

PharmaEssentia formulated human rights policies that adhere to international human rights regulations to protect stakeholder interests, and works to build diverse and equal workplace environments where talent values and salaries are not affected by age, gender, race, or region. PharmaEssentia cultivates talent from three functional aspects (core values, management and leadership, and professional capabilities) using a dual-track diverse talent development framework to cultivate outstanding management and professional talents while lowering talent shortage risks.



Material Topics

- Talent Cultivation and Career Progression
- Talent Attraction and Retention

Main Stakeholders

- Employees
- Shareholders and Investors
- Suppliers and Business Partners

5.1 Human Rights Assurance

▶ Human Rights Policies and Commitments GRI 2-23

PharmaEssentia recognizes and supports international human rights standards, including the “Universal Declaration of Human Rights,” “United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights,” “International Labour Convention,” “ILO Declaration on Fundamental Principles and Rights at Work,” “ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy,” and “OECD Guidelines for Multinational Enterprises”; we have established our “Human Rights Policy” to protect the interests of corporate stakeholders, including all PharmaEssentia operational site workers, subsidiaries, affiliated companies that we hold a majority stake (more than 50% of shares) in, as well as suppliers, contractors, business partners, consumers, and communities where our operational sites are located. PharmaEssentia pledges to ensure equality and anti-discrimination, prohibit employment of child labor and trafficking of forced labor, protect freedom of association and collective bargaining rights, promote fair and reasonable remuneration as well as occupational health and safety, and implement information security. PharmaEssentia pledges to regularly implement human rights management processes, identify potential human rights risk issues in operational activities, formulate related mitigation and management measures, and communicate and convey human rights policies with employees and related stakeholders.

Our Human Rights Policy has been signed and approved by our chairperson, and the full Human Rights Policy is linked [here](#).

▶ PharmaEssentia Human Rights Management System

1. Actions to prevent workplace bullying

PharmaEssentia strives to incorporate the Human Rights Policy in existing management systems and amended the “Workplace Sexual Harassment Prevention, Correction, Complaint, and Punishment Measures” in accordance with law in 2024. These amendments were announced to all employees, and we organized lectures on prevention of workplace sexual harassment and other unlawful infringements to disseminate information on workplace sexual harassment, workplace bullying prevention, and related human rights issues. In 2024, PharmaEssentia organized separate lectures for managers and general employees; there were 58 participants at the manager lecture and 258 participants at the general employee lecture, achieving a total employee participation rate of 98% in Taiwan. There were 23 participants at the Panco lecture, achieving a participation rate of 100%.

PharmaEssentia Japan and PharmaEssentia US also conducted anti-harassment and anti-discrimination education and training in 2024. A total of 16 people participated in the training session organized by PharmaEssentia Japan, which focused on differences in personal perceptions of harassment behaviors; the courses organized by PharmaEssentia US focused on harassment, sexual harassment, retaliation concepts, and preventive actions, as well as an introduction to US and state laws and regulations. Managers and employees residing in specific regions such as California or Massachusetts were required to undergo additional training for their states. A total of 168 people participated in PharmaEssentia US courses.

2. Evaluation mechanisms for human rights risks

PharmaEssentia uses international human rights principles and the Pharmaceutical Supply Chain Initiative (PSCI) as a basis for regularly evaluating potential human rights risks. Human rights risks evaluations encompass our own operational scope (employees, women, children), which is used as a basis for identifying significant human rights issues and formulating risk mitigation and remediation actions.

PharmaEssentia conducted human rights risk evaluations in 2024 on operational sites encompassing PharmaEssentia (Taiwan), Panco Healthcare, PharmaEssentia US, PharmaEssentia Japan. We used surveys, internal corporate records, and public human rights records to evaluate all employee human rights risks during operational processes. This evaluation identified forced labor, excessive working hours, discrimination and harassment, human trafficking, unreasonable salaries, occupational health & safety as significant human rights risks. PharmaEssentia has formulated risk mitigation and remediation measures for all significant issues, and has implemented mitigation actions at all operational sites to lower human rights risks.

