02
Corporate Governance

Information Security and Privacy Protection
Business Ethics and Integrity

02

PharmaEssentia continues to strengthen board functions and governance frameworks, and actively optimizes risk management to reduce negative impacts caused by corporate operations. We also emphasize information security and protection measures for personal information to safeguard information assets and protect patient privacy. PharmaEssentia makes every effort to protect pharmaceutical patents and trademarks. We ensure our products receive comprehensive and effective legal protections in global markets through management of intellectual property rights. Our supply chain management mechanisms enhance sustainability awareness in supply chain partners by managing policy documents, evaluations, and risk assessments, thereby ensuring supply chain stability and continuity while also enhancing our corporate resilience and brand image.

Main Stakeholders

Achievement Highlights

- Achieved **100%** board meeting attendance rate
- Achieved **100%** Audit Committee and Numeration Committee meeting attendance rates
- Established a specialized course on corporate sustainability risk management and strategic analysis for all directors
- Created the new position of Chief Information Security Officer
- Implemented safety awareness training
- A total of 70 people participated in PharmaEssentia Japan's cybersecurity training
- Introduced document management systems across all departments
- Improved docketing accuracy rate to **100%**
- **243** valid patents
- **185** valid trademarks
- Achieved **100%** Supplier Code of Conduct signing rate
- Implemented "Four Phase Precision Identification Strategy" for supplier sustainability self-assessment analysis
- Added **80 suppliers** and contractors, including 68 local suppliers
- Launched Sustainable Preferred Supplier Initiative

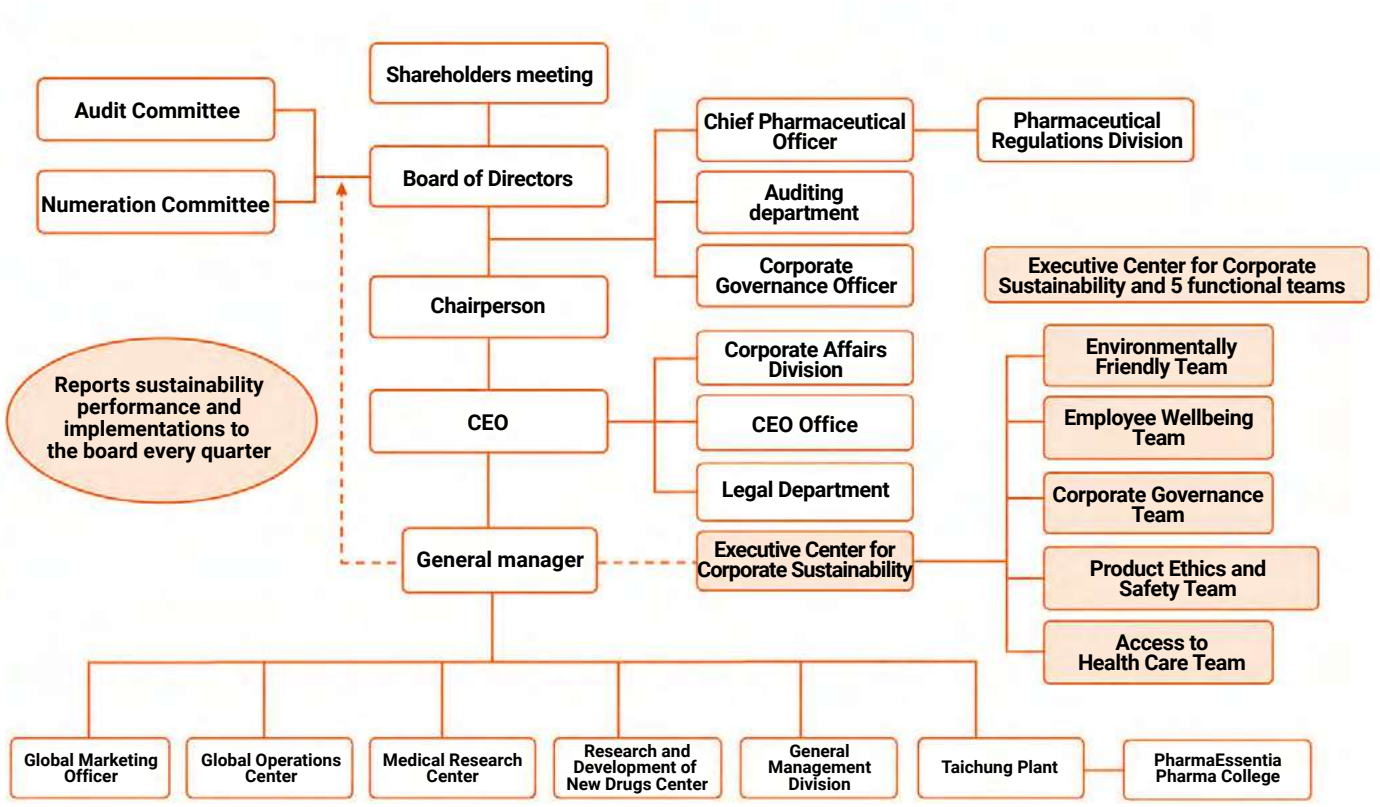
2.1 Corporate Governance Framework

Director Elections and Responsibilities

The Board of Directors is the highest governance unit at PharmaEssentia and adopts a single-track governance framework with each term lasting for 3 years. Board directors are nominated and elected in accordance with Election of Directors, which incorporate shareholder interests, diversity, independence, and director management capabilities.

The current Board directors were elected at the shareholders general meeting held on May 27, 2024. Following the election, the number of independent directors was increased from three to four, including one female independent director. The number of independent directors exceeded one-third of all directors on the Board. Consecutive terms of office should not exceed three terms. The election was conducted in accordance with Financial Supervisory Commission requirements to strengthen Board function and independence. The number of Board members was maintained at eleven directors, and the number of female directors increased from two to three directors. Current Board members will remain in office from May 27, 2024 to May 26, 2027. Board responsibilities include formulating corporate sustainability strategies, supervising managers, and playing an important role in responding to company and shareholder needs. The Audit Committee and Numeration Committee have been established under the Board of Directors, and the Executive Center for Corporate Sustainability reports directly to the general manager. Board functions are shown in the image below.

PharmaEssentia and all major subsidiaries convene at least 1 Board meeting every quarter. All managers and financial directors are required to attend Board meetings, and audit directors report audit results to the Board. PharmaEssentia convened 7 Board meetings in 2025 and achieved a director attendance rate of 100%. For more information on subsidiary directors, please refer to the website.



PharmaEssentia Board Implementations in 2025

Number of Board meetings **7 times**

Director attendance rate **100%**

Board Composition and Diversity

To enhance corporate governance, Paragraph 2, Article 20 of our "Corporate Governance Best Practice Principles" stipulates that Board composition should consider corporate business developments and scale, shares held by major shareholders, and actual operational needs when establishing an appropriate number of directors. Director criteria should encompass a variety of aspects such as basic qualifications and values (including gender, age, nationality, culture) as well as professional expertise and skills (such as expertise in law, accounting, industrial knowledge, finance, marketing, and technology).

(1) Board Responsibilities:

The Board directs corporate strategies, supervises managers, and answers to all shareholders. All Board operations and decisions are exercised in accordance with law, the Articles of Incorporation, and resolutions of shareholder meetings. Director candidates are nominated in accordance with related regulations, and are submitted to shareholder meetings for election after being approved by the Board.

Due to corporate business development needs, our Board is composed of experts and academics with expertise in relevant industries, finance and accounting, management, and law, with at least one director possessing skills respectively associated with operational judgment, accounting and analysis, business management, industrial knowledge, climate change responses, and international markets so they can provide professional and diverse guidance on corporate developments.

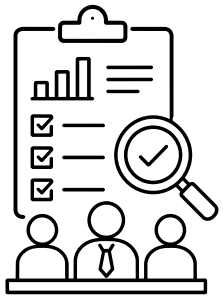
(2) Diversity of Board Members:

PharmaEssentia currently has eleven directors (seven directors and four independent directors) aged between 50-90 years old. We have three female directors and three directors who are concurrently serving as company employees. The average tenure of our directors is 8.91 years. Board members possess extensive experience and professional knowledge in biotechnology, finance, education, and financial services industries, and one of our directors is a representative from the National Development Fund. Of our four independent directors, one independent director has served on the Board for more than 7 years and has experience encompassing industry, government, and academic domains, as well as global biotechnology production and manufacturing expertise. We therefore continue to rely on their professional expertise, supervision capabilities, and professional opinions. Another independent director (Jeffrey R. Williams) is a US citizen with expertise in finance and education, so is able to guide PharmaEssentia USA business operations. In future, we plan to ensure that directors of each gender exceed one-third of total directors to strengthen diverse composition of Board members.

Title	Name	Nationality	Gender	Professional Background								Age			Independent Director Tenure			Concurrently Serving as Senior Executive at PharmaEssentia	Family Members Employed at PharmaEssentia
				Operational judgment capabilities	Accounting/ financial analysis capabilities	Business management capabilities	Crisis handling capabilities	Industrial knowledge	Global market perspectives	Leadership capabilities	Decision-making capabilities	Under 30 years of age	31-50 years of age	Over 51 years of age	1-3 years	4-6 years	7-9 years		
Chairperson	Ching-Leou Teng		Female	✓			✓	✓	✓	✓	✓			✓				✓	
Director	Ko-Chung Lin		Male	✓		✓	✓	✓	✓	✓	✓			✓				✓	✓
Director	HsuehFang Hsu		Female	✓		✓	✓		✓	✓	✓			✓					
Director	ChanKou Hwang		Male	✓		✓	✓	✓	✓	✓	✓			✓				✓	
Director	ChenJung Hsiao		Male	✓		✓	✓		✓	✓	✓			✓					
Director	ShenYi Lee		Male	✓				✓	✓		✓			✓					
Director	JinnDer Chang		Male	✓		✓	✓		✓	✓	✓			✓					
Independent director	JienHeh Tien		Male	✓		✓	✓	✓	✓	✓	✓			✓			✓		
Independent director	MingChuan Hsieh		Female	✓		✓	✓		✓	✓	✓			✓	✓				
Independent director	ChingTsun Liu		Male	✓		✓	✓		✓	✓	✓			✓	✓				
Independent director	Jeffrey R. Williams		Male	✓		✓	✓		✓	✓	✓			✓	✓				

Functional Committees

Two functional committees, the Audit Committee and the Numeration Committee, have been established under the Board; both committees are composed entirely of independent directors.



Audit Committee

Responsibilities

Assists directors in supervising accounting, auditing, and financial reporting processes; monitoring quality and integrity of financial controls; and managing existing or potential corporate impacts to strengthen internal control mechanisms

Composition

Independent Director JienHeh Tien, Independent Director MingChuan Hsieh, Independent Director ChingTsun Liu, Independent Director Jeffrey R. Williams

Number of meetings in 2025

7 times

Attendance rate

100%

Numeration Committee

Responsibilities

Assists the Board in formulating and reviewing performance evaluations for directors, supervisors, and managers, as well as remuneration policies, systems, standards, and structures

Composition

Independent Director JienHeh Tien, Independent Director MingChuan Hsieh, Independent Director ChingTsun Liu, Independent Director Jeffrey R. Williams

Number of meetings in 2025

4 times

Attendance rate

100%

Avoiding Conflicts of Interest

To strengthen Board governance and establish sound supervision and management functions, we formulated the "Rules of Procedure for Board of Directors' Meetings," "Principles of Ethical Corporate Management," "Codes of Ethical Conduct," and other policies which contain clear stipulations on avoiding conflicts of interest. Directors cannot discuss or vote on agenda items that involve conflicts of interest which may damage corporate interests relating to themselves or the entities which they represent, and cannot exercise voting rights on behalf of other directors. We also require directors and managers to handle their duties objectively and efficiently, and avoid using their positions at PharmaEssentia to obtain improper benefits.

At present, no Board members have any material conflicts of interest, and there are no shareholders who hold a controlling stake in the Company. PharmaEssentia's founder and their family members hold less than 5% of shares. Government shareholders mainly include the National Development Fund, which holds 6.28% of shares, none of which are preferred shares. ChenJung Hsiao serves as the representative of this institutional director on the Board. For more information on our directors/independent directors, as well as management measures for conflicts of interest, please refer to pages 12-16, 27, and 48 of our annual report.

