



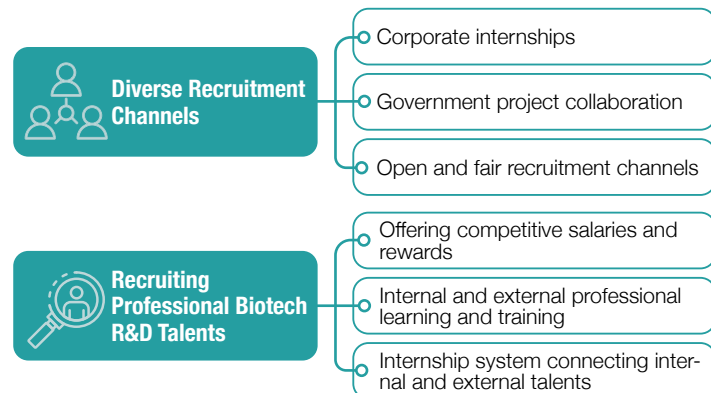
3.4 Talent Attraction and Retention

People-Oriented Recruitment Policy

SASB HC-BP-330a.1

PharmaEssentia has a people-oriented recruitment policy. We attract and retain outstanding talents through competitive compensation and benefits, a friendly environment, humane management, obstacle-free internal job rotation, and training and development opportunities. In addition to Taiwan, PharmaEssentia has locations in multiple countries around the world, with a diverse workforce serving the company. Since 2016, the number of **female employees** hired has exceeded that of male employees and is concentrated among those under 30, providing ample employment opportunities for women and building a diverse workplace.

The HR department is responsible for executing human resource analysis and providing bi-weekly reports on the company's human resource structure and recruitment status to senior executives in order to create a sound foundation for recruitment practices. The category of talents we particularly focus on are scientists and research personnel. In 2022, PharmaEssentia recruited over 19 research and medical research experts, accounting for 6.6% of the total number of employees.



6.6%

PharmaEssentia recruited research and medical research experts, accounting for 6.6% of the total number of employees.

Global Talent Recruitment Strategy - U.S. Talent Column

As a member of a knowledge-intensive industry, employees are PharmaEssentia's most important assets. In addition to the well-established talent system in PharmaEssentia Headquarters, we have also developed an employee system and benefits manual in the United States, detailing the company's commitment and guarantee to employees.

Fair Employment and Recruitment

Provide equal opportunities to all individuals, regardless of their race, religion, skin color, gender (including pregnancy status, sexual orientation, and gender identity), nationality, disability, age, or genetic information. The company adheres to the principle of fair employment and is committed to eliminating all forms of discrimination. In addition to taking ability and experience into consideration when hiring new employees, the company also provides a referral bonus to encourage colleagues to recruit talent. In 2022, the company recruited 40 new employees in response to increased demand in the United States.

Employee Performance Management and Promotion System

Establish a systematic performance management system, conduct annual performance evaluations, and determine employee salary adjustments and promotions based on work performance, attendance, work quality, ability to work independently, attitude, ability to accommodate the company's needs, and rewards and punishments. In 2022, **all employees in the U.S. underwent performance evaluations.**

Employee Care Policies

Implement various employee care policies and estab-

lish a workplace violence prevention policy, and being committed to take appropriate measures to establish a safe and stable working environment for employees while doing their jobs. In 2022, **there were no incidents of violence in our U.S. locations.**

Anti-Discrimination and Anti-Harassment

The company is committed to providing employees with an equal, respectful, and dignified working environment, upholding the basic human rights of all employees. To show our commitment, we have adopted a zero-tolerance policy for harassment, and strictly follow the Prohibition of Discrimination, Fair Employment for Pregnant Workers Act, and Americans with Disabilities Act to protect a quality workplace. Regarding workplace harassment, we have established a comprehensive handling procedure, treated sexual harassment allegations with caution, established an internal complaint channel and improved investigation mechanisms, imposed disciplinary measures to eradicate such behavior, and also provided legal remedies to employees to build a workplace environment that is truly friendly and safe. In 2022, **there were no incidents of discrimination or harassment in the U.S.**

Competitive Compensation and Benefits

The company has a **comprehensive salary system and benefits policy**, including general welfare, medical insurance, tax and health insurance systems, retirement plans, employee assistance programs, workers' compensation insurance, travel policies, employee stock options plans, etc. In addition to meeting local requirements, we also provide **paid parental leave**, breastfeeding facilities, and flexible working hours to ensure the well-being of employees.