► Human Rights Risks Evaluation Results in 2024

Evaluated human rights issues			
<ul style="list-style-type: none">Excessive working hoursOccupational health & safetyChild labor and underage workersForced laborPrivacy rightsPay disparity		<ul style="list-style-type: none">Unreasonable salariesCollective bargaining and group agreementsFreedom of associationDiscrimination and harassmentHuman trafficking	
Value chain stakeholders	Evaluation scope (%)	Risk proportion (%)	Risk mitigation measure scope (%)
Employees at headquarters and subsidiaries	100%	54.55%	100%

Note 1: Evaluation scope (%): Encompassed 100% of operational sites and subsidiaries in Taiwan, the US, and Japan
Note 2: Risk proportion (%): We identified 6 significant human rights issues as priority issues of concern that were applicable for all operational sites, and calculated the ratio of priority issues to all issues
Note 3: Risk mitigation and remediation actions (%): Fully implemented (100%) at operational sites and subsidiaries in Taiwan, the US, and Japan

Significant Human Rights Issues	Impact Evaluation Mechanisms	Mitigation Actions	Remediation Actions
Forced labor	Grievance mechanisms	Adhere to labor regulations and human rights policies to prevent all forms of forced labor and human trafficking	Obtain employee consent if there is need for overtime, subsequently provide overtime payments or compensatory leave, and track and review the total work hours for each department every month
Excessive working hours	<ol style="list-style-type: none">Internal HR system attendance recordsSupervisory units track work hours and overtime every weekWork hour management systemRegular review of production capacities and manpower needsGrievance mechanisms	<ol style="list-style-type: none">Adhere to labor regulations and human rights policies; provide fair and reasonable salaries, benefits, and work conditions; and track and avoid excessive working hoursClearly stipulate “normal maximum working hours,” “monthly maximum working hour extensions,” and regulations regarding rest times and rest days following consecutive working hours for operational sites in all countriesRegular inspections of schedules, overtime, and vacations for each department to confirm compliance with labor regulations, and ensure that work hours, shift rotations, and overtime payments adhere to regulationsProvide reminders and formulate response measures for abnormal shift schedules by establishing attendance settings on HR system to prevent schedules that do not comply with regulations	<ol style="list-style-type: none">Investigate and examine reasons for excessive working hours, and propose improvement plansImplement internal penalties and improve systems if there are any regulatory violationsEstablish flexible scheduling and manpower support systems to prevent recurrence
Unreasonable salaries	<ol style="list-style-type: none">Grievance mechanismsParticipate in Willis Towers Watson (WTW) salary surveysThe human resources department regularly updates statutory minimum wage standards for all locations and analyzes employee salary conditions	<ol style="list-style-type: none">Adhere to labor regulations and human rights policies, and provide equal, fair, and reasonable salaries and work conditionsImplement performance, promotion, and structural salary adjustments each year based on annual operational target achievements, personal performance appraisals, and outsourced surveys on salaries and benefits	If relevant grievances are substantiated, the human resources department immediately compensates losses of relevant parties, and reviews and adjusts salary systems

Significant Human
Rights Issues

Impact Evaluation Mechanisms

Mitigation Actions

Remediation Actions

Discrimination
and
harassment

Grievance mechanisms

- 1 Adhere to labor regulations and human rights policies, realize equality and anti-discrimination, and do not allow any form of differential treatment or discrimination based on gender, sexual orientation, race, class, age, marital status, language, ideology, religion, political affiliation, place of origin, place of birth, appearance, facial features, or physical and mental disabilities
- 2 Established the "Work Rules," "Corporate Social Responsibility Best Practice Principles," "Codes of Ethical Conduct," "Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Measures," and other bylaws
- 3 Organize anti-discrimination and anti-harassment employee education and training