Highest Governance Unit and Remuneration Policies for Senior Executives

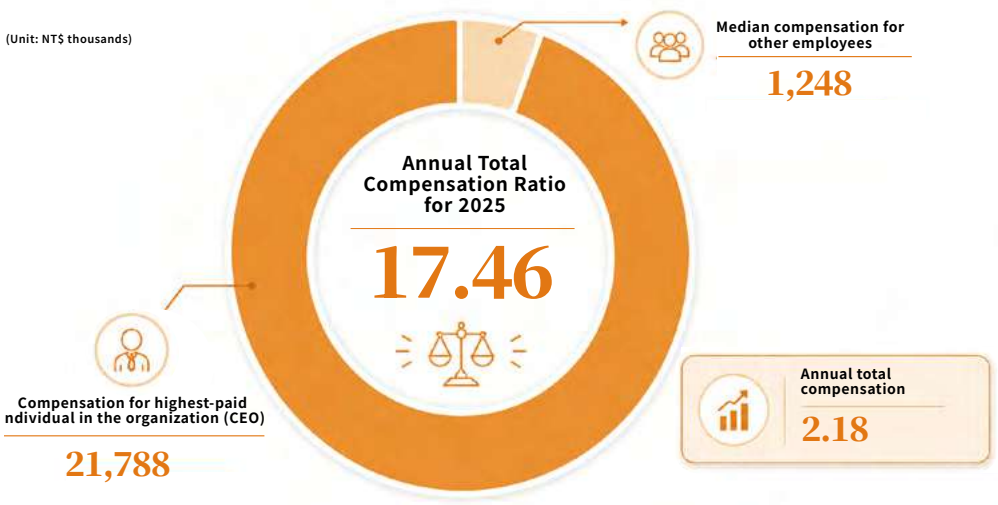
PharmaEssentia director remuneration adheres to the Company's Articles of Incorporation. If the Company's income before tax for the current year has a balance after the deduction of the amount for compensating accumulated deficits and before the deduction of employee and director compensation, the Company shall allocate no more than 5% for director compensation. The Numeration Committee formulates director compensation distribution recommendations after considering overall Board performance, corporate operational performance, future operations, risk appetite, domestic and foreign industry standards, and individual director participation in and contribution to corporate operations. Distribution recommendations are submitted to the Board for deliberation and reported at shareholder meetings. Please refer to our annual report for more information on compensation for directors and senior executives.

Note: Board resolutions must be approved by more than half of attending directors at Board meetings where more than two-thirds of directors are in attendance

PharmaEssentia linked corporate sustainability issues to chairperson, chief operating officer, and general manager performance indicators. Key performance indicators include:

- Continue to invest in R&D of the innovated new drugs and to keep up with the times
- Kick-off the phase three global MPF clinical trials on time and actively push the trial forward
- Apply for drugs registration licenses
- Fortify global marketing strategy and business operations
- Improve commercialized mass production's capacity and effectiveness
- Optimize global supply chain management

Annual Total Compensation Ratio for 2025



Note: Annual total compensation includes salaries, bonuses, and stock awards.

Board Performance Evaluations

PharmaEssentia has established the "Rules for Performance Evaluations of the Board of Directors" and "Regulations for the Self-Appraisal or Peer Appraisal of the Board of Directors" to regulate Board performance targets and appraisal systems. To review overall Board operations and performance of duties by Board members, we conduct at least one internal Board performance evaluation each year, and commission external professional institutes to conduct a Board performance evaluation for the year once every 3 years.

Internal evaluation: Results of internal Board and director performance evaluations for 2025 were reported to the Board on March 2, 2026.

External evaluation: Our most recent Board performance evaluation conducted by an external third-party institution was carried out in 2024. We commissioned the Taipei Foundation of Finance to conduct a Board evaluation for the period from January 1, 2024 to October 11, 2024 in accordance with our regulations stipulating that we should conduct one external evaluation every 3 years. The evaluation mainly encompassed seven aspects, and four improvement suggestions were proposed.

Strengthen Board Knowledge

Our directors attend a diverse range of continuing education courses to strengthen Board sustainability knowledge, skills, and expertise. All 11 directors met regulatory continuing education requirements in 2025. We organized a total of three courses over 75 person-hours.

Course theme	Sessions	Training person-hours	Course content
Corporate Sustainability Risk Management and Strategic Analysis	1	33	Helped directors understand the impacts of global risks on corporate sustainability, enterprise sustainability risk management frameworks, and industrial business opportunities and strategies.
Strengthening Organizational Resilience Through Dual-Axis Transformation—AI Governance and Sustainability Governance	1	33	Analyzed AI and digital transformation risks and governance priorities from a board perspective to assist directors in keeping abreast of AI governance frameworks, risk management, and ethical principles, facilitating AI utilization for promoting sustainable management and development.
Seminar on International Anti-Money Laundering and Combating the Financing of Terrorism Trends and Practices	1	3	Discussed international anti-money laundering and combating the financing of terrorism trends, regulations, practices, and case studies.
Sustainable Development Committee (Chief Sustainability Officer and Working Group) Operational Practices	1	3	Focused on organizational designs and practical operations of corporate sustainability governance; clarified division of responsibilities and key operating factors for the board, the sustainable development committee, the chief sustainability officer, and working groups; and discussed regulatory information and case studies.
The Trump 2.0 Era, the Death of Globalization, and Regional Wars	1	3	Analyzed international trade, supply chain, and regional political risk impacts through case studies.

Participation in Public Associations

PharmaEssentia has joined many external biopharmaceutical organizations. We enhance our collaborative relations and influence with government organizations, healthcare providers, and industry peers through information sharing with industry, government, and academic institutes while monitoring industry and regulatory developments.

Name of external association	Benefits to PharmaEssentia and the industry	Position held in 2025
Taiwan Parenteral Drug Association	This association enables us to communicate and interact with industry, government, and academic units related to the domestic pharmaceutical industry so we can jointly boost Taiwan's pharmaceutical GMP standards and align with international standards	Member
The Allied Association for Science Park Industries	This association supports us in aligning with government policies, initiatives, and communications, enabling us to jointly pursue stable science park developments	Member
Development Center for Biotechnology	We utilize pharmaceutical industry research resources from the Development Center for Biotechnology to improve industry standards and introduce outstanding products	Member
The Hematology Society of Taiwan	Allows us to conduct academic exchanges with other healthcare professional and improve domestic hematology research standards	Member
Chinese Association for Pharmaceutical Agents	Assists with promotion of medical and healthcare policies, and provides recommendations based on actual needs	Member
Taiwan Pharmaceutical Manufacture and Development Association	Brings together industry, government, academic, and research institutes to jointly promote research developments in the biopharmaceutical industry	Member
Taipei Pharmaceutical Business Association	Strengthens communications with the government and aligns with policies to promote new opportunities in the pharmaceutical industry	Member
Taiwan Myeloproliferative Neoplasms Association	Enhances public understanding of MPN to enable effective medical support	Member
Taiwan Bio Industry Organization	Incorporates government and academic units for joint promotion of bio-industries	Member
Institute for Biotechnology and Medicine Industry	Promotes biopharmaceutical upgrading strategies to enhance public health and well-being	Member
Greater Taichung Pharmacists Association	Enables us to gain access to professional continuing education resources and the latest pharmaceutical policy information while helping us to receive regulatory consultation and protect our rights by exchanging information with peers, expanding our professional networks, and strengthening our professional pharmaceutical capabilities to enhance our corporate developments and operations quality	Member
Taiwan Society of Blood and Marrow Transplantation	Helps us acquire the latest medical knowledge and information on treatment guidelines, expand professional networks, and increase opportunities for research collaborations, enhancing our clinical practice capabilities as we jointly promote developments in blood and bone marrow transplantation domains	Member

Management and Communication of Tax Policies

PharmaEssentia has established a Tax Policy and Commitments that strictly adheres to domestic and overseas tax regulations, and we disclose relevant information in accordance with law. The finance and accounting departments at PharmaEssentia (Taiwan) coordinate management of tax matters, and work with the finance and accounting departments of our subsidiaries to plan and file taxes in accordance with law. We actively participate in external engagement involving tax issues to communicate and exchange views with tax advisors and tax authorities on international tax reforms and important domestic tax issues.

To reduce tax risks, strengthen after-tax operating performance, and safeguard shareholder interests, we adhere to the following tax management guidelines to ensure our routine operations comply with regulations:

1. We pledge to abide by the tax regulations and legislative intent of the countries where our operating sites are located, prepare international tax governance documentation and complete filings within required timeframes, and pay taxes in a timely manner to support effective tax governance and oversight.

2. Adhere to the Transfer Pricing Guidelines released by the Organisation for Economic Cooperation and Development (OECD) to ensure that transactions with affiliated parties comply with conventional practices and transfer pricing regulations.

3. Tax information disclosures adhere to related laws, regulations, and standards.

4. Carefully evaluate all investment schemes and transaction models to ensure alignment with economic and reasonable business targets, avoid use of tax havens to avoid taxes, and avoid deliberate profit transfers to countries or regions with low tax rates.

5. Build mutual respect through interactions with tax authorities based on mutual trust, transparent information disclosures, and legal compliance.

6. Tax considerations are incorporated into all important corporate decisions, and related tax risks and impacts are assessed.

7. Strengthen professional tax capabilities through continued talent cultivation.

PharmaEssentia Japan places great emphasis on tax compliance and transparency, complies with National Tax Agency Japan (NTA) regulations, and accurately calculates and pays corporate income tax and consumption tax. In terms of stakeholder communications, PharmaEssentia Japan meets regularly with tax advisors (tax accountants) to ensure the accuracy of tax filings.

Income tax reconciliation table for past three years

(Unit: NT$ thousands)	2023	2024	2025
Profit before tax from continuing operations	(986,934)	2,994,652	4,982,936
Income tax calculated at the parent company' s statutory rate	(197,388)	598,929	996,587
Tax impact of deferred tax assets/liabilities	(168,670)	(1,057,414)	(1,297,321)
Other	2,959	487,634	238,503
Total income tax benefits (expenses) recognized in profits or losses	(363,099)	29,149	(62,231)

Internal Controls and Internal Audits

We have established an auditing department under the Board to ensure ethical management and strengthen internal control processes. The auditing department is headed by one chief auditor and two auditors. The appointment and dismissal of the chief auditor must be approved by the Audit Committee and acknowledged by the Board. The auditing department formulates audit plans each year based on current or potential corporate risk issues, and conducts in-house general audits, project audits, and subsidiary supervision operations. The chief auditor reports on audit implementations to the Audit Committee and the Board every quarter, and facilitates independent communications between internal auditors and independent directors to strengthen director supervisor of corporate audits. We track and re-examine all deficiencies discovered during audits to confirm that related units have implemented timely and appropriate corrective actions. In 2025, the auditing department completed a total of 74 audit reports (54 reports for Taipei Office and 17 reports for subsidiaries) and discovered no major deficiencies.

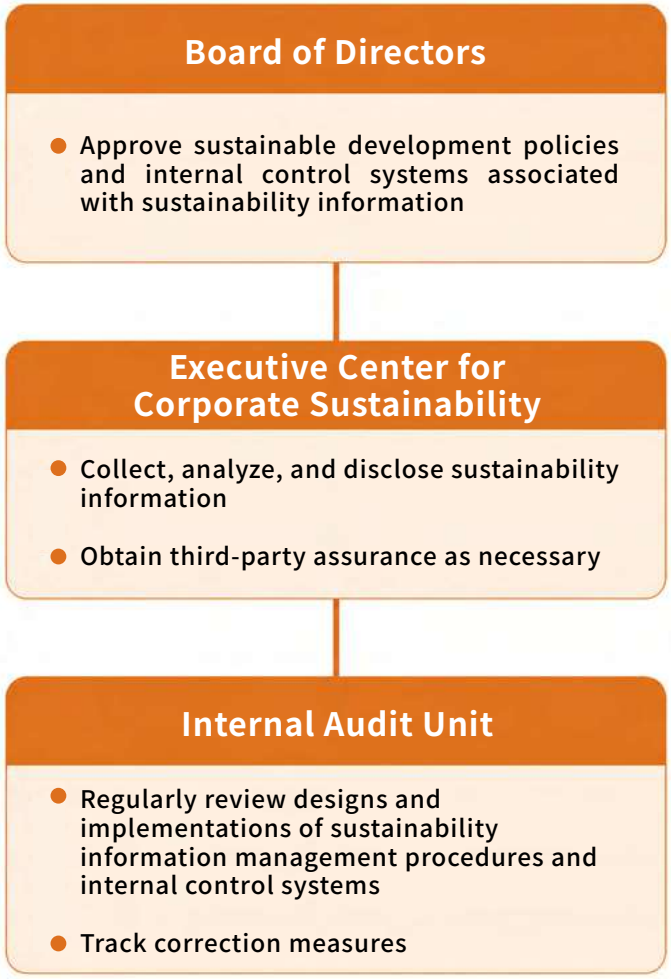
The auditing department also reviews appropriateness and implementations of internal controls based on our "Internal Audit System" through audits encompassing all corporate financial, business, operational processes, as well as subsidiaries that comply with relevant regulatory requirements.

Subsidiary Audit Management

1. The auditing department encourages all subsidiaries to formulate necessary supervision and management control processes and regulations in accordance with local regulatory requirements and actual operational conditions. Internal control regulations should adhere to local laws and regulations for effective management of operational risks.
2. We incorporate subsidiaries in internal audits, formulate annual audit plans, and implement subsidiary audits each year based on risk assessments results. Audited subsidiaries are notified of findings and recommendations in all audit reports, and corrections are tracked on a quarterly basis.
3. Important subsidiaries undergo at least one on-site audit each year, and subsidiary internal controls and corporate governance are comprehensively assessed through meetings, document reviews, and observations. A total of three on-site visits were completed in 2025.
4. PharmaEssentia and all subsidiaries conduct at least one internal control system self-assessment each year. The auditing department reviews self-assessment reports submitted by all units and subsidiaries, as well as reports on corrections made to internal control deficiencies and abnormalities discovered by the auditing department, to provide a reference for the Board when evaluating the effectiveness of internal control systems and when issuing statements on internal controls.