Performance Assessment and Promotion System

GRI 2-20/404-3

Performance management at PharmaEssentia is based on driving organizational growth, establishing a fair and objective performance assessment system that is aligned with the company's strategic development, and respecting the diversity of its employees, whatever their race, gender or age may be. PharmaEssentia also implements a performance-based compensation system, and all full-time employees around the world receive regular performance and career development checks as a reference for their work objectives and personal growth and development. The company combines new employee assessments with annual performance evaluations and talent development systems to enhance individual and company competitiveness. As of 2022, the percentage of full-time employees at PharmaEssentia's Headquarters and Panco Healthcare who have undergone performance and career development checks is 100%, excluding variables such as incomplete probationary periods and leave without pay. The completion rate of performance evaluations for male and female employees in various job categories is also 100%.



New Employee Evaluation

- Prior to the end of the probationary period, the supervisor should conduct a performance interview and evaluation with the employee.
- If the employee fails to pass the evaluation, the company may terminate the employment contract in accordance with relevant laws and regulations or extend the evaluation period with mutual agreement.



Annual Performance Review

- Conduct two regular performance reviews each year, through the cycle of goal-setting, medium-term review, and year-end evaluation, to help employees and supervisors reach a consensus on work goals, improve employees' work abilities, and achieve the company's operational goals.
- Manage employees' output performance and tap their potential through the performance review system, to select talents. Use the performance review to understand the weaknesses in employees' work and improve work methods and efficiency.
- Arrange suitable courses for employees through the HR department to achieve improvement goals. Also, establish a training blueprint based on professional job functions and provide individual development plans, so that each colleague can have better communication with their supervisor on their career development.

For high-performing employees with potential, we provide promotion opportunities through an annual employee promotion nomination and evaluation process. We also have a system for internal rotations, which allows us to prioritize internal candidates when internal vacancies arise; developing multiple professional skills among our employees; promoting internal talent retention; and facilitating cross-departmental communication and coordination. We hope that every employee in PharmaEssentia can unleash their potential, and further develop their skills through continuous learning and career development, which is one of the key tasks of our human resources strategy.

A well-developed performance assessment system, while a long-term performance bonus plan has been implemented to incentivize retention at the same time.

The long-term performance bonus system of the US subsidiary includes

employee stock option plans, specific employee stock plans, and salary adjustments, which are determined by overall performance.

The performance indicators of the US subsidiary's performance system include

Management by Objectives (MBO), diversified performance evaluation and formal comparative ranking of specific employee categories. All employees were assessed in 2022.

Diverse Employee Benefits System

GRI 201-3

GRI 401-2/404-2



3.33 million NTD

32% growth in total employee welfare expenses in Taiwan

In 2013, PharmaEssentia established a Welfare Committee to plan employee welfare activities in collaboration with the company. The committee meets four times annually. In 2022, PharmaEssentia and Panco Healthcare spent approximately NT\$3.33 million on employee welfare, an increase of 32% from the previous year. A total of 571 employees applied for various welfare benefits.

We have developed and implemented a workplace plan for supporting our employees' family planning, including marriage, childbirth, and child-rearing. For three consecutive years, the retention and return-to-work rates of employees taking parental leave in Taiwan have reached 100%, and the implementation rate of our maternal health protection plan has also been 100%. In the second half of 2023, we plan to hold a Family Day event to promote family values and allow our employees to share the joys of parenting with loved ones.