- 1 After receiving grievance reports, the human resources department forms a workplace violence handling committee to commence investigation and review, following which we determine disciplinary measures for reported persons based on grievance severity or refer cases to judicial courts in accordance with law; we have also established tracking mechanisms to confirm grievance and judicial review results
- 2 For reports involving sexual harassment, the sexual harassment grievance handling committee imposes warnings, disciplinary actions, or other punishments on reported persons based on incident severity, and reported persons may even be terminated in serious cases
- 3 We conduct post-incident reviews of sexual harassment incidents to ensure that our disciplinary actions and coaching measures are operating effectively, and also adjust workplace environments and systems
- 4 We provide appropriate protections and placements for victims of bullying and trauma

Human
trafficking

Grievance mechanisms

- 1 Adhere to labor regulations and human rights policies to prevent all forms of forced labor and human trafficking
- 2 Implement ethical management and integrity commitments in accordance with the "Principles of Ethical Corporate Management" and "Codes of Ethical Conduct", and execute effective systems and control measures to confirm that no human trafficking incidents occur within the operational scope

- 1 According to the "Principles of Ethical Corporate Management," subsequent measures should be adopted based on incident severity after investigations have concluded, and incidents should be reported to competent authorities or transferred to judicial authorities for further investigation
- 2 According to the "Principles of Ethical Corporate Management," if reports are substantiated, review and improvement plans should be proposed, and responsible units should report incident handling methods and subsequent review of improvement measures to the Board
- 3 According to the "Codes of Ethical Conduct," directors, supervisors, or managers in violation of the Codes of Ethical Conduct should be reported to the Board for review, and those involved in violations of government regulations should be held accountable for criminal and civil liabilities as well as claims for damages in accordance with laws and regulations; managers are subject to Work Rules regulations, and may be terminated for the most severe violations

Occupational
Health and
Safety

- 1 Grievance mechanisms
- 2 Taichung Plant: ISO 45001 Occupational Health and Safety Management System
- 3 Taipei Headquarters: Job Safety Analysis (JSA)

- 1 Adhere to labor regulations and the "Human Rights Policy"; strive to provide employees with safe and healthy work environments; comply with related regulations; and implement continued improvements to prevent accidents, lower risks of occupational accidents, and enhance employee physical and mental health
- 2 Adhere to the "Occupational Safety and Health Policy," "Health and Safety Work Rules," and "Maternal Health Protection Management Measures" to enhance employee health management, marital and maternity care, and health promotion initiatives
- 3 Established "Important Facility Operator Test," "Factory Health and Safety Regulations," "Contractor Factory Entry Procedures," and "Emergency Response Procedures" to regulate factory entry, facility operation, and factory safety processes, thereby ensuring health and safety of all personnel in factories
- 4 Employees regularly receive on-the-job health and safety training, personnel and operational supervisors are deployed according to law for statutory operation items, and non-operating personnel are not allowed to implement operational tasks
- 5 Thoroughly implement permit, chemical, machinery, and other management procedures

- 1 Implement emergency response procedures to prevent incident escalation and personnel injuries, prioritize personnel safety, and provide appropriate care for injured personnel
- 2 Notify unit managers and environmental safety units by phone or in person to request support at the first instance, and determine whether there is need to seek support from external institutes (the fire department or environmental incidents specialist teams)
- 3 Inventory equipment in accordance with the "Incident Investigation and Handling Regulations"; responsible supervisors convene related personnel to investigate incident causes and formulate corrective measures such as adding warnings, organizing personnel safety discussions and training, and rigorously observing equipment safety operations to ensure personnel safety