Sustainability Information Management and Internal Controls

PharmaEssentia established an internal control system for sustainability information management which was approved by the Board in 2025. This internal control system regulates governance frameworks and management processes for sustainability information.



The Board of Directors serves as the highest governance and oversight body for sustainability information, and is responsible for approving sustainability development policies and internal control systems related to sustainability information. The Executive Center for Corporate Sustainability coordinates collection, consolidation, calculation, analysis, review, preparation, and external disclosure of sustainability information, and clearly defines the roles and responsibilities of each unit at each stage through cross-functional collaboration mechanisms to ensure information integrity, accuracy, consistency, and traceability. Externally disclosed sustainability information must be reviewed by internal responsible units, and third-party assurance or verification may be obtained if necessary before the information is publicly announced and filed. Internal audit units periodically review designs and implementations of internal control systems related to sustainability information in accordance with annual audit plans, and continually track correction measures for deficiencies identified in audit reports. Internal control systems for managing sustainability information were incorporated into our annual internal audit plan for 2025 as part of our internal control and corporate governance framework. Internal audit units conduct audits in accordance with annual audit plans, and review designs and implementations of internal control systems related to sustainability information management. The audit scope encompasses reasonableness of data sources, accuracy of calculation and estimation methods, and effectiveness of internal review and verification processes. We propose specific recommendations to correct internal control system deficiencies identified in audit reports, and continue to track progress on correction measures and implementations of each responsible unit to strengthen the quality of sustainability information disclosures and ensure effective operation of our internal control systems.

2.2 Business Integrity and Legal Compliance

Business Integrity and Business Code of Conduct

PharmaEssentia established the Principles of Ethical Corporate Management, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct, and other regulations. These regulations took effect following Board approval, and we require Board directors and all employees to abide by these rules and regulations to ensure that corporate operations comply with ethical and regulatory requirements, and to prevent unethical behaviors. PharmaEssentia Japan established the “Corporate Code of Conduct” to regulate routine employee work behaviors, and compiled ethical management and business codes of conduct into a work manual that employees can refer to at any time. Related corporate governance procedures and regulations have also been disclosed on our official corporate governance website.

We also strengthen employee awareness of related issues through regular education and training. In 2025, PharmaEssentia organized the “Internal Material Information and Insider Trading Prevention Regulations” course, which was attended by 222 participants; total training hours amounted to 666 hours. Panco also conducts anti-corruption and anti-bribery education and training in accordance with relevant International Research-Based Pharmaceutical Manufacturers Association (IRPMA) regulations.

Our “Rules of Procedure for Board of Directors Meetings” contains clear stipulations on how the Board should handle conflicts of interest, and we are also planning to establish a Legal Compliance Committee and ethical management oversight units to strengthen our governance framework. All employees are required to comply with our seven major business conduct and ethics rules, uphold principles of fairness and justice when carrying out their duties, and avoid profiting from their positions or misusing internal information. PharmaEssentia has established a channel for reporting legal violations (including corrupt behaviors) that can be used by both internal and external stakeholders. New hires are required to complete ethical conduct training upon joining the company. In 2025, no ethical management or Code of Conduct violations occurred at PharmaEssentia, and

Material Topics	Business Ethics and Integrity
Significance for PharmaEssentia	PharmaEssentia established the Principles of Ethical Corporate Management, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct, and other regulations. These regulations took effect following Board approval, and we require Board directors and all employees to abide by these rules and regulations to ensure that no unethical incidents or regulatory violations occur during operations. We also implemented relevant training and management mechanisms to prevent unethical behaviors or violations of biopharmaceutical industry regulations, and to foster a culture of integrity in the biopharmaceutical industry.
Policies and Commitments	・Principles of Ethical Corporate Management, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct ・Corporate Code of Conduct (PharmaEssentia Japan)
Responsible Units	・The Board of Directors is the highest governance unit responsible for overseeing ethical management and risk management. The Audit Committee is responsible for overseeing internal controls and financial integrity, and the Executive Center for Corporate Sustainability is responsible for formulating sustainable management policies and managing material topics. ・Executive Center for Corporate Sustainability Corporate Governance Team: Responsible for consolidating and managing material sustainability topics.
Response Strategies, Associated Measures, and Management Actions	・Our Principles of Ethical Corporate Management contain clear anti-corruption and anti-bribery stipulations, and we regularly educate our employees. ・All employees are required to comply with our seven major business conduct and ethics rules, which stipulate that all personnel should uphold principles of fairness and justice when carrying out their duties, shall not profit from their positions, or manipulate or misuse information obtained through their roles. ・Our human resource department has formulated specific measures for reporting illegal conduct (including corruption) of internal and external personnel. ・New employees receive training on professional ethics as soon as they join the company.
Evaluation Mechanisms	Board directors and executives regularly assess the effectiveness of ethical management policies and identify areas for improvement through internal controls, audit reviews, education and training performance, and our grievance system.
Targets for 2025	・No grievances associated with business ethics or ethical management. ・No business ethics or ethical management violations. ・No violations involving international arbitration/legal litigation.
Achievements in 2025	・We received no grievances associated with business ethics or ethical management in 2025. ・No business ethics or ethical management violations occurred in 2025. ・All employees and directors attended the “Internal Material Information and Insider Trading Prevention Regulations” course; the course was attended by 222 participants, and total training hours amounted to 666 hours. ・Completed internal ethical management audits. ・One AOP international arbitration case is still ongoing.
Short-Term Targets (1 Year)	・Organize at least one training session covering ethical management and our Code of Conduct each year for directors, managers, and employees to continually strengthen awareness of ethical management and Code of Conduct implementations. ・Organize at least one internal review or audit of anti-corruption, anti-bribery, and whistleblowing systems each year to ensure system effectiveness and maintain our record of zero penalties imposed by competent authorities due to corruption or bribery.
Mid-Term Targets (3-5 Years)	・Conduct regular ethical management risk inventory and assessment procedures at least once a year. ・Achieve 100% completion rate on corrective actions addressing deficiencies associated with ethical management identified in internal audits. ・Regularly review and improve ethical management systems.
Long-Term Targets (More Than 5 Years):	・Conduct comprehensive reviews and internal audits of ethical management systems at least once a year, achieve 100% deficiency correction rate, and ensure that system effectiveness remains at 100% over the long term. ・Maintain number of major ethical management violations at zero over the long term. ・Report ethical management implementations to the Board on a regular basis at least once every year. ・Maintain number of ethical management violations resulting in material penalties or reputational damage at zero.

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Legal Compliance

The biopharmaceutical industry is a highly regulated industry. To ensure that PharmaEssentia adheres to global regulations at all stages of drug lifecycles, we referenced domestic and overseas policy and regulation trends to formulate legal compliance strategies and management regulations for global operations. We established a total of 40 regulations, including the "Corporate Governance Code," "Principles of Ethical Corporate Management," "Codes of Ethical Conduct," "Procedures for Ethical Management and Guidelines for Conduct," "Sustainable Development Best Practice Principles," "Operating Procedures for Handling Material Nonpublic Information and Preventing Insider Trading," "Regulations Governing Management and Utilization of Intellectual Property Rights," and "Regulations Governing Management of Litigation Cases/Major Disputes." PharmaEssentia has established a MLR department, auditing department, corporate governance officer, legal department, intellectual property department, human resources department, and other functional departments. We require our colleagues in all associated departments and our suppliers to abide by the aforementioned regulations.

Medical, Legal, Regulatory (MLR) Committee:

The MLR Committee is an interdepartmental committee composed of committee members from the medical affairs, legal, regulatory, and business departments. The MLR Committee is responsible for reviewing and approving all external materials that may be considered product promotions or product labels by the US FDA, to ensure that the information is scientifically accurate, not misleading, and compliant with all internal policies and applicable regulations. The Committee revisits marketing authorizations and adjusts decisions based on the latest laws/regulations and market needs. We commission external professional institutes to assist with reviewing processes when necessary, but supervision procedures are conducted by in-house experienced professionals. No new legal/regulatory reviewers joined the committee in 2025. PharmaEssentia Japan has established a medical affairs department, a legal and regulatory compliance department, a human resource department, and other related functional departments to ensure that all relevant personnel and suppliers comply with applicable regulations and internal policies.

Summary of Legal Violations

PharmaEssentia complies with the regulations set by competent authorities at all operating locations, and has formulated internal procedures and codes of conduct. We define "major violation incidents" as any violation incident involving penalties exceeding NT$1 million; these incidents require immediate correction and formulation of preventive measures. No major violation incidents or legal litigations occurred at PharmaEssentia (Taiwan) or any of our subsidiaries in 2025.

Legal Compliance and Specific Actions in Product Lifecycles

	Product Lifecycle Stage	Related Regulations	Specific Legal Compliance Actions
Before launch	New drug R&D and pre-clinical research	• Good Laboratory Practice (GLP) • Guidelines for safety of non-clinical pharmaceutical trials for animal trials set by the competent authorities in each country	• Established legal compliance regulations • All functional duties comply with legal regulations • Business regulations and operations for lecture activities • Pre-clinical ethical guidelines for animal trials • Ethical guidelines for clinical human trials
	Clinical trials	• Good Clinical Practice (GCP) • Good Tissue Practice (GTP) • Good Distribution Practice (GDP) • Declaration of Helsinki ethical principles • Regulations set by local competent authorities, such as the "Regulations on Human Trials" and "Pharmaceutical Affairs Act" in Taiwan	
	Production and manufacturing	• Good Distribution Practice (GDP) • Good Tissue Practice (GTP) • Good Manufacturing Practice (GMP) • Regulations set by local competent authorities, such as the European Pharmacopoeia, the United States Pharmacopeia, and the "Medical Care Act," "Pharmaceutical Affairs Act," and "Standards for Medicament Factory Establishments" in Taiwan	
	Registration	• Regulations set by local competent authorities, such as the "Pharmaceutical Affairs Act" and "Regulations for Registration of Medicinal Products" in Taiwan, GMP/GDP regulations for pharmaceutical companies, Common Technical Documents Format, and ICH Guidelines.	
Before and after launch	Protection of intellectual property rights	• United States Patent and Trademark Office, World Intellectual Property Organization, and European Patent Office intellectual property regulations, and patent laws, trademark laws, and other regulations in other countries.	• Freedom-to-Operate (FTO) assurance for Group R&D achievements • Aligned with R&D directions and progress, as well as product marketing requirements in different countries, and apply for patents as soon as possible when appropriate • Aligned with drug registration and market launch schedules to register trademarks in different countries as appropriate and comply with the requirements of pharmaceutical supervisory authorities • Monitored market changes, business developments, product usage, innovations, and R&D, as well as feedback on all aspects for continued strengthening of patent and trademark applications • Monitored development on similar technologies, products, and trademarks around the world and adopt necessary response measures (such as filing opposition procedures with local trademark offices for similar trademarks in accordance with law)
After launch	Marketing and sales	• Good Distribution Practice (GDP) • Ethical guidelines set by the WHO and countries around the world	• Implemented transparent reporting mechanisms and ensured that all drug advertisement content passed MLR reviews • Established review system for lecture activities, advisory committees, and healthcare professionals • Implemented legal compliance review processes and management measures for advisory committees • Implemented other legal compliance policies and standard operating procedures for investigation, monitoring, and employee discipline • Established ethical management guidelines for drug marketing • Our Logistics Center obtained a GDP certificate in 2024 (the certificate was extended for the first floor and newly granted for expansions on the second floor) • In 2025, we continued global pharmacovigilance activities, and reported adverse reactions and adverse events
	Pharmacovigilance	• Good Pharmacovigilance Practice (GVP) • Regulations set by local competent authorities, such as the "Regulations for the Management of Drug Safety Surveillance" and "Regulations for Reporting Serious Adverse Reactions of Medicaments" in Taiwan	

2.3 Risk Management

Risk Governance Unit

The Board of Directors is the highest supervision and decision-making unit for risk management. The Board is responsible for approving risk management targets and policies, and ensures effective operations of management mechanisms. The Audit Committee, auditing department, and corporate governance officer have been established under the Board to assist with identification, assessment, and management of existing and potential risks in financial reporting, internal controls, regulatory compliance, and corporate governance. The aforementioned governance framework enables the Board to keep abreast of material risk issues in a timely manner, and ensures that executives adopt corresponding management measures to strengthen internal monitoring mechanisms and reduce adverse impacts on our operations, financial performance, and corporate reputation.

Risk Management Guidelines and Implementations

We established internal policies, procedures, and internal control mechanisms in accordance with relevant regulations to effectively manage risk issues, potential impacts, and corresponding material topics, and incorporated risk issues, potential impacts, and corresponding material topics into our management framework. The Board has appointed senior executives to promote and implement risk management, serving as the first line of defense in risk controls. Our executives review the effectiveness of risk management measures through regular meetings and performance monitoring procedures, and promptly report to the Board or Audit Committee when material risks or abnormalities occur, ensuring effective operation and continued improvement of risk management mechanisms.

