Pan-International Industrial Corp.

Artificial Intelligence (AI) Governance Policy and Guidelines

Purpose and Objectives

The rapid advancement of artificial intelligence (AI) is transforming existing industries and creating new business opportunities. To properly govern the introduction, development, and day-to-day application of AI technologies—and to ensure that Pan-International Industrial Corp. and its subsidiaries (hereinafter referred to as the "Group") uphold information security, trade secret protection, personal data privacy, and compliance with legal and ethical standards while enhancing operational efficiency, smart manufacturing, and R&D innovation—this Policy is established as the foundational basis for AI development and utilization.

Scope of Application

This Policy applies to all operating locations across the Group (including the Taiwan headquarters, as well as global production bases and operating subsidiaries in Mainland China, Malaysia, the United States, and other regions). The Group also promotes this Policy throughout its supply chain and encourages its suppliers and business partners to comply with its provisions.

Core Governance Principles

The Group's development and use of AI shall adhere to the following core principles:

1. **Legal Compliance and Trade Secret Protection:**

   Without prior authorization from the Group, core manufacturing process technologies, engineering drawings/designs, sensitive customer information, commercial quotations, or undisclosed financial data must not be uploaded to any AI platforms.

2. **Human Oversight and Accountability (Human-in-the-Loop):**

   AI-generated data, code, and decision recommendations shall serve solely as supplementary references. Responsible personnel may modify or reject AI outputs or discontinue their use as necessary. The personnel responsible for the relevant work and their supervisors retain ultimate responsibility for reviewing each business unit's final decisions and business deliverables.

3. **Information Security and Privacy Protection:**

   AI systems must comply with the principle of least privilege, implementing strict data access control and de-identification measures, as well as establishing defenses against potential threats such as prompt injection and model data leakage.

4. **Transparency and Explainability:**

   Algorithms utilized in quality control, production scheduling, or key internal evaluations must maintain reasonable traceability and calibration records. Clear explanations regarding the basis of significant outputs or decisions must be provided to facilitate review by relevant personnel.

5. **Fairness and Non-Discrimination:**

   When AI is used in internal human resources management or supplier screening, it must not involve discriminatory biases based on race, gender, religion, or other personal characteristics.

6. **Operational Boundaries and Limitations of AI Use:**

   The permitted uses, access privileges, and prohibited practices regarding AI systems shall be explicitly defined. AI must not operate beyond approved business scopes, access unauthorized data, or execute critical or irreversible decisions without appropriate human oversight. Furthermore, the use or deployment of AI systems involving behavioral manipulation, inappropriate social scoring, exploitation of vulnerabilities of individuals or specific groups, or unauthorized biometric surveillance is strictly prohibited.

7. **Violation Reporting and Accountability Mechanisms:**

Stakeholders may submit complaints or reports concerning suspected violations of this Policy. The designated responsible unit shall investigate and communicate its findings to the complainant or reporting person. Their identity shall be kept strictly confidential, and any form of retaliation or reprisal against them is strictly prohibited.

Intellectual Property Rights and Legal Liabilities

1. **Ownership of Internal Work Products:**

   All inventions, designs, source code, and research documentation produced by employees utilizing Company-provided AI tools within the scope of their duties shall be the intellectual property of the Company in accordance with employment agreements and applicable laws and regulations.

2. **Infringement Prevention:**

   When introducing external model training datasets or directly adopting AI-generated code/images, licensing terms must be verified to prevent infringement of third-party intellectual property rights or violation of open-source software licensing agreements.

Implementation and Revision

This Policy shall take effect following approval by the Sustainability Committee and sign-off by the Chairman. To reflect changes in domestic and international regulations (such as the enactment of basic AI legislation), technological advancements, and operational needs, the dedicated working team shall review and revise this Policy in a timely manner.

Chairman: _____

Date: October 29, 2026