

5.4 Talent Attraction and Retention

Materiality
Assessment

PharmaEssentia adheres to the philosophy of "Better Science, Better Lives." To expand its research and development capacity, PharmaEssentia collaborates with top domestic universities to provide summer internships, fostering talent through industry-academic cooperation. Additionally, diverse recruitment channels are utilized to meet the needs of different regions and departments. PharmaEssentia prioritizes the promotion of internal talent, offering attractive benefits and rotation opportunities to establish a talent pipeline and retain key employees.



Materiality Assessment

Talent Attraction and Retention



Impact Assessment

In an era of rapid global market changes and intense competition, "talent" is the crucial cornerstone of enterprise sustainability. Therefore, talent attraction and retention are regarded as important development projects, dedicated to developing diverse recruitment channels, continuing industry-academic cooperation, optimizing promotions, nurturing talent, and strengthening international competitiveness.



Management Policies and Commitments

Talent development is PharmaEssentia's responsibility and commitment to its employees. PharmaEssentia will continue industry-academic cooperation and expand diverse recruitment channels to attract outstanding talent. It aims to create a friendly and safe working environment that can inspire colleagues' enthusiasm and commit to long-term career development, thereby retaining talent. PharmaEssentia plans to revise its talent development policy in the third quarter of 2024 internally to provide more diverse ways to reward talent.



Responsible Units

- Sustainability Development Center - Employee Care Team
- Human Resources and Management-level Supervisors



Management Actions

- Performance-based salary adjustments, promotion salary adjustments, and structured salary adjustments are conducted based on the achievement of annual business objectives, individual annual performance appraisals, or outsourced compensation and benefits surveys.
- Implementation of the "Education and Training Management Regulations" and the "Talent Recommendation and Incentive Regulations" to provide training and development opportunities for talent retention.
- Providing talent with conditions superior to those stipulated by labor laws and offering flexible working hours to attract talent.
- Holding employee selection programs to acknowledge outstanding performance and enhance a sense of belonging.
- Planning and executing diverse recruitment plans and utilizing AI tools and personality assessments for objective talent selection.
- Long-term planning for female welfare to increase the proportion of female managers.
- Long-term incentive measures: Providing restricted stock for newly recruited talent and key personnel who make significant contributions to the company's development (see PharmaEssentia Prospectus); additionally, offering stock options to attract and retain outstanding talent (see PharmaEssentia Prospectus).
- Establishing long-term organizational development plans.
- Planning to participate in market salary surveys regularly to provide competitive compensation and developing diverse reward mechanisms to timely motivate employees from different groups.
- Promoting employee satisfaction and engagement surveys, scheduled for implementation in Q3 2024.
- Utilizing external professional resources to implement employee assistance programs, providing employees with counseling and guidance in psychological adjustment, career management, health enhancement, and quality of life improvement.
- Regularly organizing employee activities to enhance their quality of life and assist them in leading healthy and happy lives.

Indicators and Targets

- Employee turnover rate <10%
- Occupational health and safety: 0 violation cases
- Employee care and friendly working environment: 0 violation cases
- Compensation and benefits: Maintained at levels superior to the industry standard

Practices to Ensure Effective Actions

- Performance appraisals and career development assessments conducted regularly serve as the basis for education, training, promotion, counseling, and rewards (employee performance evaluations are conducted in May and November each year.)
- Employee satisfaction surveys

Performance in 2023

- Global employee average retention rate reaches 90.7%.
- Global employee growth rate reaches 19.1%.
- 100% of employees undergo performance appraisals.
- Employee care and friendly working environment: Zero violations.
- Average satisfaction score of US employees is 4 points, with an 80% satisfaction rate; 114 participants.
- Average satisfaction score of Japanese employees is 66.4 points, higher than the industry average of 48.9 points; 52 participants.



Communication with Stakeholders

- Regular/irregular communication with employees in various forms.
- Annual regular performance appraisals and various employee survey questionnaires.

