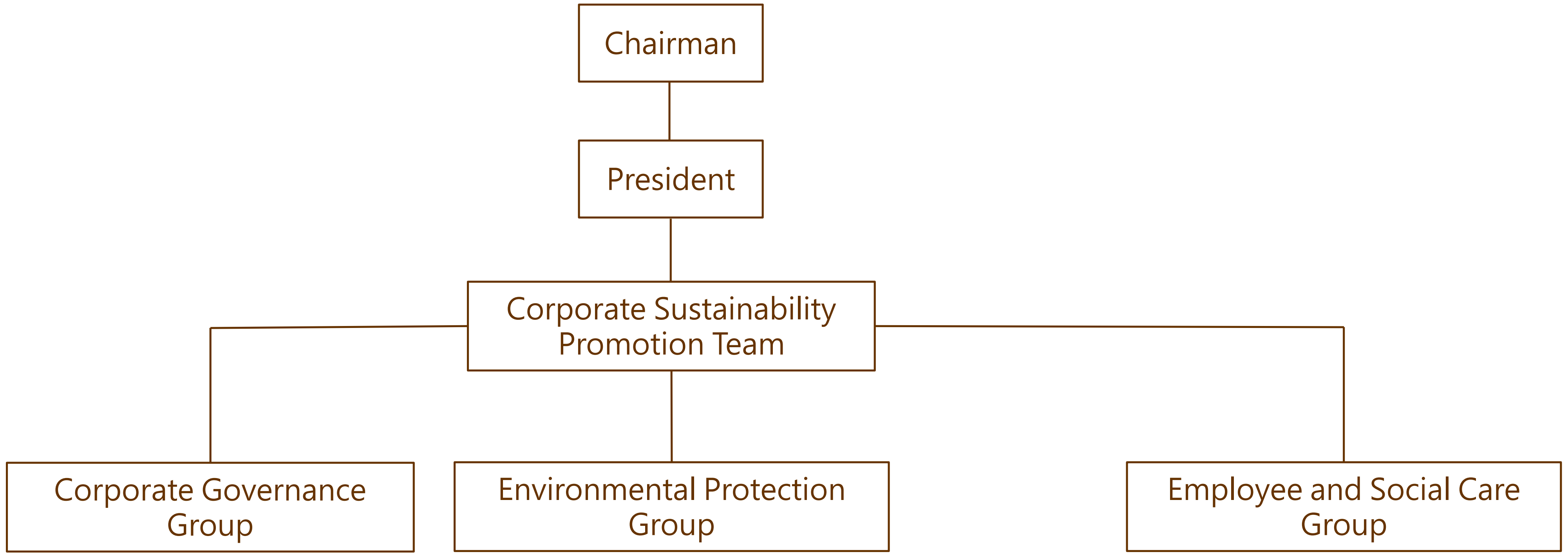
To practice corporate social responsibility, PADAUK Technology is committed to promoting the balanced development of the economy, environment, and society to achieve our sustainable development goals. The company has formulated a sustainability policy as a foundation for our actions, demonstrating our commitment and determination toward sustainable operation and ESG (Environmental, Social, and Governance) development. To ensure that our sustainability strategy is effectively implemented and meets stakeholder expectations, this policy covers key issues including employee care, social participation, environmental protection, workplace safety, green product innovation, supply chain management, and corporate governance. Through these initiatives, we actively respond to the needs and concerns of all stakeholders—including employees, suppliers, partners, customers, the government, investors, and the community. We look forward to working hand-in-hand with all stakeholders on the path of sustainable operation to create an inclusive and prosperous future.

Sustainability Policy

Strategic Pillars	Strategic Focus
Environmental Protection	(1) Educate all employees on the importance of environmental protection. (2) Promote waste reduction, recycling, and efficient energy utilization. (3) Commit to green product design, developing and using low-pollution raw materials. (4) Comply with environmental regulations and customer requirements regarding banned substances. (5) Audit suppliers to ensure their production processes comply with environmental regulations.
Social Responsibility	Implement the philosophy of "taking from society, giving back to society," and leverage our influence on stakeholders to meet their expectations. Internally, enhance employee welfare and provide a safe and healthy work environment. Externally, require suppliers to comply with ESH (Environmental, Safety, and Health) and human rights regulations, promote green procurement, reject conflict minerals, and jointly commit to sustainable development.
Corporate Governance	Establish and implement corporate integrity policies and management procedures, build oversight mechanisms to fulfill management responsibilities, protect shareholder rights, and consider the interests of all other stakeholders.

Corporate Sustainability Promotion Team

In October 2022, PADAUK Technology renamed the "Corporate Social Responsibility Committee" as the "Corporate Sustainability Promotion Team." Led by the General Manager, this team is responsible for overseeing and integrating company resources to strengthen the management and promotion of sustainability issues. The team expanded the original three working groups—"Corporate Governance," "Environmental Protection," and "Employee and Social Care"—to deepen the focus and execution effectiveness of these areas. The Corporate Sustainability Promotion Team regularly reviews the status and achievements of our sustainability initiatives, reports annually to the Corporate Governance Committee, and submits progress to the Board of Directors to ensure alignment between our sustainability strategies and corporate governance goals.



Striving for Stable Innovation
- Business Integrity
- Operational Performance
- Corporate Governance

Pursuing Sustainable Green Energy
- Climate Change and Energy Saving Performance
- Sustainable Supply Chain
- Green Procurement
- Green Products

Employee Care
- Safe and Healthy Work Environment
- Talent Development and Training
- Talent Attraction and Retention
- Employee Benefits and Rights

Social Engagement
- Support for Vulnerable Groups
- Social Welfare
- Giving Back to the Community
- Social Service

1.2 Identification of Stakeholders

In our pursuit of sustainable operations, PADAUK Technology consistently values stakeholder feedback. Any individual or group capable of exerting a significant impact on our operations is defined as a stakeholder. Our Corporate Sustainability Promotion Team adheres to the five principles of the AA1000 Stakeholder Engagement Standard (SES), evaluating factors including Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. Through this process, we have identified six major stakeholder groups: Employees, Customers, Suppliers, Media, Government Agencies, and Shareholders/Investors.

Engaging with stakeholders through routine business operations

(1) Internal meeting discussions
(2) Benchmarking industry peers

Identification of 6 Major Stakeholder Groups

Stakeholder Communication Channels and Key Concerns

In our daily operations, PADAUK Technology communicates with key stakeholders through various departments to gain deep insights into their concerns, with all information consolidated and analyzed by the Corporate Sustainability Promotion Team. Furthermore, by referencing the GRI Sustainability Reporting Standards 2021 (Topic-specific Standards) and SASB industry sustainability indicators, we have comprehensively identified 15 sustainability topics covering economic, environmental, and social dimensions. We are committed to ensuring that the sustainability information disclosed across Environmental (E), Social (S), and Governance (G) dimensions effectively addresses stakeholder expectations, demonstrating PADAUK Technology's dedication to sustainable development.

PADAUK

1.3 Stakeholder Engagement

Due to the diversity of our stakeholders, their sustainability interests vary. PADAUK Technology provides comprehensive ESG information on our website and maintains direct communication channels to respond promptly to stakeholder expectations. We strive for win-win partnerships and a long-term sustainability vision. Furthermore, the company continuously improves its performance and reports stakeholder engagement status to the Board of Directors annually. These insights serve as a critical reference for formulating sustainability strategies, strengthening trust and collaboration with all stakeholders.

Stakeholders	Significance to the Company	Key Concerns	Communication Channels and Frequency	2025 Engagement Results
Customers	Creating value for customers is PADAUK Technology's core philosophy. We maintain continuous communication to understand their needs, enhance trust, and assist them in achieving their goals for mutual growth.	Sales Services and Privacy	Customer satisfaction surveys (Annual / Ad-hoc) Quality meetings (Real-time / Ad-hoc)	▸ 100% response rate for satisfaction surveys. ▸ Held one distributor/ customer meeting.
		Engineering Technology and Applications	Website updates on product info and technical documents (Real-time / Ad-hoc) Customer emails/documents/phone calls (Real-time / Ad-hoc)	▸ Conducted one online training session to enhance brand exposure and user experience through product training and knowledge sharing.
		Supply Chain Management	Procurement guidelines; customer green questionnaires or audits (As needed)	▸ Executed based on actual customer requirements.
Employees	PADAUK upholds "People-Oriented" as its core value. We attract top talent by providing comprehensive remuneration, benefits, and training systems to unleash employee potential and create maximum operational performance.	Talent Training	Training needs surveys (Annual / Real-time)	**Annual Training:** ◆ 13 sessions of Orientation Training ◆ 65 attendees for External Training ◆ 1,023 attendees for other Internal Training
		Remuneration and Benefits	Performance appraisals and interviews (Semi-annual) Employee Welfare Committee meetings (Quarterly)	Conducted mid-year and year-end performance appraisals and interviews. Welfare Committee annual activities: ◆ 1 Company trip ◆ 12 Festival activities ◆ 1 Government-sponsored marathon event ◆ 6 Charitable activities ◆ Quarterly birthday celebrations

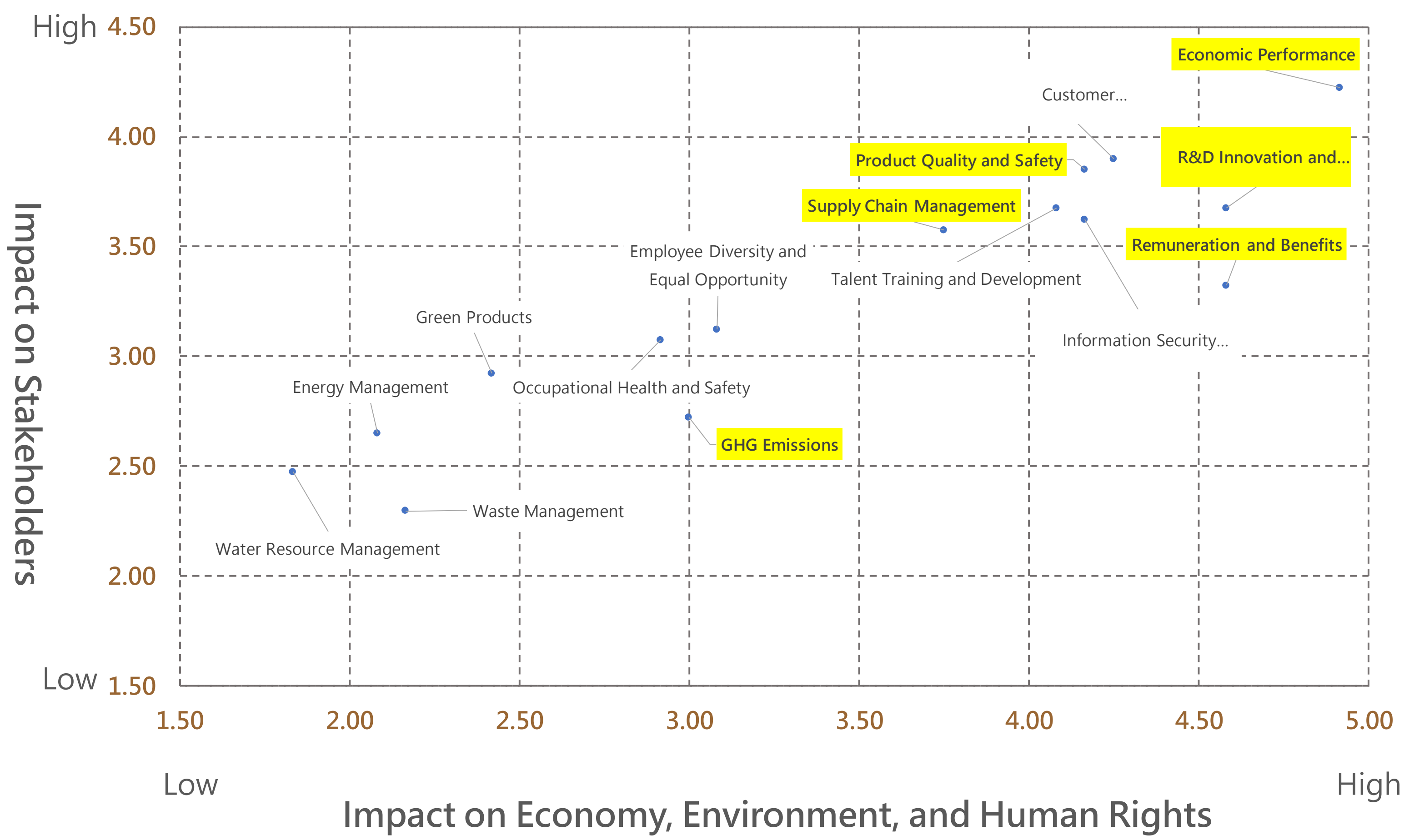
Stakeholders	Significance to the Company	Key Concerns	Communication Channels and Frequency	2025 Engagement Results
Suppliers	Creating maximum value for shareholders is our core mission. PADAUK Technology responsibly utilizes capital to create a virtuous cycle, while transparently disclosing operational and financial information.	Supply Chain Quality Management	Regular audits based on ISO 9001 (Annual); Supplier visits (Ad-hoc)	Completed the annual regular audit.
		Sustainable Development	Established dedicated email as a bidirectional communication channel (Annual)	Received responses on material topics from 11 suppliers.
Investors / Shareholders	Creating maximum value for shareholders is our core mission. PADAUK Technology responsibly utilizes capital to create a virtuous cycle, while transparently disclosing operational and financial information.	Corporate Governance	Annual General Meeting (Annual)	Held 1 Annual General Meeting.
		Financial Performance and Dividend Policy	Investor Conferences (Ad-hoc)	Held 1 Investor Conference.
		Operational Strategy and Outlook	Investor Meetings (Ad-hoc)	Executed based on actual needs.
Media	Maintaining good communication channels with the media helps PADAUK Technology convey complete corporate information and brand image, extending our reach to more stakeholders.	Operational Performance	Press conferences, investor conferences, or press releases (As needed)	Held 1 Investor Conference.
Government / Regulators	PADAUK Technology complies with local government regulations at all operating sites. We maintain solid communication with the government to create local employment and tax revenue.	Regulatory Compliance	Official correspondence, MOPS, briefing sessions (Ad-hoc)	Complied with regulatory requirements for regular filings throughout 2025.
		Ethical Management	Briefing sessions, on-site inspections (Ad-hoc)	100% completion rate for Employee Integrity and Anti-Corruption Training.
Others	The Board of Directors is PADAUK' s core governance unit, striving for the maximization of shareholder interests and corporate sustainability.	Operational Performance and Sustainable Development	Board meetings (At least quarterly) Functional committee meetings (Convened as needed in accordance with organizational charters)	From January to December 2025, a total of 6 Board meetings, 6 Audit Committee meetings, 4 Remuneration Committee meetings, 1 Information Security Committee meeting, and 3 Corporate Governance and Sustainability Committee meetings (formerly Corporate Governance Committee) were held.

1.4 Identification of Material Topics

Materiality Assessment Process

The Company conducts a materiality analysis every two years. In 2024, the Corporate Sustainability Promotion Team identified 15 preliminary topics based on global trends and our operational characteristics. We collected 40 valid responses from key stakeholders via online surveys and conducted internal assessments with 12 executives to evaluate impacts across ESG dimensions. By integrating stakeholder concerns with operational impact results, 6 material topics were selected for priority disclosure. This report details the management approaches, implementation measures, and performance results for each of these topics.

Materiality Matrix



Sustainability Topics → Concern Surveys: 40 copies → Impact Surveys → Identification of 6 Material Topics

Sustainability Topics	Concern Surveys: 40 copies	Impact Surveys	Identification of 6 Material Topics
Environmental: 6 Social: 5 Economic: 4	Investors/Shareholders: 10 Employees: 11 Customers: 9 Suppliers/Contractors: 10	Executives: 12	Environmental: 2 Social: 2 Economic: 2

ESG Dimension	Material Topics of PADAUK	Positive / Negative Impact	Actual / Potential
Environmental (E)	Supply Chain Management	Positive	Potential
	GHG Emissions	Negative	Potential
Social (S)	Product Quality and Safety	Positive	Actual
	Remuneration and Benefits	Positive	Actual
Economic (G)	Economic Performance	Positive	Actual
	R&D Innovation and Intellectual Property	Positive	Actual

Chapter 2

About PADAUK

- ▽ 2.1 Company Profile
- ▽ 2.2 Innovation and R&D
- ▽ 2.3 Customer Relations
- ▽ 2.4 Product Quality and Safety

2.1 Company Profile

Full Company Name: PADAUK Technology Co., Ltd.	
Headquarters Location	6F-6, No. 1, Sec. 3, Gongdao 5th Rd., Hsinchu City 30069, Taiwan
Paid-in Capital (Year-end) (Unit: NT$ thousands)	NT$ 302,773
Operational Sites	‣ Taiwan (Hsinchu) ‣ China (Shenzhen) ‣ China (Chuzhou, Anhui) ‣ China (Wuxi, Jiangsu)

Milestones

2006-2007
- Launched the first-generation 8-core FPPATM controller series.
- Launched the DF68 DC fan controller.

2008-2010
- Three-phase BLDC controller.
- Dual-core FPPATM microcontroller.

2011-2013

Achieved a milestone of over 100K gross dies per 8" wafer for 0.18um OTP IO-type microcontrollers, leading the industry.

2014-2017
- Completed development of MTP IP.
- Capacitive touch microcontrollers.
- Moved to a new office building in December 2017.

2018-2019
- Three-phase sine wave BLDC controller.
- Completed development of EEPROM IP.
- Approved for public offering in October 2018.
- Listed on the TPEx (Emerging Stock Market) in December 2018.

2020-2025
- 8-bit MCU integrated SoC for lithium battery charging.
- 24-bit analog-to-digital converter(ADC).
- 12V single-chip brushless motor controller.
- FOC BLDC controller.

2.2 Innovation and R&D

Management Approach

Policies and Commitments	① PADAUK Technology is customer-centric, continuously innovating and actively applying for patents to protect core technologies. ② We use incentive programs to encourage employee innovation, fostering a culture of active creativity to meet market demands and enhance competitiveness.	
Goals	Short-term	① Design BLDC Field-Oriented Control (FOC) controllers, including hardware arithmetic accelerators and high-dynamic range motor current sensing circuits. ② Design 48V motor power transistor pre-drivers. ③ Develop charging and power delivery (PD) controllers supporting multiple fast-charging protocols.
	Mid-to-long-term	① Plan and develop required Analog IP, Digital IP, and signal processing algorithm frameworks based on market targets, and continuously optimize memory design. ② Encourage employees to innovate and apply for patents, strengthening architecture design to improve product price-performance (P/P) ratios.
Action Plans	① Department heads and developers monitor market trends and customer needs to ensure product direction alignment. ② Plan diverse educational training programs and arrange for senior staff to mentor and lead new employees.	
Resources Invested	① Provide courses from the Tze-Chiang Foundation, Science Park Bureau, and monthly IEEE journals as learning resources for employees. ② Deepen industry-academic collaboration to introduce technical expertise; establish resource application mechanisms to meet engineers' specific learning needs and support professional development.	
Evaluation Mechanisms	① 3 new patents were added in 2025. ② The number of patents increased from 33 in 2023 to 38 in 2025, representing a 15.15% growth rate, reflecting continuous investment in R&D and innovation.	
Responsible Dept. / Grievance Mechanism	Responsible Department: R&D / Grievance Mechanism: ESG@padauk.com.tw	

Patent Management

PADAUK Technology transforms R&D innovation into core competitiveness through rigorous patent evaluation. We believe effective patent protection is the bedrock of sustainable corporate development.

- **Optimizing Applications :** We use evaluation and incentive mechanisms to ensure timely, high-quality patent filings.
- **Strengthening Portfolios :** We regularly review and optimize patent strategies to maintain market competitiveness.
- **Deepening Protection :** By integrating patent management into R&D, we protect technical achievements and ensure long-term sustainability.

Looking ahead, PADAUK will continue to advance patent management and technical protection, securing a sustainable advantage in a competitive market.

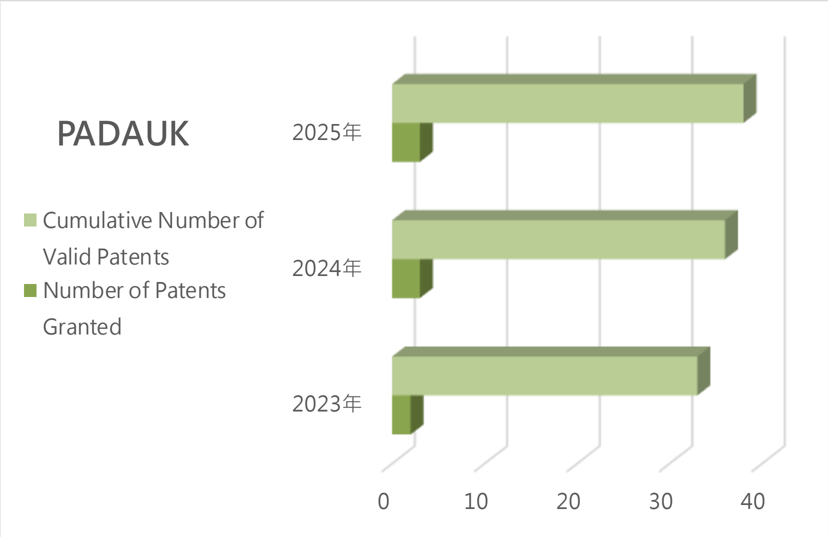
Incentive Measures for Patent Proposals and Applications

We have established patent incentive measures to encourage active R&D and technical improvement. By promoting patent applications and protecting intellectual property through a robust mechanism, we aim to enhance our corporate competitiveness.

Patent Application Process :

- **Invention Disclosure :** Employees submit a "Patent Invention Disclosure Form" for any job-related inventions or improvements.
- **Review and Filing** : After internal approval, our patent department and external firms handle the filing with assistance from the inventors.
- **Award Distribution :** We grant "Proposal Approval" and "Patent Grant" awards, shared equally among multiple inventors.

We will continue to drive innovation and use these measures to strengthen our patent portfolio, ensuring our R&D results are effectively transformed into core corporate assets.



Trademark LOGO

Trademark Management

We actively register our trademarks and logos globally to secure our brand identity and prevent unauthorized use. By monitoring market trends and taking timely legal action to defend our rights, we safeguard our assets and enhance our global competitiveness.

Industry-Academic Collaboration Program

The development of the semiconductor industry relies on technical innovation and the cultivation of high-level talent, and industry-academic collaboration is the key. By combining academic research with industrial needs, we can not only accelerate technical breakthroughs but also cultivate professionals with practical experience, comprehensively enhancing corporate competitiveness.

In recent years, our company has actively collaborated with academic units such as National Taiwan University of Science and Technology. Through joint R&D and technical verification, we accelerate the practical application of key technologies, effectively improving product design and market competitiveness. At the same time, we provide students with valuable hands-on opportunities, effectively shortening the gap between academia and industry, and establishing a robust talent supply chain for the industry.

In the future, we will continue to deepen industry-academic collaboration, promote technical innovation and knowledge sharing, and inject new momentum into the IC industry. Simultaneously, we will practice corporate social responsibility and promote bidirectional growth between the industry and academia, moving together toward a sustainable future.

