

PharmaEssentia Corporation

Corporate Social Responsibility Best Practice Principles

Chapter 1 General Provisions

Article 1 The Corporate Social Responsibility Best Practice Principles (hereinafter “the Principles”) are promulgated by PharmaEssentia Corporation (hereinafter “the Corporation”) — based on the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies jointly established by Taiwan Stock Exchange Corporation and Taipei Exchange—to fulfill corporate social responsibility initiatives and promote a balance among economic, environmental, and social advancement for sustainable development.

Article 2 The Principles apply to the Corporation, including all its operations and business groups.

The Corporation is encouraged to actively fulfill its corporate social responsibility in the course of business operations, thus following international development trends. Serving as a responsible corporate citizen, the Corporation contributes to the economic development; improves the quality of life of employees, the community, and the society; and enhances competitive edges built on corporate social responsibility.

Article 3 In fulfilling corporate social responsibility initiatives, the Corporation shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders. Specifically, attention shall be paid to the environment, society, and corporate governance while the Corporation pursues sustainable operations and profits.

Article 4 To implement corporate social responsibility initiatives, the Corporation is advised to follow the following principles:

1. Exercise corporate governance
2. Foster a sustainable environment
3. Preserve public welfare

4. Enhance disclosure of corporate social responsibility information

Article 5 The Corporation shall take into consideration the correlation of the development of domestic and international corporate social responsibility principles with corporate core business operations as well as the effect of the operations of the Corporation and of its respective business groups as a whole on stakeholders in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the Board of Directors and then reported to the shareholders' meeting.

When a shareholder proposes a motion involving corporate social responsibility, the Corporation's Board of Directors is advised to review and consider including it in the shareholders' meeting agenda.

Chapter 2 Exercise and Promote Corporate Governance

Article 6 The Corporation is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards, thus enhancing corporate governance.

Article 7 The Corporation's Board of Directors shall exercise due care of good administrators to urge the Corporation to perform its corporate social responsibility initiatives, review the results of the implementation thereof periodically and continually make adjustments to ensure the thorough implementation of its corporate social responsibility policies.

The Corporation's Board of Directors is advised to include the following matters while implementing corporate social responsibility initiatives:

1. Identifying the Corporation's corporate social responsibility mission or vision and declaring its corporate social responsibility policy, systems or relevant management guidelines
2. Incorporating corporate social responsibility into the Corporation's business operations and direction for development as well as ratifying concrete promotional plans for corporate social responsibility initiatives

3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information

The Board of Directors shall appoint executive-level managerial positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Corporation and report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8 The Corporation is advised to on a regular basis organize education and training on the implementation of corporate social responsibility initiatives, including promotion of matters prescribed in Paragraph 2 of the preceding article.

Article 9 To facilitate management of corporate social responsibility initiatives, the Corporation is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the Board of Directors on a regular basis.

The Corporation is advised to adopt reasonable remuneration policies to ensure that remuneration arrangements support the strategic objectives of the organization and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with corporate social responsibility policies and that a clear and effective incentive and discipline system be established.

Article 10 Based on respect for the rights and interests of stakeholders, the Corporation shall identify its stakeholders and establish a designated section for them on the Corporation's official website. Understanding the reasonable expectations and demands of stakeholders through proper communication with them and involving their participation enables the Corporation to adequately respond to the important corporate social responsibility issues stakeholders are concerned about.

Chapter 3 Foster Sustainable Environment

Article 11 In addition to following relevant environmental laws, regulations, and international standards to properly protect the environment, the Corporation shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Corporation is advised to endeavor to utilize all resources efficiently and use renewable materials that are less harmful to the environment, thereby enabling sustainability of natural resources.

Article 13 The Corporation is advised to establish proper environment management systems on the basis of the nature of its industry. Such systems shall include the following tasks.

1. Collecting sufficient and up-to-date information to evaluate the impact of the Corporation's business operations on the natural environment
2. Establishing measurable goals for environmental sustainability and routinely examining whether the development of such goals shall be maintained and whether they remain relevant
3. Adopting enforcement measures such as concrete plans or action plans and routinely examining the results of their operation

Article 14 The Corporation is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans and to hold environment education courses for its managerial officers and other employees on a regular basis.

Article 15 The Corporation is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and humans from its business operations:

1. Reduce resource and energy consumption of its products and services
2. Reduce emission of pollutants, toxins, and waste as well as dispose of

waste properly

3. Improve recyclability and reusability of raw materials or products
4. Maximize sustainability by using renewable resources
5. Enhance the durability of products
6. Improve efficiency of its products and services

Article 16 To improve water-use efficiency, the Corporation shall properly and sustainably leverage water resources and establish relevant management measures.

The Corporation shall construct and improve environmental-friendly treatment facilities to avoid polluting water, air, and land. Meanwhile, it shall exert all efforts to reduce adverse impact on human health and the environment by adopting the optimal, practical pollution prevention and control measures.

Article 17 The Corporation is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following information:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Corporation
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electric, thermal, or steam power

The Corporation is advised to monitor the impact of climate change on its operations and shall establish strategies for energy conservation and reduction of carbon and greenhouse gas levels based on its operations and the result of a greenhouse gas inventory. Such strategies shall include obtaining carbon credits to promote and minimize the impact of its business operations on climate change.