Future Planning

2024 Targets

- **Talent Attraction:**
 - Establish diverse recruitment plans, including job platforms, social media, campus recruitment events, industry-academic cooperation, internships, and talent recruitment consultants, to attract potential talent and enhance company competitiveness.
 - Utilize "AI tools" and "personality assessments" to provide more objective selection criteria, assisting HR in streamlining the recruitment process and improving interview efficiency.
 - Offer conditions superior to labor laws and flexible working hours to attract talent.
- **Talent Retention:**
 - Continuously optimize mechanisms such as promotions, performance evaluations, and employee development plans to provide employees with career development opportunities.
 - Regularly conduct training courses to nurture and develop outstanding talent and provide opportunities for job rotations.
 - Regularly participate in market salary surveys to provide competitive compensation and develop diverse reward mechanisms to timely motivate employees from different groups.
 - Hold annual selection of outstanding employees to acknowledge their outstanding performance and enhance their sense of belonging.
- Support colleagues in long-term career development within PharmaEssentia to help them broaden their horizons and gain diverse experiences, fostering cross-departmental talent and further achieving talent retention goals.
- Future plans include commissioning a third-party independent unit to conduct an employee opinion survey report, identify key retention indicators, identify areas for improvement, and implement talent development projects.


NT\$3.96million

20% Growth Rate in Employee Welfare Expenditure

Employee Benefits and Care GRI 401-2, 404-2, 401-3, 411-1


PharmaEssentia offers employee benefits and care that exceed market standards to attract talent. In addition to providing employees with five days of paid sick leave and flexible working hours, the company also offers bonuses for festivals, project achievements, and long-term employee incentive programs, such as employee stock options, restricted stock units, and cash increases in employee shares. Furthermore, comprehensive insurance plans including labor insurance, health insurance, group insurance, and overseas travel insurance are provided.

Since the establishment of the Employee Welfare Committee (EWC) in 2013, PharmaEssentia has held four regular meetings annually to jointly plan employee-related welfare activities with the company and the EWC. In 2023, PharmaEssentia and Panco's total welfare expenditure was approximately NT\$3.96 million, a 20% increase from the previous year, with a total of 945 people benefiting from various welfare schemes. In 2024, a hardship relief policy will be established, allowing employees facing difficulties due to major illnesses or other factors to apply for emergency relief funds from the company to ensure basic living needs.




Employee Activities

- Health check-ups
- Weight loss programs
- Stress-relief massages
- General leave of absence without pay
- Employee Assistance Program (EAP) health seminars
- Recognition of outstanding employees
- Discounts at affiliated stores
- Free taxi rides for employees working late shifts



Flexible Leave Policy

- Flexible working hours
- Comprehensive leave system (some of which exceed the legal requirements of labor laws)



Female-Friendly Workplace Environment

For female employees, the company provides care and support including maternity benefits and childcare services, which include:

- Marriage subsidy and marriage leave system
- Pregnancy, childbirth, and maternity leave without pay, for example, PharmaEssentia pays full salary, provides 10.975 weeks of maternity leave and paternity leave
- Comfortable breastfeeding room setup, with a childbirth subsidy of NT\$6,000
- Providing friendly parking spaces for pregnant women
- Providing regulations for "maternal health protection" before and after childbirth, allowing female employees to feel convenient and valued in terms of "maternal health protection"
- Collaboration with nurseries for childcare

Our company adheres to government policies regarding the care of maternal and infant health and safety. We do not employ underage workers, nor do we assign tasks to pregnant or lactating female employees that may pose risks to infants. For breastfeeding mothers from the date of pregnancy to one year postpartum, nurses provide counseling and follow-up, addressing physical, ergonomic, work-related stress, and personal health risk factors to prevent potential maternal hazards. The breastfeeding room in our company received an excellent rating in the evaluation.



Excellent

Outcomes from Breastfeeding Room Evaluations


3.8times

Headquarters Crude Birth Rate 2.2%, Higher than the Average Rate in Taiwan

Reinstatement and retention after parental leave GRI 401-3

Both the Taiwan headquarter and the subsidiaries in Japan and the United States provide relevant benefits to employees applying for parental leave, allowing them to achieve a balance between work and family life. For example, in Japan, employees may have more flexible working hours, apply for telecommuting, and primary caregivers are entitled to over 30 weeks of paid leave, while non-primary caregivers can apply for at least 4 weeks of paid leave. The statistics for 2023 show that the return-to-

work rate and retention rate for female and male employees in Taiwan after parental leave were 100% and 67%. Additionally, there were a total of 7 newborns in the Taiwan headquarter, with a crude birth rate of approximately 2.2%, which is about 3.8 times higher than Taiwan's crude birth rate of 5.82%. In the United States, there were 3 newborns, with a crude birth rate of 2.3%, which is higher than the U.S. average crude birth rate of 1.22%.