Academic Partner: National Taiwan University of Science and Technology

Project Title: Motor Controller Development

Project Content: Primarily focuses on the development of high-drive efficiency technology, including the optimization of hardware and algorithm design.

Benefits to PADAUK Technology

Through hardware/software architecture design and algorithm optimization, we improve BLDC motor drive efficiency, reduce energy consumption, and enhance product energy-saving performance, thereby increasing overall system performance and reliability.

Overview of Technology and R&D

Since our founding, we have specialized in microcontrollers and brushless motor control, accumulating deep expertise. Recognizing that innovation drives future growth, we continue to enhance consumer MCU development while advancing electromagnetic interference (EMI) resistance technology to meet the demand for high-reliability products.

Moving forward, we will expand into home appliance and industrial control sectors, focusing on high-integration brushless motor control systems to reduce customer costs and boost competitiveness. We also provide comprehensive software and hardware support to shorten client development cycles and respond quickly to rapidly changing market demands.

By prioritizing both innovation and quality, we consistently elevate our technical standards to deliver advanced, reliable products and solutions.

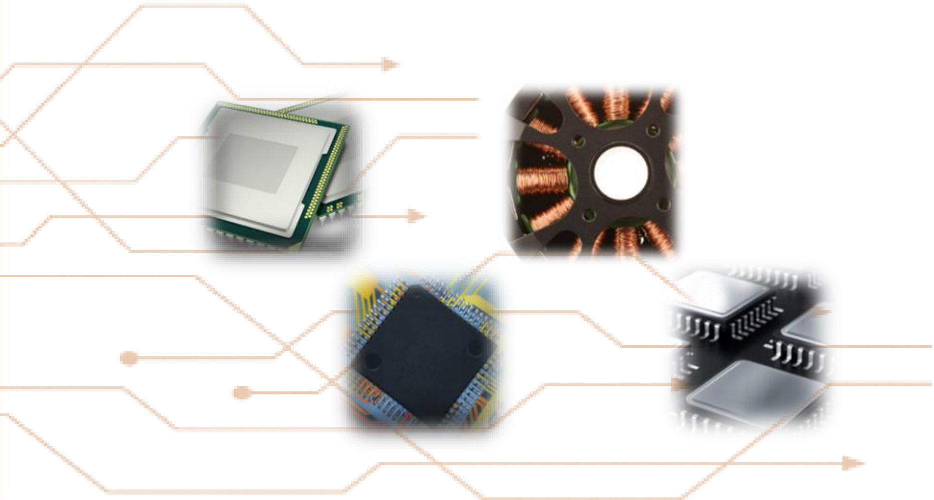
Year	R&D Results & Products	Product Achievements & Highlights
Year 2025	① Auto-zero high-speed comparator for precise voltage comparison.	‣ Auto-zero comparator: Reduces software overhead and improves control precision and energy efficiency for sensorless three-phase BLDC motors.
	② Mass production of high-noise-immunity capacitive touch ICs.	‣ Touch Technology: High noise immunity allows application in high-power, high-interference environments.
	③ Design finalization of BLDC FOC controllers, featuring hardware accelerators and high-dynamic-range current sensing.	
Year 2024	① Developed three-phase power transistor pre-drivers for cooling fan controllers.	‣ High Integration: Reduces external PCB components, enhancing reliability and power efficiency.
	② Completed fast-charge sink-side MCUs supporting multiple protocols.	‣ Simplified Design: Streamlines sink-side product design for multi-protocol fast charging, supporting miniaturization.
	③ Completed high-integration heating microcontrollers.	‣ Advanced Sensing: Integrated high-sensitivity capacitance/resistance sensing for MEMS applications.
Year 2023	① MCUs supporting linear lithium battery charging.	‣ Supports various portable products.
	② 24-bit ADC chips.	‣ Ideal for precision measurement. ‣ High resolution with low power consumption.

Product Technology Innovation

Sustainable innovation is a core strategy for PADAUK Technology's long-term growth. Beyond developing high-quality products, we integrate application technology, professional services, and forward-looking insights to provide customers with a comprehensive technical service chain, enhancing their market competitiveness. Our exceptional chip design capabilities have led to high-efficiency microcontroller series, with professional testing confirming excellent performance in both ESD (Electrostatic Discharge) protection and high-noise-immunity capabilities.

Green and Energy-Efficient Design

During the product design phase, we prioritize comprehensive hardware and software optimization to minimize operational power consumption. Specifically, we employ software strategies such as high-efficiency algorithms and dynamic power management, paired with hardware enhancements like low-power components and advanced manufacturing processes. Furthermore, our products are designed with energy conservation in mind, ensuring a significant reduction in power usage during idle states to effectively extend battery life.



Development Trends of PADAUK Products

Consumer Microcontrollers

Consumer products refer to various electronic devices used in daily life. Due to continuous demands for personal convenience and entertainment, combined with the prevalence of smartphones and easy access to online information, consumer product lifecycles have become increasingly shorter. Constant innovation is essential to secure market leadership. To enhance competitiveness, we focus on providing superior lead times, quality, and service. Furthermore, with mainland China's population advantage, extensive manufacturing experience, and strong government support for the semiconductor industry, innovation and cost management remain critical issues for consumer semiconductor products.

Home Appliance Microcontrollers

Home appliance products refer to AC-powered electrical devices used in daily household life. Since these products are frequently used and expected to have a longer lifespan, home appliance microcontrollers generally have longer lifecycles. However, they demand higher quality and delivery stability. Key requirements include high production yields and excellent anti-interference (noise immunity) characteristics.

Charging-Function Microcontrollers

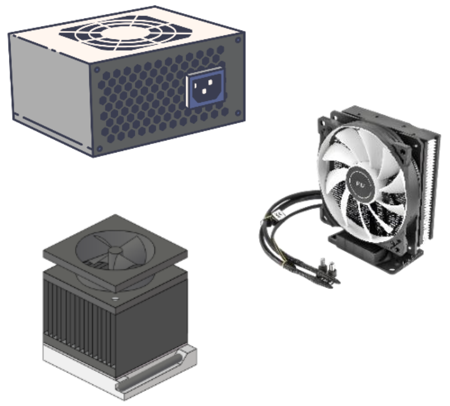
High integration is the direction of future development. We target handheld electronic products by developing microcontrollers with integrated charging functions, significantly enhancing product competitiveness. High integration saves production costs and improves manufacturing convenience for our customers. Looking forward, we will continue to develop toward advanced charging and energy-saving solutions.

Touch Key Microcontrollers

Touch control applications are becoming increasingly widespread. Capacitive touch technology effectively solves interference issues while enhancing product stability. Our touch-type microcontrollers utilize stable capacitive sensing and feature advanced anti-interference capabilities to resist noise and power fluctuations. They are ideal for products requiring multiple touch keys, such as induction cookers, microwave ovens, and electronic scales.

In addition to cost-effective hardware, we provide stable touch algorithms and comprehensive application solutions to simplify the product development process for our customers.

Cooling Fan Microcontrollers



With the growth of Big Data and AI, demand for high-specification cooling fans is rising along with performance requirements. High-performance fans utilize microcontrollers to provide ultra-low noise sine wave output and integrated EEPROM for memory functions. High integration is also necessary to reduce external components, particularly for server cooling fans.

Given the strict requirements for quality and lifespan in this sector, we demand high standards for our fan MCUs. We work with distributors to provide complete production support services, ensuring safety, automation, and consistent manufacturing quality.

Three-Phase Brushless Motor (BLDC) Microcontrollers

Global electricity consumption reaches nearly 20,000 TWh annually, with motor-driven equipment accounting for approximately half of that total. As countries push for higher energy efficiency standards, efficient motor technology will significantly contribute to global energy conservation and economic stability. Products like pumps, air compressors, and fans are now being integrated into energy efficiency management systems.

Compared to brushed motors, BLDC motors offer low-noise operation, eliminate sparking, and prevent electrical interference, all while providing higher reliability and a longer lifespan. Three-phase BLDC motors are becoming the mainstream architecture for future motor products. For example, BLDC fans in air-conditioned rooms can operate at very low speeds to maintain airflow without causing discomfort, thereby improving quality of life. Our research focuses on integrated circuit design, firmware, software, and motor control algorithms. Our three-phase BLDC MCUs support sine wave output for silent operation and include built-in EEPROM and hardware math accelerators to meet diverse functional requirements.

2.3 Customer Relations

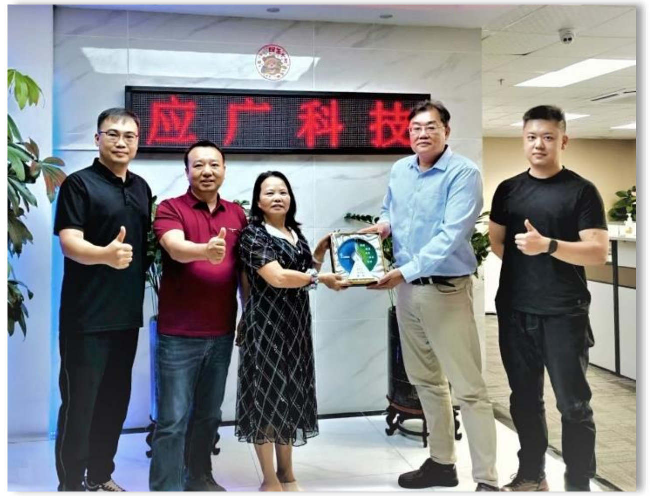
Maintaining strong customer relationships is a core pillar of PADAUK's sustainable operations. This is more than just sales or service; it is a long-term business strategy. We believe that stable and honest relationships encourage customers to support our business long-term, effectively reducing the likelihood of them switching to competitors. Satisfied customers become brand advocates, bringing in new clients and extending the lifecycle of existing ones, ultimately driving higher economic performance.

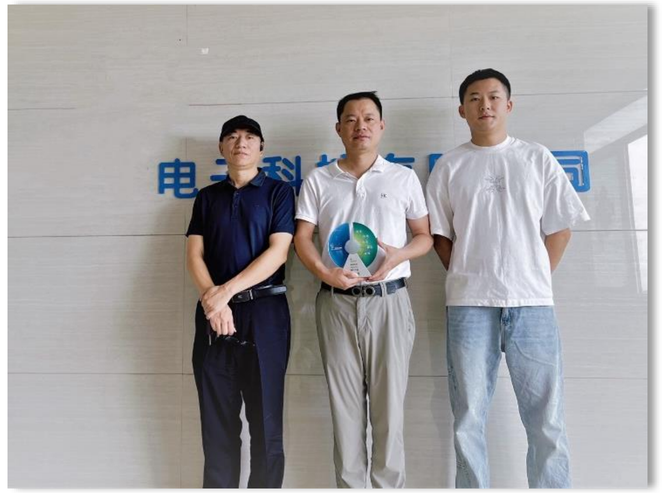
In today’ s competitive and fast-changing market, price is no longer the only factor in achieving a competitive advantage. Managing customer relationships is becoming a critical factor for sustainable development. It not only boosts satisfaction and loyalty but also provides stable revenue and long-term brand value.

Contact Window :
Sales Department / ESG@padauk.com.tw

Annual Customer Evaluation Awards

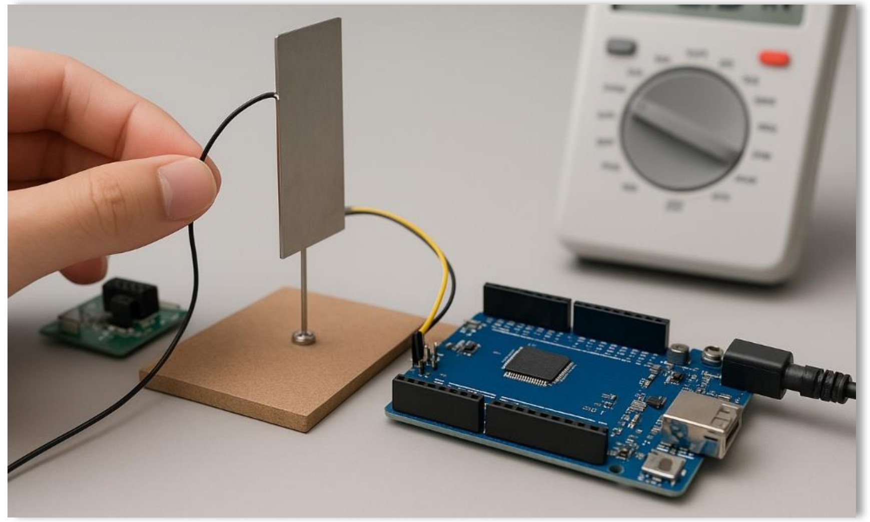
Through our customer evaluation mechanism, we maintain proactive communication to discover potential value, enhance mutual trust, and increase customer identification with our brand.





Interaction and Field Visits: Anticipating Needs and Providing Best-in-Class Customization

Pre-sales and after-sales services for Microcontrollers (MCUs) are vital. We prioritize every stage of the customer’ s product usage by offering differentiated services, such as: On-site inspections of programming rooms and Electrostatic (ESD) measurement and testing. Through these field visits, we continuously gather user feedback to optimize our products, provide a superior user experience, and build deep emotional connections with our customers.



Customer Complaint and Service Communication Channels

We are committed to continuous innovation, enhancing professional technologies, and improving product quality through close collaboration with our customers. By establishing the "Customer Complaint Management Procedure" and the "Customer Service Satisfaction Survey Procedure," we integrate the core values of customer service into our daily operations and maintain smooth communication channels.

We highly value customer needs and feedback. By building diverse communication channels, we ensure that customers receive timely solutions and value. Resolving complaints promptly helps minimize distrust. In 2025, we received zero complaints regarding violations of customer privacy.

Contact Window : Sales Department / ESG@padauk.com.tw

2025 Customer Communication and Response Status

Communication Channel	Frequency	Response Status
Satisfaction Surveys, Meetings (via Phone/Email)	Ad hoc or Annually	▸ Conducted one satisfaction survey with a 100% response rate and an average score of 165/170. ▸ Sales team conducted regular visits and maintained contact via email and messaging apps. ▸ Organized one distributor/customer meeting to understand feedback and needs.
Website, Email, Documents, Phone, Meetings	Real-time or Ad hoc	▸ Provided/updated product info and technical docs on the official website as needed. ▸ Responded promptly to online inquiries on the official website. ▸ Held an online training course to increase brand exposure and deepen user experience through product training.
Procurement Guidelines, Green Questionnaires, or Audits	As needed	Executed according to specific customer requirements.

2.4 Product Quality and Safety

Management Approach

Policies and Commitments	① Quality Management Policy: We adhere to the ISO 9001 quality management system, establishing standardized quality metrics and testing processes to ensure every product—from design to delivery—meets customer requirements and safety regulations. ② Product Safety Policy: Based on international safety standards (such as RoHS and REACH) and customer needs, we ensure our product designs are non-toxic and harmless, while continuously updating them to meet the latest regulatory requirements.	
Goals	Short-term	① Conduct product quality and safety management training for all employees to enhance execution and awareness. ② Perform regular audits and continuous supervision of suppliers based on ISO 9001.
	Mid-to-long-term	① Ensure 100% of third-party "Environmental Management Restricted Substances" test reports from manufacturing suppliers meet international standards. ② Continuously improve product performance and reliability while developing low-power IC products for emerging markets to achieve higher environmental and safety goals.
Action Plans	① Monthly quality meetings. ② Annual audits of major suppliers.	
Resources Invested	① Third-party ISO audits that fully comply with standard requirements. ② 100% compliance with RoHS and REACH reports, demonstrating our commitment to green procurement.	
Evaluation Mechanisms	① Regular annual internal and external audits of the quality management system. ② Annual audits of major suppliers.	
Responsible Dept. / Grievance Mechanism	Responsible Department: Quality Assurance (QA) Department / Grievance Mechanism: ESG@padauk.com.tw	

Quality Policy

We are committed to continuous innovation and relentless effort to pursue higher quality and customer satisfaction, aiming to provide every customer with products that meet market competitive needs. Furthermore, PADAUK strives to utilize global resources responsibly and improve process technologies to minimize environmental impact. We strictly comply with legal regulations and other relevant requirements, implement environmental education, and create a sustainable enterprise.

Conflict Minerals Management

PADAUK has published a "Conflict-Free Minerals Declaration" on our official website to announce our relevant policies:

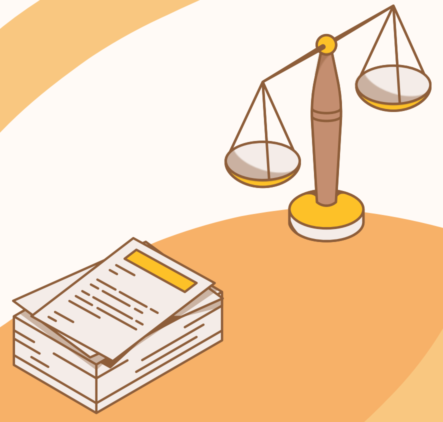
1. Supply Chain Management: We require our suppliers to manage their upstream and downstream providers and comply with conflict-free mineral requirements.
2. Sourcing Integrity: We make every effort to verify the source of materials, refuse to use minerals from conflict zones, and agree to follow the EICC (Electronic Industry Code of Conduct).

Our conflict minerals management survey showed that 100% of our sourcing comes from legal mining areas, with no suppliers using minerals from conflict zones in 2025.

Chapter 3

Corporate Governance

- ▽ 3.1 Corporate Governance
- ▽ 3.2 Economic Performance
- ▽ 3.3 Risk Management
- ▽ 3.4 Information Security



3.1 Corporate Governance

Organizational Structure

The PADAUK Board of Directors, our highest governing body, guides corporate strategy and supervises management. We have established Audit, Remuneration, Information Security, and Corporate Governance and Sustainable Development Committees to strengthen oversight. Our rigorous governance framework ensures effective operations and transparency, aiming for stable growth and maximized shareholder value.

Our Board consists of eight directors with diverse expertise, including four independent, one juristic person, and three individual directors. To balance operational efficiency with oversight, our Chairman also serves as General Manager, while independent directors have been increased to four and two-thirds of the Board hold no management roles. Elected in 2024 for a three-year term, the Board includes two female directors and maintains an average tenure of 8.85 years. In 2025, we held six meetings with 96% attendance; director remuneration accounted for 4.86% of net profit.

In 2022, to closely integrate sustainable governance into daily operations, PADAUK Technology renamed its CSR Committee to the Corporate Sustainability Promotion Group. By focusing on governance, strategy, issue monitoring, and value creation, we are implementing a sustainable development framework and strategy to achieve our sustainability goals through organized management.

On November 6, 2025, the Board of Directors resolved to rename the "Corporate Governance Committee" to the "Corporate Governance and Sustainable Development Committee."

Note: Director Bo-Wen Liu resigned on April 16, 2025.

Board of Directors and Functional Committees

The Board of Directors

Our Board is responsible for overall operational development and acts as the highest decision-making unit, with the Chairman presiding over meetings. It is composed of 8 directors (including 4 independent directors and 2 female directors) serving three-year terms. Since more than half of the directors do not serve as managers or employees, we have established a robust system of checks and balances despite the Chairman concurrently serving as General Manager.

According to our "Rules of Procedure for Board of Directors Meetings," the Board meets at least quarterly. We held 6 meetings in 2025. Regarding sustainability, we regularly report performance and key focus areas to the Board; the 2025 sustainability results were reported during the Board meeting held on January 17, 2025.

Director Election

Our "Corporate Governance Best Practice Principles" mandate a diversified Board composition. Members must possess essential knowledge and skills, including: Operational judgment; Accounting and financial analysis; Business management ability; Crisis management; Industry knowledge; International market perspective; Leadership and Decision-making ability.

Following the "Procedures for Election of Directors," we adopt a candidate nomination system. The Board reviews the qualifications of all director and independent director candidates to ensure transparency before they are elected by the shareholders' meeting.

Procedures for Election of Directors

Corporate Governance Best Practice Principles

Board members

Title	Name	Major Education and Experience
Chairman & President	Tsan-Pi Tang	(1) Master of Institute of Electronics, National Chiao Tung University (2) Director of Image Product R&D Division, Sunplus Technology Co., Ltd. (3) Vice President of Quanji Semiconductor Co., Ltd
Director	Ching-Nan Tseng	(1) Master of Department of Electrical Engineering, National Taiwan University (2) General Manager of Sunshin Sports Tech Co., Ltd. (3) Vice President of Consumer Product Center, Sunplus Technology Co., Ltd.
Director	Representative of Yingzhi Investment Co., Ltd.: Chien-Chang Wu	(1) Department of Electronics, National Taiwan Institute of Technology (2) General Manager of Business Group, Spirox Corporation
Director and Vice President	Wen-Pin Chen	(1) Master, Department of Electrical Engineering, National Taiwan University (2) Director of Analog Design Division, Weida Hi-Tech Co., Ltd. (3) Manager of Analog Design Division, Synerchip Co., Ltd.
Independent Director	Li-Yu Hsu	(1) Masters in Management Administration, University of Texas at Dallas (2) Supervisor of Tynsolar Corp. (3) Supervisor of TYNTEK Corporation
Independent Director	Sheng-Tsai Hsu	(1) Bachelor in Law, National Taiwan University (2) Director Secretary, Southern Taiwan University of Science and Technology (3) Secretary General of the National Science Council, Executive Yuan, Nankang Management Bureau (4) Board Secretary of Taiyen Biotech Co., Ltd.
Independent Director	Hung-Tse Yang	(1) Ph.D., Department of Electrical Engineering, National Tsing Hua University (2) Distinguished Professor, Department of Electrical Engineering, National Cheng Kung University (3) Expert Director appointed by the Ministry of Economic Affairs, Taiwan Electric Research & Testing Center (4) Honorary President and Supervisor, Taiwan Smart Grid Industry Association
Independent Director	Shu-Chin Ma	(1) Master of Department of Accounting, National Culture University (2) CPA of Chialin CPA Firm (3) Director of General Administration, Agricultural Technology Research Institute

PADAUK values board diversity and has explicitly outlined a board diversity policy in its "Corporate Governance Best Practice Principles." In accordance with its operations, business model, and developmental needs, the Company has formulated appropriate diversity criteria, which include but are not limited to the following two major dimensions:

1. Basic Conditions and Values: Gender, age, nationality, culture, etc.
2. Professional Knowledge and Skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

In 2025, the members of PADAUK's Board of Directors possessed a breadth of industry experience and professional expertise covering law, accounting, industry, finance, and technology.