Chapter 4 Preserve Public Welfare

Article 18 The Corporation shall comply with relevant laws, regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the

right to work, and prohibition of discrimination.

The Corporation, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and procedures detailed as follows:

1. Propose a corporate policy or statement on human rights
2. Evaluate the impact of the Corporation's business operations and internal management on human rights, thereby adopting corresponding handling procedures
3. Regularly review the effectiveness of the Corporation's policy or statement on human rights
4. In the event of any infringement of human rights, the Corporation shall disclose the processes for handling matters with respect to the stakeholders involved

The Corporation shall comply with the internationally recognized human rights of labor, including the freedom of association, right of collective bargaining, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating recruitment and employment discrimination. In addition, the Corporation shall ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities. In response to matters adversely impacting the rights and interests of the labor force, the Corporation shall provide an effective and appropriate grievance mechanism to ensure equality and transparency of the grievance procedure. The grievance channel shall be clear, convenient, and unobstructed, and the Corporation shall respond to any employee's grievance in an appropriate manner.

Article 19 The Corporation shall provide information for its employees to impart them the knowledge of labor laws and the rights they are entitled to in the countries where the Corporation has business operations.

Article 20 The Corporation is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid

facilities, and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Corporation is advised to organize training on educating safety and health for its employees on a regular basis.

Article 21 The Corporation is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.

The Corporation shall appropriately reflect its business performance or achievements on the employee remuneration policy to ensure the recruitment and incentives for retention regarding human resources comply with the objective of sustainable operations.

Article 22 The Corporation shall establish a channel to facilitate regular two-way communication between the management and the employees, thus enabling its employees to obtain relevant information and express their opinions on the Corporation's operations, management, and decisions.

The Corporation shall respect the employee representatives' rights to negotiate working conditions and provide the employees with necessary information and hardware to improve the negotiation and cooperation among employers, employees, and employee representatives.

The Corporation shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23 The Corporation shall take responsibility for its products and services while placing a high value on marketing ethics. In the processes of research and development, procurement, production, operations, and services, the Corporation shall ensure the transparency and safety of its products and services. Moreover, it shall establish and disclose policies on consumer rights and interests as well as enforce them in the course of business operations to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Corporation shall ensure the quality of their products and services by

following the laws and regulations of the government and relevant standards of their industries.

The Corporation shall follow relevant laws, regulations, and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud, or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25 The Corporation is advised to evaluate and manage all types of risks that could cause interruptions in operations to reduce the impact on consumers and society.

To handle consumer complaints in a fair and timely manner, the Corporation is advised to provide a clear and effective consumer grievance procedure, where laws and regulations related to the Personal Information Protection Act are complied with to respect consumers' right to privacy and protect their personal data provided by consumers.

Article 26 The Corporation is advised to evaluate the impact its procurement has on the society and on the environment of the community that they are procuring from and to cooperate with their suppliers to jointly practice corporate social responsibility.

Prior to engaging in commercial dealings, the Corporation is advised to assess whether its supplier has an adverse impact on the environment and society to avoid conducting transactions with those against corporate social responsibility policies.

When the Corporation enters into a contract with any of their major suppliers, the contract shall include terms stipulating mutual compliance with each other's corporate social responsibility policies, and the contract may be terminated or rescinded any time if the supplier has violated such policy and caused significant negative impact on the environment and society of the community of the supply source.

Article 27 The Corporation shall assess the effect its business has on the community

and adequately employ people from where the business is located to enhance community acceptance.

To facilitate community development, the Corporation is advised to—through commercial activities, donation of noncash items, volunteering services, or other charitable professional services—participate in events held by citizen organizations, charities, and local government agencies related to community development and community education.

Chapter 5 Enhance Disclosure of Corporate Social Responsibility Information

Article 28 The Corporation shall disclose information pursuant to relevant laws, regulations, and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Relevant and reliable information related to its corporate social responsibility initiatives shall be fully disclosed to improve information transparency. Such information disclosed by the Corporation shall include

1. the governance mechanism, strategy, policy, and management guidelines for implementing corporate social responsibility, as approved by the Board of Directors;
2. the risks and the impact on the corporate operations and financial condition arising from administering corporate governance, fostering a sustainable environment, and preserving social public welfare;
3. goals and measures established by the Corporation for realizing corporate social responsibility;
4. the Corporation's corporate social responsibility performance; and
5. other information related to corporate social responsibility initiatives.

Article 29 The Corporation shall produce corporate social responsibility reports to disclose the status of its implementation of the corporate social responsibility policy. The reports shall include the following information:

1. The system framework, policies, or action plans for implementing corporate social responsibility initiatives
2. Major stakeholders and issues of their concern

3. Results and review of the practice of corporate governance, fostering of a sustainable environment, and preservation of public welfare
4. Direction for future improvements and goals

Chapter 6 Supplementary Provisions

Article 30 The Corporation shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the changes of business environment to examine and improve the established framework for corporate social responsibility and to increase the effectiveness of its corporate social responsibility policy.

Article 31 The Principles and any amendments to them shall enter into force after they have been approved by the Board of Directors and submitted to a shareholders' meeting.