Risk Management First Line of Defense

All PharmaEssentia departments serve as the first line of defense for corporate risk management and are responsible for frontline identification, assessment, control, and reporting of risks arising from their respective business activities, procedures, and daily decisions, thereby ensuring effective operation of relevant internal control mechanisms. Main responsibilities are as follows:

1.Actively identify operational, regulatory, financial, information, safety, and reputational risks that may arise from business activities.
2.Assess risk levels and impact severities in accordance with company policies.
3.Plan and implement risk response measures and control activities to maintain risks within an acceptable range.
4.Immediately notify supervisors and relevant units after identifying risks or significant warning signs.
5.Coordinate with auditing, tracking, and correction requirements of the second line of defense (risk management units) and the third line of defense (internal audits).

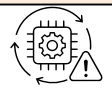
All units also regularly review the effectiveness of risk control measures to continually strengthen overall risk management capabilities.

Establishing a Risk Management Culture

To strengthen understanding of risks and response capabilities in all Board members, we organized a specialized “Corporate Sustainability Risk Management and Strategic Analysis” course for all directors (including all executive directors and non-executive directors such as independent directors) in 2025. The course covered identification of sustainability-related risks, risk response strategies, and decision-making practices, and combined case studies with the latest international trends to help directors understand the relationship between corporate operational risks and sustainability strategies. This course helped independent directors enhance their understanding of risk management processes and internal control systems, strengthening their professional judgment capabilities during supervision, review, and decision-making processes.

Risk Issues and Responses

PharmaEssentia referenced the 2018 COSO Enterprise Risk Management guidelines as well as biopharmaceutical industrial characteristics and requirements to classify risks into nine categories. We adopted corresponding response measures for different risks to reduce corporate impacts.

Risk Categories	Risk Causes	Response Strategies
 Industrial risks	New drug R&D is a high-risk endeavor with low success rates, high investments, and high levels of uncertainty	• BESREMi has obtained marketing authorizations and we are continuing to use our PEGylation technology platform to develop other long-acting protein-based drugs, as well as expand into new indications to maximize R&D investment benefits and reduce market risks from single products
 Market risks	New drug R&D is time-consuming and has a low success rate, and products that have obtained marketing authorization still need to compete with existing market products or other alternative products	• Independently develop new drugs and use medicines for rare diseases (orphan drugs) as a foundation for development; approval processes for products that have obtained orphan drug status are often fast-tracked, and these products usually enjoy greater freedom in terms of pricing, monopolies, and other preferential conditions after receiving marketing authorization • Collaborate with external companies on developing new products with good potential to expand product diversification
 R&D risks	Risks include underperformance in clinical progress or trial outcomes, being outpaced by competitors on R&D progress, challenges in cultivating and retaining research talent, and over-reliance on CROs and CMOs for clinical trials	• Simultaneously develop new drugs for different indications to disperse risks from only developing a single drug • Recruit talent with expertise in the biotechnology industry to create and maintain sound R&D environments and employee welfare, and provided employees with training opportunities to retain talent • Select trial institutes that offer optimal collaboration conditions and developed long-term collaborative relations • Add clinical insurance to ensure protection of trial participant rights and reduce potential risks during R&D processes
 Financial risks	Risks from exchanges rates, rising prices caused by inflation, R&D investments, and operating capital requirements during all corporate financial activities, which may incur additional costs for the company	• Our finance department closely interacts with foreign banks; tracks exchange rates, market information, and future trends; and rigorously controls capital utilization, budget implementations, and other management processes for all business units
 Legal risks	Risks from international arbitration and litigation, which may lead to reputational damage or financial losses	• Established a professional legal team to handle international arbitration and litigation, maintain corporate and shareholder interests, and maximize benefits
 Policy risks	Risks from geopolitical conditions or changes in national policies	• Closely monitor international political and economic information and news as well as supply chain impacts that could be caused by international trade conflicts to quickly adjust overall business strategies and ensure supply chain stability • Established a dedicated regulatory department to keep abreast of policy changes associated with new drug applications, health insurance, and reimbursement policies in various countries
 Technological change risks	Risks from information security, digital transformation, talent capabilities, supply chain disruptions, or regulatory changes which may impact corporate operations	• Established an information security management team to handle information security implementation, governance, and supervision; we also maintain cyber security insurance and continue to strengthen information security to comprehensively enhance information security awareness, as well as protect trade secrets and stakeholder interests
 Environmental risks	Climate change, natural disasters, infectious diseases, and other uncontrollable external risks	• Introduced the TCFD framework to strengthen climate risk management. Our Taichung Plant has passed ISO 14064-1 verifications and implemented multiple energy and carbon reduction measures to mitigate climate change impacts • In light of lessons learned from the coronavirus pandemic, we have reinforced supply chain management by securing safety stock and identifying alternative material sources to reduce supply shortage risks
 Other risks	Other risks not listed above which may cause the company to suffer major losses	• Adopt corresponding emergency measures based on the severity of each situation

Emerging Risks and Mitigation Measures

	Emerging Risk I	Emerging Risk II
Risk Type	Artificial intelligence (AI) risk	Risk of energy supply disruptions and rising costs triggered by geopolitical conflicts
Description	• AI models are being widely adopted in pre-clinical R&D and internal management applications. Lack of robust data segregation and transparent evaluation mechanisms may increase risks from internal lateral access and lateral leakages of confidential information. • We independently developed an AI system to reduce concerns associated with collection of external third-party data, although ISO 27001 information security safeguards are still required to provide protections as well as prevent intentional circumvention and concealment by external third parties when conducting online searches of external databases. • This risk involves multiple departments and aspects (including R&D, information, compliance, and intellectual property domains); apart from requiring traditional information security and risk management measures, this is also a prospective emerging technological risk.	• Global energy supply chains and raw materials markets face severe challenges from long-term uncertainties caused by international wars and geopolitical turmoil, leading to sharp fluctuations in energy prices and regional supply shortages. • Energy crises not only threaten stability of electricity supplies for daily operations, but also increase inflationary pressures and affect energy rationing regulatory measures adopted by governments in various countries. • This risk has widespread impacts and affects corporate financial allocations, plant operations, supply chain management, and ESG sustainability goals, and is a cross-functional, long-term (3-5 years or more) emerging global systemic risk.
Potential business impacts	• To accelerate R&D and manufacturing capacities, we promoted widespread adoption of AI applications and strengthened transparency of internal evaluation mechanisms, but understand that these initiatives incur necessary administrative costs. • The public and our business partners are expressing growing concerns toward AI ethics and protection of confidential information, which may prompt regulatory authorities to introduce more stringent requirements, requiring us to develop appropriate response strategies. • As our internally developed AI systems become increasingly complex, maintenance, risk monitoring, and technological update needs will increase significantly, raising operational costs, although we consider these to be necessary costs for supporting our rapidly evolving R&D and manufacturing activities.	• Direct operational and financial impacts such as rising energy costs (from electricity and natural gas) and raw material procurement costs will raise operational expenditures. Additionally, if power rationing or power cuts occur without warning, key R&D experiments could be disrupted, cold chain storage processes could fail, or facilities could be shut down, resulting in irrecoverable direct financial losses. • Upstream suppliers and logistics chains may also be affected by energy crises, which will likely cause significant delivery delays or disrupt the supply of critical R&D materials, which would generate severe impacts. • In the face of tightening conventional energy supplies and rising prices, failure to actively deploy alternative energy solutions may delay achievement of our net zero emissions targets and other long-term ESG goals.
Response and mitigation measures	• To strengthen internal audit and governance mechanisms, we have established a corporate AI governance framework which requires employees to submit applications through an internal digital approval system, strictly delineate usage permissions based on business needs and confidentiality levels, and obtain relevant authorization. • Conduct AI outreach activities and interactive experiences (such as internal seminars and workshops) to connect executives and key users from different departments, and help all employees understand and commit to AI technology application regulations, confidentiality protections, and information leakage prevention measures. • Continue to assess potential information security vulnerabilities and leakage prevention capabilities in self-developed AI models, establish abnormality monitoring and dedicated notification mechanisms, and carry out quantitative analyses of network-connected retrieval and access behaviors to provide AI application developers with a reference for model configuration and governance. • Integrate AI applications with international information security management standards to establish a three-tier management system encompassing "Access Controls - Data Isolation - Resource Scheduling" thereby strengthening risk protections, architectural flexibility, and resource controls of AI systems using a layered governance mechanism.	• Promote energy transitions and renewable energy deployments: Initiate a diversified energy procurement strategy and gradually increase renewable energy ratios through corporate green power purchasing contracts or establishment of self-generated for self-use solar power and other renewable energy facilities at suitable locations to reduce our dependence on single centralized power grids. • Strengthen energy management and energy efficiency optimization: Assess appropriateness of introducing and implementing international energy management systems such as ISO 50001. • Monitor data and inventory internal high-energy-consuming equipment through our energy management system, and continuously promote energy conservation in factories and offices to curb operational energy consumption at the source. • Establish interdepartmental supply chain risk monitoring measures that continually monitor international geopolitical and market developments, and develop a decentralized procurement strategy to avoid risks from relying on a single supply source.

Countermeasures for Risks and Impacts

To reduce negative impacts from risks and ensure operational stability, we adhere to a three-step process: Prevention, Establish Grievance and Communication Channels, and Review and Improvement. We established complete remedial processes for negative impacts to effectively respond to potential or emergency impacts.

<table>
<tr><th colspan="3">Prevention</th><th colspan="2">Establish Grievance and Communication Channels
We have established diverse internal and external grievance reporting channels as well as two-way communication channels for our colleagues so we can listen to employee feedback.</th><th>Review and Improvement</th></tr>
<tr><td>Formulation of rigorous policies</td><td>Robust information security controls</td><td>Comprehensive risk management</td><td>Internal communication channels</td><td>External grievance channels</td><td rowspan="2">Receiving units transfer all grievance cases to responsible units for review of case content, proposal of improvement measures, and communication with employees or external stakeholders to ensure compliance. We also disclose content in sustainability reports as appropriate so stakeholders are fully informed.</td></tr>
<tr><td>Formulate various policies and require compliance from employees and suppliers to prevent violations of regulatory requirements or corporate policies related to ethical management, drug marketing ethics, human rights, and environmental protection.</td><td>Adopt rigorous information security management measures to ensure information security and privacy protection.</td><td>Conduct comprehensive assessments based on the COSO ERM framework, and host multiple education and training sessions to ensure that our colleagues are aware of various risk prevention measures.</td><td>・Internal communication channels
・Labor-management meetings
・Employee welfare committee
・Employee suggestion email:
・voice@pharmaessentia.com
・Reports of unlawful infringements in the workplace:hr@pharmaessentia.com</td><td>Dedicated ESG portal for information disclosures and contact: Includes latest news, download section, newsletters, interactive section, and contact section</td></tr>
</table>

2.4 Data Security and Privacy Protection

Material Topics	Information Security and Privacy Protection
Significance for PharmaEssentia	We have established robust information security management and personal information protection mechanisms which improve our information security resilience while safeguarding sensitive information and stakeholder privacy. We regularly strengthen our information security systems and enhance the information security awareness of internal personnel.
Policies and Commitments	・We announced on our official website that we had established the “Information Security Management Procedures” and an information security promotion team responsible for forming information security units, formulating information security policies, organizing personnel training, identifying core businesses, surveying and developing information and communication systems, conducting information security risk assessments, implementing information and communication security protection and control measures, reporting and responding to information and communication security incidents, and continuing to improve information and communication security management. The information security officer makes annual reports to the Board. ・As part of our commitment to personal information protection, we ensure that CROs and medical personnel participating in clinical trials at hospitals rigorously adhere to privacy protection policies and comply with domestic and overseas regulatory requirements such as the EU General Data Protection Regulation (GDPR), Good Clinical Practice (GCP), Declaration of Helsinki, Human Research Ethics Policy Guidelines, and Medical Care Act.