Core items of diversity / Name of Director	Nationality	Gender	Concurrently serving as employee	Age		Term of office of independent directors			Operating judgment ability	Accounting and financial analysis ability	Business management ability	Crisis management procedures	Industry Knowledge	International market perspective	Leadership ability	Decision-making ability	Industry Experience and Knowledge
				51-60	61-70	< 3 years	3 to 6 years	Over 6 years									
Tsan-Pi Tang	ROC	Male	●		●				●	●	●	●	●	●	●	●	Technology
Ching-Nan Tseng	ROC	Male			●				●	●	●	●	●	●	●	●	Technology
Representative of Yingzhi Investment Co., Ltd.: Chien-Chang Wu	ROC	Male			●				●	●	●	●	●	●	●	●	Technology
Wen-Pin Chen	ROC	Male	●	●					●	●	●	●	●	●	●	●	Technology
Li-Yu Hsu	ROC	Female			●			●	●	●	●	●	●	●	●	●	Accounting and Finance
Sheng-Tsai Hsu	ROC	Male			●			●	●		●	●	●	●	●	●	Law
Hung-Tse Yang	ROC	Male			●		●		●		●	●	●	●	●	●	Technology
Shu-Chin Ma	ROC	Female		●		●			●	●	●	●	●	●	●	●	Accounting and Finance

Continuing Education of the Board of Directors

In 2025, 8 directors of PADAUK completed a total of 66 hours of continuing education, with courses covering aspects of corporate sustainability such as corporate governance and ESG.

Title	Name	Training Date	Organizer	Course Name	Hours
Chairman	Tsan-Pi Tang	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Institutional Director	Yingzhi Investment Co., Ltd. Rep: Chien-Chang Wu	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Director	Ching-Nan Tseng	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Director	Wen-Pin Chen	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Independent Director	Li-Yu Hsu	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Independent Director	Sheng-Tsai Hsu	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Independent Director	Hung-Tse Yang	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 08 / 12		Introduction to IFRS 18 and ESG trends and related legal issues	3
		2025 / 08 / 27		New thinking on enterprise risk management integrating strategic development and ESG	3
		2025 / 09 / 03		Green challenges and response strategies for the financial industry	3
		2025 / 12 / 19		Analysis of regulations and development trends of third-party payments	3
Independent Director	Shu-Chin Ma	2025 / 05 / 08	TCGA	Legal issues to note regarding insider shareholding management and share transactions	3
		2025 / 06 / 13	SFI	Opportunities and challenges for Taiwanese businesses amidst trade wars – The impact of cross-strait investment controls, rules of origin determination under the US-China rivalry, and the Hong Kong National Security Law	3
		2025 / 06 / 13	SFI	US-China economic and Taiwan industry outlook under Trump 2.0	3
		2025 / 08 / 13	CFEDA	Marketing 5.0 - B2B2C brand management and data analysis	3
		2025 / 12 / 19	TCGA	Analysis of regulations and development trends of third-party payments	3
Total					66

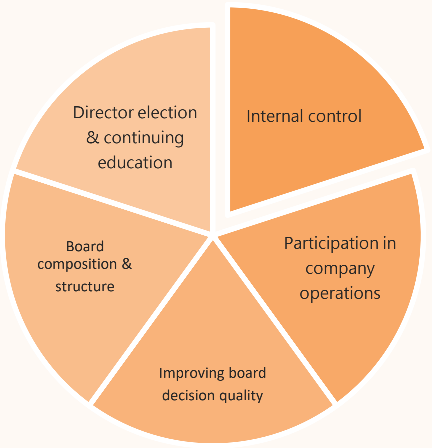
Performance Evaluation of the Board of Directors

PADAUK established the "Rules for Performance Evaluation of the Board of Directors" in 2020, mandating annual internal self-evaluations for the Board and individual members.

Evaluations are conducted at year-end, with questionnaires collected and summarized before the first Board meeting of the following year. The 2025 self-evaluation was completed in early January 2026, and results were reported to the Board on January 22, 2026, and disclosed on the Company website.

The 2025 Board performance evaluation reached an average score of 4.97 out of 5 ("Excellent"), while the individual director evaluation averaged 4.89. These results confirm that Board members possess deep industry insight, provide effective oversight, maintain productive management interactions, and contribute significant expertise to the Company. The evaluation scope covers the overall Board, individual members, and functional committees, as detailed below:

Self-evaluation (Questionnaire)	Year 2023	Year 2024	Year 2025
Board of Directors	4.97	4.97	4.89
Board members	4.98	4.97	4.96
Audit Committee	5	4.95	4.95
Remuneration Committee	5	5	4.93
Corporate Governance and Sustainable Development Committee	4.86	4.93	4.93
Cyber Security Committee	4.92	5	5

Evaluation Type	Overall Board Performance Evaluation	Individual Board Member Performance Evaluation	Functional Committee Performance Evaluation
Evaluation Criteria			
Method	Internal self-evaluation conducted by the Finance and Accounting Department.	Self-evaluation by individual board members.	Internal self-evaluation conducted by the Finance and Accounting Department.
Results	Excellent: Results show that PADAUK's overall Board operation is sound and complies with corporate governance principles.	Excellent: Results show that all directors have met the performance indicators with positive evaluations.	Excellent: Results show that the functional committees' operational efficiency and effectiveness are positively evaluated.

Recusal of Directors and Managerial Officers due to Conflicts of Interest

In accordance with Article 19 of PADAUK’ s "Ethical Corporate Management Best Practice Principles," directors and managerial officers must recuse themselves from conflicts of interest. If any proposal involves personal interests that may prejudice the Company—including those of spouses, second-degree relatives, or affiliated companies—the concerned parties shall not participate in discussions or voting.

To mitigate risks of unethical conduct, PADAUK has established robust policies to identify and manage potential conflicts. The Company provides formal channels for directors and stakeholders to proactively disclose interests and employs multiple procedures to ensure governance integrity. For details on shareholding structures, please refer to the PADAUK 2025 Annual Report.

Communication Procedures for Critical Material Events

PADAUK’ s management reports quarterly to the Board on operations. Matters requiring Board resolution by law or Articles of Incorporation—such as significant asset transactions, loans, or endorsements—are reviewed by the Audit, Corporate Governance and Sustainability, and Cyber Security Committees before Board approval. To ensure information consistency and prevent leaks, the "Procedures for Handling Material Internal Information" serves as the foundational protocol.

For day-to-day operational issues with potential management impact, the President provides timely updates to directors via phone or email. In emergencies, extraordinary Board meetings are convened.

When material information must be disclosed under TPEx regulations, PADAUK ensures rapid public release. Such events are formally documented and approved by the President, with records archived in writing. If a leak occurs, directors or employees must immediately report to the dedicated unit and Internal Audit for investigation and remediation. For the nature and total count of critical events in 2025, please refer to the Material Information section on the Market Observation Post System (MOPS).
https://mops.twse.com.tw/mops/web/index

Procedures for Handling Material Internal Information

Audit Committee Charter

Audit Committee

In accordance with Article 3 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," PADAUK established its "Audit Committee Charter" and its first Audit Committee on October 11, 2018. Composed entirely of independent directors as required by ROC law, the 3rd Audit Committee consists of four members. The Committee meets at least quarterly; in 2025, it held six meetings with an attendance rate of 96%. Its primary mission is to assist the Board in overseeing the quality and integrity of accounting, auditing, financial reporting, and financial controls.

The Committee’ s primary oversight responsibilities include:

1. Fair presentation of the Company's financial statements.
2. Appointment (dismissal), independence, competence, and fees of external auditors.
3. Effective implementation of internal controls.
4. Compliance with relevant laws and regulations.
5. Material derivative transactions and endorsements/guarantees.
6. Appointment or dismissal of the internal audit officer.

Remuneration Committee

To strengthen corporate governance and the remuneration system for directors and managers, PADAUK Technology established the Remuneration Committee on October 11, 2018, following Board approval. This was done in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of Companies Listed on the Stock Exchange or Whose Stock is Traded on the OTC Market. We also enacted the "Charter of the Remuneration Committee" to ensure a professional and objective evaluation of remuneration policies and systems, providing recommendations to the Board for informed decision-making.

According to the Charter, the convener must hold at least two meetings annually. In 2025, the Committee held four meetings. The current Committee is composed of three independent directors, with an actual attendance rate of 92%.

The content and amount of compensation for PADAUK’ s directors and managers are determined based on reasonableness. Compensation should not deviate significantly from financial performance. Policies, standards, and the composition of remuneration packages—as well as the procedures for determining them—must account for operational performance and risk. In addition to considering the value of a director's participation and contribution, and a manager's individual and overall performance, compensation is benchmarked against industry peers. PADAUK continuously monitors industry trends, the international financial environment, future operational development, risks, and profitability. We also stay updated on regulatory changes to review and adjust the remuneration system timely, ensuring effective risk management. For detailed information regarding the remuneration of directors and managers, please refer to PADAUK’ s 2025 Annual Report.

Corporate Governance and Sustainable Development Committee

To establish a robust corporate governance system, PADAUK Technology enacted the "Charter of the Corporate Governance and Sustainable Development Committee" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The Committee’ s primary objectives are to enhance governance efficiency and promote corporate social responsibility, ethical management, environmental sustainability, and risk management.

According to the Charter, the convener must hold at least one meeting annually. In 2025, the Committee held three meetings. The current Committee is composed of three directors, with an actual attendance rate of 100%.

Charter of the Corporate Governance and Sustainable Development Committee

Charter of the Remuneration Committee

Cyber Security Committee

To oversee and refine cyber security governance, PADAUK established the Cyber Security Committee, responsible for reviewing and implementing the cyber security system. On November 4, 2022, the Board of Directors approved the establishment of the first Cyber Security Committee. The committee consists of two independent directors and senior management from the internal Information Management Department. The Cyber Security Committee meets at least once a year; one meeting was held in 2025 with an actual attendance rate of 100%. The committee aims to assist the Board in fulfilling its oversight and review of the Company's cyber security management.

The committee's operations primarily focus on overseeing the following:

1. Review of cyber security policies.
2. Oversight of the implementation of cyber security management.
3. Oversight of the execution of corrective and preventive measures.
4. Oversight of improvements regarding material cyber security incidents.
5. Holding regular cyber security meetings to discuss the implementation of management protocols, execution of corrective and preventive measures, improvements to material incidents, and other related matters, while ensuring progress tracking.

Cyber Security Committee Charter

Regulatory Compliance

To ensure operational compliance and avoid significant fines that could impact corporate profits or reputation, PADAUK closely monitors material policy and legal changes. The Audit Office conducts annual compliance audits, reporting findings and follow-up status to the Audit Committee and the Board. In 2025, no major fines or non-monetary sanctions were imposed for violations of social, economic, or environmental laws.

PADAUK's "Whistleblowing System" encourages internal and external personnel to report illegal, unethical, or dishonest acts. Verified reports are pursued legally for accountability and damages. Independent whistleblowing channels are available on the Company's website and internal portal; no reports were received in 2025.

The Company processes cases with strict confidentiality and objectivity. All investigators must protect the whistleblower's identity and report content, implementing measures to prevent data leakage or tampering. Identifying documents are redacted during investigations. Whistleblowing matters are handled by a dedicated unit as follows:

Whistleblowing Channels
Whistleblowing Email: integrity@padauk.com.tw
Whistleblowing Hotline: 03-572-8688, Head of Audit Office

Corporate Governance Officer

On May 6, 2021, the Board of Directors appointed Jen-Chang Liao, Senior Manager of the Finance and Accounting Department, as the Corporate Governance Officer. Primary responsibilities include:

- Handling matters related to Board and Shareholders' meetings in accordance with the law.
- Preparing minutes for Board and Shareholders' meetings.
- Processing company registration and amendment registration.
- Assisting directors in their appointment and arranging their periodic continuing education courses.
- Providing the Board and functional committees with necessary information for performing their duties.
- Assisting directors in legal compliance.

Organizing Institution & Course Title	Hours
2025 / 03 / 20 ~ 2025 / 03 / 21	
Securities & Futures Institute: "Practical workshop on sustainability disclosure for TWSE/TPEx listed companies"	9
2025 / 05 / 08	
Taiwan Corporate Governance Association: "Legal issues to note regarding insider shareholding management and share transactions"	3
2025 / 07 / 24	
Taipei Exchange: "2025 Seminar on insider shareholding compliance for listed and emerging companies"	3
2025 / 12 / 19	
Taiwan Corporate Governance Association: "Analysis of regulations and development trends of third-party payments"	3
Total Hours	18

2025 Business Execution Status

1. Drafted and amended corporate governance-related regulations and ensured legal compliance.
2. Provided directors with necessary information for business execution and assisted in legal compliance.
3. Planned Board meetings, notified all directors at least 7 days in advance, provided sufficient meeting materials, and sent out minutes within 20 days after the meetings.
4. Registered Shareholders' meeting dates in advance, produced meeting notices, handbooks, and minutes within legal deadlines, and handled registration for amendments to the Articles of Incorporation or Board elections.
5. Ensured directors' annual continuing education hours complied with regulations, with an average of 8.25 hours in 2025.
6. Renewed Directors and Officers (D&O) Liability Insurance on December 10, 2025, and reported the status to the Board on December 19, 2025.
7. In 2025, there were no internal or external whistleblowing cases or incidents of corruption.

Ethical Governance and Management

PADAUK values its corporate reputation and is committed to maintaining the highest ethical standards and professional competence. We strictly require all employees and business partners to comply with applicable anti-corruption and anti-bribery laws in the countries where we operate. To implement a corporate culture of integrity, PADAUK has established regulations including the "Corporate Governance Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Handling Material Insider Information," "Risk Management Policies and Procedures," and the "Whistleblowing System". These frameworks aim to establish sound governance and ensure that directors, managerial officers, and employees strictly adhere to moral and ethical standards to prevent unethical conduct. Through risk assessment mechanisms based on departmental functions and responsibilities, PADAUK identifies material risks and relevant risk departments. In 2025, there were no legal actions or litigations regarding unethical conduct, anti-competitive behavior, anti-trust, or monopoly practices, nor were there any disputes or litigations related to professional ethics.

Ethical Corporate Management and Anti-Corruption Training and Education

In 2025, PADAUK held internal and external training on ethical management, covering Ethical Corporate Management Promotion and legal liability analysis for Trade Secret and Patent Infringement. These sessions reached 90 attendees for a total of 45 hours.

Additionally, the Company conducted "Material Information and Prevention of Insider Trading" training for all employees (90 attendees, 45 hours) to enhance awareness and prevent legal disputes. To ensure integrity and prevent misconduct, PADAUK has established the following policies and measures :

一、Relevant Regulations：

(1) To prevent conflicts of interest and provide reporting channels, the Company has established and disclosed policies including the "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," and "Whistleblowing System" on internal and external websites.

(2) These regulations explicitly guide directors, managers, and employees to maintain integrity while performing their duties.

二、Dedicated Unit：

The President’ s Office is designated as the unit responsible for ethical management policies, including their revision, implementation, and consulting. This unit supervises execution and reports regularly to the Board of Directors.

三、Periodic Reporting：

Pursuant to the "Procedures for Ethical Management and Guidelines for Conduct," the Company reports its implementation status to the Board annually. The most recent report was presented on January 17, 2025.

Procedures for Ethical Management and Guidelines for Conduct	
Based on the principles of fairness, honesty, trustworthiness, and transparency, we engage in business activities to implement ethical management policies and prevent unethical behavior. These guidelines provide specific matters for employees to observe during business execution in accordance with the "Ethical Corporate Management Best Practice Principles" and relevant laws where the company and its group enterprises operate.	
Risk Management Policy and Procedures	
To establish sound risk management operations, we have defined various risk categories and mechanisms aligned with the company's overall operational strategy. While preventing potential losses to PADAUK, we protect the interests of employees, shareholders, suppliers, and customers.	
Ethical Corporate Management Best Practice Principles	
These principles assist the company in establishing a corporate culture of integrity and sound development, providing a reference framework for professional business operations to prevent unethical conduct by governance bodies and employees.	
Whistleblowing System	
Following the "Code of Ethics" and the "Ethical Corporate Management Best Practice Principles," appropriate reporting channels are provided for any discovered unethical behavior. This system establishes a correct organizational ethical culture, prevents malpractice in daily operations, implements corporate governance, and protects the rights of whistleblowers.	
Corporate Governance Best Practice Principles	
PADAUK follows the principles of "protecting shareholder rights," "strengthening board functions," "leveraging the audit committee," "respecting stakeholder rights," and "enhancing information transparency" to establish and comply with a robust corporate governance system.	
Code of Ethics	
To ensure that directors and managers do not use their positions to obtain improper benefits for themselves or related parties, this code provides ethical standards for PADAUK personnel to prevent conduct that harms the company or shareholders.	
Procedures for Prevention of Insider Trading	
To prevent employees from inadvertently or intentionally violating insider trading regulations due to legal ignorance—which could lead to litigation, financial loss, or reputational damage—these procedures are established to prevent insider trading and protect investor and company interests.	

Internal Audit

Internal Audit System

The Company's internal control system is implemented in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and relevant laws.

Internal Audit Organization

The Audit Office, reporting directly to the Board of Directors, inspects and reviews the effectiveness of internal controls and provides improvement suggestions. Based on management and legal needs, the Company appoints qualified personnel, currently comprising one dedicated auditor and a designated proxy.

The appointment or dismissal of the Audit Supervisor requires approval from the Audit Committee and the Board. Their performance is evaluated by the Chairman, while remuneration is resolved by the Board following recommendations from the Remuneration Committee.

Internal Audit Operation Flow

The audit unit executes an Annual Audit Plan based on risk assessments and compiles audit reports. Identified deficiencies are disclosed and tracked quarterly until rectified. Significant violations or risks must be reported immediately to the Independent Directors.

The audit unit reports internal control status to the Board and Audit Committee at least quarterly, and discusses issues with Independent Directors via various channels. For communication details between Independent Directors, the Audit Supervisor, and CPAs, please visit the Investor Relations section of PADAUK's website: https://www.padauk.com.tw/tw/investment/index.aspx?kind=90

The audit unit urges all departments and subsidiaries to perform annual self-assessments. These results form the basis for the Board and President to issue the Internal Control System Statement.

3.2 Economic Performance

Management Approach

Policies and Commitments	We are committed to continuously improving our operational performance on a foundation of constant enhancement and optimization, including process re-engineering, innovation, and the adoption of best practices. Our policy mandates regular performance reviews and integrates employee training and cross-departmental collaboration into daily operations. This policy encompasses clear goal setting, resource allocation, and monitoring mechanisms.	
Goals	Short-term	① Maintain profitability and ensure abundant, stable cash flow. ② Continuously optimize distribution channels, deepen strategic partnerships in the Mainland China market, and establish channel partnerships in major global countries. ③ Maintain continuous investment in new product development.
	Mid-to-long-term	① Drive continuous revenue growth and increase gross profit margin. ② Strengthen strategic channel partnerships; develop and cultivate relationships with brand customers. ③ Optimize and expand product lines to enhance market competitiveness. ④ Enhance the long-term investment value of the Company. ⑤ Deepen collaboration with brand customers. ⑥ Introduce products into diverse application fields.
Action Plans	Our business units actively recruit new talent to consistently provide overseas customers with the most timely and efficient services.	
Resources Invested	① Assign dedicated personnel to evaluate market expansion strategies for new applications and explore new business avenues. ② Expand R&D team capacity to accelerate new product development timelines.	
Evaluation Mechanisms	We establish management indicators and annual targets to ensure stable corporate growth and enhance value creation for stakeholders. In 2025, our consolidated revenue was NT$1,081,905 thousand, with an EPS of NT$2.19.	
Responsible Dept. / Grievance Mechanism	Responsible Department: Sales Department / Grievance Mechanism: ESG@padauk.com.tw	

PADAUK Technology’ s annual consolidated revenue for 2025 was NT$1,081,905 thousand, representing a 15.30% decrease compared to NT$1,277,316 thousand in the previous year. Net income after tax was NT$64,793 thousand, a significant decrease of 49.86% from NT$129,219 thousand in the previous year. Earnings per share (EPS) stood at NT$2.19, down 49.66% from NT$4.35 in the prior year. Looking ahead, PADAUK will continue to enhance its independent R&D capabilities, cultivate professional industry talent alongside its core technological developments, and solidify the company’ s long-term competitiveness to boost operational performance.

In 2024, PADAUK received official approval for a government subsidy under the "Industrial Upgrading and Innovation Platform Guidance Project." The project met all subsidy conditions in May 2025, and the grant of NT$9,000 thousand was recognized as other income in accordance with relevant regulations.

Unit: NT$ thousands

Item	2023	2024	2025
Revenue	1,057,601	1,277,316	1,081,905
Operating Costs	757,096	833,555	721,735
Employee Wages and Benefits	178,337	251,456	245,711
Payments to Providers of Capital	127,372	68,024	107,569
Payments to Government	13,631	28,000	5,168
Community Investments	2	2	2
Economic Value Retained	-18,837	96,279	1,720

Retirement Planning

To protect the long-term career development and retirement life of our colleagues, PADAUK Technology has planned a comprehensive retirement system. This includes a defined benefit plan established under the Labor Standards Act, a defined contribution plan under the Labor Pension Act, and an Employee Stock Ownership Trust (ESOT) scheme to encourage voluntary employee participation for retirement savings.

Under the new labor pension system in Taiwan, the Company contributes 6% of each employee's monthly salary to their individual pension accounts. In 2025, the amount recognized as an expense was NT$6,368,904. For overseas subsidiaries, contributions to social insurance funds—such as endowment insurance and medical care—are made on a monthly basis in accordance with local government regulations.

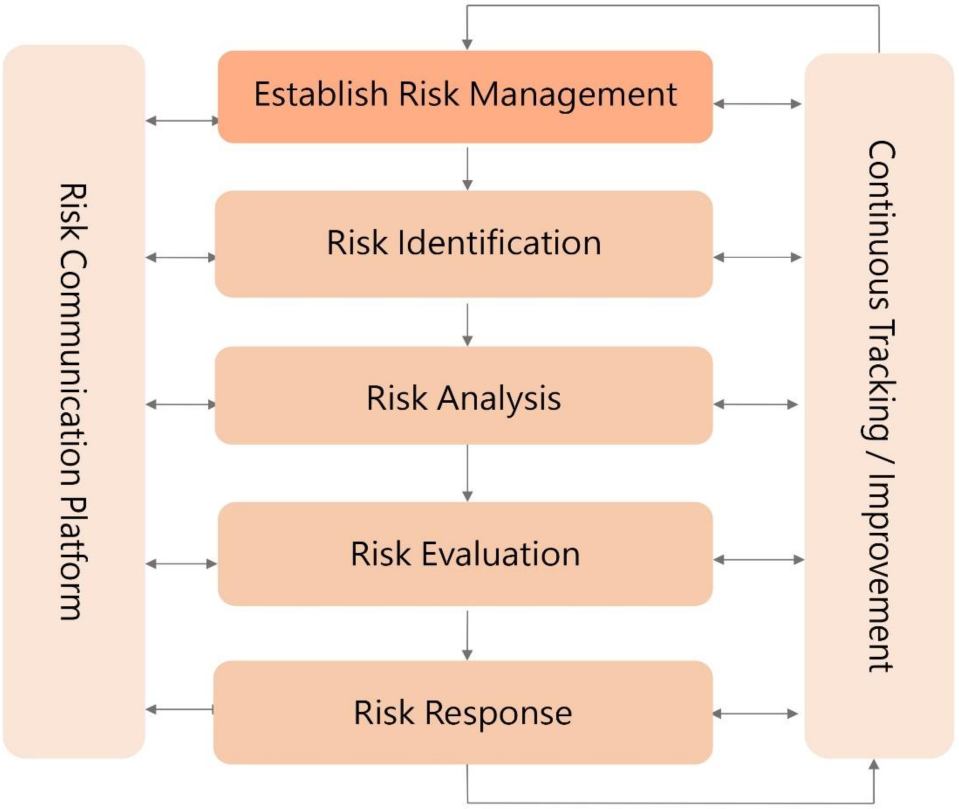
Retirement Plan	Plan Content (Regulations, Systems & Management Approaches)	Employee Participation & Proportion
New Pension System	In Taiwan, employee retirement regulations are established in accordance with the Labor Standards Act and the Labor Pension Act. Pension contributions are deposited monthly into the employees' individual accounts at the Bureau of Labor Insurance.	In Taiwan, 6% of each employee's monthly salary is contributed to their pension. The amount recognized as an expense for these contributions in 2025 was **NT$6,368,904**.
Employee Stock Ownership Trust (ESOT)	PADAUK established the "Employee Stock Ownership Trust Committee" in 2021 to encourage long-term savings and investment among employees. The Company contributes matching funds based on the semi-annual EPS achievement rate. Combined with the employees' self-funded contributions, these funds are used to purchase Company stock. This initiative allows employees to share in the business achievements, driving mutual growth and sustainable development between the workforce and the Company.	As of the end of 2025, the participation rate was **nearly 72%**.