Maternity Leave Statistics for PharmaEssentia Headquarters and Panco in the Past 3 Years

| | 2021 | | | 2022 | | | 2023 | | |
|--|------|--------|-------|------|--------|-------|------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Number of Employees Eligible for Maternity Leave in the Current Year (A) | 18 | 16 | 34 | 11 | 12 | 23 | 9 | 16 | 25 |
| Number of Employees who Actually Applied for Maternity Leave in the Current Year (B) | 0 | 5 | 5 | 0 | 5 | 5 | 2 | 2 | 4 |
| Maternity Leave Application Rate (B/A*100%) | 0% | 31% | 15% | 0% | 42% | 22% | 22% | 13% | 16% |
| Number of Employees Expected to Return to Work after Maternity Leave in the Current Year (C) | 0 | 4 | 4 | 0 | 4 | 4 | 1 | 3 | 4 |
| Number of Employees who Returned to Work after Maternity Leave in the Current Year (D) | 0 | 4 | 4 | 0 | 3 | 3 | 1 | 3 | 4 |
| Return-to-Work Rate after Maternity Leave (D/C100%) | 0% | 100% | 100% | 0% | 75% | 75% | 100% | 100% | 100% |
| Number of Employees who Returned to Work after Maternity Leave in the Previous Year (E) | 0 | 3 | 3 | 0 | 4 | 4 | 0 | 3 | 3 |
| Number of Employees who Continued Working for One Year after Returning to Work from Maternity Leave in the Previous Year (F) | 0 | 3 | 3 | 0 | 4 | 4 | 0 | 2 | 2 |
| Maternity Leave Retention Rate (F/E100%) | 0% | 100% | 100% | 0% | 100% | 100% | 0% | 67% | 67% |

Retirement Benefits and Welfare GRI201-3

For retirees, we organize retirement farewell dinners and provide retirement benefits in accordance with the law. Under the old system, retirement benefits are calculated at 2% of the monthly salary for each year of service and deposited monthly into the employee's account at the Taiwan Bank. After the implementation of the new retirement system, the company contributes 6% of the employee's salary to their individual retirement account based on their retirement benefit level.

Employee Assistance Program (EAP) GRI 404-2

PharmaEssentia extends its employee assistance program primarily to include on-site health services and has enhanced EAP psychological counseling services. Qualified professionals with appropriate certifications assist employees in addressing various issues affecting work efficiency through psychological counseling services. As of September 30, 2023, a total of 9 employees have participated in counseling sessions. Additionally, we provide labor re-employment assessments to assist in suitable job matching.

For colleagues who experience significant accidents or illnesses, we provide the following measures:

- We offer care for employees with major illnesses and assistance to the families of deceased employees to meet their living needs.
- We provide funeral allowances for the families of deceased employees and show concern for their living conditions.

Notice Period for Termination GRI 402-1

PharmaEssentia values the factors contributing to employee turnover and adheres to statutory notice procedures. Therefore, each case of termination is followed by an exit interview conducted by supervisors or HR personnel to gather reasons and make necessary improvements to provide a more conducive work environment and system to enhance employee stability. In the event of job reassignment, discussions with the immediate supervisor are held several weeks prior to the reassignment, and the reassignment is announced only after mutual agreement.

Employee Satisfaction Survey

For key focus areas or events organized by the company, we also utilize survey questionnaires to understand the actual situation, grasp the needs of employees, and use them as a basis for improvement in benefits and activities. In 2023, Taipei conducted a monthly survey on "abnormal workload" among employees three times a month, with a total of 93 employees participating and receiving counseling guidance. In Taichung, a "workload questionnaire" survey was conducted during employee health checks, with a total of 139 responses received. The U.S. subsidiary conducted an employee satisfaction survey, with 114 employees participating, achieving an average score of 4 out of 5. The Japanese subsidiary also conducted an employee satisfaction survey in 2023, with 52 participants, achieving an average satisfaction score of 66.4, compared to the industry average of 48.9.