2.4 Data Security and Privacy Protection

Material Topics	Information Security and Privacy Protection
Responsible Units	• Personal information protection and trade secrets management promotion team, information system security maintenance team, and auditing department • 1. Personal information protection and trade secrets management promotion team: Responsible for establishing personal information protection systems, implementing and supervising personal information protection measures, and coordinating management of corporate trade secrets. • 2. Information system security maintenance team: Responsible for planning and implementing security management for information systems. • Auditing department: Responsible for auditing information security processes. • Executive Center for Corporate Sustainability Corporate Governance Team: Responsible for consolidating and managing material sustainability topics
Response Strategies, Associated Measures, and Management Actions	• Introduced the ISO 27001:2022 information security management system at PharmaEssentia Taipei Office, and continued to obtain verifications from third-party certification bodies. We completed our second annual surveillance audit in April 2025. • We established a privacy policy as well as employee training and accountability mechanisms, third-party contractual constraints and oversight, restrictions on data sharing, and prohibition of secondary use. • Our information security management encompasses all networks, systems, and personnel involving personal information, and we implement multi-layered protective measures such as account and access controls, data encryption, firewalls, data loss prevention, and endpoint detection and response measures to reduce risks from data leakages and unauthorized access, and also work to enhance our personal information security protection capabilities. • We established privacy protection management and audit mechanisms which encompass supplier management, internal access controls, risk and incident responses, and ongoing monitoring. We conduct due diligence on suppliers who process personal data, incorporate data protection responsibility clauses into contracts, and perform regular audits and reviews. Our internal data access controls adhere to the principle of least privilege, and we regularly review access permissions as well as strengthen account and password security. • We have established privacy incident classification, notification, and response mechanisms, as well as a disciplinary action system to ensure timely handling and legal compliance, while also implementing annual internal privacy audits and tracking corrections. We have defined clear data subject rights and channels, identity verification procedures, and processing time limits.
Evaluation Mechanisms	• We conduct risk assessments and audits that comply with ISO 27001 standards, and information security executives make regular reports to the Board.
Targets for 2025	• No grievances associated with employee or customer data protection or privacy matters • No incidents involving leaks of employee or client information • Host information security education and training as well as ISO 27001 education and training
Achievements in 2025	• We received no grievances associated with employee or customer data protection or privacy matters in 2025 • No incidents involving leaks of employee or client information occurred in 2025
Short-Term Targets (1 Year)	• Ensure stable operation of ISO 27001 information security management system and implement related policies, risk assessments, and incident response mechanisms. • Strengthen information security and privacy awareness in employees and partners to ensure compliance with GDPR, GCP, and related regulations. • Continue to recruit information security personnel or seek assistance from external information security consultants.
Mid-Term Targets (3-5 Years)	• Regularly inventory core information and personal information risks, and continue to strengthen information security protection and management processes • Strengthen information security and privacy management requirements for third parties and external service providers to reduce supply chain information security risks
Long-Term Targets (More Than 5 Years):	• Establish active and continually improving information security governance framework to ensure information security and protection of personal information. • Integrate information security and privacy protection measures into core corporate governance and sustainable management systems

Information Security Management System

To enhance information security protection and management mechanisms, PharmaEssentia adheres to amendments made to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and "Information and Communication Security Management Guidelines for TWSE/TPEX Listed Companies." We announced on our official website that we had established the "Information Security Management Procedures" and an information security promotion team responsible for forming information security units, formulating information security policies, organizing personnel training, identifying core businesses, surveying and developing information and communication systems, conducting information security risk assessments, implementing information and communication security protection and control measures, reporting and responding to information and communication security incidents, and continuing to improve information and communication security management. The information security officer makes annual reports to the Board; the latest information and communication security report was presented in February 2025 and explained recent information security management implementations and corrective actions. To strengthen information security governance, we established a Chief Information Security Officer (CISO) in 2025 to direct, oversee, and coordinate information security strategies and management mechanisms. The CISO's primary responsibilities include directing and overseeing establishment and implementation of information security policies, risk assessment and control, information security incident notification and response, data protection and privacy management, supervising internal and external audits, and ensuring regulatory compliance. The CISO also directs and supervises interdepartmental information security training and awareness enhancement, and reviews reports from senior executives detailing information security achievements and risks to ensure operational stability and security of information assets, thereby improving governance quality.

Information Security Management Team

To enable effective promotion of information security tasks, we have established the information security management team (hereinafter the "information security team") to coordinate information security promotions, governance, and supervision. The information security team is convened by a senior executive designated by the CEO or general manager. Information security team members include the general management division information director, the CEO office biostatistics director, the general management division intellectual property director, the legal affairs director, the Executive Center for Corporate Sustainability director, the corporate governance officer, QA/QC/PROD/engineering directors, and the general management division human resources director; auditing department personnel also attend team meetings. The team convener appoints executives to serve as team members based on operational needs. The following promotion teams have been set up under the information security team by the information security team convener, and are responsible for coordination, planning, and execution of various tasks.

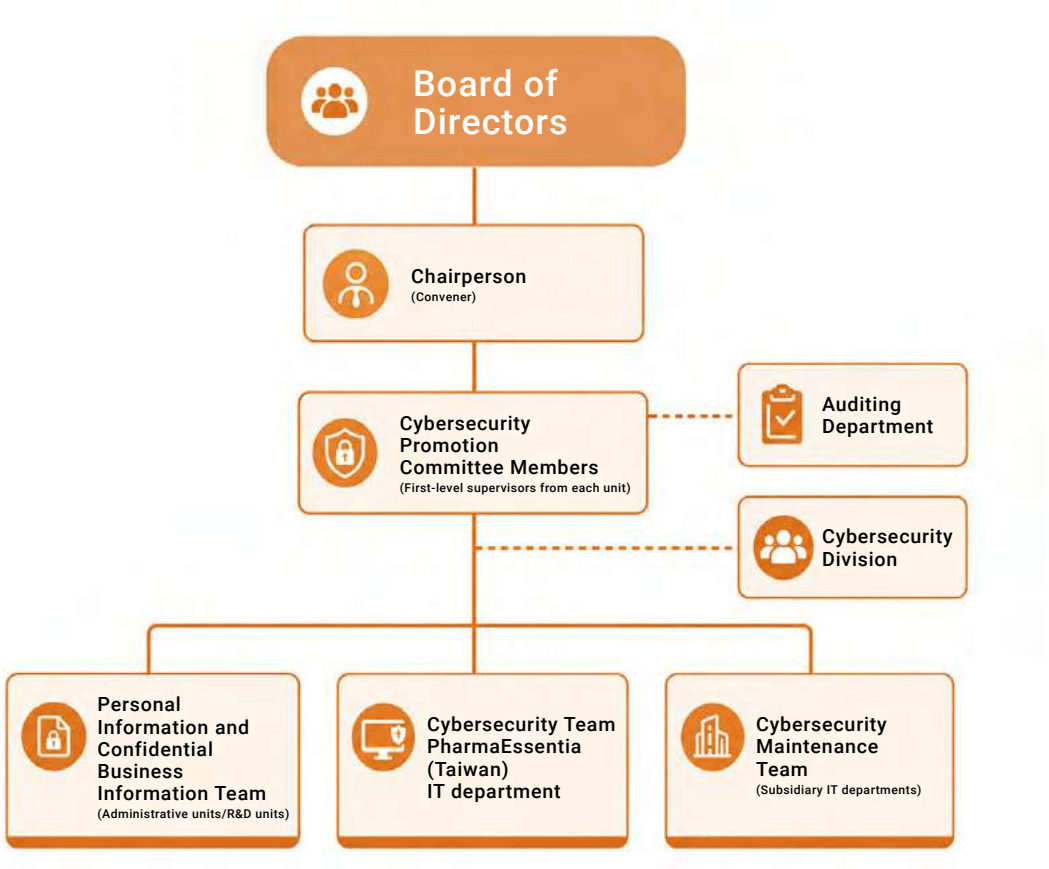
1. Personal information protection and trade secrets management promotion team: Responsible for establishing personal information protection systems, implementing and supervising personal information protection measures, and coordinating management of corporate trade secrets. The promotion team oversees all information associated with internal employees, external vendors, CRO clinical data, and data from Panco.

2. Information system security maintenance team: Composed of the information security team at PharmaEssentia (Taiwan)'s IT department and information security teams at subsidiary IT departments; the information system security maintenance team is responsible for planning and implementing security management for information systems.

3. Information security team: Responsible for coordinating information security and data protection matters, implementing personal information protection and trade secrets management, and conducing regular education and training.

4. Auditing department: Responsible for auditing information security processes.

Information security organizational chart



We introduced the ISO 27001:2022 information security management system at PharmaEssentia's Taipei Office in 2023, and completed the second annual surveillance audit in April 2025. Implementing an ISO 27001 system allowed us to move from passive defense to active management of information security. We established a sound information security management framework, strengthened our information security defense capabilities, adhered to regulatory requirements, and also increased our international competitiveness and enhanced information security awareness in our employees.

PharmaEssentia obtains third-party ISO 27001 verifications every year


Certificate TW24/00000563
SGS
PharmaEssentia Corp.
ISO/IEC 27001:2022
IAF

Information Security Training

To enhance information security awareness in employees, PharmaEssentia organized information security training in 2025 and introduced information security awareness training and phishing simulation training for a total of 643 participants over 554.5 training hours. We appointed four employees to attend 14 information security training courses, including an ISO/IEC 27001:2022 information security management system auditor/lead auditor training course, a Linux and SQL operational management course, the Google Cybersecurity Professional Certificate (Second Edition) course, and the AWS Certified AI Practitioner course. We also required the head of the IT department to attend information security seminars on a variety of topics to better understand current information security trends and responses. We are working to build an integrated Group-wide information security protection network and risk awareness culture at PharmaEssentia (Taiwan) which can be gradually extended to our subsidiaries. PharmaEssentia conducted phishing training in 2025 by sending out phishing emails to help employees identify and respond to suspicious or phishing emails, malicious URLs, spoof email addresses, and impersonation attempts involving other employees or senior executives, thereby enhancing employee vigilance toward suspicious emails. We also used a digital system to conduct regular tracking and assessments to ensure that our employees fully understand and comply with our information security policies.

PharmaEssentia USA and PharmaEssentia Japan have yet to implement ISO 27001 information security management systems, but they have organized information security training courses and require all employees to complete monthly cybersecurity training courses. The IT department conducts monthly phishing simulation attacks on all PharmaEssentia USA, PharmaEssentia Japan, and PIRC employees through the online information security awareness training system to enhance information security awareness in our colleagues. PharmaEssentia Japan's IT department began requiring all employees to complete at least 20 minutes of cybersecurity training each month starting from the fourth quarter of 2025. A total of 70 employees participated in this training in 2025. Phishing simulations are conducted every month to strengthen

	Course Title	Sessions	Number of Participants	Training Hours/Person	Total Training Hours
PharmaEssentia	Prevention of malicious emails and social engineering training	1	315	1.5	472.5
	ISO/IEC 27001:2022 education and training	2	2	80	160
	KnowBe4 safety awareness training	1	328	0.25	82
PharmaEssentia USA	KnowBe4 safety awareness training	42	349	1.97	687.97
PharmaEssentia Japan	KnowBe4 safety awareness training	3	70	1.5	105

Personal Information Protection

PharmaEssentia established a "Privacy Policy" in 2025. Our information security and privacy protection targets not only include internal employees, but also healthcare professionals, medical institutes, CROs, and clinical trial patients. In terms of patient privacy and security, we ensure that CROs and medical personnel participating in clinical trials rigorously adhere to privacy policies and comply with domestic and overseas regulatory requirements such as the EU General Data Protection Regulation (GDPR), Good Clinical Practice (GCP), Declaration of Helsinki, Human Research Ethics Policy Guidelines, and Medical Care Act as part of our responsibilities to personal information protection. In 2025, no PharmaEssentia companies around the globe experienced any information security incidents or personal data breaches, or received any grievances involving employee or client personal data protection or privacy matters, or received any reports or complaints regarding data leakages.

Document Management System

PharmaEssentia introduced document management systems across all departments in 2025, and expects to complete all system implementations in 2026. Departmental information is classified by confidentiality levels, and system viewing and access functions facilitate information tracking and management, which helps new hires review training materials, and also enables senior employees or executives to communicate more effectively.

2.5 Intellectual Property Management

PharmaEssentia established the "Intellectual Property Management and Utilization Procedures" to regulate the acquisition, protection, maintenance, and utilization of corporate intellectual property rights, and to centralize management of PharmaEssentia's global intellectual property rights. Each year, the Board reviews regular reports regarding implementations of the previous year's intellectual property management plan, as well as the intellectual property management plan for the upcoming year. Implementations on the 2025 intellectual property management plan and the new intellectual property management plan for 2026 were reported to the Board on March 2, 2026.

In 2025, we updated internal controls related to intellectual properties generated during R&D processes to meet current needs and to align management of intellectual property risks with the standards and requirements for new drug companies.

The intellectual property department at PharmaEssentia Taipei Office has formulated Group-wide intellectual property rights management policies. We incurred no intellectual property rights violations in 2025.

Patent Positioning and Strategies

Decisions on whether to file patent applications for R&D achievements and the regions/countries where patents are filed all adhere to relevant intellectual property procedures and are handled on a case-by-case basis. As there are differences in indications/patient types/market conditions for Ropeg and other new drugs being developed by PharmaEssentia, patent application requirements and application regions also differ. When formulating our patent portfolio strategy, we not only consider important R&D achievements and output quality, but also assess factors associated with marketing, manufacturing, local health insurance reimbursement conditions, accessibility, and regulatory requirements before making decisions on whether to apply for patents. These measures help us expand the depth and breadth of our patent strategies.

PharmaEssentia monitors medical accessibility demands and current conditions in various regions through subsidiaries. This information is used as a reference when applying for local patents and trademarks. Our global operations team also provides professional intellectual property consultations and associated recommendations, such as authorizing drug imports and exports, prescriptions, and usage rights to specific regions as a patent holder to support necessary medical actions so that the Group global operations team can plan feasible access to medicine solutions for all locales.

PharmaEssentia Intellectual Property Rights Strategies

1.Continue to apply for and obtain invention patents in various countries:

PharmaEssentia is dedicated to patent protection and patent management, and works to protect R&D achievements by creating complete patent portfolios and market protections.