3.3 Risk Management

Scope of Risk Management

Adhering to proactive and cost-effective principles, the Company has constructed a Three Lines of Defense internal control model. Referencing the COSO and ISO 31000 risk management frameworks, we have established a systematic risk management and evaluation mechanism. By integrating and managing various potential risks, we provide comprehensive protection for our stakeholders and adopt corresponding management strategies based on the characteristics of each risk.

Based on our industry characteristics and operational scope, risks are classified into six major categories: Operational Risk, Personnel Risk, Information Risk, Financial Risk, Compliance Risk, and Hazard Risk.



✦ Risk Assessment Flowchart ✦

Risk Management Policy and Procedures

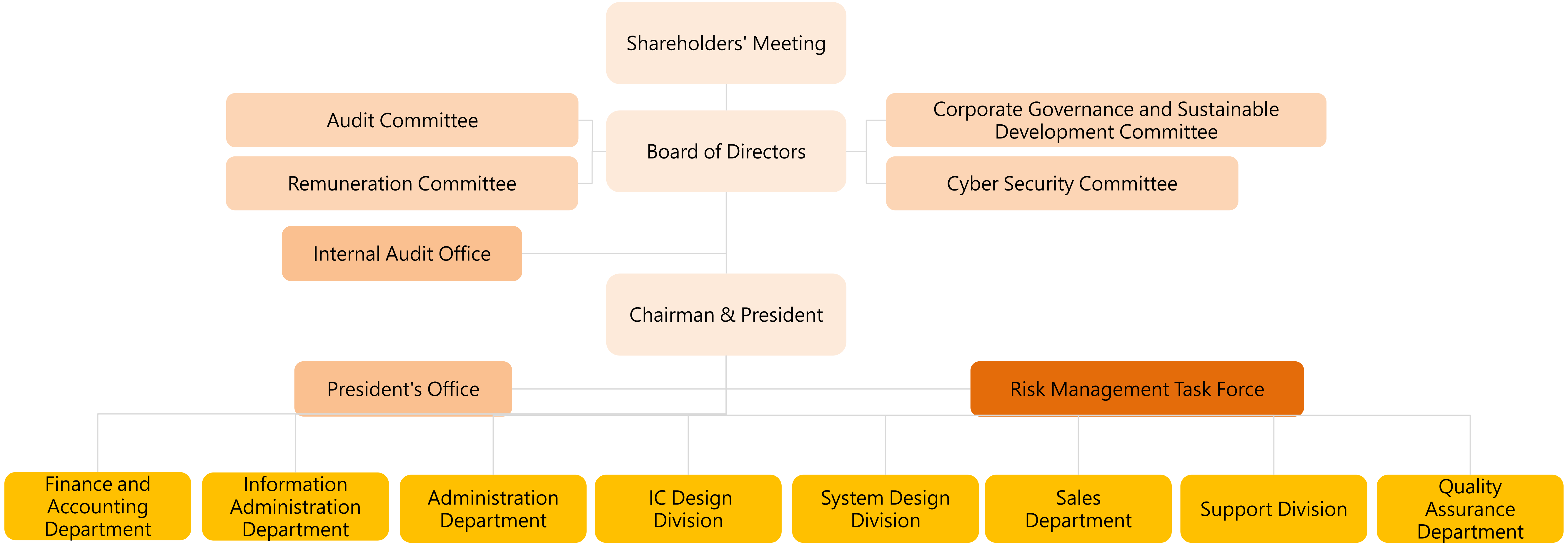
Approved by the Board of Directors in 2020, the Company enacted the "Risk Management Policy and Procedures" to serve as a guiding principle for all employees in risk control. This policy defines various categories of risk based on the company's overall operational policy, aiming to prevent potential losses within an acceptable range of risk tolerance. We appropriately adjust our management mechanisms in response to environmental changes to protect the interests of our employees, shareholders, suppliers, and customers, thereby increasing corporate value and achieving the goal of optimized resource allocation.

Risk Management Process

Enterprises frequently face unpredictable risks during their operations. To ensure sustainable operations and enhance corporate governance effectiveness, PADAUK utilizes procedures such as identification, analysis, evaluation, and response to ensure that all material risks are appropriately monitored. Execution results are regularly reported to the Board of Directors, and the internal audit unit performs supervisory tasks to ensure the continuous and effective implementation of risk management and internal control systems, thereby achieving corporate goals.

Organizational Structure

- **Board of Directors :** The Board of Directors is the highest governing body for the Company's risk management. It aims to promote and implement overall risk management, understand the risks faced by operations, and ensure the effective execution of the risk management system.
- **Corporate Governance and Sustainable Development Committee :** Executes and assists in supervising risk management-related matters.
- **Risk Management Task Force** : To ensure corporate governance, sustainable operations, and effective risk management mechanisms, the Risk Management Task Force was established on October 12, 2021. It is responsible for drafting the Risk Management Policy and Procedures, evaluating risk tolerance, and convening meetings at least once a year. The operational status of risk management is submitted to the Corporate Governance and Sustainable Development Committee for review and reported to the Board of Directors.
- **Internal Audit Unit :** Prepares the annual audit plan based on risk assessment results in accordance with the Company's Risk Management Policy and Procedures and relevant management regulations.
- **Heads of Operational Units :** The management levels of the Group regularly report risk information upward and execute risk controls effectively. They bear the duty of promotion, ensuring that employees understand the importance of risk management so that various risks can be effectively managed.



Risk Management Strategies and Actions

In 2025, based on the principle of materiality, PADAUK Technology conducted risk assessments on environmental, social, and corporate governance (ESG) issues relevant to the company's operations. We established corresponding risk management policies or strategies to serve as the highest guiding principles for the company's risk management.

Category	Risk Description	Risk Management Strategies
Corporate Governance (G)	**R&D Innovation and Intellectual Property :** • R&D Quality Risk: Incomplete design specifications or insufficient verification coverage may lead to chip function errors, increasing the frequency of project revisions and R&D costs. • R&D Efficiency & IP Risk: Aging test instruments affect data accuracy. If core technical secrets are infringed upon or the R&D process inadvertently infringes on third-party patents, it will harm our core competitiveness.	(1) Quality Control: Conduct development according to design control procedures and adopt standardized verification tools and record sheets to improve verification coverage and reduce functional error rates. (2) Technical Protection: Regularly calibrate equipment, implement the "Procedures for New Technology and Patent Applications," and strengthen our intellectual property portfolio.
	Economic Performance : • Geopolitical Risk: Affected by geopolitical tensions and global economic uncertainty, leading to market demand fluctuations, unstable product pricing, and compromised order fulfillment rates. • Exchange Rate Fluctuation Risk: Foreign currency assets and liabilities are heavily impacted by sharp fluctuations in international exchange rates, potentially causing exchange losses and impacting profitability. • Market Service Risk: Failure to handle customer complaints in real-time or grasp customer feedback will lead to a decline in satisfaction and loss of orders.	(1) Global Layout Strategy: Actively invest in exploring overseas markets to mitigate geopolitical impacts. (2) Financial Risk Control: Strictly enforce the "Procedures for Derivatives Trading." The financial supervisor monitors exchange rate risks monthly and conducts hedging activities, ensuring the implementation of transaction authorization and separation of duties. (3) Customer Relationship Management: Handle matters in accordance with the "Procedures for Customer Service and Complaint Management," conduct regular annual customer satisfaction surveys, analyze progress, and adjust sales strategies and service quality based on feedback.
	Ethical Management and Sustainable Governance : • Unethical acts, legal violations, or corruption may lead to regulatory penalties, damaging corporate reputation and weakening investor confidence.	Regularly update ethical norms, require all employees to sign an Integrity and Anti-Corruption Commitment, and transparently disclose sustainability information.
	Cyber Security : • Threats from hacker attacks, ransomware, and system paralysis pose risks to operational continuity and R&D assets.	Strengthen firewall protection, establish remote backup and disaster recovery plans, and regularly conduct cyber security awareness training and drills for employees to reduce cyber security risks.

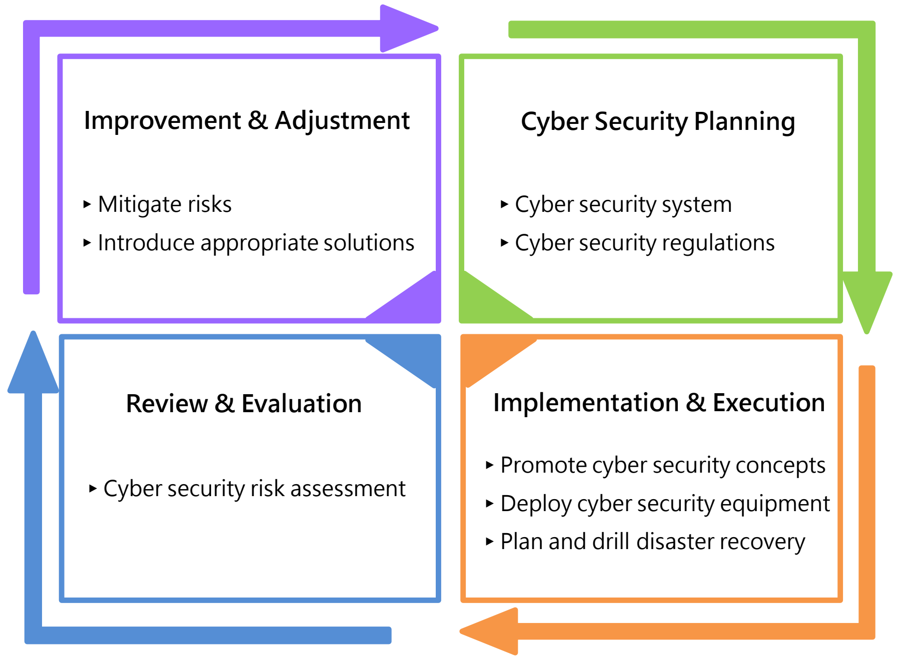
Category	Risk Description	Risk Management Strategies
Social (S)	**Product Quality and Safety :** • Unstable raw material quality or design flaws may trigger product recalls, leading to legal disputes or damage to brand reputation.	Implement the ISO 9001 quality management system, perform quality audits on suppliers, and ensure that materials meet safety standards.
	Compensation and Benefits : • If the compensation and benefits system lacks competitiveness or transparency, it may lead to the loss of key technical talent and recruitment difficulties. This can delay R&D progress, affect product quality, and negatively impact operational stability and long-term performance.	(1) Maintain market competitiveness in salary and remuneration packages. (2) Establish a performance-linked incentive system to ensure fair and reasonable rewards. (3) Continuously improve the employee benefits system through employee opinion surveys and labor-management meetings.
Environmental (E)	**Supply Chain Management :** • Production & Technical Risk: Factors such as natural disasters, equipment breakdowns, or unstable yield rates could cause production disruptions, impacting lead times and profitability. • Market & Geopolitical Risk: Geopolitical conflicts triggering material shortages and trade restrictions could elevate operational costs, posing a risk of supply chain disruption.	(1) Adjust capacity and inventory preparations based on shipment analysis and business forecast data, while monitoring the quality and yield rate of new manufacturing processes. (2) Closely monitor international market changes and communicate with business units to strategically plan and respond in advance.
	Greenhouse Gas Emissions : • Policy & Legal Risk: As governments globally advance carbon reduction policies, carbon fees, and carbon border taxes, failure to meet international reduction standards in a timely manner will result in legal compliance pressure and environmental regulatory risks. • Transition & Reputational Risk: Operational transition pressures driven by climate change may affect the company's brand reputation and stakeholder evaluations.	(1) Low-Carbon Operations: Continuously implement greenhouse gas inventories, promote energy-saving and carbon-reduction initiatives in office and production processes, and strengthen waste recycling to achieve a circular economy. (2) Collaborative Carbon Reduction: Partner with supply chain companions to drive carbon reduction initiatives, develop higher-efficiency and lower-power consumption chips, and assist customers in reducing the carbon emissions of end products.

3.4 Information Security

Cyber Security Policy

PADAUK regards cyber security as a vital component of enterprise operational risk management. To ensure operational continuity and the confidentiality, integrity, and availability of legally stored information and information systems, we have established a comprehensive cyber security management system. We also continuously improve various control measures to respond to evolving cyber security threats.

Our dedicated unit for cyber security is the Information Management Department, which is responsible for planning, executing, and promoting cyber security management matters and raising awareness of cyber security. The operational model adopts a PDCA (Plan-Do-Check-Act) cycle to ensure the achievement of reliability targets and continuous improvement.



Cyber Security Management Measures

To prevent the leakage of confidential information and enhance cyber security protection capabilities, PADAUK 's management measures include :

Management Measures

Privilege Management

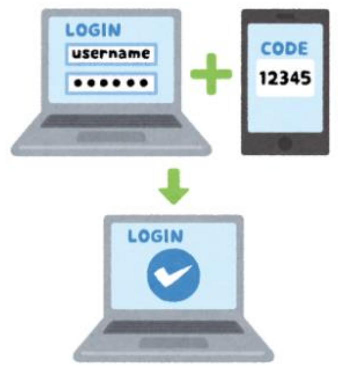
Account, Permission & Server Room Access Controls

- Computer logins are restricted.
- Accounts and permissions are reviewed regularly.
- Account setups and permissions need supervisor approval.
- Server room access requires ID badge swiping, and entry logs are kept.

Access Control

Controls for System Access & Data Transfer

- Restricted USB usage.
- System access controls.
- User activity logs.
- Regular password updates.
- Auto-lock after 5 minutes of inactivity.



External Threats

Defenses Against Vulnerabilities & Malware

- Regular system and antivirus updates.
- Virus and malware scanning.
- Firewalls and IDS to block hackers.
- Secure remote access via SSL VPN with logs.

System Availability

Contingency Plans for System Downtime

- Regular disaster recovery drills.
- UPS systems for critical equipment.
- Data backup and local storage.

3.4 Information Security

Cyber Security Execution Overview

In 2025, there were no major cyber security abnormalities or violations. We continuously review, execute, and improve the effectiveness of our cyber security management measures to reduce cyber security risks to a controllable range.

⇒ Daily data backups for critical systems.
⇒ Weekly virus scans on computers and servers.
⇒ Monthly cyber security advocacy via email.
⇒ Updates to firewall firmware, system functions, and signatures.
⇒ Backups of firewall and switch configuration files.
⇒ Cyber security training for new employees.
⇒ Conducted one ERP disaster recovery drill in 2025.
⇒ Conducted an ERP user permission review in 2025.
⇒ Conducted three social engineering drills and provided training on identifying phishing and malicious emails in 2025.

Chapter 4

Environmental Sustainability

4.1 Supply Chain Management

Management Approach

Policies and Commitments	① We have established a systematic supply chain management mechanism based on ISO 9001 to strictly implement quality control and enhance delivery stability. We prioritize environmental protection to reduce our supply chain's environmental footprint. ② Commitment: We ensure major suppliers meet ISO 9001, 14001, and 45001 standards through regular audits. We strictly enforce a "Conflict-Free Minerals" policy to guarantee legal and transparent sourcing. We review supply chain performance annually, demand improvements for failures, and remove non-compliant suppliers when necessary.	
Goals	Short-term	① Complete sustainability assessments for suppliers to ensure compliance with environmental, occupational safety, and health standards. ② Establish a systematic supply chain management mechanism in accordance with the ISO 9001 standard.
	Mid-to-long-term	① Incorporate green procurement standards into all purchasing decisions and actively participate in industry sustainability collaborations to jointly drive the green transition of the sector. ② Establish a transparent and traceable supply chain to ensure that raw materials for all products come from sustainable sources, guiding the entire industry chain toward sustainable development.
Action Plans	① Monthly evaluation of major suppliers ② Annual audit of major suppliers	
Resources Invested	① Concrete Achievements: 100% of product manufacturing suppliers provided third-party testing reports that comply with international standards, demonstrating the Company's commitment to green procurement. ② Conflict Minerals Management: 100% of supplier survey results indicated that all minerals used originate from legal sources, with zero instances of conflict mineral usage detected.	
Evaluation Mechanisms	① Environmental Assessment Performance: Major suppliers have obtained ISO 14001 Environmental Management System certification and comply with RoHS and REACH regulations. ② Social Assessment Performance: Major suppliers have obtained ISO 45001 Occupational Health and Safety Management System certification.	
Responsible Dept. / Grievance Mechanism	Responsible Department: Quality Assurance (QA) Department / Grievance Mechanism: ESG@padauk.com.tw	

Supply Chain Management

To ensure sustainable supply chain management, the Company continuously audits and improves suppliers based on ISO 9001 standards. New suppliers are introduced and evaluated through the following criteria:

1. Product Manufacturing Suppliers: Preference is given to premium suppliers certified with ISO 9001 (Quality), ISO 14001 (Environmental), and ISO 45001 (Occupational Health and Safety). Evaluation metrics also include Corporate Social Responsibility (CSR) aspects, such as the prohibition of child labor, integrity commitments, and labor rights.
2. Product Testing Suppliers: Preference is given to suppliers certified with the ISO 9001 quality management system.

Qualified Supplier Mass Production

Once a new supplier passes evaluation and verification, they are listed as a qualified supplier and proceed to mass production.

Regular Supplier Performance Evaluation:

1. Performance reviews are conducted monthly, and quality operational results are reported to top management.
2. Suppliers who fail to meet standards will be removed from the qualified supplier list after the annual evaluation.

In 2025, 100% of Taiwan-based manufacturing suppliers, wafer fabs, and packaging/testing plants held ISO 9001, ISO 14001, and ISO 45001 certifications.

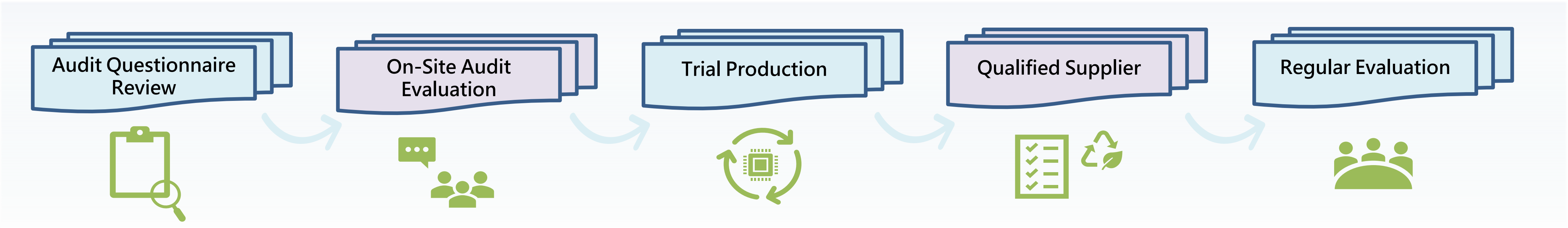
◎ In 2025, 100% of suppliers passed the ISO 9001 performance evaluation.

◎ For suppliers rated as non-compliant, order placement and material dispatch will be suspended immediately in accordance with internal evaluation management procedures. They must complete corrective action and pass re-verification before resuming collaboration. Suppliers who fail verification cannot enter the mass production or outsourcing workflow.

Green Supply Chain

1. Suppliers are required to provide third-party testing reports for environmentally restricted substances annually, along with material composition data to clarify substance contents.
2. Suppliers must commit and guarantee that their products are free from "environmentally restricted substances" (complying with international regulations such as RoHS and REACH).

In 2025, 100% of third-party testing reports for restricted substances provided by product manufacturing suppliers met international standards.



With the degradation of the global environment and the rise of environmental awareness, PADAUK has established a Quality Assurance Department to mitigate the negative impacts of the product value chain on the local environment and society while effectively managing potential risks during our sustainable development. This unit monitors suppliers to ensure they meet legal requirements in environmental protection, occupational safety and health, and labor rights, thereby fulfilling corporate social responsibility.

For existing suppliers, PADAUK conducts audits through an annual audit plan. We also review major suppliers' monthly delivery and quality performance, maintaining close communication with them. This helps suppliers improve their quality systems, green procurement, environmental protection, and factory safety, aligning them with sustainable management to enhance delivery and quality stability. Beyond evaluating supplier quality and reliability, we integrate ESG criteria into supplier audits to ensure suppliers respect basic human rights, ethical standards, and integrity management without harming environmental and sustainable development.

All of PADAUK's major partners are required to sign the "Supplier CSR Commitment" and use the "Supplier ESG Corporate Social Responsibility Risk Assessment Questionnaire" to verify their compliance with sustainable development across corporate governance, social, and environmental dimensions.

New Supplier Screening by ESG Topics in 2025	
Item	Content
Number of New Suppliers Added	0
ESG Screening Rate	N/A

Existing Supplier ESG Audits	
Item	Year 2025
Number of Suppliers	11
Suppliers with ESG Self-Assessments	11

4.2 Climate Change Response Strategies

Driven by global warming and rising energy focus, PADAUK adopts the TCFD framework to mitigate climate impacts on operations. We drive initiatives across four core pillars based on our industry traits: Governance, Strategy, Risk Management, and Metrics & Targets.

The Corporate Sustainability Task Force identifies climate risks and opportunities to formulate response strategies. Implementation progress is reported annually to the Board of Directors for supervision and tracking.

Governance

- The Board of Directors regularly supervises the implementation and progress of climate change issues.
- Established the "Corporate Sustainability Task Force" to identify climate risks and opportunities and propose concrete action plans.
- Reports climate-related risk management results and carbon reduction progress to the Board at least once a year.

Risk Management

- Transition Risk Management : The Task Force regularly reviews energy use, regulatory trends, and supply chain carbon disclosures to adjust operational strategies.
- Physical Risk Management : Conducts regular disaster drills and equipment checks to ensure operational stability.
- Continuous Monitoring & Feedback : Tracks climate risks to ensure corrective actions are implemented through internal audits and management reviews.

Strategy

- Monitors regulations and climate risks, evaluating financial impacts via qualitative/quantitative assessments to set strategies and targets.
- Introduced ISO 14064-1 and references the GHG Protocol for continuous improvement.
- Adopts energy-saving equipment, drives digital operations, and invests in low-power R&D to boost efficiency and competitiveness.

