

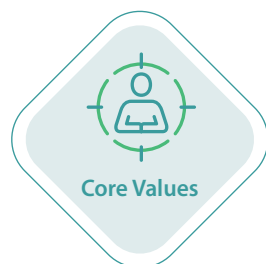
## 5.3 Talent Cultivation and Career Development

Materiality Assessment

PharmaEssentia firmly believes that "talent" is the foundation of a company and that "investing in talent" is the company's most important responsibility. Therefore, we view talent cultivation and development as crucial projects. We are committed to creating a work environment that can ignite colleagues' passion and maximize the potential of individuals and teams. We encourage employees to proactively explore their potential and create an environment for autonomous, continuous learning.

### Strategic Objectives:

PharmaEssentia's talent cultivation and development framework is aligned with corporate culture, core values, and global strategic layout. The talent cultivation system is divided into three functional aspects:



we will provide a rich array of training courses and digital self-learning resources for senior, middle, and junior managers, as well as general colleagues. We plan to design a dual-track, diversified talent development framework to nurture a diverse talent pool.

### Action Plan:

PharmaEssentia's employee training methods include comprehensive on-the-job training, diverse learning channels, and sending top talent overseas for training to cultivate professionals in the biopharmaceutical field. This is supported by a workplace mentorship system, enhancing our talent management efficiency and preparing for long-term sustainable leadership. In 2024, we will also strengthen our digital learning platform, introduce a variety of digital self-learning resources, and encourage colleagues to engage in self-directed learning and development. This will allow individuals to tailor their learning agendas to their needs, enabling learning anytime, anywhere.



Materiality Assessment

Talent Cultivation and Career Development



Impact Assessment

In an era of rapid changes and intense competition in the global market, "talent" is a crucial sustainable foundation for any enterprise. Therefore, PharmaEssentia cultivates talent to create more positive outcomes.



Management Policies and Commitments

The framework for talent cultivation and development at PharmaEssentia is centered around three main aspects: establishing diverse training channels, fostering self-directed learning, and nurturing international professional talents. This approach is linked to our corporate culture, core values, and global strategic layout, promoting growth alongside the organization.



Responsible Units

- Sustainability Development Center – Employee Care Team
- Human Resources and Executive Managers
- Department Heads Responsible for Talent Cultivation



### Resource Allocation and Management Actions

- Digital Learning Platform Development: Strengthening the human resources cloud management system and implementing a digital learning platform.
- Online English Learning Project: Enhancing the language foundations of international talents, with the Taiwan headquarters achieving an 84% completion rate that meets the set standards.
- Annual Training Investment in Taiwan: Total cost amounted to NT\$1,678,000.
- Assessment of New Employees and Annual Performance Reviews.
- Diverse Talent Training for Organizational Development: Conducting internal and external educational training.
- Communication and Leadership Courses for Middle and Senior Management.
- Key Talent Cultivation Plan: Identifying key talents to provide developmental opportunities, including integrating personal potential with career planning and domestic/international rotational training opportunities.



### Indicators and Goals

- Hours of Educational Training
- Educational Training Budget Allocation and Execution
- Performance Review Completion Rate
- Internal Promotion Rate
- Implementation Status of the Key Talent Cultivation Plan



### Practices to Ensure Effective Actions

Regular performance evaluations and competency assessments are conducted as the basis for training planning and job promotions (employee performance evaluations are implemented every May and November).

#### • Performance in 2023

- Talent Cultivation and Development: Education hours totaled 9,722 hours.
  - ▶ Training for Middle and Senior Management and General Staff: Total training hours were 7,744 hours.
  - ▶ Key Talent Training Courses: Total training hours were 296 hours.
  - ▶ ESG Sustainability and Transformation Training Courses: Total training hours were 1,682 hours.
- Total Investment in Educational Training: Over NT\$36 million.
- In the U.S., 37 managers participated in Middle and Senior Management Communication Leadership Courses, and 19 managers participated in StrengthsFinders.
- 100% of new employees in Japan received training.
- Employee Performance Review Completion Rate: 100%.
- Internal promotion rate at the Taiwan headquarter was as high as 42% (In 2023, there were 95 new positions, 40 of which were filled by internal staff).



