

# **PharmaEssentia Corporation**

## **Election of Directors**

Article 1: To ensure the fair, just, and open election of directors, these regulations are enacted in accordance with Articles 21 and 41 of the Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies. The election of directors and supervisors of the Company shall be handled in accordance with these regulations, unless otherwise stipulated by other laws or regulations.

Article 2: The election of the Company's directors is conducted at the shareholder meeting.

Article 3: The Company's shareholder meeting shall appoint candidates with the capacity to serve as the Company's directors.

Unless the competent authority otherwise grants approval, a spousal relationship or familial relationship within the second degree of kinship may not exist among more than half of the directors of a TWSE/TPEx listed company.

Article 4: The composition of the board of directors shall be determined by considering diversity. It is advisable that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All members of the board shall possess the knowledge, skills, and experience necessary to perform their duties. The board of directors shall

possess the following attributes:

1. The ability to make operational judgments.
2. The ability to perform accounting and financial analysis.
3. The ability to conduct management administration.
4. The ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. The ability to lead.
8. The ability to make policy decisions.

A spousal or familial relationship within the second degree of kinship may not exist among more than half of the directors of a TWSE/TPEX listed company.

The composition of the Company's board of directors shall be adjusted based on the results of the performance evaluation by the board.

Article 5: The qualifications of the Company's independent directors shall meet the requirements of Articles 2–4 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of the Company's independent directors shall meet the requirements of Articles 5–9 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be handled in accordance with Article 24 of Corporate Governance Best Practice Principles for TWSE / TPEX Listed Companies.

Article 6: The election of the Company's directors shall be conducted in accordance with the provisions of the Company Act and the Company's articles of incorporation.

When the number of directors falls below five because a director is lost for any reason, the company shall hold a by-election for a director at the following shareholder meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the

board shall convene a special shareholder meeting within 60 days for a by-election for director(s).

When the number of independent directors falls below the required number stipulated by the relevant regulations, a by-election for independent directors shall be held at the following shareholder meeting. When an independent director is discharged, a special shareholder meeting shall be held within 60 days for a by-election for independent director(s).

Article 7: The Company's shall adopt a cumulative voting mechanism for the election of its directors. The number of votes that can be exercised in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or split for the election of two or more candidates.

Article 8: The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9: The number of directors and supervisors shall be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and nonindependent director positions. Those receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. When two or more people receive the same number of votes, thereby exceeding the specified number of positions, lots shall be drawn to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10: Before the election begins, the chair shall appoint a number of people with shareholder status to perform vote monitoring and personnel counting. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a nonshareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of that organization or shareholder shall be entered in the column for the candidate's account name on the ballot paper, or both the name of the organization or shareholder and the name of its or his/her representative may be entered. When multiple representatives exist, the names of each respective representative shall be entered.

Article 12: A ballot is rendered invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered on the ballot is a shareholder, but the candidate's account name and shareholder account number do not match those on the shareholder register, or the candidate whose name is entered on the ballot is a nonshareholder and cross-checking reveals that his or her name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered on the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided to identify such individual.

Article 13: The voting rights shall be calculated on site immediately after the end of the

poll, and the results of the calculation, including the list of people elected as directors and numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14: The board of directors of this Corporation shall issue notifications to the persons elected as directors or supervisors.

Article 15: Matters not covered in these regulations shall be handled in accordance with the Company Act and the Company's articles of incorporation.

Article 16: These regulations and any amendments hereto shall be implemented after the resolution of the board of directors and approval in a shareholder meeting.