Metrics & Targets

- Energy-Saving Promotion: Promotes eco-friendly office initiatives annually through internal communication platforms.
- Reduction Target: Reduce Scope 1 and Scope 2 total emissions by 5% by 2030 compared to the base year.

TCFD Risk Management Process

STEP 1
- Corporate Sustainability Task Force collects background data on climate and environment.
- Assesses climate risks and operational boundaries.

STEP 2
- Establishes a checklist of climate risks and opportunities

STEP 3
- Conducts climate risk/opportunity and operational impact analysis.
- Identifies material risk items.

STEP 4
- Formulates implementation strategies and sets targets.

STEP 5
- Reviews the effectiveness of strategies and targets annually through sustainability meetings.

Climate Change Response Measures

PADAUK identifies climate change risks and opportunities based on the TCFD framework. We assess internal/external environmental changes, evaluate potential operational and financial impacts, and formulate the following management approaches:

Risk	Pillar	Topic	Risk Assessment	Potential Operational & Financial Impact	Response Measures
Transition Risk	Policy & Law (Short-term)	Total GHG emissions control	Stricter emission controls and compliance risks due to government regulations, carbon fees/taxes, and international carbon border adjustments.	Rising energy and compliance costs. Delayed response may cause legal risks or fines.	Track global energy and carbon policies; improve energy efficiency; adopt high-efficiency and low-carbon equipment to balance emissions and costs.
	Energy Supply (Mid-to-Long-term)	Unstable green energy supply	Energy transition and unstable green energy supply may cause power restrictions or unstable supply, affecting operational stability.	May require investing in energy storage or generators to avoid business interruption and rising operational costs.	Adopt energy-saving labeled equipment; maintain UPS and power systems to minimize power restriction impacts.
	Raw Material Costs (Mid-to-Long-term)	Unstable raw material supply	Climate change may impact upstream suppliers' production capacity, leading to shortages in raw materials or critical components.	Higher material costs boost production/operational expenses, potentially delaying product R&D and delivery schedules.	Evaluate and strengthen suppliers' sustainability and risk management; prioritize suppliers with climate resilience and international certifications.
Physical Risk	Extreme Weather	Increase in extreme weather events	Growing frequency of typhoons, rainstorms, and extreme heat may directly or indirectly impact operational stability, risking business interruption.	(1) Disrupts employee schedules, causing operational pauses or financial loss. (2) Extreme heat increases HVAC power consumption and operational costs.	(1) Establish remote backup and data backup mechanisms to ensure business continuity. (2) Strengthen UPS and temperature control for servers and critical R&D equipment.

Opportunity	Pillar	Topic	Opportunity Assessment	Potential Operational & Financial Impact	Response Measures
Resilience	Supply Chain Management	Supply chain low-carbon transition	Clients demand disclosure of carbon emissions and footprints, requiring suppliers to align with low-carbon policies.	Failure of the supply chain to match low-carbon transition may affect order acquisition and client relationships.	Integrate ESG into supplier reviews; assist and require suppliers to conduct carbon inventories, audits, and tracking to lower financial risks.
Products & Services	New Product & R&D Innovation	Improving product energy efficiency	To meet climate regulations, products must satisfy higher energy efficiency and low-carbon standards.	Higher R&D investment costs, but helps enhance product competitiveness and market share.	Develop high-efficiency, low-power IC products; assist clients in achieving carbon reduction goals and create new market opportunities.

PADAUK

Introduction

Sustainability Management

About PADAUK

Corporate Governance

Environmental Sustainability

4.1 Supply Chain Management

4.2 Climate Change Response Strategies

4.3 Greenhouse Gas Emissions

4.4 Energy Management

4.5 Environmental Management

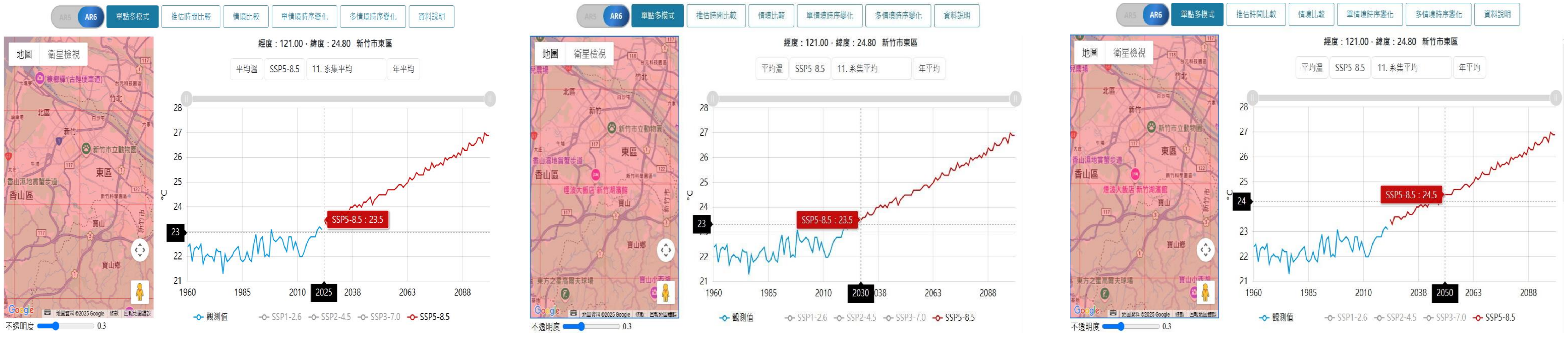
Friendly Workplace

Social Engagement

Appendix - Sustainability Index

Based on the TCFD framework, we conduct climate change risk and opportunity identification, considering internal and external environmental changes to identify potential operational and financial impacts, and establish corresponding management approaches:

According to the scenario simulation by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), using 2025 as the baseline at 23.5°C, Hsinchu City is projected to reach 23.5°C in 2030 and 24.5°C in 2050.



Note 1: Scenarios reference four key emission scenarios defined in the IPCC Sixth Assessment Report (AR6). These combine "Shared Socioeconomic Pathways" with "Representative Concentration Pathways" (abbreviated as SSP-RCPs) to represent differences in radiative forcing under varying socioeconomic developments. Specifically, SSP1-2.6 represents a low-emission scenario, SSP2-4.5 a moderate-emission scenario, SSP3-7.0 a high-emission scenario, and SSP5-8.5 a very high-emission scenario. For details, see the Scenario Description.

Note 2: The ensemble average refers to the mean value of all models. The number of models for the temperature variable under each scenario is 25 for SSP1-2.6, 26 for SSP2-4.5, 23 for SSP3-7.0, and 26 for SSP5-8.5. For the rainfall variable, the number of models is 28 for SSP1-2.6, 29 for SSP2-4.5, 27 for SSP3-7.0, and 29 for SSP5-8.5. For details, see the Model Description.

4.3 Greenhouse Gas Emissions

Management Approach

Policies and Commitments	To fulfill corporate environmental protection responsibilities and reduce the impact of GHG emissions on the environment and climate, the Company drives the following initiatives: 1. Actively execute GHG inventories. 2. Continuously promote carbon reduction actions.	
Goals	Short-term	In accordance with ISO 14064-1 standards and referencing GHG Protocol methodologies, complete GHG inventory operations and formulate carbon reduction plans and strategies based on the inventory results.
	Mid-to-long-term	① In accordance with FSC regulations, complete GHG inventory verification for the parent company by 2028. ② In accordance with FSC regulations, complete GHG inventory verification for consolidated subsidiaries by 2029. ③ Continuously monitor GHG issues and regulations from the government and the FSC, adjusting response plans accordingly.
Action Plans	The GHG Inventory Committee regularly conducts the annual GHG inventory. The Executive Secretary coordinates the planning and directs/supervises the task force to handle GHG inventories and verification procedures.	
Resources Invested	The GHG Inventory Committee executes annual inventory operations. The Executive Secretary oversees coordination, while the Chairperson and the verification task force jointly manage the GHG inventory review process.	
Evaluation Mechanisms	① Compile a GHG inventory report annually, with the internal audit department executing audits. ② The compilation and revision of the GHG inventory report are handled in accordance with the Company's GHG Inventory Procedure Manual.	
Responsible Dept. / Grievance Mechanism	Responsible Department: GHG Inventory Committee / Grievance Mechanism: ESG@padauk.com.tw	

GHG Inventory Committee

The job descriptions for the roles within PADAUK's GHG Inventory Committee are outlined below :

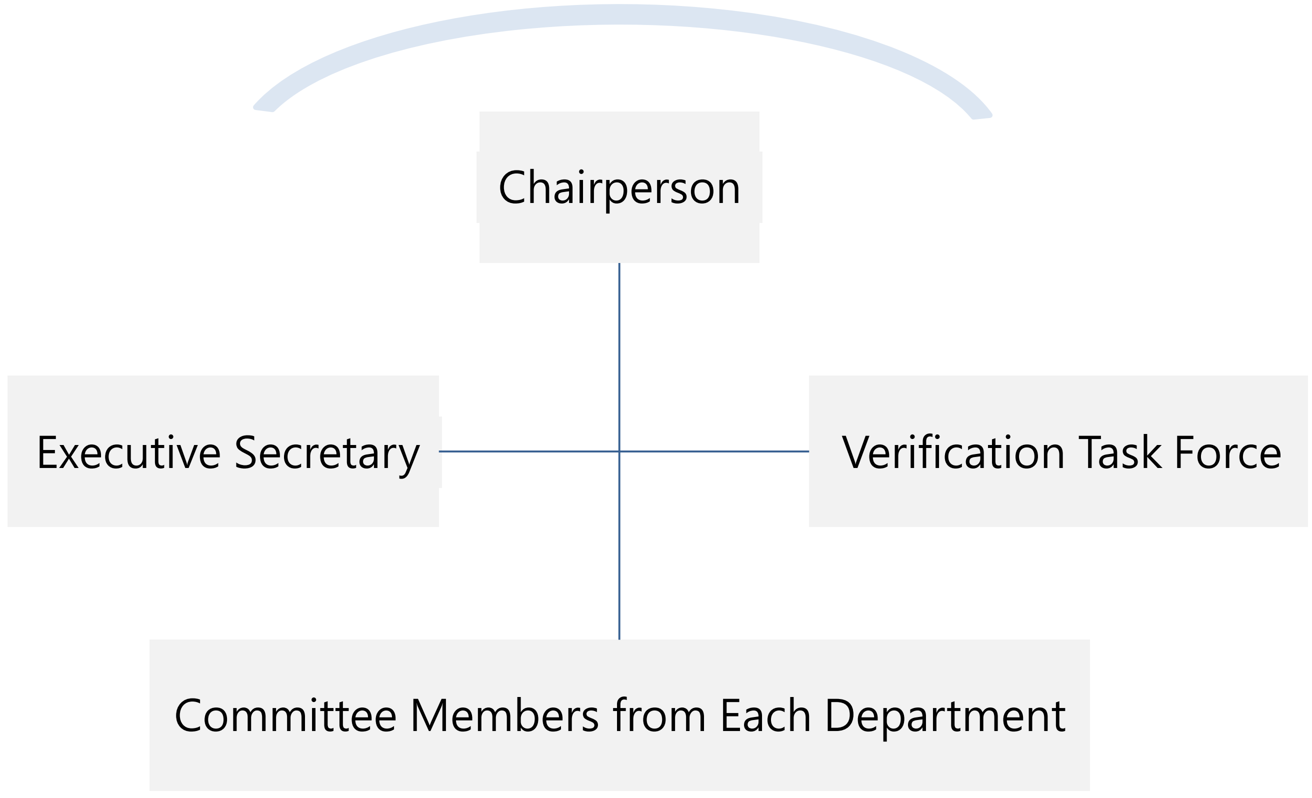
(1) Chairperson : Appointed by the Management Representative; responsible for supervising operations and providing human resource support for GHG management.

(2) Executive Secretary : Responsible for planning GHG initiatives within the organizational boundaries, coordinating all GHG-related affairs across departments, and consolidating departmental data to compile the GHG inventory report. Serves as the primary point of contact.

(3) Verification Task Force : Responsible for conducting internal verification audits once the GHG inventory report is completed.

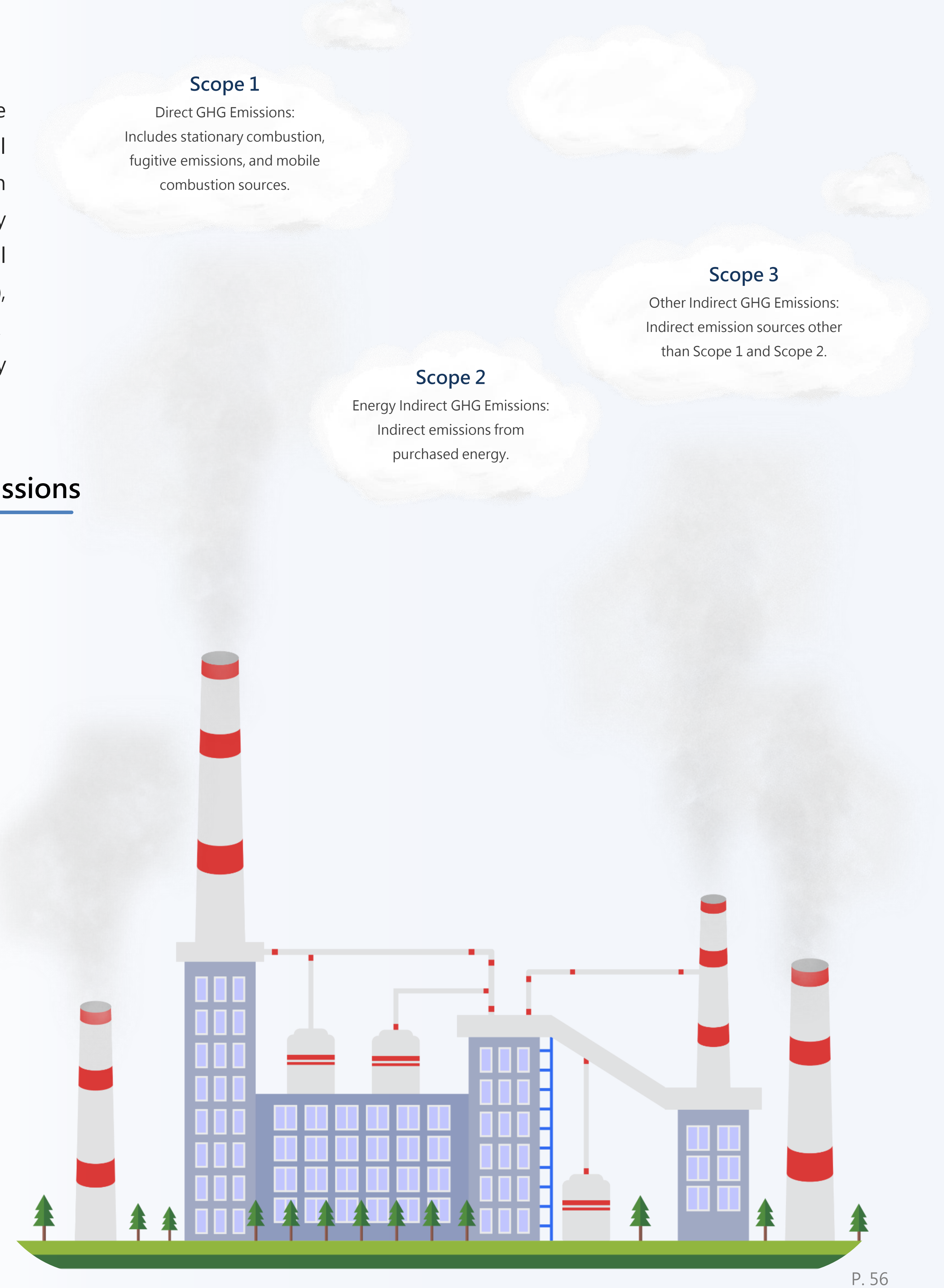
(4) Committee Members : Composed of one representative appointed from each department; responsible for executing GHG inventories, data collection, emissions calculations, and quality management.

Organizational Chart



GHG Inventory Scope

The Company measures Scope 1 and Scope 2 greenhouse gas (GHG) emissions in accordance with the methodologies prescribed by the GHG Protocol. For the current year, the Company applies the transitional provisions of IFRS S2, paragraph C4(b), and therefore does not disclose Scope 3 GHG emissions. In alignment with national net-zero policies and international carbon reduction initiatives, Padauk Technology conducts GHG inventories for the Taiwan region, setting organizational boundaries based on operational control. The disclosure covers emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), nitrogen trifluoride (NF3), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). The GHG inventory has not yet undergone external verification and is expected to complete third-party external verification in Q2 2029.



Emissions Statistics for the Seven Major Greenhouse Gases from Direct Emissions

Item	CO2 Equivalent (Metric Tons CO2e/Year)	Percentage by Gas Type (%)
CO_2	0.0000	0.00%
CH_4	0.0000	0.00%
N_2O	0.0000	0.00%
HFCs	4.1985	100.00%
PFCs	0.0000	0.00%
SF_6	0.0000	0.00%
NF_3	0.0000	0.00%
Total Annual CO2 Equivalent	4.1985	100.00%
Biogenic CO2 Emissions	0.0000	-

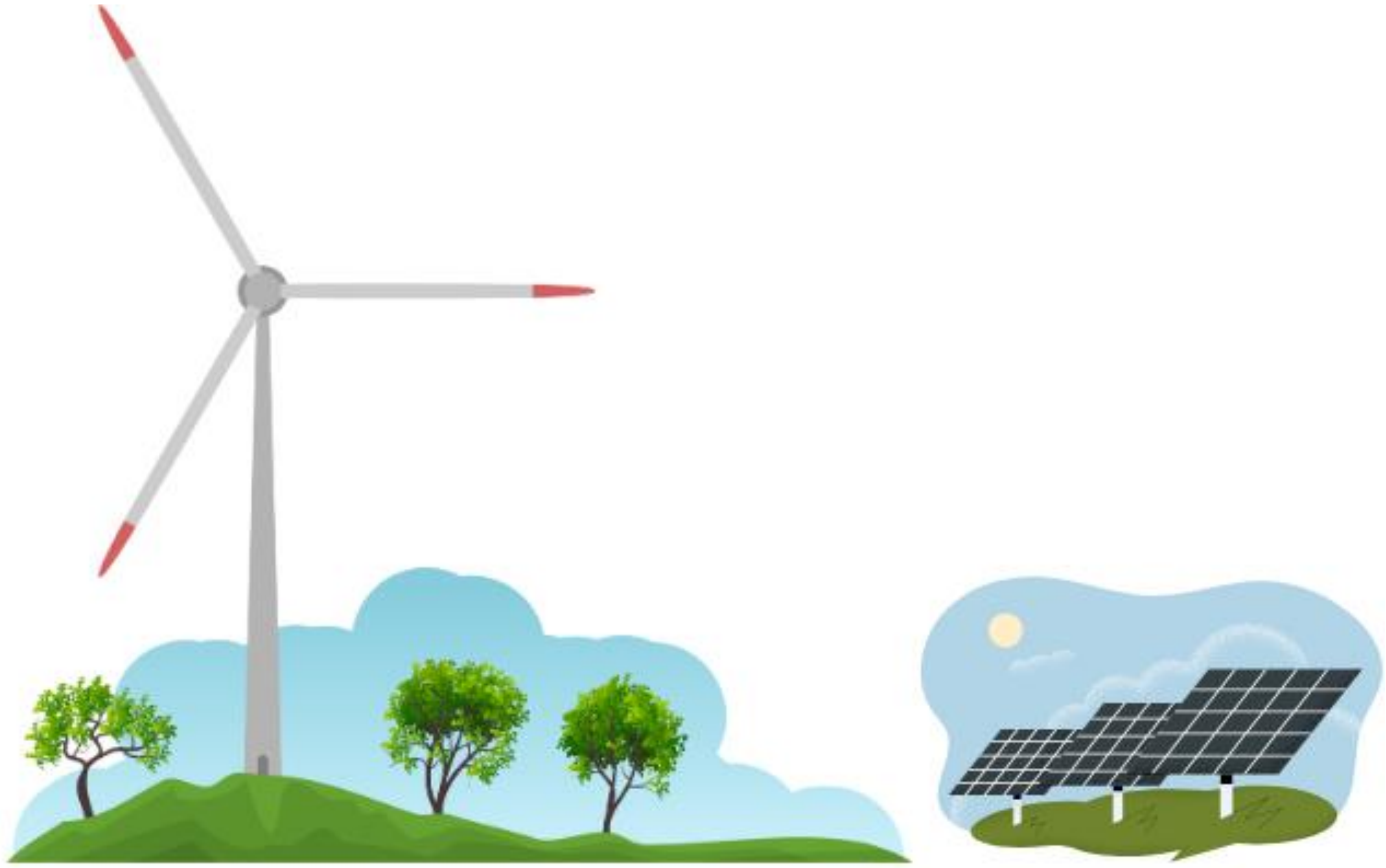
Category	2024年	2025年
GHG Emissions Intensity (Metric Tons CO2e/ Million NTD Revenue)	0.1558	0.1744

Note:
1. Calculated based on consolidated revenue.
2. GHG Emissions Intensity = Total GHG Emissions of the company / Revenue.

2025 GHG Emissions Statistics

The total absolute greenhouse gas emissions generated during the reporting period (expressed in metric tons of CO2 equivalent) are shown below:

Reporting Boundary & Category		Equipment Type / Emission Source	Total Emissions by Category
Scope 1	Direct GHG emissions and removals	Fugitive emission sources (Air conditioners, refrigeration equipment, water dispensers)	4.1985
Scope 2	Energy indirect GHG emissions	Purchased electricity	125.6546
Total Scope 1 & Scope 2 GHG Emissions - Location-based (Metric Tons CO2e/Year)			129.8531
Total Scope 1 & Scope 2 GHG Emissions - Market-based (Metric Tons CO2e/Year)			129.8531



4.4 Energy Management

PADAUK Technology is a fabless IC design company with no manufacturing plants or energy-intensive processes. Primary energy consumption stems from air conditioning, office lighting, computers, and common areas, resulting in a low environmental footprint. The leased office building holds green building certification, and the Company continuously promotes internal energy-saving measures.

All energy is purchased electricity from the leased commercial building, with no renewable energy introduced yet. Because the site is leased, energy data reflects the entire building, and actual usage is calculated via proportional estimation. This disclosed scope is limited to the "PADAUK Technology Hsinchu Headquarters" and excludes overseas subsidiaries.

Electricity Consumption Statistics for the Past Two Years

Category	Item	2024Consumption (GJ)	2024Consumption (GJ)
Direct Energy (A)	Natural Gas	0	0
	Diesel	0	0
	Gasoline	0	0
Indirect Energy (B)	Purchased Electricity (Excluding Renewable Energy)	814.27	801.63
Non-Renewable Energy (C)	(A)+(B)	814.27	801.63
Renewable Energy (F)	Self-Generated for Self-Use (D)	0	0
	Purchased(E)	0	0
	(D)+(E)	0	0
Total Energy (G)	(C)+(F)	814.27	801.63
Renewable Energy Percentage (H)	(F)/(G)	0%	0%

According to Hsinchu Headquarters statistics, PADAUK Technology's 2025 energy consumption was 801.63 GJ, down 12.64 GJ from 814.27 GJ in 2024. The primary source is indirect energy from purchased electricity, with no direct energy (natural gas, diesel, or gasoline) utilized. As renewable energy is not yet introduced, total consumption consists mainly of purchased electricity.