### Communication with Stakeholders

- Regular and irregular communication with employees in various forms.
- Annual regular performance evaluations and various employee surveys.



### Future Planning

#### • 2024 Goals

- Continuously investing in digital learning platforms and further strengthen sustainability efforts.
- Initiate the Key Talent Cultivation Plan.
  - ▶ Enhance the leadership and management knowledge and skills required by managers at all levels, accumulating an average of 16 training hours per managerial staff.
  - ▶ Develop and implement a job rotation system to improve talent mobility efficiency.
  - ▶ Continuously promoting global linguistic capabilities, with over 50 participants receiving more than 100 hours of English training.
  - ▶ Promote and strengthen policies on employee rights and gender equality through related legal courses, with an average of at least 3 hours per person.
- Establish an educational training system and an e-learning platform.
- Allocate annual external training costs for each department's professional areas.

## New Employee Training

All new employees undergo pre-employment training courses to quickly grasp the company's business philosophy and culture and to enable them to utilize their skills effectively. Before the end of their probation period, there will be a performance interview and evaluation with the employee. In addition to implementing "pre-employment training" according to the "Educational Training Implementation Policy," a "mentorship system" is also used. This system assigns experienced colleagues to teach professional knowledge and skills, using direct instruction and multimedia teaching materials to aid the learning of necessary job competencies. Supervisors also regularly engage in discussions to help new employees familiarize themselves with the work environment and increase their job involvement. New employee forums or discussions are organized at the Taipei headquarters, Taichung plant, and various subsidiaries, where senior management and HR managers directly address and listen to the adaptation status of new employees.

## Middle to Senior-level Executives Education and Training

In accordance with the annual training plan, education and training courses are arranged and implemented for employees within the training system, including training for new employees, hierarchical training, professional training, and sustainable knowledge training, aiming to continuously enhance the abilities and qualities of talents in various fields such as production, research and development, marketing, and management, thereby enhancing the competitiveness of PharmaEssentia.

In 2023, one person (senior executive) participated in the application for the Taipei EMBA program at National Taiwan University and officially enrolled in the program in 2024.

The main professional training conducted by the US subsidiary in 2023 focused on employee coaching and communication, including courses such as GROW and Digital Aid. The "Communicating with Courage" course aims to improve the ability to evaluate performance and provide effective and timely feedback to subordinates, with 37 managers participating. The CliftonStrengths (Strengthfinders) course, attended by 19 middle and senior managers, aims to improve communication and collaboration within teams and departments.

In response to Besremi's listing in Japan, the Japanese subsidiary conducted management training for four new executives in 2023, including training on behavior, work attitude, and advocacy of human rights policies such as the prevention of workplace harassment.

## Key Talent Development Plan

As PharmaEssentia continues to thrive globally, the HR department will discuss with senior management to initiate a key talent development plan in accordance with the long-term planning of the organization. The plan aims to systematically cultivate reserve executives at all levels to continuously improve internal promotion rates in response to the future development needs of the organization.



## Sustainable Development Knowledge Enhancement Education and Training

In 2023, the fifth year of PharmaEssentia's implementation of the sustainable development blueprint, the direction of talent cultivation is set as sustainable transformation. The Sustainability Center also held a series of education and training sessions to enhance the sustainable literacy of all employees and managers. For example, the first ESG sustainable education and training course held on September 15, 2023, covered the journey and practices of ESG corporate sustainable development, the annual review and recommendations of sustainable execution performance in 2022-2023, and the introduction of the forthcoming implementation of IFRS international financial reporting standards and SROI social impact assessment. A total of 65 ESG project members were invited, with an actual attendance of 41, and an attendance rate of 63.08%. In addition, 51 people participated in autonomous online learning. In 2023, a total of 9 ESG sustainable development and transformation training courses were held, with a total of 373 participants and a total training time of 1,682 hours.