2.Prioritize access to medicine:

We adjust our operational strategies in accordance with patient demands and accessibility gaps across regions as low-income countries and least developed countries may be unable to afford or obtain new drugs due to intellectual property rights protections. We not only consider the prevalence of said indication, local economic standards, and local governmental regulatory policies for new drugs, but also actual local conditions. When we have to decide between enforcing patent rights for new drugs and humanitarian aid, we prioritize medical needs and offer accessible channels and affordable prices. In 2025, PharmaEssentia did not apply for or enforce patents in any low-income countries or least developed countries.

3.Protect intellectual property rights:

Our R&D scope has continually expanded as our R&D projects gradually matured and our products were launched, but our intellectual property risks have also become increasingly diverse. In 2025, the Board approved adjustments to intellectual property rights procedures for internal R&D controls. Our own system and automated warnings sent by the five major intellectual property offices worldwide (IP5 offices) enabled us to improve docketing accuracy rates for key countries to 100%, reducing manual management risks and lowering redundant document processing times by 30%. To maintain the advantages of our core patent technologies, we manage intellectual property rights by product lifecycle stages. Our R&D, manufacturing, and intellectual property teams continuously optimize existing patented technologies, file patent applications, and disclose product optimization results in a timely manner. In terms of trademark protections, we regularly monitor similar trademarks around the world. We initiated a corporate identity mark rebranding plan in the fourth quarter of 2025, and filed trademark registration applications across different countries. Our new corporate identification marks and trademarks were launched at the 2025 American Society of

Hematology Annual Meeting.

Intellectual Property Protection Mechanisms and Actions

PharmaEssentia actively identifies and manages intellectual property rights risks, and strategically and intensively implements Freedom to Operate (FTO) analyses for various technologies to ensure that the technologies associated with P1101 and all other new drugs under development are free from third-party intellectual property rights risks, provide meaningful guidance for future R&D, and facilitate patent applications. Our rigorous due diligence provides clear guidance on future developments while effectively preventing potential infringement disputes. For example, our team conducted a comprehensive freedom to operate (FTO) review before submitting application documents for the BESREMi Pen to the US FDA. Patent searches and claims analyses confirmed that designs for our injector pen were unique, which laid a solid foundation for the product's successful and legally compliant market launch.

Intellectual Property Education and Training

PharmaEssentia's in-house US patent attorneys formulate comprehensive internal intellectual property training plans each year to help domestic and foreign employees within the Group better understand intellectual property knowledge. To accommodate our newly introduced paper-free cloud platform, we launched an intellectual property management system platform training course in 2025 to assist the R&D department in promptly filing R&D achievements. Internal intellectual property training will gradually

Course title	Course format	Course targets/Number of participants	Participation hours per person
Invention management platform training	Online course	50 participants from the R&D, manufacturing, and intellectual property teams at PharmaEssentia Taipei Office 17 participants from the US PIRC team	1 hour
Intellectual property rights and clinical trial initiation course	Online course	3 participants from PharmaEssentia USA IT management team	1 hour
Intellectual property rights training for new employees	Online course	New PharmaEssentia employees	20-minute training course based on personnel duties
PharmaEssentia trademarks registered in Taiwan and associated applications	In-person course	119 participants from PharmaEssentia (Taiwan) and Panco	2 hours

Patents and Trademarks

Number of patents

Cumulative number of valid patents:

243 patents acrossvarious countries and regions

Valid as of year-end 2025

Pending

47

Number of trademarks

Cumulative number of valid trademarks:

185 trademarks acrossvarious countries and regions

Valid as of year-end 2025

Pending

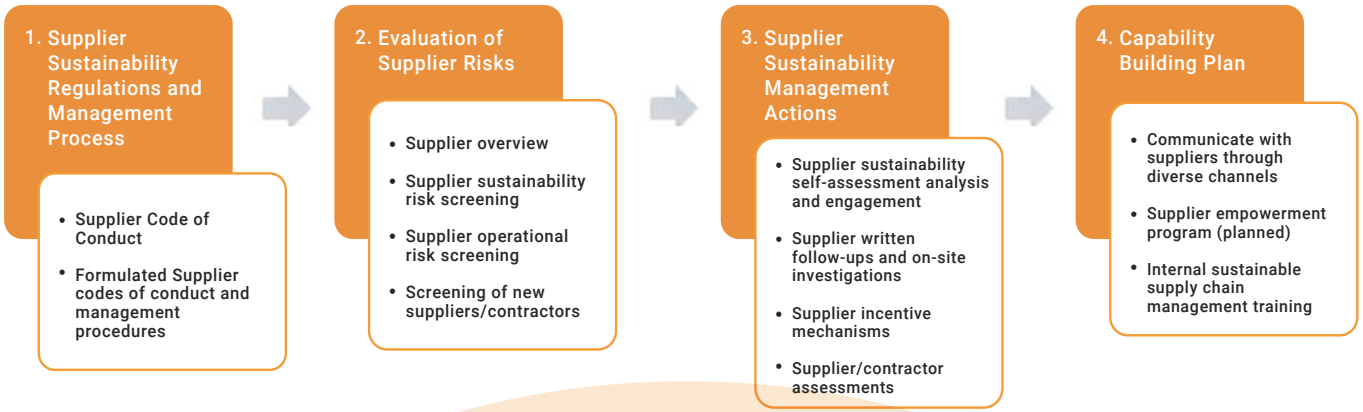
147

Global Trademark Applications and Management Practices

1. Registering trademarks to protect the Group name: Submitted a total of 12 applications. PharmaEssentia is now a publicly listed company. Our flagship product has gradually secured marketing authorizations, insurance reimbursement coverage, and commercial launches in the US and various countries around the world. In 2025, we filed additional applications in the US to protect Chinese and English terms related to PharmaEssentia and BESREMi across different business categories to protect our corporate name and accumulate goodwill.
2. Registering trademarks for new corporate identity marks: Submitted a total of 129 applications. PharmaEssentia launched a corporate identity mark rebranding plan in the fourth quarter of 2025 in response to US drug market trends. We also filed applications for various trademarks in different business categories in the US, Taiwan, China, and Korea in 2025.
3. BESREMi China trademark registration application: Submitted 1 application. After obtaining approval for the Chinese BESREMi trademark, we subsequently filed a trademark registration application for a BESREMi word and device trademark. Our application was approved in the same year and we obtained a trademark certificate.
4. New global trademark applications in 2025: We submitted a total of 142 applications, 2 of which were approved and registered in the same year (2025).
5. Trademarks approved and obtained in 2025: A total of 12 trademarks in Taiwan, the US, Canada, China, and other countries were approved. The trademarks included corporate names, product names, and commercial terms.

2.6 Sustainable Supply Chain Management

PharmaEssentia continues to strengthen sustainable supply chain management practices and has established long-term partnerships with suppliers/contractors to jointly promote sustainability principles.



1. Supplier Sustainability Regulations and Management Process

PharmaEssentia's "Supplier Code of Conduct" has been signed and approved by the Company Chairperson. The Group Supplier Code of Conduct covers ethical standards, labor and human rights, health and safety matters, environmental issues, and management systems. This serves as a core guideline for advancing responsible supply chain management, which we hope can become an industry benchmark in the future. We work with our supply chain partners to jointly achieve our ethical management and sustainable development goals. Our procurement department continually promotes the Supplier Code of Conduct through daily business interactions, order notifications, and links in email signatures to enhance supplier awareness of our corporate social responsibilities and legal compliance requirements, thereby ensuring transparency and compliance with ethical standards throughout the collaboration process. As part of our sustainable supply chain management procedures, we initiated supplier signing processes for the Supplier Code of Conduct in the fourth quarter of 2025 and achieved a 100% signing rate, demonstrating that all of our partners have committed to compliance with ethical management, labor rights, occupational safety, and environmental sustainability principles.

To achieve our paper-free and process digitalization goals, we introduced a globally synchronized digital procurement platform starting in 2024 and systemically reengineered requisition, procurement, and final acceptance processes to convert our supplier management model from a heavily paper-based system to a systematic, traceable, and auditable management mechanism. Please refer to "Highlight: Paper-Free Promotions" for more information.

PharmaEssentia formulated the "Outsourcing Activities Policy" and "Supplier Management Procedures" to serve as standard procedures and processes for approving suppliers and external service providers, enabling strict monitoring of raw materials, production supplies, device/equipment suppliers, assessments, and approval processes, ensuring that raw materials and equipment provided by suppliers comply with quality, delivery, and Good Manufacturing Practice (GMP) requirements. We also

sign “Quality Agreements” with our external service providers to ensure that both parties are aligned on product and quality requirements. In 2025, 126 vendors were required to sign quality agreements, and we achieved a signing rate of 98.41%. Of these, 8 suppliers were new vendors, and 2 suppliers are still in the process of signing our quality agreements. The remaining 124 vendors have signed their quality agreements.

We added clauses related to corporate social responsibilities such as business integrity, labor and human rights, occupational health and safety, environmental sustainability, and other issues in all procurement contracts. We clearly stipulate that collaborating vendors should comply with ethical management principles as well as adhere to fundamental labor rights principles and local labor laws, and we strive to build healthy, safe, and appropriate work environments. Collaborating vendors must comply with related environmental regulations and establish specific environmental protection, energy conservation, and carbon reduction management measures. Group contract clauses clearly stipulate: “Collaborating vendors agree to abide by PharmaEssentia’s Supplier Code of Conduct and adhere to the latest version of the Supplier Code of Conduct when it is updated. Collaborating vendors also agree to ensure that their downstream suppliers, contractors, and service providers understand and comply with said Supplier Code of Conduct. If collaborating vendors fail to comply with the aforementioned regulations, PharmaEssentia may require suppliers to implement corrections within specified periods, or may terminate this agreement without any compensation liabilities, depending on the severity of the circumstances.” These clauses emphasize our determination toward ESG (environment, social, governance) management and implementation.

Before signing contracts with Japanese equipment manufacturers, PharmaEssentia Japan not only considers cost rationales, vendor credit reports, and other corporate operational conditions, but also evaluates whether said vendors are capable of complying with PharmaEssentia Japan bylaws, GMP regulations, and GQP regulations. PharmaEssentia Japan also assesses whether factory environments are suitable for medication preservation, and confirm whether there are appropriate response measures if emergency incidents generate negative quality impacts during production processes. Final products are ultimately prepared for commercialization (packaged) under strict conditions at factories that adhere to relevant standards.

2. Evaluation of Supplier Risks

(1) Supplier Overview

To enhance supplier management efficiency, PharmaEssentia (Taiwan) and PharmaEssentia Japan categorize suppliers involved in direct transactions with PharmaEssentia as Tier 1 suppliers based on risk levels and procurement amounts. GMP suppliers that cannot be easily replaced are defined as critical suppliers. In 2025, PharmaEssentia (Taiwan) had ongoing transactions with 484 Tier 1 and non-Tier 1 suppliers, including 12 suppliers in the US and 9 suppliers in Japan.

All products and services from PharmaEssentia USA suppliers are categorized using a quality system, and routine inspections are conducted regularly on critical suppliers such as third-party logistics companies (3PL), CMOs, and transportation companies. New suppliers are reviewed before contract signing. PharmaEssentia USA meets with Tier 1 suppliers once every two weeks to discuss all possible product supply chain risks, and also holds annual review meetings with third-party logistics companies to review pharmaceutical trading operations and mechanisms. Supplier qualifications are determined in accordance with US SOP-QA-003 supplier qualification procedures (GMP) and SOP-QA-009 external audit results.

(2) Supplier Sustainability Risk Screening

We monitor potential supplier sustainability risks by actively conducting annual sustainability risk inventories on significant suppliers with high sustainability risks. The inventories encompass seven aspects: country, industry, product characteristics, environment, governance,

Aspect	Definition
Country-specific risks	Suppliers located in countries with high national corruption, human trafficking, forced labor, and conflict minerals risks, or countries with occupational health and safety deficiencies identified in PSCI audit reports.
Sector-specific risks	Suppliers with industrial processes that involve high sustainability risks encompassing raw materials and chemical processes, bioprocessing and laboratory processes, pharmaceutical equipment/process system manufacturing, pharmaceutical manufacturing, waste treatment and collection/transportation, and facility engineering/construction.
Commodity-specific risks	Procured products are characterized by high sustainability risks encompassing hazardous chemicals and solvents, animal-derived materials, and metal products.
Environmental aspect	Whether suppliers have violated environmental regulations or were involved in any material environmental dispute incidents
Governance aspect	Whether suppliers have violated corporate governance regulations or were involved in any material governance dispute incidents
Social aspect	Whether suppliers have violated social regulations or were involved in any material social dispute incidents
Business relevance aspect	Consideration factors include “annual transaction amounts reaching a certain threshold” or “GMP suppliers that cannot be easily replaced”

(3) Supplier Operational Risk Screening

The criteria for determining risk levels of PharmaEssentia (Taiwan) suppliers include:

1. Whether they are significant suppliers, or if they provide materials or services directly related to patients or trial participants.

2. Whether the materials or services provided are used in pilot production, clinical trials, or commercial production stages.

3. Whether the materials or services provided have high impacts, such that changing suppliers could significantly impact R&D or manufacturing.

