

# **PharmaEssentia Corporation**

## **Codes of Ethical Conduct**

### **Article 1 Purpose**

For the purpose of encouraging directors, supervisors, and managerial officers (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) of PharmaEssentia Corporation (hereinafter “the Corporation”) to act in line with ethical standards and helping stakeholders better understand the ethical standards of the Corporation, the Codes of Ethical Conduct (hereinafter “the Codes”) are established.

### **Article 2 Scope of application**

The Codes are applicable to the Corporation’s directors, supervisors, and managerial officers.

### **Article 3 Prevention of conflicts of interest**

Directors, supervisors, and managerial officers shall perform their duties in an objective and efficient manner and may not take advantage of their position in the Corporation to obtain improper benefits for the following persons or enterprises.

1. Themselves, their spouses, parents, children, or relatives within the second degree of kinship

2. Affiliated enterprises at which any of the aforementioned persons work  
Should there be loans of funds, provisions of guarantees, and major asset transactions, or the purchase or sale of goods involving the aforementioned persons or their affiliated enterprises, the Corporation must conform to its Operational Procedures for Loaning Funds to Others, Operational Procedures for Endorsements and Guarantees, Procedures for Acquisition or Disposal of Assets, Procure-To-Pay Cycle, Sales and Collection Cycle, and other relevant regulations.

Directors, supervisors, and managerial officers who are unable to perform

duties in an objective and efficient manner or become aware of possible conflict of personal interest arising from vital transactions or certain relationships, shall take the initiative to explain the potential conflict of interest between them and the Corporation at the executive or Board of Directors' meeting. In addition, a record of the statement shall be retained.

#### Article 4 Minimizing incentives to pursue personal gain

When the Corporation has an opportunity for profit, its directors, supervisors, and managerial officers have the responsibility to maximize the reasonable and proper benefits that can be obtained by the Corporation, as well as to recuse themselves from engaging in any of the following activities:

1. Seeking an opportunity to pursue personal gain by using Corporation property or information or taking advantage of their positions
2. Obtaining personal gain by using Corporation property or information or taking advantage of their positions
3. Competing with the Corporation

#### Article 5 Confidentiality of business information

The directors, supervisors, and managerial officers of the Corporation shall be bound by the obligation to maintain the confidentiality of any information regarding the Corporation itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Corporation or the clients.

#### Article 6 Engagement in fair trades

Taking pride in its exceptional operations as well as superior products and services in the competitive market, the Corporation abstains from the use of illegal or unethical means to achieve its goals. Directors, supervisors, and managerial officers shall treat all suppliers, clients, competitors, and employees fairly and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of significant

matters, or through other unfair trading practices.

#### Article 7 Safeguarding and proper use of the Corporation's assets

The Corporation's assets shall be protected and properly leveraged for legal business purposes. All directors, supervisors, and managerial officers of the Corporation have the responsibility to safeguard the Corporation's assets and to ensure that they can be effectively and lawfully used for official business purposes. Any theft, negligence in care, or waste of assets, which can directly affect the Corporation's profitability, shall thus be avoided.

#### Article 8 Legal compliance

Directors, supervisors, and managerial officers shall conform to the Securities and Exchange Act and other laws and regulations without deliberately breaching them.

#### Article 9 Encouraging report of illegal or unethical activities

The Corporation shall raise awareness of ethics internally and encourage employees to report to a supervisor, managerial officer, and chief internal auditor, or other appropriate individuals on suspicion or discovery of any activity in violation of a law, regulation, or the Codes. The Corporation shall exert all efforts to ensure that whistleblowers' identity remains confidential and thus ensure their safety and prevent retaliation.

#### Article 10 Procedures for exemption

Directors, supervisors, and managerial officers who wish to be exempted from Articles 3–9 shall obtain approval from the Board of Directors. In addition, information such as the date of approval, opposing or reserved opinions of each independent director, period of the exemption, reason for the exemption, and codes applicable shall be disclosed to the Taiwan Stock Exchange (TSE) Market Observation Post System without delay.

#### Article 11 Disciplinary measures

Cases where a director, supervisor, or managerial officer violates the Codes shall be reported to the Board of Directors' meeting for review.

Violators of governmental laws and regulations shall be held responsible under the Criminal and Civil Laws and be required to provide damage compensation. Managerial officers shall comply with the Work Rules; violation of the Work Rules may lead to dismissal as the most severe punishment.

Personnel who are accused of violating the Codes may file a complaint should they believe that the investigation is not properly carried out. The complaint shall only be investigated if evidence is provided. Relevant supporting documents shall be sent to the executive or Board of Directors' meeting for discussion and final resolution or filing complaints according to the Administrative System as means of relief.

If the court concludes that the personnel accused has indeed breached laws or that the executive or Board of Directors' meeting has drawn conclusions that the Codes have been violated and taken disciplinary measures, the Corporation shall disclose without delay the date of violation by the violator, reasons for the violation, provision of the code violated, and the disciplinary actions taken to the TSE Market Observation Post System.

Article 12 The Codes and any amendments to them shall be disclosed in the Corporation's annual report and prospectuses and on its public website.

Article 13 The Codes and any amendments to them shall enter into force after they have been approved by the Board of Directors, delivered to supervisors, and submitted to a shareholders' meeting.