► Transparent Internal Communication and Grievance Channels

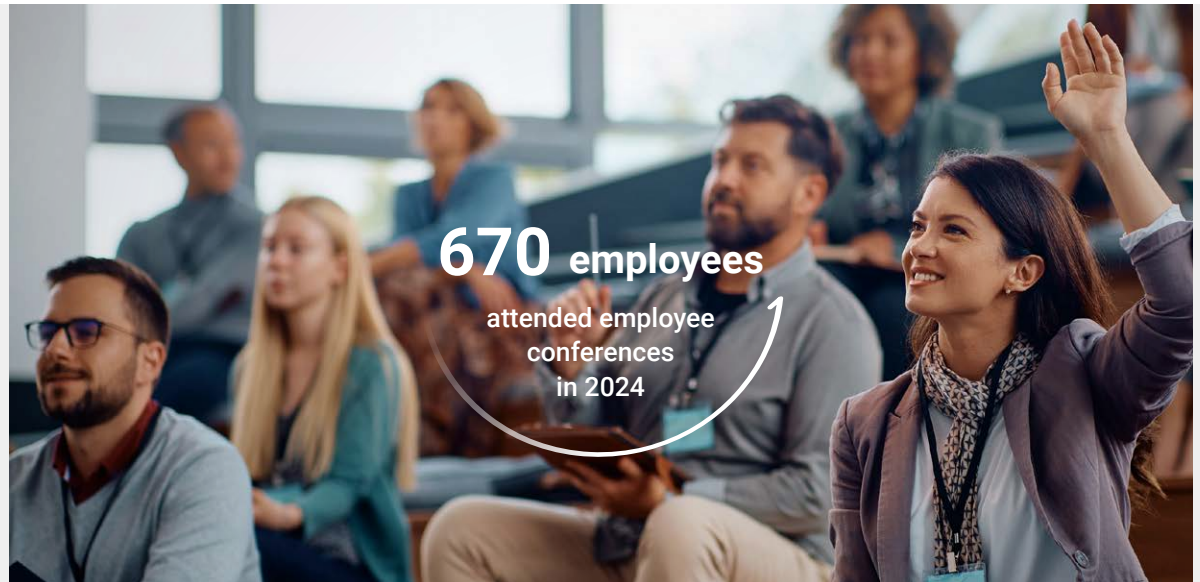
PharmaEssentia has established a variety of grievance channels. All grievance reports are handled in accordance with grievance procedures and regulations, and grievant identities are kept confidential and anonymous. Our grievance channels include:

1. "Contact us" page on our official website to collect reports and feedback from external personnel.
2. Corporate grievance channels include our employee suggestion mailbox: voice@pharmaessentia.com, and mailbox for reporting unlawful infringement in the workplace: hr@pharmaessentia.com

No discrimination incidents occurred at all PharmaEssentia operational sites in Taiwan in 2024, and there were also no grievances associated with employment of child labor, forced labor, or freedom of association and collective bargaining violations.

► Minimum Notice Periods for Operational Changes

PharmaEssentia hosts employee conferences every quarter to keep employees informed of corporate developments. Operational changes, if any, are announced in appropriate categories within notice periods in accordance with Labor Standards Act regulations for terminating labor contracts to help employees keep informed of company developments. Additionally, we collect employee suggestions through activity satisfaction surveys to improve plans for subsequent activities.



► Diverse Labor-Management Communication Channels

Periodic labor-management meetings

Meetings are composed of 50% labor representatives and 50% management representatives. Management representatives communicate items related to employee health, environmental safety, salaries and benefits, and meeting minutes are released on internal websites for employee review. PharmaEssentia's Taipei Headquarters and Taichung branch office each convened 4 meetings in 2024.

Quarterly employee conferences

To build organizational consensus and targets, we host quarterly employee conferences to communicate important corporate matters and operational targets, helping our employees keep informed of the latest corporate developments. In 2024, PharmaE-

ssentia and Panco hosted 2 employee conferences which were attended by all 670 employees.

Regular employee welfare committee meetings

We have established an employee welfare committee which convenes every quarter and invites employee proposals, following which the employee welfare committee jointly formulates employee benefits with company management.

Regular department meetings

We regularly convene department meetings with senior executives to form departmental consensus, enhance communication benefits, and convey senior executive expectations and understanding of department tasks.