4. Whether the materials or services provided have low substitutability, encompassing factors such as single supply sources, supplier diversity and competition, geographic distribution, or patented technologies.

5. Whether annual procurement volumes or monetary values are high.

6. Whether there are high impacts from environmental, governance, or social factors on the materials or services provided, which could affect supply continuity or regulatory compliance.

In 2025, PharmaEssentia (Taiwan) had ongoing transactions with 484 suppliers. Our supply chain risk evaluation results revealed that 13% of suppliers were considered to be high risk, 30% were moderate risk, and 57% were low risk. Compared to the previous year, moderate-risk suppliers decreased by 33%, low-risk suppliers increased by 29%, and high-risk suppliers increased by 4%.

These changes were mainly attributable to the significant growth in sales of our self-developed new drug starting in 2024, and our sales momentum continued to expand in 2025. We simultaneously adjusted our procurement and supply chain management mechanisms in response to significant increases in production capacity and material demand, re-evaluating our delivery times for critical materials, introducing alternative material strategies, and strengthening communication, collaboration, and delivery time management with suppliers. The aforementioned measures allowed us to effectively enhance supply stability and strengthen supplier collaboration, and also increased the proportion of low-risk suppliers.

However, growth in our pharmaceutical sales also increased demand for raw materials and shortened our delivery time requirements. Therefore, some suppliers faced greater challenges associated with production capacity and delivery time management. To enhance our warning and management capabilities, we categorized certain suppliers as high-risk suppliers to enable strengthened management and tracking, thereby ensuring supply stability and production safety.

	2023		2024		2025	
Risk levels	Number of suppliers	Ratio	Number of suppliers	Ratio	Number of suppliers	Ratio
Low risk	309	74%	102	28%	277	57%
Moderate risk	94	22%	228	63%	146	30%
High risk	16	4%	32	9%	61	13%
Total	419	100%	362	100%	484	100%

Note 1: The boundary for risk level evaluations encompassed PharmaEssentia (Taiwan)
Note 2: Risk level classifications: Our Taichung Plant classified risks as Minor, Major, and Critical based on GMP quality management standards.
Note 3: PharmaEssentia (Taiwan) sites classify risks based on the following criteria: High risk (more than 3 items), moderate risk (1 or 2 items), and low risk (no items)

PharmaEssentia USA has also established a risk management process and conducted gap analysis to identify supply chain management risks. Supplier risks are managed through US and Taiwan quality systems. We assess each supplier and the quality of provided materials and services to ensure GMP compliance, and periodically reassess supplier qualifications.

Management Mechanisms by Risk Level

Risk level	Supplier management mechanisms/definitions
High risk	1. Strategic alliances: Strengthen partnerships with suppliers to achieve mutual benefits 2. Maintain sound interactions with suppliers and establish solid collaborative relations 3. Evaluate total cost of ownership (TCO) encompassing service scope, quality, timelines, and other performance indicators 4. Ensure service quality, content, and supply stability through formal contracts 5. Self-produce or self-manufacture materials, or refine manufacturing processes 6. Ensure supply stability 7. Maintain sound interactions with suppliers and utilize service information provided by vendors 8. Develop new suppliers and second sources to prevent supply shortages
Moderate risk	1. Require vendors to prepare additional inventory for recurring materials to enable timely supply 2. Integrate procurement items and departmental needs 3. Actively check and compare prices for exclusive or competitive materials 4. Analyze item prices and costs
Low risk	1. Implement recurring purchasing processes that adhere to and maintain necessary procurement procedures 2. Centralize order qualities and frequencies

PharmaEssentia adopts corresponding management strategies for suppliers based on different risk levels. For high-risk deficiencies, we carry out preventive monitoring measures, formulate contingency plans, require suppliers to make immediate corrections, and may suspend procurement or terminate contracts if necessary. For moderate-risk deficiencies, we require suppliers to take immediate corrective measures, and we may also suspend collaborations if major deficiencies are involved. For low-risk deficiencies, we conduct routine management and follow-up in accordance with annual assessment standards.

(4) Screening of New Suppliers/Contractors

PharmaEssentia screening criteria for suppliers/contractors encompass three major indicators (quality systems, technical capabilities, and services and supporting capabilities). We have also incorporated environmental and social indicators in supplier screening mechanisms. Supplier/contractor screening and assessment scoring weights are as follows: quality system 30%, technical capabilities 30%, and service and supporting capabilities 30%; 5 bonus points are awarded for ESG items. If suppliers receive the same score on the three major indicators, PharmaEssentia prioritizes suppliers with better environmental and social performance. PharmaEssentia engages with oligopoly and monopoly suppliers that perform well on quality systems, technical capabilities, and services and supporting capabilities, but have weaker environmental and social impacts to gradually enhance their sustainability awareness and improve their environmental and social sustainability actions, thereby facilitating long-term and sustainable collaborative relations. In 2025, PharmaEssentia (Taiwan) added 80 new suppliers and contractors, 68 of which were local suppliers, accounting for 85% of new suppliers.

Environmental indicators

1. Compliance with all applicable environmental laws, related regulations, and reporting components
2. Ensure that waste materials, exhaust gases, and wastewater are treated, delivered, stored, recycled, reused, and managed in accordance with regulations
3. Optimize resource usage and resource cycles to reduce resource consumption
4. Achieve biodiversity, no deforestation, land conservation, zero net deforestation targets
5. Achieve climate commitments to reduce greenhouse gas emissions and achieve carbon neutrality commitments

Social indicators

1. Pledge to provide workers with acceptable living (work) environments
2. Prohibit use of forced labor, and do not deprive or restrict the personal freedoms of workers
3. Maintain freedom of association and collective bargaining rights
4. Maintain employee health and safety
5. Guarantee minimum wages, overtime payments, and statutory benefits
6. Treat employees humanely and ensure they are free from all forms of sexual harassment, physical punishment, physical persecution, and verbal violence
7. Anti-discrimination
8. Prohibition of child labor

3. Supplier Sustainability Management Actions

(1) Supplier Sustainability Self-Assessment Analysis and Engagement

To strengthen sustainability governance across our supply chain, we conduct annual supplier ESG self-assessment surveys which use our Supplier Code of Conduct as a core framework. Our Supplier Code of Conduct referenced international standards such as the United Nations Global Compact, the Universal Declaration of Human Rights, and the Pharmaceutical Supply Chain Initiative (PSCI), and was supplemented by GRI and ISO 26000 guidelines. The surveys align with annual reviews of internationally relevant issues and revisions to related regulations, and cover key issues such as corporate governance, labor and human rights, legal compliance (environmental protection/labor laws), and environmental impacts. In 2025, we further incorporated issues related to supplier industry characteristics, compliance with environmental protection laws, and management of industrial waste and toxic chemical substances. We also established dedicated environmental protection units and implemented a “Four Phase Precise Identification Strategy” which enhanced the credibility and accuracy of our self-assessment surveys by incorporating significant suppliers, adding external verification mechanisms for self-assessment surveys, confirming qualified respondents, and distributing and collecting surveys.

A.Incorporate significant suppliers with high sustainability risks

Before distributing surveys, PharmaEssentia proactively screens suppliers to determine whether they are significant suppliers, then reviews public information, including news items, supplier websites and ESG reports, and penalty and regulatory records made publicly available by competent authorities; we list suppliers with potentially high ESG risks.

B.External verification mechanisms for self-assessment surveys

We linked some survey questions to external verification mechanisms by using our self-developed automated web-crawling system to analyze public information on competent authority websites. Analysis results were used to determine whether suppliers had previously incurred violations of labor and human rights, occupational safety, environmental protection, and other related regulations, and served as external verification of survey responses.

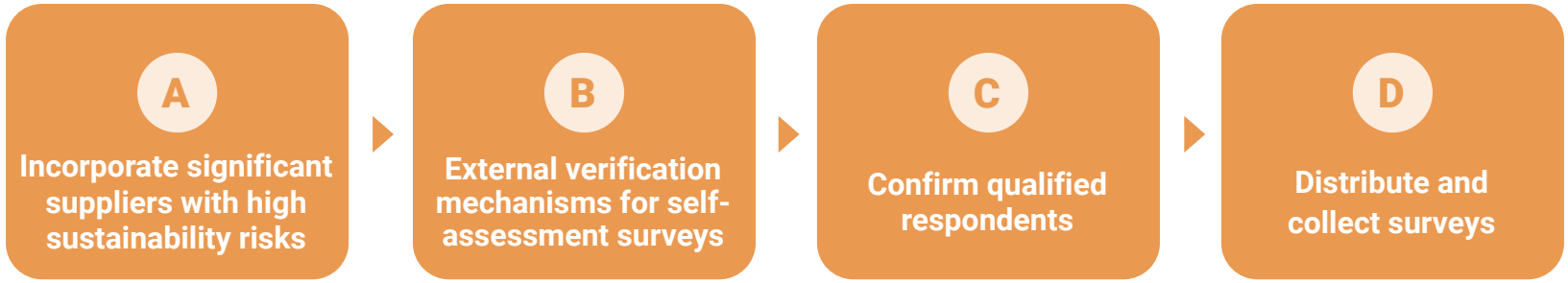
If we suspect that suppliers have incurred regulatory violations, we immediately work with relevant departments to clarify and investigate said violations, while also prioritizing supplier communication and engagement aligned with good faith principles, and encouraging suppliers to take corrective measures. However, if repeated communication does not yield concrete improvements, we may consider terminating collaborations as a prudent management measure.

C.Confirm qualified respondents

Our surveys cover multiple aspects and cannot be completed by any single department. Therefore, we ask suppliers to appoint qualified respondents across different departments when distributing surveys to ensure the accuracy of the information collected.

D.Distribute and collect surveys

Procurement personnel communicate our sustainable supply chain initiatives via email and explain survey completion guidelines. If surveys are not completed within stipulated deadlines, we follow up with gentle reminders and phone check-ins to encourage our suppliers to provide



Item	2025
Number of significant suppliers evaluated using supplier ESG self-assessment surveys	45 suppliers
Proportion of significant suppliers that completed supplier ESG self-assessment surveys	100%
Number of suppliers determined to have incurred material regulatory violations	11 suppliers
Proportion of significant suppliers with material regulatory violations who adopted corrective measures	100%
Number of significant suppliers with whom we terminated collaborations due to material regulatory violations	0

Note: The number of suppliers determined as having incurred material regulatory violations refers to suppliers that have violated local ESG regulations.

Results of Supplier ESG Self-Assessment Surveys for 2025

In 2025, we distributed sustainability risk self-assessment surveys to 45 suppliers and achieved a 100% response rate. Based on the results of these surveys, we found 6 suppliers to be Class A suppliers, 20 suppliers to be Class B suppliers, and 19 suppliers to be Class C suppliers.

Class	Number of suppliers in 2025	Summary of analysis results
Class A Above 80 points (Low sustainability risk)	6	Met expectations on labor and human rights, occupational safety, management systems, and environmental protection aspects
Class B 60-79 points (Moderate sustainability risk)	20	Moderate risk or room for improvement on some issues such as greenhouse gas inventories and corporate governance
Class C Below 60 points (High sustainability risk)	19	Many aspects did not meet sustainability requirements or comply with local regulations such as environmental regulations or labor/human rights regulations

Note: Sustainability self-assessment surveys for the year were implemented using a risk-based management approach, and we prioritized in-depth assessments of suppliers whose annual transactions or assessment results required greater attention. Therefore, our assessment results show a relatively higher proportion of suppliers with moderate-to-high sustainability risk. These results primarily reflect our strategy of focusing management resources on potential risk targets, rather than the actual distribution of sustainability performance for all suppliers. This tiered management mechanism further enhances the effectiveness of risk screening and supplier coaching.

Subsequent Management Actions

PharmaEssentia carries out management actions every year based on supplier self-assessment grading results. These actions may include, but are not limited to, continued monitoring and assistance, providing incentives and commendations, enabling experience sharing, formulating improvement plans or requiring immediate improvement, implementing regular follow-up and risk assessments, and adjusting collaboration terms. Key management actions for 2025 were as follows:

(a)External Verification and Written Follow-Ups for Surveys Conducted in 2025

Our external verification procedures discovered that 11 suppliers had publicly recorded regulatory violations. We have adopted a management principle of "prioritizing coaching and corrections while concurrently managing risks" for supplier ESG deficiencies. If our sustainability risk self-assessment surveys, public information checks, or routine interactions reveal that suppliers have been involved in violations of labor and human rights, occupational safety, environmental protection, or business ethics regulations, our procurement department will work with responsible departments on investigation and risk assessment, and will also formally notify said supplier to request explanations and correction plans. Related management measures are shown in the following table.

Aspect	Regulatory Violations	Subsequent tracking
Ethical management	No regulatory violations	Tracked all issues and required suppliers to take corrective measures
Compliance with labor laws	5 suppliers had violated legal regulations, but incurred no penalties (regulations associated with appropriation of employee benefits and regular hosting of labor-management meetings) 2 suppliers had been penalized by competent authorities due to violations of the Labor Standards Act	
Compliance with environmental protection laws	4 suppliers had been penalized by competent authorities due to violations of environmental regulations	

If we determine that deficiencies can be corrected, we will require suppliers to take corrective measures within stipulated periods and provide supporting information to show that corrections have been made. We also provide necessary communication and coaching as appropriate to assist suppliers in implementing corrections. We continue to track progress and implementations during the correction period.