For energy management, the Company continues to drive energy-saving measures and strengthen management mechanisms. Concurrently, Uninterruptible Power Supply (UPS) systems are deployed for critical server room equipment and system hosts to mitigate operational risks from sudden outages, ensuring stable operations.

Despite headcount expansion and continuous business growth, overall energy usage demonstrated a downward trend, showing that energy-saving measures have progressively yielded results. Moving forward, PADAUK Technology will continue to implement green operations and energy strategies to enhance efficiency and advance toward corporate sustainability goals.

Water Consumption Information

PADAUK Technology leases offices in a certified green building. Water is sourced entirely from the Taiwan Water Corporation and used solely for daily domestic needs, with no manufacturing process consumption. The building features water-saving measures, including dual-flush toilets, sensor faucets, and a rainwater harvesting system.

Driven by headcount growth, water consumption in 2025 was 0.2555 million liters, an increase of 0.033 million liters (14.83%) from 0.2225 million liters in 2024. The Company continues to cooperate with the building's water-saving initiatives and promote water conservation internally.

Water Consumption Statistics for the Past Two Years

Year	Water Consumption (Million Liters)		
	Total Water Consumption	Revenue (Million NTD)	Water Intensity
2025	0.2555	1,081	0.00024
2024	0.2225	1,277	0.00017

Notes:
1. Water is sourced entirely from tap water for office use. With zero process consumption, water consumption equals both water withdrawal and discharge.
2. Formula: 0.2555 (Water Consumption) / 1081 (Revenue)=0.00024 、0.2555 (Water Consumption) / 1227 (Revenue)=0.00017

Waste Management Policy

PADAUK Technology adheres to sustainable development by promoting green design and environmental management to minimize impacts throughout product design, manufacturing, and daily operations. Following national regulations, the Company has established comprehensive waste classification, collection, and disposal mechanisms under the core principles of "Reduce, Reuse, and Recycle. "

Key Policy Highlights

- Comply with national and local waste management laws and regulations.
- Ensure products are free of prohibited substances and raw materials to lower environmental risks.
- Promote source reduction, sorted recycling, and reuse to enhance resource efficiency.

Waste Management Practices

As a fabless IC design company without manufacturing activities, PADAUK's primary waste consists of general domestic waste from daily operations. Designated personnel manage waste collection by categories—including general waste, paper, recyclables, and batteries. All waste is centralized and transferred to a qualified cleaning company contracted by the building management for disposal. The Company practices green office principles to reduce environmental impact through sorting and reduction measures.

Hazardous waste, consisting of mixed electronic and hardware scrap (such as components, defectives, and internal scrap materials), is reported by the warehouse management unit based on actual accumulated quantities. Upon approval by managers and the General Manager, disposal is entrusted to legally licensed waste treatment operators to ensure traceable and proper handling. PADAUK prioritizes certified contractors with good reputations and environmental compliance. All scrap handling follows the Company's scrap management regulations. In 2025, PADAUK's scrapped hazardous waste totaled 457.12 kg.

Hazardous Waste Scrap Statistics

Year	2023	2024	2025
Scrap Quantity (kg)	0	0	457.12
Scrap Quantity (Metric Tons)	0	0	0.45712

Notes:
1. Scrap quantities are calculated based on actual annual consolidated scrap records.
2. All scrap procedures are executed in accordance with the company's internal scrap management regulations and jointly audited by the finance department and accounting firm personnel.

Domestic Waste Statistics

Year	2025
Quantity (kg)	342.14
Quantity (Metric Tons)	0.34214

Warehouse Management Practices

PADAUK Technology continuously optimizes warehouse management to enhance operational efficiency. All in-house and outsourced products are included in the warehouse scope and stored under optimal preservation methods based on product characteristics to guarantee quality. To reduce standby power waste, warehouse air conditioning and energy-saving dehumidifiers feature automated monitoring and temperature/humidity adjustment controls. This mechanism ensures environmental stability and maximizes energy efficiency. Effective warehouse management not only accelerates shipping and maintains quality but also advances corporate energy management and carbon reduction goals.

Packaging Material Reduction Measures

PADAUK Technology's products are manufactured by professional subcontractors. During shipping, appropriate packaging materials—such as cartons, aluminum foil bags, anti-static bubble bags, and shielding bags—are selected based on product types and transport conditions to ensure safety and minimize waste. To align with environmental sustainability and carbon reduction policies, PADAUK Technology considers material efficiency during the packaging design phase, implementing reduction plans and reuse mechanisms to lower material consumption and waste.

The primary reusable packaging materials are IC cartons and wafer boxes, both of which are key recycling and reuse items. Excluding essential consumables like tape and labels, the reuse rate of packaging materials maintained 100% in 2025. The Company will continue to practice resource circularity through packaging recovery and reuse, reducing environmental impacts and demonstrating our commitment to a green supply chain.

Packaging Material Reuse Statistics

Reuse Rate	2023	2024	2025
Wafer Boxes	100%	100%	100%
IC Inner Boxes	100%	100%	100%

Note:
1. Formula: Reuse Rate = Actual number of times reusable packaging is used ÷ Total shipments of reusable packaging (U) x 100%
2. The above statistics are compiled based on actual annual data from the company's internal shipping management system.

4.5 Environmental Management

Environmental Policy

- Educate all employees on the critical importance of environmental protection.
- Drive waste reduction, recycling, and efficient utilization of all energy resources.
- Commit to green product design by developing and adopting low-pollution raw materials.
- Comply with environmental regulations and customer restrictions on hazardous substances.
- Audit suppliers to ensure their manufacturing processes meet environmental laws and statutory requirements.

2025 Corporate Energy Saving & Sustainability Initiatives

Energy Saving Initiatives	Initiative Details
Electricity Conservation	1. Adopt eco-friendly, energy-saving fixtures for all fluorescent tubes and bulbs. 2. Continuously promote turning off unused appliances and unplugging devices. 3. Set air conditioning to a reasonably comfortable temperature.
Water Conservation	1. Install water-saving devices in building restrooms to optimize water use. 2. Cooperate with the leased building's rainwater harvesting system for reuse.
Energy Efficiency Enhancement	1. Foster a green culture by reusing paper and purchasing eco-friendly products. 2. Centralize office seating arrangements to maximize energy efficiency.
Office Paperless Initiatives	1. Implement electronic forms and digitalization for administrative workflows. 2. Adopt the government electronic data interchange (EDI) system to reduce courier time and paper-based energy consumption.
Plastic & Waste Reduction	1. Encourage employees to bring their own utensils and refrain from proactively providing single-use items. 2. Implement thorough waste sorting and promote separate food waste recycling. 3. Equip building restrooms with hand dryers and use FSC-certified paper products.
Concrete Green Actions	1. Purchase PEFC-certified office paper and reuse recycled paper. 2. Use eco-labeled toner cartridges and return empty cartridges to qualified contractors for recycling. 3. Use cleaning agents certified under Green Seal GS-37 standards.

Environmental Targets and Performance

Aspect	2024–2025 Performance	2026 Targets & Indicators
Energy Management	• Annual energy consumption: 814.27 -> 801.63 GJ (-12.64) • Energy intensity maintained at 0.7416 GJ / Million NTD Revenue • Energy-saving lighting coverage reached 90% • Completed UPS replacement and lighting optimization	• Improve production energy efficiency by 3% (Energy intensity <= 0.7194 • Achieve 100% coverage of energy-saving lighting • Complete equipment efficiency audits with continuous improvement • *Control annual energy consumption at <=805 GJ
Water Management	• Annual water consumption: $0.2225 -> 0.2555 Million Liters (+14.83%) • Water intensity: 0.00017 -> 0.00024 • Water-saving measures: Water conservation awareness campaigns • Conducted 1 water conservation training session annually	• Enhance production water reduction by 30% • Control annual water consumption at <= 0.179 Million Liters • Control water intensity at <=0.000168 • Continuously promote equipment inspections and water conservation training
Resource Management & Reduction Measures	• Administrative document digitalization rate: 90% • Single-use items (paper cups) reduction: 10% • Eco-labeled/certified paper procurement rate: 100% (FSC / PEFC) • Cleaning agents certified under Green Seal GS-37 standards	• Achieve 95% administrative document digitalization rate • Single-use items (paper cups) reduction target: 20% • Maintain 100% eco-labeled/certified paper procurement rate • Continuously implement green procurement policies

Chapter 5

Friendly Workplace

- 5.1 Compensation and Benefits
- 5.2 Talent Attraction and Retention
- 5.3 Talent Cultivation and Development
- 5.4 Occupational Health and Safety

5.1 Compensation and Benefits

Management Approach

Policies and Commitments	PADAUK Technology values talent cultivation and offers competitive compensation based on responsibilities, qualifications, and market benchmarks, with performance-aligned adjustments and bonuses. Pursuant to the Articles of Incorporation, if annual profits show a surplus after offsetting accumulated losses, no less than 10% must be allocated as employee compensation. Out of this, at least 15% is reserved for qualified grassroots employees, with final distribution resolved by the Board. Additionally, the Company prioritizes career development through training courses and tuition subsidies, while supporting the Employee Welfare Committee's recreational activities. This fosters a caring, efficient, and proactive environment driving long-term corporate growth.	
Goals	Short-term	① Adjust compensation structures annually based on individual performance and contributions to ensure equity and incentives. ② Establish comprehensive feedback mechanisms to enhance employee engagement and organizational communication transparency.
	Mid-to-long-term	① Establish a robust performance incentive system to share corporate growth with employees, while implementing an "Employee Stock Ownership Trust (ESOT)" program to assist in long-term savings and wealth planning. ② Continuously optimize the compensation structure annually based on individual performance to ensure sustainable incentives and rewards.
Action Plans	① Share and return financial results to employees through appropriate mechanisms during periods of stable operations and profitability. ② Achieve a 100% completion rate for bi-annual performance evaluations, ensuring all employees complete performance interviews and documentation to enhance appraisal transparency and consistency. ③ Jointly provide diverse employee activities and welfare subsidies through the Company and the Employee Welfare Committee to enhance employee well-being and organizational cohesion.	
Resources Invested	① Recruitment & Employment: Optimize human resources according to annual planning, ensuring the acquisition of qualified talent to enhance organizational efficiency. ② Compensation & Benefits: Establish a competitive, equitable pay system. When profitable, timely salary adjustments, year-end bonuses, and employee rewards are provided based on operational and market factors to boost incentives and retention.	
Evaluation Mechanisms	① Both the average and median salaries of full-time non-managerial employees are higher than the industry average level, possessing market competitiveness. ② Disclose relevant salary and human resource information on the Market Observation Post System (MOPS) according to regulations to strengthen transparency. ③ Regularly collect and consolidate employees' suggestions and feedback on various benefits to serve as a reference for subsequent improvement and planning.	
Responsible Dept. / Grievance Mechanism	Responsible Department: President' s Office / Administration Department Grievance Mechanism: Through the grievance mailbox hr@padauk.com.tw and the online suggestion box "Speak Kindly."	

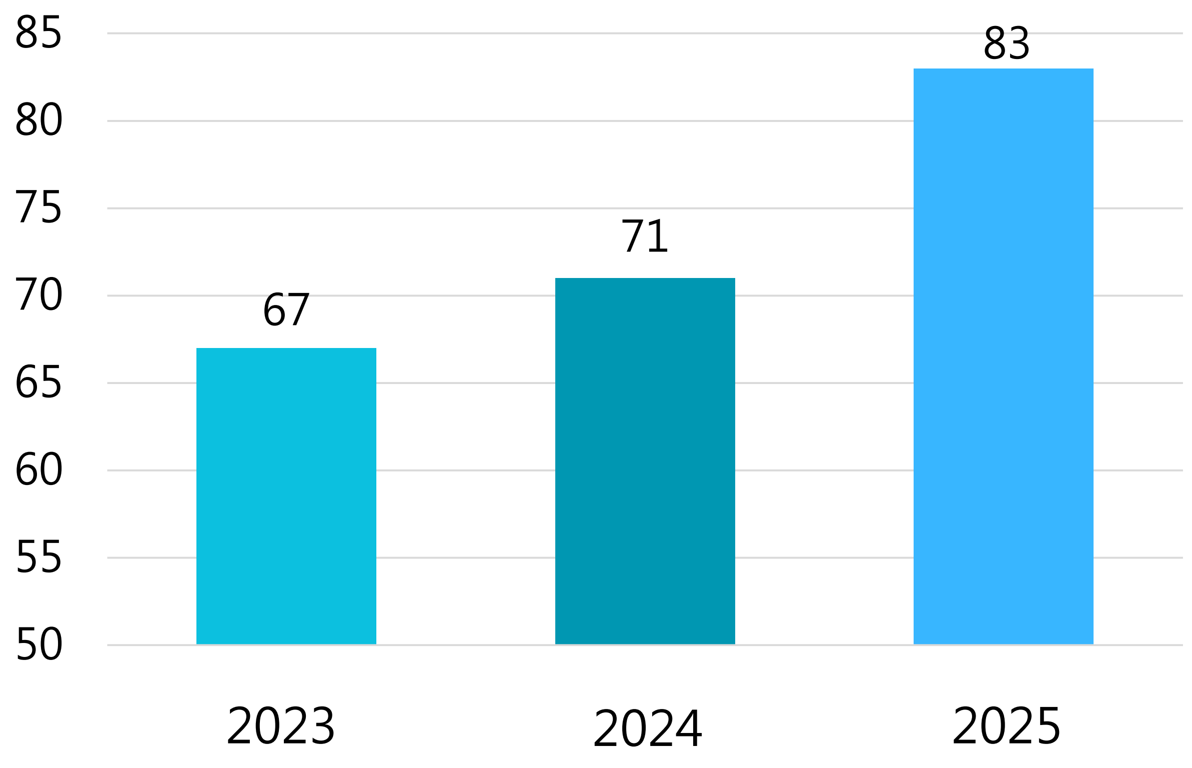
Remuneration System

PADAUK Technology values talent policies and establishes a competitive remuneration system based on the achievement rate of annual operational targets, corporate profitability performance, and by referencing market conditions and job evaluations. The company conducts regular performance appraisals, and the appraisal results are incorporated into employee career development and promotion indicators, enabling colleagues to understand their job performance and the rewards received for achieving corporate operational performance.

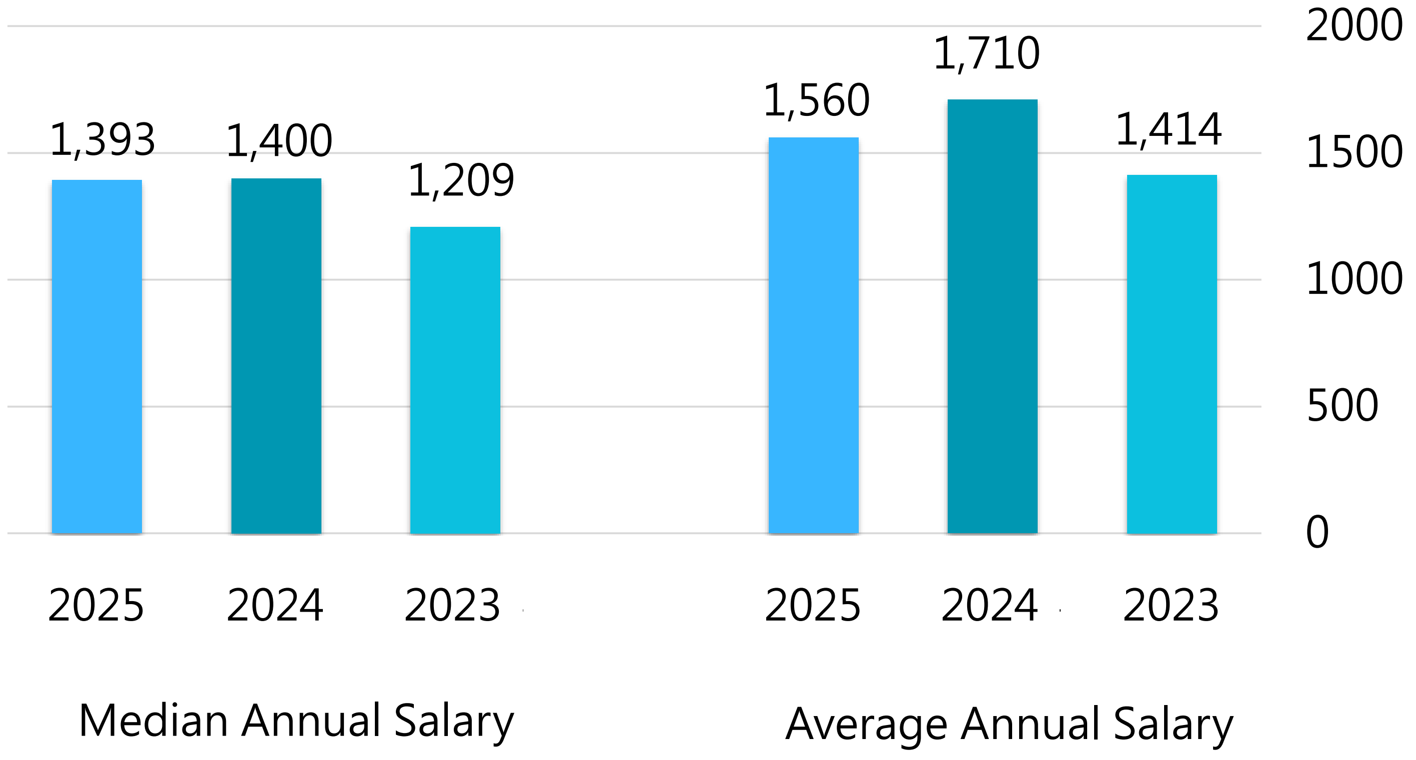
Directors' and employees' compensation is prescribed in accordance with the company's Articles of Incorporation; if the company makes a profit in the current year, no less than ten percent shall be appropriated as employee compensation, which is resolved by the Board of Directors to be distributed in stock or cash, and its distribution targets include employees of subordinate companies who meet certain conditions. In addition, employees with outstanding performance will have the opportunity to be allocated "Restricted Stock Awards" to encourage long-term commitment and share operational achievements. The company also has an "Employee Stock Ownership Trust Plan" to assist employees with financial management and savings.

Disclosed in accordance with the regulations of the Taiwan Stock Exchange, the table below shows the average and median salaries of full-time employees who do not hold managerial positions; the change in the average salary of full-time employees who did not hold managerial positions in 2025 compared to 2024 was -8.77%, and the change in the median salary was -0.5%.

Number of Non-Managerial Employees (Unit: Persons)



Salary of Non-Managerial Employees (Unit: NTD Thousand)



The Company is dedicated to creating a dignified and safe working environment, emphasizing employment diversity and implementing fairness in compensation and promotion opportunities to ensure that employees do not suffer from discrimination, harassment, or unequal treatment due to race, gender, religious beliefs, age, political inclination, or other statuses protected by applicable laws and regulations.

The overall remuneration policy of the company is formulated by the Remuneration Committee, ensuring the rationality of salary and compensation through institutionalized management, and is interconnected with the company's operational goals and results. In addition, the company has also established a complete grievance and protection mechanism, including the formulation of whistleblowing regulations, workplace sexual harassment prevention and control measures, as well as relevant grievance and disciplinary management regulations, in order to protect the legal rights and interests of employees and provide open channels for grievances.

At the same time, the company also attaches importance to employees' physical and mental needs and family care responsibilities, providing a friendly nursing environment and setting up a lactation room with access control to consider both privacy and safety; regarding situations where employees need long-term leave due to childcare, major illness/injury, or major life emergencies, they can also apply for unpaid leave and apply for reinstatement after the expiration of the period. The relevant system does not differ based on gender or sexual orientation, so as to assist employees in achieving a balance between work and family care.

Workforce Diversity Statistics

Workforce Diversity Statistics / Year			2023		2024		2025	
			Count	%	Count	%	Count	%
Board of Directors	Gender	Male	6	85.71%	7	77.78%	6	75%
		Female	1	14.29%	2	22.22%	2	25%
	Age Group	Under 50	0	0%	0	0%	0	0%
		50–64	6	85.71%	6	66.67%	2	25%
		65 and Over	1	14.29%	3	33.33%	6	75%
	Education	Graduate School	5	71.43%	6	66.67%	6	75%
		University/College	2	28.57%	3	33.33%	2	25%
		Others	0	0%	0	0%	0	0%
Employees	Gender	Male	57	69.51%	67	69.07%	71	71%
		Female	25	30.49%	30	30.93%	29	29%
	Age Group	Under 50	6	7.32%	12	12.37%	15	15%
		50–64	57	69.51%	63	64.95%	63	59%
		65 and Over	19	23.17%	22	22.68%	22	26%
	Education	Graduate School	33	40.24%	42	43.30%	50	50%
		University/College	48	58.54%	54	55.67%	49	49%
		Others	1	1.22%	1	1.03%	1	1%

Other Diversity Metrics Statistics

The Company attaches importance to gender diversity and balanced development, dedicating itself to creating a fair and inclusive management team. In terms of the composition of senior executives, there is currently a total of 9 people, including 8 males (accounting for 89%) and 1 female (accounting for 11%). Overall, the gender structure of the company's senior management level is still predominantly male; in the future, we will continue to pay attention to female talent cultivation and promotion opportunities, and through complete talent development mechanisms and fair appointment systems, gradually increase the degree of participation of women in managerial positions to promote the diversity of decision-making perspectives. The Company upholds the principle of employing people based only on talent; during the processes of recruitment, cultivation, and promotion, professional capability and performance expression are taken as the primary basis, and we will continuously optimize organizational development strategies, moving forward towards a more diverse and inclusive governance structure.

Composition of Senior Executives			
Significant Location of Operation	Headquarter		
Senior Executives	Male	8	89%
	Female	1	11%
Number of Senior Executives Hired from the Local Community	9		

Note: Senior executives are defined as first-level managers (inclusive) and above.

Workforce Composition				
Statistics / Year		2023	2024	2025
Total Headcount		82	97	100
Gender	Male	57	67	71
	Female	25	30	29
Employment Type		Full-time	Full-time	Full-time
Gender	Male	57	67	71
	Female	25	30	29

Workforce Turnover Statistics

Workforce Statistics / Year		2023		2024		2025	
		Total Number		Total Number		Total Number	
		82		97		100	
		New Employees					
		Number of People	Proportion	Number of People	Proportion	Number of People	Proportion
Gender	Male	5	6.1%	18	18.56%	11	11%
	Female	8	9.76%	8	8.25%	2	2%
Age Group	Under 30	7	8.54%	10	10.31%	6	6%
	30–50	6	7.32%	12	12.37%	5	5%
	51 and Over	0	0%	4	4.12%	2	2%
Workforce Statistics / Year		Leaving Employees					
		Number of People	Proportion	Number of People	Proportion	Number of People	Proportion
Gender	Male	3	3.66%	7	7.22%	7	7%
	Female	5	6.1%	3	3.09%	2	2%
Age Group	Under 30	3	3.66%	2	2.06%	3	3%
	30–50	4	4.88%	5	5.15%	3	3%
	51 and Over	1	1.22%	3	3.09%	3	3%

Analysis of Employee Turnovers in 2025

The total number of turnovers in our company for the year 2025 was 9 persons, which is a decrease of 1 person compared to the year 2024 (10 persons). The converted turnover rate decreased from 10.3% (10/97) in the year 2024 to 9% (9/100) in the year 2025, with a fluctuation range of approximately 1.3%. The turnover rate over the past two years has not changed significantly, and the company's workforce structure remains in a relatively stable state.