<h3>Competitive salary</h3> <ul style="list-style-type: none"> ✓ Three major holiday bonuses ✓ Project bonuses ✓ Employee stock options ✓ Restricted stock units ✓ Cash capital increase employee stock options 	<h3>Comprehensive insurance plan</h3> <ul style="list-style-type: none"> ✓ Labor insurance ✓ Health insurance ✓ Group insurance ✓ Overseas travel insurance 	<h3>Retirement benefits and welfare</h3> <ul style="list-style-type: none"> ✓ Retirement farewell dinner ✓ For those to which the old system applies, retirement benefits are calculated at 2% of monthly salary for each year of service and deposited into the old system retirement reserve account at Taiwan Bank. ✓ After the implementation of the new retirement system, the company will contribute 6% of the employee's salary to individual retirement accounts based on the employee's retirement benefit level. 	<h3>Comprehensive employee transition assistance</h3> <ul style="list-style-type: none"> ✓ The company will report any laid-off employees to government employment assistance agencies in accordance with the Employment Services Act, in order to help the laid-off workers find new employment through counseling and support services provided by the competent authorities and public employment service organizations.
<h3>Marriage and childbirth care</h3> <ul style="list-style-type: none"> ✓ Collaboration with childcare centers ✓ Pregnancy and parental leave ✓ Marriage assistance and leave policies ✓ Breastfeeding rooms with a subsidy of NT\$6,000 for new mothers 	<h3>Flexible leave system</h3> <ul style="list-style-type: none"> ✓ Flexible working hours ✓ Comprehensive leave policies that exceed the requirements of the Labor Standards Act 	<h3>Overall employee care</h3> <ul style="list-style-type: none"> ✓ Health check-ups ✓ Weight loss programs ✓ Stress-relieving massages ✓ Sabbatical leaves ✓ Health seminars ✓ Employee recognition programs ✓ Special discounts from partner stores ✓ Free taxi rides for night shift employees 	<h3>Diverse employee activities</h3> <ul style="list-style-type: none"> ✓ Departmental gatherings ✓ Club activities ✓ Sports competitions ✓ Employee trips

Note: This table does not include the compensation and benefits of the US subsidiary. Please refer to [section 3.4](#) of the US Talent Column for the US welfare system.



100%
Maternal health protection plan execution in Taiwan for 3 consecutive

Hiring New Employees and Employee Retention

SASB HC-BP-330a.1 / a.2 GRI 401-1

30.9%
Growth Rate of All Employees in 2022

We actively recruit talents in the fields of biopharmaceuticals, research and development, clinical medicine, and global management. Job competency and core functions are our main criteria for talent recruitment, and we adhere to the spirit of non-discrimination and fair treatment. We use diverse and open recruitment channels to select qualified talents. Over the past three years, the overall personnel growth rate of PharmaEssentia has continued to grow steadily. In 2022, we increased the number of personnel in research and development and production to meet the demand for expanded business.

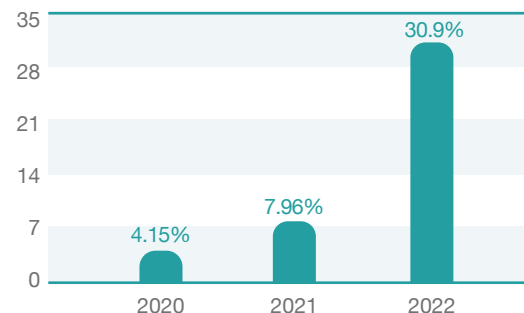
To stimulate organizational vitality and cultivate all-round talent, we prioritize personnel rotation evaluations when new business demands emerge or when important positions become vacant. In 2022, the proportion of internal promotions for managerial positions was as high as 84.62% for frontline supervisors, and around 50% for middle and high-level managers, establishing a virtuous cycle for talent development, promotion, and retention. For employees who express their intention to leave, we also require supervisors to conduct interviews to understand the reasons and identify areas for improvement, and establish comprehensive retention plans to reduce employee turnover rates and enable the retention of outstanding talent.

GRI 401-3

PharmaEssentia Headquarters and Panco Healthcare's Statistics on Employees on Parental Leave Without Pay in the Past 3 Years

Item	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible for parental leave in the current year (A)	23	11	34	18	16	34	11	12	23
Number of employees who actually applied for parental leave in the current year (B)	-	5	5	0	5	5	0	5	5
Parental leave application rate (B/A100%)	0%	45%	15%	0%	31%	15%	0%	42%	22%
Expected number of employees who will return to work after parental leave in the current year (C)	-	3	3	0	4	4	0	4	4
Number of employees who returned to work after parental leave in the current year (D)	-	3	3	0	4	4	0	3	3
Parental leave return-to-work rate (D/C*100%)	-	100%	100%	0%	100%	100%	0%	75%	75%
Number of employees who returned to work after parental leave in the previous year (E)	1	3	4	0	3	3	0	4	4
Number of employees who continued to work for one year after returning from parental leave in the previous year (F)	1	3	4	0	3	3	0	4	4
Parental leave retention rate (F/E*100%)	100%	100%	100%	0%	100%	100%	0%	100%	100%

PharmaEssentia Growth Rate of All Employees in the Past 3 Years



Note: Employee growth rate = (Number of employees at the end of the current year - Number of employees at the end of the previous year) / Number of employees at the end of the previous year.

