

## 2.4 Compliance with Laws and Regulations GRI 2-27

The biotech and medical industry is subject to stringent regulatory oversight. To ensure that PharmaEssentia complies with global regulatory standards throughout the drug lifecycle, the company keeps abreast of domestic and international policy and legislative developments to formulate its global compliance strategies.

**PharmaEssentia has established various operational management procedures to ensure compliance, including:**



**Corporate Governance  
Practices Code**



**Business Integrity Code**



**Code of Ethical Conduct**



**Business Integrity Operating  
Procedures and Behavior Guidelines**



**Sustainable Development  
Practices Code**



**Internal Significant Information  
Management and Insider Trading  
Prevention Procedures**



**Intellectual Property Rights  
Management and Utilization  
Procedures**



**Litigation and Major Dispute  
Management Procedures**

In total, over 40 procedures have been established to govern operations. Compliance units within PharmaEssentia such as the Regulatory Affairs unit, Audit Office, Corporate Governance Director, Legal Department, Human Resources, and other functional departments enforce these procedures and require adherence by all relevant internal teams and suppliers.

## Regulatory Compliance During Product Lifecycle: SASB HC-BP-270a.1, HC-BP-270a.2



## Regulatory Compliance Incident Description, Subsequent Handling, and Prevention Measures GRI 2-27

In 2023, our company faced one compliance violation. In November, an excess purchase of 3,000 shares of treasury stocks resulted in a penalty of NT\$300,000 imposed by the Financial Supervisory Commission. The company has duly addressed this issue in accordance with relevant laws governing the repurchase of treasury stocks and has planned corrective measures.

### Incident Description

The Board of Directors of our company passed a resolution on July 28, 2023, to repurchase treasury stocks, intending to buy back 4,000,000 shares but turn out to be 4,003,000 shares. Due to an oversight by the personnel in charge of executing the repurchase, 3,000 shares were bought in excess, violating Article 28-2, Paragraph 3 of the Securities and Exchange Act. Consequently, the Financial Supervisory Commission imposed a fine of NT\$300,000. Following the directive under the sanction letter no. 11203575891 from the Securities and Futures Bureau, the company disposed of these 3,000 treasury shares on December 20, 2023, and submitted the proceeds from this disposal. As of now, there have been no similar incidents. Furthermore, the company has established an internal review mechanism for personnel and enhanced training programs to ensure compliance with domestic laws and regulations.