Turnover Trend and Structural Analysis

▸ The number of turnovers remains stable:

The number of turnovers for two consecutive years has been kept below 10 persons (10 persons in the 113th year, 9 persons in the 114th year). Even though the total number of people in the company grew to 100 persons in the 114th year, the number of turnovers still decreased slightly, showing that the company's performance in employee retention is stable.

▸ Industry characteristics and personnel composition:

Affected by the nature of the industry, the company's employee composition is predominantly male (accounting for approximately 71% of the total number of people); therefore, the turnover group is also mostly male. In the 114th year, the number of male turnovers was 7 persons, which was flat compared to last year, and the personnel movement situation did not generate significant fluctuations along with the expansion of the workforce scale.

The company will continue to strengthen internal communication and various talent retention measures, and actively provide diverse career development opportunities, so as to further improve employee satisfaction, ensure talents' sense of belonging to the company, and continuously maintain a high degree of stability of personnel and the organization.

Implementation Status of Employee Care Subsidies

The Company values employees' diverse needs at different life stages, striving to create a friendly workplace balancing institutional completeness, humanistic care, and sustainable development. Through systematic welfare and flexible work mechanisms, we support colleagues in balancing work and family, strengthening our employer brand image.

Within the employee care system, the Company builds a diverse, extensible subsidy mechanism to provide immediate, concrete support for major life milestones. For marriages, we provide a subsidy of NTD 2,000 per person, with 3 recipients in 2025. For childbirth, we provide a subsidy of NTD 2,000 per person, with 2 recipients in 2025, helping colleagues welcome new family members with peace of mind. Additionally, for funerals of colleagues or their dependents, we provide a funeral allowance of NTD 1,900 per person, with 6 recipients in 2025, demonstrating care and companionship at critical moments. Total beneficiaries reached 11 persons this year, with a combined subsidy of NTD 21,400, implementing our commitment to employee care.

Regarding work system design, the Company introduces a flexible working hours mechanism, allowing colleagues to arrive between 08:30 and 09:00 daily. Through this model combining institutionalization and humanization, colleagues can adjust schedules based on personal and family needs. While maintaining organizational efficiency, it improves employee satisfaction and overall happiness, strengthening talent retention and competitiveness.

Looking ahead, the Company will refine employee care measures, align with industry benchmarks, and deepen friendly workplace policies. We aim to create a high-quality workplace possessing warmth and institutional strength,

Implementation Status of Employee Care Subsidies

Description	Subsidy Amount	Number of Subsidized People		Subtotal Amount
		Male	Female	
2025 Implementation of Marriage Subsidy	2,000	3	0	6,000
2025 Implementation of Childbirth Subsidy	2,000	2	0	4,000
2025 Implementation of Funeral Allowance Subsidy	1,900	3	3	11,400
Total	-	11 Persons		21,400

Parental Leave System

Employee Parental Leave / Year	Gender	2023	2024	2025
Number of employees entitled to parental leave qualifications	Male	2	0	0
	Female	0	0	0
Number of employees applying for parental leave	Male	0	0	0
	Female	0	0	0
Number of employees expected to return to work after parental leave expiration	Male	0	0	0
	Female	0	0	0
Number of employees actually returning to work after parental leave expiration	Male	0	0	0
	Female	0	0	0
Return to Work Rate	Male	0%	0%	0%
	Female	0%	0%	0%
Number of employees still employed twelve months after parental leave expiration and return to work in the previous year	Male	0	0	0
	Female	0	0	0
Retention Rate	Male	0%	0%	0%
	Female	0%	0%	0%

5.2 Talent Attraction and Retention

Labor-Management Communication

Padauk Technology sets up diversified employee communication channels and convenes labor-management meetings quarterly to strengthen interaction between both sides, enabling employee opinions to be fully heard and responded to; colleagues can also put forward suggestions in department or routine meetings to promote smooth team communication.

In addition, the company provides an open platform to encourage employees to directly exchange ideas and feedback with management, and sets up an online suggestion box channel to ensure employees express opinions with peace of mind. Reviewing 2025, no grievance cases were received throughout the year.

The company's operational status has been stable in recent years; in the future, if there are major operational changes that may seriously affect employee rights, the company will definitely abide by our country's Labor Standards Act and the Act for Mass Employment Protection regulations before personnel job adjustments, so as to protect employee rights and interests.

Human Rights Protection

Padauk Technology formulates complete human rights policies and measures to protect employees' basic rights and freedom, covering workplace safety, health protection, equal treatment, and freedom of speech. We promise to abide by relevant laws and regulations, and regularly review and update policies to ensure their continuous applicability and effective implementation.

The company also strengthens colleagues' cognition and emphasis through human rights promotion courses, first completing human rights education and training for managers through executive meetings, and then step-by-step promoting downwards to various departments for publicity and guidance, deepening human rights concepts within the organization.

Through complete policy supervision and grievance mechanisms, the company timely grasps and handles related issues, ensuring that employee rights and interests receive effective protection.

Employee Benefits

The company building plans a complete barrier-free space, including dedicated parking spaces for persons with disabilities, barrier-free restrooms, and a warm lactation room, providing colleagues a safe, friendly, and reassuring workplace. Additionally, Padauk Technology provides employee group insurance and health examination subsidies, and enhances colleague interaction through year-end dinners and annual banquets; meanwhile, it sets up an employee stock ownership trust plan to assist employees in better financial planning.

In terms of welfare measures, the company occasionally organizes employee and family travels, and provides birthday gift money, marriage and childbirth subsidies, hospitalization condolence money, three festival gift money, and various cultural and recreational activities, effectively improving employees' sense of happiness and belonging.

These measures jointly create a caring, friendly, and highly efficient working environment, helping the company maintain steady operations and promote long-term development.

5.3 Talent Cultivation and Development

Talent cultivation plays a key role in the sustainable development of the IC design industry. By continuously strengthening employees' professional skills and leadership capabilities, a company can effectively enhance its technological strength and innovative momentum, maintaining a competitive advantage in a rapidly changing market environment.

In addition, a complete talent development system helps attract outstanding talents, improve employees' retention willingness and satisfaction, and further promote technological refinement and product innovation. To achieve the company's long-term development goals, Padauk Technology is dedicated to cultivating future management talents, deepening employees' professional knowledge and skills, unleashing individual potential, and improving work efficiency and quality, so as to ensure that product and service quality targets are met.

Employee Training Hours Statistics

Item		2023	2024	2025
Average training hours per employee		18.60	25.30	23.90
Average training hours per employee by gender	Male	17.04	43.58	43.67
	Female	22.16	17.11	15.81

Note :
1.Average training hours per employee = (Total training hours of all employees in the current year / Total number of employees at the end of the current year).
2.Average training hours per employee by gender = (Total training hours received by employees of a specific gender in the current year / Total number of employees of that specific gender at the end of the current year).

Pre-employment Training

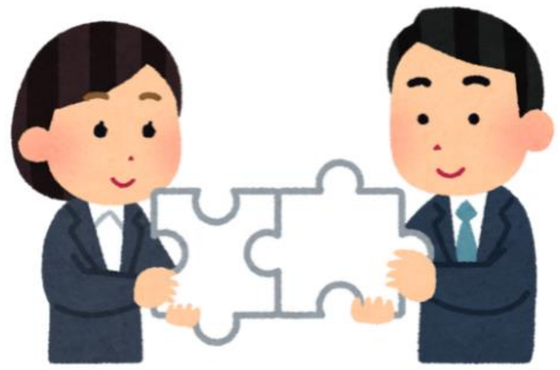
The company arranges complete newcomer education and training for new colleagues, including organizational regulations, quality policies, expense reimbursement, information security and risk, and occupational safety and health, helping newcomers quickly integrate into the corporate culture. Department heads assign mentors to provide job assistance and on-the-job guidance, ensuring new colleagues successfully take up their duties.

On-the-job Training

Each department plans and organizes training courses based on professional needs, inviting external lecturers or having internal seed instructors teach to strengthen professional capabilities. Meanwhile, the company provides training funds to support employees participating in external professional courses, continuously improving the knowledge and skills required to perform duties.

Self-development

The company encourages employees to deepen professional capabilities, build confidence in technical fields, and gradually become project owners to accumulate team collaboration and project management experience. Meanwhile, the company focuses on the deep cultivation of senior employees, making them organizational core talents. Through diverse training and growth opportunities, we help employees develop comprehensively and move toward leadership roles.



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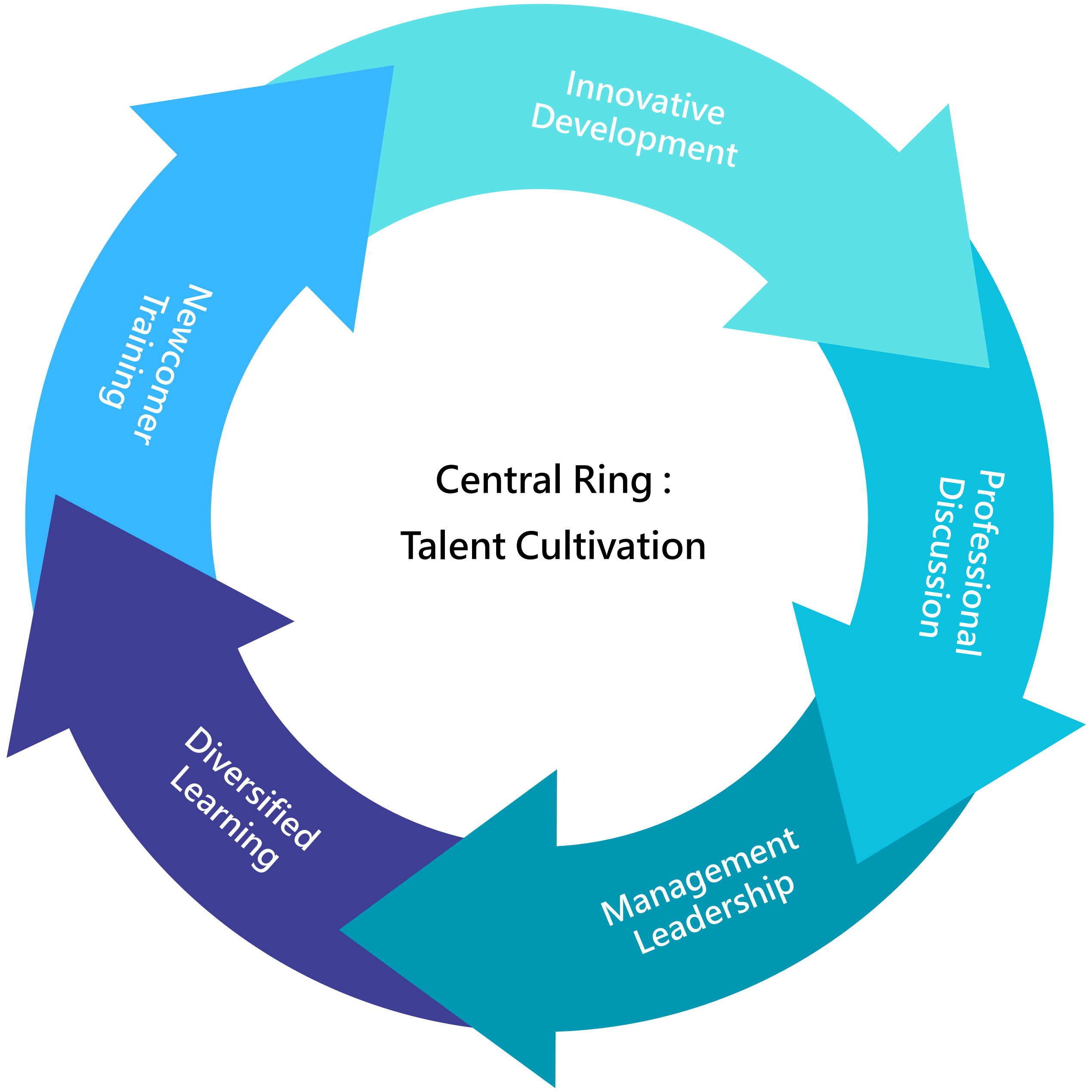
Omni-directional Capability Development Framework



Innovative Development 01

Help newcomers quickly adapt to the company environment and culture. By understanding the company's core values, mission, and vision, newcomers can rapidly integrate, familiarize themselves with workflows and operational standards, and build a positive, efficient work atmosphere.

Professional Discussion 02

The company encourages employees to propose innovative ideas and provides resources to support their realization. Meanwhile, it attaches importance to market demands, flexibly adjusts R&D directions, ensures products meet market needs, and maintains a leading position.

Management Leadership 03

Enhance employees' professional knowledge and skills, and encourage employees to participate in technical exchange activities of related industries. It supports employees to obtain relevant qualification certificates and promotes internal knowledge sharing to ensure the team always grasps the latest technology and maintains professional leadership.

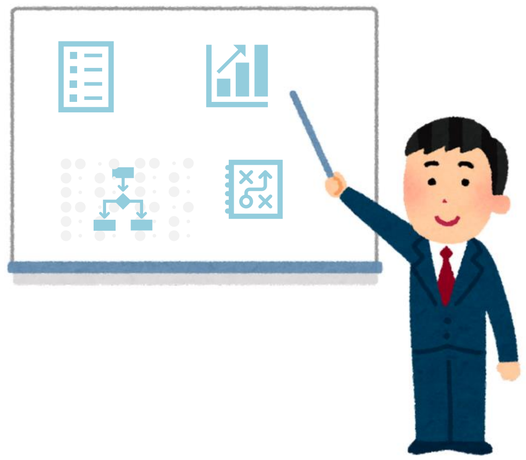
Diversified Learning 04

The company strengthens managers' managerial competence requirements. In response to future challenges and growth, it plans leadership training programs to enhance management and leadership capabilities of personnel at all levels.

Newcomer Training 05

The company provides various training courses and learning resources, covering technical, management, and innovation fields, encouraging employees to continue learning and growing. Through internal seminars and external training channels, the company promotes knowledge sharing, enhancing the team's overall quality and competitiveness.

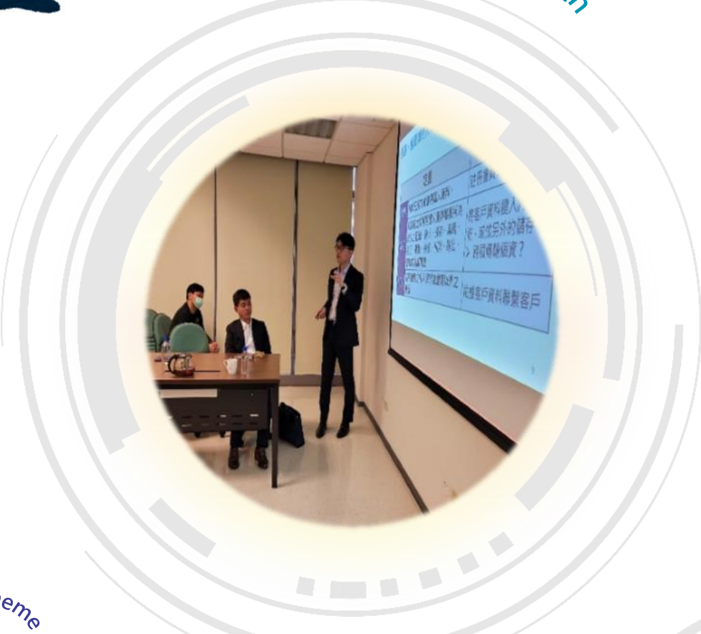
Strengthening Omni-directional Learning



Professional Discussion Planning

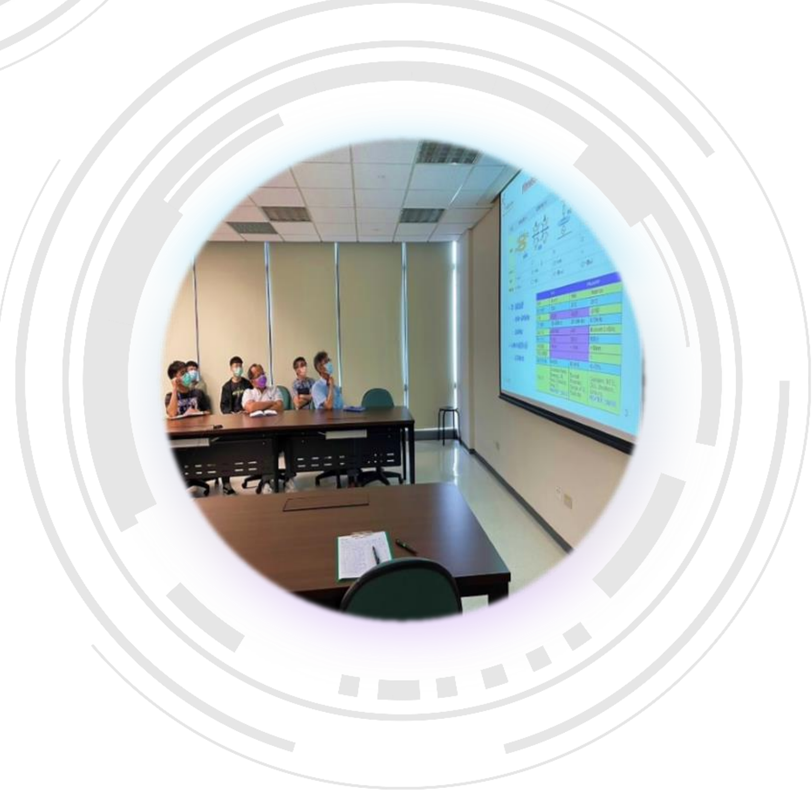
Management Training Program

Diversified Learning Plan

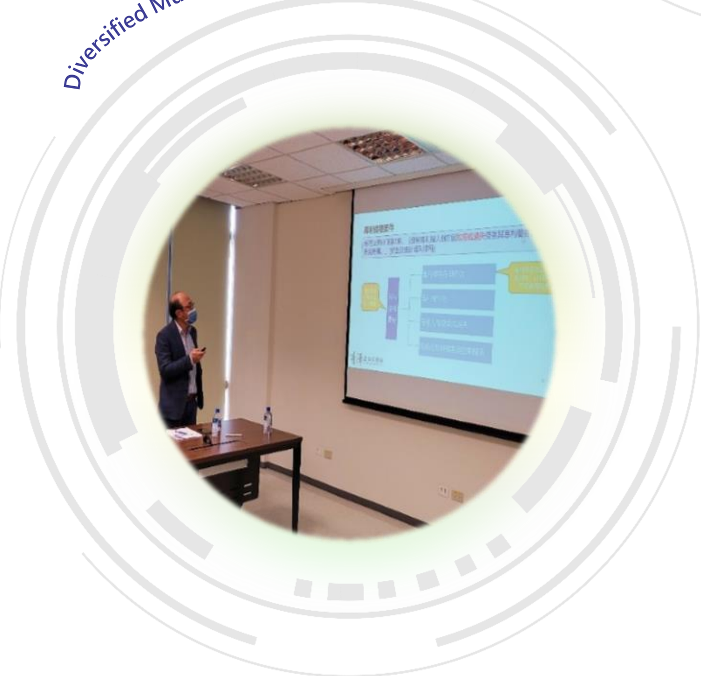


Management Career Development Courses

In-depth Discussion Courses



Diversified Mutual Prosperity Learning Scheme



5.4 Occupational Health and Safety

The Company focuses on the IC design business, and the main work environment is office operations. Common potential hazards include ergonomic hazards (such as prolonged sitting, poor posture), electrical hazards, and traffic accidents. To protect employee safety and health, the Company formulates management documents such as the "Safety and Health Work Regulations" and "Emergency Response Procedures" to control various occupational safety details from the institutional level, ensuring employees are not exposed to unsafe environments during work and avoiding injuries caused by unsafe behaviors.

The Company continues to refine the occupational safety and health management system according to relevant laws such as the "Occupational Safety and Health Act," and strengthens employees' disaster prevention and response awareness through regular training. This enables colleagues to understand the steps and precautions to take in emergencies, ensuring safe evacuation without penalties. Meanwhile, the Company promotes an occupational safety culture to enhance safety awareness and self-defense capabilities of all colleagues, preventing occupational disasters. As of the reporting period, no incidents violating employee health and safety laws occurred.

Occupational Safety and Health Management System

- Procedure Implementation: Formulate and execute safety procedures to reduce occupational disasters.
- First-Aid Supplies: Provide first-aid kits and alcohol disinfectant in office areas, checking equipment every half year.
- First-Aid Personnel: Deploy qualified personnel (32 hours of training completed in 2024), retraining every three years.
- Drills & Training: Participate annually in building fire safety publicity (including AED) and evacuation drills.
- Risk Assessment: Establish hazard identification mechanisms to provide appropriate protection and evaluate effectiveness regularly.
- Disaster Investigation: Conduct root-cause analysis and follow-up prevention according to handling procedures if disasters occur.
- Health Examinations: Arrange periodic health checks legally and provide annual health check subsidies for all colleagues.
- Safety Training: Conduct regular safety education for new and current employees to ensure correct protective behavior.

Implementation Status

⁕ Hazard Identification, Risk Assessment, and Incident Investigation

The Company establishes "Hazard Identification and Risk Assessment Procedures" per the Occupational Safety and Health Act for systematic risk evaluation. Responsible units assess risk levels by severity and probability across routine/non-routine operations and work areas (offices, labs, testing zones), adopting safety measures to mitigate hazards.

For occupational disasters or abnormal incidents, notification and investigation follow handling procedures. Root causes are analyzed across personnel, equipment, environment, and management to implement corrective actions. The Company also provides health care, condolences, and insurance application assistance for affected colleagues.

⁕ Occupational Safety and Health Training

The Company plans multi-level training to enhance safety awareness. Annual items include:

Newcomer Training: Completed on the reporting day via physical courses per safety regulations.

On-the-job Training: Executed annually via internal online courses based on Ministry of Labor announcements.

As of 2025, completion rates for both newcomer and on-the-job training reached 100%, with a 90% evacuation drill participation rate.




⁕ Healthy Workplace

The Company legally arranges periodic health checks via medical institutions. Lab personnel undergo special health checks based on exposure risks. If results are abnormal or discomfort occurs, managers or HR activate care mechanisms to assist with medical consultations and follow-ups.

As of 2025, the newcomer health check completion rate was 100%, and the on-the-job employee rate was approximately 95%.

⁕ Maternal Health Protection

The company building features a lactation room with air conditioning, nursing chairs, disinfection equipment, and washbasins to support work-family balance. The Company continues to refine protection systems, enhance awareness of pregnancy/lactation needs, and build a gender-friendly, safe workplace through training and environmental upgrades.

⁕ Friendly Measures

- The Company implements gender equality training to enhance awareness and respect, establishing anonymous grievance channels.
- The lobby deploys management personnel for visitor access control, combined with 24-hour security monitoring to ensure employee safety.