PharmaEssentia 2022 New Hires by Job Level

Job Level	Internal promotion		External promotion		Managerial Retention Rate
	Number of Employees	% Percentage	Number of Employees	% Percentage	
ManageMalet Executives (Vice President and above)	0	-	0	-	100%
Senior Managers (Director and above)	7	46.67%	8	53.33%	81.48%
Middle Managers (Manager and above)	7	58.33%	5	41.67%	88.57%
Supervisors (Team leader)	11	84.62%	2	15.38%	93.75%
General Employees ^{Note1}	20	22.99%	67	77.01%	-

Note 1: General employees are not included in the calculation of managerial retention rate.

PharmaEssentia and Panco Healthcare New Hires and Departures Statistics in 2022

Category	Item	New Hires ^{Note1}		Voluntary Departures ^{Note1}	
		Number of Employees	% Percentage	Number of Employees	% Percentage
Total Number of Employees		85	28%	24	8%
Age	30 years old and below	38	12%	3	1%
	30-50 years old	43	14%	19	6%
	51 years old and above	4	1%	2	1%
Gender	Male	45	15%	10	3%
	Female	40	13%	14	5%
Position	ManageMalet Executives (Vice President and above)	0	0%	0	0%
	Senior Managers (Director and above)	8	3%	5	2%
	Middle Managers (Manager and above)	5	2%	4	1%
	Supervisors (Team leader)	2	1%	2	1%
	General Employees	70	23%	13	4%
Organization	PharmaEssentia	82	27%	22	7%
	Panco Healthcare	3	1%	2	1%

Note 1: Starting from 2022, the ratio of newly hired and resigned employees is calculated as (the cumulative number of newly hired and resigned employees in the current year) / (total number of employees at the end of the year).

Note 2: In 2022, the number of non-voluntary resignations at the Headquarters of PharmaEssentia and Panco Healthcare was both 0.

In the past three years, our US subsidiary has been recruited new talents significantly in response to market demand for operational development. However, in 2021, due to the delay in obtaining FDA drug license until November, the number of employees voluntarily leaving also increased in the current year. In 2022, due to the successful FDA approval, US subsidiary actively promoted various operational businesses and adhered to the spirit of gender equality and racial diversity, continue to optimize recruitment, selection, talent development, and retention systems. The retention rate of employees has significantly increased in 2022.

The US Subsidiary New Hires and Departures Statistics in the Past 3 Years

(Unit: Number of Employees)

Category	Items	New Hires ^{Note1}			Departure Employees ^{Note1}		
		2020	2021	2022	2020	2021	2022
Total Number of Employees		31	49	42	4	30	13
Age	30 years old and below	2	1	2	0	2	0
	30-50 years old	19	13	29	3	13	6
	51 years old and above	10	35	11	1	15	7
Gender	Male	18	26	17	1	13	7
	Female	13	23	25	3	17	6
Job Level	Senior Managers (Director and above)	3	6	5	1	2	0
	Middle Managers (Manager and above)	19	8	20	1	8	6
	Supervisors (Team leader)	6	34	14	2	18	7
Race and Nation	Asian	1	3	9	1	6	1
	African	3	5	2	0	4	2
	Latino/Hispanic	1	3	2	0	1	1
	White	25	34	29	3	17	9
	Two or more races	0	4	0	0	0	0
	Others	1 ^{Note2}	0	0	0	2	0

Note 1: Starting from 2022, the proportion of newly hired and resigned employees does not include the calculation of the retention rate of supervisors.

Note 2: Native Hawaiians



Employee Satisfaction Survey

In 2022, our US subsidiary conducted an employee satisfaction survey, with 94 employees participating and an average satisfaction score of 4.2 out of 5.

4.2/5
US subsidiary employee satisfaction score

We also use surveys to understand what our employees' actual needs are as a basis for safeguarding and improving our key areas of concern.

PharmaEssentia and Panco Healthcare's 2022 Employee Activity Survey Results

Activity Item	Description of Activity and Survey Methodology	Total Feedback Count
Legal risks arising from workplace harassment and dishonesty	Feedback survey on 2 online seminars	216
On-site medical care service for employee care	3 times, at fixed times each month, along with Work Overload Questionnaire	99
Employee health check-up	The Work Overload Questionnaire was conducted simultaneously with health check-ups for Taichung employees	122
Employee health check-up	Satisfaction survey on employee health check-ups	73
2022 cash capital increase plan	Employee stock subscription solicitation and notification of consent	306

The US subsidiary Employee Turnover Statistics in the Past 3 Years