## Education and Training Hours Statistics GRI 404-1

In 2023, Panco's main operational sites invested 7,744 hours in education and training for managers and general employees, 296 hours in the key talent development plan, and an additional 1,682 hours in the aforementioned sustainability-related education and training, bringing the total education and training investment to 9,722 hours, with a total investment cost exceeding NT\$36 million.

Education and Training Hours Statistics

	(Unit: Hours)					
	Taipei Headquarter	Taichung	Panco	US	Japan	Total
Managerial and General Employee Education and Training - a	4,288	1,168	211	1,453	624	7,744
Key Talent Development Plan - b	0	0	0	296 (Business Operation)	0	296

Note:

- Managerial and General Employee Education and Training: In addition to the aforementioned training content in Taiwan, it also includes courses such as QPharma Learning Management System + KnowBe4 IT Training in the United States and Compliance training, PC training, etc. in Japan.
- The Key Talent Development Plan includes leadership external training courses in the United States such as Courageous Conversations, Communicating with Courage, Radical Candor - Accelerated Leadership Group, etc.





## 2023 employee training hours

### Headquarters (including the Taichung plant)

In 2023, employee training hours at the headquarters (including the Taichung plant) according to job level: Average training hours for male Managers in Taipei + Taichung: 26 hours, Average training hours for female Managers in Taipei + Taichung: 15 hours, Average training hours for male Non-managers in Taipei + Taichung: 13 hours, Average training hours for female Non-managers in Taipei + Taichung: 16 hours.

#### 2023 Headquarters Total training hours

(Unit: hours)

staff	Total training hours			Average training hours	
	Male	Female	Total	Male	Female
Managers	1,481	658	2,139	26	15
Non-managers	1,303	2,014	3,317	13	16
Total training hours	2,784	2,672	5,456	38	31

Note: Managers include titles at the managerial level or above (including managers). The hours have been rounded to the nearest integer.

### For Panco

Average training hours for male Managers : 10 hours; Average training hours for female Managers: 22 hours; Average training hours for male Non-managers: 20 hours; Average training hours for female Non-managers : 9 hours.

#### 2023 Panco Total training hours

(Unit: hours)

staff	Total training hours			Average training hours	
	Male	Female	Total	Male	Female
Managers	30	67	97	10	22
Non-managers	79	35	114	20	9
Total training hours	109	102	211	30	31

Note: Managers include titles at the managerial level or above (including managers). The hours have been rounded to the nearest integer.

## Performance assessment and promotion system adhere to the standards GRI 2-20, 404-3, 405-1

All full-time employees at PharmaEssentia undergo regular performance evaluations and career development assessments, serving as the basis for setting job goals and personal growth. In 2023, both headquarter and Panco achieved a 100% participation rate in performance evaluations and career development assessments among permanent employees, excluding factors such as incomplete probationary periods and leave without pay. Regardless of gender or job category, the completion rate of employee performance assessments reached 100%. In the fiscal year 2023, a total of 49 outstanding employees were recognized at the Taiwan headquarter (including the presentation of awards and monetary incentives), with 40 employees being promoted. The internal promotion rate for mid to senior-level managerial positions reached 22.5%.

### New Employee Assessment

- Before the end of the probationary period, unit supervisors should conduct performance interviews and evaluations with new employees.
- For those who do not pass, the company may terminate the employment contract in accordance with relevant legal regulations or extend the probation period with mutual consent.



### Annual Performance Assessment

- Two performance assessments are conducted annually to help employees and supervisors reach consensus on job goals, improve employee work capabilities, and achieve company operational objectives through the cyclical process of goal setting, mid-year interviews, and year-end evaluations.
- Through the performance assessment system, employee output performance is managed, and employee potential is discovered, allowing for talent selection. By understanding the shortcomings of employees' work through performance assessments, methods for improvement and efficiency enhancement are provided.
- Human resources units arrange appropriate courses to achieve improvement goals. Training blueprints are also established based on various professional competencies, and individual development plans are provided to enable better communication between each colleague and their supervisor regarding their career development.