Chapter 6

Social Engagement

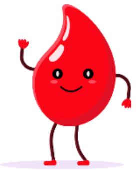
- 6.1 Social Participation

6.1 Social Participation

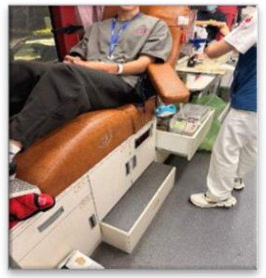
Padauk Technology deeply understands the importance of taking from and giving back to society. We actively help families and disadvantaged groups in need, providing material assistance to help them overcome difficulties. Meanwhile, the company purchases charity gifts to support various benevolent organizations and public welfare projects, promoting social equity and welfare; we also organize blood donation activities, encouraging employees to participate and contribute to helping society.

These initiatives demonstrate the company's commitment to corporate social responsibility, enhance employees' social responsibility and corporate belonging, and lay a solid foundation for long-term development. We will continue to help more disadvantaged groups in need, jointly building a future vision of "Padauk does good, making society beautiful."

【Sharing Warm Blood and Love in June and October 2025】



The company participates in blood donation activities to give back to society with love and care, contributing a share of strength to bring hope of life to those in need.



【Community Development】

The company promotes employee participation in local public activities, integrating community care and health promotion into CSR practices. Employees were encouraged to join the 2025 Hsinchu City Marathon, focusing on the East District of Hsinchu City—where the company operates—to support local sports and city marketing, deepening community connections.

The company's evaluation showed that participating in the Hsinchu City Marathon promotes community development based on four considerations:

(1) Combining sports, leisure, and city marketing enhances Hsinchu's visibility and revitalizes commercial districts in the East District and surrounding areas.

(2) The race route connects key downtown streets and public areas, driving local catering, accommodation, retail consumption, and the urban economy.

(3) Promoting sports for all strengthens citizens' health, aligning with the "health promotion" and "friendly city" goals of sustainable development.

(4) Encouraging employees to participate in public affairs fosters community identity and positive enterprise-community interactions.

To motivate employees, the company provides completion bonuses based on race categories, supporting regular exercise habits and linking health promotion with community development.

Through the Hsinchu City Marathon, the company supports local public policies and city goals, fulfilling corporate social responsibility and corporate governance to create a sustainable community impact.

【Public Welfare Activities】

Upholding the core philosophy of caring for the disadvantaged and giving back to society, the company implements corporate social responsibility through practical actions. With the East District of Hsinchu City—where the company operates—as the primary core of community care, the company extends its reach to disadvantaged groups in the greater Hsinchu area and neighboring counties/cities to expand its positive social impact. This time, during the year-end festive season, a "Christmas Supplies Donation" activity was launched to donate brand-new clothing and daily necessities, hoping to bring substantial support and warm care to disadvantaged children and youth groups during important festive moments.

The recipients of this donation were selected after careful evaluation by the company, based on key considerations including:
(1) The service targets of the recipient institutions are primarily disadvantaged children and youth in Hsinchu City and its neighboring areas, matching the company's main operational community and scope of care.
(2) The recipient institutions have deeply cultivated child and youth care, life support, and educational guidance for a long time, possessing stable service capacity and good social credibility.
(3) The actual material needs are clear, helping ensure the effective utilization of donated resources and enhancing the substantial benefits of public welfare actions.

Based on the above principles, the recipient institutions of this donation include the St. Teresa Children's Center affiliated with the Catholic Church (Hsinchu County), as well as St. Francis Orphanage and St. Francis Home for Girls (Miaoli Area).
By focusing on social welfare institutions in the greater Hsinchu area and neighboring living circles, the company can respond to the practical needs of local and surrounding disadvantaged groups, establishing a long-term, sustainable public welfare interaction model.
Through this public welfare donation action, the company concretely integrates social care into corporate governance and sustainable development practices, responding to stakeholders' expectations. Working together with employees in public welfare actions, the company continues to create a positive and warm impact on society.

Chapter 7

Appendix

7.1 GRI Sustainability Reporting Standards Content Index

- Statement of use: Padauk Technology has reported in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
- GRI 1 used: GRI 1: Foundation 2021
- Applicable GRI Sector Standards: None

GRI Standard	Disclosure Item	Corresponding Section	Page	Note
GRI 2: General Disclosures 2021				
Organizational and reporting practices				
2-1	Organizational details	2.1 Company Profile	P.13	
2-2	Entities included in sustainability reporting	Report Information	P.2	
2-3	Reporting period, frequency and contact point	Report Information	P.2	
2-4	Restatements of information	Report Information	P.2	
2-5	External assurance/verification	Report Information	P.2	
Activities and workers				
2-6	Activities, value chain and other business relationships	2.1 Company Profile	P.13	
2-7	Employees	5.1 Compensation and Benefits	P.64	
2-8	Workers who are not employees	5.1 Compensation and Benefits	P.64	
Governance				
2-9	Governance structure and composition	3.1 Corporate Governance	P.26	
2-10	Nomination and selection of the highest governance body	3.1 Corporate Governance	P.26	
2-11	Chair of the highest governance body	3.1 Corporate Governance	P.26	
2-12	Role of the highest governance body in overseeing the management of impacts	3.1 Corporate Governance	P.26	
2-13	Delegation of responsibility for managing impacts	3.1 Corporate Governance	P.26	
2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainability Development Strategy	P.6	

GRI Standard	Disclosure Item	Corresponding Section	Page	Note
Governance				
2-15	Conflicts of interest	1.1 Sustainability Development Strategy	P.6	
2-16	Communication of critical concerns	3.1 Corporate Governance	P.26	
2-17	Collective knowledge of the highest governance body	3.1 Corporate Governance	P.26	
2-18	Evaluation of the performance of the highest governance body	3.1 Corporate Governance	P.26	
2-19	Remuneration policies	3.1 Corporate Governance	P.26	
2-20	Process to determine remuneration	3.1 Corporate Governance	P.26	
2-21	Annual total compensation ratio			Salary is the company's confidential information. The highest annual total compensation for an individual within the organization is confidential and is not disclosed due to confidentiality restrictions.
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Letter from the Chairman	P.4	
2-23	Policy commitments	3.3 Risk Management 4.1 Supply Chain Management	P.41 P.48	
2-24	Embedding policy commitments	4.1 Supply Chain Management	P.48	
2-25	Processes to remediate negative impacts	3.1 Corporate Governance	P.26	
2-26	Mechanisms for seeking advice and raising concerns	3.1 Corporate Governance	P.26	
2-27	Compliance with laws and regulations	3.1 Corporate Governance	P.26	
2-28	Membership associations			Not applicable / The company does not participate in external organizations.
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement 1.3 Stakeholder Engagement	P.8 P.9	
2-30	Collective bargaining agreements			Not applicable / The company has no established labor union, but regularly convenes labor-management meetings according to law.

GRI Standard	Disclosure Item	Corresponding Section	Page	Note
GRI 3: Material Topics				
3-1	Process to determine material topics	1.4 Material Topics Identification	P.11	
3-2	List of material topics	1.4 Material Topics Identification	P.11	
GRI 201: Economic Performance				
3-3	Management of material topics	3.2 Economic Performance	P.38	
201-1	Direct economic value generated/distributed	3.2 Economic Performance	P.38	
201-2	Financial implications of climate change	4.2 Climate Change Strategy	P.51	
201-3	Defined benefit plan obligations	3.2 Economic Performance	P.38	N/A. No external organization.
201-4	Financial assistance from government	3.2 Economic Performance	P.38	
R&D Innovation and Intellectual Property				
3-3	Management of material topics	2.2 R&D Innovation	P.14	
Custom	R&D Innovation and Intellectual Property	2.2 R&D Innovation	P.14	
GRI 305: Emissions				
3-3	Management of material topics	4.3 GHG Emissions	P.54	
305-1	Direct (Scope 1) GHG emissions	4.3 GHG Emissions	P.54	
305-2	Energy indirect (Scope 2) GHG emissions	4.3 GHG Emissions	P.54	
305-3	Other indirect (Scope 3) GHG emissions	4.3 GHG Emissions	P.54	The Company applies the IFRS S2 para. C4(b) transition relief this year; Scope 3 GHG emissions are not disclosed.
305-4	GHG emissions intensity	4.3 GHG Emissions	P.54	
305-5	Reduction of GHG emissions	4.2 Climate Change Strategy	P.51	
305-6	Emissions of ozone-depleting substances (ODS)			No relevant emissions.
305-7	NOx, SOx, and other significant air emissions			No relevant emissions.

GRI Standard	Disclosure Item	Corresponding Section	Page	Note
GRI 308: Supplier Environmental Assessment				
3-3	Management of material topics	4.1 Supply Chain Management	P.48	
308-1	New suppliers that were screened using environmental criteria	4.1 Supply Chain Management	P.48	
308-2	Negative environmental impacts in the supply chain and actions taken	4.1 Supply Chain Management	P.48	
GRI 401: Labor-Management Relations				
3-3	Management of material topics	5.1 Compensation and Benefits	P.64	
401-1	New employee hires and employee turnover	5.1 Compensation and Benefits	P.64	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Compensation and Benefits	P.64	
401-3	Parental leave	5.1 Compensation and Benefits	P.64	
GRI 414: Supplier Social Assessment				
3-3	Management of material topics	4.1 Supply Chain Management	P.48	
414-1	New suppliers that were screened using social criteria	4.1 Supply Chain Management	P.48	
414-2	Negative social impacts in the supply chain and actions taken	4.1 Supply Chain Management	P.48	
GRI 416: Customer Health and Safety				
3-3	Management of material topics	2.4 Product Quality and Safety	P.23	
416-1	Assessment of the health and safety impacts of product and service categories	2.4 Product Quality and Safety	P.23	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.4 Product Quality and Safety	P.23	
GRI 202: Market Presence				
202-2	Proportion of senior management hired from the local community	5.1 Compensation and Benefits	P.64	
GRI 302: Energy				
302-1	Energy consumption within the organization	4.4 Energy Management	P.58	
302-3	Energy intensity	4.4 Energy Management	P.58	
302-4	Reduction of energy consumption	4.4 Energy Management	P.58	

PADAUK

GRI Standard	Disclosure Item	Corresponding Section	Page	Note
GRI 303: Water and Effluents: 2018				
303-3	Water withdrawal	4.4 Energy Management	P.58	
303-4	Water discharge	4.4 Energy Management	P.58	
GRI 306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	4.4 Energy Management	P.58	
306-2	Management of significant waste-related impacts	4.4 Energy Management	P.58	
306-3	Waste generated	4.4 Energy Management	P.58	
GRI 403: Occupational Health and Safety 2018				
403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Safety and Health	P.76	
403-3	Occupational health services	5.4 Occupational Safety and Health	P.76	
403-5	Worker training on occupational health and safety	5.4 Occupational Safety and Health	P.76	
GRI 404: Training and Education				
404-1	Average hours of training per year per employee	5.3 Talent Cultivation and Development	P.73	
404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Talent Cultivation and Development	P.73	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	5.1 Compensation and Benefits	P.64	
GRI 418: Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3 Customer Relations	P.21	

7.2 SASB Sustainability Accounting Standards Content Index

Topic	Code	Disclosure Item	Conten	Corresponding Section
Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions (2) Amount of total emissions from perfluorinated compounds	(1) 4.1985 metric tons CO2e/year (2) 0 metric tons CO2e/year	4.3 Greenhouse Gas Emissions
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		4.2 Climate Change Strategy
Energy Management	TC-SC-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable energy	(1) 801.63GJ (2) 0 % (3) 0 %	4.4 Energy Management
Water Management	TC-SC-140a.1	(1) Total water withdrawn (2) Total water consumed (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 0.2555 million liters (2) 0 million liters (3) The company's operating location is in northern Taiwan, which is not a high water stress region.	4.4 Energy Management
Waste Management	TC-SC-150a.1	Amount of hazardous waste generated, percentage recycled		4.4 Energy Management
Occupational Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce employee exposure to harmful workplace environments	The company has established relevant procedures.	5.4 Occupational Safety and Health
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	The company had no violations of laws and regulations related to employee health and safety.	
Recruiting & Managing a Global, Skilled Workforce	TC-SC-330a.1	Description of (1) Percentage of employees that are foreign nationals (2) Percentage of employees that are offshore expatriates	(1) 1 % (2) 2 %	
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The company's products comply with relevant regulatory requirements such as ROHS/REACH.	
	TC-SC-410a.2	Processor energy efficiency for : (1) Servers (2) Desktops (3) Laptops	The company is not an end-product manufacturer; Not applicable.	
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	The company is in the IC design industry, and has no conflict minerals risks.	
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	In 2025, there were no violations of laws and regulations, and the total amount of losses was 0 NTD.	3.1 Corporate Governance
Production	TC-SC-000.A	Total production	2,677,517,500 EA = 2,677,517 thousand units	
Percentage of Production from Owned Facilities	TC-SC-000.B	Percentage of production from owned facilities	The company's primary business is integrated circuit layout design. Manufacturing is outsourced, and the company has no owned facilities.	

7.3 Climate-Related Information for TPEx-Listed Companies

Number	Item	Implementation Status	Note
一	Describe the oversight and governance by the board of directors and management regarding climate-related risks and opportunities.	(1) The governance of climate risks and opportunities is reported annually to the Board of Directors along with the annual sustainability risk management topics, with the Board overseeing implementation effectiveness. The 2025 report was presented to the Board in January 2026. (2) The General Manager serves as the Chairman, and heads of each first-tier department implement risk identification, assessment, and mitigation.	
二	Describe how the identified climate risks and opportunities affect the enterprise's business, strategy, and financials (short, medium, and long-term).	**I. Impact of Climate-Related Risks on the Enterprise** (1) Transition Risks a. Policy and Legal Risks (Short-term) Driven by government cap-and-trade, carbon fees/taxes, and international border adjustments, the company faces stricter emissions compliance. In the short term, these policies may increase energy costs and overall operating expenses. Non-compliance could lead to regulatory risks or fines, impacting financials. To mitigate this, the company integrates carbon and energy management into its strategy, tracks global regulatory trends, and prioritizes high-efficiency, low-carbon equipment to reduce financial impacts. b. Energy Supply Risk (Power Curtailment) (Medium to Long-term) With the energy transition underway and renewable energy yet to stabilize, power restrictions or instability may occur, threatening R&D continuity and operational stability. Addressing this may require investments in energy storage, UPS, or backup generators, increasing capital expenditures. Strategically, the company reduces energy demand by purchasing eco-labeled equipment and maintaining power systems to minimize curtailment impacts and ensure long-term stability. c. Raw Material Cost Increase Risk (Medium to Long-term) Climate change can disrupt upstream production and logistics, causing shortages and driving up procurement costs. Over the medium to long term, rising raw material prices will pressure production costs, R&D timelines, and profitability. The company has incorporated supply chain risk into its strategic planning, evaluating suppliers' sustainability practices and prioritizing those with climate resilience and international certifications to minimize financial volatility.	

Number	Item	Implementation Status	Note
二	Describe how the identified climate risks and opportunities affect the enterprise's business, strategy, and financials (short, medium, and long-term).	(2) Physical Risks — Extreme Weather (Short to Medium/Long-term) More frequent global extreme weather—such as typhoons, torrential rains, and high temperatures—can directly or indirectly disrupt operations. Short-term impacts include operational downtime or financial losses when employees cannot work as planned. Additionally, high temperatures increase energy use for cooling, driving up operating costs. To mitigate these risks, the company has established remote work backups and data redundancy for business continuity, while reinforcing UPS and temperature controls for servers and key R&D equipment to enhance operational resilience. **II. Impact of Climate-Related Opportunities on the Enterprise** (1) Resilience Dimension — Supply Chain Management (Medium to Long-term) As customers increasingly demand supply chain carbon disclosures and product carbon footprints, suppliers must comply with low-carbon policies. Over the long term, transition failures in the supply chain could impact order acquisition and partnerships, affecting revenue. The company has integrated ESG and carbon management into its supplier evaluation system, requiring suppliers to conduct carbon inventories. Regular audits, tracking, and improvements ensure sustainability, strengthen customer trust, and reduce financial risks. (2) Products and Services (Medium to Long-term) Driven by climate change and stricter regulations, market demand for high-efficiency, low-carbon products continues to rise. Although short-term R&D investments may increase, this will enhance product competitiveness, market share, and corporate value over the long term. The company has incorporated energy-saving designs into its product strategy, continuously investing in high-efficiency, low-power ICs to help customers achieve reduction goals, unlock new markets, and drive long-term revenue growth.	
三	Describe the financial impacts of extreme weather events and transition actions.	Extreme weather events can lead to operational disruptions, restricted manpower scheduling, and increased energy use, causing higher operating costs or revenue losses in the short term. Over the medium to long term, additional capital expenditures are required for UPS, temperature control, and backup systems to enhance resilience. Regarding transition actions, adapting to carbon fees, energy policies, and low-carbon requirements involves allocating resources to energy-saving equipment, carbon management, and supply chain mechanisms, temporarily increasing costs. However, improving energy efficiency, mitigating emission risks, and developing low-carbon products will help lower future compliance costs, boost market competitiveness, and positively benefit long-term financial performance.	

Number	Item	Implementation Status	Note
四	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management system.	**Implemented under the Risk Management Policy as follows:** (1) Sustainability team members evaluate climate risks simultaneously with ESG risks. (2) Material ESG and climate risks are discussed at sustainability meetings and approved by the Chairman. (3) Strategic targets are formulated based on approved ESG and climate risks. (4) Execution status is reported to the Board annually; the last report was in January 2026.	
五	If scenario analysis is used to assess resilience against climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and major financial impacts used.	Scenario simulation using the TCCIP platform: The company references the SSP5-8.5 scenario from the IPCC AR6. With 2025 as the base at 23.5°C, Hsinchu City's temperature is projected at 23.5°C in 2030 and 24.5°C in 2050. A 1°C rise by 2050 will increase indirect electricity rates, driving up operating costs.	
六	If there are transition plans in response to managing climate-related risks, describe the contents of the plans, and the metrics and targets used to identify and manage physical and transition risks.	**Action plans based on industry attributes and internal assessments:** (1) Response to Transition Risks: Monitor regulatory updates, review climate risks regularly, and assess financial impacts qualitatively or quantitatively to formulate response strategies and climate targets. (2) Response to Physical Risks: Gradually introducing ISO 14064-1 and referencing the GHG Protocol to implement, review, and continuously improve. Regular drills keep risks at a controllable level.	
七	If internal carbon pricing is used as a planning tool, describe the basis for setting the carbon price.	Internal carbon pricing has not yet been implemented.	
八	If climate-related targets are set, describe the activities covered, greenhouse gas emissions scopes, planning horizons, annual progress, and other information; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, describe the source and quantity of the offset carbon credits or the quantity of RECs.	**The Company's Reduction Targets and Strategic Actions:** With 2024 as the base year, the target is to reduce total Scope 1 and Scope 2 emissions by 5% by 2030 for sustainable development and low-carbon transition. Key actions include: (1) Promote electricity-saving: Publicize energy-saving concepts internally, encourage employee action, and promote the green office plan annually. (2) Improve energy management: Optimize equipment and operations to boost efficiency, aligning with government policies to reduce grid emission factors to ensure the 5% reduction target.	

Number	Item	Implementation Status	Note
九	Greenhouse gas inventory and assurance status, reduction targets, strategies, and concrete action plans (Also filled out in 1-1 and 1-2)	As shown in the table below	

1-1 Greenhouse Gas Inventory Information

Item: Describe the greenhouse gas emissions (metric tons CO2e), intensity (metric tons CO2e/NTD million), data coverage, and assurance status for the most recent two years.

The current status of the company's greenhouse gas emissions inventory falls under autonomous management and voluntary disclosure, which serves to understand current trends and prepare in advance; it has not yet received assurance from an external third-party verification body.

Category	2025		2024		Assurance Body and Description of Assurance Status (Verification Certificate)
Scope 1	Total Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD million)	Total Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD million)	
Parent Company	4.1985	0.0039	4.1985	0.0033	Assurance not implemented
Scope 2	Total Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD million)	Total Emissions (metric tons CO2e)	Intensity (metric tons CO2e/NTD million)	
Parent Company	125.6546	0.1162	133.2422	0.1043	

1-2 Greenhouse Gas Reduction Targets, Strategies, and Concrete Action Plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, concrete action plans, and the status of achieving the reduction targets.

Emissions Reduction Targets	Strategic Actions	Project Timeline
With 2024 as the base year (Includes Padauk Technology only, excluding other subsidiaries). By 2030, total Scope 1 and Scope 2 emissions will be reduced by 5% compared to the base year.	(1) Electricity saving: The office publicizes through internal platforms and encourages colleagues to practice personally, promoting green office measures annually to jointly achieve the target. (2) Through continuous improvement, total Scope 1 and Scope 2 emissions will be reduced by 5% compared to the base year, working together to achieve the target through energy management and cooperating with the government to reduce the electricity carbon emission factor.	2024~2030 fiscal years

7.4 Sustainability Disclosure Indicators — Semiconductor Industry

Number	Disclosure Item	Metric Type	Annual Disclosure Status	Unit	Note
一	Total energy consumed, percentage grid electricity, and renewable energy consumption rate	Quantitative	4.4 Energy Management	Gigajoules (GJ), Percentage (%)	
二	Total water withdrawn and total water consumed	Quantitative	4.4 Energy Management	Thousand cubic meters(1000m³)	
三	Weight of hazardous waste generated and percentage recycled	Quantitative	4.4 Energy Management	Metric tons (t), Percentage (%)	
四	Description of occupational injury categories, number of people, and rate	Quantitative		Number, Rate (%)	
五	Disclosure of product lifecycle management: including the weight of end-of-life products and electronic waste, and percentage recycled (Note 1)	Quantitative	4.4 Energy Management	Metric tons (t), Percentage (%)	
六	Diversity of governance bodies and employees	Qualitative Description		Not applicable	
七	Substantiated complaints concerning breaches of customer privacy or losses of customer data	Quantitative		Reporting currency	
八	Total production of major products by product category	Quantitative	2,677,517,500 EA = 2,677,517 thousand units	Varies by product type	

Note 1: Includes scrap sales or other recycling treatments.

7.5 TCFD Disclosure Item Index

Core Element	TCFD Disclosure Item	行動方案	備註
Governance	The board's oversight of climate-related risks and opportunities	4.2 Climate Change Strategy	
	Management's role in assessing and managing climate-related risks and opportunities	4.2 Climate Change Strategy	
Strategy	The climate-related risks and opportunities the organization has identified over the short, medium, and long term	4.2 Climate Change Strategy	
	The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	4.2 Climate Change Strategy	
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	4.2 Climate Change Strategy	
Risk Management	The organization's processes for identifying and assessing climate-related risks	4.2 Climate Change Strategy	
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	4.2 Climate Change Strategy	
	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	4.2 Climate Change Strategy	
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.2 Climate Change Strategy	
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	4.2 Climate Change Strategy	
	The targets used by the organization to manage climate-related risks and opportunities and performance against targets	4.2 Climate Change Strategy	

PADAUK Technology Corp. Ltd

Sustainability Report