If suppliers do not supply concrete proof of corrections within stipulated timelines, or if suppliers fail to show a willingness to make corrections after repeated communications, or if said deficiencies are material and pose ongoing risks, we assess the necessity of suspending collaborations in accordance with contract terms due to our supply chain responsibility management and legal compliance requirements, to ensure that our supply chain meets sustainability requirements.

(b) On-Site Supplier Sustainability Investigations

PharmaEssentia organizes on-site supplier sustainability investigations based on supplier self-assessment survey responses, business relationships, and our sustainability strategy to better understand supplier current practices and challenges when advancing sustainability actions. During on-site visits, we discuss supplier practices related to different self-assessment survey aspects, share information on domestic and international sustainability trends and best practices, and support suppliers in strengthening their sustainability awareness. We also establish on-site assessment records and a follow-up mechanism to foster long-term partnerships with suppliers as we jointly work to achieve sustainable development. Based on self-assessment survey results for 2025, we have planned to visit 2 suppliers; these visits are expected to be completed in the first half of 2026.

(c) Supplier Incentive Mechanism: Sustainable Preferred Supplier Initiative

To strengthen sustainable supply chain management and establish an incentive mechanism, we launched the "Sustainable Preferred Supplier Initiative" in 2025. We consider supplier performance on the aspects of corporate governance, labor and human rights, legal compliance, environmental management, and operational cooperation based on annual supplier sustainability risk assessment results and day-to-day collaborations. We listed 27 suppliers with outstanding ESG achievements for internal commendation to recognize their commitment toward and achievements in sustainability issues.

This approach encouraged suppliers while enhancing management benefits. By publicly recognizing suppliers with outstanding sustainability performance, we teach our colleagues to prioritize vendors with strong sustainability management capabilities when implementing supplier selection and procurement decisions, making ESG performance a substantive basis for collaboration rather than a documentation requirement. This creates a virtuous cycle where "strong sustainability performance leads to increased collaboration opportunities, making suppliers place greater emphasis on sustainability management," strengthening sustainability maturity within our supply chain.

This initiative also sends a clear message to suppliers that sustainability is an important condition for long-term collaboration. This public commendation mechanism encourages more suppliers to actively invest in system establishment and management improvement. In future, we hope to advance the focus of our sustainable supply chain management from "risk control" to "value co-creation" as we work to establish long-term collaborations with suppliers, maintain operational stability, and generate mutual sustainability benefits.

Supplier/Contractor Assessments

We conduct regular annual supplier/contractor audits that combine both internal appraisals and reviews with on-site audits in accordance with Supplier Audit Procedures. We shortened

re-audit frequencies for high-risk vendors to at least once a year and require suppliers to implement corrective actions. If major deficiencies are discovered, we immediately cease procurement processes. We track correction actions by phoning suppliers and requesting that they provide correction reports for re-audits.

We prioritize suppliers that perform well on supplier assessments, and increases collaboration opportunities and procurement ratios as appropriate to encourage suppliers in making strides toward sustainability management performance.

Note: We define "major deficiencies" as instances where a supplier or external vendor violated laws/regulations (including environmental laws, chemical management laws, labor laws, and GxP/GDP/quality and safety regulations); was involved in a major quality/safety/environmental/regulatory incident; or engaged in concealment, false reporting, refusal to undergo audits/refusal to implement correction measures, and similar behaviors, where such incidents were confirmed through interdepartmental reviews to have material impacts on our operations, reputation, compliance, or supply chain stability. If a supplier repeatedly incurs violations after being required to make corrections, or is unable to propose an effective correction plan/produces unsatisfactory correction results, we will initiate "Suspend Procurement or Terminate Collaboration" procedures. Our handling process includes investigation, assessment, resolution, and documentation procedures. Examples of major deficiencies include violations of fundamental laws and regulations, repeat offenders, or incidents which have material negative impacts on our reputation.

Internal review and on-site audit items include quality management, delivery capabilities, production and technological capabilities, client services and response capabilities, compliance, and ESG implementations:

A. Quality management: Review whether suppliers comply with product or service quality requirements, and assess the effectiveness of quality control processes

B. Delivery capabilities: Focus on whether suppliers can deliver products complying with specifications in a timely manner while ensuring accuracy of distribution processes

C. Production and technological capabilities: Review supplier production facilities, equipment technological levels, and R&D capabilities to ensure that suppliers possess required capabilities

D. Client services and response capabilities: Assess supplier handling efficiency of client needs, complaints, and service issues, as well as associated satisfaction levels

E. Compliance and ESG implementations: Check whether suppliers comply with related regulations and adhere to environmental, social, and governance (ESG) standards. For more information, please refer to Supplier/Contractor Sustainable Risk Assessment.

Delivery of raw materials is the most important consideration for PharmaEssentia, as shortages of raw materials affect related production processes and R&D progress. Therefore, PharmaEssentia strictly requires suppliers to ensure product supply and quality.

Number of Suppliers Included in PharmaEssentia Internal Reviews and On-Site Audits in 2025

Type	Number of suppliers that should be reviewed/audited		Number of suppliers that completed reviews/audits		Review/audit results and supplier types
	Domestic	Overseas	Domestic	Overseas	
Internal reviews	287	74	287	74	• We planned to conduct audits on 361 suppliers; 100% of audits were completed, and 100% of suppliers passed our audits. A total of 111 suppliers were exempted from audits, including those which had achieved Class A or Class B status on internal assessments for the previous year, or suppliers were juristic persons, or vendors which were not yet official PharmaEssentia suppliers. • We audited 89 significant Tier 1 suppliers and 215 non-significant Tier 1 suppliers, as well as 54 significant non-Tier 1 suppliers and 3 non-significant non-Tier 1 suppliers.
On-site audits	2	10	2	10	We originally planned to conduct on-site audits on 12 suppliers, including: • 2 domestic significant Tier 1 suppliers • 6 overseas significant Tier 1 suppliers • 3 overseas significant non-Tier 1 suppliers • 1 overseas non-significant non-Tier 1 supplier • On-site audits were completed on 100% of these 12 suppliers (including remote audits on 2 suppliers)

In 2025, we discovered that one supplier had violated the Labor Standards Act for three consecutive years, and committed the same violation in 2025. Following careful assessments conducted through an interdepartmental meeting, we decided to terminate collaborations to uphold our labor rights, human rights, and legal compliance principles.

PharmaEssentia USA conducted on-site audits on US manufacturers and Tier 2 suppliers to determine their capabilities and production capacities. We also adopted a weighted decision matrix incorporating weights for five priority items (supply continuity, compliance, quality, delivery time, and cost assessments) to conduct quantitative comparisons and ensure fair assessment of new suppliers/vendors. PharmaEssentia USA also conducted on-site due diligence to align the business strategies of both parties.

In 2025, PharmaEssentia Japan audited six suppliers, which were all manufacturing companies. On-site audits were conducted on four suppliers and written audits were conducted on two suppliers. No major deficiencies were discovered during these audits

4. Capability Building Plan

PharmaEssentia conducts regular supplier sustainability self-assessment surveys and irregular supplier interviews for continued supplier engagement, and works to jointly implement sustainability principles. This engagement mechanism enables us to monitor supplier technological capabilities, operational statuses, and sustainability performance, further strengthening our supply chain influence. We also hosted a "Supplier Education, Training, and Communication Meeting" in 2025 to communicate sustainability issues and explain supply conditions for raw materials and potential risks. This meeting served as an important reference for subsequent supplier management and risk assessment. We are planning to organize supplier coaching programs, empowerment training, and related programs in future to help suppliers enhance their management and sustainability capabilities, and to establish collaborative partnerships based on long-term values and shared growth.

Training type	Description	Training Time	Participants
Annual ESG training and consultant guidance	Collaborated with professional ESG consultants and hosted annual training encompassing sustainability governance, carbon management, supply chain risk controls, and other themes, assisting our colleagues in keeping informed of the latest sustainable development trends and practical applications	48	24
Internal training and interdepartmental discussions on ESG topics	Discussions on supplier sustainability risk assessment methods, and meetings that compiled data on supply chain carbon emissions	120.5	43
Industrial ESG experience sharing and exchanges	We invited industry experts to share practical ESG experiences such as corporate promotion of internal carbon pricing, supply chain carbon inventories, and sustainability management strategies and achievements to promote internal learning and external exchange	32	16
External organization lectures, courses, and seminars	External courses such as the "Viewing sustainable investment from a supply chain management perspective" seminar and the "EcoVadis global supply chain sustainability evaluation course" helped our personnel obtain the latest ESG knowledge on international regulations	48	17

5. Local Procurement

PharmaEssentia views local sourcing as an important strategic approach for strengthening supply chain resilience. In addition to price and quality, we also consider factors such as supply stability, legal compliance, and sustainability performance when selecting suppliers. We prioritize suppliers with local supply capabilities to shorten lead times, reduce cross-border transportation risks and carbon emissions, and improve communication efficiency and quality management.

When purchasing new products, PharmaEssentia first assesses the feasibility of working with local suppliers; for existing procurement items, we analyze supply and demand conditions, historical collaboration records, and supplier stability, using diversified selection criteria to select local collaborators, thereby enhancing supply chain responsiveness and lowering logistics and operational risks.

We are committed to establishing long-term collaborations with suppliers that share similar values and emphasize sustainability. This not only increases collaboration opportunities with high-quality local suppliers, but also fosters mutually beneficial sustainable partnerships, lowers transaction and operational risks, and aligns with our local procurement strategies. In 2025, the local procurement ratio for PharmaEssentia

	Region	2023	2024	2025
Local procurement	Taiwan	89%	64%	73%
Non-local procurement	Europe and the US	11%	35%	27%
	Other regions in Asia	0%	1%	0%
Total		100%	100%	100%

6. Supply Chain Resilience

PharmaEssentia strives to strengthen supply chain management and response capabilities, balance cost considerations and supply stability over the long term, and reduce negative supply chain impacts. In 2025, our procurement personnel conducted inventory checks for 2,091 raw materials and provided training to 65 suppliers, strengthening delivery schedule management and reducing supply chain disruption risks.

We implemented the following management measures to effectively enhance supply chain resilience:

1.Monitored factors that could potentially impact supply chains (diseases, climate change, and natural disasters)

2.Strengthened supplier management, adaptation, and response capabilities to enhance overall supply stability

3.Strengthened supplier communication and monitor delivery conditions in real time to obtain full transportation and logistics information

4.Updated delivery times for raw materials procured from suppliers to ensure timely replenishments

5.PharmaEssentia (Taiwan) centralized inventory management for special materials and determined safety stock levels based on delivery times

6.Increased safety stock levels and tracked changes in demand for front-end hospitals and patients

7.Tracked conditions in raw material production countries, assessed supply shortage risks, and formulated responses in advance

8.Established alternate material sources to lower supply shortage risks and ensure supply chain stability

We conducted comprehensive surveys of raw materials in accordance with internal standard procedures and determined priorities for introducing alternate materials to reduce risks caused by emergency events.

Process	1. Inventory raw materials that require establishment of alternate material sources	2. Perform quality checks	3. Laboratory process development validation	4. Quality assurance and continuous monitoring
Description	We identify raw materials that require activation of alternate material sources through continued monitoring of raw material inventory levels and delivery times, as well as through internal production and material meetings which focus on two main areas: ・Assessment of supply stability, including manufacturer change notices and force majeure risks for delivery times ・Continued quality and production improvements such as updates to pharmacopeia specifications and regulatory requirements	We assess raw material risks and scopes of impact from regulation changes based on the Criticality Assessment of Materials and Change Control Procedures	We carry out small-scale mass production trials where qualified raw materials pass through GMP-compliant control procedures (supplier assessments, specification tests, and establishment of methodologies), and are added to backup lists after completing relevant procedures	Data and documentation at all stages of material source development are continually monitored by the quality assurance department to ensure that overall processes completely comply with regulatory standards

9.Introduced digital management mechanisms, enhanced operational efficiency, and strengthened supply chain management resilience and flexibility

PharmaEssentia USA adopted the following measures to stabilize material flows and optimize procurement processes:

1.Added pre-filled injectables manufacturers and labeling & packaging suppliers

2.Established global sales and operations planning (S&OP) processes to stabilize supply of active pharmaceutical ingredients and drug products

3.Hosted global supply chain meetings with PharmaEssentia (Taiwan) once every two weeks for continued inventory tracking

4.Submitted rolling forecast reports of active pharmaceutical ingredients and drug supplies to PharmaEssentia (Taiwan) each month

5.Upgraded SAP system from B1 to S4, and intergrated procurement, material numbering, and invoicing processes with internal processes

To strengthen supply chain resilience, PharmaEssentia Japan monitored demand and inventory conditions using periodic reports and quarterly rolling forecasts, while also assessing backup sites equipped with packaging and product release inspection capabilities as part of their business continuity plans. We established a pharmaceutical storage warehouse in western Japan in April 2025 to enable dual-site warehousing operations and ensure supply chain stability.